

COMMONWEALTH OF PENNSYLVANIA
RETIREMENT BOARD OF ALLEGHENY COUNTY

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BEFORE: FRANK DICRISTOFARO, Chair
Ted Puzak, Member
Corey O'Connor, Member
Erica Brusselars, Member
Sara Innamorato, Member
Jennifer Liptak, Member
Sarah Roka, Member

HEARING: Thursday, March 21, 2024
12:00 p.m.

LOCATION: Allegheny County Council
436 Grant Street
4th Floor
Gold Room
Pittsburgh, PA 15219

WITNESSES: None

Reporter: Danielle Ohm

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A P P E A R A N C E S

1
2
3 WALTER SZYMANKSI

4 Allegheny County Employees' Retirement
5 System

6 542 Forbes Avenue

7 Pittsburgh, PA 15219

8
9 BRIAN GABRIEL, ESQUIRE

10 Campbell Durrant, P.C.

11 535 Smithfield Street

12 Suite 700

13 Pittsburgh, PA 15222
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P R O C E E D I N G S

MS. BRUSSELARS:

We're calling the
Retirement Board of Allegheny
County meeting to order. We'll
stand for the pledge of
Allegiance.

(WHEREUPON, PLEDGE OF ALLEGIANCE IS
RECITED.)

MS. BRUSSELARS:

And then a roll call
vote. I mean, a roll call, no
vote.

MR. SZYMANSKI:

Ted Puzak?

MR. PUZAK:

Here.

MR. SZYMANSKI:

Corey O'Connor?

MR. O'CONNOR:

Here.

MR. SZYMANSKI:

1 Sara Innamorato?

2 MS. INNAMORTO:

3 Here.

4 MR. SZYMANSKI:

5 Frank DiCristofaro?

6 CHAIR:

7 Here.

8 MR. SZYMANSKI:

9 Jennifer Liptak?

10 MS. LIPTAK:

11 Here.

12 MR. SZYMANSKI:

13 Sarah Roka?

14 MS. ROKA:

15 Here.

16 MR. SZYMANSKI:

17 Erica Brusselars?

18 MS. BRUSSELARS:

19 Here.

20 Are there any sign-ups

21 for public comment?

22 MR. SZYMANSKI:

23 There is no public

24 comment.

25 MS. BRUSSELARS:

1 And for board approvals
2 we have the board meeting
3 minutes from the February 15th
4 meeting.

5 MR. O'CONNOR:

6 So moved.

7 CHAIR:

8 Second.

9 MS. BRUSSELARS:

10 All in favor?

11 AYES RESPOND

12 MS. BRUSSELARS:

13 Any opposed?

14 The board approval of
15 board minutes passes.

16 Next are the financial
17 statements as of January 24th.
18 Sorry, January 2024, generated
19 by the Controller's Office for
20 pension fund assets, statements
21 of changes in net plan assets,
22 and the Retirement Board
23 evaluated county balance sheet.

24 Are there any ---?

25 MR. O'CONNOR:

1 So moved.

2 CHAIR:

3 Second.

4 MS. BRUSSELARS:

5 All in --- any
6 discussion? All in favor?

7 AYES REPOND

8 MS. BRUSSELARS:

9 Any opposed?

10 The financial statements
11 are approved.

12 The third item are
13 invoices in the amount of
14 \$25,018.72 for March investment
15 services. Can I have a motion
16 to approve?

17 MR. O'CONNOR:

18 So moved.

19 CHAIR

20 Second.

21 MS. BRUSSELARS:

22 Any discussion?

23 All in favor?

24 AYES RESPOND

25 MS. BRUSSELARS:

1 Any opposed?

2 And the approval of the
3 March invoices passes.

4 Next we have retirement
5 applications for March 2024
6 retirements. This includes four
7 early, voluntary and eight full
8 retirements. May I have a
9 motion to approve by the Board?

10 MR. O'CONNOR:

11 So moved.

12 CHAIR:

13 Second.

14 MS. BRUSSELARS:

15 Any discussion?

16 All in favor?

17 AYES RESPOND

18 MS. BRUSSELARS:

19 Any opposed?

20 The motion to approve
21 March 2024 applications for
22 early and eight full retirement
23 passes.

24 Item seven, we have an
25 independent medical exam opinion

1 for disability application
2 approvals. It's one for member
3 096556, as recommended for a
4 total and permanent disability.
5 May I have a motion?

