

The regular monthly meeting of the Retirement Board of Allegheny County was held on January 19, 2017, in the Gold Room, 4th floor, Courthouse, Pittsburgh, Pennsylvania. The meeting was called to order at 12:09pm.

When the roll call of the Board members was made Board members Ted Puzak, Chelsa Wagner, Rich Fitzgerald, 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 December 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 November 30, 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

VENDOR EXPENSES

RECEIVED SINCE DECEMBER 2016

BOARD MEETING

VENDOR	DATE	AMOUNT
FEDERATED	7/1/16-9/30/16	\$16,517.60
FIDELITY INVESTMENTS (Select Int'l Plus)	7/1/16-9/30/16	\$60,044.29
SEGALL, BRYANT & HAMILL	7/1/16-9/30/16	\$55,418.27

Total Vendor Invoices for January Approval

\$131,980.16

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 December. The following applications have been filed.

- Early Voluntary – 7
- Full Retirement – 6

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 December 2016 for retiree payroll there was \$91,273,685.30 spent and total contributions YTD were \$67,547,138.31. There were 522 refunds, 863 new members, 10 disabilities, 3 disability appeals, 133 deaths, 147 life insurance claims paid, 369 pension estimates generated and 53 buybacks. Current YTD there have been 13 retirements, 6 full retirements, 7 early retirements and 0 disabilities.

On the investment transactions, current YTD, there are 9 Capital Calls for \$1,897,331.64.

A Year in Review 2016

- Member Contribution and Service Statements Completed
- Produced Investment Management Fee Analysis
- Hosted Financial Wellness Seminars
- GASB 68 Implementation
- Asset Liability Study Completed
- IRS Reconciliation
- BNY Mellon Custody Platform Conversation
- New Asset Allocation Policy
- 2017 Contribution rate remains at 18%
- 2017 Rate set for Refunds at 58bpts
- Expanded Securities Litigation List
- Expanded Minority Brokers List

2017 Projected Projects

- Update Tyler to Administer Act 125
- Tyler (PERA Software) Evaluation and Recommendation
- Evaluate activity of Investment Providers with Recommendations for Efficiencies
- Evaluate criteria for COLA
- Cross Training of Administrative Staff
- Update Asset Liability Study

- Revise Annual Statement to detail beneficiaries/survivors
- Generate notices for newly vested members
- Additional Webinar/Seminar Training
- Assessment of Life Insurance within Tyler

Mr. Weinstein suggested that an insert go out with payroll advising employees their retirement status and Ms. Wagner added that the insert should also encourage members to update their info. Ms. Liptak agreed and Ms. Vinci agreed that an insert could be sent out.

SOLICITOR'S REPORT

Mr. Gabriel provided the board with the Monthly Confidential Report as of January 12, 2017.

On December 15, 2016, the Board approved one-year appointments for three Hearing Officers. All three Hearing Officers, Jacques Moye, Patrick Connelly, and Paul Gitnik have signed and returned the agreements.

Mr. Gabriel also noted that there are two carry-over appeals previously assigned to a hearing officer during the prior year and that it is reasonable and efficient for those to remain with the assigned hearing officer to be handled under the terms of the hearing officer agreement in place at the time of assignment.

WILSHIRE

Capital Market Review

Felicia Bennett provided a review of the capital markets including a broad summary of market performance throughout December. The U.S Equity market was up 2.06% during December, which brings it to 13.37% year-to-date. Small Cap stocks closed at 22.41% for the year, outperforming Large Cap stocks at 12.49%. U.S. stocks were slightly behind non-U.S. stocks in December, but still significantly ahead year-to-date. Due to tightening credit spreads, the Barclays U.S. Aggregate Index was up 0.14% during December, and bonds were up 2.65% on a year-to-date basis. Real assets once again produced strong returns with the Bloomberg Commodity Index up 1.80% in December, moving it to 11.77% year-to-date. Finally, the Alerian MLP index rose 5.31% in December, making the year-to-date return 19.35%

RBAC Portfolio Performance Review

David Lindberg provided a review of the RBAC portfolio positioning and preliminary performance. As of December 31, 2016 the total value of the RBAC portfolio was approximately \$850.5 million.

The RBAC Total Fund returned 1.12% for December, trailing the policy benchmark by 0.08%. The U.S. Equity, Non-U.S. Equity and Global Equity composites all underperformed their respective benchmarks in December. Year-to-date, the RBAC Total Fund returned 8.49%, trailing the policy benchmark by 0.98%.

In U.S. Equity, Emerald Advisors Small Cap Growth slightly underperformed in December due to their utilities and energy sector exposure; however it still remains ahead for the quarter. Earnest Small Cap Value had significant underperformance due to being underweight financials, particularly bank stocks. The U.S. Equity Composite had strong performance for the year, despite trailing the benchmark. This has

been a difficult environment for managers to keep pace with their respective benchmarks. December 31 universe data will show this once it becomes available.

In Non-U.S. Equities, Baillie Gifford underperformed its benchmark by 1.94% in December but remains ahead in the one, three and five year time periods. Segal, Bryan & Hamill, the portfolio's dedicated small cap manager, was up once again against the benchmark, adding to already solid performance for the year.

In Core Fixed Income, Federated continue to perform well for the asset class, outperforming in December, as well as the trailing one, three and five years. CS McKee slightly trailed its bench for the month but remains ahead for the one, three and five years.

PENN Capital and Oaktree both outperformed in December, but remain behind for the one, three and five years; The High Yield Composite has returned over 15.0% year-to-date, which has been additive to the RBAC Total Fund. Similar to the U.S. Equity market, the High Yield rally has made it difficult for most active managers 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

Mr. Weinstein appointed a COLA sub-committee in accordance with the Resolution passed approximately two years ago. The individuals to participate in the sub-committee are:

Mr. Dicristofaro – Chair

Ms. Liptak

Mr. Puzak

Mr. Rigby

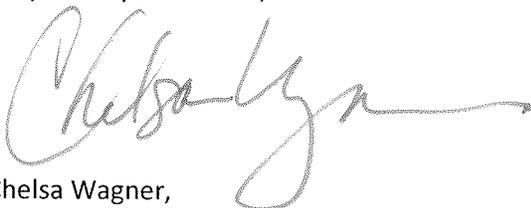
Ms. Vinci

Ms. Weise

Adjournment

The Board meeting was adjourned at 12:40pm

Respectfully submitted,

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

Chelsa Wagner,

Secretary