

**LUZERNE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
MINUTES
BOARD OF DIRECTORS MEETING
APRIL 27, 2023**

The Board of Directors of the Luzerne County Industrial Development Authority convened at 10:00 p.m. on the twenty-seventh day of April 2023.

The following Directors and Officers participated by way of teleconference.

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

Excused: Frederick M. Javer, Karen M. Martinelli

Also in attendance:
Jeffrey P. Clemente, 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 Mr. Paczewski, seconded Atty. Kaiser and carried the minutes of the Annual Meeting and Board of Directors meetings dated January 26th were approved.

Under the Treasurers Report the financials for the quarter ending March 31, 2023 were reviewed and compared to budget. Quarter-end fund balance totaled \$1,996,413 Revenue over expenditures for the year was \$31,217. The Treasurers Report is attached by reference.

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

Upon a motion by Atty. Kaiser, seconded by Mr. Matyjevich, the Secretary Treasurer was authorized to execute and file the Annual Report on behalf of the Chairman to the Commonwealth of Department of Community and Economic Development.

Upon a motion by Atty. Kaiser, seconded by Mr. Matyjevich 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 or operational

activities by the Authority as legal/record titleholder and the Greater Wilkes-Barre Development Corporation as equitable owner as well as incidental actions.

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 construction of the retail and 68 apartment unit project has been delayed again from the updated construction start of August 2021 and is now anticipated to be completed by July. The total project cost continues to escalate with the estimate nearing \$12 million.

An update was provided on the Redevelopment Assistance Capital Program for the Weinberg Northeast Regional Food Bank Expansion of 15,000 square feet located in Jenkins Township in the amount of \$500,000 was discussed. Bids were opened on February 15th and were over budget. The project was re-bid and opened on April 19th. The project cost presently is \$3,165,000 with negotiations with low bidder is underway. It was noted that the saving resulting from rebidding was approximately \$328,000. Once awarded, the estimated time for completion will be one year.

Mr. Clemente, investment advisor with Jacobi Capital Management, made a presentation on the authority’s investment portfolio. His comments included:

Recap of 2022 bond market - Over the past year, the Federal Reserve raised rates 17 times, up to a federal funds rate of 4.25%. Currently, it is at 4.75%-5.00%. This was one of the fastest rate hiking regimes in our history, and in turn, relayed to the aggregate bond market having one of its worst years in history. For 2022, the benchmark (Bloomberg Barclays US Government 1–3-year total return index) was down (-3.8%), the aggregate bond index was down (-13.1%), and the LCIDA account down (-3.4%). For the fiscal year period 4/1/2022 – 3/31/2023, Bloomberg Barclays US Government 1–3-year total return index was up +0.12% while the LCIDA was down (-0.86%) or -\$15,341 [this figure is not including accrued interest of \$9,971 as of 3/31/23].

Current Conditions – Currently there is an inverted yield curve. This is where the short end of the curve (3-month, 6-month, and 1 year) is paying a higher interest rate than the long end of the curve (+10 years). This indicator has been known to be a leading indicator of recession, with a normal lead time of 12-18 months. Since the 1960s, an inverted yield curve has led to a recession/business cycle peaks 8 out of 9 times. In studying previous rate hiking regimes, hiking periods have been generally very challenging for bonds, however, when the Federal Reserve pauses & cuts rates, it has usually been good to take on more duration.

Path forward - The fixed income space is finally off the 0% interest policy that has been the general regime over the past 12 years. While we were down for the fiscal period of 4/1/22 – 3/31/23, our expected returns on all assets are now higher. While the future and inflation are uncertain, it seems that we are nearing the end of the current rate hiking regime (with only one more hike projected for 2023) and entering the pause phase. We will be focusing on a barbell approach, adding to both the short end of the curve to capitalize on higher rates and the long end of the curve on market weakness to prepare for the pause/cut phase of the cycle which has been very good for adding longer duration.

Jacobi will be utilizing CDs/Treasuries for implementation, as credit tends to be weaker entering into the cutting phase of the cycle.

Following a discussion on the Investment Policy Statement, upon a motion by Mr. Matyjevich, seconded by Mr. Paczewski, the policy was reaffirmed without any revisions.

The next Board of directors meeting is scheduled for July 27, 2023.

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

Gary F. Lamont, Secretary