

The regular monthly meeting of the Retirement Board of Allegheny County was held on October 20, 2016, in the Gold Room, 4th floor, Courthouse, Pittsburgh, Pennsylvania. The meeting was called to order at 12:07pm.

When the roll call of the Board members was made Board members John Weinstein, Ted Puzak, and Amy Weise for Chelsa Wagner, Jennifer Liptak, Rich Fitzgerald and Frank Dicristofaro 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. Puzak, to approve the minutes of the September 15, 2016 Board Meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Mr. Dicristofaro, duly seconded by Ms. Weise, to accept the August 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. Puzak, to accept the invoices the Board received since the September 2016 meeting.

RECEIVED SINCE SEPTEMBER 2016 BOARD MEETING

VENDOR	DATE	AMOUNT
CIM INVESTMENT MANAGEMENT (Fixed Income)		
CIM INVESTMENT MANAGEMENT (Israel Bonds)		
CIM INVESTMENT MANAGEMENT (Small Cap)		
CS MCKEE INVESTMENT MANAGERS		
EARNEST PARTNERS		

EMERALD ADVISERS (All Cap)		
EMERALD ADVISERS (Small Cap)		
FEDERATED		
FIDELITY INVESTMENTS (Select Int'l Plus)		
FRAGASSO FINANCIAL ADVISORS		
FUSION INVESTMENT GROUP		
MELLON CAPITAL	4/1/16-6/30/16	\$ 19,875.93
PENN CAPITAL		
SEGALL, BRYANT & HAMILL		
STATE STREET GLOBAL ADVISORS (MSCI World)		
STATE STREET GLOBAL ADVISORS (S&P 500)		
STONERIDGE ADVISORS		
TWIN CAPITAL MANGEMENT		

Total Vendor Invoices for October Approval

\$19,875.93

PENSION APPLICATIONS

The Board unanimously approved a motion by Ms. Weise, 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.

- Disability – 1
- Early Voluntary – 12
- Full Retirement – 10
- Modifications – 2
- Service Buy-back Requests – 2

INTERIM EXECUTIVE DIRECTOR'S REPORT

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

In the dashboard, there is \$7,700,000.00 in payroll for a YTD of \$67,000,000.00. Total contributions made, \$5,000,000.00 and YTD \$49,000,000.00. Contributions refunded \$528,000.00 with \$3,500,000.00 YTD. There have been 39 refunds for a YTD total of 381. There 59 new members this month for a YTD total of 644. There were 2 Disability applications for a YTD total of 10. There were 12 deaths this month for a YTD total of 112. There were 17 life insurance claims paid for a YTD total of 108. There were 291 Pension Estimates created YTD. There were 5 Buyback applications and YTD 44. Total retirements for this month were 23 and YTD 292.

The number of transactions YTD on Capital Calls was 87 for a total of \$20,000,000.00, 2 Rebalancing for a total of \$16,000,000.00, 9 Allocations for a total of \$43,000,000.00, Terminations 4 for a total of

\$6,800,000.00. There have been 14 Capital Calls for the month of September for 1,500,000.00. The September allocations were \$10,000,000.00 in total. Approximately 64% of the budget has been used as of September 30, 2016 for a total of \$947,000.00, there is approximately 35% remaining.

SOLICITOR'S REPORT

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. DiCristofaro, to renew an agreement with Rhodes Law Firm for \$185.00 per hour, on an as needed basis.

Mr. Gabriel provided the board with the Monthly Confidential Report as of October 13 2016.

WILSHIRE

Felicia Bennet, of Wilshire Associates, provided a brief Capital Market update for the month of September. The economy of the U.S. continues to move along at a slow but steady pace, the second quarter GDP was 1.4%. Interest rates continue to rise; the 10-year was 1.6% at the end of the quarter. There is a decent probability that the FED will raise rates in December. Inflation continues to remain muted. Year over year August inflation was up just over 1.1% and that is below the FED's 2% target. Unemployment is at 4.9%. U.S. Equity Market was up 4.3% for the quarter. That is a strong return Equity Markets. Small Cap stocks continue to return better than Large Cap stocks to make up some of that gap. U.S. Large Cap stocks were up 15.4% to the S&P and Small Caps were up 14.8%

Non-U.S. stocks up almost 7% for the AC World ex U.S. Emerging Markets were up 9% for the quarter and 16% for the year. On the Fixed Income side, Barclay's U.S. Aggregate up just under .5% for the quarter. High Yield was up 5.5% for the quarter and 15% YTD.

Commodities were - 3.8% for the quarter and still up 8.9% YTD and MLP's rebounding 16% YTD.

At the end of the quarter the flash report shows the Asset Allocation of the plan and at the end of September relative to policy. The market value at the end of September was estimated to be \$842,000,000.00. If you look at the Actual Allocation vs. Policy Allocation you can see that Equities continue to be overweight and the under weights are within Private Equity. If you combine Life Settlements and Private Equity it will be about 5% underweight there and 5% underweight to MLP's. The total fund is up 3.36% for the quarter and up 6.09% for the CYTD.

The TIPS portfolio is just about even with the benchmark for the quarter, 9 basis points ahead.

Mr. Weinstein asked Ms. Bennett, "What did you say about High Yield again"? Ms. Bennett told him about two of the Managers, Oaktree and Penn Capital, that are on watch and that Wilshire is would like to look at some other Manager candidates for the Board. Mr. Puzak added that they have been getting beat up for a while now.

NEW BUSINESS

There was no new business.

Adjournment

The Board unanimously approved a motion by Mr. Dicristofaro, duly seconded by Mr. Puzak, to adjourn the meeting at 12:27pm.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Chelsa Wagner", followed by a long horizontal flourish.

Chelsa Wagner,

Secretary