

NETWORK DEPOSITION SERVICES

1 COMPREHENSIVE MUNICIPAL PENSION TRUST FUND

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3 ANNUAL BOARD MEETING

4 THURSDAY, MAY 1, 2025

5 1:00 P.M.

6 - - -

7 Location: City County Building
 414 Grant Street
8 Mayor's Conference Room
 Fifth Floor, Room 414
9 Pittsburgh, Pennsylvania 15219

10 Reported By: Tristan Hannaford

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1 APPEARANCES:

2 BOARD:

3 Ralph Sicuro, Chairperson
Jennifer Gula
4 Frederick Frank
Felicity Williams, Deputy Chief of Staff
5 Rachael Heisler, Vice Chairperson
Patrick Cornell, Secretary
6 Jamie Wesner
Richard Ruffolo, Treasurer (Via phone)

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1 P-R-O-C-E-E-D-I-N-G-S

2 MR. SICURO: We will call our
3 meeting to order, please. We'll begin
4 with our roll call.

5 (Roll call.)

6 MR. SICURO: We have a quorum.

7 Now, we are under public comment.

8 Is anybody here to speak under public
9 comment?

10 Seeing no one, we are now moving to
11 approval of the minutes. Everybody was
12 submitted the minutes from the last
13 meeting of February 6, 2025. Do we have
14 a motion to approve?

15 MS. HEISLER: I will make a motion
16 to approve the minutes from the previous
17 meeting.

18 MR. SICURO: Do we have a second?

19 MR. CORNELL: Second.

20 MR. SICURO: Do we have any
21 discussion on the motion?

22 Seeing none, all those in favor,
23 signify by saying aye.

24 (Chorus of ayes.)

25 MR. SICURO: Opposed?

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1 Motion moves. Next --

2 MS. WILLIAMS: Apologies, I just
3 would like to abstain, because I was not
4 present for the February meeting. Thank
5 you.

6 MR. SICURO: The bills and
7 communications, we have our report from
8 our executive director.

9 MS. GULA: Thank you, Mr. Chair.
10 Funding of the pension is 1.143 billion
11 dollars, which is 75.0 percent -- six
12 percent funded, as of March 31, 2025.

13 The return on the portfolio over
14 the last 12 months, ending March 31,
15 2025, is 5.7 percent for the invested
16 section and 5.6 percent for the
17 composite year to date.

18 The portfolio is .6 percent in
19 the -- negative .6 percent in the
20 investive portion and negative .4
21 percent for the total fund.

22 The parking asset, which was valued
23 March 31, 2025, is valued at 3 point --
24 328.8 million. There is a statement in
25 your packet of the individual pension

1 funding level of the overall liability
2 as of March 31.

3 The MMO payment for Q1 was
4 completed on February 14, and then the
5 amount of 19 million, 448 thousand, 546
6 dollars and 50 cents, and that included
7 the MMO and the additional payment to
8 meet the actuarial liability or
9 recommended liability.

10 The second transfer, Q2 transfer,
11 which will also this time include the
12 parking asset of over 13 million, will
13 be transferred next week.

14 Any questions?

15 MR. SICURO: Seeing none, thank
16 you, Jen. Appreciate that.

17 Next, we have our investment report
18 from Jamie.

19 MR. WESNER: Thank you. Good
20 afternoon, everyone. So a lot of
21 volatility.

22 The materials that we have in the
23 book are through the end of March. I
24 will try to give a summary as best as
25 possible of what has transpired during

1 April.

2 April of the first couple weeks
3 were terribly negative. We saw
4 surprising rebound since then. But
5 there is still a lot of uncertainty out
6 there.

7 If we go behind Exhibit 1, you can
8 see what is a first quarter market
9 environment. These numbers, as I was
10 talking through this market environment
11 a couple weeks ago, I kept saying, oh,
12 these numbers are so stale, and try to
13 give updates.

14 Well, given what happened during
15 the month of April, they are actually
16 not that far off from where we stand in
17 many areas.

18 Although we were down significantly
19 double digit negative returns for the
20 U.S. equity markets and international
21 equity markets for the first couple of
22 weeks of April, we gained most of it
23 back.

24 And certain markets ended up
25 positive, international markets ended up

1 positive for the month of April. U.S.
2 markets ended up, as measured by the S&P
3 500, down less than one percent for
4 April.

5 When you think about that, given
6 all the volatility that took place after
7 Liberation Day on April 2, it is amazing
8 that we have come back that far, and
9 there is not any additional clarity that
10 has been provided.

11 Obviously, there was the
12 postponement of the reciprocal tariffs
13 that were on those fancy poster boards
14 that the president wheeled out during
15 that meeting at the White House, but we
16 still have the ten percent tariffs on
17 most goods.

18 We still have some of the tariffs
19 that were put in place on Mexico and
20 Canada, and we have the Chinese tariffs,
21 and we have not yet seen a lot of the
22 major impacts from those tariffs that
23 are out there, but even just over the
24 last couple of days, you have heard
25 reports coming out of California, for

1 the Port of Long Beach, Port of Los
2 Angeles, that they expect over the next
3 couple of weeks to see a significant
4 decrease in traffic coming into those
5 ports, based on what ships have left
6 China, because a lot of U.S. companies
7 have said we are not going to import
8 goods right now, with tariffs out there,
9 because we don't know if it is going to
10 be negotiated down.

11 And they will send down or utilize
12 the supply and inventory that they have
13 currently, to try to hold off until they
14 ultimately are forced to import certain
15 goods and pay those high tariffs.

16 Certain manufacturers, like Temu,
17 have put out those kind of headers to
18 say how much is attributable to tariffs
19 of the increased cost. Amazon, I don't
20 think we know whether they were actually
21 going to do that or not.

22 The White House wanted to make it
23 sound like they were going to do that,
24 and then the president kind of strong
25 armed Jeff Bezos into taking that off.

1 Amazon said we were never going to
2 do that, but you don't want to frustrate
3 the administration, because they might
4 retaliate in some fashion. So the
5 tariffs are a continual concern.

