The regular monthly meeting of the Retirement Board of Allegheny County was held on September 19, 2019 in the Gold Room, 4th floor, Courthouse, Pittsburgh, Pennsylvania. The meeting was called to order at 12:05 pm.

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

Also present were Brian Gabriel of CDBPM Law and Walt Szymanski, the Retirement Office Manager.

PUBLIC COMMENT
No public comment.

APPROVAL OF BOARD MINUTES

The Board unanimously approved a motion by Ms. Roka, duly seconded by Mr. DiCristofaro to approve the minutes of the July 18, 2019 Board meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Ms. Roka, duly seconded by Mr. DiCristofaro to accept the June and July 2019 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 Ms. Roka, duly seconded by Mr. DiCristofaro to ratify the August 2019 invoices and accept the invoices for July.

AUGUST VENDOR EXPENSES

VENDOR	DATE	AMOUNT
ALTAIR MANAGEMENT PARTNERS	4/1/19 -6/30/19	$ 6,996.67
ALTAIR MANAGEMENT PARTNERS	4/1/19 -6/30/19	$ 4,845.12
CIM INVESTMENT MANAGEMENT (Fixed Income)	4/1/19 -6/30/19	$ 8,059.95
CIM INVESTMENT MANAGEMENT (Small Cap)	4/1/19 -6/30/19	$ 8,481.75
CIM INVESTMENT MANAGEMENT (Israel Bonds)	4/1/19 -6/30/19	$ 3,616.83
CS MCKEE INVESTMENT MANAGERS	4/1/19 -6/30/19	$ 17,988.41
COOKSON PIERCE & CO INC	4/1/19 -6/30/19	
EARNEST PARTNERS	4/1/19 -6/30/19	$ 32,393.43
EMERALD ADVISERS (All Cap)	4/1/19 -6/30/19	$ 4,313.51

EMERALD ADVISERS (Small Cap)	4/1/19 -6/30/19	$ 28,110.32
EMSTONE ADVISERS, LLC	4/1/19 -6/30/19	$ 3,413.48
FEDERATED (Core Broad)	4/1/19 -6/30/19	
FEDERATED (High Yield)	4/1/19 -6/30/19	
F.N.B. WEALTH MANAGEMENT	4/1/19 -6/30/19	$ 2,262.99
FIDELITY INVESTMENTS (Select Int'l Plus)	4/1/19 -6/30/19	$ 25,645.28
FRAGASSO FINANCIAL ADVISORS	4/1/19 -6/30/19	$ 10,123.00
HARVEST FUND ADVISORS LLC	4/1/19 -6/30/19	$ 46,561.99
iNetworks OF, LLC	7/1/19 -9/30/19	$ 9,050.51
MELLON CAPITAL	4/1/19 -6/30/19	$ 8,636.17
RAYLIANT ASSET MANAGEMENT (formerly FUSION)	4/1/19 -6/30/19	$ 2,005.58
SALIENT	4/1/19 -6/30/19	$ 34,162.84
SEGALL, BRYANT & HAMILL	4/1/19 -6/30/19	$ 48,787.41
SINGULAR GUFF(DREOF II)	4/1/19 -6/30/19	
STATE STREET GLOBAL ADVISORS (MSCI World)	4/1/19 -6/30/19	$ 7,965.04
STATE STREET GLOBAL ADVISORS (S&P 500)	4/1/19 -6/30/19	$ 5,078.48
TWIN CAPITAL MANGEMENT	4/1/19 -6/30/19	$ 28,850.19

Total Vendor Invoices for Approval $347,348.95

SEPTEMBER VENDOR EXPENSES

FEDERATED (Core Broad)	4/1/19 -6/30/19	$ 18,380.13
FEDERATED (High Yield)	4/1/19 -6/30/19	$ 57,939.43

Total Vendor Invoices for Approval $76,319.56

PENSION APPLICATIONS

The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by Mr. Puzak to ratify the August Pension applications and approve the Pension applications filed with the Retirement Office for the months of August and September. The following applications were filed.

