RETIREMENT BOARD MEETING **November 16, 2023**

1. Opening of Meeting.

2. Approval of Minutes No. 290 dated February 15, 2023 and No. 291 dated August 16, 2023

3. Public Comment.

4. Treasurer's Report:

   Bank Reconciliations – July 2023-October 2023

5. Requisitions:

   Requisitions – August 2023 – October 2023

6. Old Business.

7. New Business:

   A. Addendum from Marquette Associates.
   B. New rate from Korn Ferry

   C. Portfolio Presentation: Marquette Associates.
      a. Annual PA County Pension Fund Report.
      b. Third Quarter performance report
      c. Education on the Closed End Fund Fixed Income strategy we have been asked to review from the last meeting.

8. Adjournment.

Minute No. 290 February 16, 2023

The quarterly meeting of the Washington County Retirement Board was held at approximately 2:53 p.m. on Thursday, February 16, 2023, in the public meeting room with the following members being present: Commissioners Diana Irey Vaughan, Larry Maggi and Nick Sherman; Treasurer Tom Flickinger; and Controller April Sloane. Also present: Chief Clerk Cindy Griffin; Secretary Paula Jansante; Executive Assistant Marie Trossman; Chief of Staff Michael Namie; Solicitor Jana Grimm; Lee Martin, Ph.D. and Brad Hampton representing Marquette Associates; and Mike Jones with the Observer-Reporter.

Approval of Minutes

Mrs. Vaughan entered a motion to approve meeting Minutes 288, dated August 18, 2022 and 289, dated November 30, 2022. The motion was moved by Mr. Sherman and seconded by Mr. Maggi that the above-mentioned minutes be approved as written.
No discussion followed.
Roll call vote taken:
Ms. Sloane – yes; Mr. Flickinger – yes; Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes
Mrs. Vaughan noted that the spelling of her name would need to be corrected.
Roll call vote taken:
Ms. Sloane – yes; Mr. Flickinger – yes; Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes
Motion passed unanimously.

Public Comment

None.

Treasurer's Report

Mr. Flickinger made a motion to accept the presented reconciliations of January 2023 to June 2023. Motion was seconded by Mr. Sherman.
Roll call vote taken:
Ms. Sloane – yes; Mr. Flickinger – yes; Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes.
Motion passed unanimously.

Retirement Allowance Report

Bank Balance as of November 1, 2022	**$ 156,295.31**
Deposits to Checking Account	-0-
Transfers In	-0-
ACH Credit	323,892.56
Other Credits	1,087,685.52
Less: Cancelled Checks	(98,678.63)
Less: Other Debits	-0-
Less: ACH Debits	(943,804.30)
Funds Transfers Out	-0-

Bank Balance as of November 30, 2022	**525,390.46**
Transfers to Mutual Fund	-0-
Less: Outstanding Checks	(338,339.80)
Less: Retirement Check Run	(45,301.02)
Reconciled Balance as of November 30, 2022	**$ -0-**

Bank Balance as of December 1, 2022	**$ 525,390.46**
Deposits to Checking Account	-0-
Transfers In	-0-
ACH Credit	681,945.66
Other Credits	403,784.52
Less: Cancelled Checks	(288,770.92)
Less: Other Debits	-0-
Less: ACH Debits	(911,171.13)
Funds Transfers Out	(285,216.68)
Bank Balance as of December 31, 2022	**$ 125,961.91**
Transfers to Mutual Fund	(98.09)
Less: Outstanding Checks	(88,607.79)
Less: Retirement Check Run	(37,256.03)
Reconciled Balance as of December 31, 2022	**$ -0-**

Requisitions

Ms. Sloane made a motion to approve the requisitions for the months of December 2012 and January 2023. It was seconded by Mr. Sherman that the requisitions be approved.

No discussion followed.

Roll call vote taken:

Ms. Sloane – yes; Mr. Flickinger – yes; Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes.

Motion passed unanimously.

Distributions

December 2022

Check	Payee	Amount
2420	Ameriprise Financial Services as trustee of IRA of James R Fidler	41,398.57
2421	Janice Garrison	848.28
2422	Rylee Esper	3,563.99
2423	Carrie O’Connell	2,331.72
2424	Robin Matthews	1,535.05

2425	Melaniesha Abernathy	8,431.61
2426	Rodney Croom	834.61
2427	Cassandra McIlwain	130.00
2428	Washington County Regular Payroll Escrow Account	20,630.76
2429	Washington Co. Cash Disbursement Acct	71,003.42
Transfer	PNC Bank	60,434.46
Transfer	Washington Co. Retirement Acct	868,694.46
	Total December 2022 Distributions	**1,079,836.93**

January 2023

Check	**Payee**	**Amount**
2430	PNC as Trustee of IRA of Amanda McGuirk	1,256.44
2431	Morgan Stanley as Trustee of IRA of Shelli Arnold	28,465.89
2432	Vanguard as Trustee of IRA of Samantha Robb	1,879.48
2433	Francis C Seliga Jr	5,983.94
2434	Domonic A Carrola	14,611.64
2435	Julie Policz	1,347.97
2436	Bradley M Boni	47,368.34
2437	Abigail Lunger	2,897.13
2438	Shawn Myers	422.75
2439	Brennan Watts	1,749.02
2440	Kiera Goolsby	12,043.78
2441	Washington County Regular Payroll Escrow Account	22,168.08
2442	Washington Co. Cash Disbursement Acct	9,260.44
Transfer:	PNC Bank	92,240.72
Transfer:	Washington Co. Retirement Acct.	879,324.76
	Total January 2023 Distributions	**1,122,020.38**

Old Business

None.