6 MR. O'CONNOR:

7 So moved.

8 CHAIR:

9 Second.

10 MS. BRUSSELARS:

11 Any discussion?

12 All in favor to approve
13 this application?

14 AYES RESPOND

15 MS. BRUSSELARS:

16 Any opposed?

17 And the motion to approve
18 this application for member
19 096556 passes.

20 Next we have reports.

21 First is Walt Szymanski, manager
22 of the retirement system.

23 MR. SZYMANSKI:

24 Thank you very much. If
25 you turn to your manager's tab

1 in your board book, I'll
2 highlight some areas on the
3 dashboard. Retiree payroll is
4 up 8% as compared to this time
5 last year. Contributions are up
6 11.1%. Contributions refunded
7 are up 30.91%. Life insurance
8 paid claims are down 35.32%.
9 Retirements are up on the year
10 20%, 72 this year as compared to
11 60 last year.

12 If you turn to the next
13 page, pension estimates are down
14 24.47%. Capital calls for the
15 month were 467,345,018. I have
16 the office budget there as of
17 February 29, 2024.

18 Are there any questions
19 on the dashboard?

20 Okay, if there are no
21 questions, I have two items, one
22 for board approval and just one
23 request for review. The first
24 for approval would be requesting
25 the board approval to adopt the

1 chief executive's updated
2 vacation schedule and proration
3 of days for the retirement
4 office staff.

5 MR. O'CONNOR:

6 So moved.

7 MS. INNAMORATO:

8 I'll second.

9 MS. BRUSSELARS:

10 Any discussion on this
11 matter?

12 All in favor of approving
13 the updated retirement schedule?

14 AYES RESPOND

15 MS. BRUSSELARS:

16 Any opposed?

17 And that motion passes.

18 MR. SZYMANSKI:

19 Thank you.

20 Second, for the board
21 request. So next month, we'll
22 begin the election cycle for the
23 board member elected seat. I've
24 included a draft of the timeline
25 and the procedures. If the

1 Board could just review them
2 over the course of the next
3 month, and if you have any
4 changes or suggestions to let me
5 know prior to the next board
6 meeting, I'll bring the final
7 item for approval next meeting.

8 MR. O'CONNOR:

9 Motion approved, brief
10 discussion, I just have a
11 question.

12 MS. BRUSSELARS:

13 Do we need a second to
14 have a brief discussion? We can
15 have a brief discussion. Yeah.

16 MR. O'CONNOR:

17 So when we do this, does
18 everybody mails it in, or is
19 there, like, somewhere at your
20 office they can drop the ballot
21 off at?

22 MR. SZYMANSKI:

23 So the way it
24 traditionally works is ballots
25 are mailed out to active and

1 retired members. They're
2 required to turn it into the
3 elections department.

4 MR. O'CONNOR:

5 Okay.

6 MR. SZYMANSKI:

7 If we receive any into
8 our office, we take them
9 upstairs to elections.
10 Elections actually performs the
11 vote count. They also are the
12 ones that decide the order when
13 they roll the dice for the order
14 of ballot petition, too.

15 MR. O'CONNOR:

16 So in theory, somebody
17 could just drop it off at your
18 office and you would take them
19 up?

20 MR. SZYMANSKI:

21 They could.

22 MR. O'CONNOR:

23 Okay.

24 MR. SZYMANSKI:

25 We take them upstairs.

1 MR. O'CONNOR:

2 Okay.

3 Just because I know,
4 like, we've had some issues with
5 mail, it's so delayed now that
6 if people at least we could say,
7 you can drop it off at your
8 office, you take it upstairs,
9 that's fine.

10 MR. SZYMANSKI:

11 Yeah.

12 MR. O'CONNOR:

13 Okay.

14 MR. SZYMANSKI:

15 And we will always have
16 to print extra ballots in the
17 office in case someone misplaces
18 theirs, too.

19 MR. O'CONNOR:

20 Okay.

21 MR. SZYMANSKI:

22 They can pick one up and
23 take it and fill it out later as
24 well.

25 MR. O'CONNOR:

1 Okay.

2 Yeah, I just wasn't sure
3 how it works here. Thanks.

4 MR. SZYMANSKI:

5 You're welcome.

6 MS. BRUSSELARS:

7 I had a question.

8 MR. O'CONNOR:

9 No.

10 MS. BRUSSELARS:

11 I had a question on the
12 materials for the petitions. Do
13 we require a signature for who
14 circulated the petition?

