

The regular monthly meeting of the Retirement Board of Allegheny County was held on January 18, 2024, in the Gold Room, 4th Floor, County Courthouse. The meeting was called to order at 12:00 p.m.

PLEDGE OF ALLEGIANCE

ROLL CALL

Ted Puzak, Corey O'Connor, Erica Rocchi Brusselars, Sara Innamorato, 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, Chris Brokaw and Tim Walters, AndCo Consulting, and Ed Boyer, Asset Strategy.

Frank DiCristofaro noted that an Executive Session had been held immediately before the board meeting.

ELECTION OF THE BOARD PRESIDENT

Erica Brusselars requested that the agenda item Election of the Board President be held until the February meeting. Motion was then presented by Frank DiCristofaro to table the agenda item. Time was allotted for discussion. Mr. DiCristofaro and Mr. Puzak reasoned the motion to table the agenda item until a future date was to put the best interest of the county employees and retirees first due to the lack of Retirement Board of Allegheny County experience of the newly elected County Treasurer. Mr. O'Connor had concerns with tabling the agenda item more than a month because of the importance of performing the duties of board and a billion-dollar pension system.

The motion by Frank DiCristofaro to table the RBAC agenda item, Election of the Board President, duly seconded by Ted Puzak failed the boards approval with 5 against and 2 in favor.

The board approved a motion by Corey O'Connor, duly seconded by Erica Rocchi Brusselars, to hold the agenda item, Election of the Board President, for the February 15, 2024, RBAC meeting, with 6 in favor and 1 against.

PUBLIC COMMENT

No public comments

APPROVAL OF BOARD MINUTES

The board unanimously approved a motion by Corey O'Connor, duly seconded by Sara Innamorato to approve the minutes of the December 21, 2023, board meeting.

APPROVAL OF FINANCIAL STATEMENTS

A. The board unanimously approved a motion by Corey O'Connor, duly seconded by Ted Puzak, to approve the November 2023 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

No invoices for January 2024

PENSION APPLICATIONS

A. The board unanimously approved a motion by Ted Puzak, duly seconded by Sara Innamorato, to approve the pension applications filed with the Retirement Office for the month of January 2024.

Early Voluntary	5
Full Retirement	11
Disability	1

MANAGER'S REPORT

Walter Szymanski

The Dashboard reports as of January 18, 2024, Retiree Payroll is up 8.00%, YTD 2023/Prior 2022 YTD. Total Contributions made are up 10.27%. Contributions Refunded are down -40.98%. Number of Refunds are down -26.92%. Life Insurance Paid Claims up 3.09%. Total Retirements YTD 2024 / Prior 2023 YTD up 58.33%. Pension Estimates are down -6.04% YTD 2023/Prior 2022 YTD; Capital Calls down -69.39%, prior year capital call transactions were \$30.5 million and current year \$9.4 million. Capital Calls as of prior board meeting \$1,432,858.76.

The Office budget is as of December 31, 2023, reflects spending under budget by 24.9%.

Board Approval:

1. *The board unanimously approved a motion by Corey O'Connor, duly seconded by Frank DiCristofaro, to approve the Retirement Office Administrative Assistant job posting with addition of the Equal Opportunity Employer and Veteran's preference notations as requested by Sara Innamorato and Ted Puzak, respectively.*
2. *The board unanimously approved a motion by Corey O'Connor, duly seconded by Ted Puzak, to approve a quote for Sargent's Court Reporting to transcribe the RBAC monthly meetings at a cost of \$250 - \$350 based on the length of the meeting.*

SOLICITOR'S REPORT

Brian Gabriel

The solicitor's report is current as of January 11, 2024. Direct questions to Mr. Gabriel as needed.

Ms. Brusselars requested Section 8, b, Sunshine Act/Amendment to Board Agenda include that the Sunshine Act "requires that meetings have prior notice, and that the public can attend, participate, and comment before an agency takes official action."

CONSULTANT'S REPORT

AndCO

Chris Brokaw

Market update through December 31, 2023

Positive returns for the month of December. S&P 500 for the month up at 4.54%. International equity, MSCI EAFE NR up at 5.31% for the month. Fixed Income, U.S. Aggregate up 3.83% for the month of December. Trailing 3 months positive at 6.82%.

A look at what has happened the last few years and expectations for 2024. The yield curve for 2021, short term interest rates were down near zero and long-term interest rates were still below 2.00%. Since then, the Fed has increased the rate 11 times. The yield curve differentials after the rate increases in the two years total positive 5.25%. The higher yields now generate higher income in the fixed income and cash accounts.

