

The regular monthly meeting of the Retirement Board of Allegheny County was held on September 16, 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, 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, Ed Boyer, Asset Strategy, 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 July 15, 2021 board meeting.

APPROVAL OF FINANCIAL STATEMENTS

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

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

- a. *The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to approve the ratification of the August 2021 Invoices.*

AUGUST VENDOR EXPENSES

VENDOR	DATE	AMOUNT
GRIDIRON PARTNERS MGMT PARTNERS-FI	4/1/21-6/30/21	\$ 7,968.61
GRIDIRON MGMT PARTNERS-MA	4/1/21-6/30/21	\$ 6,282.34
CIM INVESTMENT MANAGEMENT (Fixed Income)	4/1/21-6/30/21	\$ 14,926.00
CIM INVESTMENT MANAGEMENT (Small Cap)	4/1/21-6/30/21	\$ 10,544.72
CIM INVESTMENT MANAGEMENT (Israel Bonds)	4/1/21-6/30/21	\$ 3,750.64
CSM ADVISORS, LLC		
COOKSON PEIRCE & CO INC	4/1/21-6/30/21	\$ 964.00
EARNEST PARTNERS	4/1/21-6/30/21	\$ 37,311.42
EMERALD ADVISERS (All Cap)	4/1/21-6/30/21	\$ 9,418.31
EMERALD ADVISERS (Small Cap)	4/1/21-6/30/21	\$ 29,176.40
EMSTONE ADVISERS, LLC	4/1/21-6/30/21	\$ 2,749.44
FEDERATED (Core Broad)	4/1/21-6/30/21	\$ 22,732.75
FEDERATED (High Yield)		\$ -
F.N.B. WEALTH MANAGEMENT	4/1/21-6/30/21	\$ 2,469.41
FIDELITY INVESTMENTS (Select Int'l Plus)	4/1/21-6/30/21	\$ 34,025.59
FRAGASSO FINANCIAL ADVISORS	4/1/21-6/30/21	\$ 9,322.00
iNetworks OF, LLC		\$ -
MELLON CAPITAL	4/1/21-6/30/21	\$ 3,091.34
COLUMBUS MACRO, LLC (formerly Raylient)	4/1/21-6/30/21	\$ 2,545.60
SEGALL, BRYANT & HAMILL		\$ -
STATE STREET GLOBAL ADVISORS (MSCI World)	4/1/21-6/30/21	\$ 6,866.99
STATE STREET GLOBAL ADVISORS (S&P 500)	4/1/21-6/30/21	\$ 5,253.58
TWIN CAPITAL MANGEMENT	4/1/21-6/30/21	\$ 33,387.03

Total Vendor Invoices for Approval

\$242,786.17

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

SEPTEMBER VENDOR EXPENSES

VENDOR	DATE	AMOUNT
GRIDIRON PARTNERS MGMT PARTNERS-FI		\$ -
GRIDIRON MGMT PARTNERS-MA		\$ -
CIM INVESTMENT MANAGEMENT (Fixed Income)		\$ -
CIM INVESTMENT MANAGEMENT (Small Cap)		\$ -
CIM INVESTMENT MANAGEMENT (Israel Bonds)		\$ -
CSM ADVISORS, LLC		\$ -
COOKSON PEIRCE & CO INC		\$ -
EARNEST PARTNERS		\$ -
EMERALD ADVISERS (All Cap)		\$ -
EMERALD ADVISERS (Small Cap)		\$ -
EMSTONE ADVISERS, LLC		\$ -
FEDERATED (Core Broad)		\$ -
FEDERATED (High Yield)		\$ -
F.N.B. WEALTH MANAGEMENT		\$ -
FIDELITY INVESTMENTS (Select Int'l Plus)		\$ -
FRAGASSO FINANCIAL ADVISORS		\$ -
iNetworks OF, LLC		\$ -
MELLON CAPITAL		\$ -
COLUMBUS MACRO, LLC (formerly Raylient)		\$ -
SEGALL, BRYANT & HAMILL	4/1/21-6/30/21	\$ 57,683.39
STATE STREET GLOBAL ADVISORS (MSCI World)		\$ -
STATE STREET GLOBAL ADVISORS (S&P 500)		\$ -
TWIN CAPITAL MANGEMENT		\$ -

