

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

MINUTES OF THE MARCH 18, 2015 PENSION BOARD MEETING

1. Call to Order

The Chairman called the meeting to order at 8:40 a.m. at the Marcus Center for the Performing Arts, 929 North Water Street, Milwaukee, Wisconsin 53202.

2. Roll Call

Members Present

Laurie Braun (Vice Chair)
Dr. Brian Daugherty (Chairman)
Aimee Funck
Norb Gedemer
D.A. Leonard
Patricia Van Kampen
Vera Westphal

Member Excused

Gregory Smith

Others Present

Marian Ninneman, Director-Retirement Plan Services
Mark Grady, Deputy Corporation Counsel
Tina Lausier, Fiscal Officer
Scott Manske, Comptroller
Larry Langer, Buck Consultants
Brett Christenson, Marquette Associates, Inc.
Ray Caprio, Marquette Associates, Inc.
Franklyn M. Gimbel, Gimbel, Reilly, Guerin & Brown, LLP
Erin M. Strohbehn, Gimbel, Reilly, Guerin & Brown, LLP
Susan Baldwin, Retiree
Lev Baldwin, Retiree
Steven Huff, Reinhart Boerner Van Deuren s.c.

3. Minutes—February 18, 2015 Pension Board Meeting

The Pension Board reviewed the minutes of the February 18, 2015 Pension Board meeting.

The Pension Board voted 6-0-1, with Ms. Westphal abstaining, to approve the minutes of the February 18, 2015 Pension Board meeting. Motion by Mr. Leonard, seconded by Ms. Van Kampen.

4. Buck Consultants - Assumed Rate of Return and Assumption Information

Larry Langer from Buck Consultants distributed a booklet containing information on ERS's assumption and funding policy.

Mr. Langer began with an introductory overview of ERS's actuarial framework. ERS maintains several broad, sound policies to ensure the actuarial condition of the Fund is maintained. The first policy is timely annual valuations. The staff at ERS works very hard to provide the necessary information to the actuary early in the year, allowing the actuary to present the valuation results in May or June. Secondly, ERS maintains a policy with regard to experience review. Every five years, ERS performs an experience review of the assumptions used in the annual valuation and funding policy which ultimately determines contributions. Third, ERS thoroughly reviews proposed changes to its actuarial policies via its Investment Committee and Pension Study Commission.

In response to a question from the Chairman regarding the standard timeline for experience reviews, Mr. Langer stated that a five-year period is the average for most retirement systems. There has been a recent move towards three years for extremely large funds valued in the tens of billions of dollars.

Mr. Langer continued by noting that a good repository for public sector plan best practices can be found at the Government Finance Officers Association's ("GFOA") website, GFOA.org. Local public sector plans are not subject to as many rules under the Internal Revenue Code as corporate sector plans and the GFOA has filled that gap by providing a coherent resource in terms of best practices. In its policies, the GFOA recommends performing five-year experience reviews. ERS's last five-year experience review was performed at the end of 2012 and, at that time, all assumptions were reviewed, including the Fund's investment return assumption. Mr. Langer noted that while it is prudent to periodically focus on individual assumptions between experience reviews, he does not recommend isolating one specific assumption without good merit. ERS currently has a policy in place to pay off its unfunded liability in 30 years. However, recent debate

within various actuarial professional groups has questioned whether a 30-year period is prudent. Currently, the general consensus among professional groups is that a 30-year amortization period should be shortened.

Mr. Langer next discussed the framework and objectives of the actuarial valuation. The 2014 actuarial valuation determined the County's actual contribution on behalf of ERS for the 2014 plan year and its budget contribution for the 2015 plan year. Determining the amount of contributions that should go into the Fund is the primary role of the actuary. In addition, the actuary reviews the status of the Fund by comparing assets to accrued liabilities and the general security of promised benefits. As of 2014, ERS is currently between 85% and 90% funded. ERS's funded status has been steadily climbing throughout the years and has been primarily driven by two key elements. One key element, which should not be taken for granted, is that requested contributions from the County are actually put into the Fund. Additionally, the \$400 million in proceeds from the 2009 pension obligation bonds significantly strengthened the system, protecting benefits for ERS's current and future retirees. The actuarial valuation also compares actual outcomes with the expectations from the prior year's valuation.

The framework for the actuarial valuation process is based upon an actuarial projection model with various inputs and outputs. In basic terms, specific data, such as membership data, benefit provisions, asset data, actuarial assumptions and funding policy are put through the actuarial projection model. Once processed, the data results in assumptions of unfunded accrued liability, funded status, employer and member contributions, and actuarial gain or loss. Three certain inputs, which are provided by ERS staff, include membership data, benefit provisions and asset data. These three inputs are combined with certain demographic and economic assumptions, which are of key importance to estimating the payment of future benefits. The funding policy is the plan for paying off the estimated obligation of benefits. Certain situations may call for the funding policy to be reviewed between experience reviews.

In response to a question from Mr. Grady regarding the changes ERS recently made to its mortality tables resulting from the 2012 experience review, Mr. Langer answered that the recent changes do remain valid. Some recent studies have suggested that generational mortality continues to improve at even a better rate than was suggested two years ago. However, while the 2014 data may lead to some minor changes in mortality tables with

the next experience review, any resulting changes will be minor and are not anticipated to require any Board action in the near future.

In response to follow-up questions from Mr. Grady, Mr. Langer confirmed that the payroll growth assumption is not a salary increase assumption. The payroll growth assumption has salary increases imbedded into it along with hiring additional employees. Unlike paying off a mortgage at a set rate over a given period of time, it is a common practice in public sector funds to anticipate that payments for the unfunded liability will increase with payroll over the course of time. Payments are amortized to keep contributions at a level percentage of payroll. Consequently, while future public contribution dollar amounts might increase, the percentage remains the same. Individual salary increases drive the liabilities for the funding target of the Plan. To the extent that the actual number of employees may be decreasing, even though raises are still occurring, the projections on future liabilities will be pulled back and those figures will impact the funding target. Overall budgets are also another factor to consider. Pension payments could assume a larger portion of the overall budget if payments increase while budget growth stays flat.

Mr. Langer noted that there is a fine balance to strike when it comes to funding policies and it is not always a best practice to review assumptions mid-cycle. However, when it comes to important changes that may impact other entities in the future, it may be prudent for the Board to provide some advance insight of potential changes to ERS's funding policy.

In response to a question from Ms. Braun, Mr. Langer stated that the 2014 studies suggesting faster than expected increases in mortality are not as worrisome as they appear because ERS has already implemented measures to largely address fully generational changes in mortality. Furthermore, the studies published in 2014 entirely excluded public sector workers and it is important to note that life expectancies do vary greatly within targeted groups of individuals.

Mr. Langer continued with a discussion of the investment return assumption. In broad terms, there is no one right investment return assumption and it is unwise to compare investment return assumptions between various funds. Rather, it is better to think in terms of a range of acceptable investment return assumptions. Standards of practice allow for the use of an investment return assumption that falls within the 25th and 75th percentile of a fund's projected returns. ERS's current assumption of 8% falls well within its acceptable range of 7.13% to 10.06%. A fund's investment policy should be of primary consideration when reviewing the investment return assumption, taking into account the nature of returns predicted over the long-term. The

ultimate goal is to establish an investment policy that can successfully achieve the desired metrics over the long-term. Actuaries utilize forward-looking models for reviewing a fund's investment returns, emphasizing long-term horizons because benefits will be paid over the course of decades. Based on ERS's current investment policy, Buck Consultants has projected ERS's returns over the next 1, 5, 10, 20 and 30-year time horizons. Because pension plans have extremely long lifecycles, it is unwise to get caught up in short-term thinking when reviewing the assumed rate of return. Buck currently projects that ERS has a 50% chance of achieving a return of 6.33% or better over the next one-year period. However, over the longer 30-year period, Buck projects that ERS has a 50% chance of achieving a return of 8.67% or better. Mr. Langer stated that based on Buck's long-term return projections for ERS, he believes ERS's 8% assumed rate of return is acceptable and achievable over the longer course of time. Mr. Langer noted that because there is less than a 50% chance of achieving returns projected above the 50th percentile, such returns are not utilized for purposes of analysis. However, it is acceptable to be somewhat more conservative and analyze projected returns in the 40th percentile. Even using the more conservative 40th percentile outlook, ERS is projected to achieve a return of 8.15% or better over the next 30-year period with the current 8% assumed rate of return. While the Fund's current assumed rate of return may appear to be problematic over the next five to ten years, it is more appropriate to consider the long-term time horizon for purposes of actuarial analysis.

Mr. Langer then discussed considerations and recommendations. Over the next 10-year period, ERS's current 8% investment return assumption is expected to be achieved less than 40% of the time. However, over the next 30-year period, ERS's current rate of assumption is expected to be achieved greater than 60% of the time. Therefore, although it is not projected to be achieved over the next ten years, maintaining ERS's current investment return assumption is acceptable. While lowering the rate of assumption is an option, the ramifications on increased contributions should be carefully considered, especially after realizing the recent effects from changing the mortality tables. Additionally, once ERS's 2015 asset allocation study is complete, it is likely that higher returns will be achievable and, therefore, consideration should be given to maintaining the current rate of assumption. While there are other potentially offsetting factors to consider, such as peers and public perception, such factors should not be primary considerations in the Board's analysis. After completing its analysis of ERS's specific circumstances, it is Buck's recommendation that ERS maintain its current 8% investment return assumption.

