

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

MAY 15, 2014

Members present: Fiore Leone, Chairman
Phil Fatica, Vice-Chairman
Mary E. Schaaf, Secretary
James Sparber, Member

Members absent: Dr. Kyle Foust, Member

Also present: Tony Keim, PNC Bank
Deedra Pfeffer, Pleasant Ridge Manor
Deanna Holtz, Pleasant Ridge Manor
Loyd Johnson, PNC
Jack Walburn, Pleasant Ridge Manor
Melissa Gruzca, PNC
Tom Gardner, Pleasant Ridge Manor
Michael Crofton, The Philadelphia Trust Co.
Michael Keim, RBC
Doug Riley, Boston Advisors
Gary Gustavich, DFA
Doug Ebert, Erie County
Don Boetger, Northwest Retirement Services
Cindi Marzka, Northwest Retirement Services
Rita Yannayon, Erie County Employees
Mark J. Orlop, Controller's Office
Marie L. Lewis, Controller's Office
Doug Smith, County Clerk
Frank Burnette, Morrison Associates

Chairman Leone called the Erie County Employees' Retirement Board to order at 12:04 PM in Room 114A, Erie County Courthouse.

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

Motion to approve the minutes for the First Quarterly and Reorganizational Meetings held February 27, 2014 and the Special Meetings held on April 3, 2014 and April 15, 2014 made by Mr. Fatica, seconded by Mr. Sparber and carried unanimously.

Chairman Leone called for the report of Morrison Fiduciary Advisors. Frank Burnette reported the portfolio returned 2.08% for the first quarter. Equities are over weighted at 63% vs. the target of 55%. Equities are fully valued and we will start pulling back. High yield bond spreads are below 4% and we will soon consider eliminating high yield assets and reallocate among existing managers. He showed the anticipated asset allocation changes on page 9 of his report and stated he would make a future recommendation to makes changes to bring the allocation back to target.

Chairman Leone called for the report of DFA. Michael Keim of RBC Wealth Advisors gave his economic and market view. Gary Gustavich of DFA fund Advisors reported on the DFA U.S. Large Cap Value Portfolio noting that it outperformed the market last year by 400 bp.

Chairman Leone called for the report of Philadelphia Trust. Michael Crofton stated this is his twelfth year managing the large cap portfolio for Erie County. He described his large cap portfolio as GARP style which is risk adverse. He noted that the portfolio is over weighted in four market sectors. The equity performance was 31.98% last year. Mr. Crofton's market forecast for 2015 depended on the growth of GDP later this year. He spoke regarding his opinion on the unwinding of the Fed and interest rates and its effects on the markets.

Chairman Leone called for the report of Boston Advisors. Doug Riley reported the large cap core portfolio is managed versus the S & P 500 Index. The first quarter return was 3.92% vs. 1.92% for the S&P while the trailing one year return was 26.86% compared to 21.86% for the S&P. He described their process of stock selection and current market conditions.

Adjournment at 12:28 P.M.

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

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