The Police Pension Board of Springettsbury Township held a meeting on Wednesday, May 1, 2013 at 4 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
Gregory Hadfield, Police Department Representative
Jack Hadge, Finance Director
Jean Abreght, Stenographer

A. Opening Ceremony

SCHENCK Chairman Schenck led the Pledge of Allegiance.

B. Call to Order

SCHENCK Chairman Schenck called the meeting to order at 4 p.m. He stated that a Quorum was present. He stated that the purpose of the meeting was to interview finalists on the Request for Proposal for assistance in managing the Police Pension Fund. The format would include a 30-minute presentation for each financial institution with 15 minutes for questions and answers.

HOLMAN Mr. Holman stated that four score sheets had been provided to the board for their assessment of the four institutions, as well as the RFP and the cost of management. At the conclusion of the presentations, there will be discussion among the board for their thoughts and/or recommendations.

C. Interview of RFP Finalists

1. Fulton Financial Advisors – 4 p.m.

i) Presentation

Representatives from Fulton:

David Campbell, President
Keith Aleardi, CIO, Executive Vice President
Elizabeth Peris, CFA, Vice President, Senior Portfolio Manager
Annette Hose, Relationship Manager

HOSE Annette Hose, Relationship Manager, Fulton Financial Advisors, stated they appreciated the opportunity to present their product. They hope to be able to continue to provide the service as they value the business. She introduced David Campbell, President, Keith Aleardi, Chief Investment Officer, and Elizabeth Peris, Senior Portfolio Manager.

CAMPBELL Mr. Campbell followed the presentation packet which had been provided to the board. He discussed risk, investment policy statement, best investment approach, managing risk. The firm manages $5.1 million in assets under management with local presence. He discussed Fulton's approach for wise investments which included the people, processes, technology and client services, etc.

ALEARDI Mr. Aleardi noted that they were most appreciative of the relationship and committed interest in working with the plan and the Pension Board. He discussed their institutional investment process in working with the client. He noted the requirement within the plan that is needed to produce the Actuarial Assumptions. The process adheres to the fiduciary responsibilities. He discussed their Strategic Asset Allocation, Tactical Adjustments, Manager Selection and Due Diligence.

PERIS Ms. Peris discussed the optimization of the portfolio, strategically, tactically and the manager selection process. This was combined with the investment preferences, the guidelines detailed in the Investment Policy Statement and the objectives of adjusted return requirement of approximately 7% based on the Actuarial Assumptions. She emphasized successful results of exceeding the Actuarial Assumptions of 7% for the last three years, as well as exceeding the IPS Benchmark since inception.

HOSE Ms. Hose reported on the review and management of the portfolio. She discussed the service delivery to the retiree pensioners and the custody of the assets. As Relationship Manager she provides administrative oversight and works closely with individuals whose positions touch the portfolio.

ii) Questions

SCHENCK Chairman Schenck questioned where municipal pension plans fit within their institution and whether it is a minor part of their business.

CAMPBELL Mr. Campbell responded that they have a dedicated retirement services area that they call Plan Administration and within that they handle 401K, 403B and Defined Benefit Plans for municipalities. They view it as a core part of their business.

DVORYAK Mr. Dvoryak asked about the breadth and depth of the resources they use for strategic and tactical allocations.

CAMPBELL Mr. Campbell responded that they have 14 portfolio managers on staff, who provide capital market assumptions. Additionally they use Third Party providers to support the strategic and tactical allocations.

DVORYAK Mr. Dvoryak questioned their hiring and firing processes with regard to managers and their performance.

CAMPBELL Mr. Campbell responded that the managers are continuously reviewed for the possibility of re-inclusion back into the portfolio. Their intent when hiring a manager is to invest with them long term.

BOWMAN Mr. Bowman commented on the spreadsheet that had been provided and asked whether there was a simpler way to explain the fees.

