CITY OF PITTSBURGH COMPREHENSIVE

MUNICIPAL PENSION TRUST FUND

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BOARD MEETING

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BEFORE: Ralph Sicuro,Chair
Michael Lamb, Controller
Felicity Williams, Deputy Chief of Staff
Mark DePasquale, Vice Chair
Richard Ruffalo, Treasurer
Jennifer Gula, Executive Director

MEETING: Thursday, May 4, 2023
1:00 p.m.

Reporter: Danielle S. Ohm

LOCATION: City-County Building
Mayor's Conference Room
Fifth Floor
414 Grant Street
Pittsburgh, PA 15219

WITNESSES: None

I N D E X

E X H I B I T S

Number	Description	Page Offered
	NONE OFFERED	

P R O C E E D I N G S

CHAIR:
We'll get started, then.
Call the roll.
Mayor Ed Gainey.
No?
Council President,
Theresa Kail-Smith.
No?
Controller. Michael
Lamb.

MR. LAMB:
Here.

CHAIR:
Deputy Chief of Staff,
Felicity Williams?

MS. WILLIAMS:
Present.

CHAIR:
Ralph Sicuro.

MR. SICURO:
Here.

CHAIR:
Mark DePasquale.

MR. DEPASQUALE:
Present.
CHAIR:
Rich Ruffalo.
MR. RUFFALO:
Here.
CHAIR:
Of course our Executive Director.
MS.Gula: :43
Here.
CHAIR:
Thank you.
Next will be the public comment.
Is there anybody wishing to speak under public comment?
Seeing none, we have moved to approval of the Minutes. Everybody has received their minutes.
Do I get a motion to approve the minutes from the last Board meeting?
MR. LAMB:

Move to approve.
MR. RUFFALO:
I'll second.
CHAIR:
Motion made by Mr. Lamb.
Seconded by Mr. Ruffalo.
Any discussion on the motion?
Seeing none, all those in favor, signify by saying aye.
AYES RESPOND
CHAIR:
Opposed?
Motion moves.
Next item is the election of officers.
We'll take them one at a time. So first office position up is the Chair.
Do we have any nominations for Chair?
MR.RUFFOLO:
I would nominate Ralph Sicuro as Chair. He's done a great job.

MR.DEPASQUALE
Second.
CHAIR:
Thank you.
Any other nominations for Chair?
Seeing no more. All those in favor, signify by saying aye.
AYES RESPOND
CHAIR:
Opposed?
Motion moved.
Next will be Vice Chair.
Any nominations for Vice Chair?
MR.SICURO:
I will nominate Mr. DePasquale as Vice Chair.
MR.RUFFOLO:
I will second.
CHAIR:
Thank you.
Any other nominations for Vice Chair?

Seeing none. All those in favor, signify by saying aye.
AYES RESPOND
CHAIR:
Opposed?
Motion moves.
Next will be for Treasurer.
MR.DEPASQUALE
I nominate Mr. Ruffalo as Treasurer.
MR.SICURO:
Second.
CHAIR:
Any other nominations for Treasurer?
Seeing none, all those in favor signify by saying aye.
AYES RESPOND
CHAIR:
Any opposed?
Thank you.
Next will be for Secretary.
MR.SICURO: 2:47

I'll nominate Felicity
Williams as Secretary.
MR.DEPASQUALE:
I will second.
CHAIR:
Any other nomination for
Secretary?
Seeing none, all those in
favor signify by saying aye.
AYES RESPOND
CHAIR:
Opposed?
Motion moves.
That closes our
nominations and election
officers.
Thank you all.

CHAIR:
Okay.
Next we'll be moving on
to the Executive Director of the
Board.
MS.GULA: 3:14
Hey, everyone. The

funding of the pension is 995
million, which is 65.0 percent
funded as of March 31st, 2023.
The return on the portfolio over
the last 12 months ending March
31st, '23 is -4.8 percent for
the invested portfolio and 0.9
percent -0.9 percent for the
composite.
Year to date the
portfolio is 4.5 percent in the
invested portion and 3.5 percent
for the total fund.
The parking asset, which
is valued through 12/31/2022, is
valued at 335.8 million.
There's a statement in
your packet of the individual
pension funding levels and
overall liability as of
March 31st, 2022.
Anybody have any
questions?
CHAIR:
Thank you.

CHAIR:
Next will be our report
from our consultant James
Wesner.
MR. WESNER:
Great.
Thank you, Mr.
Chairman.
Good afternoon, everyone.
We'll go through an update on
the broad market environment
first, and then we will discuss
the performance of the
portfolio.
Behind Exhibit 1, just a
quick update on Marquette. The
only thing I wanted to mention
on that is that our annual
client symposium is Friday,
September 15th. We'd love to
host all of you in person in
Chicago. We will also have a
virtual option as well.
So always a great event.

