

**SECOND QUARTER MEETING  
ERIE COUNTY EMPLOYEES' RETIRMENT BOARD**

**MAY 17, 2019**

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

Also present:           Thomas Mueth, Wells Fargo  
                              Joe Conroy, Wells Fargo  
                              Jeff Schlegel, FNB  
                              Melissa Grucza, PNC  
                              Tony Keim, PNC  
                              Andrew Dylewski, PNC  
                              Deanna Helmbreck, PRM  
                              Brad Donor, PRM  
                              Greg Ferrick, PRM  
                              Cindi Marzka, Boetger  
                              Michael Keim, RBC, Boston Advisors  
                              Greg Orland, Wells Fargo Advisors

Chairman Leone called the Erie County Employees' Retirement Board to order at 12:18 PM in Room 114A, Erie County Courthouse. All members were present.

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

Chairman Leone called for motion to approve the minutes for the 02-21-18 Reorganizational & First Quarter Meetings. They were approved unanimously per roll call.

Chairman Leone turns the floor over to Frank Burnette from Morrison Fiduciary. He gave a market view that the market is up but relative to the increase in earnings of 400%, it is at an average multiple.

Mr. Horton expressed his concern about the risk and that our government scares him. In this climate, it has got to come. He stated he assumes that Mr. Burnette wants to shift from bonds to stocks.

Mr. Burnette explained that our actuarial rate expectation is 7.25% so you cannot sit in 2.4% treasuries. We mitigate risk by a fully invested stance but diversify over asset classes. For a trustee, diversification is your biggest friend. You have to think ultra long term.

Mr. Burnette states the Report that was emailed out had data from 3/31/19. Ms. Schaaf caught one error so we corrected that performance error and reissued the report. The report in front of you includes the correction. The Fund returned 8.74% for the first quarter, as of April 30, 2019 the fund is up 11% YTD.

Mr. Burnette states that the Ironsides fund increased their size of their portfolio to \$500 Million which was substantial. They emailed shareholders and asked them to vote. The Board had an opportunity to hold a special meeting to approve or reject the increase. If we remained silent, it was assumed that we affirmed. The Controller was interested in having a meeting to discuss as a group but it was not done.

Miller Howard, who is on watch, was up 17.4% for the first quarter, the fund is close to even since inception.

PNC has sold its money market business and some of its mutual fund business to Federated Investors. PNC is keeping Fixed Income. The custody function does not change, and this sale has no effect on the fund.

Mr. Burnette moved onto Large Cap Managers, Wilshire information shows that on an after fee basis, the Large Cap Core Managers have underperformed the benchmark by .26% to .70%. The industry is trending towards indexing for large cap equity and increase non-traditional asset classes. Even though the fund has moved towards that trend, Mr. Burnette feels the Fund is still behind industry trend.

Mr. Burnette states that fund has two Active Large Cap Managers on watch, Boston Advisors and Golden Capital.

Boston Advisors who has trailed the one-year benchmark by 5%, the fund also had trailed the benchmark over by some margin over 10 years before fees. Since inception the fund does beat the benchmark by .60%, but these numbers are before fees. Mr. Burnette suggests we leave Boston Advisors on watch.

Wells Capital (Golden Capital) which the fund hired as an enhanced S&P 500 index. The fund has missed the benchmark by 3.5% over the last year, and 1.17% since inception. These are significant misses.

Mr. Burnette turns the floor over to Thomas Mueth from Wells Capital, Mr. Thomas States that over the last ten years their model has out preformed the S&P 500. Mr. Mueth states that their model as out preformed the S&P 500 18 out of the last 26 years.

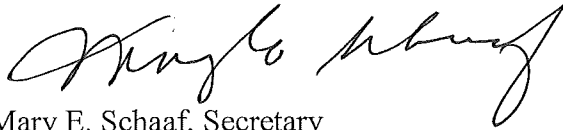
Chairman Leone expresses his displeasure with Wells Capital missing the benchmark for three years and with the funds overall rating. We might as well just go into the S&P 500 rather than retaining Wells. 75 Percentile ranking or the Fund is not acceptable.

Dr. Foust- Yes  
Chairman Leone- Yes  
Mr. Horton- Yes  
Ms. Schaaf- Yes

Mr. Burnette turned the floor over to Cindi Marzka of Boetger Retirement Services, for a brief actuarial update. Ms. Marzka stated that ARC for 2019 is \$5.8 Million an increase of \$4.4 Million. The reasons for the increase were the change of the expected actuarial return from 7.5% to 7.25%. In 2018 the plan lost between 5% and 5.5% compared to the expectation of a return of 7.5%. The plans funded ratio decreased from 99% in 2017 to 86% in 2018, due to the decline of the investment performance during that period.

Chairman Leone calls for adjournment

Adjournment at 1:19 P.M.

A handwritten signature in cursive script, appearing to read "Mary E. Schaaf".

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