

The regular monthly meeting of the Retirement Board of Allegheny County was held on March 17, 2022, 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, 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, and Ed Boyer, Asset Strategy.

## **PLEDGE OF ALLEGIANCE**

## **PUBLIC COMMENT**

None

## **APPROVAL OF BOARD MINUTES**

*The board unanimously approved a motion by Tracy Royston, duly seconded by Sarah Roka to approve the minutes of the February 17, 2022, board meeting.*

## **APPROVAL OF FINANCIAL STATEMENTS**

A. *The board unanimously approved a motion by Sarah Roka, duly seconded by Tracy Royston, to approve the January 2022 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**

None

## **PENSION APPLICATIONS**

*The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve the pension applications filed with the Retirement Office for the month of March 2022.*

Early Voluntary	9
Full Retirement	8
ReCalc	1
Purchase Plans	2
Disability	2

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

*The board unanimously approved a motion by Tracy Royston, duly seconded by Sarah Roka, to approve the disability application of member #01341 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 March 17, 2022, Retiree Payroll is up 7.72%, YTD. Number of Refunds are up 78.57%. New Members are up 49.32%. Total Retirements YTD up 3.57%. Pension Estimates are up 25.17%. Capital Calls down -64.42%. Capital Calls as of prior board meeting \$734,769.97.

The Office budget is as of February 28, 2022.

#### **Board Update:**

A draft of the Board member election packet will be approved at the April 2022 meeting with an edit to the Nominating Petition by adding a column for county employee ID number.

An election will be held for the purpose of electing one person from among the members of the retirement system to serve on the Retirement Board of Allegheny County for a 4-year term beginning July 1, 2022. The position is currently held by Frank DiCristofaro.

Candidates may request Nominating Packets by contacting the Retirement Office no later than 4:30 pm on Friday, May 6, 2022 and returned completed by 4:30pm on Friday, May 20, 2022.

Ballots will be mailed to all members by Friday, June 3, 2022 and returned to the

Allegheny County Department of Election Office, 542 Forbes Avenue, Room 604 COB, Pittsburgh, PA 15219 no later than 4:30 pm on Wednesday, June 29, 2022.

Candidate who receive the majority of votes counted and validated by Allegheny County Department of Elections will be declared the winner and notified by June 30, 2022.

Complete election rules can be found on the Retirement webpage. <https://alleghenycounty.us/retirement/retirement-board.aspx>

## **SOLICITOR'S REPORT**

### **Brian Gabriel**

The solicitor's report is current as of March 10, 2022. Direct questions to Mr. Gabriel as needed.

## **CONSULTANT'S REPORT**

### **AndCO**

#### **Chris Brokaw**

**Russian Portfolio Exposure Report** – AndCo surveyed the Allegheny County Employees Retirement Fund and identified 3 managers that have exposure to Russian Securities, the holdings are part of the international equity portfolio. As of February 28, 2022 the Russian holdings in the benchmark MSCI ACWI ex-US Index was 88 basis points, close to 1% of the benchmark. The SSgA MSCI ACWI ex US Index Fund, Baillie Gifford International Alpha Fund, and FIAM Select International Commingled Pool managers held Russian securities equal to 0.11% of the total Allegheny County Employees Retirement Fund. As of March 9, 2022, trading remains suspended on the Moscow Exchange. Many index providers have plans to remove Russia from their respective indices in the coming weeks.

Board Chair Weinstein will present a resolution regarding this matter under new business.

