

**SPRINGETTSBURY TOWNSHIP  
POLICE PENSION BOARD**

**AUGUST 23, 2018  
APPROVED**

The Springettsbury Township Board of Supervisors held a Regular Meeting of the Police Pension Board on Thursday, August 23, 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  
Kathleen Phan  
George Dvoryak  
Blanda Nace  
Charles Wurster  
Corporal John Lawton, Police Department Representative  
Sgt. Brian Wilbur, Police Department Representative

**ALSO IN**

**ATTENDANCE:** Benjamin Marchant, Township Manager  
Teresa Hummel, Finance Director  
Jessica Fieldhouse, Director of Community Development  
Chris Ford, Police Department  
John Luciani, First Capital Engineering  
Renee Laychur, F.N.B. Wealth Management  
Mark Renzini, F.N.B. Wealth Management  
Jean Abreght, Stenographer

**1. CALL TO ORDER**

**SWOMLEY** Chairman Swomley called the Police Pension Board meeting to order at 6 p.m. He stated that a Quorum was present.

**2. ACTION ON MINUTES**

- A. Police Pension Board Meeting Minutes – February 22, 2018
- B. Police Pension Board Meeting Minutes – May 24, 2018

**MR. NACE MOVED TO APPROVE THE MINUTES OF FEBRUARY 22<sup>ND</sup> AND MAY 24<sup>TH</sup>. MS. PHAN 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 (1<sup>st</sup> Quarter)
- (2) Acknowledge Receipt of Payroll Pension Contribution Reconciliation Report for Police Pension Fund (2<sup>nd</sup> Quarter)
- (3) Acknowledge Receipt of February, 2018 FNB Management Report
- (4) Acknowledge Receipt of March, 2018 FNB Management Report
- (5) Acknowledge Receipt of April, 2018 FNB Management Report
- (6) Acknowledge Receipt of May, 2018 FNB Management Report
- (7) Acknowledge Receipt of June, 2018 FNB Management Report
- (8) Acknowledge Receipt of July, 2018 FNB Management Report

**MR. DVORYAK MOVED TO ACKNOWLEDGE RECEIPT OF REPORTS FOR NUMBERS 1 THROUGH 8. MR. WURSTER WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

## **5. REPORTS FROM FINANCIAL ADVISORS**

### **A. F.N.B. Wealth Management**

**RENZINI** Mark Renzini, F.N.B. Wealth Management provided a report of the Net Asset Summary for the 2<sup>nd</sup> Quarter. Beginning Market Value as of 4/1/18 - \$16,612,741.69. Contributions were \$34,223.06; Distributions (\$216,695.59) (most of which were benefits paid); Interest and Dividend Income, \$77,389.27; Realized Gains, (\$20,982.81); Accrued Income (\$3,087.64); Market Appreciation \$94,208.09 for an Ending Market Value as of 6/30/18 of \$16,577,796.07.

The Net Asset Summary as of Year to Date 2018 starting 1/1/18 with \$16,823,485.75; Contributions were \$74,816.63; Distributions – (\$433,363.37); Income - \$151,881.94; Realized Gains - \$101,591.12; Accrued Income – (\$519.74); Market Appreciation – (\$140,096.26) for an Ending Market Value as of 6/30/18 of \$16,577,796.07.

Mr. Renzini stated that, given the activity and the distribution level, the balance in the Pension Fund remains healthy and fairly stable.

**LAYCHUR** Renee Laychur, F.N.B. Wealth Management had provided a written document report for the board. She went over the Second Quarter Highlights. Stocks rebounded with some volatility. She mentioned the tariff issues which dominated market focus, and the S&P 500 reached an all-time high with growth of over 20%; end of July up 6.5%.

- First and second quarter produced great earnings along with tax reform benefits.
- The 10-year Treasury traded at higher yield levels in the second quarter peaking at 3.10 in mid-May.

- Interest rates rose and fell in the second quarter; current rate is at approximately 2.80%-2.82%. Fed raised short term rates in June to 1.75% and probably will do so again in September.
- Fixed Income performance for the quarter was flat. Account up .07%, Corporates did better at .45% and year-to-date resulted in -0.87%.
- Equity returns for second quarter were 2.51% versus a benchmark of 2.00%. Equity Mutual Funds for the second quarter were 3.63% versus a benchmark of 3.43%; year-to-date 4.25%. Foreign Equity Mutual Funds posted -2.66% versus a benchmark of -0.97%; year-to-date -1.47% vs. a benchmark of -2.01.

Ms. Laychur reported on the Sector Returns:

- Best performance was in energy as prices rose 13.48 in the second quarter; industrials were the worst performing sector (-3.18) due to the tariff discussions.
- First six months of the year consumer discretionary was best performer.
- July was a good month as market was up about 3% in July.

Ms. Laychur reported that tariff and trade dominated market conversation, especially farm exports that are suffering. Tariffs have adversely affected the soybean industry.