We have some outside speakers
and then several members of our
internal research staff would
present on, you know, various
topics.
So it's just the day, but
a nice way to maybe, you know,
kick off a weekend in Chicago.
Behind Exhibit 2 we'll
find the market environment. We
have a little bit more of a
robust, you know, presentation
on the market environment for
this meeting.
Obviously the markets
have been very volatile. That
volatility has, you know, been
going on since the beginning of
2022, and a lot of it has been
due to, you know, the high
inflation rates.
Inflation last summer,
you know, peaked at over nine
percent, and the Federal Reserve
has had to take significant

action in terms of raising rates to get inflation under control.
So we'll walk through a few of the, you know, elements related to that and discuss the performance of, you know, various asset classes.
But on the first page, page two, just overall, this is through the end of the first quarter. I think the most important takeaway here is that overall capital market performance has been positive for the first quarter. And really all parts of the market were positive in the first quarter after 2022 time period where most markets were negative.
So last year we saw kind of the double whammy of equity and fixed income being down double digits in most cases.
For 2023 thus far, you know,

we've seen relatively significant moves to the upside for both stock and bonds.
Equities, as, you know, depicted in the top part of the chart, the blue kind of more royal blue color, U.S. equities, the SP up seven-and-a-half percent.
We're up a bit more than that through April. May have been a little bit of a choppy start, you know, with the Fed further increase interest rates yesterday and the market is taking a little bit of a downturn.
International markets, which is the middle section, kind of that darker gray, kind of more consistently positive, even in U.S. markets, up in the range of four to eight percent.
And then fixed income, which is depicted by the lime green bars,

different parts of fixed income across the board up about three percent.
And that's a pretty significant move to fixed income.
Just a reminder that last year 2022 was really the worst year on record for fixed income, and core bonds were down 13 percent.
So the important things with bonds is, A, the interest rates have stabilized, you know, they're not going up at the pace they went up last year. And B, kind of more importantly, is the idea that right now in fixed income, we're actually getting a yield.
So whether it's short-term bonds, kind of what you can get at the bank in terms of deposits or CDs, or whether it's longer-term bonds, we're in

a period for a long period of time where fixed income was giving us kind of zero to two percent. We were in a very low yield environment.
Well, now we're in an environment where, as of yesterday, the Fed funds rate is between five-and-a-quarter percent. So for holding cash, essentially, you earn a meaningful return. So that's a really important differential between where we were a year ago and where we stand today.
Page three just highlights inflation figures. I think the most important thing is the green line towards the right-hand side of the chart. You can see how inflation peaked last summer, as I mentioned earlier, at nine percent, we've come off pretty significantly. We are still much higher than

the Fed target.
So the Federal Reserve targets a two percent inflation rate. We are still in that five percent to six percent range.
But what the Fed did signal yesterday is that they're going to now wait and see how the interest rate increases that they've already put in place continue to bring down inflation. So they're not likely to raise rates again for the next several months.
They want to see inflation continue to come down, but they know there's a lag between when they implement an interest rate increase and when, you know, the impact on the economy actually take place. So it's a little bit kind of an art and science, I'd like to say, in trying to manage that process.
Page five is another

inflation chart. And I think the important takeaway from the chart on page five is just that we haven't had significant inflation environments for quite a while. So if we go back to the two most recent inflation periods, significant inflationary period, we have to go back to 1974 and 1980.
So you had to go pretty far back to look at those environments. They were driven by other factors compared to what we had with time, with supply chain issues and coming out of a pandemic. But the important thing to note is if you look at the light kind of yellowish line, this environment, we peaked --- we kind of ramped up to our peak inflation faster and we've come off faster. So the hope is that since we ramped up faster, we'll

continue to come off those high inflationary figures and get back in that two to three percent range more quickly and hopefully towards the end of the year.
Pages six and seven discuss the employment environment. And this is something where we've seen a bit of a disconnect. Typically when the Federal Reserve starts to raise interest rates, and they've been raising interest rates now for well over a year, you typically see a slowing of the economy. And with that slowing of the economy, you typically see unemployment increase.
What's different about this environment is that while interest rates have gone up and the economy has slowed to some extent, we haven't seen a

meaningful change in unemployment. Unemployment remains around three-and-a-half percent. The private payroll numbers for April came out yesterday from ADP. They were surprisingly strong.
The government unemployment figures for April come out tomorrow, and we're likely to see additional job gains, job growth. So it's hard ---. The Fed is in a kind of a challenging position.
They're not seeing the economy flow in terms of the labor front, but we are seeing other parts of the economy flow.
So they're in a little bit of a tough spot there.
On page nine, I wanted to talk briefly about some of the bank failures that have been in the headline, and obviously this has come back into the headline

