

**SPRINGETTSBURY TOWNSHIP  
FIRE/POLICE PENSION BOARD JOINT MEETING**

**NOVEMBER 4, 2011  
APPROVED**

The Fire and Police Pension Boards of Springettsbury Township held a meeting on Friday, November 4th, 2011 at Noon at the Township offices located at 1501 Mt. Zion Road, York, PA.

**MEMBERS IN**

**ATTENDANCE:** George Dvoryak  
Don Bishop  
Bill Schenck

**MEMBERS NOT**

**IN ATTENDANCE:** Mike Bowman  
Julie Landis

**ALSO IN**

**ATTENDANCE:** John Holman, Township Manager  
Scott Altland, Police Department  
George Mount, Fire Department  
Bob McCoy, YAUFRR Chief  
Joe Paese, F.N.B. Management  
Rene Lachure, F.N.B. Management  
Richard Diem, Fulton Financial  
Annette Hose, Fulton Financial  
Jean Abreght, Stenographer

A. Call to Order

**SCHENCK** Chairman Schenck called the Fire/Police Joint Pension Board meeting to order at Noon.

**HOLMAN** Mr. Holman reported that a Quorum was present for both the Police and Fire Departments.

B. Action on Minutes

1. Fire/Police Pension Board Meeting of September 8, 2011

**MR. BISHOP MOVED TO APPROVE THE MINUTES. 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 Second Quarter 2011.
- c. Acknowledge Receipt of Fulton Financial Trust Report for August 2011.
- d. Acknowledge Receipt of Fulton Financial Trust Report for September 2011.
- e. Acknowledge Receipt of F.N.B. Wealth Management Report for Second Quarter 2011.
- f. Acknowledge Receipt of F.N.B. Wealth Management Report for August 2011.
- g. Acknowledge Receipt of F.N.B. Wealth Management Report for September 2011.

2. Fire Pension Reports:

- a. Acknowledge Receipt of Payroll Pension Contribution Reconciliation Report for Fire Pension Fund.
- b. Acknowledge Receipt of Fulton Financial Trust Report for Second Quarter 2011.
- c. Acknowledge Receipt of Fulton Financial Trust Report for August 2011.
- d. Acknowledge Receipt of Fulton Financial Trust Report for September 2011.

**MR. DVORYAK MOVED TO ACKNOWLEDGE RECEIPT OF ALL THE ITEMS IN D1 AND D2. MOTION UNANIMOUSLY CARRIED.**

E. Reports from Financial Advisors

**HOLMAN** Mr. Holman stated that the representatives from F.N.B. requested to report first as they had an additional meeting to attend this date.

**Consensus of the board was to allow F.N.B. to report first.**

2. F.N.B.: Police Fund

- a. Investment Presentation for: Springettsbury Township Police.

**PAESE** Joe Paese presented a recap of the third quarter. At the end of June, 2011 the account had approximately \$5,441 million; F.N.B. fees were \$6,600. Income was approximately \$32,000 with some realized losses of \$5,900. Due to extreme volatility in the market of about \$425,000 brought the account down to \$5,036,000 million. There was a 6% rebound in October to \$5.3 million.

**LACHURE** Rene Lachure provided an overview of the economic picture. She echoed Mr. Paese in that there was extreme volatility in the market place. The problems with the global markets greatly affected the U. S. markets. S&P 500 was down 14% for the quarter in comparable figures with 2008. A slight pickup in the GDP for the third quarter of more than 2% indicated that the economy is growing. Consumer debt as a percentage of Gross Disposable Income dropped, so consumers as well as corporations' balance sheets are better.

The only portion of the markets that did well over the quarter was bonds which were up for the year. Other portions were down such as the international markets, the EIFA, and emerging markets. A turnaround began slightly in large cap stocks. Ms. Lachure provided a review of an additional document given to the board. She noted that there had been some significant outperformance in the large cap market and that strategy had been working.

**PAESE** Mr. Paese reviewed Section 4 in their report showing the holdings. The portfolio holds 6.72% cash, 40% fixed, and 53% equity. Large cap dividends are yielding approximately \$375 income yield. Mid, small, international and emerging markets are outperforming the benchmark. Actual performance resulted in -7.3% versus a blended benchmark of -8.1%; 12 month results were 1.4% versus a benchmark of 0.6% and since inception 4.8% versus the benchmark of 5.0%.