6 We are hoping that we see some
7 announcement of actual trade deals prior
8 to when the previously announced tariffs
9 are set to go back into place in July.

10 The president put in a 90-day
11 reprieve on those tariffs, but a lot of
12 deals need to be worked out, and we are
13 already a month kind of into that. So
14 uncertainty will continue.

15 The chart on page two, that
16 periodic element chart, it is still
17 relevant, because it highlights that
18 year over year, you see significant
19 differences in leadership. It is also a
20 reminder of why we have a diversified
21 portfolio.

22 We'll see the performance for the
23 plan in a moment, of your plan has had
24 very strong, long-term performance, both
25 on an absolute basis and relative to

1 other public pension plans, because you
2 have, you know, a thoughtfully
3 constructed portfolio, with good
4 diversification.

5 There is a lot of slides in here on
6 tariffs. As I mentioned, things change
7 so quickly. The most recent update for
8 this is kind of at the second week in
9 April.

10 So a lot more things were
11 announced, but this does highlight on
12 page three the announcement on April 9,
13 where the president put a pause on the
14 reciprocal tariffs, but raised the
15 tariff on China to over 100 percent.

16 Page four highlights some of the
17 different sectors that are impacted. I
18 think this is important, because as you
19 think about what industries are going to
20 be impacted from a stock performance
21 perspective, you see things like
22 automotives, pharmaceuticals, those are
23 big dollar amount industries that have a
24 lot of exposure to potential tariffs.

25 We saw earnings yesterday out of a

1 name like Microsoft and Meta, that were
2 very strong, and it reminds us that
3 there are certain companies that are
4 less exposed to tariffs.

5 Software for Microsoft is less
6 exposed. They have some hardware
7 components, but as a percentage of their
8 business, it is relatively small. And so we saw
9 a name like that be up ten percent today
10 in trading.

11 So there are winners in this
12 environment, but there still continue to
13 be losers, and that is true on a stock
14 by stock basis. On page seven, it
15 highlights how it is also going to be
16 true on a country by country basis.

17 And certain countries are going to
18 be more susceptible to those tariffs.
19 And you see on page seven, this
20 highlights the trade differential
21 between what we import from our
22 respective country, and what we export
23 to a respective country.

24 And the ones that stand out,
25 obviously China, but Vietnam, you see a

1 charge differential. A lot of apparel
2 is now manufactured in Vietnam, instead
3 of China.

4 The trade differential, which is
5 what the president is trying to solve
6 through tariffs, it is a hard thing to
7 change through tariffs, because a lot of
8 these countries have much lower kind of
9 per capita incomes, and in order to
10 change these trade differentials, you
11 need kind of Vietnamese citizens to say
12 we are going to buy more U.S. products.

13 Well, U.S. products in many cases
14 are expensive products, and they can't
15 afford those. So it is not a good way
16 to equalize those trade imbalances.

17 The other thing that is not
18 highlighted on a lot of these trade
19 imbalance charts is the fact that we
20 have a very large imbalance in terms of
21 the amount of U.S. debt that is
22 essentially imported by a lot of these
23 countries.

24 So Chinese, the Chinese sell us a
25 lot of low cost goods, we sell them a

1 lot of our debt, and we are reliant on
2 each other.

3 And it is -- that is going to be
4 part of the negotiations that both sides
5 are going to have to navigate, because
6 the Chinese still want us to buy their
7 products, we still want the Chinese to
8 buy our debt.

9 Interest rates did spike
10 significantly in early April, and that
11 was ultimately one of the stronger
12 factors in forcing the administration to
13 put a pause on those tariffs.

14 Equity markets went down, but,
15 really, it wasn't until the bond market
16 went down and yields went up 50 basis
17 points.

18 It might not sound like a lot, but
19 to have a ten year treasury to go from
20 3.9 percent to nearly 4.5 percent, over
21 the course of a week, really rattled the
22 markets and rattled those in the current
23 administration.

24 Page 11 highlights what is a
25 federal reserve going to do in this

1 environment. Chairman Powell has been
2 subject to a lot of tough language from
3 the president.

4 Chairman Powell has always made it
5 clear that he does not believe he can be
6 terminated from his role. His role, he is in his
7 current position until early 2026. The president
8 ultimately did say that he had no plans
9 to remove Chairman Powell.

10 I think that is obviously driven by
11 the fact the markets made it clear that
12 if you tried, the markets would be
13 really upset by that.

14 So Chairman Powell will be in place
15 for the next year, essentially, maybe a
16 little less than a year, but he has also
17 said that because we don't know whether
18 these tariffs -- we don't know the
19 magnitude of the inflationary impact,
20 that we will have to wait and see, in
21 terms of additional rate cuts by the
22 fed.

23 The fed did cut rates by -- had
24 four rate cuts last year, quarter point
25 equivalent rate cuts, for a total of one

1 percent. We have to wait and see. The
2 fed is not going to jump the gun. They
3 do not want to have to battle inflation
4 again.

5 And all indications are that
6 tariffs are inflationary. So where do
7 we stand in terms of potential
8 investments?

9 If we look at pages 12 and 13, very
10 topical, on the fixed income market, in
11 terms of some actions that we'll be
12 taking today, or some recommendations
13 that we'll be presenting to you today,
14 with hopes of action, in terms of the
15 bond market.

16 Within fixed income, we are still
17 seeing meaningfully higher yields than we
18 were several years ago. Core bonds on
19 page 13, you know, are currently
20 yielding in the high four percent range,
21 4.6, 4.7 percent.

22 Bank loans in high yield -- the
23 below investment grade part of the
24 market are yielding at an 8 to 9
25 percent. There is obviously a lot more

1 credit risk linked to the equity market.

2 But we are using fixed income as a
3 tool that can help us achieve our
4 assumed rate of return with less
5 volatility, and bonds yielding nearly
6 five percent can help us do that much
7 more now than they could before.

