

THE RETIREMENT BOARD OF
ALLEGHENY COUNTY

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PUBLIC MEETING

* * * * *

BEFORE: ERICA ROCCHI BRUSSELARS,

Chair

Sara Innamorato, Member

Kimberly Joyce, Member

Corey O'Connor, Member

Sarah Roka, Member

Jennifer Liptak, Member

HEARING: Thursday, October 17, 2024

12:00 p.m.

LOCATION: Allegheny County Courthouse

4th Floor, Gold Room

436 Grant Street

Pittsburgh, PA 15219

WITNESSES: None offered

Reporter: Chelsea Curry

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A P P E A R A N C E S

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2
3 BRIAN GABRIEL, ESQUIRE
4 Campbell Durrant, P.C.
5 535 Smithfield Street
6 Suite 700
7 Pittsburgh, PA 15222-2302
8 Solicitor

9
10 ALSO PRESENT:

11 WALTER SZYMANSKI
12 CAMPBELL DURRANT
13 TODD KORDECKI
14 CHRIS BROKAW
15 TIM WALTERS
16 ED BOYER
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P R O C E E D I N G S

CHAIR:

All right.

Let's --- I'm Erica. I'm
calling the meeting to order. We'll
have the Pledge of Allegiance. Stand,
if you'd like.

(Pledge of Allegiance.)

CHAIR:

Walt, would you do the
roll call?

MR. SZYMANSKI:

Yes. Just as a reminder,
too, if everybody can have their mics
on when they're talking so the camera
can pick it up.

Frank DiCristofaro?
Sarah Innamorato? Kimberly Joyce?

MS. JOYCE:

Here.

MR. SZYMANSKI:

Jennifer Liptak?

MS. LIPTAK:

Here.

1 MR. SZYMANSKI:

2 Corey O'Connor?

3 MR. O'CONNOR:

4 Here.

5 MR. SZYMANSKI:

6 Sarah Roka?

7 MS. ROKA:

8 Here.

9 MR. SZYMANSKI:

10 President Brusselars?

11 CHAIR:

12 Here. Are there any
13 public comments?

14 MR. SZYMANSKI:

15 No public comment.

16 CHAIR:

17 All right.

18 President's update. We,
19 on an update for the Bylaws Committee.
20 We met yesterday, two days ago. We met
21 this week, and we finalized, we got
22 through the whole thing. Brian Gabriel
23 is updating it, so we expect to
24 circulate electronically to the Board
25 in the coming weeks the draft bylaws,

1 and then we will propose them formally
2 at the November meeting, and then we'll
3 have a vote on them at the December
4 meeting.

5 And then we're in very
6 preliminary talks, and I haven't talked
7 to many or any of the council people
8 about this, about changing the meeting
9 schedule next year to be bi monthly.
10 So I'll reach out to you all to discuss
11 that.

12 And also, Corey, thank
13 you for reminding us to say something.
14 Frank DiCristofaro's mom passed away
15 this week, so we sent him our
16 condolences.

17 Next are Board approvals.
18 Can I have a motion to approve the
19 Board meeting minutes from September
20 19th, 2024?

21 MR. O'CONNOR:

22 So moved.

23 MS. JOYCE:

24 Second.

25 CHAIR:

1 Hearing a motion and a
2 second, is there any discussion?
3 Hearing no discussion, all in favor say
4 aye.

5 (AYES RESPOND)

6 CHAIR:

7 Aye. Any opposed?

8 (NO RESPONSE)

9 CHAIR:

10 Hearing none, the motion
11 passes. Next, can I have a motion to
12 accept the financial statements, which
13 include the pension fund assets, the
14 statements of changes in plan net
15 assets, and the RBAC balance sheet for
16 August 2024?

17 MR. O'CONNOR:

18 So moved.

19 MS. JOYCE:

20 Second.

21 CHAIR:

22 Hearing a motion and a
23 second, is there any discussion?
24 Hearing none, all in favor, say aye.
25 (AYES RESPOND)

1 CHAIR:

2 Aye. Any opposed?

3 (NO RESPONSE)

4 CHAIR:

5 Motion passes.

6 Next, we have

7 applications. Can I have a motion to
8 approve October 2024 applications,
9 which includes six early retirements,
10 nine full retirements?

11 MR. O'CONNOR:

12 So moved.

13 MS. JOYCE:

14 Second.

15 CHAIR:

16 Hearing a motion and a
17 second, is there any discussion?

18 Hearing none, all in favor, say aye.

19 (AYES RESPOND)

20 CHAIR:

21 Aye. Any opposed?

22 (NO RESPONSE)

23 CHAIR:

24 And we can also reflect

25 that the Executive Innamorato joined us

1 a couple motions ago.

2 MS. INNAMORATO:

3 We're flying through.

4 CHAIR:

5 We're --- we're going
6 fast. This is half the speed of last
7 year, though.

8 Next, we have manager
9 reports with Walt Szymanski.

10 MR. SZYMANSKI:

11 Thank you very much. If
12 you turn to the managers report tab in
13 your book, I'll highlight some areas on
14 the dashboard. Retiree payroll's up
15 3.99 percent as of year to date. Total
16 contributions made are up 9.8 percent.
17 Contributions refunded are up 2.44
18 percent. Total retirements are up
19 25.51 percent.

20 If you turn to the next
21 page, pension estimates are up 7.11
22 percent. Capital calls are up 5.58
23 percent, and as of the last meeting,
24 there was \$1.543 million in capital
25 calls.