August:

- Early Voluntary – 11
- Full Retirement – 15

September:

- Early Voluntary – 10
- Full Retirement – 12
- Payment Plan - 2

MANAGER'S REPORT

I will highlight some areas on the dashboard. A retiree payroll is up 7.34% compared to this time last year. Contributions made are up 6.61% contributions refunded or up 7.72% total retirements are up 10.5%. If you turn to the next page, pension estimates are down 8.74%. Capital calls are up from last year, we had 79 and $18 million dollars. This year we're at 81 to $23 million dollars for a 26.9% change. Capital calls in the last board meeting were $8.2 million dollars. The office budget is on page three. Are there any questions on that?

If not, I have some updates for the board. The RFP that was approved was advertised in the Post-Gazette and listed on the website on September 1st. The bidding will be up until October 18th. We've received some questions on it so far. We had an open house on August 15th. I would say it's probably the most successful one we've had. We had people all day long through the time period we were open coming in, asking questions, updating beneficiaries, the employees seemed very happy with it. I've also included the draft newsletter behind my report for your review. If you have any questions, changes or comments, let me know. Our goal is to hopefully get it out the end of October and I'll work with the treasurer's office to verify there's no other or not too many other handouts going out at that point.

We will be participating in the Allegheny County benefit fairs in October, so we'll have gone out to all of the sites for member education on their benefits. We also held the first Saturday session this past Saturday at CCAC a North campus. CCAC was very accommodating. We had about 25 or so attend. They were very happy with the seminar and they were very appreciative that there was somewhere to go other than having to come into town if they didn't work in town. It went really well, and a Duncan was there. They gave a presentation on social security and Medicare and our next one is October 26th, at Boyce campus. And our hope is if we get a good turnout for that as well, we try to do one a quarter next year on a Saturday to accommodate the employees. And I just wanted to thank the staff and Duncan, they both did an excellent job and that's all I have for this month.

SOLICITOR'S REPORT

I have two items. The first of which was discussed in executive session and in the materials are attached to the solicitor's report, is for the board to consider and approve the guidelines for domestic relations orders and revised sample domestic relations order. Those were prepared by the solicitor and will be published on the board's website.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. DiCristofaro to approve the guidelines for domestic relations orders and the revised sample domestic relations order.

The second item is for the board to consider and approve the recommendation of our class action counsel BLB&G to authorize a motion for lead plaintiff appointment with the Southeastern Pennsylvania Transit Authority and the Allegheny County Port Authority Amalgamated Transit Union in the class action filed against Karyopharm Therapeutics Inc in the United States district court for the district of Massachusetts.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. DiCristofaro to approve recommendation of our class action counsel BLB&G to authorize a motion for lead plaintiff appointment.

WILSHIRE

Felicia: So, we'll start with the July performance report and then cover the capital markets since July. If you look at the asset allocation on page two of that report, this again is as of July 30, first of that total assets at $934.7 million dollars. And the asset allocation is roughly in line with target. Nothing is out of balance in terms of the minimum and maximum ranges. You'll see that equities are a bit overweight. Equities have had very strong performance.

Global equities up over 16.5% through July year to date. Fixed income has also had strong performance with yields falling through July. Also, public equities, 2% overweight. You know when we come to a cash raise a later in the meeting as you have to pull between $3.5 and $4 million dollars out each month to make up the benefit payments that will be recommended to be sourced from the public equities to further reduce that weight. When you look at private assets including the life settlements, that's just about on target. Fixed income, in terms of aggregate fixed, it comes a little bit underweight. When you consider cash as part of fixed income, it's about 1% under, so overall, very close to where you should be from an asset allocation perspective. If we turn on to the next page, we'll look at the composite returns.

