

Allegheny County Council

*County of Allegheny
436 Grant Street
Pittsburgh, PA 15219
Phone (412) 350-6495
Fax (412) 350-6499*



Committee Meeting Minutes

Wednesday, November 9, 2005

4:00 PM

Conference Room 1

Committee on Budget and Finance

*William Russell Robinson, Chair; John DeFazio, Ron Francis, Brenda Frazier,
Vince Gastgeb, Jay Jabbour, and Doug Price*

I. Call to Order**Invited Guests:**

Eileen Wagner, Register of Wills

Jim Flynn, County Manager or Designee

Amy Griser, Director, Budget & Finance

Derek Uber, Assistant County Manger

Summary: *Invited guests in attendance: Eileen Wagner, Amy Griser, and Derek Uber*

Recognized attendees: Guy Tumolo

Council staff in attendance: Joe Catanese, John Mascio, Jennifer Liptak, and Jared Barker

II. Roll Call

Roll Call: Present: William Robinson, and Brenda Frazier

Absent: John DeFazio, Ron Francis, Vince Gastgeb, C.L. Jabbour, and Doug Price

III. Agenda Items**Discussion Topic:****1. The Register of Wills will provide an update to Committee regarding the County Pension Fund.**

Summary: *Eileen Wagner distributed a summary of the actuarial study which was performed by Cowden & Associates. She said that they recommended an 1% increase in the member/county contribution. Ms. Wagner said that Cowden & Associates indicated that although it is not necessary to increase the contribution, it would be beneficial to the fund. She said there were many factors involved in the status of the fund, such as voluntary separation, retirements, and police overtime. She said that some of those issues need to be addressed through the legislative process. She said that she believes that any measures other than a contribution increase would be a band-aid solution.*

The Chair said that he took Cowden at their word when they recommended an increase but now they are saying that they did not mean to frighten anyone and that it is not necessary at this time. He asked Ms. Wagner whether they have a definitive recommendation. Ms. Wagner said that Cowden said that the county is not at a crisis stage and that they could get away with no increase in contribution. She said that if the market is not good, though, the board may be looking at an even higher increase. She suggested that maybe they should increase the contribution by at least one-half of one percent. The Chair asked if this would stabilize the fund. Ms. Wagner said that would be hard to determine since the fund is based on investments and the market. She said that they are diversifying the retirement fund.

Ms. Wagner said that maybe she should appear before the committee on a regular basis. The Chair agreed with this. Ms. Wagner said that they need to either decrease total liabilities or increase total assets. The Chair asked if the county could make a

contribution from the general fund. Ms. Wagner said that she did not think they could do that. The Chair said that given the fact that Cowden was misunderstood, does the Retirement Board have confidence in them. Ms. Wagner said that she believes that Cowden's interests should be the retirement fund, not the financial position of the county as a whole.

The Chair asked Ms. Griser to share her perspective on this. Ms. Griser said that Cowden & Associates are going to be conservative since their projections are based on facts. She said that they are going to be hesitant to interpret the market. She said that they are reluctant to bank on a growth market even though she said that she believes they should be fine at least for another year.

The Chair expressed concern that Ms. Wagner may come before them next year and say that the fund is in danger. He said they should maybe encourage her to be aggressive and increase the fund by a percentage while they can.

Ms. Griser said that much of the increase is due to investment earnings and that the assets are steadily growing. She said that the administration will continue to work on the overtime issues.

The Chair asked Guy Tumolo from the Controller's office to share his perspective. He said that the fact that the pension fund is 118 percent funded is ridiculous. He said that a plan funded in the high 90's is a good plan. He explained that money comes from the members, the county and investment earnings. He said that the board is diligently attempting to improve earnings. He said during this pursuit the board is occasionally replacing some of the investors. He said that he believes that a 94 percent funding is good, and that they should give them a chance to see if they can increase the fund on the investment side. He said that they should not jump the gun. He said that there is enough pressure placed on employees with medical paybacks, energy bills, and other things. He said that a "wait and see" attitude is more prudent. He said that he does not believe that it is wise for the county to contribute anything unless they really need to.

Ms. Frazier asked Ms. Wagner what the investment mix was. Ms. Wagner said that there are about 35 managers. She said that some of the investors are not making the benchmark and that they are on watch.

A general discussion took place regarding investors, investment strategies and options.

The Chair said that Ms. Liptak will work with Ms. Wagner to arrange for periodical meetings with the committee.

2. The formulation of the 2006 Budget Legislation

Summary: The Chair indicated that documents referred to at this meeting are internal documents and not meant for public consumption as of yet. He said that they are not to be distributed to anyone other than Members of council. Ms. Liptak said that she has answers to questions that were submitted to the administration and row offices by individual Council Members subsequent to the last committee meeting. He said that they too are internal documents and that they will be made available to all Members of Council.

Ms. Liptak said that she planned to electronically distribute to all members of Council the draft documents relating to the budget. She will distribute the tax ordinance, the Capital Budget, Operating Budget, and Special Grants Budget. She said that the Chair offered sponsorship by all members of council for all bills.

The Chair reiterate that these documents are draft documents and will not be public until they are put into the legislative process. He said that he will entertain any amendments that Council Members may present.

Ms. Liptak indicated that Comprehensive Fiscal Plan submitted by the Chief Executive has been used as the base document.

The Chair said that Council does not intend to rubber stamp the document, but he appreciates the Chief Executive's work.

The Chair thanked all Members of Council that participated in the Budget Hearings, all the directors and row offices who attended, and Council's staff for their preparation of the hearings.

Resolution

2192-05

A Resolution of the County of Allegheny amending the Grants and Special Accounts Budgets for 2005 (Submission #18-05).

Sponsors: Chief Executive

Summary: *Ms. Liptak said that everything appears to be in order. She reminded the committee that all appropriations lapse at the end of the year.*

Action: **A motion was made by Frazier, seconded by Robinson, that this matter be Affirmatively Recommended. The motion carried unanimously.**

Enactment No: 47-05-RE

Ordinance

2196-05

An Ordinance of the County of Allegheny, Commonwealth of Pennsylvania, providing for the establishment of a Budget Stabilization Reserve Fund within Allegheny County.

Sponsors: William Russell Robinson

Action: **Held in Committee**

IV. Adjournment

Summary: *The meeting adjourned at 4:45 PM*