1 I have the office budget
2 as of September 31st --- September
3 30th, 2024. Are there any questions?
4 All right.

5 So then I have some Board
6 updates. So myself and the
7 administrative assistant with the
8 office visited the county jail on
9 August 30th of 2024. We were there
10 from 10:00 to 2:00. Estimates were run
11 for jail employees and all retirement
12 questions were answered. We had a very
13 high attendance. So due to this
14 attendance, we plan to schedule a
15 follow up meeting, and the next meeting
16 we're going to schedule from 2:00 to
17 6:00 for those who start after the 2:00
18 p.m. shift.

19 The Board President and
20 myself visited the offices of Phase XIV
21 on September 27th, 2024. Phase XIV
22 staff are very knowledgeable, and they
23 explained the continued function as our
24 disability pension consultant. They
25 answered all the questions that we had,

1 and I've included the prior year's
2 contract just for your review. There
3 is an option to review the contract for
4 two years at the 2024 rates. We're not
5 asking for any vote today, but just
6 take a review on it. It'll be
7 presented more than likely in the
8 December meeting.

9 Also, we had talked about
10 changing, so now that we have a
11 transcript for the Board meetings,
12 we're going to do an agenda synopsis
13 rather than summary minutes. So the
14 new format's in here for your review.
15 If you have any questions or anything
16 you would like to see changed on it,
17 let us know. Otherwise, moving
18 forward, we'll start posting that
19 briefly after the meeting so that way
20 it's on the website for everybody to
21 take a look at.

22 And just an update on the
23 retirement calculator, excuse me. It's
24 now available to all court and county
25 airport employees. So we had worked

1 through with their IT department. So
2 everybody, at least on the county
3 network now, should have access to
4 that.

5 CHAIR:

6 Is there anyone who
7 wouldn't? So it includes all the
8 groups in the pension plan?

9 MR. SZYMANSKI:

10 All the groups should be
11 included now, yes.

12 CHAIR:

13 Okay.

14 And it's just that they
15 need to be at a county computer?

16 MR. SZYMANSKI:

17 Correct.

18 CHAIR:

19 And the retirement office
20 has a computer available in their
21 office?

22 MR. SZYMANSKI:

23 We do. We have a kiosk
24 in our office, and then we'd offer to
25 help setup a kiosk anywhere else that

1 might need to be done.

2 CHAIR:

3 Thank you.

4 MR. SZYMANSKI:

5 You're welcome. And
6 that's all I have for that.

7 CHAIR:

8 I just jumped in on the
9 questions. Are there any other
10 questions for Walt?

11 MS. JOYCE:

12 I just have one question.
13 So that's for active employees. Are
14 the retirees able to use the kiosks if
15 they go to a physical location?

16 MR. SZYMANSKI:

17 So as of right now, the
18 retirees, we're going to be working on
19 that portal next year. So, and we're
20 going to try to make an interactive
21 portal. They have to print award
22 letters, so forth. As of now, no.
23 It's just for running estimates for
24 active employees.

25 MS. JOYCE:

1 Okay, thanks.

2 CHAIR:

3 Once you have the ---
4 what kinds of things will the future
5 retiree thing do?

6 MR. SZYMANSKI:

7 We're still in
8 discussions with the developer on that,
9 and I'll probably bring a presentation
10 in November, December ---

11 CHAIR:

12 Okay.

13 MR. SZYMANSKI:

14 --- on what that would
15 look like and new costs that may be
16 involved with doing this.

17 CHAIR:

18 Thank you.

19 MR. SZYMANSKI:

20 You're welcome.

21 CHAIR:

22 Any other questions? No.

23 Thank you, Walt.

24 MR. SZYMANSKI:

25 Thank you.

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CHAIR:

Next, we have Brian Gabriel, our solicitor.

ATTORNEY GABRIEL:

Thank you, Erica. The solicitor's report is current as of October 10th. There is one action item, and it is referred to in the first item, in the solicitor's report, starting at page one and carrying over to page two. It is also the subject of an attachment, which is a memorandum from our class action counsel, Bernstein Litowitz Berger and Grossmann.

So the --- the request is for a motion to authorize BLB&G to represent the Allegheny County Employees Retirement system and to seek lead plaintiff status in the securities section filed at Methode Electronics Inc. in the United States District Court for the Northern District of Illinois.

CHAIR:

1 Would anyone like to make
2 such a motion?

3 MR. O'CONNOR:

4 So moved.

5 MS. JOYCE:

6 Second.

7 CHAIR:

8 Hearing a motion and a
9 second, is there any discussion?
10 Hearing none, all in favor, say aye.
11 (AYES RESPOND)

12 CHAIR:

13 Aye. Any opposed?

14 (NO RESPONSE)

15 CHAIR:

16 The motion passes.

17 ATTORNEY GABRIEL:

18 I have no other specific
19 items to bring to the Board's
20 attention, but I'd certainly be happy
21 to answer any questions.

