

The regular monthly meeting of the Retirement Board of Allegheny County was held on Thursday, March 21, 2013, in the Gold Room, 4th Floor, Courthouse, Pittsburgh, Pennsylvania at 12:00 p.m.

When the roll call of the Board Members was made, Board members Fitzgerald, Liptak, Puzak, Szymanski, Wagner and Weinstein were recorded as being present. Board member Gallagher was absent.

Also present were Tim Johnson, Executive Director; Chris Shelby of Wilshire Associates; Ed Boyer of Asset Strategy; and Brian Gabriel of Campbell, Durant, Beatty, Palombo & Miller.

APPROVAL OF BOARD MINUTES

The Board unanimously approved a motion by Ms. Wagner, duly seconded by Mr. Szymanski, to approve the minutes of the February 21, 2013, Board Meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Ms. Wagner, duly seconded by Mr. Szymanski, to receive and file the monthly financial statements.

APPROVAL OF APPLICATIONS AS PRESENTED

The Board unanimously approved a motion by Ms. Liptak, duly seconded by Ms. Wagner, to approve 20 Retirement applications.

APPROVAL OF INVOICES

The Board unanimously approved a motion by Ms. Liptak, duly seconded by Mr. Szymanski, to approve the following invoices:

| | | |
|-------------------|-------------|-------------------------|
| Campbell Durrant | \$11,748.00 | February 6, 2013 |
| CDB | \$6,303.87 | March 5, 2013 |
| Cleveland Capital | \$97,321.67 | January 1, 2013 |
| Cowden | \$412.50 | December 5, 2012 |
| Eckert | \$5,000.00 | February 13, 2013 |
| Federated | \$11,842.72 | 4 th Quarter |
| PFM | \$ 8,333.33 | February 1, 2013 |
| SSgA | \$2,121.76 | February 6, 2013 |

EXECUTIVE DIRECTOR'S REPORT

Mr. Johnson provided the Board with his monthly status report of the Retirement Board. First, Mr. Johnson highlighted the retiree payroll for March was processed this week and will be distributed March 28, 2013, on schedule.

A template for Police and Jail Guard retro-pay calculations has been developed and sent to the Controller's Office for testing. Mr. Johnson thanked Deputy Amy Griser and Chris Carragher from the Controller's Office for assisting with this process.

A comprehensive Tyler system staff training occurred the week of March 25, 2013 and 1099's have been electronically filed with the IRS.

BNY fee comparison supports RFP for custody services. New fees will nearly double the expense at \$68,000. To competitively bid custody services, the Retirement Office will participate on the Treasurer's Office recently published RFP for banking services.

Board education to cover real estate asset class and the opportunistic real estate sector was conducted Monday March 18, 2013, followed by two real estate manager presentations from Oaktree Capital Management on their Real Estate Opportunities Fund VI and Siguler Guff on their Distressed Real Estate Opportunities Fund II. A summary of that meeting will be sent to the Board the week of March 25, 2013.

The House passed PA-HB 546 (our Pension Preservation Bill) by a vote of 189-7. The bill has been sent to the Senate for consideration. A letter of support from Allegheny County Executive Rich Fitzgerald and Allegheny County Treasurer John Weinstein, on behalf of the Retirement Board, was sent last week to the entire Allegheny County Republican and Democrat Delegations with cc to the Board.

President Weinstein asked if the letter went to both the House and Senate. Mr. Johnson will confirm.

The entire Allegheny County LP portfolio for capital calls from February 21, 2013 - March 21, 2013 is as follows:

- Adams Street 2008 Direct Fund LP \$40,000 capital call on 2/22/13
- Adams Street 2009 Direct Fund LP \$17,500 capital call on 2/25/13
- Birchmere Ventures IV LP \$5,438.05 capital call on 3/11/13

The brokerage questionnaire has been updated and repositioned on the RBAC website –minor updates to the form were made. On Monday March 25th, Mr. Johnson will be making conference calls with PFM to contact the RBAC money managers not meeting our brokerage expectations.

The \$14.4 billion Illinois State Universities Retirement System has terminated global equity manager Aberdeen Asset Management. CIO Dan Allen said the board decided to terminate the firm for non-compliance with the plan's brokerage policy related to the use of women- and minority-owned broker dealers. The firm had managed approximately \$300 million for the plan, which will be redistributed to index funds managed by BlackRock. The plan will also reduce its 10% target allocation to global equity by 2% and split the percentage points between domestic equity and international equity, which will stand at 31% and 21%, respectively, Allen said. Allen said Aberdeen had performed well for the plan, beating the benchmark by nearly 200 basis points since inception in 2008. The firm had been on watch for non-compliance of the brokerage policy since December (fin | daily, 12/20). The plan's general investment consultant is Callan Associates.

