

The regular monthly meeting of the Retirement Board of Allegheny County was held on November 19, 2015, in the Gold Room, 4th floor, Courthouse, Pittsburgh, Pennsylvania at 12:15p.m.

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

Also present were Tim Johnson, Executive Director; Brian Gabriel of CDBPM Law; David Lindberg and Felicia Bennet of Wilshire Associates; Ed Boyer of Asset Strategy and Margaret Belmondo of PFM Advisors

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 October 15, 2015, Board Meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, to accept the September 30, 2015 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. Szymanski, duly seconded by Mr. Puzak to accept the invoices the Board has received since the October 15, 2015 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 – 8
- Full Retirement – 5
- Modification – 1
- Extension – 1

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. DiCristofaro to approve the Disability Application of Member #88430. It is the recommendation of three designated physicians this member is totally and permanently disabled from any gainful employment in Allegheny County.

EXECUTIVE DIRECTOR'S REPORT

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

In last month's meeting the Controller requested assistance in her analysis of Investment Fees, there has been significant progress toward giving the Controller the information she has requested. There is a lot of detail of the analysis in the monthly report. Mr. Johnson is working with Wilshire, Asset Strategy, the Controller's Office and BNY to update the report. All of the on balance sheet information has already been provided and the new focus is on the off balance sheet that relates to private equity. The information will be submitted very shortly. Ms. Wagner thanked Mr. Johnson for all of his hard work on this project. Mr. Weinstein asked "Is part of the analysis including making sure all of the Managers are participating in the Favorite Nation Clauses"? Mr. Johnson confirmed that is a part of the analysis.

There are two reports on the Web Calculator. The first report announces that the calculator is live on the website. It went into production about a week ago and has had tremendous success in the areas that have been tested so far. It has been a very busy month with regard to member education. They have attended seven benefit fairs. They did the Military Service Credit Workshop, a workshop on completing your pension paperwork and also a seminar on vesting. They have touched nearly 400 members in the last month with regard to benefit education.

There was a draft of the operating budget given at the October 15, 2015 Board Meeting. The overall 2016 Operating Budget is only \$33,400.00 above the 2015 Operating Budget. The significant changes in the budget are under Fringe Benefits object code 52000. That number has been reduced to -25% of salary. Primarily because two Retirement Board staff has moved off of the County's healthcare and on to their spouses and that saves \$28,000. We have now gone two years without having to use the service of Snyder Downs so we have eliminated \$11,000.00 from object code 65516 that is the Computer Software line item. The Legal Counsel line item has been annualized, that is object code 63301. We increased the amount of money spent on Examination and Evaluation by \$30,000.00. The net effect of that is an increase in expenses of \$56,000.00 but with the savings bottom line of the proposed Operating Budget of 2016 is \$1,476,000.00 even. Mr. Johnson asked for a motion to accept the 2016 Operating Budget if there were not any questions. Ms. Wagner asked "What falls under the largest line item, Consultants"? Mr. Johnson explained that is all the money paid to all of the Consultants, Asset Strategy, Wilshire and PFM Advisors.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. DiCristofaro to approve the 2016 Operating Budget.

REPORT OF THE SOLICITOR

Mr. Gabriel provided the board with the Monthly Confidential Report as of November 13, 2015. Attached to the report is a six page draft of administrative guidelines for disability pensions that is being submitted to the board for review and consideration for next month's meeting. The draft is really an update to older guidelines that needed to be updated.

Mr. Weinstein asked that the Board take a look at the updated guidelines and have it up for discussion for December.

CONSULTANT'S REPORT:

WILSHIRE ASSOCIATES

Felicia Bennett, of Wilshire Associates, provides a brief Capital Market update for the month of October. The market had a nice rebound in October after the first negative quarter in three years. For the third quarter markets were down between 8-10%. For the quarter in October markets were up globally close to 8%. YTD there was some sell off in November U.S. Equity Market as of Friday November 13, 2015 was about 32 basis points negative, Non U.S. Markets YTD about -5% developed and Merging Markets about -13%. Outside of the U.S. there are still some negative absolute returns on an YTD basis but in the U.S. there have been consistent and stable and growth. It is expected that rates will begin to rise this year.