22 CHAIR:

23 Hearing none, thank you.

24 ATTORNEY GABRIEL:

25 Thank you.

1 CHAIR:

2 Next, we have, I prepared
3 a sign for this. Chris Brokaw and Tim
4 Walters from Mariner.

5 MR. BROKAW:

6 Thank you.

7 CHAIR:

8 Did I do all right this
9 time? One out of three?

10 MR. BROKAW:

11 One out of three. Well,
12 it ain't bad.

13 So, if you turn to our
14 tab in the book, page --- page 1 of 25
15 is a memo with a recommendation
16 regarding maintaining liquidity in the
17 portfolio for benefit payments. So,
18 what we are recommending is liquidating
19 the BlackRock liquid policy portfolio
20 over the next several months. Really,
21 it would be --- it would be
22 approximately four months based on the
23 current liquidity needs in the
24 portfolio. And also to authorize the
25 pension manager to ensure that there's

1 \$15 million available midmonth in the
2 retirement fund by midmonth, every
3 third Thursday of the month to pay for
4 the pending --- pending benefit
5 payments.

6 And also, we would report
7 back on any transactions that --- that
8 were made in the month to raise that
9 liquidity. We would raise the
10 liquidity from the portions of the
11 portfolio that are overweight relative
12 to the investment policy statement.
13 Currently, there's about \$26 million in
14 the BlackRock liquid policy portfolio.
15 And again, that --- that investment
16 would go to zero over approximately the
17 next four months.

18 So, this recommendation
19 really is a way to streamline the
20 liquidity generation and authorize us
21 to work together. That is, Tim and I
22 to work together with the pension
23 manager to make sure that the funds are
24 available. So that is --- that is the
25 recommendation that we're making.

1 MS. LIPTAK:

2 Question.

3 MR. BROKAW:

4 Yes.

5 MS. LIPTAK:

6 Yeah?

7 CHAIR:

8 Yes.

9 MS. LIPTAK:

10 So, just want to --- this
11 is a change in process. Normally, when
12 we do a cash raise, the Board has to
13 approve every single cash raise. Is
14 this a process where you're asking for
15 us to not approve every cash raise and
16 just get reported to every cash raise?
17 Because this is --- that's a very
18 different process than ---

19 MR. BROKAW:

20 Yes.

21 MS. LIPTAK:

22 --- what we've done over
23 the years from auditing purposes.

24 MR. BROKAW:

25 Yeah.

1 MS. LIPTAK:

2 So I want to understand
3 more deeply.

4 MR. BROKAW:

5 Sure.

6 MS. LIPTAK:

7 I understand streamlining
8 the process because we need to raise
9 cash, but you know, every time we have
10 to vote on the cash raise, it's a
11 reminder of us of our funding position,
12 where we're taking the money from, et
13 cetera. Versus it being put into a
14 report that we have to search through
15 and not really have a conversation
16 about.

17 MR. BROKAW:

18 Sure.

19 MS. LIPTAK:

20 So, I guess I'm curious
21 as to why is the recommended shift?

22 MR. BROKAW:

23 Yeah.

24 MS. LIPTAK:

25 If it makes better sense

1 process wise because other funds do it
2 that way?

3 MR. BROKAW:

4 Right.

5 MS. LIPTAK:

6 Sure. I just want to
7 understand why this is a new
8 recommendation.

9 MR. BROKAW:

10 Right.

11 MS. LIPTAK:

12 Because the standing
13 process, not to say it shouldn't be
14 changed, has always been capital raise.
15 We have to approve it by the Board.
16 So, can you just --- because if that's
17 what this is, this is a blanket
18 approval ---

19 MR. BROKAW:

20 Sure.

21 MS. LIPTAK:

22 --- in perpetuity to
23 allow for you guys to raise cash.

24 MR. BROKAW:

25 That's ---.

1 MS. LIPTAK:

2 Right? Yeah, okay.

3 MR. BROKAW:

4 So, the current policy
5 that's in --- that's in place, and ---
6 and one that started when we started
7 working with the Board with the liquid
8 policy portfolio, was to have funds in
9 the liquid policy portfolio so that we
10 didn't have to come to every meeting
11 and --- and get that approval.

12 In the current standing
13 process and instructions that were
14 approved by the Board was, or is, to
15 have \$8 million in cash in midmonth.
16 And if there is any cash requirement,
17 to take it from the liquid policy
18 portfolio.

19 So, this change does two
20 things. One, it moves that \$8 million
21 to \$15 million, recognizing that over
22 time, you --- you have had larger cash
23 requirements, outflows from the
24 portfolio. So that --- that moves that
25 level from \$8 million to \$15 million.

1 And the second one is to allow the
2 portfolio to be fully invested in all
3 of the core investments in the
4 portfolio and eliminate the requirement
5 for this liquid policy portfolio.

6 So, it is a slight
7 change. And the change is, instead of
8 drawing all the funds from the liquid
9 policy portfolio and maintaining
10 exposure there, to take it from the
11 individual managers that are over their
12 target allocation. But yes, you are
13 right. The current policy and --- and
14 this recommendation does not require
15 monthly Board approval for the --- for
16 the liquidity raise.

17 MS. LIPTAK:

18 I do have --- I have a.

19 CHAIR:

20 Have a follow up.

21 MS. LIPTAK:

22 That's, okay. So as a
23 follow up, I guess, for just monitoring
24 purposes, I think it's helpful when we
25 go and we review our stuff. Walt very

1 diligently sends our things in advance
2 so we can look at it.

3 MR. BROKAW:

4 Right.

5 MS. LIPTAK:

6 We have our books, but I
7 would just ask if this is the --- where
8 we're going to move to that we have it
9 in the --- we have a report of it every
10 meeting. So then we can have just the
11 discussion or just another
12 acknowledgement of it, because that
13 movement is very vital to us
14 understanding our funding status.

