

The regular monthly meeting of the Retirement Board of Allegheny County was held on October 20, 2022, via Teams Meeting/Conference Call. The meeting was called to order at 12:05 pm.

Roll Call of the Board members was made: Board members, John Weinstein, Ted Puzak, Corey O'Connor, Jennifer Liptak, Sarah Roka, and Frank DiCristofaro were in attendance.

Also, in attendance: Walter Szymanski, Manager, Retirement Office, Brian Gabriel, Campbell Durrant, Solicitor, Brad Rigby, Cowden Associates, Chris Brokaw, 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 Corey O'Connor, duly seconded by Frank DiCristofaro to approve the minutes of the September 15, 2022, board meeting.

APPROVAL OF FINANCIAL STATEMENTS

A. *The board unanimously approved a motion by Frank DiCristofaro, duly seconded Corey O'Connor, to approve the August 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

A. *The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Corey O'Connor, to approve the pension applications filed with the Retirement Office for the month of October 2022.*

Early Voluntary	12
Full Retirement	11
Payment Plans	1
Disability	3

INDEPENDENT MEDICAL EXAM OPINION FOR DISABILITY APPLICATIONS DENIALS

A. *The board unanimously approved a motion by Corey O'Connor, duly seconded by Frank DiCristofaro, to deny the disability application of member #102611 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 reports as of October 20, 2022, Retiree Payroll is up 8.13%, YTD. As of Prior Month, Ending \$11,225,737.17. Total Contributions made are down -1.88%. Contributions Refunded are up 69.57%. Number of refunds are up 10/93%. Life Insurance Claims Paid down -19.59%. Total Retirements YTD up 11.36%. Pension Estimates are down -11.12%; Pension Calls down -25.31%; Capital Calls down -17.41%. Capital Calls as of prior board meeting \$784,941.85

As requested,

RETIREE FUNDING	BEGINNING BALANCE	Transfer to Cash Account	Change in Capital Value	ENDING BALANCE	
BLACKROCK LIQUIDITY	\$ 15,551,694.88	\$ 3,999,076.12		\$ 11,552,618.76	
	BEGINNING BALANCE	Transfer from Black Rock	Transfer to FNB for Payroll and Refunds	ENDING BALANCE	
CASH ACCOUNT	\$ 7,605,998.35	\$ 4,000,000.00	\$ 4,000,000.00	\$ 7,605,998.35	

The Office budget is as of September 30, 2022.

Next meeting – 2023 budget

SOLICITOR'S REPORT

Brian Gabriel

The solicitor's report is current as of October 13, 2022. Direct questions to Mr. Gabriel as needed.

1. OPINIONS/RECCOMENDATIONS

Resolution 2202-2 being considered for three regulations. 1.1 Waiver of *DE MINIMIS* overpayment following the death of retiree (not exceed \$350). 1.2 Accessing and executing pension forms by electronic means (KORYAK). 1.3 Split service (calculation that is proportional with the amount of service in each category). The regulations are within the Retirement Law, 16 P.S. § 4705.

Split Service discussion. The Retirement Law sets forth different age and service requirements for members based upon their type of employment. When a member has service time in job classifications having different retirement thresholds, the member's retirement shall be determined through a split calculation that is proportional with the amount of service in each category. The compromise is determined by the age requirement in each category.

The board approved a motion by Frank DiCristofaro, duly seconded by Corey O'Connor, to approve Resolution No. 2002-2 with one abstention.

2. SHAREHOLDER AND CLASS ACTION LITIGATION

Pirani v. Slack Tech – BLB&G is preparing an *amicus* brief to be filed November 2, 2022 on behalf of institutional investors in a case appealed to the U.S. Supreme Court from the Ninth Circuit Court of Appeals.

The board unanimously approved a motion by Corey O'Connor, duly seconded by Frank DiCristofaro to approve the recommendation of the solicitor to participation in the amicus brief to be filed in the Supreme Court for the reasons outlined and discussed with respect to the Ninth Circuit proceedings.

3. Formal Recommendation - Palantir Securities Fraud Litigation – a recent securities fraud class action complaint was filed in United States District Court for the District of Colorado. The proposed Complaint would broaden the class period and the system's losses were \$74,695 during this period.

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Corey O'Connor to approve the recommendation of the solicitor to file the complaint with the stipulation we are not pursuing lead plaintiff status.

CONSULTANT'S REPORT

AndCO

Chris Brokaw

Recommendations

1. Morgan Stanley Prime Property Fund Income Distribution – currently the ACERF is enrolled in a dividend reinvestment plan which purchases additional shares of the Fund. Changing to a cash distribution of dividends will increase the liquidity in the portfolio. About \$4million a year for the cash distribution for benefits which solves the need for liquidity,
2. Rebalancing Recommendation and Liquidity Raise – As of August 31, 2022 Core Fixed Income was 12.7% of the portfolio versus the target allocation of 12.5%. this sale will rebalance the portfolio and raises cash for monthly needs and it sources the liquidity from the most stable asset during the recent market volatility.