8 Jumping back up to page 12. Just
9 to highlight, the bond market has been a
10 tough place to be. Although over the
11 one year basis, bond returns have been
12 pretty nice, if you look at the five
13 year number, core investment grade bonds
14 are still negative over the five years.

15 On a ten year basis, only one and a
16 half percent annualized for core bonds.
17 I do want to emphasize that that is when
18 we were in a very low rate environment.

19 Now, being in a four and a half,
20 five percent interest rate environment,
21 you can still have negative bond
22 returns, but the likelihood of that is
23 lower, because we are collecting more in
24 our coupon, we are collecting more
25 interest payments.

1 Pages 16 and 17, 16 is just
2 wrapping up fixed income. With that 4.6
3 percent yield that we currently have in
4 the bond market, it is the box that is
5 right smack dab in the center of that
6 table, 4.6 percent.

7 If we see interest rates go up, in
8 terms of treasury yields, we would go up
9 one box -- sorry, we would go down one
10 box, if we saw interest rates go up 25
11 basis points.

12 While we would still collect 4.6
13 percent in interest, we would lose one
14 and a half percent in principle value.
15 The same thing is if credit spreads went
16 up, we would go one box to the right.

17 What I'll emphasize here is there
18 are fewer boxes that are kind of neutral
19 color or red, because we are starting
20 off at a 4.6 percent yield.

21 So the odds are in our favor, that
22 we end the year going forward or next 12
23 month period in the green or in the kind
24 of neutral shaded area. So that gives
25 us more potential for sizable fixed

1 income returns again.

2 Negative returns are not off the
3 table, but just the odds are in our
4 favor. The equity markets on page 17,
5 obviously, a lot of volatility in the
6 first quarter. That only accelerated
7 during the month of April.

8 What we did see in April is
9 although technology was down the most at
10 the lows, technology actually rebounded
11 the most.

12 And so you can see the one in the
13 year to date column, the one double
14 digit negative number, negative ten
15 percent, for the Russell 1000 growth,
16 that is large technology stocks.

17 That was down over 20 percent at
18 the lows in mid-April, but it rebounded
19 to where it was actually positive one or
20 two percent by the end of April.

21 So we are still negative year to
22 date, but it is not as negative as it
23 was. Value stocks for the first quarter
24 of the year had performed better, but
25 small cap names have also struggled

1 quite a bit. That is still something we
2 are continuing to face.

3 Technology, on page 18, just to
4 further emphasize, U.S. markets are 40
5 percent technology and technology
6 adjacent stocks. So 30 percent
7 technology, the kind of royal figures at
8 the bottom of the page.

9 Technology was obviously very
10 negative in the first quarter of the
11 year, but the communication services,
12 two sections over from tech, is another
13 nine percent. So tech and tech adjacent
14 sectors are 40 percent of U.S. stocks.

15 I'll show you in a moment how in
16 international stocks, it is less than 20
17 percent. So technology, when technology
18 is doing well, the U.S. market does
19 really well, because we have a lot of
20 the global technology names that are out
21 there.

22 I'll skip over a lot of the
23 additional pages, just kind of
24 information for you to review at your
25 leisure. If you have any questions, you

1 can certainly reach out.

2 Pages 22 and 23, we'll jump to
3 international stocks. As I mentioned,
4 in the first quarter of the year U.S.
5 stocks were down about five percent.

6 If you look at this page, the
7 second row down, the MSEI benchmark for
8 the first quarter of the year was a
9 positive five percent.

10 So just through the first quarter,
11 we had a ten percentage point
12 differential between U.S. and
13 international.

14 That differential actually grew
15 during April, because international
16 stocks ended up being up three to four
17 percent. Mostly emerging markets faced
18 more tariff related head-winds, but
19 developed markets held up well.

20 Part of that was currency related.
21 The U.S. dollar depreciated in value,
22 which helped our international equity
23 holdings, when we bring those back to
24 U.S. dollars.

25 And you can see, though, over the

1 long-term, international equities have
2 only given us about five percent over
3 the last ten years, where domestic
4 stocks have given us 10 to 12 percent.

5 International stocks have a long
6 way to go to catch up, but these cycles
7 of U.S. versus international, kind of
8 outperformance or underperformance, they
9 are typically very long cycles.

10 The last cycle was over a decade
11 long. So it could continue for a good
12 amount of time.

13 Page 23 highlights what I was
14 mentioning in terms of technology. The
15 far right of that table on page 23, IT
16 is only 12 percent of international
17 markets, where it is 30 percent of the
18 U.S.

19 Communication services are also a
20 much lower percentage, just highlights
21 how those international stocks had led
22 technology related worries to overcome
23 during April.

24 Country by country, there hasn't
25 been a tremendous number of places to

1 hide, in terms of tariffs. But in terms
2 of equity market returns, you can see on
3 page 25 that a lot of international
4 equity markets are actually positive.

5 So either the markets don't think
6 that the tariffs are going to actually
7 be to that level, or they think these
8 countries are going to be able to export
9 their products elsewhere.

10 And that was part of the original
11 concern with Trump's tariff announcement
12 against all countries, is that you
13 basically were isolating yourselves,
14 when the goal -- I'm not sure if the
15 intention was, but many people speculate
16 the intention was to isolate China, and
17 the change is now isolate China a little
18 bit more.

19 But a lot of these countries,
20 Canada is a great example, they just
21 went through an election on Monday, they
22 want to actively say, hey, let's trade
23 with everyone else.

24 We'll go around the U.S. as
25 necessary, but let's strengthen our

1 bonds with everyone else, to bond
2 through the shared factor of a common
3 enemy.

4 Page 27 has, basically, a summary
5 of all those tariffs. I won't go
6 through that, because who knows what
7 will actually be enacted, but it just
8 kind of highlights the, maybe, lack of
9 thoughtfulness into the construct of
10 those figures.

