

The regular monthly meeting of the Retirement Board of Allegheny County was held on December 17, 2020 via Teams Meeting/Conference Call. The meeting was called to order at 12:06 pm.

Roll Call of the Board members was made: Board members, Ted Puzak, Chelsa Wagner, Rich Fitzgerald, Jennifer Liptak, Sarah Roka, Frank DiCristofaro, and John Weinstein were in attendance.

Also, in attendance: Walter Szymanski, Manager, Retirement Office and Brian Gabriel, Campbell Durrant, Solicitor, Chris Brokaw and Tim Walters, AndCo Consulting, Ed Boyer, Asset Strategy, and Brad Rigby, Cowden.

## **PLEDGE OF ALLEGIANCE**

## **PUBLIC COMMENT**

No public comments were made.

## **APPROVAL OF BOARD MINUTES**

*The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve the minutes of the November 19, 2020 board meeting.*

## **APPROVAL OF FINANCIAL STATEMENTS**

*The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve the October 2020 Financial Statements. The reports are generated by the Controller's Office Board Secretary.*

- Pension Fund Assets
- Statement of Changes in Plan Net Assets
- RBAC Balance Sheet

## **PENSION APPLICATIONS**

*The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve the pension application ratification filed with the Retirement Office for the month of November 2020.*

- Early Retirement 1

*The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve pension applications filed with the Retirement Office for the month of December 2020.*

- Early Voluntary 3
- Full Retirement 9
- Disability 1
- Payment Plans 2

## **INDEPENDENT MEDICAL EXAM OPINION FOR DISABILITY APPLICATIONS**

*The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to grant the disability application of member #101518 upon the recommendation of three designated physicians that the member IS totally and permanently disabled from gainful employment in Allegheny County.*

## **MANAGER'S REPORT**

### **Walter Szymanski**

The Dashboard Retiree Payroll is up 6.83%, YTD. Total Contribution Made are up 0.95%. Contributions Refunded down -2.79%. Paid Claims are up 6.27%. Total Retirements on the year down -5.98%. Pension Estimates are down -16.66%. Calls are up 47.91%. Walk Ins are down -64.34%. Capital Calls are down -18.12%. Capital Calls as of prior board meeting \$2,501,791.17

The Office Budget is as of November 30, 2020.

### **Board Approval Requests**

1. Approval requested for the 2021 Retirement Office budget. The budget includes allocation for a staff of 4 with corresponding fringe benefits and an increase for staff. Based on the history of spending, the request includes monies for other services. The total budget amount will remain the same as 2020.

*The board unanimously approved a motion by Sarah Roka, duly*

*seconded by Frank DiCristofaro, to approve the Retirement Office 2021 Budget.*

2. Approval requested to enter a contract with Koryak Consulting for the development of the new pension software. The three-year contract would begin on December 17, 2020 through December 31, 2023 at cost of \$651,000.

*The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve the contract with Koryak Consulting for the development of new pension software. The three-year contract would begin on December 17, 2020 through December 31, 2023 at cost of \$651,000.*

3. Approval requested to extend the contract with Duncan Financial to provide educational workshops to members. The cost of the contract is \$4000 per quarter and includes ten workshops per year and four remote location half day seminars. Additional workshops will be at a cost of \$750 each. Effective from January 1, 2021 through December 31, 2021.

*The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve to extend the contract with Duncan Financial to provide educational workshops to members. The cost of the contract is \$4000 per quarter and includes ten workshops per year and four remote location half day seminars. Additional workshops will be at a cost of \$750 each. Effective from January 1, 2021 through December 31, 2021.*

### **2021 Public Meeting Dates**

The Retirement Board meets the third Thursday of each month in 2021 at noon on the fourth floor of the Gold Room of the Allegheny County Courthouse; 436 Grant Street; Pittsburgh, PA 15219, or conduct virtual meetings due to COVID19. The dates will be advertised and are as follows:

January 21	April 15	July 15	October 21
February 18	May 20	August 19	November 18
March 18	June 17	September 16	December 16

*The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve the RBAC 2021 meeting schedule.*

### **2021 Refund Rate**

Based on the average three-month T-Bill Rate for 2020, the recommended rate to be paid on refunds is 49 basis points or 0.49%.

*The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve the recommended rate to be paid on refunds at 49 basis points or 0.49% for 2021.*

## **2021 Contribution Rate**

The recommendation for the 2021 contribution rate will be presented under NEW BUSINESS.

## **SOLICITOR'S REPORT**

### **Brian Gabriel**

The solicitor's report is current as of December 9, 2020.

#### **Action Item**

The Board voted on the appointment of the 2021 Hearing Officers.

*The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve the appointment of the following hearing officers for 2021, Sabrina Korbel, RaKeisha Foster, and Gianni Floro. All officers served as hearing officers in 2020 and each has confirmed their interest in re-appointment for 2021.*

## **CONSULTANT'S REPORT**

### **AndCO**

#### **Chris Brokaw**

We thank you for having AndCo. Tim Walters is joining for this and future meetings. Below is an update month ending November 30, 2020.

- **Equities**  
S&P 500 Total Return up 10.95% for the month; Russell Midcap Index up 13.82% and Russell 2000 Index up 18.43% for the month. MSCO EAFE NR (International) up 15.50%, this increase is significant, International is outperforming US Large Cap with some help from the strength of the international currency.
- **Fixed Income**  
November was good for the market and your portfolio. US Aggregate up 0.98% and US Corporate High Yield up 3.96%.
- The November month-end portfolio value is about 980 million due to a significant market returns. The Cash Out flow of 7 million includes the benefit payments and private equities.
- **Total Fund Value & Total Fund Performance – October Flash Report**  
End of October the Total Fund market value was \$932,573,596, down -0.42% for the month. Economic and market uncertainty generated the negative

performance. The elections, COVID19 and the virus vaccine were all contributing factors to the low performance. The Core Fixed Income Composite was down for the month at -0.37%, while the High Yield Fixed Composite was up 0.43%. Interest Rates moved up, Real Estate was relatively flat, and private equity continuing to perform positive.