15 MR. BROKAW:

16 Yeah.

17 MS. LIPTAK:

18 I --- I think so.

19 CHAIR:

20 Yeah. Oh, no, I --- I
21 agree.

22 MS. LIPTAK:

23 I would ask that we would
24 do that, not just have it in the book
25 for us to look at, like, incorporate it

1 as a monthly report of some sort.
2 That's, if the Board --- if the Board
3 chooses.

4 CHAIR:

5 Yeah. Is that --- I
6 appreciate all these questions. Is
7 that --- is a report that looks
8 something like? I'm imagining maybe
9 it's a page that says, X was raised out
10 of the core investments from, like,
11 this amount, from these ones, and maybe
12 if they were over target or not? Is
13 that the kinds of information ---?

14 MR. BROKAW:

15 Yeah.

16 MS. LIPTAK:

17 You were going to put a
18 report in this anyway. That's ---
19 that's basically it.

20 MR. BROKAW:

21 Yeah.

22 MS. LIPTAK:

23 I mean, it makes sense to
24 try to adjust where things are
25 overweighted. And again, that always

1 changes based upon how people --- how
2 funds are doing and such, but I just
3 think it's a good process for us to
4 understand where the money's coming
5 from and just have, like, an update on
6 that, if that's okay. Because it's not
7 like we're in a position where we have,
8 you know, excess. We are very
9 strategically now trying to take money
10 out of places that make the most sense
11 and add the most, or hold the most
12 value within our funds.

13 So I just --- I just, I
14 would just ask that. That it would be
15 not just in the book for us to read it.
16 It'd be as part of our monthly report,
17 someone's report.

18 MR. BROKAW:

19 Explicit?

20 CHAIR:

21 Yeah.

22 MR. BROKAW:

23 Yes.

24 CHAIR:

25 Yeah. And --- and it

1 sounds like, does --- like, between now
2 and the next meeting, Walt and Chris
3 can discuss, like, what that reporting
4 will look like and whose --- whose
5 report it would in.

6 And I'm realizing we
7 didn't put a motion for this on the
8 agenda, so I think it would make sense
9 to, like, give us a month so it's not,
10 like, a surprise.

11 MR. BROKAW:

12 Yeah.

13 CHAIR:

14 And put a motion on next
15 month's agenda to approve this
16 proposal.

17 And I'll just --- sorry,
18 are there any other questions? The,
19 one of the reasons I asked Mariner to
20 look at this is, my understanding is
21 that some of the reasons this liquid
22 policy portfolio was in place is that
23 there was a period of time where there
24 wasn't great cash management, and the
25 Board was receiving very late requests.

1 And so, this was put in to react to not
2 having, I think, the level of
3 consulting that the plan needed. And
4 as Mariner has shown with their ---
5 with their reporting and their
6 attention to things that --- that I
7 think they have, like, shown their kind
8 of wherewithal, and that this thing
9 that was, I think, put in as a backstop
10 for where we were a little short, isn't
11 needed anymore.

12 MS. LIPTAK:

13 Kind of. The other thing
14 I recall, and Walt would probably be
15 the other person that's here would ---
16 would remember this is, is that it was
17 a smarter place to put the cash that
18 started to come in from all the funds
19 that we had in the alternative
20 investments because we were starting to
21 get more funds that made more sense to
22 put them, make money off of them, and
23 then use them instead of --- instead of
24 selling off other investments. So it
25 was part of a stronger cash management

1 system, I think. And we all thought it
2 was a great idea, and I still think
3 it's a very good idea. It was a good
4 way to receive that cash back in and
5 then use it for what we thought was
6 best for the Board, so.

7 CHAIR:

8 Yeah. Yeah. And we were
9 --- we were also, was it --- is it fair
10 to say we were funding more capital
11 calls at that point?

12 MR. BROKAW:

13 Yeah. That we --- we had
14 gone through, over the last decade,
15 first, it was lots of capital calls.
16 And on a monthly basis, it was my
17 understanding that, you know, sometimes
18 it would be the week of the meeting,
19 the day before the meeting, that there
20 was, oh, we need \$3 million, \$5
21 million, something of that nature. And
22 that's how we arrived at this solution.

23 Well, it went from lots
24 of capital calls, money going out of
25 the plan, to several years of \$20, \$30

1 million coming into the plan. And
2 that's exactly what you're referencing,
3 Ms. Liptak.

4 So right now, at least at
5 the present time, there's not that kind
6 of --- that kind of cash flow, but that
7 --- that sum of the history and some of
8 the reason for having that liquid
9 policy portfolio is no longer --- no
10 longer present. So, that's where we
11 are.

12 MR. WALTERS:

13 In addition to a decade
14 plus low interest rate environment
15 where money market funds weren't
16 yielding anything. And so, now that we
17 have above a four and a half percent
18 yield on money market funds, you know,
19 it warrants a relook.

20 CHAIR:

21 And --- and what about in
22 two years when we don't have four on
23 money market funds? Like, will we be
24 re-relooking at it?

25 MR. WALTERS:

1 I --- I think then the
2 shift is you don't keep as high of a
3 balance in a money market fund because
4 it could be a potential drag on
5 returns.

6 CHAIR:

7 Okay.

8 MR. WALTERS:

9 So, maybe not a reaction
10 to add funds or re-add a liquid policy
11 portfolio, but a reevaluation of the
12 balance that you keep in the money
13 market fund ---

14 CHAIR:

15 Okay.

16 MR. WALTERS:

17 --- versus being fully
18 invested.

