

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

**FEBRUARY 15, 2018**

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

Also present: Joe Conroy, Wells Fargo  
Cindi Marzka, Boetger  
Deedra Pfeffer, PRM  
Susan Potter, PRM  
Greg Ferrick, PRM  
Melissa Goncza, PNC  
Andrew Dylenski, PNC  
Doug Smith, County Council  
Mark Orlop, County Controller's Office  
Daniel Bayletts, County Controller's Office

Chairman Leone called the Erie County Employees' Retirement Board to order at 12:15 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 from the 11-16-17 meeting, they were approved.

Chairman Leone turned the floor over Frank Burnette from Morrison Fiduciary. Mr. Burnette stated that the fund was up 14.12% for 2017, beating the index by 3.4 %

Mr. Burnette states that the fund is for 2018 is currently up 1-2 %.

Mr. Burnette states that in the current rising interest rate environment he recommends short term bonds, he is going to evaluate the fix income portfolio and he may recommend moving money from PNC to Vanguard to rebalance the fund due to Vanguard's shorter term bonds which would be able to take advantage of rising rates.

Ms. Schaaf agrees with Mr. Burnette and states that Vanguard has outperformed PNC and is extremely short term which is a better place to be to ride out the decline in prices on longer term bonds.

Chairman Leone asks the board if anyone objects, there was no objection, Mr. Burnette states he will send out a confirmation email prior to the rebalance.

Mr. Burnette reviewed that we did move a little out of DFA adding to emerging markets and international funds which is being rewarded. The Board completed the Conflict of Interest declaration. MLPs went up 18% from 11/15/17 to 1/5/18 and are up 5-6% this year. They still pay the highest yields.

Mr. Burnette asked about the opinion of the board on the proposed private equity investment. Mr. Leone states that he now thinks that since we take risks all the time in the portfolio, he does not see the difference between the of public equity and private equity. He stated it is a good idea.

Mr. Burnette requested approving the changes in Investment Policy to include Private Equity. Chairman Leone stated he would not vote on such change with the approval of the board solicitor.

Mr. Burnette states that he was under the impression that the solicitor was okay with the wording of the changes to the policy but concerned about the concept of Private Equity. He wanted to protect the Board.

Chairman Leone states he will make sure the solicitor is at the next meeting before voting on the Investment Policy.

Dr. Foust states that the board should move of this issue sooner than later. He feels it is a calculated risk which we can get out of at any time and is not going to sink the fund.

Mr. Horton says he would like to air on the side of prudence and would like to bring the solicitor for clarification.

Ms. Schaaf states she does not recall any communication from the solicitor with his approval of the Investment Policy changes.

Mr. Sparber states he will feel more comfortable voting after a meeting with the solicitor.

Mr. Burnette states these are time sensitive investments and that the closing date is June 30<sup>th</sup>, and suggests that if need be he would come for a special meeting, Chairman Leone says he will contact the solicitor and set up date for a special meeting.

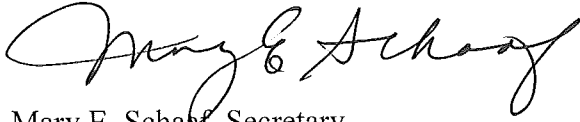
Mr. Burnette turns the floor over to Joe Conroy from Wells Fargo for a presentation on the Golden Capital Large Cap, The fund is performing close to index, and the fund has outperformed the benchmark 18 out of the last 25 years.

Mr. Conroy moved on to the US Small Cap Value Fund, for 2017 this fund has a return of 12.3% compared to the index of 7.84%

Mr. Conroy open the floor to questions, Ms. Schaaf asked about what changes to expect in the Wells portfolio due to changes to Federal Tax Laws.

Mr. Conroy believes that smaller US based companies will benefit the most from the changes.

Adjournment at 12:46 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  
deb