

**4<sup>th</sup> Quarter Meeting**  
**ERIE COUNTY EMPLOYEES' RETIRMENT BOARD**  
**Nov 16, 2017**

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, Northwest Retirement Services  
Frank Burnette, Morrison Fiduciary  
Sue Ellen Pasquale, Finance  
Ray Reade, Retirees Association.  
Karen Dorich, Retirees Association  
Mark Orlop, County Controller's Office  
Daniel Bayletts, County Controller's Office  
Michael Bee, Boyd Waterson  
Jeff Shaw, Retirees Association

Chairman Leone called the Erie County Employees' Retirement Board to order at 12:03PM 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 Retirees Association spoke, Ray Reade requested the board table the idea of a COLA while they look for an option for a COLA cost that would not equate to \$1.8 Million.

Chairman Leone stated that the law requires the subject of a COLA to be discussed every 3 years not every year which is why the discussion of COLA is not on the agenda.

Chairman Leone called to approve the minutes for the Meeting on October 19, 2017. It was approved unanimously.

Chairman Leone turned it over Mr. Burnette of Morrison Fiduciary

Mr. Burnette states that fund is up 11.24% through the end of October 2017. The current asset allocation is 59% publicly traded equities , 14% real estate and energy partnership to make up the working capital portion of the fund and remainder in fixed.

Mr. Burnette turned the floor over to Keith Thompson from Miller Howard

Mr. Thompson stated that Energy has had a rough year and that stock prices are still down. Mr. Thompson believes that over the next ten years oil production will need to increase by 50 % and that natural gas demand will increase 40% over the next 15 years.

Mr. Sparber asked if the increase demand for electric cars was calculated into their numbers. Mr. Thompson stated that they were and that due to use of gas powered plants which are used to charge the vehicles.

Mr. Burnette turned the floor over to Mr. Bee from Boyd Waterson

Mr. Bee states that the portfolio returned 1.07% for the quarter and 3.17% YTD, 63% of the portfolio matures within 5 years

Mr. Burnette presents a fee schedule for the private equity investments that the board has discussed at previous meetings

Mr. Burnette states that his report is concluded and that he has included paper work pertaining to the private equity.

Chairman Leone states that before consideration of the private equity investment he would like the board to consult with the solicitor Tom Talarico, Esq.

Mr. Burnette would allocate 8% of the fund to private equity using four different investments.

Mr. Horton clarifies that 8% equates to \$20 million, Mr. Burnette confirms

Mr. Burnette recommends that the board change the rules pertaining to the number of days allowed for objection to his recommended fund transfers from the current 5 days to 3 days in order to speed up these transactions.

Ms. Schaaf and Dr. Foust objected to this recommendation due to the board members do not always receive their email within that three day window.

Chairman Leone states that he would like it to remain at five days.

Chairman Leone asks how much is currently in real estate. Mr. Burnette states that 9.5% of the fund is allocated to real estate or \$27 million. The Policy is 8%. Chairman Leone voices his concern with allocating \$20 million into private equity and having a total \$47 million in these two investment classes. Mr. Burnette said we would rebalance to 8% real

estate and 8% private equity with 16% total. Chairman Leone is leery about this commitment of public monies.

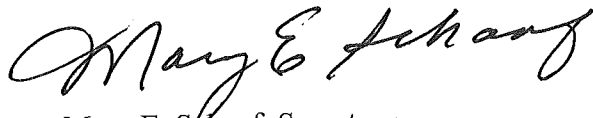
Mr. Sparber asked if we would be out after 12 years. Mr. Horton asked about the companies that may be unsuccessful.

Ms. Schaaf asked about the J-Curve effect of negative returns which were not discussed previously.

Mr. Burnette addressed these questions.

Chairman Leone asked for a motion set the member interest rate at 4.0%, moved by Mr. Horton, seconded by Mr. Sparber. It was approved unanimously.

Chairman Leone calls for adjournment.  
Adjournment at 1:14 P.M



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

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