

The regular monthly meeting of the Retirement Board of Allegheny County was held on May 18, 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: Ted Puzak, Amy Weise representing Corey O'Connor, Jennifer Liptak, Sarah Roka, Frank DiCristofaro, and John Weinstein.

Also, in attendance: Walter Szymanski, Manager of Retirement Office; Brian Gabriel, Solicitor from Campbell Durrant, Chris Brokaw, AndCo Consulting, Ed Boyer, Asset Strategy, and Brad Rigby, Cowden Associates.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

Ken Kaszak, Investment Advisor, also teaches investor psychology. Speaking today about your index fund. It's the highest thing in assets that you have invested in. At the beginning of 2022 the index had been positive, 11 out of 12 years and 17 out of 19 years and it's overvalued. Somebody should have known, or would have to know that the index has been negative 10 of the last 15 years. Nothing was done with the overvalued index, you took the whole ride down 20% of the index plus the index fund that you own is one of the most expensive index funds of all charges. 16 basis points a year. I have a list on my desk right now of the top 25 top index funds. You can get index fund 4 basis points you're paying 16 basis points. With that 12-basis point difference means to you is over \$100,000.00 in fees that you're paying that you don't have to. It's the same exact thing nobody's doing any research work in the index fund, nobody's doing any stop orders and limit orders. So \$100,000.00 a year; Year in year out adds up not just because of that because of the lost opportunity cost money that's not left. My suggestion today, if you love the index, which I don't use index funds, you should just change your 16-basis points index fund to Vanguard 4 index fund basis points and save yourself over \$100,000.00 a year.

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 April 20, 2023.

APPROVAL OF FINANCIAL STATEMENTS

A. The Board unanimously approved a motion by Board member Frank DiCristofaro, duly seconded by Board member Sarah Roka, to approve the March 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

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka to approve the May 2023 invoices.

MAY VENDOR EXPENSES

VENDOR	DATE	AMOUNT
GRIDIRON PARTNERS MGMT PARTNERS-FI	1/1/23-3/31/23	\$ 21,548.22
GRIDIRON MGMT PARTNERS-MA	1/1/23-3/31/23	\$ 6,071.94
CIM INVESTMENT MANAGEMENT (Fixed Income)	1/1/23-3/31/23	\$ 16,973.61
CIM INVESTMENT MANAGEMENT (Small Cap)	1/1/23-3/31/23	\$ 9,432.39
CIM INVESTMENT MANAGEMENT (Israel Bonds)	1/1/23-3/31/23	\$ 3,676.36
CSM ADVISORS, LLC	1/1/23-3/31/23	\$ 19,800.48
COOKSON PEIRCE & CO INC	1/1/23-3/31/23	\$ 1,558.00
EARNEST PARTNERS	1/1/23-3/31/23	\$ 33,248.03
EMERALD ADVISERS (All Cap)	1/1/23-3/31/23	\$ 7,851.38
EMERALD ADVISERS (Small Cap)	1/1/23-3/31/23	\$ 24,021.30
EMSTONE ADVISERS, LLC	1/1/23-3/31/23	\$ 2,554.95
FEDERATED (Core Broad)	1/1/23-3/31/23	\$ 19,790.72
F.N.B. WEALTH MANAGEMENT	1/1/23-3/31/23	\$ 2,310.77
FIDELITY INVESTMENTS (Select Int'l Plus)	1/1/23-3/31/23	\$ 24,434.11
FRAGASSO FINANCIAL ADVISORS	1/1/23-3/31/23	\$ 8,822.00
iNetworks OF, LLC	1/1/23-3/31/23	\$ 22,482.72
SEGALL, BRYANT & HAMILL	1/1/23-3/31/23	\$ -
STATE STREET GLOBAL ADVISORS (MSCI World)	1/1/23-3/31/23	\$ 6,103.33
STATE STREET GLOBAL ADVISORS (S&P 500)	1/1/23-3/31/23	\$ 3,359.68
TWIN CAPITAL MANGEMENT	1/1/23-3/31/23	\$ 32,760.60

Total Vendor Invoices for Approval

\$266,800.59

PENSION APPLICATIONS

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 May 2023.

- Death 1
- Early Voluntary 7
- Full Retirement 14

INDEPENDENT MEDICAL EXAM OPINION FOR DISABILITY APPLICATIONS DENIALS

- A. *The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to grant the disability application of member #102611 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 May 18, 2023: Retiree Payroll is up 8.00% YTD, as of prior month ending \$11,42,135.65. Total Contributions Made are up 58.27%. Contributions Refunded are up 4.31%. Life Insurance Paid Claims are up 64.10%. Paid Claims are down -20.74%. Total Retirements YTD are down -34.81%. Pension Estimates are down -12.50% YTD. Capital Calls are up 58.50% YTD. Capital Calls as of prior board meeting \$883,045.97; Blackrock Liquidity beginning balance \$2,054,203.26 and Cash Account Transfer to FNB for Payroll and Refunds \$4,500,000.00.

Office Budget up to date as of April 30, 2023.

Board Updates

Enclosed in the board packet is the DRAFT RFP for the Independent Performance Audit for the boards' review and comments.

SOLICITOR'S REPORT

Brian Gabriel

The Solicitor's Report is current as of May 11, 2023.