New Business

Mrs. Vaughan entertained a motion to approve the addendum for Minute 286 with the corrected date of 2/17/2022. The motion was moved by Ms. Sloane and seconded by Mr. Sherman that the above-mentioned request be approved.

No discussion followed.

Roll call vote taken:

Ms. Sloane – yes; Mr. Flickinger – yes; Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes.

Motion passed unanimously.

Mrs. Vaughan entertained a motion to approve the request from Rachel Roney to purchase prior service time dated April 27, 2012 through November 14, 2016, in the amount of $15,479.79. The motion was moved by Mr. Sherman and seconded by Mr. Maggi that the above-mentioned request be approved.

No discussion followed.

Roll call vote taken:

Ms. Sloane – yes; Mr. Flickinger – yes; Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes

Portfolio Presentation – Lee Martin, Ph.D. – Marquette Associates

Mr. Martin began with an update on Marquette Associates. He noted how, even though last year markets were down, both in stocks and bonds, the firm still grew and added about 20 new people to build out for future growth. He also pointed out that the client retention rate is still at 99.7%. Mr. Martin introduced Brad Hampton, who will be working out of Pittsburgh as a new consultant. Finishing, Mr. Martin marked that Kweku Obed, a new partner at Marquette, is now responsible, with Mr. Martin, for the public fund business within Marquette Associates. He has also just been appointed to the PBGC.

Mr. Martin then gave the floor to Mr. Hampton, who began with the GDP.

Mr. Hampton started with citing that the GDP last quarter was positive, much of which seemed to be inventory builds, that is, companies making goods but not yet selling them. The belief is that the selling portion is going to be what this year is about. Meaning, can the consumer really continue to spend as much as they have. According to January's report, they can. Many thought that after the holiday season, there may be a slowdown. Yet, citing another strong jobs report, adding another half a million jobs in the month of January alone, many are still spending on goods. Mr. Hampton predicts that if employment stays strong and spending continues, there will be a healthy economy. However, he states, during the second half of this year, the consumer will not be able to spend as much as they have, and you could start into a recessionary period. Yet, the consensus at this point is that a recession is entered, it will likely be a shallow recession. He references the past recessions and states that this period does not seem be a 2008 or 2009 type recession. He credits this to so much health in the economy. However, it is certainly something that is being paid close attention to. The market's primary focus is on what the Fed is doing. Many people have been waiting for the Fed to stop. What is going to allow the Fed to stop is for strong labor markets and strong pricing indices to slow down as well and that has not happened. Until inflation starts to slow and until unemployment, or at least wage increases, start to slow, it will not allow the Fed to stop anytime soon. The hope for this year was to see two hikes of 25 basis points and they have already done one so far this year. Currently, markets are pricing in an additional two. There will be some volatility in markets around that. But again, it is something to watch at this point.

Touching on Global Economy, Mr. Hampton points out that, while the US is where a lot of our focus is, in the fourth quarter, holding international equities has paid off. We started to see the diversification benefit from investing overseas and that's something that's really continued over into 2023 as well. This is due to two reasons. The first is that Europe had warmer winter months than expected. Natural gas prices were up threefold last year, 300%, and headlines around the world were that Europe would struggle to survive the winter. And that simply just has not happened. Therefore, many have more money to spend overseas. The second reason, and probably the more important piece, is that the US dollar is starting to fall. What that does for US investors is, when the local returns are converted back to U.S. dollars when the dollar is weak, they get more return. When it is strong, we get less dollar. So that would erode returns. And that was the story last year; a tremendously strong dollar and that's somewhat reverting this year and that's been helpful.

Moving on to US Equities, the U.S. market was up over 7%. The international piece, up over 17%, that is diversification benefit that started to emerge. Most of that 17% was on the back of that dollar coming down. Bonds, certainly last year, did not provide the diversification that was hoped for. It was the worst year we have seen in the bond market in history. Looking toward this year, that helps future returns. You are now getting higher interest on your bonds. That is something, as a pension fund, that is helpful. You are being paid to help hold fixed income.

Finally, the diversifies, infrastructure and real estate, have positive quarters. Infrastructure was the best diversifying asset of last year at 9% during the quarter and only drawing down about 5% last year. Mr. Martin wanted to note that we expect international returns to improve relative to the US equities because the US equities and the ECB, according to the yield curve, are converging in. What this means is, our yield advantage is now less, and it will continue to get less, therefore you are starting to see the US dollar soften and the international returns doing better. The other takeaway from the market environment is by the summer, we should be at terminal rate with the Fed. We should be somewhere between 5.25% and 5.5%. When this potentially comes down, we will have a new neutral rate. Inflation and interest rates will be higher for longer than many assume. This will revert to 20-30 years ago when inflation rates were higher coming out of the financial crisis. The Fed stimulus, as well as keeping rates low, was a boost for equities. That is likely not to be there going forward. As we have seen, inflation is stickier for longer, and the Fed will only attack it by continuing with the timing cycle.

Mr. Martin moved on to the pension fund itself, he began by citing that the year ended at just under $188 million as well as adding close to $10 million thus far in 2023. The past two quarters have yielded strong returns due to the gain of just over $10 million in the fourth quarter as well. The higher quality positions in equities that have been put in place over the past few years have worked well. The diversified assets have given an inflation hedge, working out well for the fund. Similarly, as private credit rates are going up, private credit managers are writing new loans at a higher rate. This is all accredited to performance.

