The regular monthly meeting of the Retirement Board of Allegheny County was held on April 19, 2018 in the Gold Room, 4th floor, Courthouse, Pittsburgh, Pennsylvania. The meeting was called to order at 12:07 pm.

When the roll call of the Board members was made Board members Ted Puzak, Chelsa Wagner, Rich Fitzgerald, 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

Ken Kasack, 2416 East Carson 15203:
Investment advisor in Pittsburgh submitted a report to board members detailing an opportunity for the board and also a red flag. In my limited time I am going to focus on the opportunity. There is a new industry that has come to America; it is the exportation of liquefied natural gas. This is when gas is drilled all the wet gas is separated and you are left with methane. If this room was filled with methane and we could chill it to 260 degrees below zero it would liquefy and you could send it on a ship.
LNG has been part of the worlds energy mix for decades; we have one terminal that has begun in February 2016 and another came on line last month. The gas drilled here will be transported via pipeline to Maryland and shipped across the world. The opportunity here is to invest in the unique ships. I maintain an index of five LNG shipping entities, if someone had this at the beginning of last year their total rate of return would have been 16.03% the ford yield would have been 8.84%. I noticed there is an investment in MLP; I was in MLP's when it was time to be in and out when it was time to get out. That investment is being held at a loss right now, not volatility loss, it's a true loss of capital.
I can assure you that the loss in MLP portfolio is more than 1 million dollars. My suggestion is to take the money in MLP's that should not be there in the first place coupled with other invests in lost position and invest $25 million in LNG shipping index. I will be back next month for the flaw in the plan.

APPROVAL OF BOARD MINUTES

The Board unanimously approved a motion by Ms. Roka, duly seconded by Mr. Fitzgerald, to approve the minutes of the March 15, 2018 Board meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Ms. Roka, duly seconded by Mr. DiCristofaro to accept the February 2018 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 accept the invoices for April.

VENDOR EXPENSES

VENDOR	DATE	AMOUNT
F.N.B. WEALTH MANAGEMENT	2/1/18 - 2/28/18	$ 721.74

Total Vendor Invoices for Approval $721.74

PENSION APPLICATIONS

The Board unanimously approved a motion by Ms. Roka, duly seconded by Mr. DiCristofaro to approve the Pension applications filed with the Retirement Office in the month of April. The following applications have been filed.

- Early Voluntary – 9
- Full Retirement – 19

The Board unanimously approved a motion by Ms. Roka, duly seconded by Mr. DiCristofaro to deny the Disability Application of Member #075261. It is the recommendation of three designated physicians this member IS NOT totally and permanently disabled from any gainful employment in Allegheny County.

MANAGER'S REPORT

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

The Dashboard as the month ending March 2018 for retiree payroll is up 5.41% YTD, contributions are up 9.94%, and contributions refunded are up 8.03.%. Life insurance claims, we have had a little more this year, up 51.72%. Paid claims should start catching up; the next month or two you should see a figure in there. Pension estimates are up 123.90% YTD. Full retirements are up 23.53% and early retirements are up 7.89%. We have 19 put on survivorship for the year.

Total capital calls for the month total $1.619 Million. The office budget is at 92.5% so we are very much in line for the year.

Requesting the Board's approval of the 2018 election materials to begin he process. If the board approves today we will get these sent out and posted tot eh website today. Including time line, 60 petitions needed, edits to procedures. One half percent of total plan participants will determine the number of signatures needed.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Ms. Wagner to approve the changes to Election Requirements, Procedures and Guidelines.

Act 125 Tyler Update: We are hoping for a go live date of at the end of May but we are working out a few issues.

SOLICITOR'S REPORT

Solicitor's Report is current as of April 11, 2018. No questions or additional comments.

WILSHIRE

David Lindberg, of Wilshire Associates, provided the Monthly Performance Review through end of February, 2018. January was very strong up until January 26th, throughout February US Equity Markets were down 3.7%, Non US Equity Markets were down 4.6%, and Aggregate Index for Fixed Income was negative 1.

Highlights throughout February, 928.9 million is the total asset value at the end of February. Public equity we are overweight, much of that is due to underweight in Private equity that will exist for some time until Private is fully invested. Real estate over weight by 1.3% and much of the public real assets below there you will see change a lot going forward because you have already voted to change the targets for TIPS and commodities so these are closer to target right now.

Performance, the fund was down 2.43% for the month of February relative to benchmark 2.33 so just ten basis points behind. February was a difficult month, the asset classes are mostly close to benchmark. Core Fixed incomes are ahead by 14 basis points for the month, High Yield composite is close to benchmark but lagging a little, 8 basis points. TIPS allocations is now entirely passive and on benchmark.