Mr. Langer noted that with its analysis, Buck recast the results of ERS's 2014 valuation by reducing the Fund's investment return assumption to 7%, and illustrating the impact to ERS's gross 2015 budget contribution. In anticipation of lower returns, the overall effect of reducing the Fund's investment rate of return to 7% would result in total current contributions of \$51.4 million, a significant increase from the 2015 budget original contribution amount of \$38.3 million. The resulting increase would be allocated between County and membership contributions. The revised total contribution amount includes an increase to the normal cost of benefits, as well as an approximate 40% increase in contributions towards net annual amortizations (unfunded liability). Measured steps in the range of 25 to 50 basis points during a five-year period are the best approach to follow when making changes to investment return assumptions. An alternative option of reducing the Fund's investment return assumption to 7.5% would still result in an approximate 25% increase to the total contribution amount.

Ms. Braun then noted that it is extremely important for the Board to be well-educated on all possible scenarios in order to make an informed decision of such magnitude.

Mr. Langer cautioned that an investment return assumption should not be changed frequently. It is very important to initially set an ultimate goal, with a measured plan in place to achieve that goal that which once achieved, will remain in effect for the long-term.

Mr. Langer continued with a discussion of the funding policy. Because there was no mandated government funding policy within the public sector, for many years, the accounting standards under Governmental Accounting Standards Board ("GASB") statements 25 and 27 served as the de facto funding policy for many public pension plans. Although not binding, GASB 25 and 27 were based on sound actuarial policies which stated that benefits accruing during the year should be paid off and any unfunded liability should be paid over a course of 30 years or less. Recently, GASB issued new pension standards for accounting and financial reporting of state and local governments in statements 67 and 68. With the issuance of GASB 67 and 68, certain professional groups collaborated and issued various Funding Policy White Papers that suggested funding policy best practices for state and local governments. The GFOA issued a Funding Policy White Paper entitled "*Core Elements of a Pension Funding Policy*" (the "GFOA Policy"). Mr. Langer noted that GFOA Policy is succinct and concisely written and he has utilized its contents as a framework for today's funding policy discussion.

Under the various Funding Policy White Papers, the current actuarial methods framework remains intact, but some of the underlying parameters have been refined. "Actuarial methods" describes the fundamental components of the funding policy for ERS and includes actuarial cost methods, amortization payment for unfunded liability and asset valuation methods. Actuarial methods allow for considerable flexibility in the payment of retirement system costs. A plan's funding policy should effectively balance stable yearly contributions with the actuarial needs of the retirement system. Four broad considerations should be made when establishing a funding policy. The first consideration is sufficiency. Sufficiency simply means that the funding target should cover the value of benefits accrued to date. With ongoing efforts in place to reach the target of 100% funding, ERS's funding policy covers sufficiency fairly well. The second consideration relates to intergenerational equity. Intergenerational equity is the concept that taxpayers should pay for workers' pensions while those workers are actually providing services. In very basic terms, intergenerational equity means unfunded liability should be paid off when it occurs and is an area where ERS's current funding policy could use some changes. The third consideration for a funding policy is stability of contributions. The desire to maintain stable contributions should not be achieved at the expense of sufficiency and intergenerational equity. Fourth is accountability and transparency. Each component of the funding policy should be easily understood and clear on its intent and effect.

Mr. Langer then reviewed the three main components of ERS's current funding policy. ERS's funding policy is reviewed with each experience review. The Board has adopted "Entry Age Normal" as ERS's actuarial cost method. Entry Age Normal is commonly used by over 85% of public sector plans because it tends to develop stable, predictable contribution rates as a percentage of payroll making it easier to budget for costs. ERS's funding policy also makes use of asset valuation methods that smooth or average the volatility of market value returns over time to alleviate contribution volatility. Asset smoothing is also very common in public sector plans. The current smoothing period for ERS is ten years. ERS's amortization methods determine the payment schedule for its unfunded actuarial accrued liability. Depending on the specific source, ERS amortizes its unfunded liability in 5, 10 or 30-year periods.

In analyzing ERS's current funding policy with the best practices outlined in the GFOA Policy, ERS's policy reflects recommended compliance with the GFOA Policy in terms of its use of the recommended Entry Age Normal actuarial cost method. ERS's asset smoothing parameters also reflect recommended compliance with the GFOA Policy by implementing a ten-

year smoothing method and making use of a recommended corridor. ERS's asset smoothing policy is unbiased and recognizes both gains and losses over the course of time. While ERS's current amortization methods include many sound practices, its current policy does not fully comply with the best practices outlined in the GFOA Policy with respect to its amortization period for unfunded accrued liability. As recommended by the GFOA Policy, ERS uses fixed or closed periods, as opposed to open periods, to pay off its unfunded liability. Depending on its source, ERS's unfunded accrued liability is amortized by use of a layered approach and is systemically paid down over a period of 5, 10 or 30 years. However, the GFOA Policy ideally recommends that amortization periods fall within a range of 15 to 20 years and never exceed 25 years. With its current 30-year fixed amortization policy, ERS currently falls outside the suggested ideal range. This is where the concept of intergenerational equity comes into play. A consideration should now be made as to whether ERS should continue to attempt to pay off its unfunded accrued liability for current workers' pensions, over the course of the next 30 years, while the taxpayers are currently receiving such services. While reducing the current 30-year fixed period to a 20-year fixed period would have certain short-term cost increases, the current 30-year amortization payments are projected to grow at a rate of 3.5%, which is faster than the projected rate of revenue growth. Increasing payments in the short-term will add more money to the Fund earlier and will result in reduced finance charges. Contributions towards the amortization of unfunded accrued liability should emerge as a level percentage of member compensation or as a level dollar amount. The GFOA Policy is not binding, but it does suggest best practices which ERS should follow in the next several years to remain in compliance with such recommended practices.

Mr. Langer then discussed a potential recommendation. ERS should continue to maintain its current cost and asset valuation methods. However, ERS could update its amortization policy by transitioning the current 30-year fixed period to a 15 or 20-year fixed period. The change to lower the fixed period should be effectuated in one step during an identified opportunistic time. Because ERS does have an asset gain which has not yet been reflected in the system, this may be a beneficial time to make such a change. Consideration should also be given to having level dollar payments or payments that will not grow faster than projected revenue. It may be reasonable to investigate some type of reasonable revenue projection as opposed to using payroll. Other policies and transitions may also be considered and modeled during this time.

In response to a question from the Chairman regarding a proposed timeline for implementing the potential recommendations, Mr. Langer confirmed that

he is not looking for any Board action today. The potential recommendations can be reviewed for consideration and possible implementation at the next five-year experience review in 2017. This is the initial exploring phase of the process. A revised funding policy should be prepared and ready for any necessary approvals or Ordinance changes by the 2017 experience review.

Mr. Langer then discussed the impact of reducing the amortization period to 15 or 20 years on ERS's gross 2015 budget contribution. Reducing the amortization period will increase current contributions in order to pay off the unfunded liability more quickly. In its calculations, Buck projected that the 15 and 20-year amortization payments will grow at an annual rate of 3.5%. At the current 30-year amortization period, ERS's 2015 budget original total contribution is \$38.3 million. If the amortization period is reduced to 15 years, ERS's 2015 budget total contribution amount increase from \$38.3 million to \$42.3 million. Reducing the amortization period to 15 years without factoring in the 3.5% growth rate assumption would increase ERS's 2015 budget total contribution from \$38.3 million to \$48.7 million. If revenue growth were projected at a flat 2%, instead of 3.5%, reducing the amortization period to 15 years would increase ERS's 2015 budget total contribution from \$38.3 million to approximately \$44.5 million.

Factoring in the proceeds from the pension obligation bonds ("POB") towards unfunded liability payments, while reducing the amortization period to 20 years with a 3.5% growth rate, would reduce ERS's 2015 budget total contribution from \$38.3 million to \$37.2 million. At the time the POB proceeds were received in 2009, it was determined that those proceeds would be reflected towards contributions over a 30-year period. Because the 24 years remaining on the POB credits would be reflected more quickly with a change to a 20-year amortization period, this scenario would create an opportunistic situation by providing an additional modest credit. Reducing the amortization period to 20 years without factoring in the 3.5% growth rate assumption would increase ERS's 2015 budget total contribution from \$38.3 million to \$44.2 million.

Mr. Langer concluded with a discussion of recommendations and next steps. ERS should first work with Marquette to review the Fund's investment return assumption and confirm that ERS's current investment policy is appropriate. If it is determined that ERS's current investment policy is appropriate, the investment return should be reviewed with all other assumptions at the next experience review during the second half of 2017. Buck can reassess the situation if it is determined that the investment policy cannot support the current 8% rate of return over the long-term.

Consideration should also be given to changing ERS's amortization of unfunded liability by reducing the current 30-year period to 15 or 20 years. At maximum, the amortization period should be no more than 25 years. Buck recommends reducing the amortization period to 20 years, with an added consideration to reducing future increases in payments from 3.5% to expected revenue growth or, as a level dollar amount, to address the risk of back loading contributions. Finally, it is important to keep communication lines open and focus on transition as needed to help budgeting.

In response to a question from Mr. Grady, Mr. Langer confirmed that it is Buck's preferred recommendation that ERS consider moving to a 20-year amortization period, while additionally considering reducing the 3.5% growth rate to a more appropriate amount. These two changes would bring ERS into compliance with current recommended best practices while creating less impact on contributors.