Conversely, Treasuries have had a negative attribution for the quarter. Secondly, the small allocation at Timber/Farmland outperformed for the year in both stocks and bonds. This is due to the real asset nature that they hold. However, in the second half of the year, there were a lot of headwinds against those type of investments with timber because as rates went up, the demand for timber slowed down. On the Farmland side, the input costs, such as fertilizer, energy, and labor, went up considerably. That was a bit of a headwind for performance for that type of asset class. Most importantly, for the year, how will this impact the ADC? The fund is down just 10% net of all fees last year. The fund is about 80 points above its policy index and about 4.7% ahead of the stock and bond portfolio. This highlights the advantage of the diversification that Washington County has done over the last few years. Risks can be controlled through asset allocation, and the Retirement Board has taken advantage of this. In dollar terms, against 14.7% with the 4.7% difference, since the fund started the year at $213 million, that’s the equivalent to $10 million that it did not go down. That means, there is an extra 410 million in the fund, by not going down as much as the benchmark.

In theory, everyone went down last year, but because the fund had a higher asset value that went into the fourth quarter. When the markets rebound, the fund's compounding returns from a higher base to start with, the recovery happens more quickly. The key for unfunded pension finds is to protect on the downsides. It can take years to come back if invested aggressively. Washington County ranked in the top 10% of all public funds last year as well. Over ten years, the fund has averaged over the assumed rate of return every year, right in line with policies but quite a bit above the fund's benchmark. It also ranked well above median over that same period. Real estate redemptions are occurring, and Washington County did turn off dividend reinvestment of the real estate managers, because there was an expectation of negative marks which was seen in the fourth quarter. There is a slightly softer real estate market now and that is expected to occur for the next two quarters. Finally, due to the size and scale of the relationship with JP Morgan, fees went down another four basis points as other funds were added to it.

Looking ahead, the outlook for fixed income is considerably better today than it was 12 months ago. Marquette Associates job is to help Washington County to look forward. Five years ago, we expected lower returns going forward. That did happen, and other funds fell well below their assumed rate of returns. The good news is that this fund can be more conservative and add to fixed income, and not give up anything in return, because the outlook is much better going forward. This should not be done in a vacuum without looking at liabilities. Mr. Martin suggests speaking with actuaries about the assumptions for the year and investigate what is good from a liability point of view.

Painting a picture of what the ADC will come in at this year, Mr. Martin pointed to Annual Year Returns. He stated that, while the fund was negative last year at down 10%, the five years before that were mostly up. Taking 20% of the gain and loss of those five years will deduce the actuarial asset value. In those years, there were a lot of gains. So, while last years was negative, the ADC should not be impacted as negatively as it seemed. Furthermore, the number that the actuaries gave, was after the month of September, and the fund gained another $10 million in assets in the fourth quarter. What was provided to help with budgeting, will probably be a higher number than would come in, assuming the assumptions are left the same.

Moving onto Strategies, US equities were down 16%, yet 3% better than the index, which was down 19%. Looking at the Global Composite, again, down 15.7% relative to 18.4%. This is designed to be more protective on the downside. The value manager was ahead last year, down just under 6%, and the low volatility manager was down 7.6%, when the broad equity market was down 18.5%. The growth manager would be the lagging manager at that point. However, the year prior to that, the growth manager led the way. That is why the fund has three different managers.

On the International side, it did lag a little last quarter. It was accretive, somewhat, from leaning to value. Schroders that was down 11% whereas ACWI ex USA was down 16.5%. But having some smaller cap and some emerging markets in there were a bit of a headwind. Both of those managers for the quarter outperform their benchmarks, however, they were behind ACWI ex USA. What we see in this quarter is that Emerging Markets is the area that's leading the Equity Markets and is the most accretive area of the market for the fund currently.

Moving on to Defensive Equity, in the early part of the year, yields were about zero. 3/4 of the fund's defensive equity was in T-Bill that the portfolio was not seeing any return on. That so the first half of the year was tough, especially with high volatility because those options are exercised at that point. More recently, it has been more accretive and so far in 2023 as well. Now the fund has 75% of that portfolio in T-bills and now is now making over 4%. So, the fund has that as a core base right off the bat. The future marketing environment will be better with that strategy.

Transitioning to Real Assets, real estate was positive nearly 9% as stocks were down nearly 19% and bonds were down 13%. Both fund's managers outperformed the ODCE which is the average core manager. As for timber, it was down, however, it is a 50/50 blend and the timber farmland the fund has is an open-ended one, so values and market must strike more closely to market. While it was down 1%, it was still ahead of where stocks and bonds were last year.

As far as Infrastructure, it was up 8.5% last year; JP Morgan was up 9.6% and IFM was up 8.2% above the benchmark of 4.7%. So, the timing of all these real assets has been very good for the portfolio. Therefore, it was only down 10% last year. They were the inflation hedges in the portfolio.

private equity and private credit were, again, was somewhat accretive last year. Bonds were down 13%, whereas Washington County's private credit was positive at 1.5%. On the private equity side, the bench was down 3.6%, while the fund was down only .6% last year.

Finally, Fixed Income will always be in and around the bench especially when the portfolio only has 21% allocated there. It was negative, that's where the market went, but the fund did have some outperformance on the credit end and particularly the high yield space at the market.