again just in the last few days.
Back in September --- I'm
sorry, back in March, we saw the
failure of SVB, Silicon Valley
Bank and Signature Bank. Those
were two of the largest bank
failures in U.S. history. Just
over this past weekend, we saw
the failure of First Republic
and be acquired by JPMorgan.
And now we're seeing a few
others today even still be in
the headlines, most notably
PacWest.
What's shown on page nine
are the number of bank failures
for each of the years going back
over the last 15 years. And
while the bank failures in 2023
have been meaningful in terms of
the size of the institutions
that have failed, what you'll
notice is when you go back to
2008 through 2014, '15, there
were numerous bank failures in

each of those years. And
obviously 2009 through 2011, you
saw almost a hundred plus bank
failures in each of those years.
So while this situation
is serious and it's having
meaningful impact on the economy
and just the availability of
credit as a whole, we aren't
anywhere near where we were
during the great financial
crisis. So I think a lot of
lessons have been learned,
lessons are still being learned,
but I think it's always
important to have it all in
context.
The one takeaway, though,
with the bank failures and how
it connects with the Federal
Reserve raising interest rate is
when you have these bank
failures, the willingness of the
surviving banks to lend is
restricted. They're going to be

more conservative.
So right now, if you were
going to the bank, you're a
small business and you're going
to the bank to get a loan,
you're going to have to show a
lot better financials, you're
going to have to show a lot more
strength in your business than
you would have six months ago.
So it's almost like
another couple of interest rate
increases, in terms of how it
slows down the economy. So the
Federal Reserve has had to look
at this and say, you know, we
can't rate too much more in
terms of the Fed funds raise,
because there's also this
banking situation going on and
we need to make sure that our
economy and small businesses
have the ability to borrow and
grow and invest in themselves.
So all these things are

somewhat related.
Page 13 just highlights
just a few things in terms of
the fixed income market. We
talked about how interest rates
have increased significantly
over the course of the last
year.
I think one important
takeaway is the right-hand chart
on page 13 is where yields are
right now. And where yields are
right now ---. So below
investment grade fixed income in
many cases is yielding eight
percent to ten percent.
So high-yield bonds,
senior secured bank loans, there
is a very attractive yield
environment within fixed income
right now. Even investment
grade fixed income, which is
managed in your portfolio by
managers like Federated and
BlackRock, the yields there are

still over four percent. So the positive thing is you build a portfolio to meet your assumed rate of return. It's a lot easier when fixed income is yielding four-and-a-half percent than when it was yielding less than two percent last year.

So 2022 is painful in terms of the negative returns for fixed income, but it does put us in a more positive environment going forward in terms of yield.

Then just jumping forward a few pages. Again, I'll point you to page 16. One thing that we have in your portfolio here, and enough that could be a discussion point under new business, is we utilize passive investing or index investing for our large cap U.S. equity.

One thing that's depicted on this chart here is what this

chart is showing is the number of active managers who beat the benchmark. And what we've seen over time is that especially in large cap U.S. equity is a challenging environment for active U.S. equity managers to beat the benchmark. Most notably in large cap growth, which is the LCG notation there, kind of the third set of bars over, you'll see that for the year-to-date period, which is light gray, and the 2022 time period, which is dark gray, only about 30 percent of managers beat the benchmark in that space.

And that's been a statistic that's held really for the last decade. So kind of our philosophy is if the likelihood of managers beating the benchmark is very low, let's use the time, let's use the manager

fee dollars elsewhere in the portfolio to find out --- to find areas of excess return.

And then in areas like large cap equity, let's utilize more passive investing strategies, whether it's indexing or whether it's enhanced indexing. So we'll talk about that in a moment.

Currently we do have almost exclusively indexed large cap equity exposure.

So it's just a couple of other charts that I'll mention briefly. If we jump all the way forward several pages, I'm going to jump forward to page 25 and hit on a few asset classes that have been really in the news recently.

One is real estate.

That's what's on page 25. Real estate came off a very strong year in 2022. It was one of the

few areas of the portfolio that was positive and strongly positive. But as interest rates have increased and as office properties in particular have struggled to renew leases and make sure that the tenants are coming back and running the same footprint, we've seen real estate have a bit of a headwind the last couple of quarters.

And so what we wanted to show on page 25 was comparing the state of the real estate market today to where it was at the end of 2007. So basically before the great financial crisis.

And one of the main things is the left-hand chart is showing that occupancy or utilization within most parts of the real estate market are significantly better now than they were back in 2007. So

industrial properties, multifamily properties, retail properties, the current vacancy rates are highlighted. It's a blue kind of outline bar. They're all kind of around four or five percent.
Office properties are a little bit higher than they were back in 2007. And that's not surprising, because we know a lot of people have not returned to the office. A lot of people are continuing the work from home option for their employees.
TRUSTEE:
Just quickly, you're saying on this chart that 12 percent of the office space is vacant on the national level?
MR. WESNER:
Exactly. The end of 2007, as you can see the gray bar there, that's kind of inside the blue outline. So back in

2007, it was only about ten percent. So we do have a slightly higher vacancy rate now in office than we did back in 2007. You can see the others are all less.
So industrial, for example, in 2007, the vacancy rate was around eight percent, and now we're at four percent.