15 MR. SZYMANSKI:

16 That we have never done.
17 We can add it. In the past, it
18 was just the signatures, and
19 then myself and the staff would
20 review to make sure they're an
21 active or a retired member.

22 MS. BRUSSELARS:

23 Yeah. If we could
24 include just a signature for who
25 circulated it.

1 MR. SZYMANSKI:

2 Okay.

3 MS. BRUSSELARS:

4 I'd appreciate that.

5 MR. SZYMANSKI:

6 No problem.

7 MR. PUZAK:

8 How many signatures are
9 required on that?

10 MR. SZYMANSKI:

11 60.

12 MR. PUZAK:

13 60?

14 MR. SZYMANSKI:

15 Yeah. We came up with a
16 method a few years back. So
17 it's a percent of the number of
18 active members. So we do I
19 think it's a half a percent. It
20 should be in here.

21 MS. BRUSSELARS:

22 Yeah, the math was in
23 here.

24 MR. SZYMANSKI:

25 Yeah. One half percent

1 of the plan participants and we
2 rounded down. So it was 60.63.
3 So 60 active signatures will be
4 required this year.

5 MS. BRUSSELARS:

6 Any other questions?

7 All right.

8 MR. SZYMANSKI:

9 And then lastly, I just
10 wanted to thank anybody,
11 everybody who attended the
12 training on Monday and all of
13 our presenters. I think it went
14 really well and I appreciate the
15 Board's participation.

16 MS. BRUSSELARS:

17 Yeah, and we very much
18 appreciate that the session was
19 put on. And thank you again to
20 member DiCristofaro for
21 suggesting that and getting it
22 moving.

23 MR. PUZAK:

24 And the third one's done.
25 I'm sorry I missed it.

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MR. SZYMANSKI:

Thank you very much.

MS. BRUSSELARS:

Next on the agenda is a good time. All right, Brian Gabriel from --- our solicitor.

ATTORNEY GABRIEL:

Thank you, Erica. The solicitor's report is current as of last Friday. I would note that the primary updates are at 1a, 1b, 3a, 7a, 7c, 8a, and 8b. Otherwise I don't have any matters to bring to the Board's attention or action items, but I'd be happy to answer any questions.

MS. BRUSSELARS:

I'll just add that Brian did provide me an initial draft for potential future bylaws. And so we'll get those circulated to the Board probably in the next week or two, and we can discuss at the next meeting

1 and decide if we want to discuss
2 it at large or move it to a
3 committee.

4 Are there any other
5 questions for Brian?

6 All right, thank you.

7 ATTORNEY GABRIEL:

8 Thank you.

9 MS. BRUSSELARS:

10 Next on our list is Chris
11 Brokaw from AndCo.

12 MR. BROKAW:

13 Well, thank you very
14 much.

15 If you turn to the
16 section of the book reports
17 AndCo. Before I get into what
18 we see the details on the page,
19 I just wanted to mention, I
20 don't know how closely you
21 follow the market or watch
22 financial news, but earlier this
23 week, the Federal Reserve met
24 and what they announced was they
25 were going to leave interest

1 rates unchanged. And I wanted
2 to make a comment on that,
3 because the interest rate, short
4 term interest rate that they
5 set, as well as future interest
6 rate expectations, are really
7 critical for the performance of
8 the fund.

9 That is when we look at
10 2023, and if you now turn to
11 page one in the book, in 2023,
12 especially in the book, page
13 one, the top chart on the right
14 hand side, you see various
15 columns there. They represent
16 different parts of the equity
17 market. Growth was up 42.7%,
18 growth stocks. So at the end of
19 last year there was an
20 expectation that the Fed was
21 going to lower rates six times
22 in 2024, and that really drove
23 the market higher. Not just the
24 equity returns, but also, at the
25 end of the year, fixed income

1 returns. So everything was
2 positive at the end of the year.

3 So now let's just say
4 it's more neutral. And part of
5 the reason is that the economy
6 continues to grow and the
7 expectations last year for a
8 recession are no longer present.

