

The regular monthly meeting of the Retirement Board of Allegheny County was held on May 19, 2016, in the Gold Room, 4th floor, Courthouse, Pittsburgh, Pennsylvania.

When the roll call of the Board members was made Board members John Weinstein, Ted Puzak, Chelsa Wagner, Jennifer Liptak, Rich Fitzgerald, Frank Dicristofaro and Walter Szymanski 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, Margaret Belmondo of PFM 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. Szymanski, to approve the minutes of the April 21, 2016 Board Meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Mr. Dicristofaro, duly seconded by Mr. Szymanski, to accept the March 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. Dicristofaro, duly seconded by Mr. Szymanski to accept the following invoices the Board has received since the April 21, 2016 Board Meeting.

VENDOR EXPENSES RECEIVED SINCE APRIL 2016 BOARD MEETING

VENDOR	DATE	AMOUNT
CIM INVESTMENT MANAGEMENT (Fixed Income)	1/1/16-3/31/16	\$ 7,476.40
CIM INVESTMENT MANAGEMENT (Small Cap)	1/1/16-3/31/16	\$ 9,071.36
CIM INVESTMENT MANAGEMENT (Fixed Bonds)	1/1/16-3/31/16	\$ 3,623.88
CS MCKEE INVESTMENT MANAGERS	1/1/16-3/31/16	\$ 16,312.75
EARNEST PARTNERS	1/1/16-3/31/16	\$ 28,488.52
EMERALD ADVISERS (All Cap)	1/1/16-3/31/16	\$ 1,968.65
EMERALD ADVISERS (Small Cap)	1/1/16-3/31/16	\$ 27,002.62
FRAGASSO FINANCIAL ADVISORS	1/1/16-3/31/16	\$ 9,669.00
FUSION INVESTMENT GROUP	1/1/16-3/31/16	\$ 4,113.75
PENNY CAPITAL	1/1/16-3/31/16	\$ 52,743.42
SEGALL, BRYANT & HANBLE	1/1/16-3/31/16	\$ 50,495.18
STATE STREET GLOBAL ADVISORS (MSCI World)	1/1/16-3/31/16	\$ 7,142.83
STATE STREET GLOBAL ADVISORS (S&P 500)	1/1/16-3/31/16	\$ 3,142.86
STONERIDGE ADVISORS	1/1/16-3/31/16	\$ 1,326.03
TWIN CAPITAL MANGEMENT	1/1/16-3/31/16	\$ 22,211.31

Total Vendor Invoices for May Approval

\$244,782.56

PENSION APPLICATIONS

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

- Disability – 3
- Early Voluntary – 8
- Full Retirement – 16
- Buy – Back – 0

EXECUTIVE DIRECTOR'S REPORT

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

The real activity for the last couple of months in the dashboard has been in the area of Capital Calls. There are \$2,400,000.00 in Calls that have occurred since the last Board meeting. The office budget is on track as of the end of April.

There were twelve candidates that requested nominating packets for the upcoming 2016 Board election to fill the seat currently held by elected member Ted Puzak. At the end, five members turned in their nominating packets and they were all validated. Today the ballot will be mailed to all active members and retired members of the plan. The deadline for the return of ballots is June 10, 2016. Those ballots will be counted and certified by the Election Department of Allegheny County, under the supervision of Mark Wolosik. Monday June 13, 2016 the results of the election will be announced.

Attached is a copy of the 2014 Financial and Actuarial Report. This report includes reports of the Independent Auditors, the Actuarial Certification, a letter from the Board President, and individual year-end review reports from the Consultants (PFM, Asset Strategy and Wilshire). The final draft of this report was submitted to the Board President last month he has given his feedback and this report will be sent out next week.

Most analyses of public pensions focus on states and cities. Less has been written about the role of counties, which are significant public service providers in some states. This brief published this month by the Center for Retirement Research at Boston College asks and answers the question. "Are counties major players in public pension plans?"

Mr. Puzak complimented Mr. Johnson and his staff on going above and beyond to help retirees claim their benefits. He referenced a recent situation where they couldn't reach a member and after several calls and home visits the staff found out that this particular member was hospitalized from complications of a stroke. The Retirement Office staff went as far as going to the nursing home where he is rehabilitating at to make sure he claimed his benefits. Mr. Johnson was thankful for the compliment and explained how members can collect their available benefits.