MR. WESNER:
So office still had one of the larger vacancy rates, but it was still kind of in that, you know, kind of seven to nine percent range.
TRUSTEE:
It's not significant?
MR. WESNER:
It's not significant, but it has increased. And what we're still waiting to see is the lease renewals. So groups that had a five year, seven year

lease going into COVID, now it's saying, do people want to have a smaller footprint.
In Chicago, what we've seen from Google and Meta and other kind of large technology companies is we've seen them sublet their space. And so you've seen groups go down from massive footprints in very new buildings to trying to sublet a couple of the floors that they currently had because their leases are very long term, so they're still paying on them, but they don't need that space.
That's also a sign of potential further weakness in office.
And then on the right-hand table there or the right-hand chart, this is showing the percent of inventory that's under construction. So what it shows is that there's

much more construction now industrial multifamily housing than there was in the past. And that's because there's continued demand in that space.
Actually, I was talking to one of the analysts, the analyst that works on your account here, and he and his wife couldn't find an apartment in downtown Chicago because as soon as one came available, they couldn't even see it. It was already gone.
And so we have a lot of new multifamily housing under construction there. The question then comes to, how do you do conversions? How do you convert it maybe was an office building into multifamily housing? There's a lot of things that are going to be in flux in the real estate space going forward.

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TRUSTEE:
But that conversion is still calculated in this inventory.
MR. WESNER:
If it had not been converted yet, it would still go up as a vacant space. And then once it went into the construction process, it would be kind of in the right-hand table, and then eventually come online and come out of the office inventory calculations.
And then returns, which I think ties it all back together to be on page 26. We're also expecting more muted returns from real estate going forward. The office struggles will be offset by some of the strength and resiliency in industrials and apartments. But we do expect that over the next several years that we're going

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to see real estate numbers be more in that four to five percent range. So we're not going to see the four to five percent a quarter that were having 12 months ago.
And then the final thing that I'll just wrap up with, I'm just going to hit page 30 real quick, because this is one of the most common questions we get right now is, what's the next opportunity? And obstacles in your portfolio. You've embraced utilization of alternative investments, but one of the alternative investment classes where you've seen not only some of the best performance recently, but some of the best potential going forward is private debt.
So you have private equity within your portfolio. Private debt is the idea of

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private investment funds loaning money to small and middle-market businesses. And as the banks pull back from that space, because of the bank prices that we've seen, the opportunity set is growing.
And also what we've seen in the chart on the right-hand side of the page is that the yield on these types of investments right now is over ten percent. Because short-term rates have increased so significantly, many of these loans, the yield that they have, or the interest rates that they pay, is a combination of short term interest rates.
Used to be known as LIBOR. Now it's known as a SOFR, plus a spread plus a premium. And what's depicted here on this chart on the right-hand side of the page is

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at the beginning of 2022, the short-term rates were zero. So you didn't get you see a little 0.5 there, but no bar. You got zero from short-term rate, but then you got the premium, or we call it the spread, which was highlighted in gray, which is five-and-a-half to six-and-a-quarter percent.
Where we were at the end of the first quarter, you see there's actually a blue bar now. And that blue bar, as the Fed increased interest rates yesterday, is now up to five percent, plus the spread on top of it, which is the gray bar. That gets you to over ten percent yield. So this is certainly not a risk-free asset class. With all fixed income we saw last year ---. There is risk in stocks, there's risk in bonds, but this is one of the

more attractive opportunities that we're seeing right now. So as we continue to talk through things, this will be an asset class that you'll talk about more and more as we go forward.

TRUSTEE:
Exposed to it yet?

MR. WESNER:
No, you really don't have any direct exposure. You have private equity, but you do not have private debt currently in your portfolio.

TRUSTEE:
And the private equity, that's what we do with the using $10 million investments at a time. Is the private debt in the same fashion?

MR. WESNER:
Yes and no. There are some private debt managers that will do the same thing, where they will ask you to commit

amounts to invest and then they will call that money as those investments are available.
There are some other managers in the states that will call all of your money upfront and invest them in the existing pool of loans.
One other thing I wanted to mention is that you do have a limited amount ---. Just in response to your question, you do have a little bit of exposure to the private debt within your EnTrust hedged portfolio. They can do some elements of private debt and private credit. And they have been doing a little bit in that space.
So I shouldn't have said you have no exposure. You have limited exposure currently, but they will be increasing their allocations to that space as well.

Any questions on the market environment? I know we went through a lot of different topics there, but I thought it was important since the market cap is so volatile.

TRUSTEE:
How this works compared to the outside --- outside ranges.

