

The regular monthly meeting of the Retirement Board of Allegheny County was held on February 18, 2016, in the Gold Room, 4th floor, Courthouse, Pittsburgh, Pennsylvania at 12:08 p.m.

When the roll call of the Board members was made, Board members Janice Vinci representing John Weinstein, Ted Puzak, Chelsa Wagner, Jennifer Liptak, Walter Szymanski and Frank DiCristofaro were recorded as being present. John Weinstein arrived to the meeting after the roll call.

Also present were Tim Johnson, Executive Director; Brian Gabriel of CDBPM Law; Felicia Bennet of Wilshire Associates; Ed Boyer of Asset Strategy and Perry Giovannelli of PFM Advisors

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 January 21, 2016, Board Meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Ms. Wagner, duly seconded by Mr. Szymanski, to accept the December 31, 2015 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 accept the following invoices the Board has received since the January 21, 2016 Board Meeting.

| VENDOR | DATE | AMOUNT |
|--|--------------------|---------------|
| APEX CAPITAL MANAGEMENT | 10/1/15 - 12/31/15 | \$ 9,852.85 |
| CIM INVESTMENT MANAGEMENT (Fixed Income) | 10/1/15 - 12/31/15 | \$ 7,356.67 |
| CIM INVESTMENT MANAGEMENT (Small Cap) | 10/1/15 - 12/31/15 | \$ 9,701.79 |
| CIM INVESTMENT MANAGEMENT (Israel Bonds) | 10/1/15 - 12/31/15 | \$ 3,628.37 |
| CS MCKEE INVESTMENT MANAGERS | 10/1/15 - 12/31/15 | \$ 15,780.37 |
| EARNEST PARTNERS | 10/1/15 - 12/31/15 | \$ 29,745.57 |
| EMERALD ADVISERS (All Cap) | 10/1/15 - 12/31/15 | \$ 652.67 |
| EMERALD ADVISERS (Small Cap) | 10/1/15 - 12/31/15 | \$ 28,445.74 |
| FRAGASSO FINANCIAL ADVISORS | 10/1/15 - 12/31/15 | \$ 9,904.00 |
| FUSION INVESTMENT GROUP | 10/1/15 - 12/31/15 | \$ 4,343.50 |
| PENN CAPITAL | 10/1/15 - 12/31/15 | \$ 52,045.82 |

| | | |
|---|--------------------|--------------|
| PYRAMIS GLOBAL (Select Int'l Plus) | 10/1/15 - 12/31/15 | \$ 59,299.31 |
| SEGALL, BRYANT & HAMILL | 10/1/15 - 12/31/15 | \$ 52,932.64 |
| STATE STREET GLOBAL ADVISORS (MSCI World) | 10/1/15 - 12/31/15 | \$ 7,703.32 |
| STATE STREET GLOBAL ADVISORS (S&P 500) | 10/1/15 - 12/31/15 | \$ 3,344.70 |
| SWARTHMORE GROUP | 10/1/15 - 12/31/15 | \$ 2,362.33 |
| TWIN CAPITAL MANGEMENT | 10/1/15 - 12/31/15 | \$ 23,136.39 |

Total Vendor Invoices for February Approval

\$320,236.04

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 February. The following applications have been filed.

- Disability – 1
- Early Voluntary – 20
- Full Retirement – 43

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro to approve the Disability Application of Member #094848. 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:

The Dashboard had a record number of retirement applications. There were a total of 64 applications for the month of February compared to 45 retirement applications in 2015 and 36 applications in 2014. That is a 77% increase in the last two years. 14 of the retirees have over 30 years of service and there are another 5 retirees with over 40 years of service. The employee with the most service that was just approved for retirement has just less than 45 years of service. The greatest number of retirees has come from the Kane Regional Centers and the Jail and going forward, for the next 20 years, we are going to see a growing number of retirees.

Moving on to the Investment Dashboard, there were two allocations awarded by the board in January totaling \$5,000,000. There were seven Capital Calls since the last meeting totaling just under \$253,000.

The Board participated in a working Wilshire lunch on 2/17/2016. The lunch was to discuss investment management topics including an analysis of fees related to Most Favored Nation and asset allocation recommendations. Asset reallocations may result in motions by the Board in March.