Mr. Grady then stated that Corporation Counsel has historically interpreted the County Ordinances to state that the Pension Board has the authority to adopt the various actuarial assumptions that go into the valuation, with the exception of the authority to determine the period necessary to amortize unfunded liability. Therefore, under the current Ordinances, it is the County Board that has the legal authority to decide the 20-year amortization issue. The Pension Board may follow the actuarial advice and recommend the proposed changes to the amortization period to the County Board, but it is ultimately the County Board's decision to accept or deny that recommendation. Mr. Grady also noted that a copy of Mr. Langer's presentation to the Board today was provided to Josh Fudge, the County's Budget Director.

Mr. Leonard then questioned whether the Pension Board should take action on the matter before 2017, because changes will occur in 2016 affecting the nature of the composition of the County Board. The current County Board, which is comprised of quasi-professionals, may be more open to the proposed changes.

Mr. Grady then cautioned the Board to make its decisions based on actuarial advice and what is best for ERS to meet current recommended compliance, not County politics. The Pension Board should also be mindful to make any decisions that would drive contribution changes timely to allow the County Board to factor those changes into their budgetary deliberations. The County Executive's budgetary deliberations generally occur in the spring and summer months. It is best to provide the County Executive with sufficient time for planning.

In response to a question from Mr. Gedemer regarding the timeframe for any proposed changes to hit the County budget cycle, Messrs. Grady and Leonard stated that if changes were proposed in the spring they could still be incorporated into the 2016 summer/fall budget cycle.

Mr. Manske then provided comments to the Board.

Mr. Manske first discussed proposed adjustments to the Fund's assumed rate of return and amortization period. Currently, one of the bond rating agencies for Milwaukee County is using a 7% rate of return. Therefore, when the bond rating agencies evaluate the actuarial numbers listed in the County's financial report, they adjust the Fund's 8% rate of return down to 7% in their own evaluation calculations. Mr. Manske noted that he did inform the bond rating agencies of the fact that because of its amortization period, ERS does have an additional \$100 million in market value of assets over its actuarial value of assets. However, the bond rating agency did not take those additional assets into consideration within their evaluation. Another important factor to take into consideration is that adjusting the Fund's rate of return would impact active ERS members because of Act 10. Half the number of an increase would come back to active ERS members as an amount which they must contribute. Resetting the Fund's amortization period would not have as great an impact on members because only 30% to 35% of that liability would be associated with active members.

Mr. Manske continued by noting that five or six years ago, Milwaukee County had approximately 5,100 active employees. Today that figure has dropped to approximately 4,000 active employees and continuing changes will likely cause that number to reduce even further. Consequently, future ERS members will inherit a greater percentage of contributions that they must pay into the Fund. Furthermore, with reduced members and less contributions coming from the different groups that contribute towards that number to help reduce the tax levy, more tax levies will be taken by the pension contribution. Mr. Manske suggested that for the sake of the retirees and the long-term health of the Fund, it is likely better to reduce the amortization period because it would produce for more stable contribution amounts in the future. There will likely be a large impact felt during the first year of change. However, the normal cost will decrease with fewer employees and the amortization will be fixed, which will provide for more certain and level contribution amounts in the future.

In addition to wages, Milwaukee County provides health care and pension benefits to its employees. Over the last several years, Milwaukee County has seen an \$8 to \$9 million reduction in its costs for retiree health care. In response to an increase in certain pension costs, the County has also

tightened its belt in terms of issuing more debt. Consequently, the County's debt service payments have also decreased in the last several years.

Mr. Manske suggested that due to the recent reduction to health care costs, this would be a very opportunistic time to take action with regard to changing the Fund's amortization period. If action is taken now and a budget is put in place, there will be less of an impact on members in the future, as well as creating a stabilizing effect on future funding for ERS.

In response to a question from Mr. Grady, Mr. Manske stated that he concurs with the proposed plan to decrease the amortization period to 20 years and reduce the 3.5% growth rate. While this proposed action will create an initial increase for the County, it will provide for a steadier flow of resources from a long-term funding perspective.

In response to a follow-up question from Mr. Grady regarding any suggestions as to what the 3.5% rate should be Mr. Manske answered that it should be closer to 1.75%. Because there will be no revenue increases coming to Milwaukee County in the future, the County must continue to decrease its costs. Making these changes and taking a leap now will provide for a smoother path in the future.

In response to a question from Mr. Grady regarding the possible range of changes that could be made, Mr. Manske affirmed that reducing the Fund's amortization period is the more prudent course of change to address at this opportunistic time, not adjusting the Fund's assumed rate of return.

Mr. Grady suggested that because the proposed changes discussed today tend to be less political and more scientific in nature, a recommendation for a change from the actuary and the Pension Board may likely be approved by the County Board.

In response to a question from Ms. Braun regarding the effect of ERS's unrecognized gain, Mr. Manske stated that its effect will not be known until the final actuarial report is issued. Because the overall return for the Fund will be below 8% for 2014 there will likely be somewhat of an offset to the \$100 million from last years' unrecognized gain. Mr. Manske stated that his primary concern is to ensure that the Fund has enough assets 20 years from now. This is an opportunistic time to build the changes into the Fund that will provide such assurances.

Mr. Langer then expressed his preference that ERS's \$100 million in unrealized gain be held for future protection against potentially volatile markets returns over the next few years.

In response to a question from Mr. Grady regarding the potential impact of the recent County surplus, Mr. Manske stated that while the surplus is a potential opportunity, it is the general policy of the County that surpluses are used for one-time items only.

Mr. Braun then noted the importance of maintaining open communication with the other stake holders so ERS can move to best practices by taking advantage of the current opportunities while they exist.

Mr. Leonard stated that as a representative of the retirees, he believes the Board should take advantage of the current opportunities and reduce the Fund's current amortization period to 20 or 25 years. Mr. Leonard further suggested that the Pension Board take any necessary action within the next two months to allow for the inclusion of such changes in the County's next budget cycle.

Mr. Grady then suggested that Buck Consultants provide a specific recommendation for revising the 3.5% growth rate if the other members of the Board share Mr. Leonard's sentiments on timing.

In response to a question from Mr. Leonard reading any potential effect the proposed changes discussed today would have on additional increases to 2016 member contributions, Mr. Langer stated that changes to the Fund's amortization period will have less of impact on member contributions than changes to its investment rate of return. Buck will continue to refine its estimates based on the January 1, 2015 results and will attempt to further isolate some sense of any impact on 2016 member contributions.

In response to a poll from the Chairman, the Board concurred that Buck should work to refine the 3.5% rate and the amortization period for unfunded liabilities for consideration of potential action at the Board's April 2015 business meeting or the May 2015 Board meeting.

5. Investments - Marquette Associates

Brett Christenson and Ray Caprio of Marquette Associates distributed and discussed the February 2015 monthly report.

Mr. Christenson first thanked the Chairman for recognition of his 15-year anniversary with Marquette Associates.

Mr. Christenson then discussed the high points of the flash report. Three managers remain on alert, K2, ABS and Geneva Capital. As of February 28, 2015 the total Fund composite is just over \$1.8 billion. The fixed income composite is underweight at \$54 million, but there is also

approximately \$36 million in a cash overlay account with a blended asset allocation. The real estate composite is also currently overweight by \$27 million. The overweight in real estate remains a strategic decision. Real estate is a fairly conservative asset class, which is somewhat loosely tied to bonds, and it has been performing well. While there is a slight overweight to equities, it is balanced out by an underweight to private equity. Marquette has no rebalancing recommendations today.

Mr. Christenson next discussed annualized performance. Despite the fact that fixed income had a one-month return of -0.9%, the total Fund composite had a favorable one-month return of 2.7% in February. February was a favorable month for the equity markets. U.S. equity was up 6.0% and international equity was up 4.3% in February. The hedged equity composite was also up 3.4% in February. All other alternative investments in the Fund have not yet been valued for the month.

In response to a question from the Chairman, Mr. Christenson stated that the real estate composite is valued quarterly.

Mr. Christenson continued with a discussion of manager status. Of the three managers previously mentioned on alert, Geneva Capital continues to struggle significantly. Geneva is the type of manager that tends to underperform in strong markets. While Geneva was up in February at 6.5%, they still underperformed the 6.9% benchmark. However, Geneva's underperformance in January 2015 was more troubling because January was a down month for the markets. Year-to-date, Geneva is at 4.2% versus the benchmark of 5.1%. Artisan Partners is in a similar situation to Geneva and is struggling over the shorter time period. Boston Partners has rebounded nicely and exhibited strong performance during the month of February, up 6.7% versus the benchmark of 4.8%. Marquette intends to address the situation with Geneva in the very near term and make a recommendation. After some internal discussions within Marquette, Mr. Christenson believes that this may be an opportune time to consider addressing the introduction of some passive management to the Fund's U.S. equity composite.

Marquette will also spend some time addressing changes to the real estate composite at the next Investment Committee meeting. Interviews have already been completed with the three real estate managers and Marquette has compiled additional data on those three managers. Future discussions will determine how many of those managers should be maintained and how allocations should be divided between them. Marquette is also reviewing the Fund's overall asset allocations. While there are likely some minor improvements to be made, Marquette does not anticipate any major changes will result from the asset allocation study.

Mr. Christenson concluded with a comment on Mr. Langer's presentation. Marquette's asset allocation study will likely reflect that the Fund will not achieve anything near the 8% rate of return over the next ten years. Marquette's models are currently projecting equity returns around 8% to 8.5%, fixed income returns of around 2%, and the various alternative classes between 6% and 9%. Therefore, without removing fixed income from the Fund entirely, achieving an 8% return would be virtually impossible. While Marquette expects returns to be somewhat muted in the short-term, Mr. Christenson noted that he does agree with Mr. Langer's statement that it is important to take a long-term approach to the Fund as a whole.

