

The regular monthly meeting of the Retirement Board of Allegheny County was held on December 18, 2014, 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, Chelsa Wagner via conference call, Frank DiCristofaro, Walter Szymanski, and Jennifer Liptak were recorded as being present.

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

PUBLIC COMMENT

No Public Comment

APPROVAL OF BOARD MINUTES

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, to approve the minutes of the November 20, 2014, Board Meeting.

APPROVAL OF MONTHLY FINANCIAL STATEMENTS

The Board unanimously approved a motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro, to receive and file the monthly financial statements from October 31, 2014.

APPROVAL OF INVOICES

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

FEDERATED	7/1/14-9/30/14	\$14,355.48
MELLON CAPITAL	7/1/14-9/30/14	\$19,188.87
PHILADELPHIA TRUST CO.	7/1/14-9/30/14	\$7,752.95
PHILADELPHIA TRUST CO.	10/1/14-10/21/14	\$1,717.03
SSgA	7/1/14-9/30/14	\$3,753.96

Total Invoices for December Approval **\$46,768.29**

APPROVAL OF APPLICATIONS AS PRESENTED

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski, to approve 2 Early Voluntary applications, 8 Full Retirement applications, 1 Service Time Buyback application, and 1 Disability application for December 2014.

The Board unanimously approved a motion by Mr. Puzak, duly seconded by Mr. Szymanski, for the Disability application for member #84451 that he or she is totally/permanently disabled based on the opinion of Dr. Costa and the independent examiners Dr. Kasdan, McGonigal, and Bazron.

EXECUTIVE DIRECTOR'S REPORT

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

- The number of monthly Pension Estimates has jumped from 126 to 600 as a result of the staff's participation in the County's benefit fairs and presentations to County departments.
- There has been significant amount of Capital Calls within last month for a total of \$2,247,301.56. A most recent Capital Call for CCA Black for \$2.2 million will be part of the next month's report.
- The Operating Budget shows a net positive for the ending year.
- The thousands of letter presented to ACRA last month were scanned and distributed to the members of the board.
- The request by County Controller Wagner to provide information regarding an analysis of Disability application trends as well as details on the Medical Consultant and Legal expenses were provided.

President Weinstein asked Mr. Johnson to update the board on the Web Calculator. The Web calculator is a tool that members will use to go online to prepare their own retirement quotes. A demonstration was held and Mr. Johnson recommended 12 improvements to make it a better tool for the members. Tyler is in the process of making these improvements and hopefully by March 15th, the members will be able to put the WebCalc to use.

Ms. Wagner requested that the board be able to have a demonstration before the WebCalc does go live to ensure that everything is working correctly especially in utilizing the resources in the payroll department in the Controller's Office. Mr. Weinstein and Mr. Johnson both agreed that this would be beneficial to arrange this demonstration once Tyler has completed all necessary changes.

REPORT OF THE SOLICITOR

Mr. Gabriel provided to the Board the Solicitor's Monthly Confidential Report.

In the report, Mr. Gabriel notes that Cohen Placitella & Roth has submitted a proposal to the board for a Books and Records inspection involving Trinity Industries, Inc. The process for a Books and Records inspection is what class action counsel uses to determine whether or not there is adequate basis to pursue litigation. The Board unanimously approved this motion by Mr. Szymanski, duly seconded by Mr. DiCristofaro as recommended by Mr. Gabriel to allow Cohen Placitella & Roth to inspect the Books and Records.

NEW BUSINESS

Mr. Johnson provided the board with the 2015 Budget proposal during the November meeting. During the December meeting, the 2015 Budget was broken down to be able to see more in detail of proposals. Mr. Johnson discussed increases in legal and other consulting expenses due to appeal volumes and other legal matters. Mr. Weinstein noted that even with an increase for staff, the personnel line item in the budget decreased from 2014. Mr. Johnson explained that the 2014 budget was overestimated, so it was cut back, a 3% increase for staff was added and the resulting 2015 amount is still less than 2014.

The Board unanimously approved the motion by Mr. Puzak, duly seconded by Mr. Szymanski to approve \$1,442,600.00 for the 2015 Budget.

APPROVAL OF 2015 REFUND RATE

For the Refund Rate for 2015, Mr. Johnson recommended 21 basis points as the rate on refunds based on the December 11, 2014 rate. The Board unanimously approved the motion by Mr. Puzak, duly seconded by Mr. Szymanski.

APPROVAL OF 2015 PUBLIC MEETING SCHEDULE

Mr. Johnson also recommended the proposed 2015 Public Meeting Dates. The Board unanimously approved the motion by Mr. Szymanski, duly seconded by Mr. Puzak.