#### **Market update through February 28, 2022.**

Page 2 – US market mixed in the month, S&P 500 Total Return down for the month at - 2.99%; Russell 2000 Index up 1.07% month; International Equity, MSCI EAFE NR, developed market, down for the month at -1.77%, and MSCI EM NR, emerging market, down at -2.99% Fixed Income for the month of February, interest rates rose, US Aggregate down -1.12%; U.S. Corporate High Yield down -1.03%; In the

month of March there has been increased volatility in the equity markets. March is essentially flat in the month to date period. Performance as of January 31, 2022– The Total Fund balance was \$1,061,829,208. The Total portfolio declined -2.65% for the month and -2.65% for the YTD. US Equity declined -6.00% for the month. Non-US Equity returns were down at -5.40% for the month. Core Fixed Income was down for the month at -1.76%, Real Estate reported in arrears and are showing 0.0% in the report. Total Private Equity positive performance for the month was up 0.14%. Core fixed income for the YTD period experienced relative outperformance, due to the relatively shorter duration of the portfolio. On average the portfolio holds securities that are less susceptible to interest rate increases which helped the fixed income portfolio. High Yield bonds impacted by high interest rates, were down -2.3% while the benchmark declined -2.6% in the month of January.

Page 13 – Asset Allocation - As of January 31, 2022, US Equity was over its target. At the prior month’s meeting, the Board approved a rebalancing of \$5mil, which was implemented in February and will reduce the US Equity overweight. Total Private Equity is also over its target but will be reduced through continuing cash outflows. Private Equity cash distributions resulted in a \$500,000 net cash out flow for January. In aggregate the Private Equity portfolio continues to generate cash and distribute it to the fund.

## **Asset Strategy**

### **Ed Boyer**

Follow up and Recommendation to the iNetworks Opportunity Fund III, L.P. presentation at the February executive session. Hybrid fund that uses equity and debt will provide capital and operational expertise to Healthcare and Life Sciences, IT, and other Business Opportunities expansion stage companies to help them gain a competitive position and continue to grow. Recommended commitment to the strategy is \$5 million.

Ms. Liptak – the board has committed to iNetworks in the past about \$25 million and most recently \$12.5 million in 2020. Fees are a concern, as of the last board meeting our fees would be over \$8 million and 6.2 of that would be private equity. To commit and hold money to a fund that we cannot access for some time is another concern.

*The board approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve a \$5 million allocation to the iNetworks Opportunity Fund III based on the recommendations of the consultant, with board member Ms. Liptak voting against the recommendation.*

**NEW BUSINESS**

**RESOLUTION NO.  
2022-1**

**RESOLUTION OF THE RETIREMENT BOARD RE: DIVESTMENT  
OF RUSSIAN HOLDINGS.**

WHEREAS the Retirement Board of Allegheny County (Board) administers the Allegheny County Employees Retirement System in accordance with the applicable provisions of the Second-Class County Code set forth in 16 P.S. §§ 4701-4716.

WHEREAS the Board serves as the trustees of the retirement fund with exclusive control and management of the pension fund, including full power to invest fund money “subject to the terms, conditions, limitations and restrictions that are provided by law for investments of trust funds by fiduciaries” under 16 P.S. § 4706(a); and

WHEREAS the Board formally condemns the unprovoked invasion of Ukraine by Russian President Vladimir Putin and the Armed Forces of the Russian Federation and stands in solidarity with the Ukrainian people in their right to democracy, freedom, and the right to defend themselves.

NOW, THEREFORE, BE IT RESOLVED AND IT IS HEREBY RESOLVED that the Retirement Board of Allegheny County hereby authorizes and directs its financial consultants and investment managers to take all necessary action to divest the Allegheny County Employees Retirement System from investments in Russia as expeditiously as possible consistent with the Board’s fiduciary duty of prudence.

BE IT FURTHER RESOLVED AND IT IS HEREBY RESOLVED that no future investments involving Russia shall be made or presented to the Board until such time as the Board directs otherwise.

*The board approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to approve the resolution 2022-1 to divest in Russian Holdings until such time as the Board directs otherwise.*

**ADJOURNMENT**

*The Board unanimously approved a motion by Frank DiCristofaro, to adjourn at 12:23pm.*

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Tracy Royston". The signature is fluid and cursive, with a large initial "T" and "R".

Tracy Royston, Acting Secretary