# PENSION INVESTMENT ADVISORY BOARD

MEETING MINUTES

A meeting of the Mt. Lebanon, PA Pension Investment Advisory Board (PIAB) was held Wednesday, February 18, 2015 at 9:00 am in room D of the municipal building at 710 Washington Road, Pittsburgh, PA 15228.

The meeting was called to order at 9:00 am. In attendance were Board members Mark Mistretta, Kevin Renne, Christopher McMahon, Investment Consultant Marc Ammaturo, Commissioner Steve Silverman and Staff member Andrew McCreery.

Finance Director Andrew McCreery updated the Board on the recent request for data for the January 1, 2015 actuarial valuations. He discussed the outcome of the Commonwealth of Pennsylvania Supreme Court decision regarding the cost of living adjustment in the Police Pension Plan. He stated that the actuarial assumptions will be updated accordingly. He also discussed using the market value of assets or the smoothed actuarial value of assets. The Municipality has historically used the smoothed value per Act 205 guidelines and staff is recommending using the same assumption.

Mr. Ammaturo updated the Board on the results of the 4th quarter 2014.

- Domestic stock market was up. Large cap investments outpaced small cap investments
- International stock has a positive trend and consideration should be given to placing more assets in this class.
- Real estate investments had a phenomenal year. Mr. Ammaturo noted that if interest rates start to climb, real estate investments will struggle.
- Fixed income, specifically bonds, were up 6% for the year. Since the 10-year treasury was down, the bond market rallied.
- In the equity and bond markets, indexing was successful in 2014.

On the individual plan level, Mr. Ammaturo stated that the returns plans did not reach the actuarial assumptions or target policy goals for year-end 2014.

Mr. Ammaturo recommended rebalancing the portfolios in all three plans. The recommendation was as follows:

- Buy Vaguard Total International Stock
- Source the funds from Vanguard S&P 500 Index (All Plans) and Voya Real Estate (Fire & Employees').

A motion was made by Mr. McMahon and seconded by Mr. Renne. The motion carried by a 3-0 vote.

At prior Board meetings, a request was made for an Asset Liability Analysis (ALA) to be done on all three plans. Mr. Ammaturo conferenced in two representatives from his firm that performed the ALA. A power point presentation was made outlining the capital market assumptions, asset allocation comparisons, return projection short and long term assumptions and cash flow for each plan. Discussion ensued about the projected surplus or shortfall for each plan given the assumptions discussed.

Finally, the Board discussed the vacancy that has been created by the election of current Board member Mr. Flaherty to not be appointed for another term. After discussion, the Board informed Commissioner Silverman that they would like to see the Board be reconfigured to an odd number for quorum and voting purposes, preferably 3 members.

The meeting adjourned at approximately 10:45 am.