

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

FEBRUARY 27, 2014

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

Also present: Tony Keim, PNC Bank
 Deedra Pfeffer, Pleasant Ridge Manor
 Deanna Holtz, Pleasant Ridge Manor
 Chelsey Erickson, ECDH
 Loyd Johnson, PNC
 Dr. Bill Cobert, self
 Kevin Plymyer, FNB
 Jack Walburn, Pleasant Ridge Manor
 Melissa Grucza, PNC
 Andre Horton, County Council
 Mark J. Orlop, Controller's Office
 Marie L. Lewis, Controller's Office
 Denee Breter, County Clerk's Office
 Lana Wright, County Council Office
 Frank Burnette, Morrison

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

Chairman Leone called for hearing of the public. John Innocenzi spoke. Mr. Innocenzi stated the employees of Erie County were not informed about the Board's decision to no longer allow the employees to utilize the vacation buy back for pension calculating purposes. He stated he would like the Board to consider allowing the some of the employees to reverse their vacation buy back because they were not fully informed of the Board's previous action with regard to pension calculations and they would never have participated in the buy back if they would have known it did not have pension taken out of it. Chairman Leone stated he apologized the employees did not receive proper notification. This change was taken due to this past practice is contrary to County Pension Law which the Board did not realize until last year. He stated he will have the Finance Director make sure all of the employees understand and are aware what has been done.

Motion to approve the minutes for the Fourth Quarterly Meeting held November 21, 2013 and the Special Meeting held on December 10, 2013 made by Mr. Sparber, seconded by Ms. Schaaf and carried unanimously.

Chairman Leone called for the report of Morrison Fiduciary Advisors. Frank Burnette reported the 2013 return was 20.25% with a rank of 18 and the five year return is 13.59% with a rank of 9.

Chairman Leone called for a motion to remove Boston Advisors from watch status. Motion by Dr. Foust, seconded by Mr. Fatica and carried a unanimous voice vote.

Chairman Leone called for the report of PNC fixed income. Tony Keim introduced Loyd Johnson and Mr. Johnson presented the report. The 2013 return was -.40%.

Mr. Burnette presented the Annual Brokerage Analysis. Erie County no longer has directed brokerage. The total commissions paid in 2013 was about \$129,000 at 3 to 4 cents per share.

Mr. Burnette presented the Fee Schedule Review. The fee schedule was established when the Fund was about \$100,000,000. The Fund has grown to over \$225,000,000 and the fees have grown correspondingly. Active management is the more expensive part of the portfolio. Ms. Schaaf stated that Mr. Burnette had anticipated her concern about the larger fees and suggested renegotiating the fees with the active managers now that we have a larger pot of money in order to improve performance and reduce the cost to the taxpayers. Mr. Leone agreed that the Consultant should do so. Mr. Burnette stated he would word a letter from the Board asking the managers for a reduction in basis points.

Chairman Leone called for a motion to approve a disability retirement application that was approved by the Board Solicitor. Motion by Dr. Foust, seconded by Mr. Fatica a carried a unanimous voice vote.

Ms. Schaaf stated that as of January 1, 2014, Boetger & Associates is now operating under the name Northwest Retirement Services. She also stated that the Securities Litigation total as of today's date is \$644,400 returned to the Fund through the work of Kessler, Topaz, Meltzer and Check LLP and their findings of wrongdoing. KTMC, LLP has not charged the fund any fees but they do request that from time to time the Erie County Employees' Retirement Fund be lead plaintiff in some cases.

Adjournment at 12:48 P.M.

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

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