

The regular monthly meeting of the Retirement Board of Allegheny County was held on September 15, 2016, in the Gold Room, 4th floor, Courthouse, Pittsburgh, Pennsylvania. The meeting was called to order at 12:10pm.

When the roll call of the Board members was made Board members John Weinstein, Ted Puzak, Chelsea Wagner, Jennifer Liptak, Frank Dicristofaro and Walter Szymanski were recorded as being present.

Also present were Brian Gabriel of CDBPM Law and Interim Executive Director, Janice Vinci.

#### **PUBLIC COMMENT**

There was no public comment

#### **APPROVAL OF BOARD MINUTES**

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Dicristofaro, to approve the minutes of the July 21, 2016 Board Meeting.

#### **APPROVAL OF MONTHLY FINANCIAL STATEMENTS**

The Board unanimously approved a motion by, Mr. Szymanski, duly seconded by Mr. Dicristofaro to accept the June 30, 2016 and July 31, 2016 Financial Statements. The reports are generated by the Controller's Office (Board Secretary).

- Pension Fund Assets
- Statement of Changes in Plan Net Assets
- RBAC Balance Sheet

#### **APPROVAL OF INVOICES**

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Dicristofaro to ratify the expenses for the month of August and there are no invoices for September.

#### **PENSION APPLICATIONS**

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Dicristofaro to approve the Pension applications filed with the Retirement Office in the month of August. The following applications have been filed.

- Disability – 1
- Early Voluntary – 12
- Full Retirement – 19
- Modifications – 2

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Dicristofaro to approve the Pension applications filed with the Retirement Office in the month of September. The following applications have been filed.

- Disability – 1
- Early Voluntary – 7
- Full Retirement – 9

The Board unanimously approved a motion by Mr. Syzmanski, duly seconded by Mr. DiCristofaro to approve the Disability Application of Members #097134. It is the recommendation of three designated physicians this member is totally and permanently disabled from any gainful employment in Allegheny County.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski to approve the Disability Applications of Members # 097120. It is the recommendation of three designated physicians this member is totally and permanently disabled from any gainful employment in Allegheny County.

### **INTERIM EXECUTIVE DIRECTOR'S REPORT**

Ms. Vinci provided the monthly status report of the Retirement Board, highlighting the following:

The Dashboard as the month ending August of 2016 there were 47 refunds, 53 new members, 7 deaths, 8 life insurance claims, 28 pension estimates and 5 buy backs. Contributions refunded in the amount of \$397,164.00 and contributions made \$5,161,816.00. For the month of September there were 17 total retirements, 9 full retirements, 7 early retirements and 1 disability retirement.

There were 85 transactions for the year, 73 Capital Calls, 2 Rebalancing, 6 Allocations and 4 Terminations. For the period of 7/28/2016 – 9/6/2016 there have been 18 Capital Calls for a total \$5,597,009.00.

The office budget for the month of August,  $\frac{3}{4}$  of the way through the year, still has 44% of the budget remaining.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski to approve Koryak Consulting to evaluate the Tyler system for a fee not to exceed \$10,000.00.

The Disability Re-Evaluation Report had a total of 26 re-evaluation reports scheduled for 2016. There are 7 reports that still need to be evaluated by the end of the year. In order to have the examinations completed they have been recommended over to Phase IV consultants for evaluation.

The conversion of the custody platform over at BNY Mellon is completely finished. All documentation requested for the conversion has been submitted and the migration is complete.

### **SOLICITOR'S REPORT**

Mr. Gabriel provided the board with the Monthly Confidential Report as of September 8, 2016.

The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by Mr. Szymanski it is the recommendation of three designated physicians that member #72289 is NOT totally and permanently disabled from any gainful employment in Allegheny County.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Ms. Wagner that the Board will enter into a a Portfolio Monitoring Agreement with BLB&G and to add BLB&G to the Board's existing list of Security Litigation firms.

### **WILSHIRE ASSOCIATES**

Calvin Born, of Wilshire Associates, provided a brief Capital Market update for the month of August.

As of August 31<sup>st</sup> the U.S. Equity Market represented by the Wilshire 5000 Index continues to rally up 8.3% YTD. Through 2015 Large Cap significantly outperformed Small Cap however, YTD that has reversed and now Small Cap has outperformed Large Cap by roughly 4%.

In the International Equity Market, Emerging Markets continue to recover strong after a weak 2015, up 14.5% YTD. This has had a significant impact on the overall Non-U.S. Equity Market. Developed Non-U.S. Equity is slightly positive YTD up a 1/2% and the total market is up 4.5% YTD.

In Fixed Income the Barclays Aggregate remains up strong YTD nearly 6%. The U.S. TIPS Market is up 6.5% and High Yield continues to be the best return in Fixed Income Asset Class, YTD up over 14%. Allocations to TIPS and High Yields have also been very additive to the County's portfolio.

There is a slight overweight to public equity which is used as the parking lot for the underweight to private equity. There is a small underweight to public real assets which is largely coming from the new allocation to MLP's. Currently there is a search being conducted for MLP's and there will soon be a recommendation. Total assets at the end of August were \$841,000,000.00 which is a gain of \$20,000,000.00 this quarter.

### **PFM ADVISORS**

Margaret Belmondo of PFM Advisors had two recommendations for the Board and both were presented during the executive session.

The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by Mr. Szymanski to hire Altair Investment Management for tactical fixed income strategy a \$3,000,000.00 allocation at 65 basis points.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro to add Lupe Capital Markets as the preferred minority broker program.

Ms. Belmondo announced that she is leaving PFM and this will be her last meeting. She introduced the Board to Perry Giovanelli of PFM Advisors and advised he will be attending monthly meeting from now on.

## **ASSET STRATEGY CONSULTANTS**

Ed Boyer of Asset Strategy Consultants had two recommendations for the board to approve.

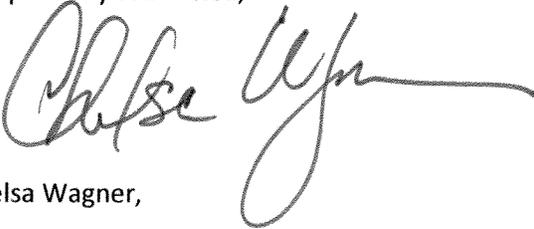
The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Ms. Wagner to award Crestline Opportunity Fund III a \$4,000,000.00 allocation at 1.5% management fee and 20% based on the preferred return.

The Board unanimously approved a motion by Mr. Puzak , duly seconded by Mr. Szymanski to award iNetwork Opportunity Fund a \$3,000,000.00 allocation investment at 2% and 20%.

## **ADJOURNMENT**

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Szymanski to adjourn the meeting at 12:41pm

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Chelsa Wagner", with a long horizontal flourish extending to the right.

Chelsa Wagner,

Secretary