CAMPBELL Mr. Campbell responded that fees are based on the relationship, knowledge of the relationship and the services provided. He noted that fees arrangements are negotiable.

HOLMAN Mr. Holman asked whether they would be trending toward making all the pension payments EFT.

CAMPBELL Mr. Campbell responded that there would be no prohibition to do electronic transfers.

SCHENCK Chairman Schenck noted that the board had been discussing an unconstrained investment policy, which seemed to indicate a different fee schedule on the spreadsheet. He asked whether that was because the funds cost less to use themselves or whether there are less fees in the underlying funds.

HOLMAN Mr. Holman responded that it was based upon whether or not they receive the full funding base or whether or not they receive this funding basis split.

CAMPBELL Mr. Campbell noted that it was a strategy that they call a model manager, which has a less expensive delivery mechanism and lower fees.

HOLMAN Mr. Holman questioned whether they based their information on the $5 million they currently administer or whether they receive the total fund balance of $12.2 million.

CAMPBELL Mr. Campbell responded that the assumption was based on the $5 million; however, they want the opportunity to manage the entire portfolio, and they would be happy to talk about the fee structure of that either way.

BISHOP Mr. Bishop asked Mr. Campbell to elaborate on the benefits to Springettsbury.

CAMPBELL Mr. Campbell responded that when a portfolio is being constructed there can be unintended consequences of having two managers with the same mandate. Inadvertently an investment strategy could be doubling down. There could be an overexposure to particular stocks. Having it all in one place is beneficial, eases the administrative burden and is more economical.

SCHENCK Chairman Schenck commented that the assumption is that Annette Hose would provide the administrative services as she had in the past.

2. FNB Wealth Management – 5:00 p.m.

i) Presentation

Representatives from FNB
Joe Paese, CFP, Managing Executive
Renee D. Laychur, CFA, Sr. Vice President, Managing Portfolio Advisor
Karen A. Kenderdine, Vice President and Relationship Manager

PAESE Joe Paese thanked the board for the opportunity to present their business and noted that they had been working with the Pension Board since 2001. They had provided a written document and each representative would provide their expertise. Mr. Paese provided a history and background, which began with a relationship with Legacy Trust in 2001. Acquisition by F.N.B. of Legacy took place in 2006. Currently F.N.B. Investment Advisors, Inc. manages approximately 50% of the plan assets with a market value over $6,000,000. F.N.B. Investment Advisors, Inc. manages over $1 billion in assets. Portfolios are managed by customized investment solutions. Mr. Paese discussed their offerings and the capabilities of their staff members.

LAYCHUR Ms. Laychur reviewed Section II which covered the investment philosophy and process where they work within committees. She discussed their management oversight. They oversee the needs of municipal pension funds with around $120 million in assets. She noted the Investment Policy Statement in play for three years with good performance. She commented on some red lined items they would like to change to benefit the portfolio, which had been previously discussed with the board. She discussed the possibility of some alternatives. Section IV included a report on Asset Allocation with expected annual return of 7%.

PAESE Mr. Paese reviewed the Fees and Schedules showing a 30% discount from the Standard Fee Schedule due to the relationship they had experienced. It includes custody services. They reviewed fees based on the $11 million portfolio. He detailed the documentation on Mutual Fund Expenses.

KENDERDINEKaren Kenderine, Administrator, stated that she is responsible for the safekeeping of the securities and depositories as documented in their presentation packet.

ii) Questions

BOWMAN Mr. Bowman questioned whether they would contact the pension board quarterly or in between meetings concerning alternative investments.

LAYCHUR Ms. Laychur responded that currently they are beginning with alternatives, and if there was something critical, they would contact Mr. Holman immediately. She added that a review of some alternatives would be worthwhile in the Investment Policy Statement.

PAESE Mr. Paese elaborated on the alternatives subject and noted that they had done an in-depth study and determined to add approximately 10 alternative funds.

DVORYAK Mr. Dvoryak questioned how the alternatives matter was determined to be one of the recommended asset classes.

