

The regular monthly meeting of the Retirement Board of Allegheny County was held on December 15, 2016, in the Gold Room, 4th floor, Courthouse, Pittsburgh, Pennsylvania. The meeting was called to order at 12:19pm.

When the roll call of the Board members was made Board members Ted Puzak, Chelsa Wagner, Jennifer Liptak, Frank Dicristofaro, and Walt Szymanski and John Weinstein were recorded as being present.

Also present were Brian Gabriel of CDBPM Law and Interim Executive Director, Janice Vinci.

PUBLIC COMMENT

There was no public comment

APPROVAL OF BOARD MINUTES

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Dicristofaro, to approve the minutes of the November 17, 2016 Board meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Dicristofaro, to accept the October 31, 2016 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

No invoices were received since the November Board meeting.

PENSION APPLICATIONS

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Dicristofaro to approve the Pension applications filed with the Retirement Office in the month of October. The following applications have been filed.

- Early Voluntary – 7
- Full Retirement – 4

INTERIM EXECUTIVE DIRECTOR'S REPORT

Ms. Vinci provided the monthly status report of the Retirement Board, highlighting the following:

The Dashboard as the month ending November 2016 for retiree payroll there was \$7,755,831.90 spent, Total contributions YTD were \$59,567,331.87 and contributions refunded were \$4,100,000.00. There

were 461 refunds, 807 new members, 10 disabilities, 2 disability appeals, 125 deaths, 126 life insurance claims paid, 342 pension estimates generated and 50 buybacks. YTD there have been 313 retirements, 178 full retirements, 124 early retirements and 11 disabilities.

On the investment transactions there are 98 Capital Calls for \$23,125,328.70, 2 Rebalancing's for \$16,662,619.13, 9 Allocations for \$43,000,000.00 and 4 Terminations for \$6,864,792.41. For the month of November and part of December there have been 6 Capital Calls for a total of \$1,171,031.94

The 2017 budget is included for review and approval. In the budget there is an allocation for a staff of four with corresponding fringe benefits; a 3% increase, as well as, a merit increase for additional work during a period of transition. In addition, increased monies are included for computer software enhancement, as well as, a needs analysis. Additional monies were allocated for printing, miscellaneous spending and legal based on history of spending.

In total there were 26 disability examinations that began in 2014 to present. Seven individuals are still in the process of being examined, 18 individuals remain disabled while 1 individual is no longer disabled.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Dicristofaro to approve the 2017 Public Board Meeting dates for the third Thursday of each month at noon on the fourth floor of the Allegheny County Courthouse; 436 Grant St, Pittsburgh, Pa 15219 in the Gold Room.

The Board unanimously approved a motion by Ms. Wagner, duly seconded by Mr. Szymanski that the recommended 2017 rate to be paid on refund is 58 bpts.

The Board unanimously approved a motion by Mr. Dicristofaro, duly seconded by Mr. Szymanski to approve the Cowden contract submitted by Brad Rigby effective 1/1/2017 through 12/31/2019.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski that the contribution rates remain at the combined rate of 18% of payroll split evenly between the County and the Members.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Ms. Wagner to approve the 2017 budget.

SOLICITOR'S REPORT

Mr. Gabriel provided the board with the Monthly Confidential Report as of December 8, 2016.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Dicristofaro to deny the re-application for disability by Member #72289.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Dicristofaro to consider/appoint hearing officers Jacques Moye, Esq., Patrick Connelly, Esq. and Paul Gitnik, Esq. for 2017 with an hourly rate of \$250.

WILSHIRE

Capital Market Review

David Lindberg provided a review of the capital markets including a broad summary of market performance throughout November and year-to-date. The U.S Equity market was up 4.56% during November and over 11% year-to-date. Small cap stocks significantly outperformed large cap stocks during the year, reversing a trend that occurred last year when large cap stocks were well ahead of small cap stocks. U.S. stocks were much stronger in general than non-U.S. stocks with the broad non-U.S. market up just under 2% year-to-date. The U.S. bond market as measured by the Barclays U.S. Aggregate Index was down 2.37% during November due to rising rates. Bonds were up 2.5% on a year-to-date basis. Finally, real assets produced strong returns on a year-to-date basis with the Bloomberg Commodity Index up 9.79% through November 30 reflecting the recovery in oil prices and the Alerian MLP Index up over 13%.

RBAC Portfolio Performance Review

Calvin Born Jr. provided a review of the RBAC portfolio positioning and performance. As of November 30, 2016 the total value of the RBAC portfolio was approximately \$842 million.

The RBAC Total Fund returned 1.6% for November, ahead of its policy benchmark by 0.7%. The largest contributors to outperformance included U.S. Equity, Non-U.S. Equity and Core Fixed Income. Year-to-date, the RBAC Total Fund returned 8.0% largely driven by strong U.S. Equity and High Yield markets, along with mid-teen returns from the Private Equity portfolio.

Through December 9, 2016 Wilshire estimates that the RBAC Total Fund has returned approximately 9.0% year-to-date after a strong first week of December in the markets.

Emerald Advisors Small Cap and Twin Capital have rebounded nicely quarter-to-date in the U.S. Equity portfolio, specifically in November, providing absolute returns of 10.5% and 4.2%, respectively; both well ahead of their respective benchmarks.

In Non-U.S. Equity, Baillie Gifford continues to outperform its benchmark for the month, as well as longer time periods of one, three and five years. Segal, Bryan & Hamill, the portfolio's dedicated small cap manager, has added significant value over its benchmark for the past one year. Furthermore, small cap has outperformed the broad developed Non-U.S. Equity market by roughly 6% through November.

In Core Fixed Income, CS McKee and Federated continue to be the best performing managers in the asset class, outperforming their benchmarks for the month, as well as the trailing one, three and five years.

PENN Capital and Oaktree, RBAC's two High Yield managers have struggled over the past one, three and five years; however, the High Yield market has returned over 15.0% year-to-date which has been additive to the RBAC Total Fund. Given this rally in the High Yield market, most active managers have continued to be challenged to outperform. We can expect that the benchmark will rank very highly over the trailing one, three and five years relative to peers in December 31 universe data.

NEW BUSINESS

There was no new business.

Adjournment

The Board meeting was adjourned at 12:57pm

Respectfully submitted,

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

Chelsa Wagner,

Secretary