Total Vendor Invoices for Approval

\$57,683.39

PENSION APPLICATIONS

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

- Early Voluntary 15
- Full Retirement 21
- Modifications 1
- Buy Back Plan 1

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

- Early Voluntary 13
- Full Retirement 15

MANAGER'S REPORT

Walter Szymanski

The Dashboard reports as of September 16, 2021 are Retiree Payroll is up 5.28%, YTD. Total Contribution Made are up 5.96%. Contributions Refunded are up 28.37%. Total Retirements YTD down -12.18%. Pension Estimates are down -0.86%. Capital Calls down -66.64%. Capital Calls as of prior board meeting \$824,027.47

The Office budget is as of August 31, 2021.

Board Approval Request

a. *The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka to approve the request to enter into a three-year contract with Case Sabatini for auditing services. The amount of the contract will be as follows, 2021 \$16,500, 2022 \$17,000 and 2023 \$17,500.*

SOLICITOR'S REPORT

Brian Gabriel

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

ACTIONS

- a. **PFM** - On July 7, 2021. PFM entered into an agreement with U.S. Bancorp Asset Management Inc. (USBAM) closing set for December 2021. PFMAM will become a wholly owned subsidiary of USBAM. The sale is not expected to have any direct impacts on the Investment Manager Agreement. Between the BRAC and PFM. The was addressed by Mr. Giovannelli to the board at the July 15, 2021 meeting.

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka to ratify the Consent to Deemed Assignment of Investment Advisory Agreement(s) with PFM Asset Management LLC.

- b. **Activision Blizzard, Inc** – On August 9, 2021, Grant & Eisenhofer (G&E) submitted a recommendation and request that the RBAC authorize G&E to file a Petition/Demand to seek certain books and records of the Activision Blizzard Inc. pursuant to Section 220 of the Delaware General Corporation Law. G&E will return to the RBAC for separate authorization to file suit, if recommended after the completion of their investigation.

The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro to ratify the authorization that representation of G&E to pursue the petition/demand for books and records.

CONSULTANT'S REPORT

AndCO

Chris Brokaw

Rebalancing Recommendation:

AndCo recommends moving the Non-US Equity and Liquid Policy Portfolio allocations closer towards their long-term asset allocation targets. Non-US Equity has grown to be 19.1% of the portfolio versus a target of 16.5%. Lowering the allocation by \$20 million will reduce it as a percentage of the portfolio to 17.3%. While the portfolio will remain overweight Non-US Equity, this transaction decreases the equity risk in the portfolio.:

1. Sell \$10 million of the Baillie Gifford International Equity Fund.
2. Sell \$10 million of the FIAM Select International Equity Fund.
3. Purchase \$20 million of the BlackRock Liquidity iShares Public Pension Fund
The BlackRock Liquidity iShares Public Pension Fund has a target allocation of 5.0% of the portfolio and a current allocation of 3.2%. The additional

investment will increase the allocation to its targeted allocation. The fund does not charge a fee at the fund level and the weighted fee for the underlying ETFs is 8 basis points.

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka to approve the recommendation to sell \$10 million of the Ballie Gifford International Equity Fund and \$10 million of the FIAM Select International Equity Fund and purchase \$20 million of the Black Rock Liquidity iShares Public Pension Fund.

Infrastructure Manager Analysis Report

A search report for the infrastructure allocation that was approved at a prior meeting. Based on the search the following 3 firms: IFM Investors, Brookfield Asset Management, and J.P. Morgan Asset Management will be reviewed in detail during a work discussion scheduled for October 6th at 12:00 pm – 3:00 pm.

