

The regular monthly meeting of the Retirement Board of Allegheny County was held on March 16, 2023, in the Gold Room, 4th Floor, County Courthouse. The meeting was called to order at 12:09 p.m.

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

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.

APPROVAL OF BOARD MINUTES

The Board unanimously approved a motion by Board member Corey O'Connor, duly seconded by Board member Frank DiCristofaro, to approve the minutes of the Board's meeting on February 16, 2023.

APPROVAL OF FINANCIAL STATEMENTS

A. The Board unanimously approved a motion by Board member Corey O'Connor, duly seconded by Board member Frank DiCristofaro, to approve the January 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 Ted Puzak, to approve the pension applications filed with the Retirement Office for the month of March 2023.

- Early Voluntary 8
- Full Retirement 12
- Re-Calculations 1

MANAGER'S REPORT

Walter Szymanski

The Dashboard reports as of March 16, 2023: Retiree Payroll is up 8.00% YTD as of February 2023 at \$22,733,202.99 vs \$21,547,069.52 as of February 2022. Total Contributions Made are up 3.71%. Contributions Refunded are down 24.73%. Total Retirements YTD are down 28.57%. Pension Estimates are up 25.40% YTD. Capital Calls are up 52.30% YTD.

SOLICITOR'S REPORT

Brian Gabriel

The Solicitor's Report is current as of March 9, 2023. Brian had no additional information or action items to bring before the board.

CONSULTANT'S REPORT

AndCO

Chris Brokaw

Market update through February 28, 2023.

The capital markets gave back some of their positive January performance in the month of February. The S & P 500 lost -2.4% in February. However, it is still up +3.7% year-to-date. While January market sentiment was characterized by a belief that the Federal Reserve was close to the end of their interest rate increases, February market sentiment looked forward to at least one additional Fed Funds rate increase on top of those already expected. Positive economic performance and a higher-than-expected inflation print moved market expectations to higher rates for longer. International Equity was impacted too. The MSCI EAFE index was down 2.1% in February and up +5.8% for the year-to-date period. Interest rates increased causing negative performance: the Barclay's Aggregate fell -2.6% but is still positive +0.4% for the year-to-date.

Portfolio Update Through January 31, 2023

The Fund value was \$961 million at the end of January. The portfolio returned 3.4% in the month. The highest contributing asset classes were US and International Equity. US Equity returned +7.2% and its performance was ahead of the benchmark. International Equity performed even better, returning +9.2% and was ahead of the benchmark by more than +1%. The portfolio is in line with the investment policy statement asset allocation. The Infrastructure allocation has been fully funded and is now at \$50.7 million and close to its target allocation. The two asset classes with largest positive variances to the target allocation are Private Equity and Private Real Estate. They were also the best performing asset classes in 2022. Their positive performance and the negative 2022 performance of some of the other asset classes increased their share of the portfolio. Private Equity distributed

\$1.3 million in January and has distributed cash consistently over the past two years. The continuing distributions will lower the allocation to Private Equity in the portfolio over time. There is an outstanding Private Real Estate distribution request of \$17 million. The Morgan Stanley Prime Property Fund is distributing capital on a quarterly basis to fulfill the liquidity request. At the end of the quarter over \$2 million will be distributed from the Prime Fund. Additionally, the fund now distributes the income that it earns on a quarterly basis. It will distribute approximately \$800,000 in income at the end of the first quarter.

NEW BUSINESS

- A. *Board member Corey O'Connor introduced Act 44 Motion, directing Solicitor Brian Gabriel to update RBAC policies to incorporate the campaign contribution requirements promulgated by Pennsylvania's Municipal Pension Plan Funding Standard and Recovery Act (P.L. 396, No. 2009-44).*

O'Connor referred the Board to the Motion included in March 2023's Board Booklet and noted adopting these standards would increase trust and transparency and ensure investment decisions were free from undue political influence. He stated that the City's pension, and all municipalities accepting state aid, are already required to comply with Act 44 requirements. Also, that County Council is interested in passing similar campaign finance standards.

John Weinstein stated the Board was not adequately notified of the Motion, that it was not in the bounds of the law as drafted, and suggested a subcommittee be created to determine applicability and for further discussion.

Corey O'Connor requested clarity regarding such concerns. Rich Fitzgerald requested Solicitor Gabriel provide an evaluation on legal concerns.

John Weinstein stated the Board and Solicitor did not have adequate time to review the Motion, and suggested a subcommittee be created.

Corey O'Connor stated he was amenable to referring the Motion to a subcommittee but disagreed that the Board had not been adequately notified or that it was improper, and reiterated the Motion only directs the Solicitor to incorporate state campaign finance requirements for RBAC.

Rich Fitzgerald duly seconded the Motion.

Ted Puzak cautioned conducting long conversations at public meetings and stated he would also like to have discussion in subcommittee.

Rich Fitzgerald indicated that there was a Motion and a second presented.

Ted Puzak made a motion, duly seconded by Frank DiCristofaro, to table Cory O'Connor's Motion. John Weinstein and Sarah Roka voted in favor to table. Cory O'Connor, Rich

Fitzgerald, and Jennifer Liptak voted against the motion to table. The motion to table passed.

A subcommittee to review the Motion was formed. It includes the following members: Sarah Roka as chair, Solicitor Brian Gabriel, Board members Cory O'Connor, Frank DiCristofaro, and Deputy Treasurer Janice Vinci.

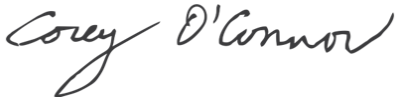
Rich Fitzgerald stated concerns regarding the number of managers used by the pension fund and their resulting fees. He stated he would present a motion at next month's meeting calling for a performance audit on managers and fees.

The next RBAC meeting will be held on April 20, 2023.

ADJOURNMENT

The Board unanimously approved a motion by Board member Frank DiCristofaro, seconded by Board member Ted Puzak, to adjourn at 12:25 p.m.

Sincerely,

A handwritten signature in cursive script that reads "Corey O'Connor". The signature is written in black ink and is positioned below the word "Sincerely,".

Corey O'Connor
Controller