In response to a question from Ms. Braun regarding Vontobel's underperformance over the last three months, Mr. Christenson stated that while they are behind 2% year-to-date, Vontobel is up 5.1% for the one-year period. Similar to U.S. managers, active managers on the international side are currently experiencing a great deal of volatility. During months like February, when the markets are up substantially, active managers in general tend to underperform. Mr. Christenson noted that while he is not too concerned with Vontobel's performance at this time, Marquette will analyze the situation further if Vontobel's underperformance continues.

6. Audit Committee Report

There was no Audit Committee report because the March 5, 2015 meeting was cancelled.

Ms. Braun then moved that the Pension Board adjourn into closed session under the provisions of Wisconsin Statutes section 19.85(1)(e) with regard to item 7 for the purpose of deliberating or negotiating the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. At the conclusion of the closed session, the Board may reconvene in open session to take whatever actions it may deem necessary concerning these matters.

The Pension Board unanimously agreed by roll call vote 7-0 to enter into closed session to discuss agenda item 7. Motion by Ms. Braun, seconded by Ms. Funk.

7. Investment Committee Report

The Pension Board discussed the hedge fund manager candidate presentations in closed session.

After returning to open session, the Pension Board voted unanimously to replace K2 with Parametric. Motion by Ms. Van Kampen, seconded by Ms. Braun.

8. Appeals

(a) Susan Baldwin

In open session, Frank Gimbel introduced himself and Erin Strohhahn, both attorneys from Gimbel, Reilly, Guerin & Brown, LLP.

Mr. Gimbel then introduced Susan Baldwin and stated that his firm is advocating on behalf of Ms. Baldwin in regards to her appeal. Mr. Gimbel further stated that Ms. Baldwin's appeal is in response to a written communication she recently received from ERS which states that Ms. Baldwin was erroneously paid a certain portion of her pension. Mr. Gimbel summarized its contents as notifying Ms. Baldwin that her current pension benefit will be reduced by what the Board perceives to be an appropriate amount for the contended overpayments, plus interest. Mr. Gimbel noted that Ms. Baldwin's appeal is also supported by numerous exhibits which have been distributed to the Pension Board for review.

Mr. Gimbel also noted that prior to today's Board meeting, he had a brief private conversation with Mr. Grady with whom he has a longstanding working relationship. Mr. Gimbel indicated that Mr. Grady advised him during their conversation that the Board would not consider today any of the legal arguments that Mr. Gimbel's firm raised in their correspondence dated March 11, 2015. Mr. Gimbel wished to state for the record that despite the fact that the Board would not consider any of his legal arguments today, he believes there is extraordinary viability to the legal arguments as outlined in his firm's March 11, 2015 correspondence. Mr. Gimbel suggested that any such legal issues would be further resolved in a court of law, in favor of Ms. Baldwin, should the Board maintain its current position with respect to Ms. Baldwin's pension.

Mr. Grady then expressed his disagreement with Mr. Gimbel's interpretation of their earlier conversation. Mr. Grady stated that he did not advise Mr. Gimbel that the Board would not consider any of his firm's legal arguments regarding Ms. Baldwin's appeal. Mr. Grady stated that as a counsel-to-counsel courtesy, he was merely advising Mr. Gimbel of the fact that the Board has already heard similar legal arguments from other appellants in similar situations. Mr. Grady further clarified that he recommended to Mr. Gimbel that he focus his attention on the factual arguments surrounding Ms. Baldwin's appeal, not the legal arguments.

Mr. Gimbel continued by stating that he will not dwell at length on the legal arguments today because he is operating under the assumption that the supporting exhibits prepared by his firm have been made available to the Board for review in advance of today's meeting.

Mr. Gimbel then summarized the principal points of his firm's legal argument regarding Ms. Baldwin's appeal. Mr. Gimbel first suggested that Ms. Baldwin's entitlement to her current pension benefit is based on the Board's ratification of Ms. Baldwin's pension benefit in 2003. Mr. Gimbel stated that at the time of its 2003 ratification, if the Board believed its decision regarding Ms. Baldwin's pension was erroneous, the errors should have been addressed with Ms. Baldwin within one year from the date of that decision. Mr. Gimbel stated that since 2003, no formal action has been taken by ERS in regards to Ms. Baldwin's pension until Ms. Baldwin received ERS's recent communication sometime within the last 30 to 45 days.

Mr. Gimbel continued by stating that in 2007, Ms. Baldwin received a communication from ERS notifying her that there was some prospect for a reevaluation of the pension benefits being paid to her. Mr. Gimbel referred this correspondence as a "warning letter." He summarized the letter as a caution because ERS was revisiting actions previously taken with regard to the appropriateness of the amount of her pension. Mr. Gimbel stated that until ERS's most recent 2015 correspondence, Ms. Baldwin has not received any other communication from ERS regarding the appropriateness of her pension benefit since its 2007 letter.

Mr. Gimbel then discussed provisions of ERS Rule 1001. Mr. Gimbel stated that ERS Rule 1001 provides that once a one-year period expires from the date of ratification of a pension benefit, such pension benefit becomes the pension benefit of the individual. Mr. Gimbel stated that it is his firm's position that ERS's legal establishment of Ms. Baldwin's pension occurred in 2003, when Ms. Baldwin submitted her resignation and the Board ratified her pension benefit. Mr. Gimbel suggested that because no further action was taken by the Board within one year of its 2003 ratification date, Ms. Baldwin is legally entitled to maintain such pension benefit. Mr. Gimbel further suggested that via the establishment of Rule 1001, ERS has created a "constitutional impediment" and does not have a legal right to revisit Ms. Baldwin's pension benefit in 2015, or at any other such time ERS modified its rules within the last 12 to 24 months. Mr. Gimbel noted that he has been practicing law in Milwaukee for approximately 55 years, with 31 of those years serving as attorney for the Milwaukee Deputy Sheriffs' Association. Mr. Gimbel stated that under the

basic fundamentals of constitutional law, and the concept of ex post facto law, ERS cannot modify its view of a person's behavior or pass a law retrospectively. Mr. Gimbel suggested that ERS is attempting to illegally modify Ms. Baldwin's property right entitlement by a retrospective modification and application of its Rules.

Mr. Gimbel continued by stating that earlier today, Mr. Grady provided him with a copy of the ERS Rules from 1968, which were in effect at the time of Ms. Baldwin's employment with the Milwaukee County Register of Deeds office in the summer of 1969. Mr. Gimbel stated that he believes several of the Rules from 1968 clarify that Ms. Baldwin was in the appropriate class of employees eligible to buy back service for the two months she worked at the Register of Deeds office in 1969. Mr. Gimbel first referred to 1968 ERS Rule 103. Mr. Gimbel stated that Rule 103 defines a "seasonal employee" as an employee who was employed on the basis of seasonal periods of less than ten months or during less than 20 pay periods per annum, regardless of the number of actual hours or days of employment. Mr. Gimbel stated that Ms. Baldwin's 1969 job at the Register of Deeds office involved supervision of student interns in that office for two months during her college summer break. Mr. Gimbel further stated that any other employee definitions contained in the 1968 Rules, including Rules 101, 102, 104, 105, 106, 107 and 108, simply do not fit the job description that Ms. Baldwin held. Mr. Gimbel stated that he believes Ms. Baldwin was in fact classified as a "seasonal employee," as defined by the Rules in existence in 1969, and as most assuredly promulgated earlier than 1968. Mr. Gimbel further referenced 1968 ERS Rule 202, which he indicated refers to what types of ERS employees are entitled to pension benefits.

Mr. Gimbel then discussed the materials his firm submitted in support of Ms. Baldwin's appeal. Mr. Gimbel first referred to Exhibit 12, a copy of correspondence dated September 21, 2000 from then ERS Manager Jac Amerell to Ms. Baldwin. In Exhibit 12, Mr. Amerell advised Ms. Baldwin that she may buy back pension credit for her two months worked at the Register of Deeds office in 1969, for the sum of \$683.37. Mr. Gimbel next referred to Exhibit 13, a memorandum dated September 14, 2000 from then Corporation Counsel Robert Ott to Jac Amerell. Mr. Gimbel suggested that within Exhibit 13, Mr. Ott renders a legal opinion that Ms. Baldwin is a person who was eligible to repurchase pension service credits for her work with Milwaukee County from the period of June 23, 1969 to August 8, 1969. Exhibit 14 is a communication from Ms. Baldwin to Mr. Amerell dated July 24, 2000. Exhibit 15 is a communication dated September 22, 1999 from Ms. Baldwin to then

Human Resources Director, Gary Dobbert. Exhibit 16 is a statement dated September 16, 1999 from Carolyn M. Baldwin, who was also employed at the Milwaukee County Register of Deeds office. In her statement, Carolyn Baldwin indicates that she knew Susan Ceman (n/k/a Susan Baldwin) who worked with her at the Register of Deeds office in 1969. Exhibit 17 is essentially an equivalent statement from Esther M. Hussey, who confirms she also worked with Susan Ceman in the Register of Deeds office in 1969. Exhibit 18 is an affidavit executed by Sophia P. O'Neill, attesting to the fact that she also worked with Susan Ceman in the Register of Deeds office in 1969. Exhibits 19 and 20 are statements from the Social Security Administration and pay stubs, which reflect that Susan Baldwin was compensated by Milwaukee County and did have wages recognized by the Social Security Administration during the summer of 1969. Mr. Gimbel stated that these documents, followed by other corroborating exhibits, support the fact that Ms. Baldwin was working as a Milwaukee County employee for two months in the summer of 1969.

