

The regular monthly meeting of the Retirement Board of Allegheny County was held on July 16, 2020 via Teams Meeting/Conference Call. The meeting was called to order at 12:00 pm.

Roll Call of the Board members was made, Board members, Ted Puzak, Chelsea Wagner, Rich Fitzgerald, Jennifer Liptak, Sarah Roka, Frank DiCristofaro, and Janice Vinci on behalf of John Weinstein were recorded as present.

Also, in attendance: Walter Szymanski, Manager, Retirement Office, Brian Gabriel, Campbell Durrant, Solicitor, Craig Morton, Steve DiGirolamo, and Martell McDuffy, Wilshire Consulting, and Ed Boyer, Asset Strategy.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

No public comments were made.

APPROVAL OF BOARD MINUTES

The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve the minutes of the June 18, 2020 board meeting.

APPROVAL OF FINANCIAL STATEMENTS

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to approve the May 2020 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

The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve the July 2020 Invoices.

JULY VENDOR EXPENSES

GRIDIRON PARTNERS MGMT PARTNERS-FI		\$ -
GRIDIRON MGMT PARTNERS-MA		\$ -
CIM INVESTMENT MANAGEMENT (Fixed Income)		\$ -
CIM INVESTMENT MANAGEMENT (Small Cap)		\$ -
CIM INVESTMENT MANAGEMENT (Israel Bonds)		\$ -
CS MCKEE INVESTMENT MANAGERS		\$ -
COOKSON PIERCE & CO INC		\$ -
EARNEST PARTNERS		\$ -
EMERALD ADVISERS (All Cap)		\$ -
EMERALD ADVISERS (Small Cap)		\$ -
EMSTONE ADVISERS, LLC		\$ -
FEDERATED (Core Broad)		\$ -
FEDERATED (High Yield)		\$ -
F.N.B. WEALTH MANAGEMENT	1/1/20-3/31/20	\$ 2,367.13
FIDELITY INVESTMENTS (Select Int'l Plus)		\$ -
FRAGASSO FINANCIAL ADVISORS		\$ -
HARVEST FUND ADVISORS LLC		\$ -
iNetworks OF, LLC	7/1/20-9/30/20	\$ 22,482.72
MELLON CAPITAL		\$ -
COLUMBUS MACRO, LLC (formerly Raylient)		\$ -
SALIENT		\$ -
SEGALL, BRYANT & HAMILL	1/1/20-3/31/20	\$ 45,160.95
STATE STREET GLOBAL ADVISORS (MSCI World)		\$ -
STATE STREET GLOBAL ADVISORS (S&P 500)		\$ -
TWIN CAPITAL MANGEMENT		\$ -

Total Vendor Invoices for Approval

\$70,010.80

PENSION APPLICATIONS

The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve pension applications filed with the Retirement Office for the month of July 2020.

- Early Voluntary - 8
- Full Retirement – 19

MANAGER'S REPORT

Walter Szymanski

The Dashboard Retiree Payroll is up 6.80%. Total Contributions made are up 1.24%. Paid Claims are up 10.57%. Total Retirements on the year down 14.52%. Pension Estimates are down 11.45%. Capital Calls are down 2.14%,

The Office Budget is as of June 30, 2020.

Board Approval Requests

- 1. The board unanimously approved a motion by Rich Fitzgerald, duly seconded by Sarah Roka, to approve the Administrative Guidelines for Appeal Hearings, prepared by the solicitor and have been through legal review.*
- 2. The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Sarah Roka, to approve and adopt the proposed Findings, Conclusions and Recommendation of the Hearing Officer in Appeal No. 2020-1 thereby denying the Appeal.*
- 3. The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to review, vote via email and then ratify at the September RBAC meeting the RFP for Master Custodian and Related Services.*
 - The RFP has been through the legal process and an anticipated release date of August 3, 2020. Mr. Szymanski requested the board review and inform him of changes by August 1, 2020. An email vote will occur then ratify the vote at the September meeting.
- 4. The board unanimously approved a motion by Ted Puzak, duly seconded by Frank DiCristofaro, to approve the cancellation of the August meeting.*

Additional Manager

- Board member election: Ted Puzak won the reelection with 1620; James McClelland with 625; total votes 2245
- Work with Duncan, who held their first ZOOM meeting, 60 registered,

40 attended 1st meeting, received positive feedback, and will schedule additional zoom meetings for upcoming retirees and employees.

SOLICITOR'S REPORT

Brian Gabriel

The solicitor's report is current as of July 9, 2020, there were no specific action items under the solicitor's report for the board to consider.