9 So while that's good for
10 the economy and also provides
11 some support for the markets, at
12 the same time, it means that
13 there's a lower expectation for
14 interest rates to decline. And
15 that means, in simple terms,
16 going forward rather than the
17 straight up that we saw in 2023,
18 we'll probably see some more ups
19 and downs in 2024. And we'll
20 see both of them in this report.

21 On page one, again, if
22 you look to the left, the top
23 left, you can see year to date
24 for the first line there, the
25 S&P 500, up 7%. So the stock

1 market, large cap stocks in the
2 US continue to move upwards.
3 The third line down, Russell
4 2000, those are small cap
5 stocks, positive, but only at
6 1.5%. And towards the bottom of
7 that chart, MSCI EAF A, second
8 line up, those are international
9 stocks, up 2.4%. So through
10 February, positive performance
11 in the stock market.

12 Now, the downside that I
13 mentioned, you can see that in
14 the US aggregate. So the next
15 section of indices for the
16 month, down 1.4%, and year to
17 date, 1.6%. And that's due to
18 rising interest rates over that
19 period of time.

20 So that really drives the
21 negative performance in the
22 fixed income market. And as I
23 said, going forward,
24 expectations of where the
25 interest rates are going to land

1 and how many interest rate cuts
2 are really being priced into the
3 market every day. So we did see
4 the positive year to date
5 results through February.

6 If you turn to page four
7 to make a few comments about
8 your portfolio, the data we have
9 here is through the end of
10 January. And through January,
11 the markets were not as kind as
12 they were in the month of
13 February. So you see the total
14 fund performance for the month
15 down quarter of a point, .24%.
16 For the trailing year, so the
17 trailing twelve months up 3.8%.

18 So when we looked at the
19 beginning of the year, the
20 market coming off the very good
21 2023, gave back some of those
22 returns. Us equity, large cap
23 stocks, that was back on the
24 first page, that 42% that we saw
25 large cap growth. Large cap

1 stocks continue to post positive
2 returns driven by, I may have
3 mentioned in prior months,
4 Magnificent Seven. Apple,
5 Amazon, Facebook, Google, Tesla,
6 Microsoft. What am I missing?

7 CHAIR:

8 Nvidia.

9 MR. BROKAW:

10 Nvidia, yes. So, driving
11 the markets higher in large cap,
12 they continue to perform well.
13 Non US markets, you see the
14 negative performance for the
15 month. Pricing in again some of
16 the changes that we see
17 regarding future expectation.
18 Value outperformed growth in non
19 US markets as opposed to the US
20 markets where growth stocks like
21 the technology stocks I
22 mentioned are doing very well.

23 In your fixed income,
24 positive results for the month.
25 The strategies in your portfolio

1 more active and shorter term
2 investments produced positive
3 returns in a market that saw a
4 negative .27, negative quarter
5 of a percent declines. High
6 yield, essentially flat, the
7 income from the high yield
8 portfolio offsetting rising
9 rates.

10 Real estate, your
11 portfolio, if you look out over
12 the year, so for the month the
13 reports are delayed for real
14 estate. So real estate and the
15 index that it's reported against
16 showing zero for the month. If
17 you look for the one year, your
18 portfolio for the trailing year,
19 negative performance, but about
20 half of the index.

21 Your portfolio is a bit
22 more stable than the index. The
23 index has a lot more exposure to
24 office buildings and what's
25 referred to gateway markets. So

1 large cities office buildings
2 still suffering from the return
3 to work scenario post COVID.

4 If we look at
5 infrastructure, infrastructure
6 relatively stable for the
7 trailing year plus 8.5%, most of
8 the returns from infrastructure
9 coming from income. Private
10 equity, relatively flat. I see
11 that Ed has a report, so I'll
12 leave the comments for private
13 equity for Ed's section of the
14 report.

15 And the liquid policy
16 portfolio at the bottom, you see
17 \$35 million and that performance
18 is in line with its index, in
19 line with the benchmark higher
20 balance due to rebalancing in
21 the portfolio.

22 I have a few comments on
23 the asset allocation, but before
24 I turn there, I'll ask if
25 there's any questions on

1 performance.