PAESE Mr. Paese responded that their organization is structured with committees , and the decisions are made within the committees. Within the structure of those committees there is a transparency to explore fresh strategies. The alternatives matter came through the Strategy Committee and was approved by the Policy Committee. He provided an in-depth response of the behind-the-scenes work that goes into those decisions.

SCHENCK Chairman Schenck commented that Ms. Kenderdine would be the person who interfaced with the pensioners if FNB were selected. He asked her to discuss some types of benefit plans she handles.

KENDERDINE Ms. Kenderdine responded that her office is located in Pottsville but she has other municipalities in the Harrisburg area, as well as Water Authorities in northern Pennsylvania. She basically works in her car. She noted that they work with PPA firms, as all information flows from that limited access. They attempt to be proactive with any issues or changes that are needed. She provides a cell phone access 24/7 and would be accessible for the retirees.

HOLMAN Mr. Holman questioned the transition of the administration as it is an important element. He questioned how long it would take for the transfer.

KENDERDINE Ms Kenderdine responded that in today's world of electronics, it should not be difficult. She would need a list of all the pensioners, and within 30 days everything would be ready.

3. Susquehanna Wealth Management/ Valley Forge Asset Management Corp. – 6:00 p.m.

i) Presentation

Representatives from Susquehanna
Kristin Ventre, Regional Sales Manager
Timothy D. Bacon, Vice President, Relationships
Dan P. Rodan, Vice President, Portfolio Manager
Liz Perez, Branch Manager, Whiteford Road.

VENTRE Kristin Ventre, Regional Sales Manager for York County for Susquehanna Wealth Management provided a brief overview of Susquehanna Wealth Management, which is a wholly-owned subsidiary of Susquehanna Bank Shares. They manage and administer $8 billion overall through four separate entities. Susquehanna, as an investment company would handle the pension payments for the pension plan, as well as the custody services. Valley Forge Asset Manager, registered investment advisory firm will manage the assets. She clarified an Act 44 Disclosure filed during the summer of 2012 disclosed Julie Landis as an employee of Susquehanna Bank. She stated that she is no longer an employee, and they would modify that disclosure if needed.

HOLMAN Mr. Holman responded that he would not need the statement modified.

BACON Tim Bacon provided a background and overview of their characteristics. They were founded in 1969 and have been providing asset management services for more than 40 years of retirement funds to endowments, foundations, public funds, individuals, corporations. They manage and administer $5 billion along with their affiliates. He focused on an overview of their assets under management with a diverse clientele with fixed, balanced, equity and miscellaneous assets. He provided their representative client list. He noted an overview of their investment process in separately managed accounts. Their main philosophy from the investment side is short-term preservation of capital and long-term growth of assets.

RODAN Mr. Rodan, Portfolio Manager, Valley Forge Asset Management, reported they have a top down approach on equity and fixed driven by a macroeconomic view. Their weekly investment committee includes eight senior managers. Their portfolio management is under constant review. He reviewed their philosophy and processes and the documentation provided to the board.

ii) Questions.

SCHENCK Chairman Schenck questioned how their processes would apply to the Springettsbury Police Pension Plan portfolio.

BACON Mr. Bacon responded that they review the asset allocation and the investment process, apply their list which could be upwards of 500 stocks, narrow them down to the allocation and continuously rebalance. All of it stems from the investment process and is done on an asset allocation basis. At this time they expect to remain defensive as far as the market is concerned. They believe it is healthy to have a consolidation in the market and to have short-term preservation of capital. He reported on their client services, which encompasses 50 people in their King of Prussia office. They would provide reporting on a quarterly basis as well as monthly statements. With regard to fees, they quoted a flat fee of 35 basis points, which included the investment management and the custodial services. One other potential fee might be through trading commissions at about one cent per share.

HOLMAN Mr. Holman asked whether the fee was based on the total amount of $12 million.