Again, equities were performing very strongly, and I'll focus on the calendar year to date column, that third column. So, US equities up over 20.76% return in 33 basis points ahead of benchmark and a couple of managers have very strong performance within that composite. A Non-US equity up over 2% ahead of benchmark, up 14%. Global equity, this allocation has been underperforming and struggling to keep up with either the US or the Non-US equity benchmarks, but the good news is it's only 0.12% of the total fund, so not a very meaningful impactful from a total fund perspective. Core fixed income outperforming. High yield is a composite that has been detracting that's driven by two reasons. One is you have an allocation to bank loans within the high yield composite which haven't returned as much as high yield. It's been a strong market for high yield. The second is one of the managers has a more conservative mandate and that has underperformed the other manager.
TIPs performing as expected and real estate outperforming. So private equity is adding 2.7% year to date. The other composite that's driving under-performance at the total fund level is the life settlements, that's flat to slightly negative year to date on a time weighted basis. So that's underperforming the private equity benchmark. MLPs have had a strong of seven months of the year up over 18% and outperforming the index. And so, the total fund as of the end of July up 9.7%, 30 basis points behind a total fund, again, driven by high yield and the life settlements primarily. But the 9.7% is in excess of your actuarial assumption on a year to date basis. So, from that perspective ahead of schedule in terms of funding the pension plan. Just quickly flip through some of the manager returns.

On page five, we have the US equity allocations. You see very strong performance from Earnest and Emerald the small cap managers. It's been a market where small cap and value continue to underperform large cap and growth. So Earnest while their benchmark was up 13.6%, that trails the large cap benchmark of over 20%, Earnest has been able to achieve equity returns of 20.26%. So, outperforming by 6.6%. Emerald on the small cap growth side also outperforming by nearly 6%. So, we have very strong performance from those managers. If you flip onto the next page, I could see the other Emerald account and Ethos well ahead of benchmark on a year to date basis. So that again, bringing the US equity total composite ahead by 33 basis points and up a very strong 20.76% for the first seven months.
On the Non-US side, we have several mandates. The index at the bottom of page six and then three managers on the top of page seven. Baillie Gifford, growth-oriented manager, very strong performance,

outperforming their index by a 6.5%. Fidelity, a core manager keeping up and outperforming by 67 basis points. Then you'll see Segal Bryant, this is your small cap manager. They do have a value orientation and that has been a headwind in the last call it two to three years now. So, we understand the reason for their under-performance, but it is quite a larger number behind over 6% on a year to date basis. But again, driven by their positioning relative to what the market has been rewarding. So Non-US equity because of that strong performance from Baillie Gifford offsetting Segal Bryant's underperformance ahead of benchmark by over two percentage points up 14.09%.

Fixed income page eight, your core bond managers are all performing well on a calendar or year to date basis. Stoneridge your emerging manager is a little bit behind and Altair the other fixed income credit manager is outperforming the Aggregate by over 6%. Again, this was different mandate, but performing very well to bring your fixed income composite up 6.7%, a very strong absolute return for bonds and ahead of the benchmark by 37 basis points. High yield I mentioned as composite has been lagging mostly by Oak Tree and then also by Sound Point, with loans underperforming high yield by four percentage points on an absolute basis. So high yield up over, almost 9%, but behind its benchmark. TIPs in line with benchmark, real estate on a non-quarter end isn't particularly meaningful. So, if we flip pages to page 11, you see the hedge funds, slightly underperforming their respective fund of fund and macro indices, up between 0.7 and 1.3% on a year to date basis. The hedge funds composite is outperforming the cash plus 3% target for the month and calendar year to date. And then MLPs, the next couple of managers, again MLPs have been a very volatile asset class, but on a year to date basis up 17% for Salient and 19% for Harvest. Both outperforming the MLP index.

And lastly, total fund on page 13, again on a calendar year to date basis up 9.7% and just trailing the policy benchmark by 31 basis points.

