

**SPRINGETTSBURY TOWNSHIP
POLICE PENSION BOARD**

**FEBRUARY 22, 2018
APPROVED**

The Springettsbury Township Board of Supervisors held a Regular Meeting of the Police Pension Board on Thursday, February 22, 2018 at 6:00 p.m. at the offices of Springettsbury Township located at 1501 Mt. Zion Road, York, PA.

MEMBERS IN

ATTENDANCE: Mark Swomley, Chairman
George Dvoryak, Vice Chairman
Kathleen Phan, Assistant Secretary/Treasurer
Blanda Nace
Charles Wurster
Sgt. Brian Wilbur, Police Department Representative
Corporal John Lawton, Police Department Representative

ALSO IN

ATTENDANCE: Benjamin Marchant, Township Manager
Renee Laychur, F.N.B. Wealth Management
Mark Renzini, F.N.B. Wealth Management
Teresa Hummel, Finance Director
Jessica Fieldhouse, Director of Community Development
Dennis Crabill, Environmental Engineer
Andy Hinkle, Manager, Information Systems
Jean Abreght, Stenographer

1. CALL TO ORDER

SWOMLEY Chairman Swomley called the meeting to order and announced that a quorum was present.

2. ACTION ON MINUTES

- A. Police Pension Board Meeting Minutes – November 15, 2017
- B. Police Pension Board Reorganization Meeting Minutes – January 2, 2018

MS. PHAN MOVED TO APPROVE MEETING MINUTES OF NOVEMBER 15 AND JANUARY 2, 2018. MR. NACE WAS SECOND. MOTION CARRIED, 4/1. MR. WURSTER ABSTAINED AS HE WAS NOT ON THE BOARD IN NOVEMBER.

3. PUBLIC COMMENT

There was no public comment.

4. CORRESPONDENCE AND OTHER COMMUNICATIONS

- A. Police Pension Reports:

- (1) Acknowledge Receipt of Payroll Pension Contribution.
- (2) Acknowledge Receipt of November 2017 FNB Management Report
- (3) Acknowledge Receipt of December 2017 FNB Management Report
- (4) Acknowledge Receipt of January 2018 FNB Management Report

MR. DVORYAK MOVED TO ACKNOWLEDGE RECEIPT OF THE FOUR REPORTS LISTED UNDER 4(A) IN THE AGENDA. MS. PHAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.

5. REPORTS FROM FINANCIAL ADVISORS

A. F.N.B. Wealth Management

RENZINI Mark Renzini presented the Year To Date Net Asset Summary. At the beginning of the year, January 1, 2017 the portfolio held \$14,864,375.20. Contributions during the year amounted to \$863,479.76. Distributions were \$899,646.80. Income, dividends and other income was \$333,205.64. Realized gains were \$423,000 and Market Appreciation amounted to \$1,244,915.39 for an ending Market Value of \$16,823,485.75. He stated that it was a very good year for a pension fund.

LAYCHUR Renee Laychur provided a recap of the investment review. She noted that the Fourth Quarter was very good. She stated that stocks had recorded solid gains and that the Tax Reform Bill will substantially lower corporate tax rates. The first two back-to-back three percent quarters were realized in the GDP in many years. The Fourth Quarter was somewhat disappointing at 2.6%; however, the First Quarter, 2018 results are high at 5%.

Ms. Laychur reported that during the Fourth Quarter interest rates for the 10-year Treasury traded between 2.28% and 2.50%. The Federal Reserve raised the short-term rates to 1.25%. She indicated that it is likely there will be two to three raises during 2018. The Equity indices were extremely positive. The Bond Index at Barclays Intermediate Government Credit was the only thing that was really negative. The S&P 500 was up 22%. MSCI EAFE, Developed International Index was up 25%, and the Emerging Markets were up over 37% for the year; a very good year. International did better than the U.S.

Ms. Laychur noted that the Fixed Income was up overall at 31% versus a benchmark of 20%. Government credit was down .02%, but for the year was up 3.65% over the benchmark of 2.14%, which produced a solid year for Fixed Income, a top performer.

Ms. Laychur reported on the Equity returns for the Quarter and the year. Fourth-Quarter Equity was up 5.59% versus a benchmark of 5.84%; up for the year at 23.85% versus a benchmark of 20.86%. Individual stocks did slightly better with

some value added. Foreign Equity Mutual Funds were the best performers. Growth stocks out-performed.

Ms. Laychur provided a report for the first month of January 2018, which she termed as a fantastic month, revealing the S&P was up over 5%.

Ms. Laychur reported on the Portfolio Asset Allocation: 57% in Equities, 41% in Fixed Income, and 2% in Cash. The biggest piece of sub-investment classes is Investment Grade Bonds at 28% of the portfolio. This is followed by Large Caps of stocks and mutual funds at about 23%. Fixed Income Holdings included investment grade, international and some mortgage-backed securities, government and agencies. Individual Bonds will mature in 2018 with a market value of about \$700,000. She expects to add more individual bonds depending on the interest rate. The Equity holdings include a large portion of U.S. Large Cap. The Sector allocation includes 11 sectors very close to the allocations of the S&P 500.

