

**SPECIAL MEETING  
ERIE COUNTY EMPLOYEES' RETIREMENT BOARD  
AND  
PLEASANT RIDGE MANOR EMPLOYEES' RETIREMENT COMMITTEE**

**MAY 23, 2013  
1:00 P.M.**

Members Present:            Fiore Leone, Chairman  
                                      Mary E. Schaaf, Secretary  
                                      Ronald "Whitey" Cleaver, Member  
                                      James Sparber, Member

Members Absent:            Joseph Giles, Vice-Chairman

Also Present:                William Amick, Controller's Office  
                                      Marie Lewis, Controller's Office  
                                      Mark J. Orlop, Controller's Office  
                                      Frank Burnette, Morrison Associates  
                                      Doug Smith, County Clerk  
                                      Lisa Austin, Public Citizen

The Special Meeting of the Erie County Employees' Retirement Board and Pleasant Ridge Manor Employees' Retirement Committee was called to order at 1:00 P.M., in Room #114A, Erie County Courthouse.

Chairman Leone began the discussion of the approval of the proposed implementation of new Equity and Fixed Income strategies by asking called Frank Burnette from Morrison Fiduciary to give his recommendations which the Board had received by email. Mr. Burnette stated the Board can make all these changes without the Board needing to update the Investment Policy language which was listed as necessary in the email. Chairman Leone stated he did not believe the Investment Policy needed to be changed every time something similar to this situation comes up and he does not want to update the Policy. Mr. Leone stated the Consultant must come back to the Board for approval for every proposed change.

Ms. Schaaf asked Mr. Burnette to review the Investment Policy wording regarding active or passive management. He stated that on page 7 in the second paragraph it is written "The Board prefers investment managers with active investment styles that seek to achieve investment returns exceeding market indexes over a long period of time", it goes on to state "managers will be provided discretion". He stated that the proposed changes would differ from the Policy wording. Ms. Schaaf recommended the Board vote to broaden the management styles by tweaking the wording of the Policy to include "the Board will utilize active or passive investment styles" in the paragraph. Mr. Burnette agreed that change would be fine.

Chairman Leone called for a motion to approve the change Ms. Schaaf recommended.

Motion by Ms. Schaaf, seconded by Mr. Cleaver and carried by unanimous voice vote.

Chairman Leone called for a motion to terminate PNC's Large Cap Growth Equity account and transfer the proceeds from PNC's liquidation to the Vanguard Russell 1000 growth index fund (or an equivalent fund identified by the Consultant).

Motion by Mr. Sparber, seconded by Ms. Schaaf and carried by unanimous voice vote.

Chairman Leone called for a motion to liquidate one half of the large cap core equity accounts for CS McKee, Boston Advisors and Philadelphia Trust and transfer the proceeds from the large cap core equity liquidations (McKee, Boston Advisors and Philadelphia Trust) to the Vanguard S&P 500 index fund (or an equivalent fund identified by the consultant).

Motion by Mr. Cleaver, seconded by Mr. Sparber and carried by unanimous voice vote.

Chairman Leone called for a motion to terminate the fixed income accounts of Emerald Advisors and CS McKee and transfer one half of SEIX's High Yield Fund to SEIX's Variable Rate Loan Fund and transfer the proceeds from the Emerald and McKee liquidations between Boyd Watterson's fixed income account, PNC's fixed income account and SEIX's Variable Rate Loan Fund.

Mr. Burnette presented the Erie County Asset Rebalancing and will implement unless the Board objects. Ms. Schaaf said that the \$1 million transfer to the two International managers who have underperformed the EAFE index had not been discussed. She asked if the Board should instead consider the Vanguard EAFE Index Fund in a move similar to what was done for the Large Cap sector. Mr. Burnette said that \$1 million was too small to have an effect on overall performance and we would be adding too many managers. Ms. Schaaf urged the Consultant to reconsider in the future for improving International sector performance.

Motion by Ms. Schaaf, seconded by Mr. Sparber and carried by unanimous voice vote.

Adjournment at 1:13 P.M.

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

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