2 Okay.

3 So if we turn to page 13,
4 page 13 you can see the asset
5 allocation of the portfolio as
6 of January 31st. This is after
7 the various rebalancing in the
8 portfolio, and really brings
9 back all of the asset classes
10 closer to their target
11 allocations.

12 You see in the top
13 section in the chart, that
14 bottom block, liquid policy
15 portfolio, \$35 million. That is
16 really the source of funds when
17 you need. It's a very liquid
18 portfolio, you can get the money
19 next day. That's the source of
20 funds when we need to raise
21 funds for benefit payments. So
22 that now has 35 million in it,
23 the portfolio lined up
24 relatively close to the targets.
25 And so we do not have any

1 recommended changes to the
2 portfolio at this point.

3 Any questions about asset
4 allocation?

5 Okay.

6 MS. BRUSSELARS:

7 Oh, I have a question.

8 MR. BROKAW:

9 Yes?

10 MS. BRUSSELARS:

11 How --- so, like I was --
12 - when I looked, I noticed the
13 high yield is below its --- it's
14 in the range but below its
15 allocation, ---

16 MR. BROKAW:

17 Yeah.

18 MS. BRUSSELARS:

19 --- and total
20 infrastructure is a bit above.
21 Like at what point would one
22 look at rebalancing?

23 MR. BROKAW:

24 Right. So we come with
25 recommendations regarding

1 rebalancing that are, let's just
2 say, not automatic. So we try
3 to be thoughtful about the
4 rebalancing. And for example,
5 at the end of last year, one of
6 the reasons that we recommended
7 bringing the equity, various
8 equity investments, as well as
9 the high yield, lower, and
10 increasing the liquid policy
11 portfolio was to decrease a
12 certain amount of risk in the
13 portfolio.

14 So we want to be
15 thoughtful and not just
16 mechanical about the
17 rebalancing. So on a regular
18 basis and at least monthly at
19 the meetings, we review the
20 allocations and we'll bring
21 forth rebalancing
22 recommendations. So the direct
23 answer to your question is,
24 unless it gets to the minimum,
25 there's no automatic

1 rebalancing.

2 MS. BRUSSELARS:

3 So you're being
4 thoughtful about it?

5 MR. BROKAW:

6 Yes.

7 MS. BRUSSELARS:

8 And you opted, because
9 they're not at the minimum or
10 the maximum to not do anything,
11 or you looked at them and you
12 said, oh, I think high yield's
13 coming back and we'll just leave
14 it in there a little longer?
15 Like what's occurring that's
16 making there be a recommendation
17 or not?

18 MR. BROKAW:

19 So if I can try to speak
20 more plainly, when we make the
21 rebalancing recommendations, we
22 are considering where the market
23 is. So at the end of the year,
24 or towards the end of the year,
25 after significant positive

1 performance in equity and high
2 yield, we made the rebalancing
3 recommendation to the liquid
4 policy portfolio.

5 MR. WALTERS:

6 I think to specifically
7 answer your question, we would
8 recommend a rebalancing
9 procedure where, when relative
10 to where the assets would come
11 from, rebalancing into high
12 yield in this instance would be
13 beneficial to the portfolio. So
14 we would have to take from a
15 certain asset class.
16 Infrastructure is not liquid,
17 the cash isn't available.

18 MS. BRUSSELARS:

19 Okay.

20 MR. WALTERS:

21 So we can't just take
22 from infrastructure and put it
23 into high yield. So not only is
24 it an absolute choice, sometimes
25 it's a relative choice.

1 MS. BRUSSELARS:

2 Thank you. That
3 concludes my question.

4 MR. BROKAW:

5 Thanks, Tim.

6 MS. BRUSSELARS:

7 All right, what's next?

8 MR. BROKAW:

9 Any more questions?

10 So one forward looking
11 item, I know at the meeting
12 earlier this week, the education
13 session, we talked about a
14 number of things, including
15 asset allocation. And so at a
16 future meeting, I propose at the
17 May meeting, I can bring an
18 asset allocation that basically
19 is going to look at your current
20 allocation, compare it to a
21 couple of different scenarios,
22 and see if there are different
23 changes, additions to various
24 asset classes at the targets
25 that would be beneficial to the

1 portfolio.

2 MR. PUZAK:

3 Chris, I've got a
4 question. I'm going to track
5 backwards. As far as interest
6 rates, what do you predict as
7 far as what they're going to be
8 ---?

