

The Minutes of the
Meeting of the
Lancaster County Retirement Board
May 13, 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), David Reichert (Korn Ferry), and Diana Rivera.

Treasurer Martin moved to approve the April 8, 2022, Retirement Board minutes as circulated. Commissioner Trescot seconded. The motion carried unanimously.

David Reichert, Korn Ferry, presented a draft of the Lancaster County Employees' Retirement System Report on the 2022 Actuarial Valuation Including Determination of the County's Actuarially Determined Contribution (ADC) for 2022. Mr. Reichert reviewed the report and noted certain highlights, including the asset smoothing method. He noted that as of January 1, 2022, the fund had a market value of assets of approximately \$390 million versus an actuarial value of \$350 million. Mr. Reichert reviewed the summary of member information. He noted that from 2021 to 2022, the number of active participants decreased but the average age, service, and annualized compensation increased. Mr. Reichert reviewed the ADC. He noted that in 2021, the ADC was \$5.1 million and this year it is \$3.9 million. The funded ratio increased from 91.0% to 94.6%. Mr. Reichert stated that the drop in the ADC is largely due to the improved performance in the markets at the end of last year. Mr. Reichert reviewed the Investment Return Assumption. He stated that reduced capital market expectations have caused many plans to reduce their investment return assumptions in recent years. Mr. Reichert noted that if the Board considered lowering the investment return assumption to 6.325%, the ADC would be \$5.2 million. He noted that the Board changed the investment return assumption last year from 7.25% to 7.00%. Mr. Lee stated that the Board could consider changing it to 6.75% to bring the ADC to \$4.5 million. The Board agreed to have Mr. Reichert prepare an actuarial valuation using 6.75% and 6.25% investment return assumptions and have a discussion at the next meeting in August.

Mr. Reichert left the meeting at 9:20 a.m. and the Board thanked him for his presentation.

Mr. Martin reviewed the current market environment, the U.S. economy and U.S. markets, and the global economy and global asset class performance.

Mr. Martin presented the Retirement Fund's Performance Update through March 31, 2022. As of March 31, 2022, the Fund was valued at approximately \$372.8 million. The Fund is down approximately -3.9% (net) for the 1st quarter of 2022. The positive attribution for the quarter was from value and high-quality equities and the negative attribution was from emerging markets and real estate. Mr. Martin noted the portfolio return for 5 years: 9.5% (net). He also noted the approved asset allocation implementation effective as of April 1, 2022: JPM Private Infrastructure, Partners Group Private Equity II, Siguler Guff Small Buyout Opportunities Fund V (private equity), and Carlyle Direct Lending Fund IV (private credit). Mr. Martin reviewed some of the individual managers' performance. Mr. Martin reviewed the Fund's performance summary as of April 30, 2022.

Controller Colón reviewed the projected operating cash balance for the Retirement Fund. She stated that they will continue to pull funds for the County's Actuarially Determined Contribution (ADC) through the next few months.

Controller Colón discussed securities litigation and fraud monitoring. She stated that recently Fulton Bank received a request from one of the County's fraud monitoring firms, Kessler Topaz, and she did not recognize the names based on any of the contact information she had. Controller Colón stated that she reached out to the firm to confirm that these two individuals are in fact their employees. She stated that she will not add them to Fulton Bank to receive statements until she hears from the firm. Controller Colón stated that the last time the contract with Kessler Topaz was reviewed, was in 2007 and noted that they have changed their name several times. Controller Colón noted that the Board currently has two security litigation firms under contract, and a small firm, Rigrotsky Law has reached out in the past. She stated that she would not have an issue adding them because they are a small firm, and they might be able to look at things with a different approach. Commissioner D'Agostino noted that when the issue was brought up last year, it was decided that if the Board was going to make a change, they would put out a Request for Proposal (RFP). Controller Colón stated that she will get additional information on Rigrotsky Law and review the existing firms. She will work with Purchasing and the Solicitor's Office in starting an RFI and come to the Board with recommendations.

As a follow up to the April meeting, Controller Colón discussed the bonus pay and retirement calculations with the Board. She stated that the Solicitor's Office researched the future of continuing to include bonuses as wages and the effect it will have on final average salary with regards to Act 96. The Board discussed spreading out the bonuses over several years, if possible, if the bonus is a considerable dollar amount. Controller Colón will discuss further with the Solicitor.

Controller Colón noted that the employee pension statements were distributed to the departments last week.

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Treasurer Martin moved to adjourn the meeting at 10:10 a.m. Commissioner Trescot seconded. The motion carried unanimously. The next meeting is August 12, 2022, at 9:00 a.m.

Respectfully submitted,

Lisa K. Colón
Secretary