



# BLAIR COUNTY RETIREMENT BOARD

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

## Blair County Retirement Board Meeting

May 3, 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, Treasurer Jim Carothers, Commissioner Amy Webster

**Non-Board Members in Attendance:**

Lindsay Dempsie, Allison Senkevich, Angela Wagner, Pat Wing; Marquette Associates, 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 Commissioner Burke to approve the minutes from the April 5, 2023 Retirement Board meeting. The motion was unanimously carried.

**Quarterly Performance Review:** Pat Wing and Brad Hampton from Marquette Associates presented the First 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 4.1% for the quarter (all returns are net of investment management fees), trailing its policy benchmark return of 4.8%. 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, and a tilt towards value stocks within U.S. equities.

Over the past year, the Fund had an investment return of **-4.8%**, outperforming its policy benchmark by 0.3 percentage points (**-4.8%** vs. **-5.1%**).

Meeting of May 3, 2023 continued.

**Asset Allocation:** Mr. Wing presented a review and analysis of the Fund's Strategic Asset Allocation targets. He noted that, given the rise in fixed income yields, the return outlook for the asset class is as strong as it's been in approximately 15 years.

He presented an analysis, showing that the Retirement Fund could become slightly more conservative, moving three percentage points from equities into fixed income, and still be consistent with the 7.0% Actuarial Assumed Rate of Return. Specifically, he proposed the Board consider changing the asset allocation targets as such:

- Decrease the U.S. Equity target from 40% to 38%
- Decrease the Non-U.S. Equities target from 20% to 19%
- Increase the U.S. Fixed Income target from 21% to 24%

Based on Marquette Associates' analysis this would lower the base-case 10-year annualized return projection from 7.1% to 7.0%. However, it would also lower the 10-year annualized volatility (i.e., risk) projection from 10.5% to 10.0% since fixed income is a more conservative asset class than equities. Further, the risk-adjusted projection (i.e., base-case return divided by base-case volatility) would increase from 0.68 to 0.70 since the reduction in volatility outweighed the reduction in return expectations.

After discussion by the Board, a motion was made by Controller Stickel, seconded by Treasurer Carothers, and unanimously carried to approve an Investment Policy Statement Addendum that changed the asset allocation targets as recommended and outlined above.

**Rebalancing Proposal:** The Controller's Office determined that \$340,000 is needed from the Fund to meet May distribution payments. Mr. Wing presented a rebalancing option to the Board that proposed a redemption of \$675,000 from the Vanguard Total Stock Market Index Fund, a \$165,000 redemption from the Vanguard Equity Income Fund, a \$220,000 redemption from the MFS International Intrinsic Value Fund, a \$220,000 redemption from the Schrodgers International Multi-Cap Trust, a \$60,000 redemption from the Nuveen Global Infrastructure Fund, a \$475,000 purchase of the Vanguard Intermediate Treasury Fund, and a purchase of \$525,000 of the Vanguard Short-Term Corporate Bond Index Fund.

This would accomplish multiple goals. First, the rebalancing would align the Fund's asset allocation close to the newly approved targets as set forth in the Investment Policy Statement Addendum. Second, it would raise the necessary liquidity to meet May 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 Webster that the applications for membership, retirements, refunds and rollover payments be accepted as set forth in the agenda. The motion was unanimously carried.

Meeting of May 3, 2023 continued.

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

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

**Monthly Financial Report:** Controller Stickel provided the April 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 9:51 a.m.

**The next regular meeting of the Retirement Board will be held on June 7, 2023,  
At 9:00 a.m. in Commissioners' Public Meeting Room.**

Respectfully Submitted,



August C. Stickel IV  
Secretary