



# BLAIR COUNTY RETIREMENT BOARD

c/o Blair County Controller, 423 Allegheny St., Ste 141 Hollidaysburg, PA 16648

## Blair County Retirement Board Meeting

August 2, 2023 at 9:00 a.m.

### In the Commissioners' Public Meeting Room

**Board Members in Attendance:**

Commissioner Bruce Erb, Commissioner Laura Burke, Controller A.C. Stickel, Commissioner Amy Webster, Treasurer Jim Carothers

**Non-Board Members in Attendance:**

Nicole Hemminger, Allison Senkevich, Angela Wagner, Brad Hampton; Marquette Associates

**Board Members not in Attendance:**

NONE

**Quorum:** Present

**Media in Attendance:**

Kay Stephens, Altoona Mirror

**Call to Order:** Commissioner Bruce Erb called the meeting to order at 9:00 a.m.

The roll was called by Commissioner Bruce Erb.

**Call for Public Comment:** Commissioner Erb called for public comment on Retirement Board agenda items. There were no comments.

**Approval of Minutes:** A motion was made by Controller Stickel and seconded by Treasurer Carothers to approve the minutes from the July 5, 2023 Retirement Board meeting. The motion was unanimously carried.

**Quarterly Performance Review:** Brad Hampton from Marquette Associates presented the Second Quarter 2023 Investment Performance Report, reviewing the global economic environment, capital markets performance, and the Retirement Fund (the "Fund").

The Fund had an investment return of 3.0% for the quarter (all returns are net of investment management fees), trailing its policy benchmark return of 3.4%. Year-to-date, the Fund had an investment return of 7.3%, underperforming the policy benchmark by 1.1%. Underperformance by the Fund was driven by asset allocation, with an overweight to real estate detracting from performance given negative returns posted by the asset class. A slight value tilt within U.S. equities detracted as well, given the narrow market out performance from the 'Magnificent Seven' (Apple, Microsoft, Google, Amazon, Nvidia, Tesla, & Meta) in 2023. For the quarter, the Fund ranked in the 70<sup>th</sup> percentile in a national database of public funds of all sizes and in the 83<sup>rd</sup> percentile in a national database of public funds with less than \$50 million of assets. Over the trailing three-years, the fund is performing in the 47<sup>th</sup> and 33<sup>rd</sup> percentile respectively.

**Portfolio Review:** Mr. Hampton presented a review and analysis of the Fund's equity investments. Within U.S. Equities, the Fund has historically had a tilt towards value stocks, which is intended to be a more conservative approach, and mid-cap stocks for increased return potential. The Fund has scene outperformance by the non-U.S. equity composite year-to-date, driven by outperformance of the active managers, with MFA & DFA posting the highest relative outperformance in 2023.

The discussion moved to an update on the Real Estate market. Clarion Partners posted a -6.1% return during the second quarter as a result of continued write-downs in the office space. The portfolio has approximately 17% of its assets invested in the office sector, while the largest portfolio holdings are in multi-family & industrial, two of the stronger performing real estate sectors. Clarion has 10 total office units and would ultimately like to hold 6-8 of the properties long-term. The B oard & Mr. Hampton discussed the challenges in converting office space into residential space, along with the overall health of the commercial real estate markets, given the strong 2022 performance. Principal Property fund also holds a similar percentage (20%) in office, which is consistent across the NFI-ODCE benchmark composition.

Mr. Hampton moved the discussion to the Credit & Fixed Income review, noting that tighter spreads in Q2 helped performance, while traditional fixed income underperformed slightly due to the rise in interest rates during the quarter, which benefits floating rate strategies like Partners group.

**Rebalancing Proposal:** The Controller's Office determined that \$170,000 is needed from the Fund to meet August distribution payments. Mr. Hampton presented a rebalancing option to the Board that proposed a redemption of \$325,000 from the Vanguard Total Stock Market Index, and a purchase of \$155,000 of the Vanguard Short-Term Corporate Bond Index Fund.

This would accomplish multiple goals. First, the rebalancing would keep the Fund's asset allocation close to the targets as set forth in the Investment Policy Statement. Second, it would raise the necessary liquidity to meet August distribution payments.

After discussion by the Board, a motion was made by Controller Stickel, seconded by Treasurer Carothers, and unanimously carried to approve the proposed rebalancing.

**Applications for Membership, Retirements, Refunds, and Rollover Payments:** A motion was made by Controller Stickel and seconded by Commissioner Burke that the applications for membership, retirements, refunds and rollover payments be accepted as set forth in the agenda. The motion was unanimously carried.

**Administrative Fees:** A motion was made by Controller Stickel and seconded by Commissioner Burke that the administrative fees be accepted as set forth in the agenda. The motion was unanimously carried.

**PTG Pension Software Update:** Controller Stickel stated we continue to verify information for accuracy, but we are close to the software going live.

Meeting of August 2, 2023 continued.

**Litigation Checks:** No litigation checks received this month.

**Monthly Financial Report:** Controller Stickel provided the July 2023 financial report for the information of the Board.

Totals for the Monthly Retirement Distribution for 2023 were set forth in the agenda for the information of the Board.

Contributions made to the Retirement Fund in 2023 were set forth in the agenda for the information of the Board.

**Adjournment:** There being no more business to discuss, the meeting was adjourned at 9:42 a.m.

**The next regular meeting of the Retirement Board will be held on September 6, 2023,  
At 9:00 a.m. in Commissioners' Public Meeting Room.**

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "August C. Stickel IV". The signature is fluid and cursive, written over a white background.

August C. Stickel IV  
Secretary