

**FOURTH QUARTERLY MEETING
ERIE COUNTY EMPLOYEES' RETIREMENT BOARD**

NOVEMBER 20, 2014

Members present: Fiore Leone, Chairman
 Phil Fatica, Vice-Chairman
 Mary E. Schaaf, Secretary
 Dr. Kyle Foust, Member (by conference call)
 James Sparber, Member

Also present: John Grazioli, PNC
 Melissa Grucza, PNC
 Jack Walburn, Pleasant Ridge Manor
 Rick Nelson, County Retiree
 Greg Ferrick, Pleasant Ridge Manor
 Cindi Marzka, Northwest Retirement Services
 Berley MacKrell, County Retiree
 Alice Kurpiewski, County Retiree
 Sarah Stettinius, MEPT
 Deedra Pfeffer, Pleasant Ridge Manor
 Ray Reade, County Retiree
 Phil Legler, County Retiree
 Rita Yannayon, AFSCME Employee Rep
 Doug Ebert, Erie County Department of Health
 Margaret Borgia, County employee
 Marie L. Lewis, Controller's Office
 Doug Smith, County Clerk
 Frank Burnette, Morrison Associates

Chairman Leone called the Erie County Employees' Retirement Board to order at 12:05 PM in Room 114A, Erie County Courthouse.

Chairman Leone called for hearing of the public. Ray Reade spoke on behalf of the Erie County retirees. Mr. Reade thanked the Board for their diligence and leadership. He stated that after 32 years of granting a COLA for the retirees every year as of 2008 the COLA ceased. Mr. Reade asked the Board to consider a COLA for the Erie County retirees for 2015. Doug Ebert spoke on behalf of the Erie County employees. Mr. Ebert asked the Board to restore the interest rate for the County employees to 5.5%.

Chairman Leone responded to Mr. Ebert's request regarding the County employees' contribution. Currently savers are lucky to get 1% or less in CDs and bank accounts. The money that is invested in the retirement system enhances every employee's retirement benefit and those benefits are not lost. He stated that when the Fund doesn't perform favorably the Retirement System still has to pay the 4% interest rate.

Chairman Leone stated in regard to the COLA for the retirees; he tried to work with the retirees and implement the change in which the Senate Bill was created that would only pay for a one year COLA. He was disappointed with the fact that it failed in the House after it passed the Senate. Chairman Leone stated that the County Fund balance is not as solvent as is perceived and there is a high chance that there is going to be a Bond issue required for the proposed \$26 million Emergency Radio system enhancement which may result in a tax increase. He stated that he is sympathetic and empathetic to the retirees and employees but he will not recommend an increase. Chairman Leone stated that he has to not only look out for the employees and retirees, but also for the tax payers.

Motion to approve the minutes for the Third Quarterly Meeting held on August 21, 2014 made by Mr. Fatica, seconded by Dr. Foust and carried unanimously.

Chairman Leone called for the approval of an interest rate for the Erie County employees for 2015. Motion by Ms. Schaaf, seconded by Mr. Fatica to keep the interest rate at 4% for the Erie County employees for 2015. Motion carried by unanimous voice vote.

Chairman Leone called for the report of Northwest Retirement Services, the Fund's Actuary. Cindi Marzka gave the report. The Annual Required Contribution by the County to the Pension is \$5.6 million. That is significant in that it is 12.8% of payroll. A historically reasonable level is 5 to 6% of payroll. The Pension is still paying for past events: The 2007 enhancement retroactively applied the amended benefit enhancement of 1.25% to 1.66% retroactively to prior to 1/1/97 and the large market decline in 2008. The Plan is underfunded by \$44 million with an 88% funded rate. The cost to add a COLA would cost \$600,000 or a 4.9% increase in contributions. The Plan is also still paying for past COLAs. The new GASB accounting standards will require this unfunded liability to be shown on the County balance sheet.

Ms. Schaaf asked if the RP2000 mortality table will be updated to show increased longevity. Mrs. Marzka said that the Society of Actuaries has released an updated mortality table and she would be recommending the Fund use it next year. This change would raise Pension liabilities 6 to 10%.

Chairman Leone called for the report of Morrison Fiduciary Advisors. Frank Burnette gave the report. As of 9/30/14, the Fund is up 3.75%. BNY resigned as the Securities Lending Agent. PNC has recommended Bank of Montreal which will be discussed in the future. The annual update of the Investment Policy had no major changes and will be considered at the next meeting.

Mr. Burnette called for the Boyd Watterson report. Mike Vandenbosch gave the report by conference call. The year to date return on the very liquid Fixed Income portfolio is 2.55%.

Chairman Leone called for the report from Multi-Employer Property Trust. Sarah Stettinius gave the report. The annualized return for the past four years is 10.58%.

Chairman Leone called for the approval of the proposed dates for the quarterly Retirement Board meetings for 2015. The dates are as follows:

February 19, 2015 @ 12:00 PM
May 21, 2015 @ 12:00 PM
August 20, 2015 @ 12:00 PM
November 19, 2015 @ 12:00 PM

Motion by Mr. Fatica, seconded by Ms. Schaaf to approve and carried unanimously.

Chairman Leone called for the approval of a disability retirement. Motion by Mr. Fatica, seconded by Mr. Sparber to approve the disability retirement as recommended by Solicitor Talarico. Motion carried unanimously.

Adjournment at 1:11 P.M.

Mary E. Schaaf, Secretary
Erie County Employees' Retirement Board
Pleasant Ridge Manor Employees' Retirement Committee

mll