Finishing with OPEB, Washington County finished with year $22.5 million and gained one and a half million dollars at the end of the year. This trust is up 7%, putting it in the 17 percentiles. Last year, the absolute number here was down more than the pension because there is not much in real assets. It is a smaller fund and cannot diversify it as well. However, it did protect even more against its policy index, 170 basis points, and it was in 7th percentile of all funds, outperforming 93% of the funds that are out there. Over the past seven years, there are seven and a half million dollars of growth. Because of this growth, the retirement fund has not needed to go into the general fund and take that money to pay health premiums. The fund has returned 7 net of fees 7.4 gross of fees. The real estate has also started with the redemption process by not reinvesting dividends. Again, there is only a 15% target of fixed income. Perhaps, again, review with Korn Ferry, de-risking this because there may be higher return out of fixed income today than last year. Moving down to 15% has been beneficial over recent years, due to yields, but now the trust is in a different position than it was in the last 13 years.

The meeting was adjourned at 3:31 p.m.

THE FOREGOING MINUTES SUBMITTED FOR APPROVAL:

________________________________, 2023

ATTEST: ______________________________

Minute No. 291 August 16,2023

The quarterly meeting of the Washington County Retirement Board was held on Wednesday August 16, 2023 at approximately 2:56 p.m., in the public meeting room with the following members being present: Commissioners Diana Irey Vaughan, Larry Maggi and Nick Sherman; Treasurer Tom Flickinger; and Controller April Sloane. Also present: Executive Assistant Marie Trossman; Executive Assistant Randi Marodi; Chief of Staff James McCune; Solicitor Jana Grimm; Financial Analyst Adam Petris, and Brad Hampton representing Marquette Associates.

Approval of Minutes

Mrs. Vaughan entered a motion to amend the posted retirement agenda, dated August 16, 2023. The revised agenda packet was provided to all members to revise the agenda to include: Approval of minutes, remove approval of Minutes 288, dated August 20,2022 and Minute 289, dated November 20,2022. Both were previously approved at the February 16,2023 meeting. The motion was moved by Mr. Sherman and seconded by Mr. Maggi.
Roll call vote taken:
Ms. Sloane – yes; Mr. Flickinger – yes; Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes.
Motion passed.

Mrs. Vaughan entered a motion to replace with correct Minutes 290 dated February 16,2023, which is being held in abeyance. Several corrections need to be made, including an amendment to:

The Treasurer's report to revise the bank reconciliation dates to January 2023 to June 2023 instead of November 2022 to June 2023 due to November's and December's being approved at the February 2023 meeting.

Requisitions- Revised requisition dates to February 2023 to July 2023 instead of December 2022 to July 2023. December and January were approved in the February meeting.

The motion was moved by Mr. Sherman and seconded by Mr. Maggi.
Roll call vote taken:
Ms. Sloane – yes; Mr. Flickinger – yes; Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes.
Motion passed.

Public Comment

None.

Treasurer's Report

Mr. Flickinger made a motion to accept January through June 2023 bank reconciliations with $0 balances. Seconded my Mr. Sherman.

Roll call vote taken:
Ms. Sloane – yes; Mr. Flickinger – yes; Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes.
Motion passed.

Retirement Allowance Report

Bank Balance as of January 1, 2023	**$ 125,961.91**
Deposits to Checking Account	-0-
Transfers In	-0-
ACH Credits	$ 275,750.79
Other Credits	$ 840,376.34
Less: Cancelled Checks	(111,566.85)
Less: Other Debits	- 0 -
Less: ACH Debits	(948,980.14)
Funds Transfers Out	-0-
Bank Balance as of January 31, 2023	**$ 181,542.05**
Transfers to Mutual Funds	5795.16
Less: Outstanding Checks	(150,243.23)
Less: Retirement Check Run	(37,093.98)
Reconciled Balance as of January 31, 2023	**- 0 -**

Bank Balance as of February 1st, 2023	**$ 181,542.05**
Deposits to Checking Account	-0-
Transfers In	$ 264,175.89
ACH Credit	$ 272,946.96
Other Credits	$1,000,000.00
Less: Cancelled Checks	(298,023.09)
Less: Other Debits	- 0 -
Less: ACH Debits	(1,009,843.56)
Funds Transfers Out	-0-
Bank Balance as of February 28, 2023	**$ 410,798.25**
Transfers to Mutual Funds	$ 28,921.38
Less: Outstanding Checks	(401,938.37)
Less: Retirement Check Run	(37,207.90)
ACH Return	(226.54)
ACH Return	(346.82)
Reconciled Balance as of February 28, 2023	**- 0 -**

Bank Balance as of March 1, 2023	**$ 410,798.25**
Deposits to Checking Account	-0-
Transfers In	-0-
ACH Credit	$ 281, 370.52
Other Credits	$1,052,257.58
Less: Cancelled Checks	(442,552.66)
Less: Other Debits	- 0 -
Less: ACH Debits	(944,305.04)
Funds Transfers Out	-0-
Bank Balance as of March 31, 2023	**$ 357,568.65**
Transfers to Mutual Funds	$ 31,865.18
Less: Outstanding Checks	(351,815.36)
Less: Retirement Check Run	(37,618.47)
Reconciled Balance as of March 31, 2023	**-0-**

