

**SPRINGETTSBURY TOWNSHIP
POLICE PENSION BOARD**

**NOVEMBER 14, 2018
APPROVED**

The Springettsbury Township Board of Supervisors held a Regular Meeting of the Police Pension Board on Wednesday, November 14, 2018 at 6:00 p.m. at the offices of Springettsbury Township located at 1501 Mt. Zion Road, York, PA.

MEMBERS IN

ATTENDANCE: George Dvoryak, Vice Chairman
Charles Wurster
Justin Tomevi
Robert Cox

MEMBERS NOT

IN ATTENDANCE: Mark Swomley, Chairman

ALSO IN

ATTENDANCE: Benjamin Marchant, Township Manager
Corporal John Lawton, Representative, Police Pension Board
Mark Renzini, F.N.B. Wealth Management
Renee Laychur, F.N.B. Wealth Management
Teresa Hummel, Finance Director
Jessica Fieldhouse, Director of Community Development
Dan Stump, Chief, Police Department
Jean Abreght, Stenographer

1. CALL TO ORDER:

DVORYAK Vice Chairman George Dvoryak called the November 14th meeting of the Police Pension Board to order.

- A. Appointment of New Supervisors as Members of the Police Pension Board
1) Justin Tomevi
2) Robert Cox

MR. WURSTER MOVED TO APPOINT NEW SUPERVISORS, SUPERVISOR JUSTIN TOMEVI AND SUPERVISOR ROBERT COX AS MEMBERS OF THE POLICE PENSION BOARD. MR. DVORYAK WAS SECOND. MOTION UNANIMOUSLY CARRIED.

- B. Appointment of Police Pension Board Secretary (previously Kathleen Phan)

MR. TOMEVI MOVED TO APPOINT CHARLES WURSTER AS POLICE PENSION BOARD SECRETARY. MR. COX WAS SECOND. MOTION UNANIMOUSLY CARRIED.

2. ACTION ON MINUTES

- A. Police Pension Board Meeting Minutes – August 23, 2018

MR. TOMEVI MOVED TO APPROVE MINUTES OF THE POLICE PENSION BOARD MEETING AUGUST 23, 2018. MR. WURSTER 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 (3rd Quarter)
- (2) Acknowledge Receipt of August, 2018 FNB Management Report
- (3) Acknowledge Receipt of September, 2018 FNB Management Report
- (4) Acknowledge Receipt of October, 2018 FNB Management Report

MR. WURSTER MOVED TO ACKNOWLEDGE FOUR REPORTS AS OUTLINED ON THE AGENDA. MR. TOMEVI WAS SECOND. MOTION UNANIMOUSLY CARRIED.

5. REPORTS FROM FINANCIAL ADVISORS

- A. F.N.B. Wealth Management

RENZINI Mark Renzini, F.N.B. Market Manager presented the Net Asset Summary for the Third Quarter. The Beginning Market Value as of 7/1/18 was \$16,577,796.07. Contributions were \$39,245.98; Distributions were \$221,295.41. Interest and Dividends totaled \$82,857.54 with some Realized Gains of \$289,021.95. Market Appreciation for the Quarter amounted to \$50,695.21 for an Ending Market Value as of 9/30/18 of \$16,827,381.31.

Mr. Renzini provided a Year-To-Date Net Asset Summary with a Beginning Market Value as of 1/1/18 of \$16,823,485.75 with the same contributions, distributions, income and market activity for an Ending Market Value as of 9/30/18 of \$16,827,402.64, which is level from the Beginning Market Value.

LAYCHUR Rene Laychur, F.N.B. Director of Portfolio Management commented on the Net Asset Summary that there had been \$650,000 paid in Benefits to Retirees Year-To-Date.

Ms. Laychur presented a review of the portfolio, all of which documentation had been provided to the board. Some highlights follow:

- Third Quarter was solid and rebounded from the first and second quarters.
- S&P was up 7.71%.
- Unemployment rate fell to a 50-year low at 3.70%.
- Economy did well; corporate earnings up 25% based on tax reform.
- Technology was a winner year-to-date but not for the quarter; replaced by healthcare.
- Interest rates rose to 3% in May and lowered to 2.82%; still lower than 30 year-high.
- Equities were strong in the third quarter.
- Growth continued to lead value.
- Fixed Income returns were .55% versus benchmark of .21%
- Equity returns at 4.3% slightly under the benchmark of 4.83%; Year-to-Date 6.22% vs benchmark of 6.40%
- GDP growth at 3.50%; Oil fell by 20% from high of \$70/barrel.
- U.S. economy is positive but volatile; a recession is unlikely for another year, year and a half.

