

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

AUGUST 16, 2012

Members present: Fiore Leone, Chairman
 Mary E. Schaaf, Secretary
 James Sparber, Member
 Joseph Giles, Vice-Chairman
 Ronald "Whitey" Cleaver, Member

Also present: John Coates, Templeton
 Brad Hanson, Franklin Templeton
 Cindi Marzka, Boetger & Associates
 Jack Walburn, Pleasant Ridge Manor
 Deanna Holtz, Pleasant Ridge Manor
 Tom Gardner, Pleasant Ridge Manor
 Kevin J. Plymyer, First National Bank
 Michael Keim, RBC Wealth Management
 Tony Keim, PNC
 Glenn Kemp, Dimensional
 Joe Conroy, Wells Capital Management
 Karen Dorich, Finance Department
 Deedra Pfeffer, Pleasant Ridge Manor
 Brian Forth, WHV
 Greg Orlando, Wells Fargo
 Frank Burnette, Morrison Fiduciary
 Carol Musiek, Library
 Sally Wingerter, Clerk of Courts
 Phil Fatica, County Council
 William F. Amick, County Controller's
 Marie Lewis, County Controller's

Chairman Leone called the Erie County Employees' Retirement Board to order at 12:22 PM in Room 114A, Erie County Courthouse.

Chairman Leone called for the hearing of the public. No one asked to speak.

Motion to approve the minutes for the Second Quarterly Meeting held May 17, 2012 and the Special Meeting held on June 22, 2012 made by Mr. Giles, seconded by Mr. Sparber and carried unanimously.

Frank Burnette of Morrison Fiduciary Advisors, Inc. gave the Erie County Employees' Retirement fund performance report. The Fund has a value of close to \$186,000,000 as of today. Year to date, it has had a 7.42% return. The current equity allocation is 61%. He is contemplating rebalancing at the high point of this market in the next couple of weeks to take some profits off the table.

Joe Conroy presented the report of Wells Capital Management Small Cap Value Equity. For the 12 months, it has returned 2.53% versus the index return of -1.43%. For 3 years, the return has been 19.18% annually versus 17.43 for the index. Since inception, 11/30/04, it has outperformed the Russell 200 Value Index by 2.5%.

Brian Forth presented the report of WHV International Equity. Since inception, 12/31/04, it has outperformed the EAFE index by 8.39% annually. The 12 month return was -16.38% versus the EAFE index return of -13.83%. The 3 year return is 9.21% annually versus 5.96% for the EAFE index. Emerging markets will continue benefit the growth area.

Mr. Leone recommended that from now on WHV do video conferencing rather than fly from San Francisco to do their next report to the Board. Mr. Forth replied that he enjoyed visiting Erie. Ms. Schaaf asked if he has other clients in Erie that he could coordinate visiting with his annual County Pension presentation. He replied that he does and he will be coming to Erie next week for their annual meeting. Mr. Burnette agreed with Mr. Leone.

Brad Hanson from Franklin Templeton introduced John Coates, the manager, to present the report of Franklin Templeton International Value Equity. The 12 month return was -15.06 versus the EAFE index return of -13.83%. The 3 year return is 5.01% versus 5.96% annually. The value investing style has been a difficult area for the past six years. He explained why he still like European investments and how he values European companies. He spoke about the low valuations provide an opportunity despite the austerity situation. They have 90 positions in the portfolio with excellent diversification and a 3.9% dividend yield.

Ms. Schaaf remarked how valuable it was to have Mr. Coates, the manager, come in person to share with the Board his in depth knowledge of the Franklin Templeton portfolio.

Michael Keim of RBC Wealth Management announced that James Keim has retired. Michael Keim will continue the relationship with the County. Glenn Kemp presented the report of Dimensional Fund Advisors Large Cap Value Fund. The 12 month return has been -3.20% versus a 3% index return. The three year return has been 16.88% versus the Russell 1000 Value Index return of 15.8%.

Mr. Burnette presented the Fee Schedule showing the total Plan fees at 63 basis points of which 11 basis points is administrative and 52 basis points for the management. He also noted the three year rank of 23 for the total fund and seven year rank of 11.

Adjournment at 1:19 P.M.

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