Bank Balance as of April 1, 2023	**$ 357,568.65**
Deposits to Checking Account	-0-
Transfers In	-0-
ACH Credit	$ 280,337.84
Other Credits	$ 866,860.10
Less: Cancelled Checks	(430,969.19)
Less: Other Debits	- 0 -
Less: ACH Debits	(938,355.12)
Funds Transfers Out	(17,554.95)
Bank Balance as of April 30, 2023	**$ 117,887.33**
Transfers to Mutual Funds	$ 31,865.18
Less: Outstanding Checks	(111,721.05)
Less: Retirement Check Run	(38,031.46)
Reconciled Balance as of April 30, 2023	**-0-**

Bank Balance as of May 1,2023	**$ 117,887.33**
Deposits to Checking Account	-0-
Transfers In	$ 60,000.00
ACH Credit	$ 415,691.33
Other Credits	$ 802,615.20
Less: Cancelled Checks	(157,671.26)
Less: Other Debits	- 0 -
Less: ACH Debits	(957,279.68)
Funds Transfers Out	-0-
Bank Balance as of May 31,2023	**$ 281,242.92**
Transfers to Mutual Funds	$ 31,706.92
Less: Outstanding Checks	(272,619.17)
Less: Retirement Check Run	(40,330.67)
Reconciled Balance as of May 31, 2023	**-0-**

Bank Balance as of June 1 ,2023	**$ 281,242.92**
Deposits to Checking Account	-0-
Transfers In	$ 866,431.88
ACH Credit	$ 284,538.96
Other Credits	-0-
Less: Cancelled Checks	(291,763.80)
Less: Other Debits	- 0 -
Less: ACH Debits	(961,825.98)
Funds Transfers Out	-0-
Bank Balance as of June 30, 2023	**$ 178,623.98**
Transfers to Mutual Funds	$ 39,315.22
Less: Outstanding Checks	(39,926.15)
Less: Retirement Check Run	(39,259.29)
Transfer	(138,753.76)
Reconciled Balance as of June 30, 2023	**-0-**

Requisitions

Ms. Sloane made a motion to approve the requisitions for the months of February through July 2023. Motion was seconded by Mr. Sherman.

Roll call vote taken:

Ms. Sloane – yes; Mr. Flickinger – yes; Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes. Motion passed.

Distributions

Washington County Retirement Board Distributions
January 2023

	Payee	Amount
2430	PNC as Trustee of IRA of Amanda McGuirk	1,256.44
2431	Morgan Stanley as Trustee of IRA of Shelli Arnold	28,465.89
2432	Vanguard as Trustee of IRA of Samantha Robb	1,879.48
2433	Francis C Seliga Jr	5,983.94
2434	Domonic A Carrola	14,611.64
2435	Julie Policz	1,347.97
2436	Bradley M Boni	47,368.34
2437	Abigail Lunger	2,897.13
2438	Shawn Myers	422.75
2439	Brennan Watts	1,749.02
2440	Kiera Goolsby	13,043.78
2441	Washington County Regular Payroll Escrow Account	22,168.08
2442	Washington Co. Cash Disbursement Acct	9,260.44
Transfer:	PNC Bank	92,240.72
Transfer:	Washington Co. Retirement Acct.	879,324.76
	Total Monthly	1,122,020.38

Washington County Retirement Board Distributions
February 2023

	Payee	Amount
2244	Pershing LLC as trustee of IRA of Jonah Green	12,710.41
2245	Kayla Strohecker	1,859.27
2246	Kevin Scheibel	19,631.12
2247	Dheaven Jhames Kelley	4,245.62
2248	Jennifer Mengle	16,122.67
2249	Anthony Cox	14,983.08
2250	Janney Montgomery Scott trustee of IRA of Richard R Gaydos	89,574.89
2251	Frank Kubicko	112,284.05
2252	Patrick Puskarich	185,446.60
2253	Washington County Regular Payroll Escrow Account	22,538.82
2254	Washington Co. Cash Disbursement Acct	33,219.14
Transfer:	PNC Bank	144,609.06
Transfer:	Washington Co. Retirement Acct.	879,324.76
	Total Monthly	1,536,549.49

Washington County Retirement Board Distributions
March 2023

	Payee		Amount
2444	Thomas Hamilton		1,321.94
2445	Denise Dupain-Nicholson		7,288.29
2446	Michelle Vulcano		266.97
2447	Angela Filotei		3,636.24
2448	Ny'zjriona Allen		674.89
2449	Zackary Fike		2,603.81
2450	Aaliyah Branch		7,111.43
2451	Leigh Mawhinney		7,438.91
2452	Andrea Orum		264.80
2453	Franklin Morris		12,571.46
2454	Ashley Lutska		13,609.88
2455	Roy Holman		20,249.29
2456	Community Bank FBO Austin T Beattie		214,973.23
2457	Washington County Regular Payroll Escrow Account		23,028.50
2458	Washington Co. Cash Disbursement Acct		52,011.23
Transfer:	PNC Bank		76,270.12
Transfer:	Washington Co. Retirement Acct.		890,653.93
		Total Monthly	1,333,974.92

	142,279.82
	132,982.90
	6,107.80
	346.82
Total PNC Deposits	281,717.34

$	1,333,974.92	What we need
	(281,717.34)	PNC Deposits
$	1,052,257.58	Transfer Amount