Market update through August 30, 2021.

Page 1 – Equities- Continuing positive performance within the equity markets. The S&P 500 Total Return for the month up 3.04% small cap, Russell 2000 Index up 2.24%. The MSCI EAFE NR Index is up 1.76% and the MSCI EM NR is up 2.62%, positive returns continued from prior months .

July 31, 2021 Flash Report – Total Fund at \$1,067,258,340 as of July 31, 2021. In the Fixed Income markets, interest rates have held steady leading to positive returns for the month. Core Fixed Income returned 0.76% for the month and is positive 0.1% for the year-to-date period. US Corporate High Yield returned 0.1% for the month and 0.8% year-to-date. Federal Reserve met this week and discussed increased expectations for potential future inflation.

Page 2 – Performance- Total Fund positive return YTD 9.22. US Equity posted a positive return of 15.59% YTD. Private Equity Policy Index the best performer at 16.83% YTD.

Page 10 Asset Allocation – US and Non- US Equity were above target. Private Equity was slightly above its targeted allocation. Fixed Income was a bit under target. The reallocation of the \$20 million that was approved by the Board will move the allocations toward the targets. Specifically, the Liquid Policy Portfolio Composite will increase, and US Equity allocation will decrease.

Fees

Pg. 83 – 84 – shows the Estimated Annual Fee in basis points (%), market values of

your investments (\$), estimated annual fees in dollars (\$0), and the fee schedule for each manager. Investments ex Private Equity were \$840,871,912. The average fee for the investments ex Private Equity was \$3,739,411 or 44 basis points.

Pg. 85 – 86 shows the fees charged in 2020 by each of the Private Equity managers. Total Private Equity manager fees for 2020 were \$2,674,986.40.

Mr. Weinstein questioned where this sits in terms of the universe. Mr. Brokaw suggested looking at it in two pieces, non-Private Equity and Private Equity. The non-Private Equity portion, \$840 million, had average fees of 44 basis points. The fees are fair relative to peers. The specific manager fees are fair relative to their peers in specific asset classes and investment styles. The Private Equity fees include performance-based fees. The Private Equity fees are fair relative to their peers. To conclude the total fees for the portfolio are fair in line with other billion-dollar pension funds with similar asset allocations.

Asset Strategy

Ed Boyer

Requesting the ratification to maximize the value with Adams Street with an extension of term with Adams Street until 2023.

The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro to ratify the approval to extend the term with Adams Street until September 2023.

The valuations are climbing, and mark ups are occurring within the portfolio.

PFM

Perry Giovannelli

- a. Emerald Asset Management, an affiliate of 1251 Asset Management, will acquire the full rights to the EmStone Advisers, LLC brand and replace StoneRidgePMG with Ziegler Capital Management as a sub-advisor as of September 30, 2021.

The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro to approve the recommendation to move forward to Ziegler which replaces the sub advisor.

b. Columbus Macro Investment Manager Agreement.

The board unanimously approved a motion by Frank DiCristofaro, July seconded by Sarah Roka to approve a recommendation from the advisor to terminate Columbus Macro due to underperformance.

NEW BUSINESS

Board members received a letter from Mr. Tumulo, President of the Retirees Association, requesting the board seriously consider a COLA for the retirees. Mr. Weinstein spoke with Mr. Tumolo and would like to appoint a subcommittee to analyze and make a recommendation for the October meeting. The subcommittee will consist of Sarah Roka as Chair, Chelsa Wagner, Frank DiCristofaro, Amy Weise, and Janice Vinci with advisement from Brad Rigby, Brian Gabriel, and Walt Szymanski. .

Ms. Liptak commented that the board adopted a policy that relates to any increase to retirees and the primary consideration of the subcommittee is the metrics that need to be met regarding the adopted policy.

ADJOURNMENT

The Board unanimously approved a motion by Mr. Weinstein to adjourn at 12:37pm.

Respectfully submitted,



Chelsa Wagner, Secretary