11 MS. HEISLER: Does a -- do we hit a
12 point -- this is a question. I don't
13 know a lot about tariffs -- where the
14 markets basically ignore the Trump
15 Administration, because they keep
16 punting it 90 days -- I don't even
17 know -- I mean, I understand the markets
18 are reacting to what he says.

19 The United States --

20 MR. WESNER: The markets have
21 learned, I think in the first
22 administration, that you don't overreact
23 to news or to a tweet, but in this
24 situation, you know, some of these
25 tariffs were enacted.

1 So it wasn't just -- you can't
2 ignore the actions. The markets to your
3 point have very much tried to figure out
4 how to not overreact to a statement,
5 whether it is an off the cuff remark
6 made at a press conference, or 3:00 a.m.
7 in the morning tweet.

8 But if a policy is enacted, if a
9 tariff is put in place, unfortunately,
10 we can't ignore that. So it is really
11 trying to find that balance.

12 I think, maybe, the markets right
13 now, because of the strength that we
14 have seen over the last couple of weeks,
15 maybe think, okay, it is not going to be
16 as bad as we think.

17 But that is the risk that is out
18 there, is that all of a sudden, he says
19 I'm going to pause these, but then gets
20 frustrated by some action by some other
21 world leader, and says, you know, forget
22 this, I'm going to put this tariff back
23 in place, or I'm going to escalate
24 tariffs against Canada or Mexico,
25 because I'm perceived to be weak versus

1 another leader.

2 So that is really the handicapping
3 you have to do, is what are the odds
4 that something is actually going to be
5 put in place.

6 MS. HEISLER: Thank you.

7 MR. WESNER: I think we all wish
8 there was more certainty on that and not
9 just speculation.

10 But some of the alternative markets
11 on page 30, we highlight real estate,
12 the real estate markets are improving.
13 Different parts of the market started
14 doing better. Office is still strained.

15 Several of you were able to attend
16 our event that we had here on April 1,
17 where we had several real estate
18 managers speaking about the real estate
19 market, and some managers have taken
20 advantage of the market dislocations,
21 reposition portfolios, mostly lessening
22 office exposure.

23 But what you'll see on the page
24 here, on page 30, if you go down to the
25 middle of the page, I'll point you to

1 the one year numbers. So this is just
2 through the end of the fourth quarter.

3 So if we look at the different
4 sectors, the only sector of real estate
5 that was negative for 2024 was office,
6 and it was down 7 percent, 8 percent.

7 There are areas that have been --
8 actually see value increase for real
9 estate. For the first quarter, most
10 managers were up one to one and a half
11 percent, pretty good overall performance
12 for real estate.

13 Page 32 just gives you a little
14 highlight in terms of the previous
15 rebounds that we have seen for negative
16 real estate markets. So there have not
17 been that many negative periods for real
18 estate.

19 You go back to the 1991-92 savings
20 loan crisis, very strong performance
21 afterwards. Obviously, the great
22 financial crisis in '08-09, very severe
23 downdraft, but strong performance
24 afterwards.

25 This decline in real estate was

1 certainly painful, but was not nearly
2 what we experience during the Great
3 Financial Crisis. We don't know what
4 the rebound will look like.

5 I think a lot of it is going to
6 depend on interest rates and other
7 factors, but we are still seeing from a
8 supply and demand perspective, there is
9 not any more office being built in most
10 markets.

11 Miami is one of the few markets
12 that is seeing offices being built. If
13 you look at other areas, multi-family
14 housing, people still need places to
15 live. We are not seeing a lot of
16 transactions take place in single family
17 homes.

18 So people might say, now, I need a
19 larger apartment, and so we are seeing
20 the supply actually be built for those
21 parts of the market.

22 And then pages 34, 35, just some
23 other markets. This highlights a little
24 bit on the private debt side, a newer
25 asset class that you moved into over the

1 last year or so, areas that continue to
2 perform well.

3 2024 was a very strong year for
4 private debt, you know, up ten percent
5 plus for many parts of the market. Your
6 managers continue to perform well,
7 Partners Group and Brightwood, and we'll
8 highlight them in a few moments.

9 Any questions on the broad market?
10 Again, a lot of different areas, just
11 try to hit the ones that were most
12 relevant to your portfolio performance.

13 MR. SICURO: Just a general
14 question. The fact that our investment
15 policy has been trying to target lower
16 volatility investments, our strategy, at
17 times like this, where we have had those
18 downturns, this is where that strategy
19 has paid off.

20 Am I correct?

21 MR. WESNER: Yes, in addition to
22 that, also, the recent changes that you
23 approved, in terms of your asset
24 allocation, were consistent with that
25 theme of taking risk off the table.

1 So how you implemented that was by
2 increasing your allocations of fixed
3 income and lessening your allocation to
4 equities.

5 That was taken in the latter part
6 of 2024, and then we actually approved
7 the movement of moneys at the February
8 meeting, and moved that money kind of
9 all around, really, the high point in
10 the equity markets.

11 And you'll see in a moment, you
12 moved, basically, close to 100 million
13 dollars out of equities and into fixed
14 income, at a very good time.

15 So I would say it is better to be
16 lucky than be good -- but I'm very happy
17 that good luck and good timing, when we
18 move money.

19 That is highlighted as we look at
20 page three. So we are behind Exhibit 2
21 now, on page three. So you can see the
22 top has the net of fees returns. You
23 can see over the one year, a little bit
24 low, our target benchmark.

25 But we'll see in a moment your

1 relative performances remained very
2 strong. As you look at the fixed income
3 composite, you can see 27 percent in
4 terms of the now target for fixed
5 income. That increased versus where we
6 were before.

7 If we go over to the bottom right
8 hand table, I think this highlights very
9 much the work that this group did in
10 terms of -- that the city did in terms
11 of funding the pension plan.

12 You can see, now, that five years
13 ago, we had 453 million dollars in
14 investable assets in the portfolio. You
15 had 36 million dollars in positive cash
16 flows into the fund, but then you had
17 325 million dollars in investment
18 earnings.