19 CHAIR:

20 Okay, thank you.

21 Are there any other
22 questions?

23 MS. LIPTAK:

24 Thank you.

25 CHAIR:

1 All right.

2 What's next?

3 MR. BROKAW:

4 All right.

5 Next item. Page 2 of 25,
6 the emerging minority and women owned
7 investment manager program. This,
8 these are the guidelines that you have
9 for the program with a couple of
10 highlighted draft changes to them. So
11 if you look at page 2 of 25, the slight
12 changes are, one, the date, which, of
13 course, we can advance forward to the
14 --- to the next meeting or subsequent
15 meeting. And the second one on this
16 page is the implementation criteria.

17 The --- the item that's
18 added there addresses adding new
19 managers to this program and focuses on
20 making sure that the plan is
21 sufficiently funded before adding new
22 managers to the program. So, that is
23 really the one item that changes on
24 pages 2 of 25 through 5 of 25. So,
25 they're --- they're here for the

1 Board's review.

2 CHAIR:

3 Are there any questions?

4 So this is basically, and I'm realizing

5 we didn't --- sorry. Are there any

6 questions before I start talking?

7 Okay.

8 I realized we didn't

9 state what the fund, what funded status

10 we'll be using. So that's.

11 MR. BROKAW:

12 Oh, 80 percent.

13 CHAIR:

14 No, sorry.

15 MR. BROKAW:

16 It's in here.

17 CHAIR:

18 Todd probably has, like,

19 ten different funded statuses in his

20 report.

21 MR. BROKAW:

22 Oh, I see.

23 CHAIR:

24 So we --- we should ---

25 we should choose, we should work with

1 the actuary to decide on which one
2 we'll be looking at.

3 MR. BROKAW:

4 The specific language.

5 CHAIR:

6 So --- so we know which
7 one to compare it to.

8 MR. BROKAW:

9 Right.

10 CHAIR:

11 And we are looking at
12 this. I had heard, I think some, I
13 know I feel this way. And I think
14 there had been some member curiosity
15 around having an emerging managers plan
16 that invested these small amounts when
17 our plan is so underfunded and looking
18 to streamline a number of components.
19 So that's why we were looking at it
20 this way. I didn't pre-call anyone for
21 this meeting, so this might be the
22 first time folks are hearing it.

23 So I'd just like to, if
24 there's any discussion, we're happy to
25 hear it now, or we can put this on a, I

1 don't know if there's thoughts on if we
2 want a motion on it today or if we want
3 a motion on it next month. No strong
4 opinions?

5 MS. LIPTAK:

6 I think it would be
7 helpful. I think this is great. I
8 just, your point was very good. Which
9 actual report status are we going to
10 look at? Total funding? Like, which
11 one. I think we need to clarify that
12 as a Board because they are very
13 different. I mean, you also have, you
14 know, the controller's office also has
15 a different mechanism for developing
16 funding, so we should probably clarify
17 that before. But I --- I think this is
18 very good. I appreciate the work.

19 CHAIR:

20 If anyone wants to make a
21 motion, they can make a motion, or
22 we'll put it on next month's agenda for
23 a motion. Yeah, we're going to do it
24 next month.

25 MR. BROKAW:

1 All right.

2 Page 6 of 25. So, in ---
3 in our informal conversations before
4 the meeting, a question came up, are
5 the markets good? And the answer is
6 yes. The markets continue to perform
7 well. Equity and fixed income, if you
8 look on page six, this is through the
9 end of September. The S&P was up over
10 two percent. Small cap equity was up a
11 bit under --- under one percent.
12 International, about one percent. And
13 emerging markets, best performing
14 index, this is page six on the top
15 left, at over six and a half percent,
16 driven by some very strong performance
17 in China.

18 One item of note, if you
19 look at that Russell 1000 growth index,
20 it's the fourth one down. And you see
21 that --- that year to date, it's up 24
22 percent. And I know that we've
23 mentioned before, this is the
24 magnificent seven and all the --- all
25 the large cap tech companies.

1 Interesting thing that
2 happened in the last quarter is you see
3 for the trailing three months, this
4 Russell 1000 growth. So the third
5 quarter was up three percent, and all
6 of the other indices outperformed the
7 Russell 1000 growth. So, some of the
8 other parts of the market, small cap,
9 midcap, international, performing
10 better than growth. Growth had done
11 very well for a long period of time.
12 So diversification in the portfolio,
13 having other investments, they may not
14 have done it as well in 2023 or the
15 year to date period, but right now,
16 some of those other investments are
17 outperforming the large cap growth.

18 If you look at fixed
19 income, the next line down, the broad
20 bond market, US aggregate, was up 1.34
21 percent. And interest rates, interest
22 rates declined all across the yield
23 curve. Short term, long term, the Fed
24 cut interest --- interest rates. And
25 so, that led to positive performance

1 within the bond market. Now short term
2 rates, if you look at the next set of
3 numbers and the rates, the US three
4 month treasury, 4.62 percent, so down
5 from at the beginning of the year, 5.33
6 percent. So interest rates declining,
7 helping the returns in fixed --- fixed
8 income through the end of the quarter.

