

The regular monthly meeting of the Retirement Board of Allegheny County was held on January 21, 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, and Chris Brokaw and Tim Walters, AndCo Consulting.

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 December 17, 2020 board meeting.

APPROVAL OF FINANCIAL STATEMENTS

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to approve the November 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 Frank DiCristofaro, duly seconded by Sarah Roka, to approve pension applications filed with the Retirement Office for the month of January 2021.

- Early Voluntary 3
- Full Retirement 5
- Disability 1

MANAGER'S REPORT

Walter Szymanski

The Dashboard Retiree Payroll is up 6.79%, YTD. Total Contribution Made are up 0.90%. Contributions Refunded up 11.56%. Paid Claims are up 13.53%. Total Retirements YTD down -35.29%. Calls are up 45.39%. Walk Ins are down -70.57%. Capital Calls are down -14.55%. Mail is down -28.89%. Capital Calls down -14.55%. Capital Calls as of prior board meeting \$1,032,825.06

The Office Budget is as of December 31, 2020.

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 January 14, 2021.

CONSULTANT'S REPORT

AndCO

Tim Walters

Performance update

Equities

Page 1: S&P 500 Total Return up 10.95% as of November 30, 2020; The market has responded well to reports of the COVID19 vaccines. Small Cap stocks have outpaced the Large Cap counterparts. Value style investments have outpaced Growth investments. Fixed Income for the month of November was positive not only for Corporate Investment Grade income but for Corporate High Yield which the pension has exposure to.

Page 2: Investment results through November just over \$980 million and return for the month of November at 5.56%, one-year return at 8.55%. Success with the major asset classes seen on page 2, a disappointing area is the MLP Composite, strong return for November, YTD losses at -27.34%.

Total Fund at \$980,401,747 as of November 30, 2020, pages 3-10

Chris Brokaw will discuss a recommendation for the pension to better help manage the cash flows on a month to month, quarter to quarter and over a longer time horizon.

Market Update

Market update through the end of December 2020 shows the continued strength of domestic and international equity markets but also the fixed income market.

Equities – S&P 500 Total Return 1 Year at 18.40%; Russell 1000 Growth Index up 38.49% 1 Year; and Russell 3000 Index up 20.89%. Very strong robust results. The pension plan is just shy of a billion dollars and we expect once the December numbers are finalized that the pension plan will exceed 1 billion in assets.

Chris Brokaw

AndCo recommends the following action to enhance the portfolio's prospects, maintain liquidity for benefit payments and capital calls, and lessen the need to maintain higher cash balances in a low interest rate portfolio:

- 1) Liquidate the MLP portfolio and eliminate the allocation from the investment

- policy, the value of the portfolio is currently approximately \$29 million.
- 2) Initiate an investment in the iShares Liquid Policy Portfolio using the MLP proceeds.
 - 3) Add 5% liquid policy portfolio target allocation with a 0%- 6% range to the IPS

The MLP allocation was 3.1% of the portfolio (\$30.4 million) as of November 30, 2020 and is now \$29.3 million as of January 14, 2021, after a \$5 million withdrawal in December 2020. The original MLP investments in December 2017 and January 2018 totaled \$44 million. The target is 5% of the portfolio with an allowable range of 4%-6%. 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 board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to approve the recommendation to liquidate the MLP portfolio, \$29 million.

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%.

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to approve the recommendation to initiate an investment in the iShares Liquid Policy Portfolio utilizing the MLP proceeds, \$29.3 million.

Prior to the vote on the above recommendation, Mr. Weinstein requested Mr. Brokaw to clarify fees, Liquid Policy Portfolio does not charge a fee at the fund level, while the ETFs have an average fee rate of 0.8%. The LPP is a tool to manage cash flows easier at no to little fees. The process to liquidate is 1 – 2 weeks.

NEW BUSINESS

None

ADJOURMENT

The Board unanimously approved a motion by John Weinstein to adjourn at 12:33 pm.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Chelsa Wagner", is written on a light-colored background.

Chelsa Wagner, Secretary