

The regular monthly meeting of the Retirement Board of Allegheny County was held on September 15, 2022, 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, 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, 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 Sarah Roka to approve the minutes of the July 21, 2022, board meeting.*

## **APPROVAL OF FINANCIAL STATEMENTS**

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

*B. The board unanimously approved a motion by Corey O'Connor, duly seconded by Sarah Roka, to approve the July 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

*The board unanimously approved a motion by Corey O'Connor, duly seconded by Sarah Roka, to ratify the August 2022 Invoices.*

## AUGUST VENDOR EXPENSES

VENDOR	DATE	AMOUNT
GRIDIRON PARTNERS MGMT PARTNERS-FI	4/1/22-6/30/22	\$ 7,500.61
GRIDIRON MGMT PARTNERS-MA	4/1/22-6/30/22	\$ 5,970.04
CIM INVESTMENT MANAGEMENT (Fixed Income)	4/1/22-6/30/22	\$ 16,841.68
CIM INVESTMENT MANAGEMENT (Small Cap)	4/1/22-6/30/22	\$ 9,013.59
CIM INVESTMENT MANAGEMENT (Israel Bonds)	4/1/22-6/30/22	\$ 3,688.34
CSM ADVISORS, LLC	4/1/22-6/30/22	\$ 22,872.94
COOKSON PEIRCE & CO INC	4/1/22-6/30/22	\$ 1,507.00
EARNEST PARTNERS	4/1/22-6/30/22	\$ 34,464.39
EMERALD ADVISERS (All Cap)	4/1/22-6/30/22	\$ 7,917.11
EMERALD ADVISERS (Small Cap)	4/1/22-6/30/22	\$ 22,095.24
EMSTONE ADVISERS, LLC	4/1/22-6/30/22	\$ 2,572.21
FEDERATED (Core Broad)	4/1/22-6/30/22	\$ 25,228.99
F.N.B. WEALTH MANAGEMENT	4/1/22-6/30/22	\$ 2,328.77
FIDELITY INVESTMENTS (Select Int'l Plus)	4/1/22-6/30/22	\$ 23,770.06
FRAGASSO FINANCIAL ADVISORS	4/1/22-6/30/22	\$ 8,858.00
iNetworks OF, LLC	4/1/22-6/30/22	\$ 22,482.72
MELLON CAPITAL	1/1/22-6/30/22	\$ 5,876.34
SEGALL, BRYANT & HAMILL	4/1/22-6/30/22	\$ 52,257.49
STATE STREET GLOBAL ADVISORS (MSCI World)	4/1/22-6/30/22	\$ 5,907.39
STATE STREET GLOBAL ADVISORS (S&P 500)	4/1/22-6/30/22	\$ 3,560.63
TWIN CAPITAL MANGEMENT	4/1/22-6/30/22	\$ 32,459.87

Total Vendor Invoices for Approval

\$317,173.41

## **PENSION APPLICATIONS**

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

Early Voluntary	9
Full Retirement	10
Payment Plans	1

- B. *The board unanimously approved a motion by Corey O'Connor, duly seconded by Sarah Roka, to approve the pension applications filed with the Retirement Office for the month of September 2022.*

Early Voluntary	5
Full Retirement	13

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

- A. *The board unanimously approved a motion by Sarah Roka, duly seconded by Corey O'Connor, to approve the disability application of member #082161 upon the recommendation of three designated physicians that the member **IS** totally and permanently disabled from gainful employment in Allegheny County.*
- B. *The board unanimously approved a motion by Corey O'Connor, duly seconded by Frank DiCristofaro, to approve the disability application of member #100494 upon the recommendation of three designated physicians that the member **IS** totally and permanently disabled from gainful employment in Allegheny County.*
- C. *The board unanimously approved a motion by Corey O'Connor, duly seconded by Frank DiCristofaro, to approve the disability application of member #092466 upon the recommendation of three designated physicians that the member **IS** totally and permanently disabled from gainful employment in Allegheny County.*

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

- A. *The board unanimously approved a motion by Sarah Roka, duly seconded by Corey O'Connor, to deny the disability application of member #091730 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 September 15, 2022, Retiree Payroll is up 8.17%, YTD. As of Prior Month, Ending \$11,172,268.12. Total Contributions made are down -1.99%. Contributions Refunded are up 118.99%. Life Insurance Claims Paid -13.85%. Total Retirements YTD up 12.18%. Pension Estimates are down -7.74%; Pension Calls down -22.64%; Capital Calls down -16.88%. Capital Calls as of prior board meeting \$384,533.98

As requested,

RETIREE FUNDING	BEGINNING BALANCE	Transfer to Cash Account	Change in Capital Value	ENDING BALANCE	
BLACKROCK LIQUIDITY	\$ 21,628,139.17	\$ 4,999,376.72	\$ -	\$ 16,628,762.45	
	BEGINNING BALANCE	Transfer from Black Rock	Transfer to FNB for Payroll and Refunds	ENDING BALANCE	
CASH ACCOUNT	\$ 6,327,645.28	\$ 5,000,000.00	\$ 5,750,000.00	\$ 5,577,645.28	

The Office budget is as of August 31, 2022.

UPDATES: Koriak will be testing the site late fall.