9 Now, when we look at ---
10 any questions on the market? Now when
11 we look at your portfolio on page 9 of
12 25, and this data is through the end of
13 August, you see year to date up almost
14 --- almost six percent. And for the
15 month of August, up one and a quarter.
16 Some of the best performing parts of
17 the market, in August for the month,
18 non-US equity, so international stocks,
19 and core bonds. So the third, or I'm
20 sorry, the second asset class down from
21 the top and the third. So, declining
22 interest rates, which again continued
23 through September, helping the bond
24 market and as well the market
25 broadening out, not just being the US

1 large cap growth leading to some other
2 parts of the equity market showing ---
3 showing strong performance.

4 Overall, when --- when we
5 look at your portfolio, another item of
6 note would be down towards the middle,
7 the private real estate. You see in
8 the year to date period, slight
9 negative performance ahead of that
10 index, which was down three percent.
11 And over the past year, the index is
12 down ten and your real estate
13 investments, slightly negative, down
14 1.6. So, they are the part of the
15 portfolio with the largest relative
16 outperformance.

17 But again, you can see
18 over the year to date and the trailing
19 one year with the US equity market, up
20 17.9 for the year to date and 25.3 for
21 the trailing year, really driving the
22 positive portfolio performance, \$962
23 million. The top line, \$962,430,000,
24 the value of the portfolio as of the
25 end of August. Those are really all of

1 the prepared performance comments that
2 we had. Any questions on the
3 performance of your the portfolio?

4 CHAIR:

5 Okay, hearing none.

6 MR. BROKAW:

7 All right.

8 That is all the prepared
9 remarks that I had. We'd be happy to
10 answer any questions. Oh, page 17,
11 asset allocation. Again, the gray bars
12 are your investment policy statement
13 guidelines. The triangles are your
14 current allocation. And taking a look
15 at this, just to confirm that you are
16 within the investment policy ranges.

17 CHAIR:

18 And I feel like I asked
19 about rebalancing ---

20 MR. BROKAW:

21 Yeah.

22 CHAIR:

23 --- like, every month.

24 MR. BROKAW:

25 Yes.

1 CHAIR:

2 When, like when ---?

3 MR. BROKAW:

4 Yeah.

5 CHAIR:

6 When do we, say, take
7 some out of US equity and put some in
8 the high yield composite?

9 MR. BROKAW:

10 Right. Great question.

11 CHAIR:

12 Thanks.

13 MR. BROKAW:

14 And this --- this kind of
15 goes into the first recommendation and
16 --- and with rebalancing. I would ---
17 I would point to the --- the lowest bar
18 there, the last one, liquid policy
19 portfolio. You see that's under
20 target? A lot of that is invested in
21 public stocks and bonds. It's invested
22 in those markets through ETFs. So that
23 really balances out, to a degree, the
24 equity and core bond overweight. So,
25 that's --- that is a large part of why

1 some of those triangles aren't on the
2 line.

3 Other --- other things,
4 when you look at infrastructure, real
5 estate, those are illiquid investments.

6 So we are --- we are trying, with the
7 cash flows, to manage these over, over
8 and underweights. And that's, that's
9 really how, to the --- to a large
10 degree, how we move the portfolio from
11 an overweight position back to target.
12 Each month you use about \$6 million.

13 CHAIR:

14 Okay.

15 So each month, you're ---
16 right now, you're pulling the \$6
17 million out of the liquid policy?

18 MR. BROKAW:

19 Yes.

20 CHAIR:

21 And in the future, if we
22 move to do the thing we discussed
23 earlier?

24 MR. BROKAW:

25 Yes.

1 CHAIR:

2 And you'd be taking out
3 of the overweights?

4 MR. BROKAW:

5 Absolutely, yes.

6 CHAIR:

7 But if you wanted to put
8 into an underweight, that would ---
9 would the Board have to approve that?

10 MR. BROKAW:

11 Yes.

12 CHAIR:

13 Okay.

14 MR. BROKAW:

15 Yes.

16 CHAIR:

17 And so, sorry. You
18 started your comments with the liquid
19 policy portfolio is?

20 MR. BROKAW:

21 Yeah. So, the black bar
22 is the target. So, the liquid policy
23 portfolio is under its target, and the
24 offsetting over target weights are in
25 the equity and core fixed income.

1 CHAIR:

2 And that's --- and are
3 those just the three? I imagine that
4 the liquid policy portfolio was
5 something, like, the whole thing except
6 for the liquid investments?

7 MR. BROKAW:

8 The illiquid parts, yeah.

9 CHAIR:

10 Okay.

11 MR. BROKAW:

12 So it does --- it does
13 have have a portion of high yield
14 investments in it as well.

15 CHAIR:

16 Okay.

17 MR. BROKAW:

18 Yes.

19 CHAIR:

20 Okay, thank you.

21 MR. BROKAW:

22 Sure. Thank you.

23 CHAIR:

24 Any other questions?

25 Thank you, Mariner.

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MR. BROKAW:

Thank you.

CHAIR:

Next up, we have Ed Boyer from Asset Strategy.

MR. BOYER:

Thank you. Good morning, everyone, or good afternoon. Pardon me.

So this will be our last report, and we're going to start on our section here about the PME, public market equivalents. We'll go to page two and three. And so, this accounts for all of your partnership holdings. And there's a snapshot in time about the performance of the funds as well as the index. Excuse me. The first column there is the name of the fund, the net IRRs. You go, the index is next. And those returns of the index are in the fourth column. And the outperformance then is in the fifth column.

