

The regular monthly meeting of the Retirement Board of Allegheny County was held on September 17, 2015, 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, Amy Weise representing Chelsa Wagner, Rich Fitzgerald, Jennifer Liptak, Walter Szymanski and Frank DiCristofaro were recorded as being present.

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

#### **PUBLIC COMMENT**

- Linda Woshner spoke on behalf of her son Ron Woshner who was initially denied disability benefits for 21 months with stage four cancer. Linda stated that her 43 year old son should receive the eight months of retroactive disability payments that he was denied when his claim was eventually approved. She has done much research and attempted to meet with board members without success. Ted Puzak asked if she contacted any board member directly and she stated that she tried to meet with John Weinstein and was denied a meeting and was unsuccessful in reaching Chelsa Wagner.
- Ron Woshner spoke to the board pleading his case that he should receive the eight months of pay he was denied because of the severity of his condition. While presenting his case he also open his mouth and flashed a light inside to show the board what is missing from the inside of his mouth and throat. All of these ailments were caused by his condition.

#### **APPROVAL OF BOARD MINUTES**

The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by by Mr. Szymanski, to approve the minutes of the July 16, 2015, Board Meeting.

Mr. Weinstein noted that an Executive Session had taken place earlier on September 17, 2015.

#### **APPROVAL OF MONTHLY FINANCIAL STATEMENTS**

The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by Mr. Szymanski, to receive and file the monthly financial statements from June 30, 2015.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, to receive and file the monthly financial statements from July 31, 2015.

#### **APPROVAL OF INVOICES**

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, to ratify the following paid expenses for August:

<b>VENDOR</b>	<b>DATE</b>	<b>AMOUNT</b>
APEX CAPITAL MANAGEMENT	4/1/15 - 6/30/15	\$ 10,420.63
CIM INVESTMENT MANAGEMENT (Fixed Income)	4/1/15 - 6/30/15	\$ 7,340.66
CIM INVESTMENT MANAGEMENT (Small Cap)	4/1/15 - 6/30/15	\$ 10,104.96
CIM INVESTMENT MANAGEMENT (Israel Bonds)	4/1/15 - 6/30/15	\$ 3,622.06

CS MCKEE INVESTMENT MANAGERS	4/1/15 - 6/30/15	\$ 15,616.49
EARNEST PARTNERS	4/1/15 - 6/30/15	\$ 30,565.94
EMERALD ADVISERS	4/1/15 - 6/30/15	\$ 31,283.60
FRAGASSO FINANCIAL ADVISORS	4/1/15 - 6/30/15	\$ 10,195.00
FUSION INVESTMENT GROUP	4/1/15 - 6/30/15	\$ 4,731.20
PENN CAPITAL	4/1/15 - 6/30/15	\$ 68,614.40
PYRAMIS GLOBAL (Emrg Mrks)	4/1/15 - 6/30/15	\$ 4,737.64
PYRAMIS GLOBAL (Select Int'l)	4/1/15 - 6/30/15	\$ 48,334.40
STATE STREET GLOBAL ADVISORS (S&P 500)	4/1/15 - 6/30/15	\$ 3,705.82
STATE STREET GLOBAL ADVISORS (MSCI World)	4/1/15 - 6/30/15	\$ 7,207.87
SWARTHMORE GROUP	4/1/15 - 6/30/15	\$ 4,545.42
TWIN CAPITAL MANGEMENT	4/1/15 - 6/30/15	\$ 22,961.73

Total Vendor Invoices for August Approval \$283,987.82

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

VENDOR	DATE	AMOUNT
FEDERATED	4/1/15 - 6/30/15	\$ 15,289.31
MELLON CAPITAL	4/1/15 - 6/30/15	\$ 20,067.17
PHILADELPHIA INTERNATIONAL	4/1/15 - 6/16/15	\$ 33,042.97
PHILADELPHIA INTERNATIONAL	6/17/15 - 6/30/15	\$ 7,683.35

Total Vendor Invoices for September Approval \$76,082.80

**APPROVAL OF APPLICATIONS AS PRESENTED**

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, to approve 17 Early Voluntary applications and 25 Full Retirement for the month of August.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro Szymanski, duly seconded by Mr. DiCristofaro, to approve the Disability application of member # 70564 based on the recommendation of the three designated physicians that the applicant is totally/permanently disabled from gainful employment in Allegheny County.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, to approve the Disability application of member # 064709 based on the recommendation of the three designated physicians that the applicant is totally/permanently disabled from gainful employment in Allegheny County.

The Board unanimously approved a motion by Mr. Mr. Szymanski, duly seconded by Mr. DiCristofaro, to approve 7 Early Voluntary applications, 8 Full Retirement and 1 Active Member Survivorship for the month of September.

