

The regular monthly meeting of the Retirement Board of Allegheny County was held on April 20, 2023, in the Gold Room, 4th Floor, County Courthouse. The meeting was called to order at 12:00 p.m.

Roll Call of the Board members was conducted: Board members Amy Weise representing Corey O'Connor, Rich Fitzgerald, Jennifer Liptak, Sarah Roka, and Frank DiCristofaro.

Also, in attendance: Walter Szymanski, Manager of Retirement Office; Brian Gabriel, Solicitor from Campbell Durrant, PC; and, Chris Brokaw, AndCo Consulting.

## **PLEDGE OF ALLEGIANCE**

## **PUBLIC COMMENT**

Erica Brusselars, from the Northside, spoke in favor of Motion 2023.03.09. She is a former pension actuary and she advocated for transparency regarding campaign contributions as they impact Board members and the retirement system in Allegheny County. Speaking in favor of an upcoming motion for a performance audit on managers and fees for the pension fund.

## **APPROVAL OF BOARD MINUTES**

*The Board unanimously approved a motion by Board member Sarah Roka, duly seconded by Board member Frank DiCristofaro, to approve the minutes of the Board's meeting on March 16, 2023.*

## **APPROVAL OF FINANCIAL STATEMENTS**

*A. The Board unanimously approved a motion by Board member Sarah Roka, duly seconded by Board member Frank DiCristofaro, to approve the February 2023 Financial Statements. The reports are generated by Board Secretary, Controller Corey O'Connor.*

- Pension Fund Assets
- Statement of Changes in Plan Net Assets
- RBAC Balance Sheet

**APPROVAL OF INVOICES** - there were no invoices to approve.

## **PENSION APPLICATIONS**

*A. The Board unanimously approved a motion by Board member Frank DiCristofaro, duly seconded by Board member Sarah Roka, to approve the pension applications filed with the Retirement Office for the month of April 2023.*

- Early Voluntary 5
- Full Retirement 13
- Disability 2

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

- A. *The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to deny the disability application of member #104163 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 April 20, 2023: Retiree Payroll is up 8.00% YTD, as of prior month ending \$11,454,637.75. Total Contributions Made are up 22.69%. Contributions Refunded are down -12.01%. Life Insurance Paid Claims are up 30.67%. Total Retirements YTD are down -33.06%. Pension Estimates are up 44.97% YTD. Capital Calls are up 10.42% YTD. Capital Calls as of prior board meeting \$384,164.66

### **Board Updates**

A draft of the 2022 annual report is enclosed in the board book for review. If no changes or edits the report will be printed and mailed out May 2023.

### **Board Approval**

*The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to approve the 2022 audited financial statements and schedules by Case Sabatini of the Allegheny County Employees' Retirement System.*

Additional enclosures

Quarterly Administration Update by Carol Uminski, Assistant Manager, Retirement Office, and the Duncan Financial and Webinar dashboards. No questions presented.

## **SOLICITOR'S REPORT**

### **Brian Gabriel**

The Solicitor's Report is current as of April 13, 2023. Brian had no additional information or action items to bring before the board.

## CONSULTANT'S REPORT

**AndCO**  
**Chris Brokaw**

### **Recommendation**

Raise Cash for Distributions recommendation – Sell \$6 million of the Oaktree High Yield Fixed Income portfolio and sell all the Sound Point Senior Floating Rate Fund, LP, valued currently at approximately \$3.4 million. The portfolio's current 12.2% allocation to high yield fixed income is currently above its targeted allocation of 12.0%. The rebalancing will reduce the allocation below its targeted allocation and raise funds for benefit payments. The Sound Point Senior Floating Rate Fund, LP protected the high yield portfolio during 2022 when interest rates were rising. Oaktree has the largest allocation in the high yield portfolio and has had the best relative performance over the past year, therefore a good source of funds for current liquidity needs. Given the notification requirements for the funds, Oaktree proceeds will be available the first week of June, and Sound Point proceeds will be available the first week of July.

*The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, based upon the recommendation of the consultant, to approve the sale of the Sound Point Senior Floating Rate Fund, LP (approximately \$3.4 million) and sell \$6 million of the Oaktree High Yield Fixed Income portfolio.*

### **Market update through March 31, 2023**

The markets posted positive returns in March. Domestic Equity, represented by the S&P 500 returned 3.7% and the international equity MSCI EAFE Index returned 2.5%. Bonds appreciated on declining interest rates and spreads and the Bloomberg Barclay's Aggregate returned 2.5%. Growth stocks have performed well in the month and the year-to-date period. Portfolios with a growth equity bias benefitted from the outperformance of growth sectors like Technology, Communication Services, and Consumer Discretionary.

