

PENSION INVESTMENT ADVISORY BOARD
MEETING MINUTES

A meeting of the Mt. Lebanon, PA Pension Investment Advisory Board (PIAB) was held Wednesday, May 4, 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, Mark Mistretta, Andrew Kicinski, Mark Flaherty, Chris McMahon, Advisors Marc Ammaturo and Perry Giovannelli (PFM), Commissioner Steve Silverman and Staff member Andrew McCreery.

Kevin Renne moved to approve the minutes from February 9, 2016. Andrew Kicinski seconded the motion. The motion carried unanimously.

Mr. Ammaturo updated the Board on the results of the 1st quarter 2016.

- Market sold off. Mid-February rebounded.
- S&P ended on an up note.
- Small cap stocks were not the place to be in the 1st Quarter.
- International Equity – 9% differential between emerging and developed. (Emerging higher). Somewhat a balance for last year when developed outperformed emerging.
- Alternative – Small piece of publically traded REIT did well, up 6%
- 10-year treasury declined, bonds rallied to 3% for the first quarter.
- Entered high yield investments. Was not a good investment in 2015, but the opportunity exists to move back into high yield. Sourced from Babson Floating Rate income fund. Sourced to Wells Fargo and Vanguard.
- Financials had a bad quarter. -5%. PNC was over weighted with financials and the performance showed.
- Mortgage backed securities did not perform well.
- Overall the pension plans were up 1%, slightly behind target policy. Primarily due to non-exposure to emerging markets.
- Cash flow negative for the quarter.
- PFM plans on layering in another international manager in April to have the potential to invest in emerging markets, sourced from Vanguard Developed.
- Overall, the last 12 months preserved capital, due to non-exposure to emerging market.

After the market and pension plan update, discussion ensued about the current assumed discount rate (7.25%) used for the actuarial studies. The Board agreed that information and discussion will be brought forth in future meetings to provide reasonable justification for the assumptions made on behalf of the pension plans.

Meeting Adjourned 10:00 am.