CONSULTANT'S REPORT

Wilshire

Craig Morton

● May Flash Report

- Page 2, strong recovery over the last few months in equity markets, now slightly overweight to public and private equity. Private markets are slightly overweight and note that, working with asset strategy, some numbers are not updated from the first quarter, part of the overweight are funds still being valued for the first quarter sell offs, only about 2.5% overweight. Overweights are offset by fixed income and real assets being underweight. \$911 million at the end of May.
- Page 3, strong performance for the composites for the month of May and quarter to date. US and Non-US equity both out performing, Core Fixed Income has bounced back this quarter, TIPS and Real Estate in line with their benchmarks.
- Page 4, the real driver of the relative performance has been the MLP Composite. Looking at 1 month and quarter to date you see significant underperformance by the managers, move over to YTD to remind us the two managers held up very well during the drawdown in the first quarter and lagged significantly as the MLP market has recovered in the second quarter. April and May, significant underperformance by the managers there, still adding value on the YTD basis. Preliminary numbers from managers for June, as MLP's pulled back about 8%, able to outperform by about 3%. It has been a real rollercoaster market as some of the lower quality names have sold off more significantly, then recovered in a V shaped recovery. More assets were allocated to the more stable, higher quality names. For the month of May, the total fund was up about 2.5%, the fund policy is up 2.3%, outperforming by 16 basis points, while the quarter and YTD underperformance is being driven by the MLP positioning.

Steve DiGirolamo

Wilshire Perspectives Second Quarter 2020 - Strong market performance for both

major asset classes. Within the US Equity Market, Wilshire 5000 up 2.34% for the month of June and QTD 21.94%. Nice recovery for the quarter, still down for the year, down -3.30%. Dynamics within US Equity, focus on style first, growth outperformed value, Wilshire US Large -Cap Growth Index at 3.39% and the Wilshire US Large-Cap Value Index at 0.99%. More apparent with the 1-year difference between growth and value almost at 20% right now. Size, in the past, large cap has outperformed small cap in the last couple of years, somewhat a reversal for the month than for the quarter, Small-Cap up 3.04% and Large-Cap 2.28% in June.

Page 3, Non-US Equity, ACWI ex USA up 4.52%, Within that market we have Emerging Markets up 7.35%, Outperforming Developed Markets measured by the EAFE index up 3.41%. EM performance is being driven by China right now.

Fixed Income - all major indexes show positive returns for June and quarter to date. Credit spread tightened significantly for June and the quarter, so most credit and corporate bonds outperformed Treasury bonds.

Page 4, Real Estate and Commodity Markets, Alerian Midstream Energy Index negative 4.15%, we have seen a negative performance with MLP's for June but a big positive for our quarter to date at 32.63%, our managers have outperformed for June with a nice recovery.

Craig Morton

● Asset Allocation and Cash Schedule, estimated balance just over \$906 million as of June month end, cash at \$10.3 million. Cash Rate schedule: distribution from Adams Street 2009 US Fund at \$102,154, proposed cash raise \$3 million, discuss this further shortly. Withdrawals estimated capital calls at \$1.5 million, retiree funding distribution at \$3.5 million. Cash balance at \$10,256,008.

Martell McDuffy

Cash Flow Recommendation, July 9, 2020 - The Pension Fund needs to raise additional cash soon to meet near term requirements. Wilshire recommends a current cash raise of \$3,000,000. This cash will be used to fund the cash account to cover upcoming benefit payments and capital calls. The portfolio is again over target in US Equity after the market rebound in Q2, and this overweight should serve as a source of funds for current cash needs. With that in mind, Wilshire recommends the following withdrawals to fund the cash account: \$3 million from SSgA S&P 500 Index.

The board unanimously approved a motion by Sarah Roka, duly seconded by Frank DiCristofaro, to approve the recommendation for the \$3 million withdrawal to fund the cash account.

Asset Strategy

Ed Boyer

A recommendation was brought forth regarding the CCA Green Fund based on information provided by Corry via email on July 15, 2020. CCA Green's current extension expires July 22, 2020, the request to extend the extension until December 31, 2020 due to the COVID19 pandemic delaying their negotiations to sell the remaining insurance policies to other capital sources who have placed a hold on all acquisitions.

Jennifer Liptak raised questions as to what the board can do to prevent Corry from coming back in December to request an additional extension due to the inability to sell CCA Green during the pandemic and how will the county be compensated for Corry not giving funds back according to the contract, will the managers fee be adjusted? Ed Boyer's response is that they are not waiving fees at this time and if we force a sale now there will be considerable mark downs. Mr. Boyer will get back to the board with how Corry will compensate the county for the lack of sale and requested patience while he obtains more information from Bill Corry.

The board unanimously approved a motion by Frank DiCristofaro, duly seconded by Ted Puzak, to extend the CCA Green fund with Corry until September 30, 2020 then revisit the subject of an extension until December 31, 2020 based on the markets, the adjustment of manager fees and compensation that Corry will provide for the delay of selling CCA Green funds.

PFM

Not present to report.

Ted Puzak presented two questions regarding manager fees.

1. What are the fees being charged for the \$150,000 loss?
 - Mr. Szymanski will obtain this information for the September board meeting.
2. Requested confirmation that emerging managers fees are lower than regular manager fees according to the guidelines.
 - Mr. Szymanski agreed to generate a report of manager fees paid in 2018, 2019 and ytd 2020 during a discussion between board members, Jennifer Liptak, Ted Puzak and Rich Fitzgerald who brought up the topic of manager fees at the June RBAC meeting. The report will include manager fees and individual fees. These fees are established and approved when the board approves an investment and they are based on basis points, per Mr.

Szymanski.

NEW BUSINESS

None

ADJOURNMENT

The Board unanimously approved a motion by Janice Vinci to adjourn at 12:32 pm.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Chelsa Wagner". The signature is written in a cursive style with a long horizontal stroke at the end.

Chelsa Wagner, Secretary