BACON Mr. Bacon responded that it would be based on the total amount under management and is built in arrears.

VENTRE Ms. Ventre added that would include all the pension payments, the tax reporting, the 1099R's and the 945's, ACH transfers and checks.

SCHENCK Chairman Schenck asked who the people would be that the pensioners would recognize.

VENTRE Ms. Ventre responded that the checks and paperwork would be under the name Susquehanna. She is the local person for Susquehanna Wealth Management, and there would be a contact in the Blue Ball office, which is where the Trust

Operations Group is located. Whoever would handle the pension paperwork within the township would have a CPA representative there. They would bring a gentleman named Steve out to meet everyone.

HOLMAN Mr. Holman asked who the pensioners themselves would call if they had a question.

VENTRE Ms. Ventre responded that it would be Steve, who would handle all the transactions.

SCHENCK Chairman Schenck stated that the pension board's expectation for the pension plan is a 7% return. He asked if that was a realistic expectation.

BACON Mr. Bacon responded that it was very aggressive. He commented that they had dealt with many pension plans that are severely underfunded; some at 10%, 11%. He stated that at a 50/50 asset allocation 7% would be difficult. It might be possible in certain years, but he was not certain, nor would he guarantee that they could provide 7%.

SCHENCK Chairman Schenck noted that he had stressed a short-term protection of assets. He asked what he would have done with the fund in 2008-2009 to protect that short-term hit.

BACON Mr. Bacon responded that there could have been a more defensive focus on equities instead of a higher BETA, higher volatile stocks. They do raise cash levels when they think things are getting a little difficult. During that 2008-2009 level the S&P was down almost 30% and their portfolios were down 22%.

RODAN Mr. Rodan mentioned that, as part of the equity process, they will have stocks that have a stop at 5% or 10% down. As that stock moves they will remove some.

SCHENCK Chairman Schenck asked if they do everything through actual stocks.

VENTRE Ms. Ventre responded that it would be done with individual stocks.

BACON Mr. Bacon added that a certain critical mass of dollars is an efficient way to invest. However, they use an ETF for international exposure and some exposure to gold. For the most part they do not use mutual funds.

DVORYAK Mr. Dvoryak noted that it didn't seem like they had ventured into the alternatives market.

BACON Mr. Bacon responded that there is a risk factor. They do not deal in derivatives or optima; they just buy and sell and don't sell short.

HOLMAN Mr. Holman asked what they thought they could do for the Springettsbury Police Pension Plan going forward. He asked for comments on the investment policy and whether they could do something to better reach the 7% and at the same time to protect the capital.

VENTRE Ms. Ventre noted that it wouldn't be wise to reach for that yield by being more aggressive in the Investment Policy Statement or to go with 80% stocks just to hit that 7% mark.

BACON Mr. Bacon noted they would like to sit down and have a discussion concerning the Investment Policy Statement, which could change. A more aggressive approach must come from the board and from ongoing discussions.

4. Univest – 7:00 p.m.

i) Presentation

Representatives from Univest
Michael G. Davisson, MBA, Vice President
Timothy V. Swartley, CFP, Sr. Vice President

DAVISSON Michael Davisson stated they appreciated the opportunity to address the committee on their pension capabilities. He introduced Tim Swartley, present with him, who heads the pension unit. He reported that Univest had been covering pensions, investments, insurance and banking for 136 years with $2.1 billion in managed assets with 32 financial service centers. Their expertise lies in the fact that they only serve Pennsylvania Municipal Pension Plans and they are a full service business.

SWARTLEY Tim Swartley reported that he had been with Univest since 1996. He explained the highlights of their equity and fixed income strategy and philosophy. They work within a portfolio management structure. They use predominantly large cap, individual securities and diversify to include midcap and small cap exposure (10%) and international (20%). They provided a sample portfolio for the board's review. Their fees are consistent with the RFP.

SCHENCK Chairman Schenck questioned whether they had used the total of the two funds in estimating their fee structure.

