

**SPECIAL MEETING
ERIE COUNTY EMPLOYEES' RETIREMENT BOARD**

JUNE 28, 2017

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

Also present:

 Kevin Plymyer, FNB
 Jack Walburn, PRM
 Greg Ferrick, PRM
 Deedra Pfeffer, PRM
 Susan Potter, PRM
 Jennifer Nolan, Erie County DA
 Todd Manges, Erie County DA

Chairman Leone called the Erie County Employees' Retirement Board to order at 12:15PM in Room 114A, Erie County Courthouse.

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

Chairman Leone called for the approval of the minutes of the Second Quarterly Meeting of the Erie County Employees' Retirement Board held on May 18, 2017. Moved by Dr. Foust, Mr. Horton seconded, carried unanimously.

Chairman Leone turned the floor over to Frank Burnette from Morrison Fiduciary; Mr. Burnette stated that the returns for the Erie County Funds were 6% YTD.

Mr. Burnette asked the board if they wished to have anyone other than the five board members complete the Conflict of Interest Disclosure Statements. It was decided that the only person outside the board to complete this form would be Mr. Burnette.

Chairman Leone declares he will entertain a motion to vote on the new conflict of interest policy (Resolution #1 2017) and the Erie County/ Pleasant Ridge Manor Retirement System Conflict of Interest Discloser Statement all at once, Dr. Foust motions to do so, Second by Mr. Horton, Chairman Leone calls for Roll Call vote:

James Sparber- Yes
Dr. Kyle Foust- Yes
Fiore Leone- Yes
Andre Horton- Yes
Mary Schaaf- Yes

Chairman Leone returned the floor to Mr. Burnette, who stated the plans asset allocations, is 57% Equity, non-traditional is 14%, and fixed income is 28%. Mr. Burnette stated that the funds goal is 38% for fixed income. Mr. Burnette states that Mike Bee from Boyd Waterson would like to make a presentation

Mr. Bee states that since the inception the returns on the fund are 9.5%, the forecast for 2017 returns are 8%. Mr. Bee stated that on the fixed income side the fund is restricted to a max of 10% of below investment grade, which they would like to increase to 30%. Mr. Bee believes that the county would be able to increase returns up to 25-40 basis points. Mr. Bee would like to use Boyd Watterson's Limited Duration Enhanced Income Strategy, which is a mutual fund which utilized short dated high yield, and senior floating yield bonds. The current returns on this fund are 4%. Mr. Bee opens the floor to any questions from the board.

Ms. Schaaf asked if the .85% on the handout was the fund's recent return, Mr. Bee confirmed, Ms. Schaaf also asked if the 1.08% return shown on the hand out would have been the return if the board was invested in the new strategy, Mr. Bee Confirmed

Mr. Burnette asked about any changes to the fee schedule, Mr. Bee stated that the fees would remain at 23 basis points. Ms. Schaaf asked if the fund would be paying the internal mutual fund fees, Mr. Bee said that the fund will be reimbursed those fees.

Mr. Burnette suggested the board move forward on this strategy because of how low fixed income returns are. Chairman Leone asked if this change would change the funds diversification ratios. Mr. Burnette said the fund would remain within the board's goals.

Chairman Leone opens the floor for a motion to adopt the new strategy pending approval of contracts from the board's solicitor. Dr. Foust makes the motion, Ms. Schaaf seconds. Chairman Leone asks for a roll call vote:

James Sparber- Yes

Dr. Kyle Foust- Yes

Fiore Leone- Yes

Andre Horton- Yes

Mary Schaaf- Yes

Mr. Sparber then declares that he does have a conflict of interest due to a family member being a principal shareholder in Boyd Waterson. Mr. Sparber changes his vote from a yes to abstain.

Mr. Burnette explained that the scheduled PNC/Hamilton Lane Private Equity presentation was cancelled due to their determination that they did not have an approved relationship with Erie County.

Chairman Leone asked Mr. Burnette about the updating of Wells Fargo, Mr. Burnette stated that after review of all contracts only the Wells Fargo Small Cap was outdated. Mr.

Burnette noted that the new contract has been reviewed by the Retirement Boards solicitor and is ready for the board's approval.

Chairman Leone opens the floor for a motion to adopt the new Wells Fargo Small Cap contract. Dr. Foust makes the motion, Mr. Horton Seconds. Chairman Leone Asked for comments, Ms. Schaaf noted that the new contract for Wells Fargo contains the same fee of 80 basis points as before and compared to Emerald Small Cap which is also a small cap fund has a fee of 64 basis points it is a difference of 16 bp.. She asked if we have tried to get Wells Fargo to reduce the fee and wait on the contract to negotiate. Ms. Schaaf recalled that Chairman Leone stated previously that he wanted management fees of similar portfolios to be inline within that universe.

Mr. Burnette stated that fees can be negotiated at anytime and he has not done a full fee review in over a year.

Chairman Leone states that the Board should move forward with the motion on the floor and have Mr. Burnette begin the negation of fees with Wells Fargo.

Dr. Foust asked if the fees are reviewed annually. Mr. Burnette states that a report is reviewed and the Chairman can issue a letter for fee negotiations to begin. Mr. Burnette stated that he will begin a fee review.

Chairman Leone asks for a roll call vote:

James Sparber- Yes

Dr. Kyle Foust- Yes

Fiore Leone- Yes

Andre Horton- Yes

Mary Schaaf- Yes

Ms Schaaf presents the forms for Chairman Leone to sign.

Chairman Leone called for Adjournment

Adjournment at 12:40 P.M.



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

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