Mr. Gimbel concluded by stating that the recent communication Ms. Baldwin received from the Board notifying her of a reduced pension benefit and her obligation to repay hundreds of thousands of dollars with interest, without any further process, other than the Board's deliberations, is erroneous from a legal standpoint. Mr. Gimbel stated that as Ms. Baldwin's advocate, his comments are not intended to insult anyone on the Board, but he believes the Board has acted erroneously from both a legal and factual standpoint. Mr. Gimbel further stated that while Ms. Baldwin did have some warning of a possible change to her pension benefit in 2007, there was absolutely no follow-up for eight years. Mr. Gimbel noted that Ms. Baldwin has spent the better part of her working life as a member of the legislative and executive branch of the County government. The Board is now telling Ms. Baldwin that she will have to suffer the consequences of the retroactive application of new rules to her benefit situation, reducing her \$5,000-plus monthly pension benefit to \$1,700 per month. Mr. Gimbel stated that he believes the proposed action is wrong and he is requesting today that the Board remedy the situation by returning to Ms. Baldwin her rightful pension benefit.

Mr. Gimbel then called for questions from the Board.

In response to a question from Ms. Braun regarding Mr. Gimbel's remarks that the Pension Board has taken action to reduce Ms. Baldwin's pension benefit, Mr. Grady first stated that because Ms. Baldwin has filed an appeal, no action has yet been taken. Secondly, the proposed action was decided by the Retirement Office, not the Pension Board. The Pension

Board will now decide whether or not it will ratify the action of the Retirement Office.

Mr. Gimbel expressed appreciation to Ms. Braun for the clarification and apologized if he erred in placing any blame with the Pension Board.

In response to a call from the Chairman for additional questions, Mr. Grady stated that setting aside all of the legal actions Mr. Gimbel has just asserted, he does has several fundamental factual questions to aid in his analysis and ability to advise the Board.

Mr. Grady first questioned whether or not Ms. Baldwin was in fact, in 1969, in a group covered by the applicable Rules of that time who were eligible to purchase service credit. In order to answer that question, it has to be known what classification of employee Ms. Baldwin was in 1969. Mr. Grady stated that he does not believe there is any question that Ms. Baldwin was in fact some type of County employee in 1969 because the payroll records have made that clear. However, Mr. Grady stated that there is conflicting evidence in terms of what type of County employee Ms. Baldwin was in 1969. Statements submitted from Ms. Baldwin's co-workers at the time, as well as references to memorandums from Messrs. Ott and Amerell, suggest that Ms. Baldwin was a seasonal employee in 1969. Mr. Grady stated that one of the fundamental principles under which he has operated with regard to Milwaukee County and ERS, is the fact that seasonal and optional employees have never been covered by the Social Security Administration and Social Security benefits unless the employee opts into ERS. The State of Wisconsin has an agreement with the Social Security Administration, called a Section 218 Agreement, which defines who is covered by Social Security benefits. In Milwaukee County, optional employees, which includes seasonal employees, have never been covered by Social Security. Therefore, because Ms. Baldwin's 1969 pay stubs reflect payment of Social Security taxes, Mr. Grady argued that it is impossible Ms. Baldwin was a seasonal or optional employee in 1969. Mr. Grady stated that in 1990, Milwaukee County was forced to either create the OBRA pension plan or start paying Social Security tax for its optional members. Milwaukee County opted at that time to create its OBRA plan. Therefore, because of the existence of the OBRA plan, Milwaukee County optional employees still do not pay Social Security tax unless the employee is eligible to and elects into ERS.

Mr. Grady then referenced Ms. Baldwin's service history card (a/k/a green card), which is an index card Milwaukee County maintains for its employees. Ms. Baldwin's service history card reflects her County employment as beginning in 1984, when she was elected as County

supervisor. There is no entry on Ms. Baldwin's service history card for her 1969 service. If in 1969, Ms. Baldwin was in fact hired through a normal process or, even if she was an emergency or interim appointment, there should have been a 1969 entry on her service history card. Additionally, if Ms. Baldwin were a regular County employee, she would have been asked to enroll in ERS once she started working as a regular employee. Because Ms. Baldwin's enrollment form is from 1984, not 1969, Mr. Grady suggested that is further evidence that Sue Baldwin was not a regular employee in 1969.

Mr. Grady continued by stating that he is now left with a factual conundrum after reviewing all of the information. If, after analyzing the facts of her record, Ms. Baldwin was not a seasonal or regular employee, what type of employee was she? Mr. Grady stated that because he was not at the County in 1969, he can only employ his understanding of ERS's standard business practices throughout the years. The evidence indicates that because Ms. Baldwin paid Social Security tax, she was not a seasonal employee. Assuming no administrative errors were made, the evidence also indicates that Ms. Baldwin was neither a regular employee. Mr. Grady stated that in the absence of proof and setting the legal arguments aside, the facts indicate that Ms. Baldwin had no right to purchase service credit.

Mr. Grady then asked Ms. Baldwin if there was any additional information she could provide today which would help him determine the nature of her 1969 position at the Register of Deeds office. For example, what was the application process? Was Ms. Baldwin told her position was funded via a grant or special funding, as opposed to a normal County tax-levied position? Was the position through a federal or state jobs program? Why was the job for a period of only two months?

Mr. Gimbel then referred back to the ERS Rules from 1968. Mr. Gimbel stated that he believes Rule 103 describes the category of employee that Sue Baldwin was in 1969. Rule 303 describes who is entitled to pension benefits, and that same category of employee is reiterated as an employee entitled to employment benefits. When Ms. Baldwin took affirmative action with the Retirement Office in 2000, after she was motivated to consider purchasing service credits, she followed the advice of ERS and did what was asked of her. When she retired, her benefit was calculated and she came before the Board in 2003.

Ms. Strohbahn then discussed Mr. Grady's concerns surrounding Social Security. Ms. Strohbahn suggested that Mr. Grady is operating under the assumption that if Social Security was paid, Ms. Baldwin could not have been an optional member. Ms. Strohbahn further suggested that it is the

County's burden to show why, in fact, Ms. Baldwin's participation in Social Security precluded her from being an optional member. Ms. Strohbehn indicated that she does not see any reference to Social Security in ERS's Rules as in effect in 1969. The only time a reference is made to Social Security as an exclusionary factor to membership in ERS is in ERS's post-1990 Rules. Ms. Strohbehn stated that if the payment of Social Security did somehow preclude someone from earning service credit, it is not stated anywhere in the 1968 Rules. Therefore, Ms. Strohbehn suggested that in addition to the problem of conflicting facts, she believes there is also a question as to what the law was in 1969. Ms. Strohbehn also noted that within Mr. Amerell's letter to Ms. Baldwin dated September 21, 2000, there is a notation on the bottom of that letter alerting Ms. Baldwin to the fact that she will not earn Social Security retirement benefits for any period of employment for which she purchases service. Ms. Strohbehn then suggested that Ms. Baldwin was an optional member who was never in fact told that she could opt-in. Ms. Strohbehn also suggested that it is possible Ms. Baldwin was in Social Security, but the County should have notified Social Security that she should not get credit.

Ms. Baldwin then addressed the Board.

Ms. Baldwin stated that she was seeking summer employment in 1969 to help pay her tuition prior to beginning her senior year of college in the fall. Ms. Baldwin indicated that she does not recall how she learned of the summer employment opportunity with the County. Ms. Baldwin further stated that while she does not recall where she went to complete an application, she does recall filling out an application in a room along with 30 to 50 other people. Ms. Baldwin indicated that at the time she was given the job at the Register of Deeds office, she was told that summer workers were needed to help ease employee workload. Ms. Baldwin stated that at the time of her 1969 employment, the County never provided her with any information about opting in or opting out of ERS. Ms. Baldwin further stated that while she knew she worked for the County, she did not know what classification she fell into, which has been part of her dilemma for many years. Ms. Baldwin suggested that if the County had not lost the information it might have had regarding her 1969 employment, her green card would have indicated what employee classification she did or did not fall into in 1969. Once she was elected to the County Board in 1984, Ms. Baldwin tried to determine what classification she fell into in 1969, but was informed by the Department of Human Resources that she in fact never worked for Milwaukee County in 1969. As she advanced in her career with the County, Ms. Baldwin knew her 1969 County service could be important. Therefore, Ms. Baldwin again inquired with the Department of

Human Resources and was once again told that she never worked for the County in 1969. Ms. Baldwin stated that she thought the response from the Department of Human Resources was crazy and she therefore decided to make a written inquiry to the Social Security Administration regarding her 1969 employment. Ms. Baldwin subsequently received a report from the Social Security Administration which reflected that she did work for Milwaukee County in 1969, with paychecks coming from the Department of Administration. Ms. Baldwin noted that she later discovered her 1969 County pay stubs in a box of college mementos while preparing to move. Ms. Baldwin further noted that while she presented copies of her 1969 pay stubs to the County at least twice, the County still claims to have no such copies.

Mr. Grady then questioned whether in fact Ms. Baldwin's County pay stubs came through the Department of Administration. After reviewing Ms. Baldwin's 1969 pay stubs as provided in Exhibit 20 and her itemized statement of earnings from the Social Security Administration as provided in Exhibit 19, Mr. Grady determined that the reference to the Department of Administration is on Ms. Baldwin's Social Security Administration record, not her County pay stubs. Ms. Baldwin's Social Security Administration record lists an employer number, Milwaukee County, Director Department of Administration and its address. Mr. Grady indicated that he could not know whether such designation has any certain meaning, other than signifying the fact that the Department of Administration handled payroll administration for Milwaukee County.

