

The Minutes of the
Meeting of the
Lancaster County Retirement Board
February 11, 2022

The meeting was called to order by Commissioner Ray D'Agostino at 9:00 a.m. in Conference Room 703 at the Lancaster County Offices, 150 North Queen Street.

Members Present: Commissioner Ray D'Agostino, Commissioner Joshua Parsons, Commissioner John Trescot, Controller Lisa Colón, and Treasurer Amber Martin.

Others Present: Lee Martin (Marquette Associates) and Kathy Kunkel.

Commissioner Trescot moved to approve the November 12, 2021 Retirement Board minutes as circulated. Treasurer Martin seconded. The motion carried unanimously.

Mr. Martin presented the Retirement Fund's Performance Update through December 31, 2021. As of December 31, 2021, the Fund was valued at approximately \$392.4 million, with a 4th quarter return at 5.5% (net). The positive attribution for the quarter was from US Equity, International Equity, and real estate. The negative attribution was from Global Equity and emerging markets. Mr. Martin reported that the year-to-date total fund composite return was 14.8% (net). He noted the following portfolio returns: 5 years 11.4% (net) and 10 years 10.0% (net). Mr. Martin reviewed the individual managers' performance.

Mr. Martin reported that the Fund maintained lower volatility and downside capture versus the policy index. He noted that the fund was invested with lower investment management fees (.34%) than the median defined benefit plan in the U.S. During the 4th quarter, GWK Small-Mid Cap Core Equity and Vanguard Small Cap Value Index replaced Aristotle Small Cap/Mid Cap Equity; AB Global Core Equity replaced Acadian Global Opportunities Institutional; Schroder International Multi-Cap Value CIT replaced MFS International Value, and Cohen and Steers Global Infrastructure was added as a placeholder for the Private Infrastructure Commitment.

Mr. Martin reported that defensive equity was added in January along with active International Small Cap and Emerging Markets Funds.

As a follow up to the Board's approval to maintain a projected operating cash balance of at least \$1.6 million at the beginning of each month for 2022, to match the average monthly annuity payment amount, Controller Colón noted that as of December 31, 2021, the balance was \$1,361,083, and as of January 31, 2022, the balance was approximately \$88,120. Controller Colón requested that Marquette rebalance to \$1.6 million during the week of January 12th. Ms. Colón noted that since the estimated balance this month is only \$375,000, she has requested Marquette to rebalance to \$1.6

million during the week of February 14, 2022. She stated that she will review the operating cash balance monthly and contact Marquette to rebalance as needed.

Controller Colón stated that the County's ADC contributions would begin in April 2022 when the County is receiving a significant portion of their real estate tax revenue.

Mr. Martin stated that monies invested into the Cohen & Steers Global Infrastructure Fund are in the investment queue for the IFM Investors and J.P. Morgan infrastructure funds. Mr. Martin estimates these funds will be called in the next couple of quarters.

Mr. Martin presented an education piece on Private Equity. Private Equity investments are used as a diversifier to traditional asset classes and have had historically strong returns. Mr. Martin reviewed both an open-ended fund of funds where capital is deployed immediately, and income is received right away, along with a more traditional closed end approach where your investment is made over several years before receiving income over the latter years as companies are sold. This leads to a j-curve funding/return pattern which leads to a large initial fund outflow during the early years and provides positive returns in the later years. Mr. Martin recommended a combination of open-end and j-curve funds with Singular Guff and Partners Group. Following discussion, Treasurer Martin moved to approve an annual investment of \$2.5 million annual commitment pace to meet targeted allocation and committing \$7.5 million to Singular Guff SBOF V and \$8 million to Partners Group LLC 2, pulling capital from Partners Group in 2026 and beyond. Commissioner Trescot seconded. The motion carried unanimously. It should be noted that as the Funds asset value changes, there may be changes to the actual dollar amount of the committed investment over time to maintain the Investment Policy Statement (IPS) target allocation to Private Equity of 5%.

As a follow up to the November meeting, Mr. Martin presented the updated IPS addendum to the Board for their signatures. Mr. Martin noted that the addendum already contains the Private Equity allocation guidelines. The Board's decision today was on the implementation of an open ended or combination funding. This document is adopted February 11, 2022, with the effective date to be determined, most likely in April 2022.

Controller Colón stated that 2022 is the final year of the current actuarial services contract with Korn Ferry. The contract was a three-year contract with two one-year options. She noted however, that there is a caveat in the terms, that if we choose, we can continue the contract for another year by taking no action. Ms. Colón asked the Board if they wished to have a Request for Proposal (RFP) completed in 2022, or take no action, and let the contract continue another year. Following discussion, the consensus of the Board was to take no action and allow the contract to continue through December 31, 2023. This item will be placed on the agenda for a fall meeting in 2022, to discuss a possible RFP during 2023.

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In addition, Controller Colón reported that the investment consultant contract with Marquette Associates ends 12/31/2022, with two one-year extensions. Even though the OCIO agreement with Marquette was approved in October 2021, the original contract dates were not changed. Ms. Colón noted that there must be a written agreement to extend the contract. This will be placed on a future agenda by year end as well.

Treasurer Martin moved to adjourn the meeting at 10:16 a.m. Commissioner Parsons seconded. The motion carried unanimously. The next meeting is April 8, 2022, at 9:00 a.m.

Respectfully submitted,

Lisa K. Colón
Secretary