- GDP growth 4.1%; Unemployment rate 3.9%. Oil rose to \$77 per barrel; gas is over \$3.00 a gallon; S&P growth earnings at 24%; Turkey global financial issues; mid-term election looming. Asset Allocation – Equity: 55.49%; Fixed Income: 41.45%; Cash: 3.06%. Sub-Asset Class: Emerging Markets eliminated; added some to large and small cap, some to international small cap. Slightly below target in developed international to benchmark with 13%, not out of range.

Ms. Laychur provided a recap on the Fixed Income Asset Allocation – Investment Grade Bonds 76.33%; Government and Agencies 13.25%; Mortgage Backed 9.05% and International Debt 1.31%.

- Fixed Income Holdings showed an addition of individual bonds.
- Equity Allocation – Large Cap: 48.01%; Mid Cap: 16.75%; Small Cap: 11.59%; International: 23.65%.
- Equity Large Cap Individual Equity Exposure: overweight Technology: 25.47%; underweight Consumer Staples: 6.29%; overweight Health Care 17.49%; Energy: 5.21%.

Ms. Laychur discussed the investment results. Cash and Equivalents since inception: 1.33%; Fixed Income, 3.87%; Equities, 8.79%. The overall account since inception 6.25%.

Ms. Laychur reviewed the economic outlook and noted that it would be a reasonably average year at the end of July. She noted that the outlook continued to look favorable; however, historically September is the worst month of the year with October ending slightly negative. She noted that the elections will dominate, and the U. S. House result will be important.

**SWOMLEY** Chairman Swomley asked Ms. Laychur if she would issue a projection on what the election will do to the outlook, i.e. whether Republicans retain the House.

**LAYCHUR** Ms. Laychur responded that it is positive for the market. CNBC noted that the market now is Republican and likes lower taxes, less regulation with a positive outcome. If we see a shift to the Democrats in the House, the impeachment word comes up and tends to drag on.

**SWOMLEY** Chairman Swomley questioned if there is a split and the House goes Democratic, what scenarios she would envision.

**LAYCHUR** Ms. Laychur responded that it could make a big difference mainly because tax cuts are in place and pro-growth is in place. She stated that even with tariffs a lot of people in both parties believe that the U. S. is treated unfairly in trade. It would be very positive for the market, election or not, if there is some good negotiation.

**RENZINI** Mr. Renzini added that trade will lift if there is any positive resolution. Wall Street is not red or blue. It is green.

**LAYCHUR** Ms. Laychur noted that there are people on the sidelines that haven't believed the market this year. There probably will be some cash flowing in at the end of the year. She did not see a recession in the future as things look really good. Europe had been weakening but it had come up slightly. Tariffs make the dollar stronger. She did not see any real trouble spots.

**WURSTER** Mr. Wurster questioned whether the tariffs experienced by the American consumer from the trading partners are not enough of a drag to incur a recession on the horizon.

**LAYCHUR** Ms. Laychur responded that she did not see that on the near horizon. If there appears to be a lack of confidence for businesses, that would be different, but she did not see that happening. Trade with China is a very small percentage of the GDP. She added that 70% of the GDP in the U. S. is consumer spending.

**RENZINI** Mr. Renzini indicated that the U. S. does import a lot from China, which makes the U. S. China's largest customer in the world and provides some leverage.

**LACHUR** Ms. Laychur stated that as of August 22<sup>nd</sup>, this became the longest Bull Market ever and soon is to be the longest economic expansion ever. It could be matter of concern the longer the cycle, but for right now things look good, and earnings are terrific.

**WURSTER** Mr. Wurster questioned whether the portfolio has a good, healthy mix between Fixed and Equity at this time.

**LAYCHUR** Ms. Laychur responded that they are planning to add some equity. There are \$1.5 of net gains in the portfolio remaining. They will probably stay below target for this time. There is shorter duration in the Fixed Income portfolio, which is why there are short bonds as an insulator.

**WURSTER** Mr. Wurster questioned whether she had any incite as to where interest rates are going.

**LAYCHUR** Ms. Laychur responded that the Federal Reserve Board is reviewing three or more rate increases, which will be normalizing short-term rates; 3% would be normal. The U. S. is the most credit worthy, strongest economy with the lowest risk. This will hold the long-term rates down.

**6. OLD BUSINESS**

There was no Old Business for action.

**7. NEW BUSINESS**

A. Acknowledge COLA Payment Increase to Scott Laird from \$4,163.46 to \$4,284.20 effective September 1, 2018 as stated in Mr. Cramer's attached letter. Mr. Laird should also receive a one-time partial payment for July and full payment for August, 2018 totaling \$218.11.

**MR. NACE MOVED TO ACKNOWLEDGE COLA PAYMENT INCREASE TO SCOTT LAIRD FROM \$4,163.46 TO \$4,284.20, AND THE ONE-TIME PARTIAL PAYMENT FOR JULY AND FULL PAYMENT FOR AUGUST 2018 TOTALING \$218.11. MR. WURSTER WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

**8. COMMITTEE MOTIONS**

There were no Committee Motions.

**9. ADJOURNMENT**

**SWOMLEY** Chairman Swomley adjourned the meeting at 6:30 p.m.

Respectfully submitted,

Kathleen Phan  
Secretary

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