SWARTLEY Mr. Swartley responded that they had divided the $11 million, which resulted in roughly 60 basis points; 63 basis points to include use of mutual funds and seven cents/share cost of purchasing stocks.

ii) Questions

SCHENCK Chairman Schenck mentioned the Investment Policy Statement which provides an expectation of 7% return. He asked how that would compare with their investment philosophy, and what they could offer if they were selected.

SWARTLEY Mr. Swartley responded that his question was an increasingly common one. He noted that he and Mr. Davisson had recently spent several days attending the Government Finance Officers Association Conference. He noted there had been a session on new financial statement requirements with regard to pensions and the impact it would have on the assumed rate of returns and how to factor that in going forward; what it might mean to pension costs. He noted that the current fund is in a 50/50 structure, 50% stocks, 50% bonds. They internally use software from Sunguard Analytics that develops expected return assumptions. He explained the details and noted that a 60/40 portfolio projects a return of approximately 7.2% over time; however, there would be slightly more equity exposure that is currently in place.

SCHENCK Chairman Schenck questioned how often there would be a review, i.e., quarterly or annually.

SWARTLEY Mr. Swartley responded that they would update and review the portfolio every six months with the assumptions.

DVORYAK Mr. Dvoryak asked for their perspective as far as analysis of rates of return, and the emphasis of today's economics. He mentioned the levels of debt, the unfunded pensions and other liabilities yet unknown, countries discussion replacing the dollar in currency. He questioned how that could be factored in.

SWARTLEY Mr. Swartley responded that each community and each committee has a different perspective on world events and domestic policy. Univest's approach is to target not only those that are currently retired pensioners, not only the currently employed, but also some employees who haven't joined the work force yet and perhaps haven't been born.

SCHENCK Chairman Schenck asked about their servicing side for the current employees and pensioners and who would be the interface contact, Univest or Northern Trust.

SWARTLEY Mr. Swartley responded that it would be handled by Univest in their corporate headquarters in Souderton, Pennsylvania. Mr. Davisson would be a primary contact, as well as himself. He explained the details and logistics of the responses, transactions and documentation.

SCHENCK Chairman Schenck commented that their growth curve indicated their firm was growing rapidly. He asked specifically why some clients had chosen their firm.

DAVISSON Mr. Davisson responded that fee was important, service model, different aspects of pension services, one-stop shop, personal point of contact are all attractions to new clients. In addition, they had invested quite a bit in their pension business and understand the municipal pension world; it is a key part of their goal to grow the business. He noted that they would like to be an additional resource for Springettsbury as well.

SCHENCK Chairman Schenck thanked them for a great presentation.

DAVISSON Mr. Davisson questioned what the time frame might be for the board's decision.

SCHENCK Chairman Schenck responded that the board will continue its review and will meet again on May 23rd. One of the decisions the board will make is whether or not to divide the portfolio.

D. Discussion of Presentations.

SCHENCK Chairman Schenck opened the discussion by asking whether the board was hoping to make a decision this date.

HOLMAN Mr. Holman stated that one of the questions was whether the board would want to go with one or two institutions.

HOLMAN Mr. Holman mentioned that there were certain things banned by the state, such as derivatives and real estate.

SCHENCK Chairman Schenck commented that the fee schedules were difficult to understand.

HEILIG Richard Heilig, Consultant, responded that the fee schedules were taken right out of the audited reports and are exactly what is being paid to the Fulton and FNB Managers. However, it does not include any of the mutual fund fees. Fulton charges a manager fee, and everything they are doing is a managed manager with mutual funds. Susquehanna has no mutual funds and is charging a flat fee. A comparison will be difficult because it is an apple to orange comparison.

HOLMAN Mr. Holman asked Mr. Heilig to explain the penny per stock item.

HEILIG Mr. Heilig responded that they trade at a penny a share; 100 shares is 10 cents.

