

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

FEBRUARY 21, 2013

Members present: Fiore Leone, Chairman
Joseph 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
Tom Winters, SEIX Advisors

Chairman Leone called the Erie County Employees' Retirement Board to order at 12:40 PM in Room 209, Erie County Courthouse.

Motion to approve the minutes for the Fourth Quarterly Meeting held November 15, 2012 and the Special Meeting held on December 12, 2012 made by Mr. Giles, seconded by Mr. Sparber and carried unanimously.

Chairman Leone called for the discussion of the Fiduciary Liability Insurance Issue. Solicitor Talarico stated he will schedule a meeting with the Board in the future after he has reviewed all of the documentation given to him and has had a chance to make a determination on what is best for the Board.

Mr. Burnette stated that Boyd Watterson was doing a corporate restructuring by buying stock back from its parent, Titanium. They gave the Board the ability to terminate their contract if desired. The Board did not respond and thereby chose not to terminate. Mr. Sparber disclosed that his brother is investing in Titanium Class B stock and would advise if this was a conflict in the future.

Frank Burnette of Morrison Fiduciary Advisors, Inc. gave the Erie County Employees' Retirement fund allocation report. He recommended the Board approve the merging of Emerald Mid-Cap Growth into Small Cap-Growth and asked for a motion to approve. Motion by Ms. Schaaf, seconded by Mr. Giles and carried unanimously.

Mr. Burnette presented the annual Fee Schedule Analysis including relationship fees and management fees for a total of \$1,010,336 or 53 basis points. Administration fees were 10 basis points of the total fund or about \$192,000. Total cost was about \$1,200,000 or 62 basis points.

Tony Keim presented the report of PNC Advisors Intermediate Investment Grade Fixed Income Portfolio. The one year gross return was almost 5% and above the Barclay's benchmark. Since inception 7/1/08, it has outperformed the benchmark on a gross basis.

Tom Winters presented the report of SEIX Advisors after Mr. Burnette spoke of the excellent performance of their High Yield Sector. Mr. Winters stated that the SEIX High Yield Fund had about a 15% return since January 2012 when purchased by the Pension and this resulted in an additional 12% or about \$1,500,000 more than the return would have been if the Pension had remained in the previous investment.

Mr. Winters also presented the SEIX Variable Rate Bank Loan product for consideration by the Board. In the past 6 ½ years they have been one of only a few such funds who have provided daily liquidity.

Mr. Burnette presented the Annual Brokerage Analysis. In 2012, \$134,000 in commissions at an average of about 3 cents per share was spent. \$14,000 of that was directed to Erie County brokers.

Performance of the total Pension Fund was in the 46th percentile for the five years, 17th percentile for seven years.

Mr. Burnette is keeping an eye on the performance of PNC Large Cap Growth.

The MEPT Real Estate had a write down of 5% last quarter due lower property values than expected in the portfolio.

Bill Amick stated the annual pension informational meeting will be held May 30, 2012 at the Hirt Auditorium in the Blasco Library.

Adjournment at 2:10 P.M.

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

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