

**LUZERNE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
MINUTES
BOARD OF DIRECTORS MEETING
APRIL 22, 2021**

The Board of Directors of the Luzerne County Industrial Development Authority convened at 12:15 p.m. on the twenty-second day of April 2021.

The following Directors and Officers participated by way of teleconference:

Robert P. Palermo, Chairman
Robert P. Bresnahan, Jr.
Rodney L. Kaiser
Gary F. Lamont
Karen M. Martinelli
Brian Matyjevich
Frank E. Paczewski
Brian J. Rinker

Excused: Frederick M. Javer, Dale Parmenteri

Also in attendance:

David E. Schwager, Luzerne County Solicitor's office
Jeffrey P. Clemente, Advisor, Jacobi Capital Management, LLC

Mr. Palermo, Chairman of the Authority acted as Chairman and Mr. Lamont, Secretary of the Authority acted as Secretary of the meeting. It was confirmed that all could hear each other.

Upon a motion by Ms. Martinelli, seconded by Mr. Rinker and carried the minutes of the Board of Directors meetings dated January 22nd were approved.

Under the Treasurers Report the reforecast of the budget was presented. The financial report for the quarter ending March 31, 2021 was reviewed and compared to budget. Quarter-end fund balance totaled \$2,022,843. Revenue over expenditures for the year was \$19,719. Revenue was favorably impacted for the quarter due to a prepayment of a bond issuance maintenance fee. The Treasurers Report is attached by reference.

Following discussion upon a motion by Atty. Kaiser, seconded by Mr. Paczewski the Treasurers report was accepted.

Discussed was the filing of the Annual Report to be submitted to the Commonwealth of Department of Community and Economic Development.

Upon a motion by Mr. Paczewski, and seconded by Ms. Martinelli and carried, a resolution recognizing Mr. Jason P. Cypert and John R. Loyack for their service and dedication to the authority during their tenure as members of the Board of Directors.

Upon a motion by Ms. Martinelli, seconded by Mr. Bresnahan and carried a resolution authorizing the officers to execute any and all documents necessary in connection with the consummation of the sale of an unnamed parcel(s) of property by the Authority as legal/record titleholder and the Greater Wilkes-Barre Development Corporation as equitable owner as well as incidental actions. Mr. Rinker abstained.

An update was provided on the “Historic Altamont Redevelopment Project” \$2.5 million Redevelopment Assistance Capital Program project. In an update from the sub-grantee, 147 West Broad LLC building permits have been submitted to the city and final review has been completed with the building permit pending. Construction is anticipated to begin on May 1st. Demolition is presently underway.

Mr. Clemente investment advisor from Jacobi Capital Management, made a presentation on the market performance and investment portfolio results for 2020. the interest rate structure for the past 2 years, go through performance and estimated income for the accounts, investment moves made during the year and how Jacobi is structuring the account for the path forward.

He stated that from April 2020 -2021, the interest rate curve maintained it’s positive slopping nature, where the long end of the curve is greater than the short end. This is due to the Federal Reserve keeping interest rates at 0% (emergency conditions) and a reopening trade effecting the 10- and 30-year Treasuries to increase in yield. Since last year, the Federal Government has injected \$5.5 trillion dollars into the economy, which combined with the Federal Reserve growing their balance sheet to \$7 trillion dollars, has increased the risk of inflation over the short and intermediate term. Because of these developments & research done by Jacobi, he reduced duration exposure and added short term TIPs in in the managed Fixed Income account in October. At the time, the 10-year treasury note was at 0.78% & currently it is 1.58%, which in turned allowed the portfolio to lock in a profit and remove the risk of the rise in interest rates with a portion of the portfolio.

From 4/1/20 to 3/31/21, the overall portfolio has returned 1.79%, where the 1-3 Year Treasury Total Return was 0.33% and the 9–12-month Treasury Total Return was 0.22%. This outperformance was due to the positioning in TIPs, and some strategic moves made in October to reduce duration of the account. The current estimated income has a current yield of 1.51% or \$29,190 expected for the upcoming year. In full disclosure, the longer the Federal Reserve keeps rates near 0%, the new securities being bought will continue to bring down the current yield. Mr. Clemente note that the current, 3-year treasuries are at 0.33%, which is what to expect for benchmark returns over the upcoming 2-3 years. Given current conditions, the plan is to maintain benchmark exposure, staying with duration exposure no greater than 2-3 years, and continue to increase short term TIPs given the inflation risks that are present. Jacobi Capital’s presentation is attached by reference.

In the discussion relative to Mr. Clemente’s review of the Investment Policy, it was agreed that research would be conducted to determine the latitude in pursuing investing options under U.S. Treasury Circular Number 92. The policy would be amended to

include the outcome of this research. With this revision considered, the Authority's Investment Policy, upon a motion by Ms. Paczewski, seconded by Ms. Martinelli and carried the Investment Policy Statement will be amended to reflect the stated potential changes to the policy. The amended Investment Policy Statement will be reviewed and ratified at the July meeting.

In Other Business, a parcel located in the Crestwood Industrial Park, Wright Township with the Authority is the legal owner of 27 acres with the Greater Wilkes Barre Industrial Fund is the equitable owner, the application to Keystone Opportunity Zone was approved. It is anticipated that Act 2 remediation is expected to be cleared in three to six months. Once cleared, the sale of the parcel is planned. The term of the KOZ is to 12.21.24

The next Board of directors meeting is scheduled for July 22, 2021.

There being no further business, upon a motion made and seconded, the meeting was adjourned.

Gary F. Lamont, Secretary