The regular monthly meeting of the Retirement Board of Allegheny County was held on February 16, 2017, in the Gold Room, 4th floor, Courthouse, Pittsburgh, Pennsylvania. The meeting was called to order at 12:10pm.

When the roll call of the Board members was made Board members Ted Puzak, Amy Weise for 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. Dicristofaro, duly seconded by Mr. Szymanski, to approve the minutes of the January 19, 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 December 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

The Board unanimously approved a motion by Mr. Dicristofaro, duly seconded by Mr. Szymanski, to approve the Invoices received since the January Board meeting.

VENDOR EXPENSES
RECEIVED SINCE JANUARY 2017
BOARD MEETING

VENDOR	DATE	AMOUNT
EARNEST PARTNERS	10/1/16-12/31/16	$ 33,631.21
EMERALD ADVISERS (All Cap)	10/1/16-12/31/16	$ 3,044.09
EMERALD ADVISERS (Small Cap)	10/1/16-12/31/16	$ 30,836.17
FIDELITY INVESTMENTS (Select Int'l Plus)	10/1/16-12/31/16	$ 59,116.12
FRAGASSO FINANCIAL ADVISORS	10/1/16-12/31/16	$ 10,575.00
PENN CAPITAL	10/1/16-12/31/16	$ 60,662.61
SEGALL, BRYANT & HAMILL	10/1/16-12/31/16	$ 55,641.73
STATE STREET GLOBAL ADVISORS (MSCI World)	10/1/16-12/31/16	$ 7,682.13
STATE STREET GLOBAL ADVISORS (S&P 500)	7/1/16-9/30/16	$ 2,771.04
STATE STREET GLOBAL ADVISORS (S&P 500)	10/1/16-12/31/16	$ 3,581.46
STONERIDGE ADVISORS	10/1/16-12/31/16	$ 2,684.02
TWIN CAPITAL MANGEMENT	10/1/16-12/31/16	$ 24,904.42

Total Vendor Invoices for Approval $295,130.00

PENSION APPLICATIONS

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

- Early Voluntary – 13
- Full Retirement – 19
- Disability - 1

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 January 2017 for retiree payroll there was $7,800,000.00 in payroll, $5,400,000.00 in Contributions and $448,000.00 in Refunds. There are 44 refunds, 48 new Members, 1 Disability Application, 1 Disability Appeal, 12 Deaths, 6 Life Insurance claims paid, 27 Pension Estimates and 7 Buyback Applications. The statistics are somewhat close to last year at this time.

For the current month, there are 33 total retirements, 19 full retirements, 13 early retirements and 1 disability. Although this is less than last year, it has still been a busy month.

On the investments side there have been 13 transactions totaling $2,600,000.00 in Capital Calls. For the prior year there were 18 transactions for $7,900,000.00. So far there has been 4.4% of the office budget expended for the year.

The office has been busy working with Koryak to develop the office software and they are looking to develop some custom report writing capability. The 1099's were completed and mailed in January and the state report for the Actuary has been filed.

SOLICITOR'S REPORT

Mr. Gabriel provided the board with the Monthly Confidential Report as of February 19, 2017.

The Board unanimously approved a motion by Ms. Liptak, duly seconded by Mr. Dicristofaro to withdraw the appeal of the Retirement Board of Allegheny County's determination denying member #88853's claim for disability retirement. Member #88853 is granted the right to reapply for disability retirement.

WILSHIRE

Felicia Bennett provided a review of the capital markets including a broad summary of market performance throughout January. U.S. Equity Market was up 1.8% and non U.S. Equity Markets was also up almost 3.5% and Emerging Markets were driving those investments relative to develop markets. On the Fixed Income side the yield had shifted a lot during the 4th quarter but moderated during the 1st quarter. The Aggregate Index was up just 20 basis points. High Yield continues to have strong performance adding another 1.5% roughly in the month of January. On the Real Assets side, Real Estate Securities within the U. S. had a negative return for the month. Non U.S. Real Estate Securities were positive 2.5% so recovery there was recovery in the asset class. Commodities are generally flat about 14 basis points for the Bloomberg Commodity Index.

The asset allocation for the fund at the end of January was $860,000,000.00. The allocations relative to the policy targets list out for Public Equities, U.S. and non U.S. Equities are overweight by 10.7% but the Private Equity allocation is underweight -8.2% so most of that overweight is the parking lot for the yet to be called Private Equity investments.

The performance results over the month of January show the total fund added another 1% which outperformed the policy index by 13 basis points. U.S. Equities in total for the composite were pretty flat under-performing by 4 basis points. Non U.S. Equities out performed by 72 basis points. Core Fixed Income, the managers in total were about flat with the benchmark and High Yield continuing to under-perform in a very strong High Yield market. TIPS allocation the performance is much closer to benchmark is 8 basis points ahead for the month. Hedge Funds are up 30 basis points. Commodities are up 14 basis points for the month.

Looking at individual Managers, Fragasso, who did have a strong 4th quarter, did under-perform in the month of January by -1.5% driven by their under-weights to technology in consumer sectors. Earnest Small Value had a nice rebound in the month of January of 2.7%. Ethos, a newer Emerging Manager, had a very strong January up 3% relative to the benchmark of 1.9%. On the Non U.S. side look at Ballie Gifford, they had consistent strong performance up through the last quarter where they were under-performing due to an underweight to euro area of financials but had a strong recovery in the month of January up over 5%.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. Dicristofaro to terminate Penn Capital as a Fixed Income High Yield Manager.

The Board unanimously approved a motion by Mr., Dicristofaro duly seconded by Mr. Szymanski to hire Federated High Yield Fixed Income Strategy Manager for $41,000,000.00 at 50 basis points.

The Board unanimously approved a motion by Mr. Dicristofaro, duly seconded by Mr. Szymanski to reduce Oaktree's allocation by $10,000,000.00 for cash allocation.

Mr. Weinstein requested that Wilshire submit recommendations before Board meeting going forward.

ASSET STRATEGY

Ed Boyer, of Asset Strategy, presented a recommendation for a motion to the Board.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Dicristofaro based on the recommendation of the consultant to award a $3,000,000.00 allocation to the Blackrock Multi-Alternative Opportunity Fund at a fee of 1.5% and 20.

Mr. Boyer will be providing the Board with more detailed reports in the April Board meeting.

PFM

Perry Giovannelli, of PFM, presented a recommendation for a motion to the Board.

The Board unanimously approved a motion by Mr. Dicristofaro, duly seconded by Mr. Szymanski based on the recommendation of the consultant to hire First National Bank's intermediate government credit model account with a $2,500,000.00 allocation at 35 basis points.

CORRECTION

Mr. Weinstein made a correction that the motion was to accept January 2017 minutes, not January 2016.

NEW BUSINESS

COLA UPDATE

Mr. Dicristofaro advised that after the sub-committee convened and together with its actuary determined that the fund was not in the position to award a COLA at this time. Although there are several benchmarks in the policy to evaluate, the fund was not at the asset level of $950,000,000.00 as of December 31, 2016 for the consideration of a COLA. Although consideration of a COLA is important, the vital goal is to maintain preservation of a healthy fund for all the retirees and employees into perpetuity. Because the Pension Board is sensitive to the needs of the retirees in lieu of waiting two years for a reevaluation the committee will reevaluate the opportunity for a COLA again in the next 12 months.

ADJOURNMENT

The Board unanimously approved a motion Mr. Puzak, duly seconded by Ms. Liptak to adjourn the February Board meeting at 12:43 pm.

Respectfully submitted,

Chelsa Wagner,

Secretary