

The regular monthly meeting of the Retirement Board of Allegheny County was held on Thursday, May 16, 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; Felicia Bennett, David Lindberg and Chris Shelby of Wilshire Associates; Ed Boyer of Asset Strategy; and Rich Miller 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 April 18, 2013, Board Meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski, to receive and file the monthly financial statements from March 31, 2013.

APPROVAL OF APPLICATIONS AS PRESENTED

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski, to approve 23 Retirement applications.

APPROVAL OF DISABILITY PENSION APPLICATION

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Puzak, to approve the Disability application of George Istik.

APPROVAL OF INVOICES

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

C.S. McKee	\$14,938.22	1 st Qtr 2013
Campbell Durrant	\$8,635.53	May 3, 2013
CIM Investment	\$10,620.14	1 st Qtr 2013
Eckert Seamans	\$5,000.00	April 5, 2013
Emerald Advisors	\$24,710.01	1 st Qtr 2013
Fragasso	\$8,545.00	1 st Qtr 2013
Pyramis Global	\$8,252.32	1 st Qtr 2013
Pyramis Global	\$68,208.39	1 st Qtr 2013
Pyramis Global	\$8,193.81	3 rd Qtr 2012
Schneider Downs	\$4,000.00	April 30, 2013
Swarthmore Group	\$4,448.87	1 st Qtr 2013
Twin Capital	\$15,834.64	1 st Qtr 2013

EXECUTIVE DIRECTOR'S REPORT

Mr. Johnson provided his monthly status report of the Retirement Board. Mr. Johnson spoke to the ACRA Luncheon on May 15, 2013. The RBAC Newsletter was sent out electronically and cut cost by 1/3.

There is no change to date, regarding the custodial services of the Retirement Board investment portfolio.

There are three active disability applications at this time.

APPROVAL TO CREATE A SPECIAL PROJECTS ACCOUNT

The Board unanimously approved a motion by Ms. Wagner, duly seconded by Mr. Szymanski, to create a Special Projects account for the purpose of depositing and tracking expenses of the Annual Pension Summit.

APPROVAL TO HIRE CAROL UMINSKI, OFFICER ADMINISTRATOR

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski, to hire Carol Uminski for the Officer Administrator position at the salary of \$36,000, effective May 20, 2013.

APPROVAL TO INCREASE SALARY FOR KELLY DEASY, BENEFIT ADMINISTRATOR

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Ms. Wagner, to increase the salary for Kelly Deasy by \$4,000 for the Benefit Administrator position, effective May 20, 2013.

REPORT OF THE SOLICITOR

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

The Executive Director is named the right-to-know officer, according to the policy amended December 2012.

CONSULTANT'S REPORT

WILSHIRE ASSOCIATES

Mr. Shelby provided a summary of the Capital Market review and the Monthly Performance Summary.

The US Economy added 165,000 nonfarm, payroll jobs to the books, dropping unemployment to 7.5% for the month of April. Business continues to expand the ISM non-manufacturing index to 53.1% for the 40th consecutive month of expansion. Consumer numbers decreased by 2.8% to 76.4 in April. Gold is trading around \$1,375 per ounce; Housing rose 9.3%.

US Equity markets had very strong equity market performance YTD, with the Wilshire 5000 up nearly 17.3% through yesterday's close. Health Care leads US large cap sectors, up 23.3%, while Material and Info Tech are the largest laggards, up 8.4% each. The Non-US Equity Markets are not as strong as US Equity Markets, with an Emerging Markets having returned 0.9%. The Bank of Japan committed to achieving 2% inflation target in two years by expanding balance sheet by up to 70 trillion Yen. The 10-year Treasury yield is 1.94%.

Overall, US Equity Managers performed very strong in the month of April. Mixed Non-US Developed up 10.4%, Emerging markets are down over .9%. In US Fixed income, high yields still showing positive growth. Real estate is showing very strong returns at 17.4%. Commodities are still having rough year and are down around 5.6%.

Mr. Lindberg discussed the Monthly Performance Summary. Equity markets were strong and up 11% in the US, non-US were about 3% and bonds were about flat. For Asset Allocation, the total market value is at \$778.6 million in assets at the end of the quarter up from one year ago at \$729 million. In the allocation at the end of the quarter, all were relative to the benchmark.

Manager performance added 39 basis points of value to the Total Fund in the first quarter. US Equity Composite for calendar TYD is 13.9, ranking 27th. Across the board, has been a tough time for active managers, but are doing well overall. Mellon Equity, Twin, Earnest and Emerald were the leaders, while Philadelphia Trust, Apex and Cleveland Capital lagged.

The Non US Equity Composite is lagging by roughly 1% for the QYTD. Pyramis is closer to the benchmark than some others, but they are a more structured group. Philadelphia Trust has four more years with RBAC, and Wilshire is keeping an eye on their numbers. Both of the High Yield managers were near their benchmarks in the month. Each of the TIPS managers outperformed for the quarter and the year to date basis.

President Weinstein asked about the timing of eliminating the ERECT fund. Mr. Lindberg said it is at the end of this quarter.

Mr. Shelby estimated the fund is up about 1.4% to \$786 million after benefit payments, a gain of almost \$8 million.

ASSET STRATEGY CONSULTANTS

Mr. Boyer stated that as a result of the manager meeting in April, three investment managers are recommended.

APPROVAL TO HIRE THE THREE INVESTMENT MANAGERS RECOMMENDED BY ASSET STRATEGY CONSULTANTS

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Ms. Wagner, to hire the three investment managers at the allocations recommended by Asset Strategy Consultants. They are Greenspring Associates for \$3 million, Sound Point Capital for \$2.5 million and Altair Hedged Equity Partners for \$2.5 million for a total of \$8 million.



OTHER BUSINESS

President Weinstein appointed a Board subcommittee of Mr. Puzak, Mr. Szymanski and Ms. Liptak to work with Wilshire Associates and review their contract before their contract expires in June. The subcommittee will report back to the Board at the June Board Meeting.

ADJOURNMENT

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

Respectfully submitted,



Chelsa Wagner
Secretary