### **Portfolio Update Through February 28, 2023**

Asset Allocation & Performance – The Total Fund value as of February 28, 2023, was \$938,304,399. Total Fund performance for the month was down -1.78% while YTD was positive 1.56%. Overall negative performance for the month. Overall negative performance for the month. Stocks and bonds declined in February, giving back some of their January gains. While most asset classes were negative for the month, they are still positive in the year-to-date period.

Relative performance of US Equity and Non-US Equity is above the benchmark YTD. For the year 2022, value-oriented investments and managers outperformed. Currently, growth oriented equity managers are contributing to the positive relative performance when compared to benchmarks.

Asset Allocation Compliance as of February 28, 2023 - Three funds over target 1) High Yield is a bit over target 2) Real Estate, there is a redemption request being paid out quarterly that will bring it down back towards its target and 3) Private Equity – the net payments coming from the private equity portfolio have been positive, recently close to \$1 million a month. In 2022, a net \$20 million was paid out of Private Equity Portfolio. The ongoing monthly distributions are lowering the allocation towards the target.

## **NEW BUSINESS**

1. Mr. Fitzgerald introduced a motion, which he had mentioned at the Board's March 16, 2023 meeting, moving that the Manager of the Retirement Board of Allegheny County (RBAC), with the assistance of the RBAC's Solicitor, prepare and publicly solicit at the earliest possible date a request for proposals to engage the services of an independent third-party investment professional having no current affiliation, role or connection with the Allegheny County Retirement Board or the management of the RBAC's Retirement Fund for the following purposes: (i) to conduct a review of the entirety of Retirement Fund's investment policies and practices; (ii) to conduct a review of the performance of the RBAC's Retirement Fund; and (iii) to make specific recommendations to the RBAC to improve the management of the RBAC's Retirement Fund based upon best practices implemented by other governmental pension funds or recommended by the Government Finance Officers Association and/or other similar national organizations with expertise in the management of governmental pension funds. Motion Sponsor: County Executive and Board Member, Rich Fitzgerald.

The board members had the opportunity to discuss the motion prior to voting. Mr. Fitzgerald noted that a request for a best practices audit has been discussed for a couple of years to review the fees being paid to the managers and the number of fund managers being utilized. Frank DiCristofaro added that the RBAC already has audits provided by Case Sabatini and Mr. Fitzgerald said that this would be a different type of audit.

*The board approved a motion by Rich Fitzgerald, duly seconded by Jennifer Liptak, to approve the proposed motion to publicly solicit the services of an independent third-party investment professional to conduct a review of the Retirement Fund's investment policies and practices, conduct a performance review of the Retirement Fund, and make recommendations to the RBAC based on other governmental pension funds or recommendations by the GFOA and/or similar national organizations with Frank DiCristofaro abstaining.*

Ms. Weise representing Mr. O'Connor, made a motion to pull from committee the policy adhering to the standards established through Act 44 of 2009. The Act 44 motion had been introduced at the March 16, 2023 meeting by Mr. O'Connor who had requested approval by the Board at the April 2023 meeting. A subcommittee had been formed at the March 2023 meeting which had met. Ms. Weise's motion was to pull the policy, as revised and circulated to members of the subcommittee by Brian Gabriel, RBAC Solicitor via email on April 13, 2023, to the full Board for a vote.

Ms. Roka, Chair of the subcommittee commented that the subcommittee had not had adequate opportunity to conduct anything resembling due diligence with regard to this proposal, therefore the subcommittee cannot make a recommendation. She will abstain from the vote because the proposal itself acknowledges that Act 44 does not apply to Allegheny County. Adopting its provision without thoroughly evaluating is something she cannot support therefore will be abstaining from a vote.

Ms. Weise noted that the Board solicitor was in attendance with subcommittee members at their meeting at which time revisions to the proposed policy were made. Further, that the legislation was a straightforward policy that all pension plans are subject to that receive funding from the state.

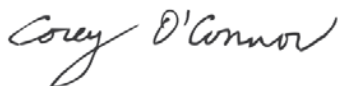
*The board approved a motion by Amy Weise, duly seconded by Rich Fitzgerald, to pull the Act 44 legislation from subcommittee as modified by the RBAC Solicitor with Sarah Roka and Frank DiCristofaro abstaining.*

*The board approved a motion by Amy Weise, duly seconded by Rich Fitzgerald, to adopt the policy to adhere to standards of ACT 44 of 2009, as modified by the RBAC Solicitor with Sarah Roka and Frank DiCristofaro abstaining.*

## **ADJOURNMENT**

*The Board unanimously approved a motion by Board member Frank DiCristofaro, seconded by Board member Sarah Roka, to adjourn at 12:30 p.m.*

Sincerely,



Corey O'Connor  
Controller