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Corey O'Connor, to approve the recommendation to instruct the Morgan Stanley Prime Property Fund via email to distribute future cash dividends to the Allegheny County Employees Retirement Fund and to sell \$5million in the C.S. McKee fixed income portfolio.

Market update through September 2022.

Page 3 – slides related to the market, addresses interest rates and fed funds. Since March 2022 the interest rate has been raised 5 times, by 3% and expected to continue to rise to 4.25% or more at the 1st QTR of 2023. Inflation is the guidepost of when the Fed will stop raising rates. As reported and expected inflation moderate, the Fed is expected to stop or at least slow the rate of interest rate increases. Relative to the past rate hike cycles, this one has been faster. However, the market is currently getting to or near the peak of some past cycles.

Page 4-5 The market is down about 20% but still above the market peak pre covid. 2020-2021 the market was up 120.43% cumulatively and 55.76% annually. Post World War II there are as many Bear markets as Bull Markets at 14. Bear market average losses are down -32.96% and the average length is 13.0 months. Bull market average increases are 155.16% over and average 53.4 months. Bear markets are often sharp downturns and bull markets historically have lasted longer and produced growth in portfolio over the longer term.

Page 7 – The S&P 500 is down -24.35% from its peak on 1/3/2022. The Bear market of 2020 was down -33% from peak to trough, the financial crises Bear market in 2008 declined -55.25% and the “Tech Wreck” in 2000 declined -47.41%. After the market bottoms in all of the previous bear markets of the 2000s, there were significant returns over the next 1yr, 3yrs, 5 yrs. Volatility is part of being a market participant.

Page 6 – Domestic Equity and Bond Annual Return Matrix – S&P 500, YTD -23.87%, versus Bloomberg U.S. Aggregate Bond YTD -14.61%. If both indices end the year in negative territory, it will be the only year, dating back to 1976 that both indices posted negative performance for the calendar year.

Market Update through September 30, 2022. S&P 500 Total Return is down for the month at -9.21%; Russell 2000 Index declined -9.27% in the month; International Developed markets Equity, represented by the MSCI EAFE NR, declined -9.35% for the month. Fixed Income down -4.32% due to rising interest rates.

Page 14 – Asset Allocation & Performance, Total Fund as of August 31, 2022. Total Fund YTD down -8.27%, down -2.24% for the month and market value at \$965,576,041. Real Estate Composite contributed positive for the YTD at 7.48% and Total Private Equity w Life Settlement composite YTD at 2.54%.

Page 23 – Non-US and Global Equity Composite under weight due to dollar strength and ongoing relative performance in the UK and EU. Total Private Equity w Life Settlement Composite, over target, cash flows net \$9 million cash outflows year-to-date or \$1mil per month. Real Estate is over allocated, last month the board approved a \$20 million distribution which will address the overweight in real. TIPS Portfolio - Once the infrastructure investment is called from IFM, the TIPS allocation will be used to fund it. The \$25 Million infrastructure investment with JP Morgan that was called June 30th is performing as expected.

Asset Strategy

Ed Boyer

Private Equity Market Investment Overview – Constitution Capital Partners \$1.5 million realization. Magarac Capital – new fund name of Draper Triangle, \$6 million capital call. Farol Asset Management - Gaylord Chemical expects to sell for \$3 – 6 million. Goldman Sachs Asset management – funds are sold off in secondary market. Waiting on the final audit. ValStone Partners LLC – ValStone Opportunity Investments V, Ltd. – only one property affected in Florida due to Hurricane Ian. The senior residents were taken care of during this time. Total Valuation - \$224,611,419 by the end of year the valuation may be \$190 or less.

Next meeting Asset Strategy will report on older funds that are due to terminate in the near future, for example Adams Street Partners and Mesirov Financial Private Equity Advisors, Inc.

PFM

Perry Giovannelli – report next month

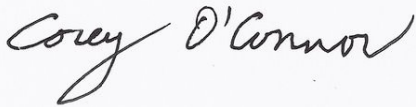
NEW BUSINESS

The Chair of the board will appoint a sub-committee for the contribution rate next week. The rate will need to be set for 2023 by the end of the year 2022.

ADJOURMENT

The Board unanimously approved a motion by Frank DiCristofaro, to adjourn at 12:54pm.

Sincerely,

A handwritten signature in black ink that reads "Corey O'Connor". The signature is written in a cursive style and is placed on a light gray rectangular background.

Corey O'Connor
County Controller