SCHENCK Chairman Schenck indicated FNB seemed to be doing better as they are operating in different entities.

HEILIG Mr. Heilig added that Susquehanna will have some issues with the IPS due to its restrictions.

HOLMAN Mr. Holman commented that the IPS would have to be amended if Susquehanna were selected.

HEILIG Mr. Heilig noted that Susquehanna's process is somewhat different. FNB is a hybrid, and they are probably moving towards the Fulton model. Fulton has an open platform that they want managed managers. That's the way the business is going. The larger entities are going that way so they can compete. Univest is the smallest entity. Mr. Heilig noted that all the firms will provide a good operational side and do well. Susquehanna has a good back office as well as FNB. It really depended on where the board is more comfortable.

BOWMAN Mr. Bowman asked Mr. Bishop whether he preferred the two firms rather than just one.

BISHOP Mr. Bishop responded that he thought the portfolio was in a good place at this time and he did not see any problem with keeping the two.

SCHENCK Chairman Schenck noted that they are on the opposite sides but they end up in the same place. He didn't see any big deltas between the two.

HOLMAN Mr. Holman reminded the board that the reason they both were hired was that one was in equities and one had different philosophies and the board wanted to see what would result.

SCHENCK Chairman Schenck noted that the board wanted the experience of the extremes.

HOLMAN Mr. Holman noted that currently the fund balance between the two is $12,263,000, which indicates there was significant growth.

SCHENCK Chairman Schenck noted that the IPS has impacted the performance.

HEILIG Mr. Heilig added that the IPS constrains them, and they are both trying to push towards the middle.

SCHENCK Chairman Schenck reiterated that they just get there a different way, but it seemed like they end up at the same place.

HOLMAN Mr. Holman noted that FNB doesn't want to use the exceptions that push the 15% where they could go in different directions with it. Fulton will push and go in different directions. They'll ask for more of the exceptions to get a little wider area of stocks going with the 60% in stocks.

HEILIG Mr. Heilig cautioned the board if FNB was permitted to go into alternatives.

SCHENCK Chairman Schenck noted that it appeared that Fulton has a lower cost structure because of the way they invest.

HEILIG Mr. Heilig responded that FNB has a lower cost structure than Fulton.

SCHENCK Chairman Schenck stated that to the fund it was about the same in the net dollars to the fund. Performance was about the same even though Fulton has higher costs.

HEILIG Mr. Heilig responded that FNB probably has a little higher return. Part of that is due to the fact that they don't have any cash flows moving in and out. Everything else is dealt with in the Fulton portfolio. That will allow FNB to have a higher compounding rate. They have the same kind of a balanced mix of stocks and bonds. Neither one of the portfolios is wild and crazy.

E. Public Comment.

SCHENCK Chairman Schenck opened the floor for public comment. However, there was no public comment.

F. Recommendation of Police Pension Fund Asset Management.

SCHENCK Chairman Schenck opened discussion as to how to move forward.

DVORYAK Mr. Dvoryak asked if each board member could put together their thoughts in terms of ranking to see if there is any consensus out of the four firms.

SCHENCK Chairman Schenck stated that he had been shocked at the Univest presentation. He had received an enormous comfort level. However, they are a small firm, and the portfolio would be 10% of their holdings.

HOLMAN Mr. Holman added their total assets are $180 million with 92 plans.

HEILIG Mr. Heilig commented that the only thing they had not heard was from their investment person, who was unable to be present.

BISHOP Mr. Bishop noted one thing that stood out with the Univest firm was that they specialize in municipal pensions in Pennsylvania.

HEILIG Mr. Heilig noted that their firm is relatively small, and they would be very attentive to Springettsbury. They use a large cap growth core and they build around it with international and small funds in their investment process. It is not much different than FNB. Their fee schedule is 47 basis points with a 60/40 mix.

SCHENCK Chairman Schenck stated that also he had a huge comfort level with Fulton. It seems as though there is a lot of activity to do the investing.