There is a new version of the Web Calculator in play right now. We had an upgrade since last month and it includes four changes, Public Safety employees have the ability to run early retirement estimates, the password was reset to the original scheme, we added an "enter data here" instruction and we have clarified that the password instruction is case sensitive and requires six characters. This time last month there were 94 manual estimates completed by the Retirement Office and this month, with the kiosk and calculator in place, there have only been 34 manual estimates completed. Presumably those additional people have gone on and used the kiosk and calculator.

Contribution and service statements have been updated showing estimates of service time and listing beneficiaries. We are still working on dressing the form up a little more but we are well on our way to publishing a creditable service and contributions to the members every year.

The Preparing for Retirement Workshop occurred on February 9, 2016 and we were benefitted to have Ted Puzak attend the session with presenter Carol Uminski. There were 44 participants in attendance.

The Retirement Office is seeking proposals from qualified firms to provide retirement readiness services to our current employees of Allegheny County who are anticipating retirement.

Ms. Liptak asked if the web calculator for law enforcement employees has a default where they can put in the age for retirement. Previously the calculator only calculated full retirement estimates now you get actual estimates instead of only full retirement estimates. Ms. Liptak also asked if the calculator is located on the internet or intranet page. It is currently only on the intranet page.

Mr. Puzak added that he found the Preparing for Retirement Workshop very informative.

REPORT OF THE SOLICITOR

Mr. Gabriel provided the board with the Monthly Confidential Report as of February 10, 2016. There were no additional action items 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 January. In the month of January the markets were awful. In review of the Perspectives document it shows a list of negative returns. We continue to see bifurcation in large versus small. Large cap is outperforming, small cap is struggling relative to large and also between growth and value. Mr. Weinstein stated that the Board didn't have this information in the book and Ms. Uminski advised him that the information is in the book it is just in a different order and directed the Board to the location the book. There are a lot of negative numbers in Equity both in U.S. and non-U.S. The U.S. Treasury seems to be the safe haven for investors.

Commodities have flatten a bit down in the market YTD including February MTD. Oil has stabilized a bit around \$30.00 a barrel.

In the January Flash Report the first page is Asset Allocation vs. Policy. At the end of January we are estimating the market value to be just under \$795,000,000. The return for January is about a -2.6% given those negative returns we just discussed. We are overweight equities specifically U.S. Equities 3% overweight and Real Estate is 4% overweight its target about 14% vs 10%. We have a redemption request in to Morgan Stanley Prime Property Fund the core real estate fund for \$15,000,000 that's quarterly so we will get that on April 1, 2016. That will cut that overweight in half so we will still be about two percentage points overweight real estate at the beginning of April.

Performance on page three has the composite level returns. The Equity markets are about 50 basis points behind the Wilshire 5000. That's being driven by a couple of managers one of them being the new Emerald All Cap Fund.

PFM

Perry Giovannelli of PFM recommended that the Board increase the allocation by \$5,000,000 to Washington Alliance Capital.

Ms. Liptak asked Mr. Giovannelli does this fall under Ed or him for monitoring. Mr. Weinstein and Mr. Giovannelli both stated it falls under merging managers. Ms. Liptak asked if performance could be reviewed and she was advised the details are in the quarterly report. Mr. Giovannelli said they are pretty consistent at 8%. Mr. Darryl Mendenhall of Washington Alliance Capital advised that the yield on the portfolio has consistently been slightly fewer than 9%.

Mr. Puzak asked, "How long is the investment tied up for?" Mr. Mendenhall advised the timeframe is 5-7 years.

Mr. Weinstein asked when we get the disbursements back do we reinvest that or does it go to cash? Mr. Mendenhall said it goes back to cash.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro to increase the allocation by \$5,000,000 to Washington Alliance Capital.

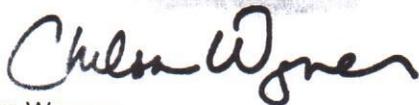
NEW BUSINESS

There was no new business

ADJOURNMENT

Meeting was adjourned at 12:48pm.

Respectfully submitted,



Chelsa Wagner,

Secretary