SPECIAL MEETING
Erie County Employees' Retirement Committee

October 20, 2016

Members present: Fiore Leone
Dr. Kyle Foust
Andre Horton
Mary E. Schaaf

Also present: Keith Thompson, Miller Howard
Cindy Marzka, Northwest
Frank Burnette, Morrison Fiduciary
Sue Ellen Pasquelle, Finance
Ray Reade, Erie Co. Retirees Association.
Mark Orlop, County Controller's Office
Daniel Bayletts, County Controller's Office

Chairman Leone called the Pleasant Ridge Ma//nor Employees' Retirement Committee to order at 12:06 PM in Room 114A, Erie County Courthouse. One member was absent, Mr. Sparber.

Chairman Leone called for hearing of the public. No one spoke.

Chairman Leone called for vote for the approval of the third quarter minutes, approval was unanimous.

Chairman Leone called for the report of Morrison Fiduciary Advisors, Frank Burnette, Mr. Burnette brought to the attention of the board that current legal ligation involving Wells Fargo pertains only to their retail division and should have no effect on the pension.

Mr. Burnette then turned over to Cindy Marzka from Northwest for the Actuary report.

Ms. Marzka reported that the fund is 94% funded, the annually required contribution for 2016 was 4.3 million, which the county is currently making monthly payments into the plan until years end.

The annually required contribution for 2017 is currently being forecasted at between 4.5 million and 4.7 million. Ms. Marzka believes that even with increased to employee salaries that this range is reasonable for 2017.

Ms. Marzka that with the changes in Governmental Accounting Standards the unfunded portion of the pension will be shown on the financial statement instead of the notes to the financial states, the expenses of the pension will now be shown on the income statement. As of 12/31/2015 the unfunded liability of the pension is $15.9 million.

Ms. Marzka reported that the law which determines how a cost of living adjustment (COLA) is calculated, the new law allows a COLA to be calculated on a one year change using the consumer price index. This year the increase in the index was 0.3%, this would increase the pension liability $ 367,000 if a COLA was approved this year. With the changes in accounting standards any approval of a COLA would have to be expensed in the fiscal year it was approved.

Chairman Leone questioned about the change in percent of the plan that was funded and if that was caused by the plan not meeting the goal of 7.5% return. Ms. Marzka stated that was true and that plan was currently at 5.6% on an actuarial basis.

Ms. Marzka reported that the changes in governmental accounting standard also will affect the medical benefits for retirees, Any unfunded liability for these benefits will be have to be reported on the financial statements starting 2018. The current liabilities for these benefits are $ 48.8 million; this $ 48.8 million is unfunded.