Ms. Baldwin then commented that she was only trying to follow proper procedures by providing the County with evidence that she worked for the County in a summer capacity in 1969. Ms. Baldwin stated that if there were any other specific titles to her 1969 position, she was unaware. Ms. Baldwin then referred to the notarized affidavit executed by Sophia P. O'Neill, Ms. Baldwin's direct supervisor in 1969, who confirmed that Ms. Baldwin worked for the County during the summer of 1969.

In response to a question from Mr. Gimbel regarding any remaining debate surrounding Ms. Baldwin's 1969 employment, Mr. Grady stated that while the evidence clearly indicates Ms. Baldwin worked for the County in 1969, the classification of her employment remains in question.

Mr. Gimbel acknowledged that there are different classes of employees and stated that Ms. Baldwin was in the class of employees as provided by 1968 ERS Rule 103.

Mr. Grady stated that from his viewpoint, Ms. Baldwin's 1969 classification is still questionable. Ms. Baldwin clearly worked for the County in 1969. However, whether or not Ms. Baldwin worked in a position for which she was eligible to opt-in or buy-in to ERS, is still unclear.

Mr. Gimbel responded by noting that Robert Ott confirmed in writing 15 years ago that Ms. Baldwin was, in 1969, classified in a position for which she was eligible to opt-in or buy-in to ERS.

Mr. Grady indicated he does not disagree that the description of the type of job Ms. Baldwin had in 1969 appears to fit the rules for an intern or seasonal employee, which are optional employees. However, a problematic legal issue remains from the standpoint of the Social Security question.

Mr. Grady noted that while there is no ERS Rule which states that seasonal employees do not participate in Social Security, it is his understanding that such an agreement exists under the Section 218 Agreement. The Section 218 Agreement is a reference to Federal Code section 218 which governs Social Security. ERS addressed this very issue with the IRS and the Social Security Administration several years ago. ERS affirmed its understanding with the IRS and the Social Security Administration at that time that optional employees, which include seasonal employees, were never covered by the Social Security Administration.

Ms. Strohbehn then suggested to Mr. Grady that Ms. Baldwin's Social Security payments could have been the result of an administrative error by ERS. Ms. Strohbehn questioned whether Ms. Baldwin should be punished for what may have been an administrative error in 1969, after her pension benefit was ratified in 2003.

Mr. Grady stated that there would be no possible way of knowing whether or not an administrative error was made in 1969. ERS must operate under the presumption of regularity of business operations, unless proven otherwise. Mr. Grady acknowledged that while it is possible an administrative error could have been made regarding Social Security, there is no proof that actually occurred.

In response to a call from the Chairman for any additional questions, Mr. Grady indicated that he would like Mr. Gimbel and Ms. Strohbehn to know that he provided them today with a copy of the 1968 Rules as soon as was possible. When the original request was made with the Retirement Office, the Retirement Office did not have a copy of the 1968 Rules. Mr. Grady noted that he had a copy of the 1968 Rules in his office only because he inherited them from his predecessors.

In response to a follow-up question from Ms. Strohbehn regarding the incomplete record of Rules in the Retirement Office, Mr. Grady indicated that the Retirement Office does now have a copy of the 1968 Rules. However, because there are certain gaps in the Rules, the Retirement Office does not have a complete record of the Rules. Mr. Grady noted that there are certain gaps in the record of Rules and having a partial record is arguably more harmful than having no record.

Ms. Strohbehn then expressed frustration regarding ERS's incomplete record of the Rules, noting that she spent in excess of 20 hours trying to complete the Rules in order to prove her client's case. Ms. Strohbehn added that such a situation is problematic from the standpoint of what the government has to provide to its retirees.

In response to a question from Mr. Leonard regarding the current location of the contents of the County's law library circa 1972, Mr. Grady stated that the County law library contained County Board actions, not Pension Board actions. Mr. Grady indicated that ERS does have Pension Board meeting minutes dating back to ERS's inception in 1937. However, there is no complete set of Pension Board Rules and subsequent changes to those Rules which have occurred over time. Mr. Grady noted that he does not believe the law library ever had a complete set of ERS's Rules either.

Mr. Grady apologized to Ms. Strohbehn after she indicated that she was told by the Retirement Office that Pension Board meeting minutes only existed from 1967 on. Mr. Grady stated that to his knowledge, a complete set of Pension Board meeting minutes exists from 1937 through today, in both paper and electronic format.

Mr. Gimbel concluded by stating that he has been a very passionate advocate for Ms. Baldwin today because the Baldwin's are not merely clients, they are close personal friends with whom he has a 40-year history.

The Chairman thanked Mr. Gimbel and Mses. Strohbehn and Baldwin for appearing before the Board today and indicated that the Board will now adjourn into closed session to discuss Ms. Baldwin's appeal, in addition to several other items on the agenda.

Ms. Strohbehn then asked for clarification as to whether the Board would issue its final decision today.

Mr. Gimbel then stated that if the Board denies Ms. Baldwin's appeal today, he will file a lawsuit tomorrow. Mr. Gimbel indicated that he would rather not have to seek a temporary injunction in the morning and, therefore, is

requesting a stay of action if the Board upholds the current position asserted by the Retirement Office.

Mr. Grady answered that the Board could decide today to approve, deny or defer its decision on Ms. Baldwin's appeal. In any case, a written decision will be issued to all parties. Mr. Grady indicated that he will discuss Mr. Gimbel's request for a stay of action with the Board during today's closed session.

Ms. Braun then moved that the Pension Board adjourn into closed session under the provisions of Wisconsin Statutes section 19.85(1)(g) with regard to items 8, 9 and 10 for the purpose of the Board receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation. At the conclusion of the closed session, the Board may reconvene in open session to take whatever actions it may deem necessary concerning these matters.

The Pension Board unanimously agreed by roll call vote 7-0 to enter into closed session to discuss agenda items 8 through 10. Motion by Ms. Braun, seconded by Ms. Funck.

Mses. Ninneman and Lausier recused themselves, leaving no ERS personnel in the room during closed session discussions.

Ms. Westphal left the meeting prior to the closed session discussion of agenda item 10.

The Pension Board discussed the matter in closed session.

After returning to open session, the Pension Board voted 5-1, with Mr. Leonard dissenting, motion by Ms. Van Kampen, seconded by Ms. Funck, to deny the appeal by Susan Baldwin, consistent with the discretion assigned to the Pension Board by Ordinance section 201.24(8.17) to interpret the Ordinances and Rules of the Employees' Retirement System of the County of Milwaukee ("ERS"), based on the following facts and rationale:

Factual Background.

1. Ms. Baldwin enrolled in ERS on April 16, 1984 in connection with her employment as County Board Supervisor.
2. On her ERS enrollment form dated April 16, 1984, Ms. Baldwin indicated that she had never been employed by Milwaukee County

before. Her service history card also indicates that her first date of employment with the County was April 16, 1984.

3. In 1999, Ms. Baldwin requested to purchase additional service credit for her work with Milwaukee County from June 23, 1969 to August 8, 1969.
4. However, ERS could not locate any records of Ms. Baldwin's County employment prior to 1984.
5. Ms. Baldwin provided records from the Social Security Administration ("SSA") that demonstrate earnings from Milwaukee County in the amount of \$571.20 during the time period in question. In addition, the Department of Human Resources received copies of Milwaukee County earnings statements from Ms. Baldwin for June through August 1969.
6. Ms. Baldwin also provided letters and affidavits from co-workers regarding her employment at the Register of Deeds Office from June through August 1969. The affidavit states that Ms. Baldwin was employed by Milwaukee County in the Register of Deeds Office in 1969, while two letters from her co-workers state that she was employed as a seasonal worker in 1969.
7. In an August 24, 2000 inter-office communication, Jac Amerell, ERS Manager at the time, asked Corporation Counsel Robert Ott whether the Retirement Office could accept SSA documentation as proof that Ms. Baldwin was an employee during the relevant timeframe, and if so, whether he could assume Ms. Baldwin was an optional employee who was entitled to purchase her prior service credit.
8. Mr. Ott reviewed Ms. Baldwin's situation and concluded in a September 14, 2000 inter-office communication to Mr. Amerell that Ms. Baldwin was an optional employee as defined in Rule 202 ("Optional Employee") and should be allowed to purchase her prior service credit.
9. Ms. Baldwin purchased her prior service credit, and in a letter to Ms. Baldwin dated September 26, 2000, Mr. Amerell acknowledged the receipt of Ms. Baldwin's check for \$683.37 to reinstate 0.12963 service credits and indicated that her adjusted enrollment date would be June 23, 1969.