DVORYAK Mr. Dvoryak questioned whether there had been any signs of inflation showing up.

LAYCHUR Ms. Laychur responded that wage growth is slightly high but not historically. The CPI came out this date with a 0.3% raise.

DVORYAK Mr. Dvoryak questioned whether a December rate increase is expected.

LAYCHUR Ms. Laychur responded that she thought the December rate increase was still on target. If the fourth quarter GDP is slower, it may be different, but inflation is still well under control.

RENZINI Mr. Renzini added that oil has been on a 14-day losing streak, but gas is way up. The market and the Fed will have to reconcile with each other because the market believes that the Fed will have less opportunity to raise rates, but the Fed language still indicates full speed ahead.

LAYCHUR Ms. Laychur indicated that she had placed a CPI chart within the report over a 50-year period which is a good perspective on inflation. Ms. Laychur provided an overview of the current Asset Allocation: Equities at 53%; Fixed Income at 39% and Cash at 9%. She noted that cash was paying 2%. The Sub-Asset show the two biggest with investment grade at 30% and large cap at 26%. Fixed Income showing Investment Grade the highest at 82%. Fixed Income holdings shows

Investment Grade Debt, mostly governments and agencies, U.S. dollar denominated debt. Equities revealed Large Cap at 49%; Mid Cap at 17%; Small Cap 11% and International at 23%.

Ms. Laychur reported on the overall Investment results of \$16,810,618.88 as of 9/30/18 Net of Fees. Last three months resulted in 2.54%; Year-to-Date 3.07%; Since 12/31/2002, 6.32%. The same report as of 10/31/18 resulted in the overall Investment results of \$16,694,488.28 Net of Fees. Last three months resulted in -3.77%; Year-to-Date -1.72%; Since 12/31/2002, 5.96%.

WURSTER Mr. Wurster questioned the report in Section 1 relative to the Ending Market Value as of 9/30/18 of \$16,827,381.31. The Year to Date Summary showed an Ending Market Value as of 9/30/18 of \$16,827,402.64, which should match the earlier number.

LAYCHUR Ms. Laychur responded that it was an error as they should match. She will provide the corrected information.

WURSTER Mr. Wurster asked some questions on strategy. With regard to the interest rate and looking at shorter term duration he asked if she saw long-term Bonds as the best vehicle to help achieve the portfolio objectives.

LAYCHUR Ms. Laychur noted the 10-year Treasury returned about 33.1%. The yield curve is very flat at this time and it will be necessary to get creative on the Fixed Income side. She noted that it will be easier to work with higher interest rates.

WURSTER Mr. Wurster noted that if the rate hovers at the current rate, it will still be short term. The Fed could raise rates but indicates they won't. Perhaps the preference would be to go softer for a little while longer.

LAYCHUR Ms. Laychur responded that within the five to seven-year period is probably the maximum. There could be a lower interest rate with a long-term bond. Typically when the curve inverts, that's when the preference is to go out long because that's a sign rates are going to go down. Timing is not right to date.

WURSTER Mr. Wurster commented that he noticed in the economic report that there was a big drop off in the unemployment rate. He recently heard an Economist, Mark Zandy, who basically pointed out that three years from the point where it breaks through the full employment number, there will be a recession of some sort.

LAYCHUR Ms. Laychur responded that she was looking for that in about 12 to 18 months. Another trigger for a recession is a 4-1/2% wage growth. Currently the nation is very close to the longest business expansion ever, very slow growth. It is uncharted territory.

DVORYAK Mr. Dvoryak thanked Ms. Laychur and Mr. Renzini for their report.

6. OLD BUSINESS

There was no Old Business.

7. NEW BUSINESS

- A. Set Meeting Dates for 2019:
February 28, 2019 – 6:00 p.m.
May 23, 2019 – 6:00 p.m.
August 22, 2019 – 6 p.m.
November 13, 2019 – 6:00 p.m.

MR. WURSTER MOVED TO APPROVED THE MEETING DATES FOR THE PENSION BOARD ON FEBRUARY 28, 2019, MAY 23, 2019; AUGUST 2, 2019 AND NOVEMBER 13, 2019, ALL AT 6 P.M. MR. TOMEVI WAS SECOND. MOTION UNANIMOUSLY CARRIED.

8. COMMITTEE MOTIONS

There were no Committee Motions.

9. ADJOURNMENT

DVORYAK Vice Chairman George Dvoryak adjourned the meeting at 6:30 p.m.

Respectfully submitted,

Charles Wurster, Secretary

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