

The regular monthly meeting of the Retirement Board of Allegheny County was held on December 16, 2021, via Teams Meeting/Conference Call. The meeting was called to order at 12:03 pm.

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

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

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

None

APPROVAL OF BOARD MINUTES

The board unanimously approved a motion by Ted Puzak, duly seconded by Frank DiCristofaro to approve the minutes of the November 18, 2021, board meeting.

APPROVAL OF FINANCIAL STATEMENTS

A. The board unanimously approved a motion by Ted Puzak, duly seconded by Amy Weise, to approve the October 2021 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

APPROVAL OF INVOICES

The board unanimously approved a motion by Ted Puzak, duly seconded by Frank DiCristofaro, to approve the December 2021 Invoices.

| DECEMBER VENDOR EXPENSES | | |
|-------------------------------------------|----------------|--------------------|
| VENDOR | DATE | AMOUNT |
| STATE STREET GLOBAL ADVISORS (MSCI World) | 7/1/21-9/30/21 | \$ 6,804.93 |
| <u>Total Vendor Invoices for Approval</u> | | <u>\$ 6,804.93</u> |

PENSION APPLICATIONS

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Ted Puzak, to approve the pension applications filed with the Retirement Office for the month of December 2021.

| | |
|-----------------|----|
| Early Voluntary | 13 |
| Full Retirement | 11 |
| No Fault | 3 |

INDEPENDENT MEDICAL EXAM OPINION FOR DISABILITY APPLICATIONS

*The board unanimously approved a motion by Ted Puzak, duly seconded by Frank DiCristofaro, to approve the disability application of member #098234 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 reports as of December 16, 2021, Retiree Payroll is up 5.20%, YTD. Total Contribution Made are down -2.88%. Contributions Refunded are up 45.51%. Total Retirements YTD down -4.24%. Pension Estimates are up 74.40%. Capital Calls down -70.273.409%. Capital Calls as of prior board meeting \$7,567.65

The Office budget is as of November 30, 2021.

Board Approval Requests

- a. *The board unanimously approved a motion by Ted Puzak, duly seconded by Frank DiCristofaro, to approve the renewal of the Labor Management Trust Fiduciary Liability Insurance effective from January 19, 2022 to January 19, 2023 at the estimated cost of \$52,431.*
- b. *The board unanimously approved a motion by Ted Puzak, duly seconded by Frank DiCristofaro, to approve the 2022 office budget which includes staffing, corresponding benefits, and operating expenses.*
- c. *The board unanimously approved a motion by Ted Puzak, duly seconded by Frank DiCristofaro, to approve to extend the contract with Duncan Financial to provide educational workshops to members, this is a 3-year contract at the cost of \$5,750 per quarter in 2022, \$6,250 per quarter in 2023, and \$6,750 in 2024.*
 - Mr. Weinstein commented on a job well done by Duncan Financial.
- d. *The board unanimously approved a motion by Ted Puzak, duly seconded by*

Frank DiCristofaro, to approve the Solicitors engagement letter. The rates are Principals \$205.00 per hour, Senior Associate Attorneys \$185.00 per hour, Associate Attorneys \$175.00 per hour and paralegals \$125.00 per hour.

- Mr. Weinstein commented on a job well done.
- e. *The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Ted Puzak, to approve the 2022 RBAC Public Meeting Dates to be held on the third Thursday of each month at 12:00 noon in the Gold Room, Courthouse Fourth Floor, 436 Grant Street, Pittsburgh, PA 15219.*
- f. *The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Ted Puzak, to approve the 2022 Refund Rate based on the average three-month T-Bill Rate for 2021, the recommended rate to be paid on refunds is 47 bases points or 0.47%.*
- g. *The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Ted Puzak, to approve the 5-year agreement for consultant for Emerging Managers and Minority/Women Managers, cost beginning at \$102,000 with a \$2,000 increase each year.*
- h. 2022 Contribution Rate – the summary of the Cowden Report will be presented with a recommendation for the 2022 contribution rate.

SOLICITOR'S REPORT

Brian Gabriel

The solicitor's report is current as of December 8, 2021. Direct questions to Mr. Gabriel as needed.

CONSULTANT'S REPORT

AndCO

Chris Brokaw

Market update through November 30, 2021.

Page 1 – Performance- as of November 30, 2021- US Equity composite posted a negative return of the month issues affecting the market were not just the new variant of COVID, Omicron, that induced an ongoing concern for recovery in the economy, but also concerns regarding higher interest rates and increased inflation. In November we saw some additional volatility in the market as well as negative returns in the broad fixed income markets. In the December, to date period, the fed met and announced actions they are going to take moving forward next year include raising interest rates and tapering their bond purchasing program. In December there was some improvement in the markets' performance. We can expect ongoing volatility to the market's ups and downs due to those two issues that are still evolving.

