

The regular monthly meeting of the Retirement Board of Allegheny County was held on March 19, 2015, in the Gold Room, 4th Floor, Courthouse, Pittsburgh, Pennsylvania at 12:00p.m.

When the roll call of the Board Members was made, Board members John Weinstein, Ted Puzak, and Chelsa Wagner were present via conference call. Additional Board members Frank DiCristofaro, Walter Szymanski, Rich Fitzgerald and Jennifer Liptak were recorded as being present.

Also present were Tim Johnson, Executive Director; Felicia Bennett and Calvin Born of Wilshire Associates; Ed Boyer of Asset Strategy; and Brian Gabriel of Campbell, Durant, Beatty, Palombo & Miller.

PUBLIC COMMENT

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 February 19, 2015, Board Meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by Mr. Szymanski, to receive and file the monthly financial statements from January 31, 2015.

APPROVAL OF INVOICES

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, to approve the following invoices:

FEDERATED	10/1/14-12/31/14	\$15,485.75
PYRAMIS GLOBAL (Select Canadian)	10/1/14-12/31/14	\$8,588.49
PYRAMIS GLOBAL (Emrg Mrks)	10/1/14-12/31/14	\$28,995.46
PYRAMIS GLOBAL (Select Int'l)	10/1/14-12/31/14	\$71,272.66
SSgA	10/1/14-12/31/14	\$4,097.52
Total Invoices for March Approval		\$128,439.88

APPROVAL OF APPLICATIONS AS PRESENTED

The Board unanimously approved a motion by Ms. Liptak, duly seconded by Mr. DiCristofaro, to approve 8 Early Voluntary applications and 9 Full Retirement applications for March 2015.

There were 3 Disability applications received and under review by the Retirement Office for March 2015:

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, for the Disability application for member #83890 that he or she is totally/permanently disabled based on the opinion of Dr. Costa and the independent examiners Dr. Bazron, DiCroce and Reich.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, for the Disability application for member #93598 that he or she is not totally/permanently disabled based on the opinion of Dr. Costa and the independent examiners Dr. Kasdan, McGonigal and Bazron.

Disability application for member #91649 was discussed as part of the Solicitor's report.

EXECUTIVE DIRECTOR'S REPORT

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

- The retiree payroll has increased by \$174,179.39 due to increase in the Cost of Living Allowance (COLA).
- There were a total of 76 Retirements YTD which is one under the YTD from 2014.
- On January 21, 2015, Senator Costa introduced House Bill 107 to amend the RBAC pension plan and the Second Class County Code to provide for a retirement allowance plus a service increment to any police officer, firefighter, county detective sheriff or deputy sheriff who incurs a permanent impairment in the line of duty, regardless of age or years of service.
- All enhancements for the Web Calculator have been completed. The web calculator deployment package is available to be installed on the DCS. Once in place, the Web Calculator will be made available to the Treasurer's, Controller's, County Executive's, Human Resources and retirement Offices to test sometime in April.
- A survey in regards to securities monitoring is being conducted of the five law firms that are on the boards approve list. The results and recommendations from this survey are to be presented to board in April.
- In a tracking report that examines the disability activity since July 1, 2014, tracking has grown to include the initial application, appeals, reexaminations, and annual certifications.
- In terms of news, the PA Commonwealth Court ruled government agencies may not release people's home addresses under the Right-to-Know Law without first making them aware their addresses have been requested and giving them a chance to weigh in on the request. Our initial RBAC Solicitor response was "...even though this is a teacher case; the scope of the decision is broader and speaks to all agencies."

REPORT OF THE SOLICITOR

Mr. Gabriel provided the board with the Monthly Confidential Report, highlighting the following:

- In the Disability Pension Appeals, Member #91649, who was also identified earlier in the Agenda, the Hearing Officer made a recommendation that was approved by the board on January 15, 2015 for the applicant to be reexamined. This was to occur within a 30 day period. The reexamination has occurred despite going beyond the 30 day period recommendation. Two examiners have sent in their recommendations that this individual is totally/permanently disabled. The third examination has already occurred but the examiners' letter of recommendation has not yet been received.

The Board unanimously approved a motion by Mr. DiCristofaro, duly seconded by Mr. Szymanski, for the Disability application for member #91649 that he or she is totally/permanently disabled based on the

opinion of Dr. Costa and the independent examiners. This is contingent on the third examiners report being received.

- The second Disability Pension Appeals item is identified as 9. (b) in the report. Based on the recommendation from the hearing officer is to deny the disability application appeal. Mr. Weinstein asked Mr. Gabriel if the Hearing Officers report had been distributed to the board. Mr. Gabriel informed Mr. Weinstein that this was not done due to the fact that the report arrived after the board books were printed and distributed. Mr. Weinstein stated that the board should have a copy of the Hearing Officers Report and this matter would be addressed at the next Retirement Board meeting.
- In regards to Civil Action filed 14-003718, there is a specific settlement proposal that is being requested for approval under the category of Collection Matters. A reimbursement amount of \$14,000.00 to be repaid to the Retirement System.

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, to accept the settlement amount of \$14,000.00 to be repaid based on the recommendation of the Solicitor.