19 You were able to have that level of
20 investment earnings, because you were
21 not selling assets to make benefit
22 payments. So that net cash lining is
23 very important. Even over the past one
24 year, you held that basically even.

25 Pages four and five, this

1 highlights the money that we moved at
2 the end of the month of January and into
3 early February.

4 So you can see the layout here does
5 include the parking asset, and as your
6 executive director highlighted, about
7 329 million dollars, but we moved 55
8 million dollars into fixed income, and
9 we moved 80 million dollars out of U.S.
10 equities, during the month of early
11 February.

12 You see a lot of that came from the
13 S&P 500. So you took a lot of that
14 extra growth oriented risk off the
15 table. We had a huge runup, obviously,
16 in 2023 and 2024. It is great that we
17 had that, but we took that money back
18 down.

19 You continue onto page five, we did
20 add a little bit more to some emerging
21 markets, and just three million dollars
22 to each of those managers, to bring us
23 closer to our targets, added a little
24 bit more up to Gridiron, which is one of
25 the emerging local managers. And then

1 we added some more money to defense and
2 equity with Parametric.

3 And just like Director Sicuro
4 mentioned, 17 million dollars went into
5 that, that is a more conservative
6 strategy. So you are taking risk off
7 the table, which helps us in periods of
8 volatility like this.

9 Jumping forward to performance, and
10 I'll jump forward several pages, so we
11 are going to go to page 13.

12 And this will highlight the
13 performance of the total fund composite,
14 both with and without the parking asset.

15 So at the top line, again, the
16 figures that your executive director
17 highlighted during her remarks, the one
18 year figure up 5.6 percent net of fees.
19 Well, that appears to be a bit,
20 obviously, behind the composite
21 benchmark.

22 Because now the cash flows and the
23 parking asset are coming on a semi-
24 annual basis, instead of quarterly
25 basis, that does impact the performance.

1 It will all be the same at the end
2 of the year, but because we are only
3 getting those contributions in from the
4 parking assets semi-annually, we didn't
5 have one in the first quarter of the
6 year.

7 So it does impact performance,
8 because we didn't realize that as kind
9 of an income or interest payment of
10 about six and a half million dollars.

11 But what is important is if you
12 look at the longer term numbers, not
13 only are they strong from an absolute
14 perspective, the ten year return of 7.3
15 percent, but versus public defined
16 benefit plans, versus the peer universe,
17 you can see in the top 16 percent of the
18 peer universe, obviously, that does
19 benefit from the parking asset.

20 But, really, the best apples to
21 apples comparison is if you go down a
22 couple rows to the total invested
23 portfolio, this is really a true apples
24 to apples comparison, versus other
25 public pension funds.

1 And if you look at those long-term
2 numbers, also up 7 percent, 7.1 percent.
3 It puts you right around that top
4 quartile for the peer group.

5 Your portfolio construction from
6 asset allocation, your manager
7 selection, all of those things have
8 helped you achieve that performance.

9 From a fixed income perspective,
10 currently -- we are going to talk about
11 the search results in a moment.

12 Vanguard, with our short duration
13 strategy, that helped us significantly
14 over the last five years.

15 You can see that 2.9 percent for
16 the Vanguard short duration strategy
17 over the last five years, we took a
18 little bit of a repositioning of the
19 portfolio, to lessen our exposure to
20 interest rates, knowing that there was a
21 strong potential for interest rates to
22 go higher.

23 They did go higher. Core bonds
24 were negative four-tenths of a percent
25 annualized over that last five year

1 period.

2 So we outperformed -- that Vanguard
3 strategy outperformed by three percent
4 per year over the last five years; so
5 saved you a lot on the downside.

6 Federated's performance remained
7 strong. Black Rock, they will be
8 subject. While the performance has been
9 good, we think we are going to give you
10 recommendations for some better options
11 in a moment, and as we present the
12 result of the subcommittee conversation.

13 Pages 14 and 15, your equity
14 markets. Obviously, our index strategy
15 has performed well, whether it was in
16 the past, when it was with State Street,
17 or, now, when it is with Exponent.

18 Frontier has had a tough quarter
19 and one year period. We did take 20
20 million dollars from Frontier. So that
21 lessened the impact there.

22 Vanguard and Palisade on the small
23 cap strategies, Palisade outperforming a
24 little bit over the one year.

25 We will likely, maybe, at the next

1 meeting talk about funding Palisade up
2 more with the proceeds from Vanguard, so
3 we utilize all active management there.
4 That Palisade is a diverse-owned firm.

5 If we go onto the next page, local
6 emerging managers, Gridiron's
7 performance remains strong, as does
8 Twins, on a relative basis.
9 International equities, this I think is
10 going to be a good generator of returns
11 going forward.

12 You can see that the MFS strategy,
13 great long-term performance, short-term,
14 you know, good relative performance as
15 well.

16 State Street and ABS, ABS has been
17 the better long-term performer, a bit
18 more hedged. They were actually
19 negative for the first quarter of the
20 year, but no concerns with them over the
21 long run.

22 And then our alternatives, wrapping
23 up on pages 16 and 17. Really, a lot of
24 noise in the markets. Obviously in the
25 first quarter, long-term strategies that

1 we are still confident in them.

2 You can see ABS had some volatility
3 in the first quarter, End Trust really
4 protected us on the downside. And
5 Parametric, still strong long-term
6 performance, no concerns with any of
7 your hedged strategies.

8 And then, finally, just wrapping up
9 with real estate, Barings was the
10 manager that went down the most. They
11 went up the most over the last year.

12 Reef went down the least, and
13 therefore bounced back the least, and so
14 while Reef has a lower one year number,
15 their longer return -- term returns are
16 much stronger.

17 We do have a redemption request in
18 for Barings. Liquidity is going to be
19 limited still. As we get to liquidity
20 from Barings, we will come back to the
21 board, in terms of possibly reallocating
22 some of those moneys to other managers
23 there.

