

**FIRST QUARTERLY MEETING  
PLEASANT RIDGE MANOR EMPLOYEES' RETIREMENT COMMITTEE**

**FEBRUARY 21, 2013**

Members present: Fiore Leone, Chairman  
Joseph F. Giles, Vice-Chairman  
Mary E. Schaaf, Secretary  
James Sparber, Member

Members absent: Ronald "Whitey" Cleaver, Member

Also present: Tony Keim, PNC Bank  
Tom Winters, Seix Advisors (via videoconference)  
Deedra Pfeffer, Pleasant Ridge Manor  
Kevin Plymyer, FNB  
Jack Walburn, Pleasant Ridge Manor  
Jeff Schlegel, FNB  
Melissa Grucza, PNC  
Doug Ebert, Health Department  
Tom Gardner, Pleasant Ridge Manor  
Ed DiMattio, County Council  
Tom Talarico, Solicitor  
Doug Smith, County Clerk  
Sharon Drayer, Voter Registration Office  
William F. Amick, Controller's Office  
Frank Burnette, Morrison Associates

Chairman Leone called the Pleasant Ridge Manor Employees' Retirement Committee to order at 12:04 PM in Room 209, Erie County Courthouse.

Chairman Leone called for the approval of the minutes of the Fourth Quarterly Meeting of the Pleasant Ridge Manor Employees' Retirement Committee held on November 15, 2012 and the Special Meeting held on December 12, 2012.

Motion to approve made by Mr. Giles, seconded by Ms. Schaaf and carried by unanimous voice vote.

Chairman Leone called for the report of Morrison Fiduciary Advisors, Inc. Frank Burnette gave the report. He stated that the Fund has been reconfigured with individual managers and individual asset classes similar to the Erie County Employees' Plan. The return for the fourth quarter of 2012 was 1.2% and the 2012 year return was about 11%.

Mr. Burnette called for the report of First National Bank. Jeff Schlegel gave the report. Mr. Schlegel recommended allowing his firm to move into the High Yield Space but the current Investment Policy does not allow for that at this time.

Mr. Burnette recommended the Board grant First National Bank an exception to the Investment Policy to allow First National Bank to put up to 15% of their Fixed Income Portfolio into High Yield or Variable Rate Loan funds.

Motion by Mr. Giles, seconded by Mr. Sparber to grant First National Bank an exception to the Investment Policy to allow First National Bank to put up to 15% of their Fixed Income Portfolio into High Yield or Variable Rate funds.

Discussion followed. Ms. Schaaf asked since Mr. Schlegel had indicated that FNB would use external managers, whose mutual funds would be utilized, their internal management fees and the amount that would be allocated to high income versus the loan portfolio. He indicated that it would be split evenly between the Vanguard High Yield Fund with a management fee of approximately 12 basis points and the Fidelity Advisors Variable Rate Loan Fund with a management fee of 53 basis points. Ms. Schaaf objected to the double fee charge to the Plan by paying the Mutual Fund management fees and the FNB management fee. Ms. Schaaf requested that the Board wait until the SEIX Fund representative who manages the County Employees' Plan High Yield Fund gives his presentation of their Variable Rate Bank Loan Fund and that the Board consider the cost savings with utilizing the SEIX Funds without paying a second layer of fees. She noted that the SEIX High Yield Fund has had excellent performance in the County Pension and she requested a comparison of the performance track records of all the two Funds discussed and the SEIX Fund.

Mr. Burnette stated he wished to use First National Bank and their structure. Mr. Sparber stated that he was sensitive to cost structure but willing to pay a pricing premium and see how it works. Chairman Leone stated he feels the Board should not micro-manage the investment managers. Mr. Giles requested a review by year end. Ms. Schaaf reiterated her previous request to Mr. Burnette to provide net performance returns as well as gross returns in his reports. Mr. Burnette advised the additional management fee charged by FNB on mutual funds was about 10 basis points instead of the 20 basis points they charge for their own bond portfolio management.

Chairman Leone called for the vote on the motion. The motion carried by unanimous voice vote.

Adjournment at 12:40 P.M.

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

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