President Weinstein asked if the 1099 forms filed with the IRS were also sent to retirees. Mr. Johnson confirmed that retirees have received the 1099 as well.

Mr. Puzak asked about the status of the staffing of the Retirement Board office. Mr. Johnson stated that a temporary hire, Joshua Zorich, has been working in the office since March 8, 2013 and has been doing a great job. Mr. Puzak also complimented the efforts of Ms. Janice Vinci and the Controller's Office for assisting during the transition.

REPORT OF THE SOLICITOR

Mr. Gabriel provided to the Board the Solicitor's Monthly Confidential Report.

Mr. Puzak asked a question regarding whether or not pension funds acquired after a divorce should go to the spouse upon retirement. Mr. Gabriel indicated that pension distribution would be part of a court order and is a case by case decision.

CONSULTANT'S REPORT

WILSHIRE ASSOCIATES

Chris Shelby provided a summary of the Capital Market review and the Flash Report.

The US Economy added 236,000 nonfarm, payroll jobs to the books, keeping unemployment at 7.7% for the month of February. Business continues to expand the ISM non-manufacturing index about 56% for the 38th consecutive month of expansion. Consumer numbers increased 5.1%, due to new job growth. Gold is trading above \$1,600 per ounce; Housing rose by .8%, which is up 27.7% vs. a year ago.

US Equity markets had very strong equity market performance YTD, with the Wilshire 5000 up nearly 10.2% through yesterday's close. Stocks and Small CAPs outperformed Large CAP stocks; within the S&P 500 – Financials, Consumer Staples and Health Care lead, although hand full of very strong sectors in S&P 500. Cyprus has been warned by the European Central Bank that access to low-cost bank funding will be cut off if the country is unable to secure a new agreement on a needed bailout. The 10-year Treasury yield is 1.96 %, down from last month's 2%. All of US equity is positive, with aggregate bond index and TIPS both down.

Asset Allocation was updated through February 28, 2013. Mr. Shelby noted that two managers were interviewed for Real Estate and they are working on a Commodities manager search, to continue to build out that composite to get to the 8% target.

Overall, US Equity Managers performed strong in the month of February. Composites SNOW and Symons have been terminated, liquidated and transitioned by SSgA into the S&P 500 index plan. Transition was finalized on March 12, 2013. Fragasso had a weak month, but still strong YTD. Composite was up almost 1.5% versus the index of 1.3. Baillie Gifford has a strong month adding about 60 basis points in value. Within the Non US Equity Composite, both Philadelphia International and Thornburg had weak performances, but their trailing numbers are still relatively strong. All Fixed Income Asset classes and all manager performances were strong.

Core Fixed Income was up a little over 50 basis points in February and the managers added about 6 basis points of value. Both of the High Yield managers outperformed their benchmarks in the month; the Composite outperformed its benchmark by 21 basis points. Each of the TIPS

managers outperformed their benchmarks and the Composite outperformed by almost 20 basis points.

The Total Fund performance is up a little over \$9 million YTD, after paying out almost \$5 million in benefits. It was flat for the month, but still strong on a YTD basis and policy benchmark on a YTD basis, adding almost 50 basis points.

President Weinstein asked if we have notified the ERECT Fund that we terminated them and where does that stand? Mr. Shelby said that it is in process; the liquidity is quarterly, so we should see at the end of March that the liquidity notice should become effective and money should be withdrawn.

ASSET STRATEGY CONSULTANTS

Mr. Ed Boyer provided a summary of the Schedule of Illiquid Alternative Investments. He indicated that more data points were added to the spreadsheet. No issues were found with the Net IRR and TVPI. They are expecting to receive funds back within the next 90 days from ValStone III; they are expecting contributions to increase from ValStone V. Pharos III had a capital call within the last week for a nominal amount.

The private equity world seems to be rather robust at the moment, and is expecting evaluations that come in through December 31st to be quite strong. Any of these funds that are underperforming are less than 1 are due to the fact they are going through a J-curve, as expected. Examples of this are Birchmere IV and Adams Street 2009 Non-US EM.

President Weinstein asked if Mr. Boyer had any concern and Mr. Boyer said no, that they are cautiously optimistic.

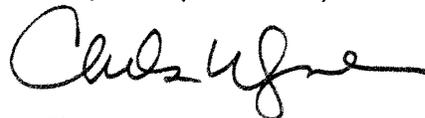
Mr. Puzak asked about the Life Insurance and Mr. Boyer is quite please how they are monitoring the portfolio and investments. Mr. Puzak is interested in the process from start to finish and Mr. Boyer will give to Mr. Johnson.

President Weinstein asked is there any anticipation of the Draper III fund and when they would start to draw in Capital. Mr. Boyer indicated that they should begin a Capital Call this year.

ADJOURNMENT

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski, to adjourn the meeting.

Respectfully submitted,



Chelsa Wagner
Secretary