MLP's which were just funded in December and January, took a significant sell off in late January and into February. There was a monthly return of a negative 9.69%. The rest is unmarked on a February month end. Close to zero on those numbers. Hedge fund composite is now one investment with a value of 2.5 million which is relative to t bills plus 3% which is behind 3% for the month. Overall asset classes are pretty close to benchmarks for February. Overall US Equity was very close to benchmark.

FIAM is under performing over the last five years since the credit crisis. This is low risk, but we still have a good research opinion of this product, we are paying close attention to it. CS McKee and Federated are 2 basis points over benchmark and 2 basis points below respectively. High Yield managers are behind a bit. Salient and Harvest in MLP's are under 7 points and over 6 points respectively.

Craig Morton, of Wilshire Associates, provided a brief Capital Market Review through the end of March 2018. US Equity is only the second negative quarter for Wilshire in the past 6 years. Good news was driving bad results. The jobs growth in particular was alarming people that the inflation rate would pick up causing the Fed to accelerate their rate rises. This had a negative effect on US Equities, for the month

of March US stocks were down another 2% as measured by the Wilshire 5000, leaving them for the second time in 6 years about three quarters of a percent down.

Non US Equities were down 1.75% for the month and year to date about 1.2% concerns were centered on global trade conflicts. Emerging markets, even with the negative news story regarding China, were one of the bright spots up 1.4% through the first quarter.

Fixed income markets we saw the US Treasury yield curve rise pretty much in parallel across all fashions 30 to 40 basis points higher. Jarome Powell oversaw his first meeting as Fed Chair raised rates a quarter percent as expected. For the month as measured by the US Barclay Aggregate, fixed income returned 0.6%, down about 1.5% YTD.

MLP's had another negative month in March, bringing MLP's down 11% through the first quarter. Since then, April to date through yesterday they have recovered 9.3%, this week alone over 5%. We have discussed in a previous meeting, the decision to remove the tax benefit, which was highly publicized, and people think this drove a lot of the selloff. This doesn't apply to all MLP's; it is very focused on specific types of companies who might just be forced to reorganize. MLP's as a whole in our opinion, were over sold based on that news alone and expect to see the market recover. The big news since the report was published was the recovery in MLP's along with recoveries in Equities, US and Non US.

Mr. Puzak: So Mr. Kaszak's report is inaccurate then?

We think that, especially given what has happened so far this month that his comments may have been slightly over blown.

Cash raises, we have been trying to maintain around 10 million. That has been running about 3 million for benefits and 2 million for capital calls. That gives us a target of 5 million per month and we are trying to keep two months on reserve. We did not need a recommendation last month since there were some distributions in private equity. This month we have fallen back below 7 million in cash. We are recommending that we raise and additional 5 million from US Equity. We are recommending 5 million reduction from Mellon Capital.

> The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. DiCristofaro to approve a cash raise from the US Equity Mellon Capital.

Kalvin Born, our second recommendation is highlighted in the document titled Total Fund Benchmark Recommendation. Following the executive session today I will review the benchmark recommendation summary. Given some recent transactions funding the MLP's at 2.5% in December and again 2.5% in January, and then liquidating commodities in the end of January we are recommending a change in benchmarks for the total fund to better represent your current allocation.

There are three rows here on the benchmarks that are changing if you accept our recommendation. Total Public Equity is currently 35% we will change in two phases one in January and another in February to 38% and moving forward. Commodities are currently 8% and we will change to 2.5% in January and 0% in February and 0% moving forward. Finally, MLP's we would like to introduce the Alerian MLP index.

MLP's are currently at 0% given we weren't invested, we will move to 2.5% benchmark in January and 5% in February and keeping 5% moving forward. To summarize, this does not change allocation recommendation, purely benchmark.

Mr. Weinstein: You are reducing the total public real assets by 3% as well?

That is correct; that is purely just to represent the allocation that you are invested in. you are no longer invested in commodities and we have about 5% in both MLP's and TIPS. This will all be revisited and the asset allocation study will go through this whole year.

> The Board unanimously approved a motion Mr. Puzak, duly seconded by Mr. DiCristofaro to approve the changes to benchmarks.

ASSET STRATEGY

Ed Boyer, new team members India Suiters and David Sanders. Also I need Mr. Weinstein's signature on Valstone Healthcare properties most favored nation status. There is a transaction with Accolade V, they have signed documents for transactions for a company named Bomgar, and they are going to sell that at a 3.4x. This will happen in 19 months, harvestings are beginning to happen at a more rapid pace.

NEW BUSINESS

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

ADJOURMENT

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. DiCristofaro to adjourn at 12:39pm.

Respectfully submitted,

Chelsa Wagner, Secretary