

**PENSION INVESTMENT ADVISORY BOARD**  
**MEETING MINUTES**

A meeting of the Mt. Lebanon, PA Pension Investment Advisory Board (PIAB) was held Tuesday, February 9, 2016 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 Kevin Renne, Christopher McMahon, Mark Mistretta, Andrew Kicinski, Mark Flaherty, Advisors Marc Ammaturo and Perry Giovannelli (PFM), Commissioner Steve Silverman and Staff member Andrew McCreery.

Mr. Ammaturo updated the Board on the results of the 4<sup>th</sup> quarter 2015.

- The pension plans rebounded in the 4<sup>th</sup> quarter with a positive gain on average of 3.5%.
- Overall, the annual returns on the plans were flat, with an average gain of 0.2% for the year.
- Mr. Ammaturo gave an overview of the benchmark results for the domestic and international equity markets as well as the fixed income markets.
- Mr. Ammaturo mentioned the possible opportunity of investing in high yield fixed income investments given the future market projections.

Mr. Ammaturo gave an update on the specifics of the pension plan investments relative to the investments remaining from the consulting relationship. The 1<sup>st</sup> Quarter 2016 will be the first full quarter under the discretionary management arrangement and he will update the PIAB with any changes within the quarter and any prospective changes.

Mr. Ammaturo began a presentation on a private equity real estate investment through Equus Investment Partnership, LP. Equus is a private real estate investment firm based out of Philadelphia, PA. Mr. Ammaturo went over the advantages and disadvantages of this type of investment which include:

**Advantages**

- Low correlation with stock market
- Lower volatility compared to REITs and other asset classes due to the use of appraisal method
- Good inflation hedge
- Ability to diversify among geographic regions and sectors of real estate

### **Disadvantages**

- Subjective property valuation process
- NCREIF Property Index, NPI, is only updated every quarter. Volatility only known on a quarterly basis
- Not as liquid as REITs

Mr. Ammaturo proceeded to present information about Equus and their investment strategy. He further stated that Equus aims to keep its funds diversified across all major property types and geographic markets in order to mitigate portfolio risk.

Finally, Mr. Ammaturo presented the specific investment terms for Equus' Fund X. The targeted fund size is \$300 million, the preferred return is 8% with an objective between 12-14% and the investment term is approximately 7-9 years.

Discussion began between PIAB members about the investment presented. There was discussion on the amount of funding the pension funds should allocate towards this type of investment and the uniqueness of this type of investment relative to historical Mt. Lebanon Pension Plan investments. As stated by Mr. Ammaturo, PFM wanted to present this investment to all of its clients and unless there was a clear aversion, PFM would invest a portion of the pension assets with Equus under the discretion provided by Mt. Lebanon. The PIAB understood PFM's intention and advised them to proceed with their discretion with this investment.

The meeting adjourned at approximately 10:30 am.