24 And then the bottom of page 17 just
25 highlights what we have seen thus far

1 with our private debt and private
2 equities strategies. You can see with
3 Crescent and Siguler Guff, very strong
4 performance.

5 We will need to be talking at the
6 May meeting about potentially re-upping
7 for Siguler Guff's next fund.

8 You can see the two strategies
9 which are your private equity manager --
10 up 17 to 19 percent, from an IRR
11 perspective.

12 So some of your best performing
13 strategies there, we want to continue to
14 allocate to those parts of the market.

15 MR. SICURO: Before you move on,
16 can we go back to page 14?

17 And Frontier, with the exception of
18 the five year mark, has been close to
19 the bottom in the rankings.

20 When you all make your performance
21 recommendations, is that not part of the
22 factor, like, where they have been
23 performing compared to their peers, or
24 is there other parts to it that I'm not
25 understanding?

1 MR. WESNER: It is a good question.
2 So when we have the status of the
3 manager, and it is always an idea
4 whether the manager is in compliance, on
5 alert status, we have another status
6 that is on notice, which means,
7 basically, we are already moving away,
8 and then there is full termination.

9 It is a decision, and it would be a
10 recommendation that I would come back to
11 you with, when we start to see -- if we
12 saw the three to five year numbers
13 worsen, and didn't see a recovery over
14 the coming quarters of then putting them
15 onto alert status, but that would be a
16 recommendation that we would come back
17 to you with.

18 We have done that in the past,
19 where we put managers on alert status,
20 and then ultimately come back to say,
21 okay, let's take them off of alert, or
22 sometimes that's led to termination.

23 And most recently, it's been with a
24 few of the local emerging managers,
25 where performance wasn't strong, and we

1 didn't have the confidence of them to
2 rebound -- Frontier is still a very
3 large asset manager.

4 People process philosophies remain
5 consistent, and that is one of the
6 things when we evaluate managers is to
7 say, I would make the comment that
8 managers don't get dumb overnight.

9 But if they start to change their
10 process or philosophy or change the
11 people that generated past performance,
12 then we start to have concerns.

13 And so that is where we were giving
14 Frontier maybe a little longer runway,
15 in terms of time to repair their
16 performance, versus someone that has
17 personnel change or something else,
18 which might be more severe.

19 MS. WILLIAMS: Can I ask the
20 question, I think you brought up a great
21 point, is this something that we could
22 say at our next quarterly meeting we
23 would want -- if it continues to
24 underperform, we might want to put them
25 on alert?

1 I'm just thinking about looking at
2 what you raised, Ralph, rightly so, and
3 seeing that perhaps we need a little bit
4 closer eye on them. I would agree.

5 MR. WESNER: You can actually, just
6 to make sure the process is clear, you
7 could actually do it now.

8 But what I will -- I'm kind of
9 taking from your comment, I will make
10 sure we come back to the next meeting
11 with a couple slides that outline in
12 more detail the Frontier, the process of
13 their kind of outperformance,
14 underperformance, and kind of their
15 cycles, so we can make a more informed
16 decision on that.

17 MR. SICURO: I just want to follow
18 up on this. The ten years where I look
19 at it, in ranking of 86, against the
20 index, this is an active management
21 firm, which we are supposed to get a
22 little extra out of, because they are
23 actively managing it, which we pay a
24 little extra in fees.

25 So when you look at the percentage

1 between the gains -- not getting this
2 full gains, it is not that much. But we
3 have to add in what we are paying in
4 fees while we are getting the value.

5 MR. WESNER: These figures are net
6 of fees, but to your point, basically,
7 if you look at the ten year period,
8 their fees are about 70, 75 basis
9 points.

10 So their performances match the
11 benchmark, but you paid them fees to
12 match the benchmark. So net of fees are
13 under by 70 basis points.

14 So to your point, when we engage
15 active management, we want to engage
16 active management with the expectation
17 that they are going to earn, you know,
18 more than their fee and then some.

19 So you actually have some alpha or
20 excess return net of fees, and then we
21 would expect, kind of you look at
22 this -- and while it's been a tough
23 environment for active managers, the
24 rankings, the 86 percentile ranking,
25 that is versus other active managers.

1 So they have underperformed versus
2 the benchmark net of fees, but they have
3 also underperformed where other managers
4 have outperformed.

5 If this is large cap growth, for
6 example, and they had underperformed by
7 70 basis points, they would be in the
8 top quartile of their peer group,
9 because it's been so hard to beat the
10 benchmark in large cap growth, for
11 example.

12 But that ranking, that is why we
13 look at multiple data points to assess
14 performance. The ranking is not good,
15 and the absolute performance is under.

16 Again, all those factors go into
17 the decision making process of going on
18 alert and ultimately searching for a new
19 manager.

20 MR. SICURO: To be clear, you
21 asked, just to make sure I'm clear, for
22 a report for next meeting; correct?

23 MS. WILLIAMS: Yes, to dive in a
24 little bit more context. We can make a
25 more informed decision, I think, would

1 be valuable here.

2 MR. SICURO: I really would like to
3 know whether or not the value is there,
4 or just to go with an index versus an
5 active manager in that space.

6 MR. WESNER: And we can go through
7 and even talk a little bit more about
8 the different types of benchmarks in
9 that space, because when you have kind
10 of your mid-cap mid-cap growth, mid-cap
11 growth is a very volatile part of the
12 market.

13 Mid-cap core is less volatile.
14 There is a lot of considerations, but we
15 can bring you that supporting data.

16 MR. SICURO: Thank you.

17 MR. WESNER: So with that, that
18 concludes my comments on kind of
19 investment performance, and then I will
20 let us go to the solicitor's report, and
21 then we can kind of go into the
22 discussion on the subcommittee
23 recommendation for fixed income
24 managers.

25 MR. SICURO: Jamie, thank you for

1 your report. Before we move on, does
2 anybody else have any other questions
3 for Jamie.