So this report does not

1 need to be shown every --- every
2 meeting. I mean, twice a year would
3 really be sufficient. They just don't
4 move that quickly to, you know, to be
5 measurable or significant, and you
6 can't get out of them. So, you know,
7 it's not like there's an action item to
8 be taken up.

9 But it's probably more
10 important to, directionally to know
11 where you're getting value. And on
12 page three, the outperformance is, in
13 our view, not been satisfactory. You
14 can see in the outperformance column
15 down in the bottom row, it's .93. And
16 it would have been our goal at the
17 outset to have this at least 300 to 500
18 basis points over the index. As you
19 know, not all of the --- a lot of these
20 funds were in place before we arrived
21 to make some adjustments to the whole
22 program.

23 Any questions on these
24 before we go to, let's see. The next
25 page are the funds.

1 CHAIR:

2 I appreciate you adding
3 that locally sourced fund column. So
4 that would indicate that it came, like,
5 at the recommendation of a Board member
6 or what is locally sourced fund?

7 MR. BOYER:

8 Well ---.

9 CHAIR:

10 How do you indicate that?

11 MR. BOYER:

12 So, it's one part, and
13 I'm not being acute about this, we
14 didn't source it. It came in the door.
15 It came either through the office or
16 through a Board member or a
17 relationship that someone had. When we
18 arrived ---.

19 CHAIR:

20 But, and you arrived in
21 2008? Or when did you arrive? Sorry,
22 because there's some vintage years that
23 would have been from before you.

24 MR. BOYER:

25 So --- so the first fund

1 that we made an investment in would
2 have been 2013.

3 CHAIR:

4 Okay.

5 MR. BOYER:

6 And of course, when we
7 arrived, like for example, hang on.
8 Let me find the name here. The real
9 estate fund had a lot of the holdings,
10 so that would have been Bowstone. It
11 was named something else at the time.
12 So Bowstone was already in the
13 portfolio, and you know, there was a
14 relationship there that, getting
15 additional allocations. Then, you
16 know, there are others that were of the
17 same nature. So, like, I'm not trying
18 to have you jump around, but if you
19 just look on, let's see. It would be
20 the first unnamed page or unnumbered
21 page. And that list, I'll come back
22 and answer your question in just a
23 moment, Erica.

24 CHAIR:

25 Okay.

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MR. BOYER:

But that lists them in order. And we can tell that, you know, we did not do Adams or Goldman Sachs. The first one we did there would have been Pharos and Constitution Capital. BlackStone came through a relationship at the Board level, and that's sort of how we aggregate it and look at it. I'll give you a better picture in just a moment, but to be clear, if I don't mind asking you to drop back to page five. So these means that it was our investment team that identified and presented and did the due diligence on these partnerships.

CHAIR:

On the page five partnerships?

MR. BOYER:

Page five.

CHAIR:

So, page five partnerships are ones you all found and brought to us?

1 MR. BOYER:

2 Right.

3 CHAIR:

4 And we invested in?

5 MR. BOYER:

6 Uh-huh.

7 MS. LIPTAK:

8 I, if I could add
9 something to that?

10 CHAIR:

11 Yeah.

12 MS. LIPTAK:

13 So, I recall a lot of
14 them were here. I got here in, like,
15 mid '08, and there was a lot of
16 confusion, at least for people like me,
17 as to where, how these funds were being
18 managed. And our existing manager at
19 the time who did the work that
20 Mariner's doing now.

21 MR. BOYER:

22 So that was Wilshire?

23 MS. LIPTAK:

24 Wilshire did not provide
25 any management of these overall

1 oversight. And because they said they
2 didn't have that within, this is me
3 speaking, not them, but I'm surmising.
4 They didn't have a specialty in there.
5 So, some of us Board members, including
6 myself, felt like we need to have
7 someone that knows what they're doing
8 because these are complicated
9 investments. So an RFP process went
10 out and that's where Asset Strategies
11 came in to try to organize and
12 coordinate some of these.

13 And so, you know. But a
14 lot of these were here before I got
15 here. I'm just going to say that,
16 like.

17 CHAIR:

18 Thank you.

19 MR. BOYER:

20 Yes, there were.

21 MS. LIPTAK:

22 Yes. They were here
23 before I got here.

24 MR. BOYER:

25 And --- and not to go on

1 too long. The outperformance from our
2 funds, you can see there under that
3 column is ten percent, or 1,000 basis
4 points. So that would be a success by
5 any definition. And what we did, in
6 addition to what your comments related
7 to Wilshire when you arrived, Jennifer,
8 is we made smaller allocations. Part
9 of this was to, as part of the
10 education process to the Board, to
11 realize that these strategies, you
12 know, were executed, implemented
13 differently. And that by doing that,
14 we would create more variability in the
15 realizations of the investments.

16 And, because as you're
17 seeing now throughout the portfolio,
18 you can't control them. And you never
19 know what the environment is to which
20 you want, the managers want to exit.
21 So, by having more partnerships with
22 different strategies, we increase the,
23 or hopefully, optimize the cash coming
24 back.

25 MS. LIPTAK:

1 Can I say something else
2 for the record? I do not know which
3 funds were locally sourced, so I'm just
4 going to say that. So, whatever was
5 brought to us, I have no idea if they
6 were whatever you're calling locally
7 sourced or not. They were just brought
8 to us with a recommendation. So, I
9 just wanted to make that clear. Okay,
10 thank you.