Craig: August was a very tumultuous month, US equity markets down about 2% for the month, Non-US down about 3%. It all kicked off with a tweet on the first of the month and then various back and forth between the US and China about escalating tariffs. So, the trade war was really a focal point for the month, which drove equities lower and drove a lot of investors into safer assets, which includes government bonds. So, as they piled into government bonds, yields fell about 50 basis points on the 10-year treasury for the month. The Fed cut rates by a quarter percent at the end of July. And then again, just yesterday. This risk of potentially seeing the economy slowed down due to these trade war fears has caught the Fed's attention to the point where they're not necessarily in their language saying that they're trying to stop a recession, but they're trying to reduce that risk.

We've seen in September that the 10-year treasury yield has gone up by 30 basis points. Already equities have rebounded. So, two weeks into September we've seen about a 60% reversal in the yield change from August and equities are back up for the first two weeks of the month of September. US market's up about 3%, Non-US up about 3.5%. Emerging markets up nearly 4.5%. While rates have risen, fixed income has sold off. So, the US aggregate is down about 1.8% for the month and MLPs about 2.5% in September. So, a bit of a zig and zag from August into September leaves us roughly where we ended July as of right now. But expect when we come with the August report next month to see probably a negative month and hopefully September can continue on this way, so we end up with a positive quarter.

We do have a couple of cash raises that we need to have ratified. One was done a few weeks ago to cover a second capital call from iNetworks. At the time of the meeting in July there was a lack of clarity about how much would be called for iNetworks. So instead of raising a bunch of cash and having, an extra $10 million dollars sitting there potentially to be called, we decided to wait and see. It turns out

that we needed to raise a couple million extra to get us through to where we are today. So, the first thing we need to a motion to approve retrospectively is that cash raise for $2 million dollars that came from Baillie Gifford, that was a memo dated September 4th.
The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by Ms. Roka to ratify the cash raise of $2 million dollars from Baillie Gifford dated September 4th, 2019.

And then today we're bringing another cash raise recommendation. This time for $9 million dollars. Your current cash is about $5.5 million dollars, but about $3.5 million dollars of that will go out for retiree funding next week, which should leave us at about $2 million dollars. So, we've been trying to maintain at least around a $10 million cash cushion because of some of these large capital calls and the retiree funding that's needed monthly. So, given Felicia's comments about where the overweight in the portfolio continue to be, we're recommending that another $6 million dollars from Baillie Gifford, $2 million dollars from Twin Capital and $1 million dollars from Fragasso. Twin and Fragasso are our US large cap managers. Your large cap is overweight relative to your small cap. So, we'd like to take from large cap in the US. And then from Baillie again, their excellent performance so far this year has led them to become considerably overweight in the Non-US composite. Of the four manager they're approaching 45% of the portfolio and their target is 40% within Non-US. So, we continue to recommend pulling them back to target there.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. DiCristofaro to approve the cash raise of $9 million dollars; $6 million dollars from Baillie Gifford, $2 million dollars from Twin Capital, and $1 million dollars from Fragasso.

ASSET STRATEGY
No report this month.

PFM

Perry: Today bring in front of you a Fusion Investment Group recently exited the relationship with Reliant and merged with Columbus Macro. Columbus Macro will be headquartered in Hermitage, Pennsylvania along with the office that Fusion currently has in Southpoint. So, with the emerging manager program, currently Fusion manages $1.1 million dollars in assets for Allegheny County. And this merger actually brings it much more in line with the theme behind emerging managers. As you could see on the checklist, the 8 check boxes that we'd like to check off for a manager are all in line with Columbus Macro. And at this point we are recommending that we move forward with the new agreement with Columbus Macro. But we are recommending that we place them on watch simply because of two management changes in the past 14 months.

The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by Ms. Roka to approve moving forward with the new agreement with Columbus Macro after a merger with Fusion Investment Group.

NEW BUSINESS
No new business
NOTE: Executive session was held prior to the Board meeting.

ADJOURNMENT

The Board unanimously approved a motion by Mr. Weinstein to adjourn at 12:28 pm.
Respectfully submitted,

Chelsa Wagner, Secretary