MR. WESNER:
In terms of the overall market?
Well, in terms of your portfolio, your portfolio has ranked, you know, very strongly versus peer groups in terms of other public pension funds. So we'll hit that in a moment.
But in terms of just kind of just a broad economy, you know, certainly we've seen just kind of the Midwest and the Mid Atlantic, at times they weren't going up as much. And so as

things have slowed down, they don't appear to have slowed down as much versus some markets like San Francisco or New York or even Miami that were really flying high. Some of those have really slowed down quite significantly, especially San Francisco.

MR. WESNER:
So I'll direct you behind page --- tab three, Exhibit 3.
And on page four, just to give you a quick review of some money that has been moved recently.
So in the last quarter, we have funded the Palisade small cap core investment. That was your investment with kind of your --- where we had terminated or --- not terminated. We had moved the money away from Gaiacuda because they exited the business. And then you selected

Palisade, a woman-owned firm, as your new small-cap manager. They received $20 million and that was funded back in February.
The Gridiron investment, which is for one of your local managers, all that documentation has now been completed. The account is being opened at PNC and that account should fund within the next week or so. So that will be up and running in your next report.
All of your managers ---
I skipped over the previous page, all their managers are currently in good standing.
And then your Executive Director noted your total value just in excess of $995,000,000 as of the end of March. That's depicted on page five.
In terms of our asset allocation, we know that it's a

little challenging to stay right on our asset allocation here because we do have the parking asset, which is obviously a liquid, and we can't rebalance money back into it. So we are technically a bit overweighted to equity, but we will continue to trim that and monitor that.
The positive here is that your cash flow in this portfolio has remained very strong. And so new investments like Gridiron or monthly benefit payments, you have not had to sell any investments. And I can't emphasize how important that is, that when we have, you know, down markets, your kind of position of strength that you're in and not having to sell investments really does allow those investments to kind of recoup their value over time and lead to better performance over

the long run.
So just want to emphasize that's very important and not particularly common in the defined benefit world.
I'll jump forward to performance figures. And those begin in kind of a more comprehensive fashion on page 12.
And what you can see on page 12 are the performance figures. Again, some of these were highlighted by your Executive Director. There's a three month, the most recent quarter, and the total fund portfolio was up three-and-a-half percent. Just a reminder, that includes the parking asset, which kind of goes up at a steady seven percent annualized rate of return.
One thing that's

important to note is that in strong up periods, like the first quarter, that will be slightly dilutive to overall performance, but in down periods like 2022, it will be accretive to overall performance.
So in the long term, if you look at the ten-year numbers, your ten-year numbers are still exceptionally strong for both. So the top line, which includes the parking asset, your ten-year net of fees return is 7.7 percent. That puts you in the top 11 percent of the public pension plan peer group.
If you look at just the invested portfolio, the ten-year return is 7.2 percent, which puts you in the top 32 percent of the public pension plan peer group. Both obviously very strong numbers.

And over the short term, strong figures as well. I think a lot of the shorter-term period you see a little bit more volatility, obviously, but very consistent return over the long run across the board. So I think you have an appropriate asset allocation, and your managers have done a relatively good job.

Within the fixed income composite. Your fixed income composite, although it's negative over the last year, you have weathered the storm better than most, partly because you have an allocation of shorter duration fixed income with the Vanguard Ultra Short Bond Fund.

And if you look at the ten years, your fixed income composite is in the top percentile of the peer universe. Not a particularly

glamorous number, at 2.2 percent over ten years, but that's the environment that we've come out of in terms of bonds. Bonds have been a very low returning asset class over the last ten years. This next ten years should be better.

U.S. equities you've been kind of more median or benchmark-like in terms of overall performance. Obviously part of it is because you have the benchmark for your large cap equity allocation. Mid-cap equities with Frontier, they had a very nice first quarter, basically doubling the benchmark. For the first quarter of the year, they were up seven-and-a-half percent versus a benchmark that was up 3.4 percent. And then Palisade, with their first kind of first month on the books, they just

marginally beat the benchmark, still down 4.6 percent. The benchmark was down 4.8 percent.

The emerging manager portfolio performance here, very benchmark-like, twin Capital kind of more kind of hovering around the benchmark around as an enhanced index strategy.

CIM, which is your small cap manager, kind of continuing to struggle. The first quarter of the year was a better performance for them, but their longer-term performance is still relatively weak. That's one we're obviously going to continue to monitor closely.

International equity managers, kind of the middle of page 13. This continues to be one of the best performing parts of your portfolio, whether it be the first quarter of the year, we're up 8.6 percent or the last

one year, where you were basically flat and the benchmark was down five percent. You've been in the top decile of peer rankings in terms of your international equity strategies, really, over all time periods. So that is quite exceptional there for your international equity strategy.

MSS is the largest position there, but Bake Street and ABS have also done a very nice job over the long term.