## **SOLICITOR'S REPORT**

### **Brian Gabriel**

The solicitor's report is current as of September 8, 2022. Direct questions to Mr. Gabriel as needed.

## **CONSULTANT'S REPORT**

### **AndCO**

#### **Chris Brokaw**

#### **Recommendations**

1. Raising Liquidity Recommendation - rebalancing to harvest gains from the Private Real Estate allocation and to generate liquidity for anticipated cash needs.

*The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Corey O'Connor, to approve the recommendation to sell \$20 million of the Morgan Stanley Prime Property Fund and invest \$20 million in the Mellon EB Temp Investment Fund (Cash).*

2. Value Added Real Estate Commitment Recommendation – After interviewing several candidate managers, answering questions from the board members and staff, a recommendation to make a commitment to the Artemis Real Estate Partner Fund IV. The commitment will be invested over the course of 3 years with funding coming from cash and the BlackRock Liquid Policy Portfolio as needed. The management fee is 1.50% on committed capital during the investment period and on contributed capital thereafter and the incentive fee is 20% after the return of capital after a preferred return of 8% compounded annually.

*The board approved a motion by Frank DiCristofaro, duly seconded by Corey O'Connor, with one abstention to approve the recommendation to commit \$10 million to the Artemis Real Estate Partners Fund IV.*

3. Gridiron Partners Fixed Income Rebalancing Recommendation – move the Gridiron Partners Fixed Income strategy from the Emerging Manager program to the primary portfolio. The strategy has been part of the Allegheny County system since 2017 and has met the criteria for elevation to the primary portfolio as outlined in the Emerging Manager Investment Policy. The rebalance from two of the larger fixed income allocations in the core and high yield fixed income portfolios to fund a larger allocation in the Gridiron Partners Fixed Income strategy.

*The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Corey O'Connor, to approve the recommendation to sell \$4 million of the Oaktree High Yield fixed income portfolio, sell \$4 million of*

*the Federated Core Bond portfolio, and invest \$8 million in the Gridiron Partners fixed income strategy.*

### **Market update through August 31, 2022.**

Market Update through August 31, 2022. Equity markets gave back some of the positive performance of July, QTD equity markets are still positive. S&P 500 Total Return is down for the month at -4.08%; Russell 2000 Index declined -2.05% in the month; International Developed markets Equity, represented by the MSCI EAFE NR, declined -4.75% for the month and the Emerging Markets Index, the MSCI EM NR, was a positive 0.42% for the month. Interest rates rose during the month of August generating negative returns with the Fixed Income market.

### **Flash Performance Report as of July 31, 2022.**

Page 7 –Total Fund for the month experienced positive returns 3.08%. US Equity Composite positive performance for the month at 9.30%. Non-US Equity returned +5.20%, Core Bonds returned a positive +2.14%. High Yield Fixed Income was up +5.89%. Some of the asset classes that have carried the portfolio in the year-to-date period experienced more muted returns for the month but continued to show strong year-to-date returns. Real Estate has returned +7.37% year-to-date and +21.23% over the trailing year. Private Equity has been more stable during the recent period of market volatility and declined -1.25% in July after positive returns for the past year of +14.91%. The Liquid Policy Portfolio was up 6.02%. The Total Fund value was \$991,581,181 as of July 31, 2022.

Page 15 Cash Flows - Private Equity distributed \$7,516,598 back to the Fund over the year-to-date period. The Life Settlement Composite distributed a net \$3,507,801 back to the fund year-to-date. Siguler Guff is recycling capital in the Real Estate portfolio, returning \$1,381,623, back to the fund. The commitment to the Artemis Real Estate Partners Fund will reinvest into the Real Estate market. The JP Morgan Infrastructure Fund which invests in a stable and income producing portfolio of ports and airports, toll roads, power generators, and distributors such as energy and water companies, called its investment of as of \$25,000,000 on July 1, 2022. For the second half of the year expectations are for distributions of an additional \$8 – 10 million over the first part of the year.

Discussion about the fund falling behind the benchmark through the summer of 2022, looking ahead, are there expectations for an improvement in the market? Turning to page 9 of the AndCo report, to note Ballie Gifford Intl Equity over the past year has been a significant reason for the relative performance. A manager that has a lot of growth investments in the portfolio, have performed well over since inception date 7.02% versus the market at 4.84% and over time, for example, 5YR 2.36% versus market at 2.45%. Good performance 2018, 2019, and 2020, poor performance 2021 and 2022. Back in 2021 rebalancing Ballie Gifford had very good trailing numbers we took \$10 million from the portfolio to fund the ongoing benefit payments. The

portfolio was well over the targeted national allocation and we reduced it in 2021 to the target allocation and realized gains. It is too early for data on the relative performance for August 2022.

**PFM**

**Perry Giovannelli**

No report

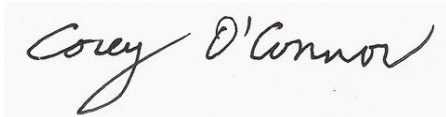
**NEW BUSINESS**

none

**ADJOURNMENT**

*The Board unanimously approved a motion by Frank DiCristofaro, to adjourn at 12:37pm.*

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