The chart on page 3 shows periods in the history of the Bloomberg US Aggregate index back to 1976 where there were negative returns. There have only been four cumulative monthly drawdowns of greater than 5% in the bond index's history. 1.) March 1980, down -12.67%, 8-month drawdown and 3-month recovery. 2.) September 1981, down -9.00%, 15-month drawdown and a 2-month recovery. 3.) June 1994 down -5.15% a 5-month drawdown and a 8-month recovery. 4.) October 2022 down 17.18% with a 27-month drawdown as we are still in the recovery period. The good news is high level interest rates.

Page 6 shows 2022 negative returns in stock market and negative returns in the bond market. This is the only time since the inception of the Bloomberg Aggregate in 1976 that both of the indices have posted negative returns in the same year. Good news is that in 2019, 2020, and 2023 there were positive returns in both the stock and bond market, and in 2021 there were very strong returns in the stock market.

Post World War II Bull and Bear markets. Average length of the bear markets Post World War II was 12.7 months and the average length of the bull markets for the same period is 52.8 months. Your portfolio is invested for the long term with periods of market growth and also declines. Investing and maintaining the investment in the market shows long term positive returns. Difficult to time the market.

Chart showing stock market and various periods of declines and also recoveries. 1.) 2000 Tech Wreck -47.11% cumulative, -26.32% annualized, 529 Trading Day Drawdown between 9/5/2000 – 10/9/2002. 2.) 2008 Financial Crisis - -55.25% cumulative, -43.32% annualized, 355 Trading Day Drawdown between 10/10/2007 – 3/9/2009. 3.) 2020 Coronavirus - -33.79% cumulative, 23 Trading Day Drawdown between 2/20/2020 – 3/23/2020. 4.) 2022 Inflation & Interest Rates - -24.49% cumulative, 195 Trading Day Drawdown between 1/3/2022 – 10/12/2022. Subsequent to the Bear Markets, there were multi-year periods of significant positive returns.

Market Value as of November 30, 2023 – Total Fund \$923,329,510, positive for the month 4.26% and YTD 4.69%. Top performing asset classes include, Non-US Equity 10.19%, and US Equity up 9.12%. Core Fixed, more volatile with potential for better returns long term was positive 3.99%, High Yield Fixed Composite up 4.41%. Real Assets are more stable and performed relatively better in 2022 when the public markets were very volatile. Returns for the month are near 0.0% for the Real Asset Classes.

Asset Allocation Compliance – Most allocations are close to the targets. There are pending activities that will bring some of the asset classes back toward their target allocations. Liquid Policy Portfolio has \$2 million pending investment.

In response to a question from the Board, Mr. Brokaw indicated that the Hedge Fund Composite does not have a dedicated allocation in the total portfolio investment policy statement. The Hedge Fund Composite is in the Emerging Manager program.

Asset Strategy

Ed Boyer

Private Equity market Investment Overview as of September 30, 2023 – Total Call Ratio is .92, meaning the call managers have called close to all they intend to call. When a call ratio reaches .85 it accelerates the distributions. The last few years have not risen to that level. This year and coming years look forward to more distributions due to the positive trend. Better valuations ahead with the interest rates and increase activity.

Ms. Brusselars requested the type of strategies for each investment, the kind of investment, and distributions for the coming year. Mr. Boyer responded it is difficult to project, don't know when deals will start, they sometimes get held up or delayed. He will try and get the information added to the reports.

Cowden

Brad Rigby

Memo distributed regarding a Corporate Rebranding. Effective January 16, 2024, Cowden will be rebranding under the name of their parent company Acrisure. They have been part of Acrisure since February 2017. There will be no change in operations or pricing.

NEW BUSINESS

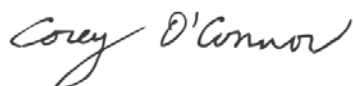
- a. *The board unanimously approved a motion by Corey O'Connor, duly seconded by Sara Innamorato to establish a sub-committee to oversee RFP process for private equity management including the future contracts process, and make recommendation to the full board.*

Frank DiCristofaro requested Sarah Roka to chair the sub-committee, and requested Cory O'Connor, Erica Brusselars, Sara Innamorato or the elected' s designee, to be members on the sub-committee and to include Walt and Brian. Discussion was held to extend Asset Strategy's contract on a month-to-month basis once the contract ends March 31, 2023 with a decision to put on the agenda for February 2024.

ADJOURNMENT

The board unanimously approved a motion to adjourn by Frank DiCristofaro, duly seconded by Corey O'Connor, at 12:43 pm.

Sincerely,



Corey O'Connor
County Controller