Washington County Retirement Board Distributions
April 2023

	Payee		Amount
2458	Tammy S Haborick		64.11
2459	LeighAnn Folmer		439.52
2460	Sharon J Nesmith		92.41
2461	Estate of James S Michelucci		207.84
2462	Estate of Ruth Bernett		194.78
2463	Lucinda Bailey		185.53
2464	Estate of Lawrence C Kinskey		313.28
2465	Theresa Frisco		3,730.39
2466	Fidelity as Trustee of IRA of Christopher Kaschok		48,926.20
2467	Matthew Mascara		2,162.60
2468	Andrew Campbell		7,048.04
2469	Clara Sagastizado		5,282.41
2470	Dalia Aboraya		2,462.67
2471	Lace Keeney		6,975.28
2472	Heather Lucy		5,163.86
2473	John Sopiak		2,786.85
2474	Washington County Regular Payroll Escrow Account		22,423.50
2475	Washington Co. Cash Disbursement Acct		76,125.73
Transfer:	PNC Bank		68,071.85
Transfer:	Washington Co. Retirement Acct.		892,902.28
		Total Monthly	1,145,559.13

Washington County Retirement Board Distributions
May 2023

	Payee	Amount
2477	Trustee of Mon Valley Community FCU FBO Paula Jansante	64,708.04
2478	Trustee of Newport Trust FBO Redev Auth of Wash Co EE's Salary Reduction PS Plan Memo: Trey Belleville 07P6DTXN	7,393.75
2479	Fidelity Investments as trustee of IRA of Alex Jesse	437.03
2480	Bonnie Miller	1,982.08
2481	Luke Paskert	2,259.20
2482	Melinda Kolesar	3,487.77
2483	Marissa McMechen	10,090.19
2484	Victoria Gesselberty	2,856.14
2485	Carly Sonafelt	5,551.39
2486	Casey Randall	14,001.91
2487	Eric Waugh	7,977.91
2488	Washington County Regular Payroll Escrow Account	22,906.76
2489	Washington Co. Cash Disbursement Acct	18,492.33
Transfer:	PNC Bank	73,218.92
Transfer:	Washington Co. Retirement Acct.	906,785.83
	Total Monthly	1,142,149.25

	140,137.47
	139,396.58
Total PNC Deposits	279,534.05

$	1,142,149.25	What we need
	(279,534.05)	PNC Deposits
$	862,615.20	Transfer Amount

Washington County Retirement Board Distributions
June 2023

	Payee	Amount
2490	Amber Gauthier	4,665.66
2491	Alexandria Pust	2,010.74
2492	Wendy Harris	84,699.41
2493	Katherine Goelz	2,171.61
2494	Angela Costello	1,867.81
2495	Washington County Regular Payroll Escrow Account	22,892.22
2496	Washington Co. Cash Disbursement Acct	3,248.12
2497	Additional Washington Co. Cash Disbursement Acct	50,641.26
Transfer:	PNC Bank	76,662.24
Transfer:	Washington Co. Retirement Acct.	899,515.29
	Total Monthly	1,148,374.36

	139,677.40
	6,107.80
	136,157.28
Total PNC Deposits	281,942.48

$	1,148,374.36	What we need
	(281,942.48)	PNC Deposits
$	866,431.88	Transfer Amount

Washington County Retirement Board Distributions
July 2023

	Payee	Amount
2498	Mary Beth Morris	397.54
2499	Edward Jones as trustee of IRA of Bill Fraley	52,265.31
2500	Capital Bank & Trust Co as trustee of IRA of Deanna Bevan	1,552.65
2501	National Financial Services as trustee of IRA of Justine Crow	4,282.45
2502	Baird as trustee of IRA of Olivia Mahla	2,248.66
2503	Mitchell Zavallo	12,203.57
2504	Carol Dailey	863.08
2505	Brenda Foringer	546.67
2506	Michael Heasley	9,039.06
2507	Andrew Yetzer	1,663.26
2508	Kayla Kraeer	24,349.92
2509	Christopher Dille	2,275.70
2510	Leah Cox	4,626.94
2511	Washington County Regular Payroll Escrow Account	23,323.98
2512	Washington Co. Cash Disbursement Acct	16,819.70
Transfer:	PNC Bank	75,440.25
Transfer:	Washington Co. Retirement Acct.	916,593.23
	Total Monthly	1,148,491.97

	131,253.52
	138,753.76
Total PNC Deposits	270,007.28

$	1,148,491.97	What we need
	(270,007.28)	PNC Deposits
$	878,484.69	Transfer Amount

Old Business

None.

New Business

Mrs. Vaughan entertained a motion to remove addendum for investment policy statement for Marquette Associates- Controller Sloane advised vote still needs to be done for 2023. Mrs. Vaughan requested copies of the addendum voted on prior for 2022. Ms. Sloane acknowledged the request.

Mrs. Vaughan also entertained a motion to remove the approval of the request from Rachel Roney which was voted on and approved at the February 16,2023 meeting, the portfolio presentation will now be done by Brad Hampton. The motion was moved by Mr. Sherman and seconded by Mr. Maggi.

No discussion followed.

Roll call vote taken:
Ms. Sloane – yes; Mr. Flickinger – yes; Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes. Motion passed.

Portfolio Presentation – Mr. Brad Hampton -- Marquette Associates

Mr. Hampton began with an overview of the economic landscape found in exhibit two of the Marquette portfolio. He highlighted that GDP was at 1% during quarter one indicating we may be headed towards mild recession by the end of 2023, but later that number revised upwards to 2%. Second quarter followed up at 2.4%.

He states that the economy is being driven continually by a healthy consumer. Recent consumer reports show spending has been positive, money is being spent on leisure activities such as restaurants, sporting events and entertainment, which continues to help our economy. He notes that student loan re-payment will resume in October, which may cause a hit to household budgets. Fiscal government will start to be under some spending pressures in the later half of this year. He states governments are continually making up a large portion of our economic growth with infostructure and CHIPS act spending, all areas that would spur economic growth are now feeling the pressure to bring spending back down due to the debt ceiling. Focus is being kept on the above two areas to see when recession might happen, currently looking at Spring 2024.

