

The regular monthly meeting of the Retirement Board of Allegheny County was held on January 21, 2016, in the Gold Room, 4<sup>th</sup> floor, Courthouse, Pittsburgh, Pennsylvania at 12:12 p.m.

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

Also present were Tim Johnson, Executive Director; Brian Gabriel of CDBPM Law; David Lindberg and Felicia Bennet of Wilshire Associates and Ed Boyer of Asset Strategy.

#### **PUBLIC COMMENT**

There was no public comment

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

The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by Mr. Puzak, to approve the minutes of the December 17, 2015, Board Meeting.

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

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, to accept the November 30, 2015 Financial Statements. The reports are generated by the Controller's Office (Board Secretary) and include:

- 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 accept the invoices the Board has received since the December 17, 2015 Board Meeting.

#### **PENSION APPLICATIONS**

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

- Early Voluntary – 5
- Full Retirement – 6

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski to approve the Disability Application of Member #95830. It is the recommendation of three designated physicians this member is totally and permanently disabled from any gainful employment in Allegheny County.

## EXECUTIVE DIRECTOR'S REPORT

Mr. Johnson provided his monthly status report of the Retirement Board, highlighting the following:

There are a few yearend highlights to be reviewed. The payroll for 2015 was \$84,800,000.00 that is a \$5,800,000.00 increase over 2014. There were also 479 refunds paid last year to members that were terminated from the plan, otherwise left the plan, for a total of \$5,700,000.00. There were 811 new members introduced to the plan. There were 289 retirements, almost 30 greater than 2014 and regrettably we lost 114 members, including our oldest member who passed away at the age of 98 in 2015.

Under investments as of 12/31/2015 as a Board you allocated to 15 Managers a total of \$69,800,000.00. There was one termination of \$25,000,000.00 that occurred early in 2015 and the staff administered 89 Capital Calls for over \$28,000,000.00.

In terms of the yearend review it was a great year, the office got its footing, gained some administrative momentum particularly in the area of data cleansing and marketing and customer service. There were three major cleansing projects that were done with cooperation from the Controller's Office. In terms of Marketing we are proud of the fact we did the first ever webinar in the County. It was done by DCS and we intend to expand the webinar model. We have added Survey Monkey to all of our benefit administration so now members have a way of responding to us to let us know how well we are performing our job. We launched the Web Calculator and kiosks where members can run their own estimate and we extended office hours.

In terms of Board initiatives there was a 2015 COLA. The Board also amended its Investment Policy Statement, changing Non-U.S. Equity Benchmarks and the investment structure. You extended the Asset Strategy and K. Sabatini contracts through March 2018 and added two new firms to the list of approved Securities Litigation.

Some of the things we are going to be focused on in 2016 as a staff are returning the member contribution and service statements. So during the first quarter all of the members will be getting a statement from the office telling them how much they have contributed and how much service time they have in the plan. We are also going to be updating Tyler to administer Act 125.

Ms. Liptak asked, "Will the statements include survivors and dependents on the plan?" Mr. Johnson answered, "No, that won't. This is just intended to focus on the contributions that have been made as well as the service time that has been accumulated but that information is available on the benefit estimates." Ms. Liptak then stated, "There are a lot of people that don't realize that when they get to their vested period they can put a survivor on or that they need to update their beneficiaries when they have another child. Sometimes that information is helpful and I was wondering if you send something out then why not add something like that on the form?" Mr. Johnson explained that contributions and service time are currently available and to get survivor and beneficiaries on the statements that the software would need to be updated. Ms. Liptak stated, "I personally try to tell everyone about beneficiaries and survivorships as much as possible because it has happened to people that I know that

someone passes away and they hadn't put down their spouse as a survivor and then there is a situation." Mr. Weinstein agreed that it was a good idea and said, "We don't need a vote for that. We will add it." Mr. Johnson agreed to add the information.

Mr. Johnson mentioned that the Retirement Office is involved in an ongoing deep dive on investment management fees. Also, that there is going to be an updated Asset Liability study in 2016.

The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by Mr. Pusak to extend the Hearing Officer contracts for P.J. Murray and Paul Gitnick through 12/31/2016.

Ms. Wagner asked if there should be three officers and it was explained that at some point there was only one officer and at another point there were three. Ms. Wagner then explained her reasoning in asking was to suggest some diversity in the group meaning also having contracts with female attorneys and attorneys of color. Mr. Johnson stated that there hasn't been an RFP issued in a while. Mr. Weinstein agreed that it should be discussed at that it was a good suggestion.

Mr. Weinstein asked if the web calculator and the kiosks were able to track usage and Mr. Johnson indicated that usage can be tracked.

Mr. Weinstein asked for the new office hours so they could be put in the record and Mr. Johnson advised that the former hours were 8 a.m. to 4 p.m. and the new hours are 8 a.m. to 4:30 p.m. and open during lunch.

#### **REPORT OF THE SOLICITOR**

Mr. Gabriel provided the board with the Monthly Confidential Report as of January 13, 2016 and stated it is current. He did not have anything additional to add to the report.

#### **CONSULTANT'S REPORT:**

##### **WILSHIRE ASSOCIATES**

Felicia Bennett, of Wilshire Associates, provided a brief Capital Market update for the month of December.

The U.S. Equity Markets managed to barely get a positive return in 2015, returning less than a percent positive. There has been a lot of negative sentiment in the market so far in 2016. As of yesterday, the U.S. Equity Markets were down close to 9 ½%. There has been a lot of demand for safe assets of U.S. Treasuries while bonds prices are up yields are down.

Markets are up today but we will things go, but so far we are off to a negative start for 2016.

David Lindberg, of Wilshire Associates, provided a brief Monthly Performance Review update through December 31, 2015.

With Capital Markets last year there was basically nowhere to go for return. The U.S. Market was just slightly positive last year. Bonds were just slightly positive, both just less than a percent. Non-U.S.

Markets were down by more than 5%. Commodities were down 25%. The Benchmark was flat the Total Fund Benchmark was -9 basis points but you were up 1.7% for the year.

We will go through the Executive Summary in a lot more detail in the February meeting.

\$817,000,000.00 is the preliminary yearend value. Mr. Lindberg mentioned two large deviations that have been discussed previously: being overweight with U.S. Equity and underweight in Commodities. These will be revisited in the next allocation but both of those positions have been beneficial given the returns of those asset classes.

### **Asset Strategy Consultants**

Ed Boyer of Asset Strategy Consultants discussed two recommendations that involve two existing partnerships.

One is with Ironsides, also known as Constitution Capital. We're looking at Ironsides IV which is a co-investment fund for a direct investment. At this juncture Ironsides is offering an inducement to come in for the first close and will reduce the management fee from 1% to 50 basis points. Mr. Boyer made a recommendation on allocating \$3,000,000.00 to the new fund Ironsides IV.

The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by Mr. Szymanski to approve a \$3,000,000.00 allocation to Ironsides IV Co-Investment Funding 50 basis points.

Mr. Boyer discussed a second recommendation with Greenspring Secondary Fund II for \$2,000,000.00.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro to authorize a \$2,000,000.00 allocation to Greenspring Secondary Fund II at a 1% fee.

### **NEW BUSINESS**

There was no new business.

### **ADJOURNMENT**

The Board meeting was adjourned by Mr. Weinstein at 12:32p.m.

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