9 MR. BROKAW:

10 Right. Right. So what I
11 was referring to is information
12 from the Federal Reserve. So
13 using that data as well as the
14 market, what the market is
15 pricing in right now, it's three
16 interest rate cuts in 2024. So
17 right now it's at 5.25 to five
18 and a half. So that would be
19 down to 4.75 by the end of the
20 year.

21 MR. PUZAK:

22 So it's going to be three
23 quarter ---?

24 MR. BROKAW:

25 Quarter point

1 reductions. Yes, yes.
2 That's what both the Fed
3 and the market is pricing
4 in.

5 MR. PUZAK:

6 What kind of effect is
7 that going to have on our
8 market?

9 MR. BROKAW:

10 Yeah, yeah. So the
11 market went up to all-
12 time highs yesterday.
13 That's ---.

14 MR. PUZAK:

15 It went high I think
16 today too.

17 MR. BROKAW:

18 Yes. So it's really
19 in line with
20 expectations, let's say.
21 It's when something
22 unexpected happens that
23 really you see a
24 significant change in the
25 market. Up or down.

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MR. PUZAK:

Now, the upcoming election, is that going to have an effect on the market, I guess?

MR. BROKAW:

Yes. So what happens historically is that no matter which side you're on, which side comes out ---.

MR. PUZAK:

Well, I'm on the right side.

MR. BROKAW:

Of course, but what I want to lay out is more volatility. So the market doesn't like unknowns. So the more unknown there is, the greater the expected volatility. So I think if the market goes according to history, you could probably expect a higher degree of volatility towards the end of the third quarter and beginning

1 of the fourth quarter.

2 Now, I say volatility,
3 that doesn't really lay out one
4 direction or another. So in
5 terms of actionable intelligence
6 that you can use to say, oh,
7 we're going to invest this way
8 to make money, I'm not sure
9 there's a whole lot out there,
10 but you should expect a greater
11 degree of volatility as we get
12 closer to November.

13 MR. PUZAK:

14 Is there somebody that
15 you recommend?

16 MR. BROKAW:

17 Someone I recommend
18 reading to understand the
19 volatility? Well, the
20 information that I just
21 mentioned, that really ---.

22 MR. PUZAK:

23 That's not what I'm
24 saying.

25 MR. BROKAW:

1 Oh. What is the
2 question?

3 MR. WALTERS:

4 We recommend that you
5 continue to be diversified in
6 your asset allocation,
7 rebalance, close back to your
8 targets to control risk in the
9 portfolio.

10 MR. BROKAW:

11 Tim's a better listener.
12 Sorry about that.

13 MR. PUZAK:

14 I don't know the answers
15 so don't have to --- I'm sorry.

16 MR. BROKAW:

17 No, no, we're all good.
18 Any more questions?

19 MS. BRUSSELARS:

20 I had a question to step
21 back. I was discussing with the
22 chief deputy around the
23 reporting that you have, just
24 that it does roll up everything
25 that's in our private equity

1 portfolio, ---

2 MR. BROKAW:

3 Yes.

4 MS. BRUSSELARS:

5 --- as well as what's in
6 the emerging manager's
7 portfolio. And if I'm
8 understanding right, that would
9 largely be on the private equity
10 side. We see that in the
11 private equity composite, the
12 life settlements, ---

13 MR. BROKAW:

14 Yes.

15 MS. BRUSSELARS:

16 --- the hedge, is that
17 where the hedge fund composite
18 falls in there, or does that
19 fall into the emerging? And
20 then the emergings are all
21 marked with that ---?

22 MR. BROKAW:

23 Right, right, that one is
24 not marked, and we did have a
25 conversation about that

1 particular fund. Yes, it should
2 be marked differently ---

3 MS. BRUSSELARS:

4 Okay.

5 MR. BROKAW:

6 --- and go into another
7 bucket.

8 MS. BRUSSELARS:

9 Okay.

10 MR. BROKAW:

11 Regarding the private
12 equity, I didn't hit all pages
13 six, seven, et cetera, that lay
14 out the individual managers. To
15 speak to your point, if you look
16 at the individual line items,
17 that should --- not just should.
18 It includes what we would refer
19 to as your core portfolio, about
20 70% of the portfolio. That's
21 what we're primarily looking at
22 in terms of individual managers.

