

**SPRINGETTSBURY TOWNSHIP  
POLICE PENSION BOARD**

**AUGUST 22, 2013  
APPROVED**

The Police Pension Board of Springettsbury Township held a meeting on Thursday, August 22, 2013 at 6 p.m. at the offices of Springettsbury Township located at 1501 Mt. Zion Road, York, PA.

**MEMBERS IN**

**ATTENDANCE:** Bill Schenck, Chairman  
Don Bishop  
Mike Bowman  
George Dvoryak

**MEMBERS NOT**

**IN ATTENDANCE:** Julie Landis

**ALSO IN**

**ATTENDANCE:** John Holman, Township Manager  
Annette Hose, Fulton Financial  
Rene Laychur, F.N.B. Wealth Management  
Joe Paese, F.N.B. Wealth Management  
Karen Kenderdine, F.N.B. Wealth Management  
Jean Abreght, Stenographer

A. Call to Order

**SCHENCK** Chairman Schenck called the meeting to order. He stated that a Quorum was present of the Police Pension Board with four members present.

B. Action on Minutes

1. Police Pension Board Work Session of May 1, 2013
2. Police Pension Board Regular Meeting of May 23, 2013

**MR. BISHOP MOVED TO APPROVE THE MINUTES AS SUBMITTED. MR. BOWMAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

C. Public Comment

There were no public comments.

D. Correspondence and Other Communications

1. Police Pension Reports:
  - a. Acknowledge Receipt of Payroll Pension Contribution Reconciliation Report for Police Pension Fund.
  - b. Acknowledge Receipt of Fulton Financial Trust Report for May 2013.
  - c. Acknowledge Receipt of Fulton Financial Trust Report for June 2013.

- d. Acknowledge Receipt of Fulton Financial Trust Report for July 2013.
- e. Acknowledge Receipt of F.N.B. Management Report for May 2013.
- f. Acknowledge Receipt of F.N.B. Management Report for June 2013.
- g. Acknowledge Receipt of F.N.B. Management Report for July 2013.

**MR. BISHOP MOVED TO ACKNOWLEDGE POLICE PENSION REPORTS A  
THROUGH G. MR. BOWMAN WAS SECOND. MOTION UNANIMOUSLY  
CARRIED.**

E. Reports from Financial Advisors:

1. Fulton Financial: Police

**HOSE** Annette Hose asked if they could be last as Elizabeth Peris was enroute.

2. F.N.B.: Police Fund

**PAESE** Joe Paese thanked the board for its decision to allow F.N.B. to continue as financial advisors, which they very much appreciated. They will be meeting together with Mr. Holman and Ms. Hose to make sure the transition is smooth. Mr. Paese recognized Ms. Hose's and Fulton's efforts in the best interests of the pensioners.

**LAYCHUR** Renee Laychur presented the Net Asset Summary for the quarter showing the Beginning Market Value as of April 1, 2013 at \$6,128,733.72. There were Fiduciary Fees of \$7,458.26; Earned Income of \$28,019.01; Realized Gains of \$92,691.75; Accrued Income of \$4,979.22 and Unrealized Appreciation/Depreciation of \$104,994.37 with a Positive amount of \$10,737.17. The Ending Market Value as of June 30, 2013 was \$6,132,012.63.

Ms. Laychur reported on Section II, the Financial and Market Overview. Main items of interest:

- Market focused on the Federal Reserve and the potential for tapering. Election of a new Chairman will affect policy and interest rates.
- Economic numbers mixed; retailers have had spotty earnings except for Home Depot and Lowe's. Luxury items doing well.
- Unemployment Rate still around 7-1/2%; non-farm payroll jobs were disappointing.
- Europe – Germany and France, Northern Europe showing positive growth; China PMI better than anticipated. The British are not doing so well. Asian emerging markets doing better.

- Earnings – 75% of companies in the S&P 500 beat their bottom line; economists see higher growth up in the 1.7% positive numbers.

Ms. Lachur reviewed Section II in its entirety, all of which documentation was presented to the board. She noted that real estate with existing home sales showed a very positive uptrend in economic news. Corporate profits are doing very well.

Section III of the report revealed Investment Results over one month, three months, year-to-date, one year and three years. Overall Account cap was 1.65 versus the Custom index of 1.61 or 1.53 from the Investment Policy. Over three months the equities were positive 0.23 versus -0.26 and -0.24. Year to date results were 5.21 with benchmark of 4.04 and 4.24. Over the one year period equities were 18.68, total return of 10.95 versus a benchmark of 9.25 and 9.03. A three-year return of 16.78, total return of 10.26 and 9.15. Five year results were 5.19, total return 6.47; 10 year return of 6.30 and since inception on 12/31/02 up 6.63.

Section IV documented the Asset Allocation/Holdings: Cash 2.31%; Fixed Income 43.14% and Equity 54.56%. She reviewed the detail of the allocations.

Section V documented the Mutual Fund detail and all the Morningstar sheets.

Section VI identified the Mutual Fund Exceptions, documented in red. She noted several of the average ratings above 40 and the average of the three, five and 10 year rating. Several of the top holdings are more concentrated than the policy dictated and have coupons that have triple the average credit quality and two Bond Funds that are A or better.

Ms. Lachur concluded her remarks stating that she is positive on the U. S. economy, and that the trend is clearly for better numbers. Consumer spending bears watching as it is seven percent of the GDP.