## **EXECUTIVE DIRECTOR'S REPORT**

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

- Both new members and new retirees are up over the last year. At this point in 2014 there were 320 new members and 214 new retirees. The ratio of those making contributions to those receiving benefits was 1:5 to 1. Today it is 2:1. That is the result of increasing hires by 150 over last year vs increasing retirement only 23 over year.
- The Dashboard was updated showing the cumulative total of investment transactions and the amount of transactions.
- PERA Software update: Includes functionality for active member statements. This will allow the retirement office to efficiently report contributions to the plan and service time. Targeting member statements to be sent in March 2016 following 1099s sent to retirees and inactive members.
- Securities Monitoring survey has been updated since first presented in May to include results from Cohen. None of the other rankings have changed from the earlier report. John Weinstein had suggested to Mr. Johnson to add two new firms to the approved list without eliminating existing firms based on ranking. The new firms added are Labaton Sucharow and Chimicles & Tikellis.
- Web Calculator launched to HR, Executive, Controller and Treasurer's Offices. Each week for the next four weeks another set of departments will be invited to use the tool. There is a kiosk in the retirement office where employees without desktop internet access can run their own estimates.
- Disability Affidavit: 28 letters were mailed to individuals 60 years of age and younger and receiving disability benefit. All but three returned. Second notice sent certified. No negative reaction thus far. Solicitor recommends increasing the age limit by five years every year up to 75 years.
- Statement of Financial Interests: The Board President has directed the Executive Director to annually distribute, collect and maintain Statements of Financial Interest from the board and staff of the RBAC. That includes the Executive Director and the board solicitor. Board members who already complete the annual statement should forward a copy of the form to the Retirement Office
- 2013 Financial and Actuarial Report will be published next week.

## **REPORT OF THE SOLICITOR**

Mr. Gabriel provided the board with the Monthly Confidential Report as of September 10, 2015. In relation to the report Mr. Gabriel had three items to address. There are series of policy and procedures that relate specifically to the decertification of a member upon re-evaluation and he would recommend that the board consider and approve the guild-lines. The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. DiCristofaro. The second item was a recommendation to add to the list of law firms that handle class action securities litigation. The new firms are Labaton Sucharow and Chimicles & Tikellis. The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Ms. Weise. The final item was the report and recommendation submitted by the hearing officer with regard to the second appeal to Mr. Woshner. The board decided to table this matter until next meeting.

## **CONSULTANT'S REPORT:**

## WILSHIRE ASSOCIATES

Johnathan Berger, of Wilshire Associates, provided a summary of the capital Market Review as of August 31, 2015. Mr. Berger stated that through the month of August the U.S. Equity Markets were down. The Wilshire 5000 was -6% MTD, -2.7% YTD and flat one year. The MSCI AC World ex U.S. was -7.6% MTD and -4.2% YTD. The U.S. Fixed Income Record has been flat YTD. The Real Estate Market ended up -6% MTD and -5.6% YTD.

Mr. Berger reviewed the Monthly Performance Summary and stated through this environment the portfolio has been able to remain in the black YTD, returning a positive 55 basis points with an ending balance approximately \$820 million. There was also strong positive value added for the Total Fund x Private Equity composite over longer periods. Across the line there are positive returns to the benchmark. There is a positive 3% at one year and a positive 2% at years three and five over the benchmark. Fragasso was positive for the month. Earnest Small Value was behind for the month but continue to outperform over longer periods of 1, 3 and 5 years. Emerald Advisors continues to perform very strong with strong absolute returns in relative performance over longer periods of time. The US Equity Composite is slightly lagging the Wilshire 5000 QTD but ahead over longer periods of time. The non US Equity Composite had strong absolute returns across the board, attributed to outperformance from Pyramis and Baillie Gifford. Fusion Capital and Inception are ahead for the month. C S McKee continues to outperform, provided strong absolute returns over longer periods of time. Federated is lagging for this year but continues to outperform over longer periods of time. Core Fixed Incomes are slightly behind for the month but continues to outperform over longer periods of time still positive relative to the Barclays Aggregate. Oaktree High Yield and PENN Capital High Yield are slightly lagging and this is mostly attributed to their defensive style. The High Yield Fixed Income Composite QTD is even with the benchmark. PIMPCO TIPS and WAMCO TIPS are lagging their benchmarks over all periods however the TIPS market have been hard to beat, specifically the Barclays U.S. TIPS. There is not any data for Morgan Stanley or the Commodities Investment. The Total Fund is even QTD and YTD there is a positive absolute return and about flat over 5 years relative to the benchmark.

Mr. Berger referenced Wilshire's Executive Summary pointing out some important points and then asked for questions or comments. Mr. Puzak asked, up to this point what has the fund earned? The answer is 55 basis points.

Mr. Ed Boyer, of Asset Strategy, had one recommendation for the day. The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. DiCristofaro to make a \$5,000,000 allocation to the CCA Black Fund. Additionally, the Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski, contingent to the review of the Solicitor, for an amendment to extend Draper Triangle's II Fund.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. DiCristofaro to accept the recommendation of Wilshire to rebalance the portfolio to fund benefits in the amount of \$10 million.

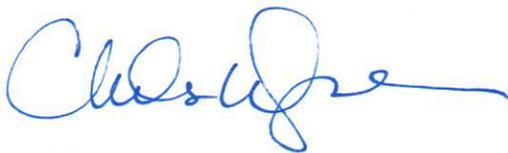
The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski to assign the investment agreement that was with Stoneridge to the newly formed firm Stoneridge/PMG LLC.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski to accept a lower money management fee from Penn Capital.

**Adjournment**

The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by Mr. Szymanski 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