With global equity over the last one year, with your ESG focused strategy with Federated, it's obviously been a more challenging environment for ESG strategies, especially over last year, where energy stocks performed better, ESG strategies which have a lower exposure there did not perform as well. You saw better performance there

for the first part of 2023.
And then just wrapping up with some of the alternative strategies on the hedge fund side.
Hedge funds, 2022 was a period where traditional hedge funds performed very well, and strategies like parametric and what we call defensive equity lagged a little bit in the first part of this year. Hedge funds have not performed as well and defensive equity strategies have performed much better.
So continue over the long term, a parametric strategy continues to be kind of the leader in your head space. And as I mentioned, the EnTrust reverse strategy is now going to be deploying more money in terms of some private credit.
So that is going to further diversify the portfolio

and hopefully lead to better returns in the future as well.
And then just wrapping up with real estate, you have the RREEF America II fund and the Barings Core Property Fund. The struggles with real estate, your portfolio certainly has not been immune to those. But if you look at the long-term numbers, real estate has certainly been exceptionally accretive to portfolio performance, especially when compared to fixed income.
So we've gotten about six-and-a-half percent per year out of real estate for the last seven years, where fixed income has given us really just about five percent. So we're going to continue to see volatility here. We do have redemption requests, partial redemption requests in for Barings, just to

trim the real estate allocation down a bit. And we view that RREEF is stronger of those two managers. So just wanted to make sure that you were aware of that.
And then the final page I'll hit is this page 20. And this is just the private market. In the highlight here, private markets, we only have this information on a quarterly basis, but do want to at least highlight the fact that you have committed significant dollars to private markets over the last several years and those investments have had, you know, very strong returns. If you look at the second and third lines there, the Crescent Mezzanine Partners strategy, you invested in two of those funds, one back in 2013, one in 2016. Both of those funds had

eight to nine percent net IRR, so significantly higher than what you had from, you know, fixed income --- other fixed income type investments.
And then you see the Secragus and the other strategies kind of going down. We don't report performance the first couple of years of private equity. This is not really meaningful yet, but you do see the Secragus portfolio, which is a 2019 investment, and the net IRR is over 25 percent.
So these aren't huge positions within your portfolio, but they have been very positive in terms of performance. And so we will continue to make investments in those private markets going forward.
So just wanted to highlight that. I don't hit that at many of our meetings.

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So just wanted to put that out there and on the table.
The final, you know, 25, 30 pages are all the details made to the managers. As you know, I don't go through that on a regular basis, but just wanted to highlight that.
And then the final thing that it's not really noted in here, but just wanted to hit it under the broad portfolio is in terms of our kind of DEI reporting for the managers.
So we had spoken at some previous meetings about putting out a questionnaire and a matrix essentially to the managers that you have in your portfolio on the diversity they have within their organizations, their utilization of women minority owned brokerage firms, and what their plans are to add continued diversity to their

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organizations.
It's a lot of information and so we wanted to come back just to the Board and make the recommendation that we review that at a subcommittee level, because it's, again, a meaningful amount of data on newer managers. And then potentially come back to the Board at the September meeting with any recommendations and findings from that analysis.
MS.GULA:
Thank you. I think you answered my question. It was about how we then take what is supplemented, and then make that part of the public record and public information. So you're recommending that we take the information we've received thus far, review it in a subcommittee, and then at our next Board meeting, I guess it's

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three months, we would have that public discussion?
MR. WESNER:
Yes.
MS.GULA:
Okay.
CHAIR:
Before we move on the recommendations, is there any other questions for James on his overall report?
All right, seeing none.
What's up?
Seeing none, we have a recommendation to formulate a subcommittee to go over the DEI questionnaire and feedback from our fund managers.
So at this time I want to entertain anybody that would like to participate ---. We usually have three people participate in that subcommittee.
Are there any members on

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the Board who would like to participate in the subcommittee?
Okay. So we have three willing participants for the subcommittee, Ms. Williams; Mr. Ruffalo and Mr. DePasquale.
And we assume we'll get together with our Executive Director and coordinate a time to meet to go over those reports and provide us with feedback.
All right.
What would be an estimation of how long you prepare all that for us to start?
MR. WESNER:
We can get a kind of summary of preliminary findings out to the subcommittee over the course of the next couple of weeks.
CHAIR:
Just a rough estimate.
MR. WESNER:

The questionnaire has already been submitted to all the managers and we have most all the responses back.

CHAIR:
Yeah, we ---.

MS.WILLIAMS:
To make sure I heard you accurately there. You said that we received responses back from all of our managers.
Is there anyone outstanding that we did not receive responses from?

MR. WESNER:
We have a few managers that we're following up with, but we have most all the responses back.

MS.WILLIAMS:
Okay.

CHAIR:
Okay.
Seeing nothing else for our consultant, we'll move into

our Solicitor's report.

