

THIRD QUARTERLY MEETING
Pleasant Ridge Manor Employees' Retirement Committee

AUGUST 18, 2016

Members present: Fiore Leone
 James Sparber
 Mary E. Schaaf

Also present: Kevin Plymyer, FNB
 Jeff Schlegel, FNB
 Michael Consorte, Capital Group/ American Funds
 Greg Fernzca, Pleasant Ridge Manor
 Jack Walburn, Pleasant Ridge Manor
 Deedra Pfeffer, Pleasant Ridge Manor
 Doug Smith, Council Clerk
 Michael Bee, Boyd Watterson

Chairman Leone called the Pleasant Ridge Manor Employees' Retirement Committee to order at 12:00 PM in Room 114A, Erie County Courthouse. Two members were absent, Mr. Horton and Dr. Foust.

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

Chairman Leone called for the report of Morrison Fiduciary Advisors. Frank Burnette stated as of year-to-date the pension plan is up 6 to 7%. His economic report was a positive one but corporate profits have been flat. He expects earnings to start to grow in the energy sector. Brexit and the presidential election were highlighted as current issues. He recommends staying fully invested.

FNB, the Pension's fixed income manager was asked to present. Jeff Schlegel stated the FNB portfolio is \$18 million with a target allocation of 90% fixed income. Cash is at minimum levels using low-cost institutional index funds that have liquidity to tap into for distributions. As of June 30, the duration is at 90% of the benchmark. In July, the FNB committee met and forecast US interest rates to be range bound so they extended the duration to neutral to the benchmark while overweighting corporate bonds. The one year return is 20 basis points behind the benchmark. Bond markets have rebounded year-to-date and the return is now 24 basis points above the benchmark. Since inception in 2012, the return is above the benchmark. They are using some tax free bonds in the portfolio.

Ms. Schaaf asked if Mr. Burnette could review the performance of the entire fund. The total fund is 3.2 % year to date June 30. The Index funds have had good rankings are competitive with the benchmarks. All equity sectors are matching their benchmarks. International equity is beating its benchmark.

Ms. Schaaf commented that she is very pleased with the performance of the Pension which has an overall ranking of 37 for the one year and three year ranking of 20 since we have made major changes over the past 2 ½ years.

Chairman Leone adjourned the meeting at 12:15 PM.