HEILIG Mr. Heilig noted that he thought Fulton would be open to negotiations if the board wanted to go with them.

BISHOP Mr. Bishop indicated that the Fulton representatives stated that they would negotiate their fees.

SCHENCK Chairman Schenck noted that Susquehanna seemed to be very cost effective.

HEILIG Mr. Heilig added that they have a good trust operation in Blue Ball.

BISHOP Mr. Bishop stated that one item to be factored into this thinking is the cost of transition. He was thinking more of the cost of unwinding something that is already in existence.

HEILIG Mr. Heilig noted that each firm would do all that for you, with the exception of Fulton as it is already in place. All the assets can be transferred from one custodian to the other. There should be no cost to that.

HOLMAN Mr. Holman added that they will spend manhours in time making sure that the transfer of administration is done appropriately.

DVORYAK Mr. Dvoryak stated that he had hoped that one firm would rise to the top and stand out. However, no firm really stood out in terms of yes; conversely one firm from the beginning and throughout the presentation just didn't impress him. His top two selections would be FNB and Fulton in that order. FNB came prepared to discuss the alternatives, in which he was very interested.

BISHOP Mr. Bishop added that the Susquehanna presentation surprised him.

SCHENCK Chairman Schenck stated that he couldn't say why, but it just didn't feel right. He stated that his first choice would be Fulton; second choice would be Univest.

BOWMAN Mr. Bowman agreed with Mr. Dvoryak and chose FNB and Fulton. Both firms are familiar, but between the two, he would continue with two.

SCHENCK Chairman Schenck noted it would be ironic to go through the whole process and end up where it started.

HOLMAN Mr. Holman stated that could be the decision in the end.

HADFIELD Officer Hadfield stated he liked Fulton overall a little bit more. He stated he did not think it necessary to have two. He thought both firms could do a good job, but it could be holding one back. He suggested giving the fund to one of the firms and letting them manage it, which made sense to him.

DVORYAK Mr. Dvoryak asked about the cost benefit of having one firm versus two and whether it would be enough dollars that it should be part of the decision process.

HEILIG Mr. Heilig responded that there would be a discount from either firm. It is probably costing 20 to 25 basis points; $25,000 over 10 years = $250,000. Anything that can be done to reduce the cost structures will help in the long term.

BISHOP Mr. Bishop noted that this whole thing comes down to an exercise in squeezing the two existing clients for fees.

HOLMAN Mr. Holman added they will be more than happy to negotiate the fees.

HEILIG Mr. Heilig stated that Fulton indicated if the board would go into their model portfolio unconstrained by your Investment Policy, that would reduce the volumes by 16 to 18 basis points. Just doing that is like saying they are going to continue with Springettsbury and would like to get those basis points down to X; 90 basis points is way too high and should go down.

BISHOP Mr. Bishop commented that he agreed with Mr. Dvoryak's analysis of the advisors and FNB made him feel really confident. He liked Fulton as well.

DVORYAK Mr. Dvoryak stated that FNB explained themselves. They understood the question asked about whether the 7% was doable and how they would assess that and they addressed it.

BISHOP Mr. Bishop commented that having Mr. Paese sitting as Chairman of a pension fund is one reason he could answer questions better.

HOLMAN Mr. Holman noted that, from a selfish standpoint, if the board selected Fulton he wouldn't have to be involved in a transition of Administration.

SCHENCK Chairman Schenck indicated he liked the economy of scale and whichever way is decided, he would favor having it in one place.

Consensus of the board was to go back to both FNB and Fulton to discuss the fee structure, basis points, letting them know they are the top two, and one will be selected.

SCHENCK Chairman Schenck stated that the next meeting will be May 23rd at 6 p.m.

G. ADJOURN

SCHENCK Chairman Schenck adjourned the meeting at 8:10 p.m.

Respectfully submitted,

John Holman
Secretary
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