CONSULTANT'S REPORT:

WILSHIRE ASSOCIATES

Mr. Calvin Born provided a summary of the Capital Market Review. During the month of February the U.S. economy saw strong job growths which also helped to drive U.S. Equity performance. The Wilshire 5000 returned 5.71% MTD, Large Cap returned 5.66% MTD and Small Cap earned 6.05% MTD. In the Non U.S. Equity Market, MSCI AC World ex U.S. returned 5.35% MTD, MSCI EAFE was up 5.98% MTD and the MSCI Emerging Markets were up 3.10% MTD. U.S. Fixed Income was down for the month. The Barclays U.S. Aggregate was down -0.94% MTD and Barclays U.S. TIPS down 1.20% MTD. Barclays U.S. Corporate High Yield however, was up 2.41% MTD. As for Real Estate, it was down -3.41% MTD but Commodities was up 2.58% MTD.

Ms. Felicia Bennett provided highlights from the Flash Report on Actual Allocation vs Policy Allocation as of February 28, 2015. The Total Fund Market Value was \$849,316,000.00. The Actual Allocation for U.S. Equity was at 20.1% while the Policy Target is 16.0% giving the Variance of 4.1%. Total Private Equity Variance was at -2.5%. Both of the classes remained within their Allowable Ranges though.

Also highlighted was the Monthly Performance Summary for the periods ending February 28, 2015. The U.S. Equity Composite was 6.16% for the month making it .47% ahead of its benchmark. The Non U.S. Equity Composite was slightly behind on its benchmark with 5.21% for the month. Non U.S. and Global Equity are slightly ahead for YTD. Core Fixed Composite while negative came out .32% ahead of its benchmark. High Yield Fixed Composite was slightly behind at -.14% of its benchmark for the month. TIPS outperformed even though they were negative on an absolute basis. Hedge Funds benchmark lagged behind at -2.03% for the month. Commodities Composite outperformed for the month with 3.41% putting it 0.83% ahead of its benchmark yet -21.53% at the one year mark. Mellon Equity was ahead at 5.04% yet -0.71% behind its benchmark for the month. The Apex Capital Management has underperformed with -0.89% behind for the month. As for Small Cap, Earnest and Emerald outperformed their benchmarks by over 2% for the month bringing the total U.S. Equity Composite ahead by 0.47% for the month. Philadelphia International has been struggling slightly. With the All Cap

product there is a motion in process to convert this to Small Cap. Unfortunately there has been a development where the All Cap portfolio manager has a progressive medical condition where he has decided to dissolve the firm as of June 30, 2015. As for Fixed Income Managers, CIM, C S McKee and Federated all have outperformed on their benchmark for the month. Core Fixed Composite underperformed at -0.62% for the month but managed to come ahead at 0.32% of their benchmark. High Yields have outperformed for the month. Private Equity Composite lagged at -2.73% for the month. Altair ended up behind on their benchmark at -2.03% for the month. Gresham Strategic Commodities ended up 0.83% ahead of the benchmark MTD but still lag at -0.50% QTD.

ASSET STRATEGY CONSULTANTS

Mr. Ed Boyer provided summary of Illiquid Alternative Investments as of December 31, 2014 that was provided to the board. Even though there has been \$9million worth of commitments made this year, it is expected that an additional \$15-25million new investments will be made this year. During the Executive Retirement Board Meeting in April, managers as well as previous managers will be interviewed to be taken up for consideration at that time. All managers seem to be doing well. Out of all the investments totaling \$71million, ValStone has returned \$21million of that.

Mr. Boyer stated he would give to Janice Vinci some documents for Mr. Weinstein to sign.

NEW BUSINESS

Mr. Johnson reminded the board of Mr. Weinstein's interest in adopting a policy which would require new retirees to use Direct Deposit as a means to receive their benefit check. The plan has a monthly payroll of approximately 4200 retirees and survived spouses and about 90% of them receive their benefit via Direct Deposit. The new policy would mandate new retirees to use Direct Deposit to assist in cases when retiree move, are hospitalized, and not rely on delays in the mail system or chance of stolen checks. Mr. Weinstein noted that the Administration had changed County Policy earlier this year by mandating all new hires be required to utilize Direct Deposit. This new County Policy helps the employees, processing from payroll, Treasurer's Office and Controller's Office.

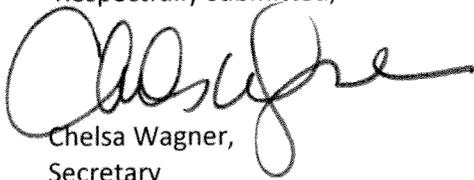
The Board unanimously approved a motion by Mr. Fitzgerald, duly seconded by Mr. DiCristofaro; to adopt the new policy proposed by Mr. Weinstein, that all new retirees be enrolled in Direct Deposit.

Mr. Weinstein requested that the new policy be included in the packets for potential new retirees.

ADJOURNMENT

The Board unanimously approved a motion Mr. DiCristofaro, duly seconded by Mr. Szymanski to adjourn the meeting.

Respectfully submitted,



Chelsa Wagner,
Secretary