Page 3 Asset Allocation & Performance as of October 31, 2021- The Total Fund

balance was \$1,081,609,697 as of October 31, 2021. Positive performance was 2.24% for the month and 2.41% for the quarter-to-date periods. Year-to-date performance was 11.85%. US Equity returned 6.48% in October and 4.67% in the quarter-to-date period. Non-US Equity returns were 2.51% for the month and a negative -0.11% for the quarter-to-date. Core Fixed Income was flat for the month at -0.07%, and high yield fixed income finished below core fixed income returning -0.26% for the month. The TIPS Fixed Composite had a better month and quarter relative to core fixed income, returning 1.13% for the month and 0.23% for the quarter-to-date. The Real Estate Composite was the best performing asset class for the quarter returning 5.30%. Total Private Equity positive performance for the quarter was 4.84%.

Page 6 Rebalancing -Net Flows Total Fund \$-3,699,293 for the month of October as private investment distributions partially offset pension payment distributions. Rebalancing moved \$15 million from equity to fixed income in October. Strong equity performance over the past years has increased the allocation to equity in the portfolio and has been very positive for overall portfolio performance. Rebalancing realizes those gains, moves the portfolio closer to its investment policy asset allocation, and reduces the risk profile of the portfolio.

Asset Strategy

Ed Boyer

A review conducted by Asset Strategy Consultants of Magarac Venture Partners, L.P. Magarac Ventures is an “early stage” technology focused venture capital firm based in Pittsburgh, PA. The firm’s goal is to generate superior returns for its investors by building a portfolio of the top performing nascent technology companies based primarily in the Midwest of the United States. Management intends to accomplish their goal by leveraging their investment experience, established relationships, and a platform of value-added services in an effort to gain access to the most promising deal flow in this region. They will provide operational support acting as a true partner to each investment. Magarac Ventures investment strategy is to deploy a multi-stage approach with initial investment expected to range from \$500,000 to \$5,000,000. Several factors make this fund attractive for early stage venture capital investing are: 1) concentration of world class talent and technology in a region is underserved by early stage venture capital investors, 2) Universities and research centers based in the Midwest are well -equipped to develop talent well versed in the technologies that will drive innovation during the next decade including but not limited to – AI, Robotics, and Healthcare Technology. 3) Interest and ability to scale nascent tech businesses in Silicon Valley is beginning to diminish. The recommendation is to invest \$10 million with a 2% fee and 20% carried interest fee. This will be a line of credit initially which will be drawn the second quarter of next year then incremental draws for 2-3 years.

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by

Ted Puzak, to approve the recommendation to invest \$10 million with the Magarac Venture Partners, L.P.

A report was included based on the September 2021 updated numbers, the portfolio developments are strong. March and April, we are around \$227 million subject to exits and money coming back we'll see this increase.

PFM

Perry Giovannelli

No updates.

COWDEN

Brad Rigby

Actuarial Report as of January 1, 2021, a point in time snapshot measurement that then provides the underlying liabilities and projections which is provided to you external to this report.

1. Changes in Assumptions and Methods – The mortality assumption, projection of how long members in the system will live, has been updated to reflect more recent demographic studies. The new table is the Pub-2010 retirement study the Society of Actuaries has released for public retirement plans. The base year of the tables 2010 and fully generational mortality improvement is based on scale MP-2020.
2. Funded Status Ratio – a) Accrued Benefit Funded Status has declined between 2020 62.6% to 2021 57.1%; b) Total Funded Status Ratio 2020 75.9% and 2021 70.6%. This decline was due to the update in the mortality assumption.

NEW BUSINESS

1. An Executive Session was held prior to the RBAC meeting, December 16, 2021 at 11:00 am.
2. Today is Controller Chelsa Wagner's last RBAC meeting as she moves onto the Court of Common Pleas. She served as the board secretary for 8 years and we express our thanks and appreciation.
3. Mr. Weinstein will set a contribution rate sub-committee at the 1 quarter of 2022 to review the past 6 months and would appreciate Ms. Liptak to chair the committee.

The board unanimously approved a motion by Ted Puzak, duly seconded by Frank DiCristofaro, to approve the contribution rate for 2022 as 10.5% and 10.5%.

4. Have a blessed, healthy, and happy holiday.

ADJOURNMENT

The Board unanimously approved a motion by Mr. Weinstein to adjourn at 12:35pm.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Chelsa Wagner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Chelsa Wagner, Secretary