10. Ms. Baldwin retired on September 27, 2003 and has been receiving a pension benefit based on calculations that included the 1969 purchased service credit and 1969 enrollment date.
11. On June 29, 2007, ERS and the County filed a Voluntary Correction Program ("VCP") application with the Internal Revenue Service ("IRS") to self-report buy in and buy back operational errors. ERS filed subsequent submissions with the IRS to self-report additional errors that were discovered after the initial filing.
12. In 2007, Ms. Baldwin and other affected ERS members were sent letters explaining that as a result of errors, their pension benefits may need to be reevaluated.
13. ERS worked with the IRS to determine the appropriate correction methods for these errors.
14. On April 22, 2014, the Retirement Office sent out letters to all members with errors affecting their purchases of service credit. The letter states that the member's purchase was subject to one or more errors and the member's benefit should not include the purchased credit. Ms. Baldwin received one of these letters.
15. In February 2015, the Milwaukee County Board of Supervisors adopted Ordinance amendments that corrected many of the errors related to the buy ins and buy backs and clarified the correction methodology that would be used to correct many of the errors.
16. Upon review of the purchase and her prior employment, the Retirement Office determined that Ms. Baldwin was not an Optional Employee in 1969 and therefore was not eligible to purchase service credit. In a letter dated February 25, 2015, the Retirement Office informed Ms. Baldwin that her purchased credit would be rescinded, her benefits recalculated based on her enrollment date in 1984, and that she would be required to pay back the overpayment.
17. Ms. Baldwin appealed the rescission of her purchased service credit and the request to repay the overpayment paid to her. On March 11, 2015, Ms. Baldwin's attorney sent ERS a letter and additional documents regarding her appeal. The Pension Board received and reviewed the letter and documents sent by Ms. Baldwin's attorney.
18. Rule 207 provides that "any current employe of the county...who was eligible to elect to participate in the system for a prior period of

employment with the county in a capacity for which participation in the system was optional (as defined in Rule 202), but who failed to elect to participate in the system for such prior period of employment," may purchase prior service credit for those periods of employment.

19. Pursuant to Rule 207, in order to be eligible to purchase permissive service credit, a member must have been employed in optional employment (i.e., be an Optional Employee) and must have not elected into ERS during those employment periods.
20. In 1969, Rule 202 defined Optional Membership as:
 - (a) Employees whose salaries are paid in part by the State of Wisconsin.
 - (b) All interns, students and trainees employed on non-civil service positions.
 - (c) All resident physicians employed on non-civil service positions.
 - (d) Seasonal employees.
 - (e) Part-time employees whose part time monthly salary is at least equal to 50% of the full time monthly rate.
 - (f) Persons who previously have exercised their option not to become members and who pursuant to section 3 (3) of the Retirement Act request to become members, and pass any medical examination required thereunder.
 - (g) Persons holding emergency appointments, except retired members of the county retirement system, upon their return to county employment.

Pension Board Conclusions.

21. Neither Ms. Baldwin nor the County has provided the Pension Board with conclusive proof of Ms. Baldwin's employment classification in 1969. Ms. Baldwin states that her position in 1969 met the definition in Rule 103 of a seasonal employee, so she was a seasonal employee, which also makes her an Optional Employee under Rule 202. However, the County determines employment classification for employees, ERS and the Ordinances and Rules do not. ERS relies

on certain information provided by the County, including the classification determinations made by the County as Plan Sponsor.¹ See ERS Rule 1019. Accordingly, it is insufficient for Ms. Baldwin to say she is a seasonal employee because she fits the definition of Rule 103. Not all employees who work for Milwaukee County for a season or less are classified by Milwaukee County as "seasonal employees." These employees may be classified in other employment categories.

22. Because the Pension Board was not provided evidence of Ms. Baldwin's employment classification in 1969, it reviewed the potential classifications of all County employees in light of the employment history provided by Ms. Baldwin.
23. In 1969, the time of Ms. Baldwin's initial employment with the County, the County generally classified its employees into three groups as described below.

	Description	FICA Paid?	ERS Service Credit Earned?	Eligible for Buy In?
Employees Eligible for ERS Membership	Employees who are automatically enrolled in ERS as a condition of their employment.	Yes.	Yes.	No.
Employees Ineligible for ERS Membership	Employees who are not eligible to enroll in ERS.	Yes.	No.	No.
Optional Employees²	Employees who have the option to enroll in ERS and do so.	Yes, after enrollment.	Yes.	No.

¹ Courts have found administrators' determinations reasonable when the administrator relies on employment records from the employer to determine whether an individual is an employee under a plan. See *Sturgis v. Mattel, Inc.*, 2007 WL 4225277 (N.J. 2007). While this is an ERISA case and ERS is not subject to ERISA, no Wisconsin courts have addressed this specific issue, and because of their similarities, ERISA cases can be helpful to determine how a Wisconsin court may view an issue.

² Optional Employees have the option to elect into ERS. Currently, if an Optional Employee does not elect into ERS, the employee is enrolled in OBRA. OBRA was not in existence in 1969, so if an employee did not elect into ERS, the employee was not covered by any retirement system sponsored by the County.

	Employees who have the option to enroll in ERS and do not.	No.	No.	Yes.
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24. As can be seen from the chart above, only Optional Employees who do not elect to enroll in ERS are eligible to purchase service credit. Those are also the only individuals who do not have FICA paid on their behalf.
25. Generally, the Social Security Act does not require state and local government employees to be covered by Social Security. However, section 218 of the Social Security Act allows state and local governments to enter into voluntary agreements to provide Social Security and Medicare coverage to government employees. The master Wisconsin 218 Agreement for Social Security coverage was executed on June 13, 1951. Subsequently, numerous local governments, including Milwaukee County, enacted resolutions extending Social Security coverage to all or some of their employees ("Modifications").
 - (a) Pursuant to Modification 156, the 218 Agreement will cover those members of ERS who elect to be covered by Social Security and any new ERS member after 1957. Modification 164 extends the 218 Agreement to employees who are ineligible to be members of ERS. Under these Modifications, the County pays FICA on all ERS members, unless a pre-1957 member elected not to be covered, and employees who are ineligible to be members of ERS.
 - (b) The 218 Agreement does not cover Optional Employees unless those employees elect into ERS. Accordingly, unless an Optional Employee is a member of ERS, the Optional Employee should not have FICA paid on his or her behalf. This procedure was also confirmed by County personnel.
26. The records provided by Ms. Baldwin indicate that Ms. Baldwin and the County paid OASI taxes (a portion of FICA) during her employment in 1969. Accordingly, because of the payment of FICA, Ms. Baldwin was either an ERS member or an employee ineligible for ERS membership, neither of which would allow Ms. Baldwin to purchase service credit. If Ms. Baldwin had been an Optional Employee under Rule 202 and eligible to purchase service

credit, she would not have been covered by Social Security and would not have paid OASI.

27. Because Ms. Baldwin paid OASI during 1969, the Pension Board finds that Ms. Baldwin was not an Optional Employee during the time she was employed by the County in 1969.
28. Pursuant to Rule 207, in order to purchase service credit, members were required to be Optional Employees for the period of service for which they are purchasing the credit. Because Ms. Baldwin was not an Optional Employee, the Pension Board finds she was not eligible to purchase service credit from ERS under Rule 207. Accordingly, her purchase of service credit was in error.

Repayment of Overpaid Benefits.

29. Because the Pension Board determined that Ms. Baldwin was ineligible to purchase service credit, Ms. Baldwin has been receiving a larger benefit than she is entitled to receive under the Ordinances and Rules since her retirement in 2003.
30. As part of the VCP, ERS is required to be made whole for the erroneous payments received by Ms. Baldwin, plus interest. Rule 1050 also requires ERS to request repayment of any overpayment made to a member in error.
31. The Pension Board finds that Ms. Baldwin is responsible for repaying the overpayments she received from ERS. Any amounts owed by Ms. Baldwin will be offset by the amount Ms. Baldwin paid into ERS to purchase the service credit, plus interest.

Ms. Baldwin's Arguments.

32. Ms. Baldwin has repeatedly stated that she was an Optional Employee in 1969 but has not provided a reason why an Optional Employee would have paid OASI in 1969, except to say that it was an administrative error. However, there is no proof of such an error and without some support of such an error, the Pension Board assumes that the County followed its standard procedures, which is not to pay OASI for Optional Employees.
33. Ms. Baldwin also argues that pursuant to Rule 1001, when the Pension Board approved the retirements granted list in October 2003, the Pension Board recognized her entitlement to her pension benefit. Under Rule 1001, she argues that the Pension Board had

one year from the date of that ratification (October 2004) to address any errors related to her pension benefit. She further argues that the Pension Board can change its rules, but the new rules cannot apply retroactively to her benefit.

- (a) Rule 1001 has been in existence since the 1940s, and no legislative history provides any explanation of the meaning of the rule. However, the Pension Board finds that Ms. Baldwin's reading of the Rule is too broad and does not account for errors that were unknown at the time of the decision.
- (b) In 2003 and 2004, neither the Pension Board nor ERS were aware that Ms. Baldwin's buy in was subject to errors.
- (c) If the Pension Board was unaware of Ms. Baldwin's errors until after 2004, it would have been impossible to correct the errors by October 2004. Rule 1001 does not require the Pension Board to allow members to continue to receive erroneous benefits when the errors were not discovered until after the one-year period expired.
- (d) Additionally, as Ms. Baldwin acknowledged, when ERS became aware of the potential errors related to her purchase, she was notified. Accordingly, Ms. Baldwin has been on notice since 2007 that there are potential errors related to her purchase of service credit.
- (e) As noted above, ERS filed the VCP in June 2007 and has been working with the IRS to determine the appropriate correction methods for the various errors. With the adoption of the Ordinance amendments in February 2015, the correction methods are clarified (i.e., if a member's errors were not corrected by amendment, they will be corrected by the rescission of the member's purchased service credit), and the Pension Board is now proceeding to correct the error in Ms. Baldwin's benefit.
- (f) Furthermore, the qualification requirements and rules of who could purchase service credit have not changed since Ms. Baldwin purchased service credit in 2000. While Rule 207 was sunset in 2007, prior optional employment has always been required for an employee to subsequently purchase service credit. Accordingly, the Pension Board's decision that

Ms. Baldwin's purchase was in error is not due to a change in the Ordinances and Rules but due to new information regarding her 1969 employment (i.e., that she was not an Optional Employee).