11 CHAIR:

12 Thank you. And did all
13 --- so they would ---?

14 MS. LIPTAK:

15 They would come through.

16 CHAIR:

17 Through and ---?

18 MS. LIPTAK:

19 They would come through
20 the.

21 MR. BOYER:

22 We would, yeah.

23 MS. LIPTAK:

24 Yeah. But I don't know
25 which, like, I couldn't tell you.

1 Like, I'm guessing now. Obviously, you
2 can see them here, but as a Board
3 member at the time, if some of these
4 were brought forward, I wouldn't know
5 because I never locally sourced anyone.

6 CHAIR:

7 Right.

8 MS. LIPTAK:

9 I mean, I just --- so I
10 just wanted to clarify that for myself
11 on the record.

12 MR. BOYER:

13 And it's not reasonable
14 to expect you to remember from the deck
15 where the address was exactly. So, you
16 know, it's just not reasonable at all.
17 But there are clearly some that are
18 local. You know, Draper Triangle was.
19 They changed the name to Magarac.
20 iNetworks, another one.

21 CHAIR:

22 So were they both local
23 firms and provided by?

24 MR. BOYER:

25 Yes.

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CHAIR:

Someone that didn't initially come out of your firm? Is that --- that's what you're saying?

MR. BOYER:

Right, yeah.

CHAIR:

Ok.

MR. BOYER:

Along with ---.

MS. JOYCE:

So how do we make that process more transparent moving forward?

MS. LIPTAK:

Well, I --- I think that's the plan.

MS. JOYCE:

Right.

MS. LIPTAK:

But what I'm saying is someone that was here and I, Sarah's been here a long time. I don't know that, and I never locally sourced anyone.

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CHAIR:

Yeah. And so maybe, maybe it's when Mariner is bringing us a recommendation, we, they provide us with indication of either this is a --- it's a thing our team --- it's a thing our team came up with, or it's so and so, right? Like, I was at an event yesterday. There were some private equity people talking. If I thought one was swell and I sent them their way, they would disclose, like, so and so Board member, so and so individual, like, brought this one to our attention, and then we did our due diligence so that Board members can be clear about the process to bring it in front of the Board.

Is that a thing? It sounds like that's a thing we should add. And is that a thing Mariner can do?

MR. BROKAW:

Yes.

CHAIR:

1 Just, like, indicate
2 where it came from? Okay.

3 MR. BROKAW:

4 Yes. In fact, I think
5 we'll be required to do that.

6 CHAIR:

7 Just because of that's
8 how you operate?

9 MR. BROKAW:

10 Yes.

11 CHAIR:

12 Okay.

13 MR. BROKAW:

14 Yes.

15 CHAIR:

16 Are there --- I think
17 this is a useful discussion. Are there
18 any other questions or concerns on this
19 area?

20 MR. BOYER:

21 Okay.

22 CHAIR:

23 Going.

24 MR. BOYER:

25 And then the final three

1 pages that do not have numbers on them
2 are the list of the entire group of
3 buyouts, growth equity, private debt,
4 real estate secondaries that were in
5 the portfolio. And it's --- it's a
6 summary of all the funds aggregated.

7 And you know, so to the
8 extent that it's helpful to Chris or
9 Mariner, you know, to look at ideas
10 that are already there that have done
11 exceptionally well, you know, feel free
12 to, you know, use them. We don't have
13 any rights to them at all.

14 And then just from a
15 strategy point of view, the secondary
16 market and opportunities are quite
17 compelling. So we would, and not only
18 that, but they have a shorter
19 lifecycle, so you get distributions
20 more quickly, and that also helps with
21 your cash flow. And you're able to buy
22 them at a considerable discount.

23 CHAIR:

24 All right

25 Thank you. Are there any

1 questions, or do you all need a second?
2 Okay, okay.

3 Any other questions for
4 Ed? No. Thank you.

5 MR. BOYER:

6 Thank you.

7 CHAIR:

8 Thank you, Ed.

9 MR. BOYER:

10 It's been a pleasure
11 working for you.

12 CHAIR:

13 Thank you, Ed.

14 MR. BOYER:

15 You're welcome.

16 CHAIR:

17 Appreciate your candor.

18 MR. BOYER:

19 Well, we hope we deliver
20 value for your beneficiaries.

21 CHAIR:

22 Thank you. And then, any
23 new business? Is that me? Oh, it was
24 my --- it was my microphone.

25 Our next meeting will be

1 held on November 21st, 2024. And can I
2 have a motion to adjourn?

3 MR. BOYER:

4 Well, just ---.

5 CHAIR:

6 Oh, yeah.

7 MR. BOYER:

8 Just one final point.

9 We're working with our ops people, with
10 the ops people at Mariner to get all
11 the information exchanged.

12 CHAIR:

13 Great.

14 MR. BOYER:

15 You know, as quickly and
16 fluidly as possible.

17 CHAIR:

18 Thank you. We appreciate

19 ---

20 MR. BOYER:

21 Sure.

22 CHAIR:

23 --- your work during this
24 transition.

25 MR. BOYER:

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You're welcome.

CHAIR:

Awesome. Anyone want to
adjourn?

MS. JOYCE:

Motion.

CHAIR:

Yeah, let's go. Have a
great day.

* * * * *

MEETING CONCLUDED AT 12:42 P.M.

* * * * *

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 7th day of November, 2024



Chelsea Curry,
Court Reporter