Mr. Hampton adds that household percentage of debt servicing is currently at a historical low and has been for some time due to consumers being able to put off student loan payments and having a low mortgage payment as most of the mortgages are fixed rate.

Further, looking at global economy, he states that Europe and Japan are some of the stronger foreign economies while there is concern for countries such as Germany as they export largely to China which does not currently have a healthy consumer spending cycle due to the lack of stimulus from the Chinese government. It is questioned as to how the US will interact with China moving forward from a geopolitical front as the relationship between the US and China has been very contentious for a long period of time.

Moving on, Mr. Hampton turned the attention to the markets and how they have responded noting that the US equities posted their third consecutive quarter 7+% return in the S&P 500. He states it has all been driven mainly by seven stocks. They have grown very large with returns of upwards of 30% across all seven of the stocks. The other 493 stocks in the S&P 500 have not done anything significant. There is roughly 23% performance gap between value stocks vs. growth stocks within the first year. He also notes that year to date numbers for developed broad markets are up about 11%, with emerging markets posting below single digit returns, largely due to China.

Touching on fixed income areas such as bonds, bank loans, high yield have moderately taken a jump as interest rates have gone way up. Rates have soared to 5.5% which is higher than usual, and it is expected that we will see some rate cuts by Spring 2024 along with a slow- down in the economy.

Finally, he notes that real estate, mainly for this portfolio is more invested in private real estate has been the one thing that has had some price pull backs and has not done great this year.

Moving on to Employee Retirement, Mr. Hampton explains that as of June 30, 2023, the market value was just under $197,000,000 seeing a $6,000,000 gain during the second quarter which coincided with the 3% return. He noted that most of the US equity portfolio is a part of the S&P 500 including owning the “magnificent 7” which is beneficial for the portfolio. There is a 6.5% return target which allows room for owning some low volatility stocks, defensive equity/private credit/fixed income have all been very positive contributors. This will allow for higher income in the future. Mr. Hampton highlighted that some of the negatives are that this portfolio is somewhat more diverse specifically within value with the US together with global components, we own more in the broader markets owning about 20%. The market is currently very narrow, so if you don't own exactly what the index owns, you tend to trail a bit. Looking at funds that pay a dividend such as Twin Dividend Select, that are a traditional material or utility companies, in a market like this where it is very few names marching everyone forward, the smaller company names tend to get left behind. It is hard for a utility company to benefit from artificial intelligence. That is an area where value stocks aren't really participating at this point.

Finishing up the performance summary, Mr. Hampton touched on the real estate portion, highlighting Clarion Lion properties fund, stating that this portfolio is starting to have some write downs particularly in the office space over concerns as tenants start to renew and start to express wanting lower rents/lower square footage.

Moving on to exhibit 3 in the portfolio, Retirement System, Mr. Hampton states that a lot of counties have been asking how we have done post-Covid. He states there are 3 market environments since Covid; the initial shock, followed by a boom where almost any stock recovered, and then you have last year where you see a severe down market in bonds and stocks, but we are starting to see a bit of recovery now. We like to see what this portfolio is designed to do, just to see if things are working and really weathering those storms. When we think about building a portfolio, it's not building a portfolio that does well when everything is sunny, and 7 stocks are driving the market, but it is really something that can weather the next 10-20 years of market outcomes. Over the past 3 years your fund has gained $43.3 million dollars with a gross return of 8.4%, net return of 8%, right in line with your policy benchmark of 8.1%. As we measure this fund against about 1,500 other pension funds, this fund has ranked in the top 23%. The changes the board has made over the course of the years, you are now starting to see that benefit.

Mr. Hampton directs the attendees to view page 23 in exhibit 3 of the portfolio. He refers to the "within range" section, stating that this is a checkpoint for the board. Looking at the current and policy targets within the second and third columns, you see those are all balancing close to the target numbers. This takes advantage of letting equities get too far ahead of themselves and it is a great kind of tool to rebalance and buy some underperforming assets when possible.

Moving ahead to page 38 in Exhibit 3, this is just looking at your fixed income portfolio. The yield to maturity is 5.1% that you are currently getting from your bond portfolio. Mr. Hampton compares that number to the numbers from two years ago, which was under 2%. He touches on the average duration column, which shows how much interest rate risk you are taking which illustrates if rates go up how severe our loss is going to be. Mr. Hampton noted that the typical duration for the Aggregate Bond Index was around 6.5 years, which was a poor risk/return risk tradeoff at under 2% yields. Right now, it is completely flipped, your fund is getting more yield in your portfolio while the interest rate remains the same, therefore a better risk/return tradeoff for bonds. This is what has changed most in the last 18 months and this shift is what retirement boards can most take advantage of and de-risk your portfolio. He adds that if you have a 6.5% return target and your fixed income portfolio can get you 5% of that, you won't need to have as much in the equity markets to sustain your fund.

Additionally, pages 39-41 in Exhibit 3 are each of the individual managers that make up your portfolio. Page 39 is your US and Global equity composites. US equities has 16% of 26% is passively managed. This controls the investment cost but also helps benefit when markets go stronger. Mr. Hampton points out that diversified funds like Twin Capital have not done as well this year with such a narrow market but have done better in July & August and it is expected that when stocks start to move in different directions that active managers should start to benefit. Mr. Hamptons reminds that the Global manager index, the MSCI ACWI has two thirds of the index in the US market referencing Apple, Amazon and Microsoft are all big influences on the index in Global portfolio as well. For the months of July and August as things broaden out, the active managers should start to outperform their indexes.

