

The regular monthly meeting of the Retirement Board of Allegheny County was held on February 18, 2021 via Teams Meeting/Conference Call. The meeting was called to order at 12:00 pm.

Roll Call of the Board members was made: Board members, Ted Puzak, Amy Weise 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, Chris Brokaw and Tim Walters, AndCo Consulting, and Perry Giovannelli, PFM.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

No public comments were made.

APPROVAL OF BOARD MINUTES

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to approve the minutes of the January 14, 2021 board meeting.

APPROVAL OF FINANCIAL STATEMENTS

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to approve the December 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

APPROVAL OF INVOICES

The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve the February 2021 Invoices.

FEBRUARY VENDOR EXPENSES

VENDOR	DATE	AMOUNT
GRIDIRON PARTNERS MGMT PARTNERS-FI	10/1/20-12/31/20	\$ 7,521.98
GRIDIRON MGMT PARTNERS-MA	10/1/20-12/31/20	\$ 30,475.23
CIM INVESTMENT MANAGEMENT (Fixed Income)	10/1/20-12/31/20	\$ 8,718.83
CIM INVESTMENT MANAGEMENT (Small Cap)	10/1/20-12/31/20	\$ 9,303.35
CIM INVESTMENT MANAGEMENT (Israel Bonds)	10/1/20-12/31/20	\$ 3,707.34
CSM ADVISORS, LLC	10/1/20-12/31/20	\$ 19,942.48
COOKSON PEIRCE & CO INC	10/1/20-12/31/20	\$ 858.00
EARNEST PARTNERS	10/1/20-12/31/20	\$ 31,090.62
EMERALD ADVISERS (All Cap)	10/1/20-12/31/20	\$ 7,494.51
EMERALD ADVISERS (Small Cap)	10/1/20-12/31/20	\$ 27,727.93
EMSTONE ADVISERS, LLC		\$ -
FEDERATED (Core Broad)	10/1/20-12/31/20	\$ 20,393.75
FEDERATED (High Yield)		\$ -
F.N.B. WEALTH MANAGEMENT	10/1/20-12/31/20	\$ 2,475.41
FIDELITY INVESTMENTS (Select Int'l Plus)	10/1/20-12/31/20	\$ 29,653.86
FRAGASSO FINANCIAL ADVISORS	10/1/20-12/31/20	\$ 8,374.00
HARVEST FUND ADVISORS LLC	1/1/21-3/31/21	
iNetworks OF, LLC	1/1/21-3/31/21	\$ 22,482.72
MELLON CAPITAL	10/1/20-12/31/20	\$ 5,064.65
COLUMBUS MACRO, LLC (formerly Raylient)	10/1/20-12/31/20	\$ 2,260.68
SALIENT	10/1/20-12/31/20	\$ 22,711.47
SALIENT	1/1/21-1/22/21	
SEGALL, BRYANT & HAMILL	10/1/20-12/31/20	\$ 47,994.92
STATE STREET GLOBAL ADVISORS (MSCI World)	10/1/20-12/31/20	\$ 6,737.56
STATE STREET GLOBAL ADVISORS (S&P 500)	10/1/20-12/31/20	\$ 5,626.61
TWIN CAPITAL MANGEMENT	10/1/20-12/31/20	\$ 27,801.55

Total Vendor Invoices for Approval

\$348,417.45

PENSION APPLICATIONS

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 February 2021.

- Early Voluntary 11
- Full Retirement 23
- Re-Calculations 12

INDEPENDENT MEDICAL EXAM OPINION FOR DISABILITY APPLICATIONS

The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to deny the disability application of member #101030 upon the recommendation of three designated physicians that the member IS NOT totally and permanently disabled from gainful employment in Allegheny County.

MANAGER'S REPORT

Walter Szymanski

The Dashboard Retiree Payroll is up 6.13%, YTD. Total Contribution Made are up 4.98%. Contributions Refunded up 2.96%. Total Retirements YTD down -30.43%. Pension Estimates are down -55.21%. Calls are down -28.57 Buyback Applications are down -58.33%. Capital Calls down -58.43%. Capital Calls as of prior board meeting \$721,670.36

The Office budget is as of January 31, 2021.

Board Approval Requests

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka to approve and adopt the proposed Findings, Conclusions and Recommendation of the Hearing Officer in Appeal No. 2020-3 thereby withdrawing the Appeal.

Board Updates:

1. Phase 1 of the Koryak Pension Software project has begun.
2. Phase XIV is reviewing the disabilities pensions and will start the reevaluation process once this completed.

SOLICITOR'S REPORT

Brian Gabriel

The solicitor's report is current as of February 11, 2021. No developments to report.

CONSULTANT'S REPORT

AndCO

Chris Brokaw

Rebalancing Recommendation

The current cash balance is \$24.7 million. AndCo recommends retaining \$4.7 million for benefit payments and other potential cash flow requirements, reinvesting \$20 million in the portfolio for rebalancing. The core fixed income allocation as of December 31, 2020 was 9.2% of the portfolio versus the target allocation of 12.5%. Increasing the core fixed income allocation by \$20 million will raise the fixed income allocation to 11.2%.