4 Rich, are you still with us?

5 MR. WESNER: Hopefully I didn't put
6 him to sleep.

7 MR. RUFFOLO: Yeah, I'm still here.

8 MR. SICURO: Just wanted to make
9 sure. We'll move onto our solicitor's
10 report. Mr. Frank.

11 MR. FRANK: Thank you, Mr. Chair.

12 Good afternoon. Since our last
13 meeting, I worked with our class action
14 counsel in the Carlyle suit and assisted
15 in the preparation of a response to
16 discovery served on us by the
17 defendants.

18 Discovery was continuing intensely
19 in that case. We have had some
20 additional right to know law requests,
21 one mentioned at last board meeting from
22 the University of Central Florida on our
23 investments, and I referred them to the
24 postings on the website, as to what our
25 investments are.

1 Another was from, quote, With
2 Intelligence, on out selection of
3 Brightwood Capital as one of our
4 investment advisors. They asked us any
5 additional materials provided, and I
6 said none were provided under the
7 response to the requests for proposals.

8 Most recent, there is a request
9 from The Center For Retirement Research
10 on our actuarial reports, which I'll
11 respond to. Most seem to be just
12 research organizations without any other
13 intent.

14 As you know, at the last board
15 meeting we authorized the issuance of a
16 request for proposal on the core plus
17 fixed income manager.

18 I prepared and issued the RFP on
19 February 14, had it duly advertised. I
20 reviewed the responses for compliance
21 with the RFP.

22 I had more time in than I generally
23 do, because we had 17 responses to the
24 RFP, and each of them had to be reviewed
25 carefully as to whether they complied

1 with the multiple requirements of the
2 RFP.

3 I responded to questions on the
4 RFP, and then we posted the answers on
5 our website, so that everyone has access
6 to any questions or answers on the RFP,
7 and I assisted most recently with the
8 selection committee, from which we will
9 be receiving a report and
10 recommendation.

11 I sent a reminder to the trustees
12 that they must file a financial
13 disclosure statement, pursuant to the
14 state ethics act, listing themselves as
15 trustees in addition to any other
16 positions.

17 All professional service providers
18 must submit by May 1 a disclosure of all
19 their political contributions, any gifts
20 to city officials -- they are due today.

21 We have been monitoring. There is
22 a few that are outstanding, and we'll
23 follow up with them tomorrow, if they
24 are not received. I'll then review if
25 there are any issues.

1 Any questions?

2 MR. SICURO: Anybody?

3 Thank you, Mr. Frank. Our next
4 item up is Electing of Officers.

5 So we have to make recommendations
6 for officer positions for chair, vice
7 chair, secretary and treasurer. At this
8 moment I guess we can entertain --

9 MR. FRANK: Nominations for
10 chairperson.

11 MR. SICURO: -- nominations for
12 chairperson.

13 MS. HEISLER: I would like to
14 nominate Ralph Sicuro to continue to
15 serve as the chairperson.

16 MR. RUFFO: Second.

17 Mr. Chairman, we should have a vote
18 on that.

19 MR. SICURO: Okay. Do I have to
20 make sure there is no other nominations?

21 MR. FRANK: I haven't heard any.

22 MR. SICURO: Okay. We are good
23 there. All those in favor of Ralph
24 Sicuro as chairperson, please say aye.

25 (Chorus of ayes.)

NETWORK DEPOSITION SERVICES

1 MR. SICURO: Any noes?

2 Thank you all. I do appreciate it,
3 and I enjoy serving in that capacity.

4 Next will be our vice chair. We
5 have a nomination for vice chair? If I
6 can nominate Rachael Heisler as our vice
7 chair.

8 MS. WILLIAMS: Second.

9 MR. SICURO: Seeing no other names,
10 all those in favor, signify by saying
11 aye.

12 (Chorus of ayes.)

13 MR. SICURO: Opposed?

14 Thank you, Rachael.

15 And nominations for secretary?

16 MS. WILLIAMS: I would like to
17 nominate Patrick Cornell.

18 MR. SICURO: Seeing no more
19 nominations --

20 MR. FRANK: We need a second.

21 MR. SICURO: I'll second that.

22 Seeing no others, all those in
23 favor of Patrick Cornell as secretary,
24 say aye.

25 (Chorus of ayes.)

NETWORK DEPOSITION SERVICES

1 MR. SICURO: Opposed?

2 All right. Congratulations.

3 And lastly will be for treasurer.

4 Any nominations for treasurer?

5 MS. HEISLER: I would like to
6 nominate Rich Ruffulo to serve as
7 treasurer.

8 MR. CORNELL: I'll second.

9 MR. SICURO: Seeing no other
10 nominations, all those in favor of Rich
11 Ruffulo as treasurer, say aye.

12 (Chorus of ayes.)

13 MR. SICURO: Opposed?

14 Congratulations, Rich, and thank
15 you all. All right, that concludes our
16 selection of officers. We are now under
17 presentation of resolutions.

18 We have one resolution before you
19 all, Resolution No. 3, 2025.

20 Resolution authorizing payment for
21 Professional Services rendered by Frank,
22 Gale, Bails, Pocrass PC, for the months
23 of February 2025 through March 2025, in
24 the amount of \$9,322.50.

25 Do I have a motion to pay the bill?

1 MS. HEISLER: I would like to make
2 a motion to pay the bill to Frank, Gale,
3 Bails & Pocrass, upon the submission of
4 all paperwork.

5 MR. SICURO: Do I have a second?

6 MR. CORNELL: Second.

7 MR. SICURO: Motion has been made
8 and seconded. Any discussion on the
9 motion? Seeing none, all those in
10 favor, signify by saying.

11 (Chorus of ayes.)

12 MR. SICURO: Any opposed?

13 And the motion moves. Thank you.

14 All right, we are under new
15 business. Now, we have a report from
16 our subcommittee on core plus fixed
17 income manager.

18 The subcommittee was Patrick
19 Cornell, Rachael Heisler and Rich
20 Ruffulo. It is my understanding that
21 Mr. Frank will give the report?