Moving on to page 40, Mr. Hampton shifts the focus to the real estate portion, stating that this is the only portion of the portfolio that is negative currently. Comparing Clarion and TA, the biggest difference was the office space. Looking at the broad real estate market, office represents roughly 22% of the index. Both funds were chosen because office wasn't as large of a component. For TA, they only own 8% in office space while Clarion on the other hand has about 17% in office space. Clarion has been trying to make some changes with their office space, they currently have 11 properties, sold one property and hope to get down to 6-8 properties. For both TA and Clarion industrials and multi-family are the largest holdings which continue to do well. It is expected that in the near term the index will start to catch up and that those write downs within the office space will help to close the performance gap.

Wrapping up with page 41 in Exhibit 3, Mr. Hampton states this page is just more diversifying strategies, continually meeting expectations as seen by the year-to-date columns for Infrastructure, Private Equity and Private credit. These strategies have steadily provided diversification while providing steady level of return. The Private Credit Fund is currently ahead of the Private Equity fund due to income rising.

Mr. Hampton adds that July performance added another 2% of return for the total fund level. At end of July, total portfolio return is approximately 9%.

Shifting to Exhibit 5, the OPEB portion of the portfolio, Mr. Hampton touches on how this fund is set up very closely to the Pension fund. This fund ended the quarter at $24.2 million, resulting in an $837,000 investment gain during quarter 2. Performance was at 3.6%. There is more in public equities in this fund and a higher allocation to US equities. There is not as much in the value sector, Mr. Hampton adds that The Twin dividend fund is not in this fund, so there is more in the passively managed US equity portion.

Finally, Mr. Hampton moves on to the final portion of the presentation contained in Exhibit 8- Asset Allocation proposal. Mr. Hampton advises that yields have gone up, bond holders are being paid to invest in fixed income which creates a great opportunity for pension funds to take risk off the table. This portfolio has been dollar cost averaging out of fixed income since 2015 because rates have gone down. Infrastructure, Private credit, Real Estate came into play because there was no income out there in fixed income. Fixed income is now generating some income, Mr. Hampton states the Core Bonds had just under 5% return, which can allow for funds with a return target of 6.5% to de-risk the plan while still meeting the return objective. Highlighting page 4, proposal 1 within the Pension Fund, shows how Marquette is taking 5% out of the equity portfolio and putting 5% into the bond portfolio. The result in doing this is 7.12% return. Mr. Hampton advises that Marquette does their best to tighten the range of outcomes as much as possible. The risk return came up to .78%. He suggests that a 5% reduction maintains the health of the Pension Fund in terms of expected rate of return and takes some risk off the table. Mr. Hampton asks if this is a move the board would be interested in carrying out and advises if so, we would be selling out of equities at this point and buying into a fixed income portfolio. Someone from the board asks, “Doesn’t 7% take more risk off the table?” Mr. Hampton advises there is a proposal 2 which is a closed-end fixed income approach. We added a 2% allocation to a potential close-end fixed income fund at this point, to illustrate what that would look like for closed-end fixed income, which brings you out to 29% in fixed income, 45% in total equities. You would still be above 7% of return and risk would be below 9% and return trade off would go up to .8%. Mr. Hampton advises that the recommendation would be to go with proposal 1 at this time. He explains that for the closed-end fixed income investment, proposal 1 is step one for that strategy. Mr. Hampton goes on to say that as co-fiduciary on the fund, Marquette's job is to educate us on the closed-end fixed income space, and he would request an education session on closed-end fixed income to educate the board on what this product is and the potential benefits to the fund. If it is something that the board would like to pursue, they would have it implemented in the investment policy statement. That would be a 2% target (roughly) for a separate section called Closed-End Fixed income as it would be a slight difference from what is outlined in the IPS. From there they would go through the education piece on close-end fixed income providers, such as Gridiron Partners, who manages fund for other PA public funds, along with other firms for the specific investment. A board member confirmed with Mr. Hampton that proposal 1 was the best option at this time. Mr. Hampton agreed proposal 1 is the way to go right now.

A motion was entered by Mrs. Vaughan to accept proposal 1 for the Pension Fund. The motion was moved by Mr. Sherman and seconded by Mr. Maggi.

Roll call vote taken:
Ms. Sloane – yes; Mr. Flickinger – yes; Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes.
Motion passed.

A proposal was reviewed for OPEB Fund, which would have a 5% reduction from the equity side, taking the equity portfolio from 65% down to 60%. Fixed income would go up to 20% from 15%.

A motion was entered by Mrs. Vaughan to accept proposal 1 for the OPEB Fund. The motion was moved by Mr. Sherman and seconded by Mr. Maggi.

Roll call vote taken (only commissioners vote on OPEB):
Mr. Maggi – yes; Mr. Sherman – yes; Mrs. Vaughan – yes.
Motion passed.

Mr. Hampton concluded the meeting stating that Marquette will prepare an education section for closed-end fixed income to see if it is something the board wants to add into the policy statement in the future.

The meeting was adjourned at approximately 3:36 p.m.

THE FOREGOING MINUTES SUBMITTED FOR APPROVAL:

________________________________, 2023

ATTEST: ____