2015 CONTRIBUTION RATE AND RECOMMENDATION

Mr. Weinstein stated that he had asked Mr. Szymanski to chair the sub-committee of the board at the last meeting to put together a recommendation. Mr. Szymanski stated that the sub-committee met on December 9, 2014. Members of the sub-committee included Ted Puzak, Jennifer Liptak, Janice Vinci, Amy Griser, Walt Szymanski and Warren Finkel. Timothy Johnson, Brian Gabriel and Brad Rigby were also in attendance. Based on the analysis provided, the committee recommends that the contribution rate be increased .5% to bring the rate from 8.5% to 9% for a total rate of 18%. Mr. Rigby was present during the recommendation to accept any questions. Mr. Rigby stated that with this recommendation, insolvency is projected to never occur. Mr. Puzak and Ms. Wagner thanked and commended the committee on their work. Ms. Wagner also addressed that she had recommended the board increase the rate .5% in the year prior, and at the time was the only vote, and is appreciative of the board moving in the direction it is. Ms. Wagner suggested that the board advocate ensuring that the employees of the county are also compensated appropriately to alleviate any impact this has on their gross and net pay. Ms. Liptak thanked the committee and stated that on behalf of Mr. Fitzgerald, she would like to provide his full support for the increase. The Board unanimously approved the motion by Mr. Weinstein, duly seconded by Ms. Liptak to approve the increase.

OTHER

Amy Griser, Deputy Controller, asked the board about if the Cost of Living Allowance increase was on the agenda to be discussed in 2015. Mr. Weinstein replied that it will be brought up in 2015.

CONSULTANT'S REPORT

WILSHIRE ASSOCIATES

Felicia Bennett provided a summary of the Capital Market review.

US Equity Markets were up 2.5% for November but December MTD offset that total to a negative value. Although due to the thriving economy, markets have gone up 3.5% since December 17th. US Market is up 10% YTD with Large Cap up 11% and Small Cap at 4%. Non US Equity Markets were down 5% for December and 6% YTD. Bonds have been volatile but are back up 2.25%. Feds stated they will be keeping short terms rates near 0 for the first quarter of 2015.

David Lindberg discussed the preliminary Flash Report for period ending November 30, 2014.

The total month end value was \$842,066.00, up 5.1% YTD. Total Fund x Private Equity slightly ahead .36, CYTD .7 and 1.06 over five years in returns. Private Equity Composite numbers are negative to benchmark. This is partly due to the fact that IRR returns not being included in the portfolio. Total Fund performance is 5.07 CYTD, 10.4 over three years and 9.44 over five years. Mellon Equity and Twin Capital values are slightly behind for the month. Earnest Small Value and Emerald Advisors are slightly ahead for the month. US Equity is up 13% and Small Cap only up 3-5%. Non US Equity has had improvement. Ballie Gifford Intl Equity is ahead .62 for the month. Philadelphia International and Pyramis Select International Equity are both still slightly behind for the month. Thornburg has improved with 2.36 for the month. Fusion, a new Global Equity portfolio, is slightly behind for its two first months. Non US Equity Composite is at .22 ahead of its benchmark for the month. Core Fixed Composite for the 1 year return is -.86 behind its benchmark. Oaktree High Yield at .03 for the month. PENN Capital High Yield is behind at .73. The TIPS portfolio hit close to its benchmark for the month. Real Estate Composite had very good returns for the year with 9.32 CYTD.

Mr. Weinstein asked Mr. Lindberg if there was any update on Thornburg as their management changes were being monitored. Mr. Lindberg stated that there is a structural analysis of the whole Non US Equity portfolio being done. At the next board meeting, Mr. Lindberg stated he will give recommendations to the board on the Non US Equity portfolio.

ASSET STRATEGY CONSULTANTS

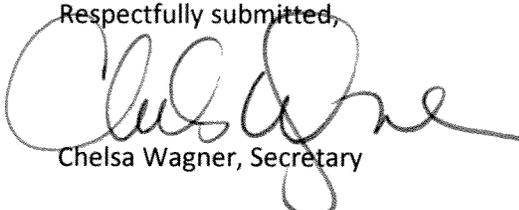
Mr. Boyer addressed the board about an issue that was brought to attention at the last meeting on how to diversify the portfolio. Mr. Boyer stated they are looking to diversify the general partners. There are a couple of firms being looked at to add such as Morgan Stanley and Dupont Capital. These are two firms that will hopefully be interviewed at the Executive retirement Board Meeting in January. As far as styles, opportunistic credit, lending strategies, activist managers, venture managers and distressed are being looked at. Mr. Boyer stated the values of their assets are \$148,000.00 which makes up about 17.6% of the portfolio but are targeting 20%. There are a number of assets that are fully called. There is room for new allocations to consider throughout 2015.

Mr. Weinstein stated that he would coordinate with Mr. Johnson to set up interviews during the executive session for the firms stated above.

ADJOURNMENT

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Chelsa Wagner", written in a cursive style. The signature is positioned above the printed name.

Chelsa Wagner, Secretary