MR. FRANK:
Thank you.
The Board will recall at the February meeting, we authorized our Securities Counsel, Robbins Geller, to institute a suit of security fraud against the Avaya Holdings Corp.
Our Counsel did file a motion for the fund to be the lead plaintiff in the class action of the Southern District of New York. There were eight other class members seeking to be the lead plaintiff, but the Fund suffered the largest loss on the stock of anyone who has applied. We're hopeful, therefore, that we will be selected to be the lead plaintiff, which is something we want for a variety of reasons.
I would hope that maybe in the next two months the Court will

decide.
On the Carlisle suit, our Counsel did file an amended complaint. As expected, the defense filed a Motion to Dismiss. This is the first response to pleadings that typically a defendant will file in a securities case.
Our response to the Motion to Dismiss is due July 14, and our Counsel is working on the response. And I will review it before it is filed.
As Mr. Wesner indicated, we have completed the paperwork, and we signed the agreement for Gridiron, so the legal documents are in place, as the manager.
As you know, all of our professional service providers must provide a disclosure that lists political contribution gifts to city officials, et cetera. We

received most of them. There were three that we did not get.
Checking the emails over the last few days I think we're close to getting that.
So please report any questions.

CHAIR:
Any questions for our Solicitor?
Thank you, sir.
Seeing none, we'll go into presentation.
We have one resolution, a resolution authorizing payment for professional services rendered by Frank, Gale, Bails & Pocrass, P.C. in the amount of $2,889 for the month of February 2023 through April 2023.

MR. LAMB:
Move to approve.

CHAIR:
We have a motion to move.

MR. DEPASQUALE:
Second.
CHAIR:
We have a second. Motion made by Mr. Lamb and seconded by Mr. DePasquale.
Any discussion on the motion?
Seeing none, all those in favor, signify by saying aye.
AYES RESPOND
CHAIR:
Opposed?
Motion moves.
Thank you. We have no continued business.
We'll move on to new business. We have two items under new business.
First is the extension of the JD service contract with Allegheny County.
For those of you who remember, what was it, two years ago, I believe it was, we had

selected Allegheny County to run our JD Service Center for the three funds. That system has been working out very well for them.
As one of the office --- you know, I would have a hand in that, and we had recommended from the three pension --- an extension of that. So before the Board, because the contract did go through this Board, we are looking to extend that contract.
Is it for a one-year extension?

MR. FRANK:
One-year extension, at the option of the election of Fund. It expires on June 30th, 2023. So we need a motion today to extend that for one year.
CHAIR:
Can I get a motion to

extend for one year?
MR. LAMB:
I move to extend for one year.
CHAIR:
Motion made by Mr. Lamb.
Seconded by?
MR. DEPASQUALE:
Second.
CHAIR:
Mr. Ruffalo or Mr. DePasquale.
Any further discussion on the motion?
TRUSTEE:
Are there any issues there?
CHAIR:
No. Quite --- frankly speaking, again, as a representative from the Fire Pension Office, all three had brought some changes to the county that we would like to see

from the operating side.
They've made them all, and everybody seems to be very happy with how things are operating.

TRUSTEE:
From the Municipal Pension Office, they're very happy with what they've achieved for their side of things.
CHAIR:
Seeing no other questions, all those in favor, signify saying aye.
AYES RESPOND
CHAIR:
Opposed?
Motion moves.
Next is the consideration for an RFP for S&P 500 index manager.
And James, would you like to speak on it, before we have any motion made or you need to have a motion made from the

parties?
MR DEPASQUALE:
We can begin. I think that would be informative.
CHAIR:
Okay.
MR. WESNER:
Currently your S&P index strategy represents about $175,000,000 of portfolio assets under management. And we thought it would be a good opportunity, especially in light of some of the changes and enhancements that we've made to our investment policy statements regarding the utilization of women and minority owned investment managers to put out an RFP for our S&P 500 index strategy, allowing, you know, all parties, even the incumbents, to submit for this, to make sure, you know, we were analyzing a group of managers

that were more diverse. And you know, making sure we're finding the lowest cost, best option out there for the fund.
So this would be something where, you know, the Solicitor would work with us in terms of drafting the RFP. It would be posted and then we would, you know, bring the findings back to the Board at the next meeting.
CHAIR:
Jim, you mentioned earlier on your index fund when you were talking about also enhanced indexing.
Can you give us a brief difference between the two?
MR. WESNER:
Sure.
So you know, you do have --- one of your local emerging managers can often call it enhanced index strategies.

Sometimes it's called more quantitative strategies, which are looking for doing more of a kind of quantitative analysis on investments to give, I'd say a benchmark-like but a strategy maybe a little bit more upside, a little bit more alpha, in terms of performance versus a benchmark.
What you have with the three --- your current strategy is a traditional index strategy, which we consider to be asking the manager to essentially replicate the index. So not trying to do anything to get any more or less return, but to basically give you that exact market exposure.
So this RFP would be for a traditional index strategy.
CHAIR:
All right.
Can we entertain a motion

