

4th Quarter Meeting
ERIE COUNTY EMPLOYEES' RETIREMENT BOARD
Nov 15, 2018

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

Also present: Greg Ferrick, PRM
Deanna Helmbreck, PRM
Deedra Pfeffer, PRM
Cindy Marzka, Boetger Retirement Services
Frank Burnette, Morrison Fiduciary
Sue Ellen Pasquale, Retirees Association
Ray Reade, Retirees Association.
Karen Dorich, Retirees Association
Mike Ruffa, County Controller's Office
Jan Ortiz, County Controller's Office
Jack Walham, PRM
Matthew Schweitzer, Vanguard
Rich Nelson, Retiree

Chairman Leone called the Erie County Employees' Retirement Board to order at 12:32PM in Room 114A, Erie County Courthouse.
Roll call showed that all members were present.

Chairman Leone called for the hearing of the public. Ray Reade of the Erie County Retirees' Association spoke. President Reade requested that board consider a COLA for 2019. He advised that he stepping down as the President of the Retirees' Association in May 2019. Mr. Reade wanted to publicly thank the Board because when he came in he was treated with respect which was admirable considering they saw things from two different perspectives.

Chairman Leone calls for the approval of the minutes from the Actuary Meeting held on October 18, 2018. It was approved unanimously.

Chairman Leone turned the floor over Frank Burnette of Morrison Fiduciary. Mr. Burnette states the fund is up one to two percent this year. Mr. Burnette states that he is recommending the Board lower the actuarial rate of return from 7.5% to 7.25%, which would increase the 2019 ARC by \$900,000 and the funded ratio drops to 97%. Mr. Burnette states that JP Morgan projected rate of market returns are currently 7.04%.

Ms. Schaaf asked Mr. Sparber how this change would affect the County's 2019 budget. Mr. Sparber states that \$32-33 million fund balance allows the County to make the additional payment to the Pension.

Ms. Schaaf asked Mr. Burnette if the assumed rate of market returns ever increase. He states that they have in the past when inflation was higher. Ms. Schaaf stated even though she does not like further burdening the taxpayers, she would rather follow Mr. Burnette's advice and fund the additional ARC for County employees then to give away more County money to non-profits over which the County has little financial oversight.

Mr. Horton asks to verify that the fund would be 97% funded. Mr. Burnette confirmed. Mr. Horton states his support for non-profits. Mr. Horton also states that he would rather pay the additional funds now rather than have this amount balloon to a higher amount in a couple years.

Dr. Foust states how Council has always used a mixture of alternatives to fund the County budget, sometimes they use the reserves, sometimes they use a tax increase, and sometimes they use a mix. With this last tax increase it not only covered the over \$3 million dollar deficit in the budget it also adds a little more to the reserve fund. He believes if we have to cover this the county is still in very good shape.

Chairman Leone opens the floor for a motion.

Mr. Horton moves to approve Mr. Burnette's recommendation to lower the assumed rate of return from 7.5% to 7.25%, Dr. Foust seconded the motion.

Roll Call Vote:

Mr. Sparber- Yes

Dr. Foust- Yes

Chairman Leone- Yes

Mr. Horton- Yes

Ms. Schaaf- Yes

Chairman Leone asks for a motion to set the employees interest rate at 4%, Ms. Schaaf moves to set the rate at 4%, Dr. Foust seconds.

Rolle Call Vote:

Mr. Sparber- Yes

Dr. Foust- Yes

Chairman Leone- Yes

Mr. Horton- Yes

Ms. Schaaf- Yes

Mr. Burnette states he needs two motions for fund rebalancing. One for a \$4 million call for the credit fund from portfolio advisors, he would like motion to fund the call by selling \$3 million of the Wells Fargo Enhanced Equity Fund, \$500,000 from the Emerald Advisors Fund, and \$500,000 from the Wells Capital.

Mr. Horton asked if he could get a copy of these transactions sent to him. Mr. Burnette states he will send a copy to all Board members.

Mr. Sparber asked how the rebalance will work in the future with the capital calls and if the board will be notified.

Mr. Burnette states that the Investment Policy Statement allows the Controller and himself to decide due to tight deadlines, and the Board will be advised what is being done.

Mr. Leone states he believes the Board should trust Mr. Burnette and opens the floor to a motion to authorized Mr. Burnette to move these funds as requested.

Mr. Sparber makes the motion, Dr. Foust seconds.

Roll Call Vote:

Mr. Sparber- Yes

Dr. Foust- Yes

Chairman Leone- Yes

Mr. Horton- Yes

Ms. Schaaf- Yes

Mr. Burnette asks for a motion to allow Ms. Schaaf and Mr. Burnette to use their discretion to fund an additional \$5 million, and they will email the Board as they do it.

Mr. Horton asked if Mr. Sparber is getting this information in real time or if he is getting it at the same time as the rest of the Board. Mr. Burnette answers that Mr. Sparber is getting the information at the same time as the rest of the Board. Ms. Schaaf is getting the information in real time because her Office administrates the Pension account.

Chairman Leone opens the floor for a motion to allow authorize Mr. Burnette's request.

Mr. Sparber makes the motion, Dr. Foust seconds.

Roll Call Vote:

Mr. Sparber- Yes

Dr. Foust- Yes

Chairman Leone- Yes

Mr. Horton- Yes

Ms. Schaaf- Yes

Chairman Leone makes a statement to retirees' stating that he believes that Board should only consider a COLA every three years as the law requires, and that board is not going to consider a COLA at this time.

Chairman Leone calls for adjournment.

Adjournment at 1:03 P.M



Mary E. Schaaf, Secretary

Erie County Employees' Retirement Board

Pleasant Ridge Manor Employees' Retirement Committee

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