Ms. Laychur reported on the Investment Results. As of December 31, 2017, Net of Fees, the overall account was up .77%; three-months up 2.91%; one-year and year-to-date are the same at 13.29% for the entire portfolio versus the benchmark of 11.41%. The last three years was 5.23%; five years, 7.18%, 10 years 5.67%, since inception, 6.43%. Ms. Laychur had included the January performance results, Net of Fees, which showed it was up 2.62% for January. Equities were up 5.67%; one year 14.65%.

Ms. Laychur included a section of Mutual Fund reports, Morningstar Fund Detail and Mutual Fund Exceptions for the board's review.

Ms. Laychur provided an economic review of the quarter. It is her opinion that there will be an average stock year. The economic growth looks very healthy.

RENZINI Mr. Renzini noted the \$1.2 million in the portfolio, the contributions and income versus payments going out – for every dollar going out of the plan, there is \$1.33 coming in without any market appreciation. Including the realized gains, for every dollar going out, \$1.80 comes in, which he termed a nice, healthy coverage ratio for a pension plan.

WURSTER Mr. Wurster questioned the duration of the bonds they are looking to buy.

LAYCHUR Ms. Laychur responded that it would be short duration. Five years or less, the duration would likely be two to three. Bonds are maturing at about 1.4%.

RENZINI Mr. Renzini added that the maturity in the bond ladder shows the largest bar in the shortest period. He added that given the current environment, the long bars would not grow very much.

LAYCHUR Ms. Laychur had calculated the duration, which she stated for individual bonds at 1.4 years. Duration of the Fixed Income Funds is 5.1. Total of the duration is

4.6, which is the duration of the index benchmark. She considered this duration neutral to the Barclays Intermediate Government Credit, and also neutral growth value at this time.

DVORYAK Mr. Dvoryak questioned the date of the asset allocation shown as 57.17% and whether that percentage was for year end.

LAYCHUR Ms. Laychur responded that the figure is as of her report of February 15th.

DVORYAK Mr. Dvoryak questioned whether in January the Market Appreciation increased the allocation some, and then in February Ms. Laychur made a conscious decision to increase the allocation.

LAYCHUR Ms. Laychur responded that she had, in fact, made a conscious decision to increase slightly. She stated that there was a fair amount of cash at the end of the year, which also was a conscious decision due to earnings on cash at the time. They had not depreciated the funds in the Fixed Income market, and they held extra cash at the end of the year.

PHAN Ms. Phan asked Ms. Laychur if she could explain to her the upside and downside capture of the market for the pensions.

LAYCHUR Ms. Laychur responded that an upside and downside capture is a very technical report that she could run on Bloomberg. She offered to bring the report at the next meeting.

PHAN Ms. Phan indicated she just needed a little education as she was monitoring those on other pension plans as well. She noted it could be done next meeting.

LAYCHUR Ms. Laychur commented that she might be able to find an explanatory article.

PHAN Ms. Phan indicated she would appreciate it.

SWOMLEY Chairman Swomley thanked Mr. Renzini and Ms. Laychur for their report.

RENZINI Mr. Renzini thanked him and noted it was good to see them all.

LAYCHUR Ms. Laychur thanked them as well and welcomed Mr. Wurster to the board.

6. OLD BUSINESS

There was no Old Business.

7. NEW BUSINESS

A. Appointment of Police Officer Representatives – Sergeant Brian Wilbur and Corporal John Lawton

SWOMLEY Chairman Swomley reported that a letter had been received from Cory Landis, also speaking for Scott Altland, indicating their desire to step down from the

Pension Board. They had found replacements. The replacements are Sergeant Brian Wilbur and Corporal John Lawton.

MR. DVORYAK MOVED TO APPOINT SERGEANT BRIAN WILBUR AND CORPORAL JOHN LAWTON TO THE POLICE PENSION BOARD. MR. WURSTER WAS SECOND. MOTION UNANIMOUSLY CARRIED.

- B. Acknowledge COLA Payment Increase to Michael Sciangula from \$3,829.29 to \$3,915.67 effective March 1, 2018 as stated in Mr. Cramer's attached letter. Mr. Sciangula should also receive a one-time partial payment for January and full payment for February 2018 totaling \$61.61.

MS. PHAN MOVED TO APPROVE. MR. WURSTER WAS SECOND. MOTION UNANIMOUSLY CARRIED.

8. COMMITTEE MOTIONS

There were no Committee Motions.

9. ADJOURNMENT

SWOMLEY Chairman Swomley adjourned the meeting at 6:25 p.m.

Respectfully submitted,

Kathleen Phan
Secretary

ja