**HOLMAN** Mr. Holman asked where they thought the best places to be in the International markets would be, based on the activity in Greece and the European market.

**LACHURE** Ms. Lachure responded that their review indicates that they will revamp the International developed market for the end of the year.

**PAESE** Mr. Paese added that because of the volatility in the market, the underweighting internationally and domestically with corporate earnings, that strategy makes sense to them.

**DVORYAK** Mr. Dvoryak asked whether the Investment Policy Statement allows any participation in the private equity market.

**LACHURE** Ms. Lachure responded that prohibited investments included private placement, drills and commodities, oil, gas, timber and venture capital.

**HOLMAN** Mr. Holman noted that most of them come straight off the state regulations.

**SCHENCK** Chairman Schenck thanked them for their report.

1. Fulton Financial: Police & Fire Fund

a. Investment Presentation for Springettsbury Township Police.

**DIEM** Richard Diem, Fulton Financial, provided a reconciliation of the Police Fund. Most important was an employer contribution of \$696,000. Account summary equaled \$5,467 million with allocations of 3.9% cash, 47.9% fixed and 48.2% equities. He reviewed the performance detail of the fund as of 9/30/11. Fixed income was 49.37%; bond portfolio, a separately managed account, yielded 2.64%. Equities included some new funds, Cambiar and Edgewood. Federated Strategic Value Dividend Fund yielded 3.72%. He noted that it had been a very difficult equity quarter showing -15.91% overall in the portfolio. Total Managed funds yielded a market value of \$5,327,253. The performance summary for three months produced a negative to benchmark result in cash, fixed, equities and total managed account. However, the overall since inception result was favorable to the benchmarks.

**DIEM** Mr. Diem brought forward the compliance section of the report and noted that there were a number of items in opposition to the Investment Policy Statement. He reviewed the portion of the report, "Taxable Fixed Income Decision Tools" all of which was included in the documentation. He noted that some of the funds had become much more conservative. He pointed out several areas in Fixed Income Holdings where there are violations of the quality constraint, such as Sempra Energy, Triple B+, 1.28% of the total portfolio. He added that there were no large positions that would be in violation; and none up to 20%. In addition, the Federated Corporate Bond Strategy is BBB in the portfolio, which is in violation but which has a yield of 5.17%. The top 10 holdings are greater than 35% of the fund, which is an issue. He stated that they are still comfortable with the portfolio. He continued that the funds had been previously approved; however, the board wanted to be aware of any possible exceptions in order to track them.

**DVORYAK** Mr. Dvoryak asked about the correlation between the free market and the Feds driving rates and how that impacts the Fixed Income allocation.

**DIEM** Mr. Diem responded that the portfolio is not far from the index as far as duration. In a review of performance of the Police fund against the Barclay's Ag or Barclay's Intermediate, if rates were to rise, it would not be that dramatic relative to the index. If a dramatic rise in rates relative to the index were to occur, the position would be to shift to the bond portfolio for a very short duration. He stated that the portfolio is positioned well and steady even if the rates drop slightly.

- b. Investment Presentation for: Springettsbury Township Fire

**DIEM** Mr. Diem reported on the Fire Pension portfolio. A contribution was received during the summer of \$138,218.00. Current holdings – cash, 4.3% or \$133,455.32; fixed income, 52.9% with \$1,653,601.11; equities at 42.8%, \$1,337,917.65 for a total of \$3,124,974.08. He stated that the Fire Pension portfolio is a much more conservative portfolio. He reviewed the top five holdings, all of which resulted in a Total Market Value of \$2,721,269.79. The performance summary resulted in a difficult third quarter. Fixed Income was 1.10%; Equities, -14.65% and Total Managed portfolio was -6.23%. Market Value was \$3,064,131. A review of the exceptions had been documented for the board, and Mr. Diem reviewed that document. He noted, as in the Police portfolio, there are several investments that are exceptions which conflict with the Investment Policy Statement. He stated that he would appreciate the board’s review of the exceptions in order to take a decisive approach moving forward. Previous discussion resulted in tabling the item until a future meeting.