23 That includes as line
24 items, the emerging managers.
25 And then the private equity line

1 item is labeled private equity
2 composite. That really includes
3 everything that you'll see in
4 Ed's report. So that's
5 approximately 60 different
6 managers.

7 MS. BRUSSELARS:

8 Okay.

9 And do --- for other
10 clients, do you report any
11 additional information on
12 private equity that's not under,
13 like, your purview, or is this
14 typical to just see it all,
15 like, compiled into one line?

16 MR. WALTERS:

17 This is a monthly flash
18 report.

19 MS. BRUSSELARS:

20 Okay.

21 MR. WALTERS:

22 The quarterly reporting
23 package that we currently give
24 the county does include more
25 detailed information.

1 MS. BRUSSELARS:

2 Okay.

3 MR. WALTERS:

4 So it would break out
5 those underlying investments,
6 give some summary information,
7 but it does not go into as deep
8 asset strategies reporting does.

9 MS. BRUSSELARS:

10 Thank you.

11 MR. WALTERS:

12 In its current format.

13 MR. PUZAK:

14 Chris, do you think we
15 have too many managers?

16 MR. BROKAW:

17 I'm sorry?

18 MR. PUZAK:

19 Do you think we have too
20 many managers?

21 MR. BROKAW:

22 That's a great question.
23 Well, I will be brief. You have
24 essentially three different
25 programs. You have the core

1 that has about 70% of your
2 assets and approximately 20
3 managers. I believe that's a
4 well-diversified program, and 20
5 managers in that program is
6 appropriate.

7 You have an emerging
8 manager program with about a
9 dozen managers in it. And for
10 the emerging manager program, I
11 believe twelve managers,
12 approximately, is appropriate.

13 In private equity, you
14 have about 60 managers. And if
15 you have a private equity
16 program that has individual
17 managers, direct investments
18 into private equity like you do,
19 and it's built out over decades,
20 60 managers is an appropriate
21 number.

22 So when it comes, and I'm
23 glad you asked the question,
24 when it comes to the number of
25 managers, part of the reason

1 that there's so many managers in
2 the portfolio is because you
3 have a private equity program.
4 Now, that goes hand in hand with
5 having a private equity program.
6 So the decision is, do you ---
7 if you want the three programs
8 as you have them, you have an
9 appropriate number of managers.

10 MR. PUZAK:

11 So does that helping us
12 out or --- is that making it
13 better for the fund?

14 MR. BROKAW:

15 Well, we believe that
16 private equity, when I bring
17 forth the asset allocation
18 study, private equity can add
19 value to a portfolio over the
20 long term. Private equity is a
21 very long term, illiquid
22 investment. So the largest
23 reason that you have as many
24 managers as you do in your
25 portfolio is that private equity

1 program, I believe, and we as a
2 firm believe private equity can
3 add value.

4 MS. BRUSSELARS:

5 And it's on the
6 transcript if we need to read it
7 again.

8 MR. PUZAK:

9 Thanks.

10 MR. BROKAW:

11 All right.

12 MS. BRUSSELARS:

13 Did you all have anything
14 else?

15 MR. BROKAW:

16 No, that is ---

17 MS. BRUSSELARS:

18 Thank you so much.

19 MR. BROKAW:

20 --- all that we have
21 prepared.

22 MS. BRUSSELARS:

23 Great.

24 MR. PUZAK:

25 Thank you, Chris.

1 MS. BRUSSELARS:

2 Yeah, thank you, Chris
3 and Tim.

4 Let's see. Next we have
5 Ed Boyer from Asset Strategy.

6 MR. BOYER:

7 Hello. Good afternoon.
8 Just a follow up on Ted's point
9 and what Chris was referring to
10 about the number of managers.
11 You know, part of the way in
12 which the plan was developed is
13 that the asset allocation
14 changed over the last 12 or so
15 years. That when we came on
16 board, the private equity
17 allocation, I think was 10%.
18 Then it went up to maybe 12,
19 then it went up again, then it
20 went up again, and then it went
21 up again.

22 So there's been at least
23 four steps, if not five steps,
24 increases in the private equity
25 program. So that's one of the

1 key reasons why there's so many
2 managers, and that increased the
3 diversification of style. You
4 know, vintage year
5 diversification is really
6 important in the private equity
7 world.

