

The regular monthly meeting of the Retirement Board of Allegheny County was held on November 20, 2014, in the Gold Room, 4th Floor, Courthouse, Pittsburgh, Pennsylvania at 12:00p.m.

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

Also present were Tim Johnson, Executive Director; David Lindberg, Calvin Born and Jonathan Berger of Wilshire Associates; Ed Boyer of Asset Strategy; and Brian Gabriel of Campbell, Durant, Beatty, Palombo & Miller.

PUBLIC COMMENT

Patricia Cray, President of the Allegheny County Retirees Association, addressed the Board regarding her prior requests to increase the Cost of Living Adjustment (COLA) by \$25 per month. Since the requests have yet to be acted on, Ms. Cray provided Mr. Weinstein and the board with over 1000 petitions which explained why the increase would be beneficial. She reminded the board that 2010 through 2014 has been the longest amount of time that the retirees have gone without some sort of COLA relief. Ms. Cray requested the board grant the retirees the \$25 per month COLA. Mr. Weinstein asked Mr. Johnson that the petitions be scanned and e-mailed to the board to be green friendly.

APPROVAL OF BOARD MINUTES

The Board unanimously approved a motion by Mr. Fitzgerald, duly seconded by Mr. Szymanski, to approve the minutes of the October 16, 2014, Board Meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, to receive and file the monthly financial statements from September 30, 2014.

APPROVAL OF INVOICES

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

APEX CAPITAL MANAGEMENT	7/1/14-9/30/14	\$9,638.90
CIM INVESTMENT MANAGEMENT	7/1/14-9/30/14	\$17,040.97
CLEVELAND CAPITAL	7/1/14-9/30/14	\$9,633.10
CS MCKEE INVESTMENT MANAGERS	7/1/14-9/30/14	\$15,295.05
EARNEST PARTNERS	7/1/14-9/30/14	\$28,196.64
EMERALD ADVISERS	7/1/14-9/30/14	\$25,044.59
FEDERATED	4/1/14-6/30/14	\$17,000.74
FRAGASSO FINANCIAL ADVISORS	7/1/14-9/30/14	\$9,743.00
PENN CAPITAL	7/1/14-9/30/14	\$69,861.97
PHILADELPHIA INTERNATIONAL	7/1/14-9/30/14	\$42,660.56
PYRAMIS GLOBAL (Select Canadian)	7/1/14-9/30/14	\$8,982.04
PYRAMIS GLOBAL (Emrg Mrks)	7/1/14-9/30/14	\$29,830.50

PYRAMIS GLOBAL (Select Int'l)	7/1/14-9/30/14	\$73,231.79
SWARTHMORE GROUP	7/1/14-9/30/14	\$4,471.35
TWIN CAPITAL MANGEMENT	7/1/14-9/30/14	\$21,144.64

**Total Invoices for November
Approval \$381,775.84**

APPROVAL OF APPLICATIONS AS PRESENTED

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Ms. Wagner, to approve 13 Voluntary and 6 Full Retirement applications for November 2014.

There were 3 Disability applications received and under review by the Retirement Office for November 2014:

The application for member #94250 of disability for the month of November 2014 was presented and approved by the Board. The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Fitzgerald, for the Disability application for member #94250 that he or she is totally/permanently disabled based on the opinion of Dr. Costa.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Fitzgerald, to deny the Disability application # 83209 based on the opinion Dr. Costa and the independent examiners Dr. Kasdan, McGonigal, and Bazron that the petitioner is not totally/permanently disabled from gainful employment in Allegheny County.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Fitzgerald, to deny the Disability application # 94503 based on the opinion Dr. Costa and the independent examiners Dr. Kasdan, McGonigal, and Bazron that the petitioner is not totally/permanently disabled from gainful employment in Allegheny County.

The application for member #A0056 of disability for the month of November 2014 was presented and approved by the Board. The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Fitzgerald, for the Disability application for member #A0056 that he or she is totally/permanently disabled based on the opinion of Dr. Costa and the independent examiners Dr. Kasdan, McGonigal, and Bazron. This application did not make the Retirement Board meeting book but was presented to the board separately.

Mr. Weinstein reminded the board that those members who are denied disability do have the right to appeal should they chose to do so. Mr. Johnson informed the board that disability applicants that are approved are informed of outcome and move on to resign and apply for their benefit and are included in the following month's agenda.

EXECUTIVE DIRECTOR'S REPORT

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

- Staff attended every Benefits Fair at all locations within the Allegheny County answering pension related questions, running profiles and giving estimates. Recently staff presented review of retirement military benefits to veterans, a quarterly pre-retirement seminar and the first webinar within the county was held regarding vesting.
- There were 250 retirements YTD which amounts to 16% higher than last year.
- Total Gross Amount of Capital Calls: \$848,000.00
- Manager transition has progressed. Cleveland Capital and Philly Trust combined assets of \$11.3million. Fusion received \$2.5million, \$2.5million being raised in by Cleveland Capital and the remainder \$6.3 million was liquidated to fund benefits.
- Retirement Office Preliminary Budget has a 2.5% increase for the 2015 year driven by legal, medical and computer services. This is to be recommended for approval at next meeting.
- Mr. Johnson and Mr. Boyer are members of the Valstone Advisory Board and will be attending the 2014 meeting on December 4-5 in St. Petersburg Beach, Florida. Accommodations are paid by the manager not the RBAC.
- A preview of the November 2014 Allegheny County Employees' Retirement System Newsletter was presented.
- A draft of the 2013 Financial and Actuarial report was presented for review.
- For the month of December the board will consider the 2015 operating budget, contribution rate, refund rate, and the public meeting calendar.