to put out an RFP for an S&P 500 index manager?
MR. RUFFALO:
I will make that motion, to the RFP manager.
CHAIR:
Motion made by Mr. Ruffalo.
Do I have a second?
MR. LAMB:
Second.
CHAIR:
Seconded by Mr. Lamb.
MR. FRANK:
May I make a comment?
CHAIR:
Yes.
MR.
FRANK:
I don't want to intrude.
But I know a problem had been on the local manager RFP, that we did not get any minority or diversity response ---. And if that was your goal, I would suggest that we put into the RFP

that that will be a significant factor in the award, if that's what you want to do.
CHAIR:
Are you describing a weighted type of scoring?
MR. FRANK:
I think we could leave that to the subcommittee.
CHAIR:
Okay.
MR.FRANK:
But I think we put the applicants on notice that is a significant factor in the award.
MS. WILLIAMS:
Just a question on that.
Did we not tell you about our policy ---? It was part of our policy ---.
I apologize. That --- our Solicitor as breaking up a little bit of what I was able to hear.
I also had an RFP

question. I'm not sure if it's appropriate right now to ask, but I want to make sure I got that out.
CHAIR:
Right now would be a good time.
MS. WILLIAMS:
Okay.
So similar to the fact that we are asking all of our current managers to provide their DEI reporting, is it worth including in this RFP something similar?
I don't know if it has to be as extensive, but we should consider that something similar in this RFP so that we are aware of any incoming managers that we would select.
MR. FRANK:
Ms. Williams, can you hear me?
MS. WILLIAMS:

Yes, I can.
MR. FRANK:
All right.
We always include an RFP for them to disclose their diversity and how they were trying to work for diversity.
And what I was saying that I would add to this RFP, if it is the Board's desire, that we would advise the applicants that diversity will be a significant factor in the award of the contract, which is going a little bit further than we've done in the past.
MS. WILLIAMS:
I like that.
MR. WESNER:
And we can also attach, you know, or have the spreadsheet that we circulated to your existing managers. We can have that spreadsheet as an exhibit or required exhibit for

those responding to the RFP.
MS. WILLIAMS:
Just remind me, again, how much --- is this for the index --- RFP?
MS. WILLIAMS:
How much total? Maybe you could find how much total?
MR. WESNER:
Total index fund exposure, it is 175,000,000 of the basically $1 billion in total assets of the plan. So this mandate alone is about 17 percent of total fund assets.
CHAIR:
Normally, it will be the subcommittee recommendation for the Board to how much we would be allocating to whatever recommendation or recommendations they make for the full Board to then vote on.
MS. WILLIAMS:
I guess the reason I'm

asking that what I want to do is
I want to make sure that we are
requiring having folks
understand again what our goals
are around DEI. But I also
don't want to create a burden to
make responses --- overburden
stuff, right, for people to
respond to RFPs.
So I was trying to weigh
between what the potential
allocation was versus what we're
asking people to do.
So I guess that's a
question, as a review or
Solicitor review ---.
Jamie would it be
burdensome to add these
additions to our RFP to fully
respond?
MR. WESNER:
I think it is a fair and
reasonable request for a mandate
of this size.
MS. WILLIAMS:

Yeah.
That's what I was
thinking.
CHAIR:
My question was, since we
had a motion, not suggesting
that what we just discussed be
included in the motion or would
it be a separate matter?
MR. FRANK:
I think Mr. Ruffalo made
the motion, and he can accept
that as an amendment.
MR. RUFFALO:
We can accept it. Yes, I
agree to accept the amendment to
it.
MR. FRANK:
Which would mean that we
would state that a significant
factor in the award would be
their diversity.
CHAIR:
Is there any further
discussion on the amended

motion? Amended motion.
Seeing none, all those in
favor signify by saying aye.
AYES RESPOND
CHAIR:
Opposed?
Motion moves. Thank you.
Next, I would ask that we
formulate the subcommittee to
review the RFP responses once
they come in. I don't know what
the timeline would be, but do I
have any volunteers to sit on
the subcommittee to review the
responses for the RFP.
MS. WILLIAMS:
I will volunteer.
CHAIR:
Thank you.
Any other volunteers?
MR. RUFFALO:
I will. Again, if no one
else wants it.
MR. DEPASQUALE:
I'll volunteer.

CHAIR:
We have our subcommittee,
then, Ms. Williams, Mr. Ruffalo
and Mr. DePasquale.
Again, coordinate with
our Executive Director and our
Solicitor when the responses are
ready.
MR. FRANK:
My goal would be to have
completed the RFP review,
including
subcommittee recommendation for
the September meeting ---.
CHAIR:
That concludes our agenda
items.
Is there anything else
before we have a motion to
adjourn?
Seeing none, can I get a
motion to adjourn?
MR. LAMB:
So move.
MR. DEPASQUALE:

Second.

CHAIR:

Motion made by Mr. Lamb.

Second by Mr. DePasquale.

All those in favor signify by saying aye.

AYES RESPOND

CHAIR:

All right, everybody.

Thank you very much.

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MEETING CONCLUDED

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CERTIFICATE

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 7 day of June, 2023

Danielle Ohm

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