34. Additionally, Rule 1001 provides that the actions of the Pension Board shall be final after one year. This Rule on its face applies to actions of the Pension Board. A decision made by the Pension Board is different from a decision made by the Retirement Office or the Office of the Corporation Counsel. Ms. Baldwin has not provided any documentation that her request to purchase service credit was reviewed and approved by the Pension Board. The Pension Board finds that Ms. Baldwin's eligibility to purchase service credit was approved by Mr. Amerell and Mr. Ott alone, without the input of the Pension Board. Rule 1001 is therefore inapplicable to Ms. Baldwin's purchase of service credit because the Pension Board did not make a decision regarding her purchase or eligibility to purchase service credit.
35. Ms. Baldwin, in her March 11, 2015 letter, argues that she should be treated the same as all other members whose improper purchases of service credit were retroactively corrected by the Ordinance amendments adopted by the County Board in February 2015.
 - (a) Ms. Baldwin's errors are significantly different than the errors of the members whose errors were corrected by the Ordinance amendments. Those members had service as Optional Employees and were eligible to purchase service; those members' errors were secondary to the administration of their purchases of service credit (e.g., their purchase amounts were too high or purchases were made after a deadline). The Ordinance amendments corrected the errors in administration, but did not change the rules for who was eligible to purchase optional service credit. Ms. Baldwin was never eligible to purchase service credit. Her error is at the very core of her purchase. Accordingly, ERS is not treating similarly situated members differently by denying her purchase and allowing other members' purchases, it is treating differently situated members differently.
36. In the letter sent to the Pension Board on March 11, 2015, Ms. Baldwin discussed a number of legal arguments regarding why she should retain her purchased service credit regardless of the Ordinances and Rules, including estoppel, waiver, laches, statutes of

limitations and that the errors resulted from the County's own conduct. The Pension Board reviewed these arguments and the ones made at her appeal, but the Pension Board, as Plan fiduciary, is required to administer ERS benefits based on the Ordinances and Rules. Accordingly, the Pension Board cannot provide benefits to members based on errors made by the Retirement Office or Corporation Counsel if it violates the Ordinances and Rules. A circuit court for Milwaukee County has ruled consistently with the Pension Board in this regard. *See Mielcarek v. Milwaukee County et al.*, Case No. 11-CV-1095 (attached).

In open session, Mr. Grady reiterated that during open session, Mr. Gimbel requested that the Board agree to voluntarily suspend collection efforts on Ms. Baldwin's offset while litigation is occurring, if the Board denied her appeal. Mr. Grady indicated that he advised the Board such action is reasonable under the circumstances. Mr. Grady added that the likelihood of Mr. Gimbel obtaining an injunction is fairly high and, therefore, the Board is agreeing to take action that a court of law would likely impose.

Mr. Grady further advised that he will follow-up with Mr. Gimbel directly to ensure that by agreeing with Mr. Gimbel's request for a stay, the Board is not waiving any of its rights under the Wisconsin statute of limitations, and ERS will have the ability to go back at least six years from today's date.

In open session, the Pension Board voted unanimously to defer collection of the offset to Ms. Baldwin's retirement payments, pending the outcome of litigation. Motion by Ms. Braun, seconded by Mr. Leonard.

9. Pending Litigation

(a) Stoker v. ERS

The Pension Board discussed the matter in closed session.

(b) AFSCME v. ERS

The Pension Board discussed the matter in closed session.

(c) Tietjen v. ERS

The Pension Board discussed the matter in closed session.

(d) Brillowski & Trades v. ERS

The Pension Board discussed the matter in closed session.

(e) AFSCME v. ERS

The Pension Board discussed the matter in closed session.

(f) Weber v. ERS

The Pension Board discussed the matter in closed session.

(g) Angeles v. ERS

The Pension Board discussed the matter in closed session.

(h) Trapp, et al v. Pension Board

The Pension Board discussed the matter in closed session.

10. Report on Compliance Review

The Pension Board discussed the matter in closed session.

After returning to open session, the Pension Board voted unanimously to approve, motion by Mr. Leonard, seconded by Mr. Gedemer, a communication regarding purchases of service credit dated March 18, 2015, which reads as follows:

After reviewing the Ordinance amendments adopted by the Milwaukee County Board of Supervisors on February 17, 2015 and the errors affecting the members of ERS, the Pension Board approves the inclusion of completed purchases of pension service credit in the retirement benefits for retired, deferred vested and active employees under the following circumstances:

- the administrative error was allowing a buyback of service credit more than two years after the member returned to service;
- the administrative error was allowing the use of funds from the member's account with the County 457 Deferred Compensation Plan or from the member's Individual Retirement Account; and
- the administrative error was allowing the member to exceed the IRS Code limitation on additions to member's ERS accounts and which are

resolved through the method of prospective reallocation of compensation.

The Pension Board will send out correspondence to all of the affected members identified above to inform them of the Pension Board's approval of their purchase of pension service credit, subject to formal approval from the IRS.

11. Reports of ERS Manager and Fiscal Officer

(a) Retirements Granted, February 2015

In open session, Ms. Ninneman presented the Retirements Granted Report for February 2015. Forty-two retirements from ERS were approved, with a total monthly payment amount of \$72,099.12. Of those 42 ERS retirements, 39 were normal retirements and 3 were deferred. Twenty-eight members retired under the Rule of 75. Additionally, 18 retirees chose the maximum option and 13 retirees chose Option 3. Twenty-three of the retirees were District Council 48 members. Twenty-nine retirees elected backDROPs in amounts totaling \$3,696,664.

Ms. Ninneman noted that there were close to \$4 million in backDROPSs for February. Typically, the highest numbers for retirements occur during the months February and March because many long-terms employees wait until they receive their vacation allotment for the year before retiring.

(b) ERS Monthly Activities Report, February 2015

Ms. Ninneman presented the Monthly Activities Report for February 2015. ERS and OBRA combined had 8,094 retirees, with a monthly payout of \$16,394,661.

(c) Fiscal Officer

Ms. Lausier discussed the February 2015 portfolio activity report. Adams Street had a \$1.2 million capital call during February and an additional \$1.2 million capital call scheduled is for Adams Street in March 2015.

In response to a question from the Chairman regarding the need for any additional second quarter funding approval today, Ms. Lausier stated she may need to make an additional funding request but if needed, those funds can be requested at the April or May Board meeting. Ms. Lausier stated that she met with Mr. Caprio this morning to review and discuss the timing for anticipated capital calls. Ms. Lausier also noted that it would be helpful if she could get a better idea of when backDROPs are projected to occur

because they are currently difficult to anticipate. The high amount of backDROPS in February may mean that additional second quarter funding adjustments will be needed.

Ms. Ninneman added that Ms. Lausier will also meet with Mr. Caprio next week to review all of the information for investment manager accounts and answer any additional questions Ms. Lausier may have on the investment side of things. ERS has also started running reports that will indicate who is backDROP eligible. These reports will allow ERS to better anticipate some of the larger backDROPS and have sufficient funding available.

12. Administrative Matters

The Pension Board discussed additions and deletions to the Pension Board, Audit Committee and Investment Committee topic lists.

In response to a question from the Chairman regarding the venue for the April Board meeting, Ms. Ninneman confirmed that the April meeting will be held at the Italian Community Center. The Board's business meeting is scheduled between 8:00 to 9:00 a.m. and the annual meeting is scheduled for 9:30 a.m.

In response to a question from Ms. Braun regarding the speakers scheduled to present at the annual meeting, Ms. Ninneman stated that Mr. Langer is scheduled along with one investment manager. Marquette Associates will also be present to provide a global overview of the Fund.

In response to a question from Ms. Braun, Mr. Grady stated that elected County officials are not typically invited to attend the Board's annual meeting.

Ms. Ninneman then proposed a suggestion to the Board that it change the venue for its monthly meetings to room 203R of the County Courthouse. Ms. Ninneman stated that ERS would then no longer incur the additional expense of holding Board meetings at the Marcus Center. Ms. Ninneman also suggested that because ERS staff are excluded from certain closed session discussions, staff could easily return to their offices and work during closed session periods if they were already at the Courthouse. Room 203R also has recording capabilities that would allow for the Pension Board meetings to be televised.

Mr. Grady noted that the County Board meetings are live-streamed. Some officials at the County level have expressed interest in the ability to live-stream view Pension Board meetings. Ongoing construction and

related parking difficulties at the County Courthouse were the primary reasons that the Board moved its meetings to the Marcus Center. ERS could provide Courthouse parking passes for Board members or reimburse members for parking expenses at McArthur Square. While Board members may have to deal with security screenings at the Courthouse, those screenings, combined with on-site deputies, would provide for added security at Pension Board meetings.

Ms. Ninneman noted that the Pension Board members should already have IDs that allow them to bypass security and time spent waiting for security screenings should not be a concern.

Some members expressed a desire to continue holding meetings at the Marcus Center.

Mr. Grady and Ms. Ninneman noted that it would be easier for retirees or representatives of retirees to follow Pension Board actions if the meetings were televised. In addition, increased communication surrounding the actions of the Pension Board may lead to increased interest in future elections.

In response to a question from Ms. Van Kampen regarding current costs for space at the Marcus Center, Ms. Ninneman stated that ERS is currently paying approximately \$600 per month.

After continued lengthy discussion among the Board, it was determined that matters such as room availability and parking options at the County Courthouse should be further explored and the topic will be revisited at the April or May 2015 Board meeting.

13. Adjournment

The meeting adjourned at 1:55 p.m.

Submitted by Steven D. Huff,
Secretary of the Pension Board