The best performing market has been Japan even though they just announced a recession for the third quarter. The worst performing markets are Energy and Commodities down between 17-24%.

David Lindberg, of Wilshire Associates, reviewed the Monthly Performance Summary for the month of October. The difference between last quarter and the month of October is the portfolio return for the third quarter was -3.6% the total fund level this month alone is a positive 3.3% almost an offset of what occurred in the third quarter. The total asset value is \$833,462,000.00.

Mr. Lindberg went through the details of the report. Longer term there is good value added but shorter term, the absolute returns because of the oil price decline, Commodities have hurt in the past one year and trailing three and five year numbers.

Mr. Weinstein asked why Cleveland Capital is still listed in the report if they were terminated a while ago. Mr. Lindberg advised it is only there because the system prints out everything in the fund.

Mr. Puzak asked for a more simplistic report that everyday people can read and Mr. Lindberg advised that they are working on the report and they will combine that with fee analysis report.

Mr. Weinstein suggested adding an addition column to the current report where the market value is listed showing the original allocation. That way one could see the original allocation versus the current value. Mr. Lindberg will take that into consideration and it will include the benchmark.

Mr. Lindberg asked for a recommendation by the Board to change the total fund benchmark by separating Private Equity report to a separate report.

Ms. Wagner asked if they would be bifurcating the report, basically having one side be Private Equity and the other side everything else. Mr. Lindberg responded, "Yes".

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Ms. Wagner to except the recommendation to change the total fund benchmark by separating the Private Equity Fund into a separate report.

PFM Advisors

Margaret Belmondo of PFM advisors made a recommendation to remove BPU Investments from the Local Minority Brokerage Program because they are not being used by any of the Managers in the pension program and have not been for a long time.

Mr. Weinstein asked, "How long they have been in the program?" Ms. Belmondo advised since inception but unfortunately they are not the best fit for the program for institutional investors.

Ms. Liptak asked, "How much has gone through them since they have been here?" Ms. Belmondo advised there was one manager that used them when it was in the program, Snow Capital. That was the only money manager that used them.

Ms. Liptak asked, "Is it more about the firm's capacity to be able to handle the transactions not necessarily about the firm's performance. Ms. Belmondo advised yes, they are really geared to individual retail.

Mr. Weinstein asked, "Are the fees higher?" Ms. Belmondo advised yes.

Ms. Wagner asked, "Does that take us from eight to seven brokers?" Ms. Belmondo advised yes.

Ms. Wagner asked, "Are there any local?" Ms. Belmondo advised there is a description on the back page of the book and five of the eight firms are local.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski to remove BPU Investments from the Local Minority Brokerage Program.

Asset Strategy Consultants

Ed Boyer of Asset Strategy Consultants, made a final recommendation on investing in Greenspring Opportunity IV Fund for an allocation of \$3,000,000.00.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. DiCristofaro to invest in Greenspring Opportunity IV Fund for an allocation of \$3,000,000.00.

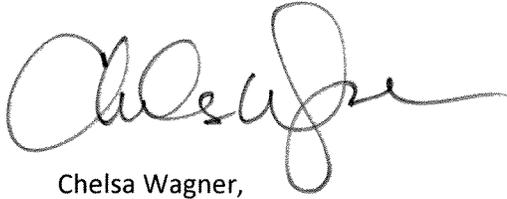
NEW BUSINESS

No new business

ADJOURNMENT

The Board meeting was adjourned by Mr. Weinstein at 12:53p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Chelsa Wagner". The signature is fluid and cursive, with a large initial "C" and a long horizontal stroke extending to the right.

Chelsa Wagner,

Secretary