

The regular monthly meeting of the Retirement Board of Allegheny County was held on Thursday, January 16, 2014 in the Gold Room, 4th Floor, Courthouse, Pittsburgh, Pennsylvania at 12:00 p.m.

When the roll call of the Board Members was made, Board members Puzak, Szymanski and Liptak were recorded as being present. Board members Wagner and Weinstein were represented by Amy Griser and Janice Vinci, respectively. Board member Fitzgerald was not present.

Also present were Tim Johnson, Executive Director RBAC; David Lindberg of Wilshire Associates; Ed Boyer of Asset Strategy; and Brian Gabriel of Campbell, Durant, Beatty, Palombo & Miller.

Vice President Puzak chaired the meeting.

PUBLIC COMMENT

No Public Comment

APPROVAL OF BOARD MINUTES

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Ms. Liptak, to approve the minutes of the December 19, 2013, Board Meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Ms. Griser, duly seconded by Mr. Szymanski, to receive and file the monthly financial statements from November 30, 2013.

APPROVAL OF INVOICES

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

BNY MELLON, ADMIN FEES	\$7,485.31	10/1/13 to 12/31/13
INETWORKS	\$73,150.68	1/1/13 to 9/30/13

APPROVAL OF APPLICATIONS AS PRESENTED

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Ms. Liptak, to approve 16 Retirement applications from January 2014.

The Board unanimously approved a motion by Ms. Liptak, duly seconded by Mr. Szymanski, to approve 1 Previous Service Buyback application for January 2014.

The Board unanimously approved a motion by Ms. Liptak, duly seconded by Ms. Griser, to approve 3 Disability applications for January 2014.

EXECUTIVE DIRECTOR'S REPORT

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

- Based on advice of the solicitor, all retirement and disability applications will be included in the public agenda and provided to the board in summary format.
 - Board members will be provided with a more detailed list of applicants.
- Dashboard items, such as Retiree Payroll and Total Contributions for January.
- Total amount of Capital Calls: \$2,862,333.02
- Retirement Office Budget as of Dec. 2013:
 - Total Budget: \$1,273,490.00
 - Total Expenditures: \$951,914.25
 - Balance of \$159,034.46, after adjusting for accrued expenses of \$162,541.29 not yet recorded, 12.49% under budget
- Chris Carragher's report on the change in contribution rates over the past 4 years.
- Tyler online training and testing postponed to January 17, 2014.
- Final copy of Annual Report was accepted by the Board members through email. An estimated 12,000 copies will be delivered January 22, 2014. All active and retired members will receive copies.
- 2 Disability appeals that remain in process. Kevin Acklin will give recommendation for next meeting.
- Quote of Case Sabatini, complimenting Retirement Office's staff.
- Two recommendations were made this meeting: To implement new procedures for "No Fault" Retirement and Workers Compensation service time effective February 21, 2014, the same date that Act 125 becomes effective. Ms. Griser commented on adjustments that are being made to the payroll system to accommodate new caps in overtime under Act 125 for employees hired on or after February 21, 2014, and that testing of the interface between the payroll system and Tyler will need to be conducted. The second recommendation was to engage in a contract with Rhodes & Owen through December 31, 2014, on as needed basis, not to exceed \$3,000 for IRS compliance advice.

REPORT OF THE SOLICITOR

Mr. Gabriel provided to the Board the Solicitor's Monthly Confidential Report and had nothing further to report.

Mr. Puzak had one question: In regards to the survivor's option, due to the increase in divorces in today's society, when someone signs up his or her spouse, does he or she have the option upon divorce to change the survivor, and if not, should people be informed prior to choosing the survivor's option?

Mr. Gabriel will report back next meeting with a response.

CONSULTANT'S REPORT

WILSHIRE ASSOCIATES

David Lindberg provided a summary of the Capital Market review.

US Equity markets showed the Wilshire 5000 has gained +33.1% through 2013, a +0.2% year to date. The S&P 500 is led by the Health Care sector, up 2.7% YTD; Energy is the biggest laggard, down -2.6%. The Non-US Equity Markets had Emerging Markets having returned -2.5% YTD and Developed Markets having returned +0.0% YTD. For the 2013, the total market for Non-US Equity +15.3%. Fixed Income has been weaker for the year due to the rising rates of bonds. US Core at a -2.0% for 2013, yet High Yield Market remains strong at +7.4%. Under Real Assets, the most negative two classes are TIPS at -8.6% and Commodities at -9.5%. However, YTD for 2014 is positive with TIPS + 1.1%. Equities YTD 2014 are flat.

The Federal Reserve announced on December 18th that they will scale down their large-asset purchasing program to \$75 billion per month. The ISM non-manufacturing index registered 53.0% in December for the 48th consecutive month of non-manufacturing sector expansion. December unemployment rate decreased to 6.7%; +74,000 nonfarm payroll jobs were added. Consumer sentiment increased to 82.5 in November, continuing to rebound from recent lows. Gold is trading around \$1,240 per ounce; crude oil prices are trading near \$94 per barrel.

Mr. Lindberg also discussed the preliminary Flash Report for period ending December 31, 2013. Total fund performance is about an 11.5% return through the end of December and is still over \$800 million.

Mr. Lindberg discussed the Monthly Performance Summary for periods ending December 31, 2013. For Asset Allocation, the total market value is \$815 million at the end of December, right around peak value for the fund. There have been some great returns in the Asset Classes, including US Equity, High Yield and the TIPS portfolio over the 5 year period. Two major drivers to the out-performance were both small cap managers, Earnest and Emerald. Non-US Equity has 3 out of 4 managers out performing for the year. Overall, performance is positive just about everywhere in the fund.

ASSET STRATEGY CONSULTANTS

Mr. Boyer had nothing to report for this month.

NEW BUSINESS

APPROVAL OF "NO FAULT" AND WORKER COMPENSATION IMPLEMENTATION

The Board unanimously approved a motion by Ms. Liptak, duly seconded by Ms. Griser, implement the new procedures for "No Fault" Retirement and Workers Compensation service time effective February 21, 2014.

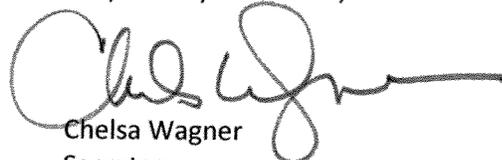
APPROVAL OF CONTRACT WITH RHODES & OWEN

The Board unanimously approved a motion by Mr. Szymanski duly seconded by Ms. Griser, to engage in a contract with Rhodes & Owen through December 31, 2014, on as needed basis, not to exceed \$3,000 for IRS compliance advice.

ADJOURNMENT

The Board unanimously approved a motion by Ms. Vinci, duly seconded by Ms. Griser, to adjourn the meeting.

Respectfully submitted,



Chelsa Wagner
Secretary