

**SPRINGETTSBURY TOWNSHIP
POLICE PENSION BOARD**

**MAY 28, 2015
APPROVED**

The Police Pension Board of Springettsbury Township held a meeting on Thursday, May 28, 2015 at 6:15 p.m. at the offices of Springettsbury Township located at 1501 Mt. Zion Road, York, PA.

MEMBERS IN

ATTENDANCE: Mark Swomley, Chairman
George Dvoryak
Julie Landis
Kathleen Phan
Bill Schenck (arrived 6:45 p.m.)

ALSO IN

ATTENDANCE: Kristen Denne, Township Manager
Renee Laychur, F.N.B. Wealth Management
Karen Kenderdine, F.N.B. Wealth Management
Joe Paese, F.N.B. Wealth Management
Cory Landis, Police Department
Jean Abrecht, Stenographer

1. CALL TO ORDER

SWOMLEY Chairman Mark Swomley called the meeting to order at 6:15 p.m. He announced a Quorum was present.

2. ACTION ON MINUTES

A. Police Pension Board Regular Meeting of February 26, 2015.

MS. PHAN MOVED TO APPROVE POLICE PENSION BOARD MINUTES OF FEBRUARY 26, 2015. MR. DVORYAK WAS SECOND. MOTION UNANIMOUSLY CARRIED.

3. PUBLIC COMMENT

There was no public comment.

4. CORRESPONDENCE AND OTHER COMMUNICATIONS

A. Police Pension Reports:

- (1) Acknowledge Receipt of Payroll Pension Contribution Reconciliation Report for Police Pension Fund (1st Quarter – 2015)
- (2) Acknowledge Receipt of FNB Management Report for February 2015
- (3) Acknowledge Receipt of FNB Management Report for March 2015

- (4) Acknowledge Receipt of FNB Management Report for April 2015

MR. DVORYAK MOVED TO ACKNOWLEDGE RECEIPT OF REPORTS ITEMIZED AS (1) TO (4) ON THE AGENDA. MS. PHAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.

5. REPORTS FROM FINANCIAL ADVISORS

KENDERDINE Karen Kenderdine, FNB reported on the Net Asset Summary. Beginning Market Value as of January 1, 2015: \$14,275,822.79. Employee Contributions: \$34,790.36. Other Receipts: \$2,771.62. Total Contributions: \$37,561.98. Benefits Paid: \$148,347.46; Expenses \$14,692.87; Other Payments: \$32,160.55. Total Distribution: \$195,200.88. Interest Income: \$19,383.25; Dividends: \$53,377.77. Total Income: \$72,761.02. Realized Gain: \$348,177.68; Accrued Income: -\$4,476.89; Unrealized Depreciation: \$129,054.86. Ending Market Value as of March 31, 2015: \$14,405,590.84.

LAYCHUR Renee Laychur presented an overview of the portfolio report provided for the board. Some highlights of the report follow:

First Quarter –

- GDP final revision lowered to 2.2% from 2.6%.
- Unemployment rate fell to 5.5% in March.
- Job Creation averaged 184,000 jobs per month.
- European economic activity showed improvement; global interest rates declined.
- U.S. 10-year Treasury ended 2014 at 2.17%; dipped to 1.64% in January; U. S. Dollar surged to multi-year highs.

Market Highlights First Quarter -

- Developed markets posted larger gains than Emerging markets.
- S&P 500 Value Index only major index declined in the quarter.
- S&P 500 Growth Index outperformed with 2.4%.

Fixed Income Returns –

- Overall Gross of Fees was up 1.68% versus a benchmark of 1.45%
- Duration of Individual Bonds, 3.17%; Fixed Income Mutual Funds, 3.09%.

Equity Returns -

- Gross of Fees Equity Returns up 2.3% versus benchmark of 2.49%
- Equity Mutual Funds beat their blended benchmark; 3.00% versus 2.53%.

Portfolio Asset Allocation -

- Equity rounded to 57%; Fixed Income rounded to 40%; Cash at 3%, all within Investment Policy Statement.

Investment Results –

- Overall Account was down for the month of March 0.39%
- Three month overall account was up 1.94% versus benchmark of 2.07%
- Year-to-date performance 1.94%; one year, 5.63%, three years, 8.60%, five years, 8.06%, 10 years 6.17%; since Inception 6.75%.

Mutual Fund Reports list was provided, along with the Morningstar reports. Mutual Fund Exceptions as of March 31, 2015 were listed as well.

PHAN Ms. Phan questioned the yield to percentages with the Fixed Income versus the Equity. She asked at what point the Fixed Income would be raised.

LAYCHUR Ms. Laychur responded that they review that on a term basis because as yields go up, Fixed Income prices go down. They are cautious about the Fixed Income as the rates are flexible. In addition, they are pulling some yield from individual stocks.

DVORYAK Mr. Dvoryak noted that within the last two weeks the Supreme Court had issued a ruling on a case involving 401K plans. He noted that 401K plans are different from this fund. It had to do with applying fees that are paid to the fund managers. He asked whether F.N.B. had evaluated that Supreme Court outcome.

PAESE Mr. Paese responded that he had just attended a seminar on retirement services with such plans as 401K's.

LAYCHUR Ms. Laychur interjected that those are ERISA plans, and the Police Pension portfolio is not ERISA.

PAESE Mr. Paese noted that the issue involves an ongoing saga with the DOL and full disclosure. They have three different providers and scrutinize their fees, mutual fund internal fees, etc. He noted that during the RFP process, they presented their case combined with expenses of mutual funds on top of what is charged. The court case focused more on the 401K, but individual IRA accounts is another area that has come under a lot of scrutiny as to fees charged. However, he emphasized that it is a very different matter than the Police Pension portfolio.

LAYCHUR Ms. Laychur noted that the whole matter resulted from a lot of fees that were buried in 401K plans, and participants weren't aware they were paying those fees. She stated that she does show the fees, and for the next meeting she will calculate the dollar amount of fees at the end of the quarter.

6. OLD BUSINESS

DENNE Ms. Denne asked the members of the board to sign the signatories for the Fulton Bank. They will need a copy of their driver's license.

7. NEW BUSINESS

A. Acknowledge COLA Payment Increase to Michael Sciangula from \$3,684.94 to \$3,716.69 effective March 1, 2015. As stated in Mr. Zimmerman's attached letter, Mr. Sciangula should also receive a one-time payment for January and February 2015 of \$59.40, as well as an additional \$31.75 for the months of March and April 2015 totaling \$122.90.

B. Acknowledge Receipt of Correspondence from Conrad Siegel Actuaries regarding Robert Drawbaugh's COLA. As stated in Mr. Zimmerman's attached letter for the period February 1, 2014 to February 1, 2015, the inflationary increase over this period was negative 0.1% and therefore, there would be no COLA this year for Mr. Drawbaugh.

MS. LANDIS MOVED TO ACKNOWLEDGE COLA PAYMENT INCREASE AND ALSO ACKNOWLEDGE RECEIPT OF CORRESPONDENCE FROM CONRAD SIEGEL. MR. DVORYAK WAS SECOND. MOTION UNANIMOUSLY CARRIED.

8. COMMITTEE MOTIONS

There were no Committee Motions for action.

9. ADJOURNMENT

SWOMLEY Chairman Swomley adjourned the meeting at 6:50 p.m.

Respectfully submitted,

Kathleen Phan
Secretary

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