REPORT OF THE SOLICITOR

Mr. Gabriel made a recommendation to deny the full retirement application for member #088067. The member, who is in deferred vested status, does not qualify for retirement at age fifty.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski to deny the full retirement application of member #088067 at age fifty.

Mr. Gabriel provided the Board with the Monthly Confidential Report as of May 12, 2016. The individual who was over paid has agreed to make arrangement to repay the monies overpaid and Mr. Gabriel and Mr. Johnson are arranging a meeting with the member to finalize the agreement and receive a reimbursement check.

CONSULTANT'S REPORT:

WILSHIRE ASSOCIATES

Felicia Bennet, of Wilshire Associates, provided a brief Capital Market update for the month of April. In the first quarter was the tale of two markets with markets selling off strongly through January and the first half of February and then recovering through the second half of February and March so they were flat for the quarter. The market rally continued through the month of April. U.S. Equity was up .65% so that YTD return was up 1.83% at the end of April. Big news came out from the FED; they are considering a rate hike in June. That is firmly on the table now whereas a couple of months ago concerns over global growth were pushing that back toward September as the earliest allocation. There are signs of wage

pressure and strong job growth, the U.S. economy continues to chug along that there is now a higher probability that the FED will raise rates in the month of June vs. later in the year. The U. S. Treasury is already the second highest yielding instrument in developed markets even though rates are so low. If the FED does rise there could be additional demand for treasuries the dollar had sold off. The non U. S. Equity returns YTD MSCI AC World ex U.S. was positive 2.25% YTD. That strong dollar had been ahead when U.S. based investors it was eroding the return being received from non U.S. investment. The local currency return was -3% so dollar is basically giving back all of its strength. If you look at the dollar against a traded weighted basket at the end of March on a one year basis is was essentially zero.

David Lindberg, of Wilshire Associates, gave an update of the monthly flash report for the month of April. Public Equity is overweight by 8.8% and Private Equity is underweight -4.3%. As the Private Equity builds out over time, until it is fully invested, those assets need to be in Public Equity because that is the most similar risk asset class. Ultimately it is about 4% overweight Equity total. Real Estate is just about 2% overweight.

Commodities show 9.2% behind YTD but this investment is not yet marked through the end of April so the zeros are just place holders and there will be more information in next month's meeting. With the bounce back in oil the Commodities Index for the month is up 8.5%.

The U.S. Equity composite on a YTD basis is behind 1.39%. Some of the Managers are under performing but the biggest drivers of that are that there has been a huge differential between the returns of Small Cap and Large Cap stocks in recent time. In the portfolio there are structural targets in place and it is a little bit overweight to the Small Cap. The other piece to this is value vs. growth phenomenon. It is a little bit overweight with the growth assignments within the small and mid-cap areas.

The Total Fund is up 2% YTD and behind the benchmark but three and five years running a ½ to 3/4% ahead of the benchmark.

The Executive Summary gives details as of the March 31st quarter end. This is a universe ranking of the performance relative to other public funds in the funds universe and there are about 130 or so funds in this universe. On a one year basis the fund is ranked 16 in the universe of the other funds. On a five year basis the fund is ranking below median 66 percentile over the five years.

PFM

Margaret Belmondo, of PFM, made a recommendation to add \$500,000.00 to the ETHO Capital ETF.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski to add a \$500,000.00 investment to ETHO Capital Climate Leadership ETF.

Asset Strategy Consultants

Ed Boyer, of Asset Strategy Consultants, presented a recommendation to fund ValStone Fund VI \$20,000,000.00. All the details were discussed in executive session.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski to approve a \$20,000,000.00 allocation to ValStone Fund VI.

NEW BUSINESS

There was no new business

ADJOURNMENT

Meeting was adjourned at 12:44pm.

Respectfully submitted,

A handwritten signature in cursive script that reads "Chelsa Wagner". The signature is written in black ink and is positioned above the typed name.

Chelsa Wagner,

Secretary