ACTION ITEM

Shareholder and Class Action Litigation – AMC Entertainment Holdings, Inc.- recommendation by Grant & Eisenhofer of a settlement detailed in a memorandum

distributed to the board on March 30, 2023. The board voted to authorize the proposed settlement via email.

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to ratify its prior authorization of settlement with AMC Entertainment Holdings, Inc. based on the recommendations of the solicitor and G&E.

CONSULTANT'S REPORT

AndCO
Chris Brokaw

Recommendation

Recommendation to trim the Large Cap portfolio to raise funds for future benefit payments.

1. Sell \$2 million of the SSgA S&P 500 Index Fund
2. Sell \$2 million of the Twin Capital Enhanced Equity portfolio

The portfolio's current 16.8% allocation to US Equity is currently above its targeted allocation of 16.5%. The rebalancing will reduce the allocation below its targeted allocation and raise funds for benefit payments. Given the expectation of potential market volatility due to concerns about a potential recession and/or a debt ceiling crisis and the substantial run up in equity prices in the year-to-date period, we are recommending that clients hew closely to their long-term asset allocation targets. Raising \$4 million in the equity portfolio will reduce the overall US Equity allocation to 16.3%.

The board unanimously approved a motion by Sarah Roka , duly seconded by Frank DiCristofaro, based upon the recommendation of the consultant, to approve to sell \$4 million worth of investments to put into cash fund for future benefit payments.

Market update through April 30, 2023

S&P 500 Total Return for the month positive 1.56% and YTD 9.17%. Russell 1000 Growth Index positive return for the month at 0.99% and YTD 15.49%. Stocks that suffered in 2022, growth oriented stocks, had very good performance for the 1st QTR and YTD 2023. International stocks, represented by the MSCI EAFE NR posted positive returns for the month of 2.82% and YTD of 11.53% getting the boost from international currency appreciation vs the dollar. Bonds, represented by the U.S. Aggregate were up 0.61% for the month and 3.59% YTD. Interest rates are slightly down for the month, increasing the returns for those intermediate and long term bonds. Key Rates: US Generic Govt 3 MTH 5.03%, ; money market funds, savings accounts, and products that are short term, have seen their rates have increased.

Portfolio Update Through March 31, 2023

Asset Allocation & Performance – The Total Fund value at the end of March, was \$939,378,106. Total Fund performance for the quarter was up 2.19%. US Equity is a large contributor at 6.91% and Non-US Equity posted even higher returns of 8.91%. The international equity portfolio has benefitted from international currency appreciation and growth equity exposure. Investments that had helped the portfolio in 2022 when publicly traded stocks and bonds had negative returns are underperforming public markets in the 2023 year-to-date period. The Real Estate Composite returned -4.29% for the QTR having some break downs within the real estate market with office properties decline in values offset by industrial and multifamily apartment buildings which have had positive returns. The Infrastructure Composite had a positive return in the quarter at 2.61%, the asset class was added in the middle of last year. That kind of steady return is due to the income producing nature of the investments. Private Equity, held up well in 2022, however it had negative performance in the quarter at -2.25%. All in the portfolio is up over 2% for the first quarter and April will have added some additional positive returns.

Cash Flows - The Private Equity Composite continues to distribute capital in the year-to-date period, with Net Flows of \$3,494,073 in the first quarter 2023. In 2021 the Private Equity Composite distributed \$25 million and in 2022 it distributed \$16 million. The distribution helps fund the cash flows (benefit payments) of the portfolio. Given the age and maturity of the portfolio the cash is expected to continue to flow into the portfolio the future. The older funds are distributing cash from investments made years ago.

Asset Allocation – Continuing to move the assets towards the target allocations. Private Equity, the distributions continue. High Yield, pending distributions that will fund future benefit payments in June and July. Real Estate – withdrawal on a quarterly basis \$3 million of the original \$20 million request.

Mr. DiCristofaro, following up on the public comment, questioned if AndCo could investigate the fees of the index fund. We had MLP's then AndCo got rid of them, which was a great move.

AndCo thank you for the opportunity to comment on the index funds. One of the first tasks we did when you hired us was to look at fees and where we can save fees. State Street index funds, Large Cap and International Equity, were negotiated to a lower fee. At the time the large cap S&P fund was 1.5 – 2.0 basis points and we lowered it to 1 – 1.5 basis points. It is certainly not 16 basis points.

Asset Strategy Ed Boyer

Private Equity Market Investment Overview Report as of December 31, 2022. Asset Strategy has attended the Accolade Partners annual meeting whom we report they

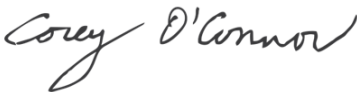
are doing well. We managed to avoid the funds they invested in that were more problematic, particularly cryptocurrency. Constitution Capital funds are doing very well. Funds continue to send back money into the portfolio to benefit cash payments. The Call Ratio Column Total 0.89 indicates you are sending back investments more than contributing. Indicates you are running off the portfolio, this may be purposeful or related to the overall assets and the allocation percentages. We are developing a short list of other investments in the alternative space to add to the portfolio when you deem appropriate.

NEW BUSINESS

ADJOURNMENT

The Board unanimously approved a motion by Board member Frank DiCristofaro, seconded by Board member Sarah Roka, to adjourn at 12:21 p.m.

Sincerely,

A handwritten signature in cursive script that reads "Corey O'Connor".

Corey O'Connor
Controller