Mr. Weinstein had asked the board to review the Newsletter and Financial and Actuarial report and send any feedback to Mr. Johnson by end of November. It is Mr. Weinstein's intent to appoint a sub-committee of the board to work with the executive director, the actuaries and the solicitor and to bring back to the board a recommendation for the contribution rate for 2015. Ms. Wagner volunteered to be a part of the sub- committee.

Ms. Wagner also asked Mr. Johnson for the next meeting to provide an itemized break down in the services regarding the legal, medical & computer services and more detail for the 2015 budget. Mr. Johnson replied that in regards to the computer service there were charges in 2014 under the Schneider Downs contract prior related to Tyler. There remains a maintenance cost which Schneider Downs paid in past which will now be paid by office. In regards to medical, as a result of the appeals, additional legal work, and work of the hearing officers no benchmark was set in past. The appeals have been annualized from 2014 and this number is the benchmark for 2015. Mr. Weinstein reminded the board that in addition it was asked that the medical consultant to review and reexamine disabilities under the age of 60.

It was requested by Ms. Wagner that it may be helpful to look at current and past year's statistics in regards to disability applications. Ms. Wagner offered the assistance of her and her office to help in collecting this data. Mr. Johnson stated he would put together simple demographics over the past three years on disability applicants.

REPORT OF THE SOLICITOR

Mr. Gabriel provided the board with the monthly solicitor report as of November 13, 2014. There were no additional items or questions.

CONSULTANT'S REPORT

WILSHIRE ASSOCIATES

For the Capital Market, Mr. Berger provided a summary of the U.S. Equity markets. He stated that the Wilshire 5000 Total Market Index was up 2.76% MTD making it 10.04% YTD. Also addressed was Wilshire US Large-Cap being up 2.51% MTD while Small-Cap doubled with 5.2% MTD. Mr. Born provided a summary about the Non-U.S. Equity markets. The AC World ex U.S. (U.S. Dollars) was down .99% YTD with the Non-U.S. Equity (Local Currency) up 4.80% YTD. For U.S. Fixed Income, The Barclays U.S. Aggregate is up 5.12% YTD, U.S. TIPS up 4.55% YTD and High Yield up 4.72% YTD. Wilshire Us Real Estate Securities Index returned 26.50% YTD in the Real Estate market.

Mr. Lindberg discussed the preliminary Flash Report for period ending October 31, 2014. It was addressed that he has been working with Mr. Johnson as well as BNY Mellon to bring the board a more updated Flash Report. Mr. Lindberg pointed out that the Total Fund balance was \$839,663 million and a return of .79% for the month putting it .14% ahead of the benchmark. Total Fund was up 4.46% CYTD. Mr. Lindberg reviewed the Asset Classes for the month of October. US Equity and Non US Equity were ahead of the benchmark. Core Fixed Composite and High Yield Fixed Composite were slightly behind. High Yield return for the past 5 years has been 13 basis points below its benchmark. TIPS Fixed Composite was slightly ahead. Total Fund exclusive of the Private Equity is at .91% for the month making it .33% ahead of its benchmark. Fragasso Large Core and Mellon Equity are outperforming for the year. Philadelphia Trust has been terminated and Fusion has been funded but not yet showing on the report. Snow Capital was terminated. Mr. Weinstein asked the question to Mr. Lindberg as to why Snow Capital, if it was terminated, is still showing a value. Mr. Lindberg replied that it was being looked into. Due to a remaining ETF in the portfolio and a Hedge Fund with JP Morgan these are now being looked at to be liquidated. Earnest Small Value recovered with a 2000 value index at 6.99% for the month. Small Growth index for Emerald was up 6.2% making it slightly behind at -0.85%. Cleveland Capital was terminated. CIM Small Cap- Emerging Manager up 1.19% YTD ahead of their benchmark. Baillie Gifford Intl Equity and Pyramis are ahead for the month. Fixed Income all managers are slightly behind except Swarthmore who was .01% for the month. Mr. Weinstein asked about the transfer of the Israeli Bond money to the Fixed Income class. Mr. Lindberg stated that it is in the process of being moved. They are finalizing paperwork to move to CIM. PENN Capital High Yield has struggled over the past 5 years which is being paid close attention to. Private Equity Composite even though it has been lagging due to a benchmarking issue, has had some positive IRR returns. Overall the returns were 4.46% CYTD.

ASSET STRATEGY CONSULTANTS

Mr. Boyer informed the board that some money was returned as a result of the Corry Insurance Policies. They will be reinvesting \$ 2.5 million in Corry Black (CCA Black) as previously approved and documents were provided to the board for signatures. The remaining money will be taken off the table. Also, Draper Triangle III funds have been raised by \$3.5 million to which documents were provided to the board for signatures. Mr. Boyer discussed the Schedule of Illiquid Alternative Investments estimated as of

September 30, 2014. Constitutions Ironsides II Co- Investment funds has doubled its value since 2012 when it entered the portfolio. Ironsides II is currently in the process of liquidating all of their private investments. Draper Triangle II has an investment with a pending offer coming in. ValStone IV is selling off numerous properties. This will be leaving approximately \$25 million to reinvest in the coming year. Mr. Weinstein asked Mr. Boyer if by January, he could take the remaining funds and find areas where the portfolio is lacking and make a recommendation to the board a product that could well balance the portfolio. Mr. Boyer agreed to do so also noting that the portfolio is very diversified.

ADJOURNMENT

The Board unanimously approved a motion by Ms. Wagner to adjourn the meeting.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Chelsa Wagner", with a long horizontal flourish extending to the right.

Chelsa Wagner,
Secretary