- **Financial Reconciliation, Total Fund October 31, 2020**

Page 7 & 8 of the Performance Investment Review outline the net flows in the portfolio for October. Page 7 shows cash raises within the portfolio. \$ 3 million was raised from US Equity Composite and \$ 7 million was raised from Non-US Equity. Page 8 shows Cash outflows for benefit payments as well as to fund the private equity. The Cash balance month ending October \$9,973,937.00. As of December 16<sup>th</sup>, cash was 7.1 million to cover the pending benefit payments. There will be large distribution ( \$4.5 million) from Private Equity into cash at the end of this month or in early January.

### **John Weinstein**

Thank you, Chris, we welcome you aboard and look forward to working with you to develop new ideas with a goal to take it to a milestone mark of a million dollars.

### **Chris Brokaw**

AndCo recommends a current cash raise of \$5,000,000 to cover upcoming benefit payments and capital calls for the month of January 2021. With the following withdrawals: \$5 million from the MLP portfolio.

*The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to approve the recommendation of a current cash raise of \$5,000,000 to fund the cash account which will serve as a source of funds for current cash needs of benefit payments and capital calls for the month of January 2021.*

Time was allotted for discussion regarding AndCo recommendations, at President Weinstein's suggestion, the recommendations below will be held for a board vote until the next meeting, January 21, 2021, to allow the board further time to review.

AndCo reviewed the Retirement Fund's asset allocation and cash flow and identified a few key areas where they are recommending action:

1. Liquidate the MLP portfolio and eliminate the allocation from the investment policy
2. Retain \$5 million in cash to support current cash flow requirements
3. Initiate an investment in the iShares Liquid Policy Portfolio using the remaining MLP proceeds

4. Add 5% liquid policy portfolio target allocation with a 0%- 6% range to the IPS

The MLP allocation was 2.7% of the portfolio (\$25.5 million) as of October 31, 2020 and has since grown to \$33.2 million as of December 10, 2020. The target is 5% of the portfolio with an allowable range of 4%-6%. The allocation has been in the portfolio since February 2018. The returns are highly correlated to the price of oil and have been very volatile during the since inception period. AndCo does not currently recommend MLP allocations to clients. We believe that other asset classes have better risk and return characteristics.

The BlackRock iShares Liquid Policy Portfolio (LPP) is a collective trust fund with daily liquidity. It maintains exposure to public capital markets through investments in ETFs and reduces cash drag in the portfolio. It eliminates the need to either keep significant cash balances for liquidity requirements or to process frequent and significant liquidity transactions in the portfolio. The LPP does not charge a fee at the fund level and the current weighted average fee for the underlying ETFs is .08%.

## **Asset Strategy**

### **Ed Boyer**

- Reaffirm AndCo, we have Constitution and Ironsides liquidations along with 2-3 deals due in by the end of the month in the range of 4.5 million.
- Corry Capital is on track to liquidate the fund, \$9 million on the sales. Two policies to sell yet with prospective buyer with a partner investment structure in Ireland with a FMV determined by an actuarial firm. Corry requested additional time for the sales, Mr. Boyer recommends there is not a lot of money left to determine the outcome and not enough is provided on the low side that a sale and finalization of this deal is best at this time.

*Mr. Weinstein confirmed the board voted to not extend the contract with Corry Capital, which was voted on during the September 2020 RBAC meeting, Corry Capital contract expires December 31, 2020. Sell and finalize.*

### **Cowden**

#### **Brad Rigby**

No report.

## **NEW BUSINESS**

### **Contribution Rate Sub Committee Report**

#### **Jennifer Liptak**

Thank you, members of the subcommittee, Chelsa Wagner, Ted Puzak, Amy Weise, Janice Vince, and Brad Rigby. Thank you, Walt, for providing support and information when requested. We had two productive meetings and all members provided a good perspective for the fund to be moving towards improvement. There is a consensus among members of the subcommittee about the need to review on how we can improve our funds in the future. Our current contribution rate is a combined 20%, 10% employee 10% employer. The recommendation that we report at this time would be to increase the contribution rate to 21%, 10.5% employee and 10.5% employer, an increase of 1%, the rate increase would be for a period of time for the first six months of the 2021 year, ending June 30, 2021. During the that time, we recommend the RBAC President to appoint a sub committee to review some options we may have, then revisit the contribution rate by June 30, 2021. The recommended rate would be provided for the second pay in January for processing purposes.

*The board unanimously approved a motion by Jennifer Liptak, duly seconded by Sarah Roka, to approve the recommendation to increase the contribution rate to 21%, 10.5% employer 10.5% employee, an increase of 1%, effective January 3, 2021 to June 30, 2021.*

The Contribution Rate information will be posted to the website.

Next board meeting January 21, 2021

Mr. Weinstein complimented Mr. Fitzgerald on the job well done by the Allegheny County Public Works department with the removal of snow and ice on county-maintained roads.

Have a blessed and safe Holiday Season.

## **ADJOURMENT**

*The Board unanimously approved a motion by John Weinstein to adjourn at 12:42 pm.*

Respectfully submitted,



Chelsa Wagner, Secretary