22 MR. FRANK: Thank you. I gave each
23 of the trustees a copy of the report.

24 As noted in my prior report, the
25 requests for proposals were issued on

1 February 14, 2025.

2 The objective is for a core plus
3 fixed income manager to manage core plus
4 fixed income investments consistent with
5 the Bloomberg aggregate bond index.

6 Total target mandate size for this
7 is 50 million dollars. The Fund has
8 received 17 responses. I reviewed the
9 proposals for compliance.

10 One of the proposals was incomplete
11 and was not considered, leaving 16
12 responses. Our investment consultant,
13 Marquette, reviewed all our proposals
14 and narrowed it down to what it
15 considered the top six proposals.

16 Marquette supplied the subcommittee
17 with an analysis of the six proposals,
18 including a firm overview, returns of
19 the funds over the last nine years, the
20 proposed fee schedules, performance
21 metrics, and additional background on
22 the key professionals and ownership of
23 the proposer.

24 The subcommittee met this past
25 Monday, on April 28, with our investment

1 manager, James Wesner, of Marquette, and
2 Marquette's head of fixed income, Frank
3 Valle. Also present, I was present, as
4 was Robin Thompson, and our executive
5 director.

6 After a robust and detailed
7 discussion and questions from the
8 subcommittee, the decision was made to
9 recommend to the board of trustees Loop
10 Capital and CS McKee as the two core
11 plus fixed income managers.

12 In addition to other
13 qualifications, Loop Capital is African-
14 American owned, and CS McKee is a
15 locally based company with headquarters
16 in Warrendale.

17 Loop Capital's fee will be 20 basis
18 points of the investment. CS McKee's
19 fee is floating, where it is 20 basis
20 points on the first 20 million, and 18
21 basis points on the next 30 million.

22 The recommendation is that each
23 manager would be funded initially with a
24 25 million dollar investment.

25 The strategies will be funded with

1 existing moneys in Blackrock's fixed
2 income, and the Vanguard ultra short
3 bond fund.

4 Mr. Wesner, if you have any
5 additions --

6 MR. WESNER: I think that perfectly
7 summarizes it.

8 MR. FRANK: So we would, then, if
9 the board agrees, we would need a motion
10 to approve those two managers.

11 MR. SICURO: Before we move onto
12 consideration of selection of the
13 managers, is there any questions on the
14 report or for the subcommittee?

15 No, okay.

16 Thank you, Mr. Frank, for that
17 report. Now, we are --

18 MR. FRANK: I have a resolution
19 prepared, that we can circulate.

20 MR. SICURO: Okay.

21 MR. FRANK: So we would need
22 somebody to make this resolution and
23 second, and then we would need a vote.

24 It is consistent with my report.

25 MR. CORNELL: I'll do it.

1 I would like to make a motion to
2 authorizing the investment as follows in
3 the core plus fixed income managers, to
4 invest 25 million dollars in each of the
5 following investment managers, one, Loop
6 Capital, with a fee of 20 basis points,
7 and, two, CS McKee, with a fee of 20
8 basis points on the first 20 million
9 dollars, and 18 basis points on the next
10 5 million dollars.

11 MR. SICURO: We have a motion.

12 Do we have a second?

13 MS. HEISLER: Second.

14 MR. SICURO: Motion and seconded.

15 Is there any discussion on the second?

16 MR. CORNELL: I just thank Rich and
17 Rachael for being on the subcommittee
18 and, also, for Mr. Frank for hosting us,
19 and of course Jamie and his team for
20 helping as well. Thank you.

21 MS. HEISLER: Thank you for the
22 robust discussion earlier this week.

23 MR. SICURO: We are under the
24 motion. It's been properly made and
25 seconded. No more discussion.

1 All those in favor, please signify
2 by saying aye.

3 (Chorus of ayes.)

4 MR. SICURO: Opposed?

5 Seeing none, the motion moves. And
6 I, too, want to thank the subcommittee
7 for your time and efforts to put that
8 together in making those
9 recommendations.

10 And we have a representative from
11 CS McKee here today, and we want to
12 congratulate them as becoming a new
13 partner with us.

14 MR. SICURO: Okay. We are done
15 with new business. We are close to
16 adjournment, but I have one question, if
17 I could ask, for our executive director.

18 Four professional service contracts
19 that we have, is it possible we could
20 get an email list to us?

21 Most specifically, I'm looking for
22 their expiration dates as to when each
23 of those services are coming up on
24 expiration, so we know when we have to
25 prepare.

1 MR. FRANK: Which services?

2 MR. SICURO: I would assume any
3 ones that the board has to make --
4 usually on every three year basis.

5 MR. FRANK: Including our managers?

6 MR. SICURO: Every manager, we
7 don't do every three years; correct?

8 MR. FRANK: No.

9 MR. SICURO: I'm only looking for
10 the ones that are the recurring ones.

11 MR. FRANK: I'll get -- I'll
12 prepare a list.

13 MR. SICURO: Thank you.

14 Anybody else have anything before
15 we adjourn?

16 Okay. Rich, thank you for hanging
17 in there. We know you got some personal
18 things going on today.

19 Do I have a motion to adjourn?

20 MS. HEISLER: Motion to adjourn.

21 MR. SICURO: Do I have a second?

22 MR. CORNELL: Second.

23 MR. SICURO: Any discussion?

24 Seeing none, all those in favor,
25 signify by saying.

1 (Chorus of ayes.)

2 MR. SICURO: Opposed?

3 All right, thank you, everybody.

4 THE COURT REPORTER: Would you like
5 a transcript?

6 MR. FRANK: Yes, email, mini.

7 (Thereupon, the board meeting was
8 concluded at 1:56 p.m.)

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C-E-R-T-I-F-I-C-A-T-E

I, Tristan Hannaford, the undersigned,
do hereby certify that the foregoing fifty-
eight (58) pages are a true and correct
transcript of my stenotypy notes taken of the
Statement of Counsel at the time and place
above set forth.



Tristan Hannaford, Court Reporter