**SCHENCK** Chairman Schenck commented that the recommendations would be the same basic group of funds in use in the Police Pension portfolio with the same exceptions.

**DVORYAK** Mr. Dvoryak noted he intended to stay consistent with a denial.

**HOLMAN** Mr. Holman stated that a vote would not include a majority of the full board. He suggested that a motion be made to hold the funds as they are and continue until the next meeting in order to have something on the record.

**MR. BISHOP MOVED TO CONTINUE THE DISCUSSION WITH THE FIRE PENSION BOARD UNTIL THE NEXT MEETING. MOTION CARRIED UNANIMOUSLY.**

**DIEM** Mr. Diem noted that he had been pleased with the older funds held in the portfolio. He will bring the matter forward again at the next meeting.

**DIEM** Mr. Diem continued with an overview of the markets. He indicated to expect more of the same until the European crisis resolves. He indicated there would be low growth but he did not see a move toward another recession. Corporations are doing well and more efficient. He noted a steady and consistent place in the market should provide a slow push upward.

F. Old Business

- a. Draft Investment RFP

**HOLMAN** Mr. Holman reported that he had been reviewing various RFP's and had provided a copy of a generic draft RFP for the board's review. He requested that the board members review it prior to the next meeting and recommend any changes to him. He would like formal approval at the next meeting of the pension boards.

G. New Business

**SCHENCK** Chairman Schenck brought forward an item of concern to him. The Fire Pension is not in the YAUFRR name; however, the structure of the pension board is essentially currently with the township. He questioned whether legally it should be a YAUFRR entity.

**HOLMAN** Mr. Holman responded that he had been working with Tom Zimmerman, Pat Harvey and Chief McCoy about the subject. They are preparing a proposed amendment to the ordinance to recommend the changes. The board makeup will be up to the Board of Supervisors. The funding is going through YAUFRR so the ordinance must change.

**HOSE** Annette Hose posed a question. The township had drafted amendments to the fire documents to rename YAUFRR. One of the things that may have not been addressed was the Tax ID number of the plan, which should be changed. At this point it is kept under Springettsbury Township.

**HOLMAN** Mr. Holman responded that until the amendment is changed it should remain the same.

**DVORYAK** Mr. Dvoryak added that there might be a Spring Garden component as well.

**HOLMAN** Mr. Holman indicated he would have some additional documentation before the February/March meeting.

H. Committee Motions:

1. Authorize Acceptance of Springettsbury Township Police Pension, Death & Disability Fund Actuarial Valuation as of January 1, 2011.

**MR. DVORYAK MOVED TO AUTHORIZE ACCEPTANCE OF THE SPRINGETTSBURY TOWNSHIP POLICE PENSION DEATH AND DISABILITY FUND, ACTUARIAL EVALUATIONS AS OF JANUARY 1, 2011. MOTION UNANIMOUSLY CARRIED.**

2. Acknowledge Cola increase for John Bumsted as per Tom Zimmerman letter dated September 16, 2011. Increase from \$820.88 to \$841.06 per month. Mr. Bumsted is now capped at 130% increase allowed by Act 600.

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3. Acknowledge Cola increase for Alan Naylor as per Tom Zimmerman letter dated October 19, 2011. Increase from \$1,180.92 to \$1,217.78 per month. Mr. Naylor is now capped at 130% increase allowed by Act 600.

**MR. BISHOP MOVED TO ACKNOWLEDGE THE COST OF LIVING ADJUSTMENTS ON THE AGENDA AS H2 and H3. MOTION UNANIMOUSLY CARRIED.**

**HOLMAN** Mr. Holman brought one additional item forward for the agenda, which was an invoice for the work done by Conrad Siegel from December 1, 2010 to September 30, 2011. He requested approval for payment.

**MR. DVORYAK MOVED TO APPROVE THE CONRAD SEIGEL INVOICE DATED 10/27/11 FOR \$8,930.00. MOTION UNANIMOUSLY CARRIED.**

I. Adjournment

**SCHENCK** Chairman Schenck adjourned the meeting at 1:10 p.m.

Respectfully submitted,

John Holman  
Secretary

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