8 MR. PUZAK:

9 So they're all earning
10 their pieces?

11 MR. BOYER:

12 Well, I don't --- not all
13 of them are doing as well as we
14 would like. You know, some of
15 that, about 25% of the portfolio
16 was in already committed to when
17 we arrived. Okay? Then, you
18 know, we've made another set of
19 allocations, and that's probably
20 along the lines of another 50%.
21 And then the other 25, you know,
22 came in from the committee
23 members aboard, et cetera, along
24 the way. But we can't, as you
25 know, we can't sell them and

1 we're bearing with it ---.

2 MR. PUZAK:

3 Because if we sell them
4 we're going to lose, right?

5 MR. BOYER:

6 Well, they'll sell them
7 at a discount for sure.

8 All right, just referring
9 back to the Monday meeting where
10 we discussed the net capital
11 calls and distributions, the
12 managers provided us with the
13 data of somewhere on the lines
14 of capital calls being about 6
15 million, distributions being
16 possibly 18 million. I think it
17 really depends, again, on
18 interest rates. Chris expressed
19 a good point of view about where
20 the markets are and the Fed and
21 so forth.

22 The headline I picked up
23 this morning when I opened up my
24 iPad was Vanguard thinks
25 there'll be no rate increases --

1 - or decreases this year. So
2 not to be ignored. I mean,
3 Vanguard's a serious source, so
4 we're monitoring the situation.
5 If rates go down, the activity,
6 both on the capital calls and on
7 the distributions, we'll
8 increase as the market will fall
9 and have more activity overall.

10 Any questions?

11 Okay, so in your board
12 packets, there's two items that
13 we presented. This says we
14 won't touch on the public market
15 equivalents, because we touched
16 on that Monday. I'd be happy to
17 answer any questions, if you
18 have any. I would go otherwise
19 to the other piece that is
20 entitled private equity Market
21 Investment Overview. And that
22 lists all the managers, the
23 commitments, you know, what's
24 the call ratio, et cetera.

25 And I think the key

1 takeaway from this is that there
2 are two managers that are most
3 likely to have most of the
4 calls, and that would be
5 iNetworks and Magarac. And the
6 distributions will be more
7 diversified from multiple
8 managers. But I think also in
9 that communication with
10 iNetworks last night and this
11 morning, they've got a lot in
12 the pipeline where they have
13 LOIs, and with those letter
14 intents, if they go to the
15 closing, there will be a fair
16 amount coming back from
17 iNetworks.

18 The others are all just
19 subject to the finding the right
20 bid and ask on the transaction
21 whether it's private equity or
22 venture capital. But I think
23 that process is thawing again,
24 and we'll see later in the year
25 more activity.

1 Your valuation at the
2 moment is \$188,000. And that's
3 different than what you might
4 see on the custodial platform,
5 where this is updated with
6 capital calls and realizations
7 already that the custodial
8 platform doesn't pick up on an
9 interim monthly basis.

10 Any questions?

11 MS. BRUSSELARS:

12 Any questions? I don't
13 have any.

14 Thank you.

15 MR. BOYER:

16 Okay, thank you very
17 much.

18 MS. BRUSSELARS:

19 And Perry Giovannelli
20 from PFM, do you have anything
21 you wanted to share today? Were
22 there any ---?

23 Okay. Thank you.

24 For new business, an
25 update from the RFP Committee.

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MS. ROKA:

Thank you.

The next committee meeting is scheduled for April 3rd, and I believe Walt circulated the draft RFP to all committee members.

MS. BRUSSELARS:

Thank you.

Any questions?

Any other topics?

All right. Can I have a motion to adjourn?

CHAIR:

I'll make a motion.

MS. BRUSSELARS:

All right, we're adjourned. Thank you.

MR. SZYMANSKI:

Thank you.

* * * * *

MEETING CONCLUDED AT 12:36 P.M.

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CERTIFICATE

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I hereby certify, as the stenographic reporter, that the foregoing proceedings were taken stenographically by me, and thereafter reduced to typewriting by me or under my direction; and that this transcript is a true and accurate record to the best of my ability.
Dated the 21st day of March, 2024



Court Reporter
Danielle Ohm