

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

NOVEMBER 21, 2013

Members present: Fiore Leone, Chairman
Mary E. Schaaf, Secretary
Ronald "Whitey" Cleaver, Member
James Sparber, Member

Members absent: Joseph F. Giles, Vice-Chairman

Also present: Tony Keim, PNC Bank
Deedra Pfeffer, Pleasant Ridge Manor
Tom Gardner, Pleasant Ridge Manor
Rick Nelson, Retiree
Doug Ebert, Employee
Mellissa Gruzca, PNC Bank
Cindi Marzka, Boetger & Associates
Ray Reade, Retiree
Joan Dill, Retiree
Bernie Trejchel, Retiree
Ted Oslak, SEIU 668
Philip Legler, Retiree
Karla Anderson, Retiree
Mike Tellers, Retiree
Gale Ward, Retiree
Tony DeJohn, Retiree
Joe Besecker, Emerald
Bill Amick, Retiree
Marie Lewis, Controller's Office
Mark J. Orlop, Controller's Office
Frank Burnette, Morrison Associates

Chairman Leone called the Erie County Employees' Retirement Board to order at 12:04 PM in Room #114A, Erie County Courthouse.

Chairman Leone called for the hearing of the public. Doug Ebert spoke on behalf of the employees and asked the Board to return the interest rate for the employees' pension contributions to 5.5% for 2014. Ray Reade spoke on behalf of the retirees and asked the Board to grant a COLA to the retirees for 2014. Mr. Leone stated that a COLA, under the way the law is written, requires retroactivity not just a one year increase. Legislation has been introduced in Harrisburg by Sean Wiley to no longer make a COLA retroactive. Mr. Leone, as a member of the County Commissioners Association and Local Government Advisory Committee, is lobbying to get this legislation passed. Until that happens, he must look out for the taxpayers.

Motion to approve the minutes for the Third Quarterly Meeting held August 15, 2013 and the Special Meetings held on September 18, 2013 and September 26, 2013 made by Ms. Schaaf, seconded by Mr. Sparber and carried unanimously.

Chairman Leone called for the approval of an interest rate for the Erie County Employees' pick up contributions for 2014.

Motion by Mr. Sparber, seconded by Mr. Cleaver to keep the interest rate at 4% for the Erie County Employees for 2014. Motion carried by unanimous voice vote.

Cindi Marzka gave the report of Boetger & Associates in consideration of a cost of living increase. Chairman Leone noted that granting a 100% COLA would cost \$10,997,000. Ms. Marzka stated that the ARC for 2013 was \$6.8 million which is 13% of the cost of the County payroll. In prior years, it had been 5 to 6% of the payroll. The cost of the Annual Required Contribution by the taxpayers has escalated in recent years. We are targeting 5-6% for the future. The goal is to bring it down and market returns heading higher will help. \$2.6 million of the ARC is accruing retirement for active employees and \$4.2 million for prior service retirees. She noted that for 2014, new government standards will require to report the full unfunded liability of the Pension Fund on the financial statements. This is a big deal. She agreed with Chairman Leone that a COLA would need to be for only one year and not retroactive as the current law requires.

Chairman Leone noted that in addition to the ARC, \$3.2 million was paid this year for health care for retirees. The County budget will be losing gaming revenue in the near future and future liabilities are growing.

Chairman Leone called for a motion regarding a 2014 cost of living increase for the Erie County Retirees.

No one from the Board moved to approve a cost of living increase. The motion failed.

Chairman Leone called for the approval of the proposed dates for the quarterly Retirement Board Meetings in 2014. The dates are as follows:

February 20, 2014 @ 12:00 P.M.

May 15, 2014 @ 12:00 P.M.

August 21, 2014 @ 12:00 P.M.

November 20, 2014 @ 12:00 P.M.

Moved by Mr. Cleaver, seconded by Ms. Schaaf and carried unanimously.

Frank Burnett gave the report of Morrison Fiduciary Advisors, Inc. The Fund was rebalanced recently back to 61% equities versus the 55% Policy. The International sector increased to 11.5%.

Joe Besecker, Founder, gave the report of Emerald Advisers. Chairman Leone noted that Emerald's performance ranked in the 8th percentile nationally and congratulated them on doing an excellent job for the Plan.

Mr. Burnette stated he has an updated Investment Policy statement that has to be approved by the Board. The biggest change is the recommendation that Directed Brokerage no longer be part of the Policy. Due to technology providing direct trading access, the process no longer makes economic sense. Mr. Burnette has reviewed the new Policy with Ms. Schaaf, and Mr. Sparber and is ready to ask for approval by the Board. Ms. Schaaf stated that she was very pleased and comfortable with the changes.

Chairman Leone called for approval of the updated Investment Policy for the Erie County Employees' Fund.

Motion to approve made by Mr. Sparber, seconded by Ms. Schaaf. The motion carried unanimously.

Adjournment at 12:40 P.M.

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

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