

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

MAY 18, 2017

Members present: Fiore Leone
 Dr. Kyle Foust
 James Sparber

Also present: James Bayley, PNC Bank
 Tony Keim, PNC Bank
 Melissa Grucza, PNC Bank
 Bob Beichner, Vanguard
 Kevin Plymyer, FNB
 Deanna Helmbrech, PRM
 Greg Ferrick, PRM
 Cindy Mazka, Northwest Savings
 Deedra Pfeffer, PRM

Chairman Leone called the Erie County Employees' Retirement Board to order at 12:05 PM in Room 114A, Erie County Courthouse.

Roll call showed the following members were not present, Andre Horton, Mary Schaaf.

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

Chairman Leone called for the approval of the minutes of the First Quarterly Meeting of the Erie County Employees' Retirement Board held on February 16, 2017. Motion by Dr. Foust, and carried unanimously.

Chairman Leone turned the floor over to Frank Burnette of Morrison Fiduciary; Mr. Burnette stated that the fund has an YTD return of approximately 5%. The fund is currently 56% invested in equities, 29% in fixed income and 15% in non-traditional assets.

Mr. Burnette stated that there are administration tasks to be taken care of for this meeting but first would like to turn the floor over to PNC for their presentations and then Vanguard for those.

James Bayley from PNC stated that their goal is manage downside risk while being opportunistic with sector rotation. Mr. Bayley also states that the performance of the account since inspection is above the benchmark with recent returns close to benchmark. Chairman Leone opened the floor for questions for Mr. Bayley, there was none.

Bob Beichner took the floor represented Vanguard, Mr. Beichner stated that Vanguard is managing three funds, two of which are passively managed and one which is actively managed. Mr. Beichner stated that he was going to speak about the actively managed fund which is a short term investment grade fund, which is managed internally at Vanguard, Mr. Beichner stated that Vanguard believes there will be 2 more federal rate increases this year then they believe rates will remain flat afterwards. Chairman Leone opened the floor for questions, there was none.

Mr. Burnette resumed and stated the Boston Advisors is finishing up their research into their investment model mistakes and believes the mistakes are not material and will be issuing a final letter soon.

The additional investment of \$ 5,000,000 into the Boyd Watterson Real Estate fund has been complete.

Mr. Burnette stated that there is currently three funds which use a local broker, Mr. Burnette open the floor to the board for questions on this subject. Chairman Leone stated that he would like to make all contracts single contracts.

Mr. Burnette verified that the board would like have the policy be that the only contract will be between the investment firms and the board.

Chairman Leone stated that was correct that there will be only one set fee for the managers and asked if there were any objections from the board, there was not. Chairman Leone stated the new policy will be written up and brought forward for vote at the next retirement board meeting.

Mr. Burnette stated that he has reviewed all contracts and reached out to all the firms to insure all contracts were up to date, he stated that only one firm wished to update their contract and that was Wachovia Small Cap Account who has submitted an updated contract. Chairman Leone stated he wishes to have all the new contracts reviewed at the next meeting when the full board is present. Chairman Leone also stated he would like the new conflict of interest statements issued in time for the next meeting.

Mr. Burnette brought to the attention of the board that Golden Capital has been fully bought out by Wells Fargo and that they submitted a letter to be signed by the board acknowledging that Wells Fargo now owns Golden Capital 100%.

Chairman Leone stated that copies of the new conflict of interest disclosures will be passed out and addressed at the next meeting. Chairman Leone then asked the board if they had any questions for Mr. Burnette, none did.

Chairman Leone called for Adjournment

Adjournment at 12:26 P.M.

Mary E. Schaaf

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

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