1. Fulton Financial: Police

**HOSE** Ms. Hose presented the accounting for the quarter from April 1, 2013 to June 30, 2013. Market Value as of April 1, 2013 was \$6,135,839.45. Total Contributions from the police officers were \$40,824.58 and Investment Income was \$21,778.20. Unrealized losses for the quarter were \$64,983.90. Disbursements for the quarter were \$165,888.78. The Trustee Fee for the quarter was \$10,623.00. Market Value as of June 30, 2013 was \$5,957,103.00.

**PERIS** Ms. Peris stated that she would not review the economic and market information in depth, as both Fulton Financial and F.N.B. monitor basically the same

economic information. However, she stated she would share how the portfolio had been positioned strategically and tactically, followed by a review of the allocation and income performance. She noted that economic growth had picked up during the second half of the year, which supports the potential reduction in stimulus as early as September but which depends on the unemployment rate and the adjudication. The second quarter GDP came in at 1.7%. Jobs are reported as part-time jobs with not very high pay. Housing is strong. Economics in Europe and China seem to be lifting. The 10-year yield curve was 1-3/4 at the end of 2012, and currently is somewhere between 2.8 and 2.9. Equity markets pulled back at the end of June. The change in interest rate relates to a change in the real estate market. The domestic market is over weight in the Large Cap Growth area. Micro Cap is underweight. The Mid Cap and Small Cap sectors are neutral with about 18% of the portfolio in that sector. The remaining 52% is in the Large Cap, and 30% is in International. There was a significant decline in the Fixed Income markets; however, the High Yield sector shows positive returns.

**PERIS**

Ms. Peris reviewed the Asset Allocation. Equities are slightly overweight at 48.9%; Fixed Income is elevated at 49.1%; Cash at 2.0%. Market appreciation totaled about \$190,000, still positive for the year. She reviewed the Fixed Income Portfolio which has a four-year duration. The Federated and the PIMCO are investment grade. The Federated product is an A+ rating; PIMCO is an A rating. Sectors in the overall portfolio are about 40% in U. S. Government primarily driven by the PIMCO allocation. Investment Grade Sector is about 53% with the aggregate investment rating at about 26%. On the Equity side, Large Cap is about 53%; Small and Mid Cap is just under 18%. International is about 30%.

Ms. Peris reviewed the Performance Summary to the end of 6/30/13. For three months the Fixed Income was down just over 2%. Barclay's Aggregate was down 2-1/3%. Year to date results are down 1.7% for the Bond Market at 2.45%. Portfolio performance on the Equity side for three months is up 1/2% a percentage point. The Total Managed fund year-to-date is at 3.14%.

Ms. Peris reviewed the Exception pages as of 6/30/13. Some exceptions have improved while others have changed only slightly. In the Equity Mutual Funds there are three funds that have holdings over the top 10 are over 35% of the portfolio. However, there is no value when combined with Federated Strategic Value with the Russell 1000 Value Index, not to go over 35%. When the Edgewood and the River Park are combined, they both have Large Cap growth. The top 10 holdings are about 37/38% of the Large Cap Growth portfolio. The Fixed Income portfolio has a few exceptions with some below A rated bonds

which are investment grade. They are BBB or BBB+ with about 17% of the portfolio.

F. Old Business

**HOLMAN** Mr. Holman reported that the transition of the majority of funds from Fulton to F.N.B. will occur in the third quarter of 2013. Fulton Financial will continue to provide issuing pension payment checks to the pensioners through the end of December 31, 2013. Effective January 1, 2014 F.N.B. will take over administration of the issuance of pension payments.

**BISHOP** Mr. Bishop commented that, during the process of interviewing investment advisors, there had been discussion about investment policy changes. He asked about the next step.

**HOLMAN** Mr. Holman responded that he planned to meet with F.N.B. to determine what their recommendations would be regarding the investment policy. He planned to provide an update during the October meeting of the pension board.

**DVORYAK** Mr. Dvoryak stated that there had been input from other bidders on the project as to how they would amend the investment policy. He would like to hear what other advisors were recommending as well.

**SCHENCK** Chairman Schenck noted that Wheatland had made some observations in that area as well. All the recommendations should be gathered for consideration.

**BISHOP** Mr. Bishop commented that Wheatland had made some totally different suggestions than any he had ever heard in all the years he had been on the pension board.

**SCHENCK** Chairman Schenck agreed that their suggestions were completely different.

**BISHOP** Mr. Bishop suggested that the information be gathered, and that the pension board should be making the decision as to what the investment policy should be. He added that the board should determine how and/or if changes are to be made.

**HOLMAN** Mr. Holman responded that he would pull all the information together and send a report to the board.

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**DVORYAK** Mr. Dvoryak commented that one of the questions in the RFP was how to amend the policy, and there should be some answers within that documentation.

G. New Business

1. Acknowledge Payment to Wheatland Adviser Inc. in the Amount of \$4,025.00 for Investment Counsel Services.

**MR. DVORYAK MOVED TO ACKNOWLEDGE PAYMENT TO WHEATLAND ADVISORS IN THE AMOUNT OF \$4,025.00 FOR INVESTMENT COUNSEL SERVICES. MR. BOWMAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

H. Committee Motions

There were none for action.

I. Adjournment

**SCHENCK** Chairman Schenck adjourned the meeting at 6:54 p.m.

Respectfully submitted,

John Holman  
Secretary

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