Mr. Weinstein questioned what the fees would be for the reinvestment products. The fees range between 0.25% to 0.29% for the recommended products.

Ms. Liptak stated and questioned that at the January 2021 RBAC meeting the board supported a liquidation of funds to be placed in a product which allows flexibility. A cash needs, index type product at low fee, (Liquid Policy Portfolio, LPP) which made sense cause of the liquidating the MLP to pay pensioners. This month, the request to reinvest \$20 million into 3 products to investment in. A few concerns are 1) invest funds then drain funds at an expense both ways, 2) how are these investments selected? 3) Fees?

Chris Brokaw responded to concerns of the recommendation. We used the \$28 million funds from the MLP liquidation to fund the Liquid Policy Portfolio (LPP) which has an 8 basis point (0.08%) fee. The Liquid Policy Portfolio is made up of index investments. Benefit payments are over \$3 million a month, these payments and other net cash requirements will be funded from the LPP portfolio and are estimated to cover expected net cash outflows for the next 7-8 months.

Page 12 of the supporting documentation for the rebalancing shows the asset allocation target and range. The Core Fixed Composite is currently 9.2% of the portfolio and below its target of 12.5%. It is also

below the minimum allocation of 10%. The recommended rebalancing includes allocations to three managers that charge the following fees: C.S. McKee, 25 basis points; Federated Core Broad Fixed Income, 29 basis points, and CIM Investment Mgmt, 25 basis points. The current US Equity allocation is 18.1% and over the target allocation of 16.5%, and the Non-US Equity allocation 19.1% while target is 16.5%. Those allocations could be sources for needed funds in the future

Pages 84 and 85 are the fee schedules for the public market managers which include the 3 discussed today for the rebalancing.

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to approve the rebalancing recommendation:

- 1. Invest \$5 million cash in the C.S. McKee fixed income portfolio 25 basis points.*
- 2. Invest \$5 million cash in the Federated Broad Market fixed income portfolio 29 basis points.*
- 3. Invest \$10 million cash in the CIM intermediate fixed income portfolio 25 basis points.*

Tim Walters

Performance update

Total Fund

Page 20: Total Fund \$1,001,478,345 as of December 31, 2020. Total Performance 3% for the month, fourth quarter was very strong at 8.93%.

Mr. Weinstein

Had the pleasure of serving on the board since 1996. This fund has never hit a billion dollars with so many changes in the marketplace and impact. I think it's something that we should all be very proud of that this board who work very hard diversifying his portfolio and to have reached that pinnacle of a billion dollar pension fund for our employees and retirees, it's something very significant. Mr. Puzak and I are obviously the senior members of this board and we have never seen it come so very close to hit a billion or ever have exceeded it. Suggested a release to the County employees and retirees letting them know that we made a historic landmark.

Ms. Liptak agreed to the idea and appreciates the statements by Mr. Weinstein regarding the \$1 billion landmark. She offered the use HR notification process to get the information to employees and further suggested a press release.

Perry Giovannelli

Domestic Equity

Page 3.1 the overall program the 3 year number return is 10.15%, the 5 year is at 10.55% Since inception dating back to January 1, 2014 the program has a return of 9.16% . Trying to make an effort to help woman and minority owned and Pennsylvania based firms get an opportunity to get started on the institutional asset management area as far as getting an opportunity program working the return is well above your actuarial target. Emerald Advisor had an incredible 2020 year of a return 51.49%, 5y return 22.15%, since inception 21.29. Etho Climate Leadership U.S. ETF for the 2020 year 24.65% and 3 year 16.65% since inception 17.43%. Cookson Peirce, inception date 12/1/2018 has done very well, since inception 20.26% versus the benchmark of 18.99%, for the calendar year 2020 22.45%. Fragasso Financial Advisors 12.98%.

Fixed Income

The managers did well, however did not outperform the benchmark. FNB Investment Advisors for the calendar year 2020 6.13%.

Alternatives

Washington Alliance Capital Fund II(CE), has performed well, inception date of 4/1/2020, since inception 8.20% versus the benchmark 0.88%. no forth quarter return yet. \$1.3 million.

Washington Alliance Capital Fund I(CE), outperforming the benchmark also, inception date 9/1/2013, since inception 18.93% versus the benchmark of 8.15%. Calendar year 2020 6.27% versus benchmark 1.60%.

RBAC Brokerage Program

Page 2, end of book, averaging over 20% in trading through our brokerage firms. Introducing additional manager to the program and would like to see over 25% usage. Currently in good shape but would like to get more out of the program.

NEW BUSINESS

None

Next Board meeting March 18, 2021.

ADJOURNMENT

The Board unanimously approved a motion by John Weinstein to adjourn at 12:40 pm.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Chelsa Wagner". The signature is fluid and cursive, with the first name "Chelsa" being more prominent and the last name "Wagner" following in a similar style. The signature is written on a light-colored background.

Chelsa Wagner, Secretary