

**SPRINGETTSBURY TOWNSHIP
POLICE PENSION BOARD**

**NOVEMBER 15, 2017
APPROVED**

The Springettsbury Township Board of Supervisors held a Police Pension Board Meeting on Thursday, November 15, 2017 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
Bill Schenck

ALSO IN

ATTENDANCE: Ben Marchant, Township Manager
Teresa Hummel, Finance Director
Jessica Fieldhouse, Director of Community Development
Dan Stump, Chief, Police Department
Renee Laychur, F.N.B. Wealth Management
Mark Renzini, F.N.B. Wealth Management
Jean Abrecht, Stenographer

1. CALL TO ORDER

SWOMLEY Chairman Mark Swomley called the Police Pension Board meeting to order. He certified that a Quorum was present.

2. ACTION ON MINUTES

A. Police Pension Board Meeting Minutes -August 24, 2017

MR. NACE MOVED TO APPROVE MINUTES OF THE AUGUST 24, 2017 POLICE PENSION BOARD MEETING. MR. SCHENCK 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 2017 FNB Management Report
- (3) Acknowledge Receipt of September 2017 FNB Management Report
- (4) Acknowledge Receipt of October 2017 FNB Management Report

MR. DVORYAK MOVED TO ACKNOWLEDGE RECEIPT OF ITEMS 4.A, 1 THROUGH 4. MR. NACE WAS SECOND. MOTION UNANIMOUSLY CARRIED.

5. REPORTS FROM FINANCIAL ADVISORS

A. F.N.B. Wealth Management

RENZINI Mark Renzini, F.N.B. Wealth Management reviewed the Net Asset Summary for the Third Quarter, 2017. Beginning Market Value: \$15,516,133; Contributions: \$35,347; Distributions: \$253,179; Total Income: \$74,824; Realized Gains and Market Appreciation for an Ending Market Value of \$15,797,146; up about 1.8% for this quarter. The Year to Date report was given as follows: Beginning Market Value 1/1/17 \$14,864,375; Contributions of \$104,000 and Distributions of \$683,552; Income of \$227,396; Realized Gains \$262,270 and Market Appreciation of \$1,028,988 through first three quarters of 2017. Ending Market Value as of 9/30/17: \$15,797,146; Year to date including everything is up over 6%.

LAYCHUR Renee Laychur provided a general review of the written report given to the board, specifically the Third Quarter Highlights.

- It was another good quarter with good earnings. She commented on the hurricanes that had affected the markets somewhat, specifically in automobile sales, which were up due to the loss of cars that were destroyed. The Second and Third Quarter GDP were both 3% over, which was the first time there had been back-to-back three percent quarters since 2010. Good things are happening in the economy. There is great focus on the Tax Reform Bill which is headed for the House and Senate. There is no evidence of any recession. The economy and the earnings are good. Interest rates seem to be stationary.
- The best performing indices for the year had been the Developed International, the EAFE and the Emerging Markets; all better than the U.S. The worst performing are the Bonds. Fixed Income Returns for the quarter beat the benchmark up 87% basis points over the benchmark of 60%. Year-to-date yield was 3.33% over the benchmark of 2.34%, so very good year in Fixed Income.
- Equities for the quarter were up 5.58% over the benchmark of 4.51%. Year-to-date resulted in 17.30% over the benchmark of 14.19%. Best sector for the year was Tech; worst sector was Staples. Energy rebounded as oil prices rose with problems Texas and production cuts in the Middle East.
- Asset allocation - Equities resulted in 50.57% of the allocation. Fixed Income was 42.84%, and Cash was 6.59%. Biggest piece of the pie was Investment Grade at 27.63%. Fixed Income is mostly investment grade. Biggest piece of that pie is in Large Cap 46.15%.
- Investment results net of fees - Year-to-date overall was 10.09%; Fixed Income was 3.33% and Equities were 17.30% versus the benchmark from the Investment Policy Statement. Year over year, it is up slightly lower than 10%, at 9.99%. The overall 3-year result was 4.91%; 5 years, 6.83 and 10 years 5.28%

- Mutual fund exceptions showed they had made some small changes in some of the funds; removed some and added some new ones. The PIMCO Investment Grade Fund is a new Fixed Income Fund. Federated Strategic Dividend Value was eliminated. Vanguard Inflation was added. Harbor International will be eliminated.

Investment Policy Asset Allocation Guidelines Discussion

- LAYCHUR** Ms. Laychur noted the importance of following up on the previous discussion regarding the Investment Policy Asset Allocation Guidelines. She had provided written Proposed Asset Allocations with separate guideline percentages: Current, 50%, 55% and 60% Equity Target.
- SWOMLEY** Chairman Swomley recalled that in the previous conversation it was within the 55 to 60 range. He and Mr. Schenck indicated they would go to 60.
- NACE** Mr. Nace noted it would be with a 10% variance.
- LAYCHUR** Ms. Laychur indicated that would be between 50 to 70. She noted that all she would do is remove and replace what is in the section of the policy where it indicates the asset allocation.
- DVORYAK** Mr. Dvoryak recalled a discussion on the probability of success with different asset allocations. He noted that a historical look at where the markets had delivered at the U.S. and International and Fixed Income, etc., one could determine the likelihood of success in hitting the target that is needed for the Pension Plan.
- LAYCHUR** Ms. Laychur responded that a review of a 50/50 portfolio reveals what is made over a 10-year time period. That is where there are no zero 10-year periods or very few. With more risk the Equity range goes up, and a little more return using the 1926 data. She had previously provided some financial planning documentation. Adding more Equities over the long-term increases return and the chance for success.
- DVORYAK** Mr. Dvoryak noted his concern over the target difference, 55 or 60. He asked how common it would be using a 70% max in a municipal pension plan.
- LAYCHUR** Ms. Laychur responded that it would not be very common. Typically managers are going to be more cautious with pension money. If the board were to choose 55, there would still be the range from 45 to 65, which, either way would be more the norm, common target.
- DVORYAK** Mr. Dvoryak commented that the 55% target with a 10% range would be in his comfort range.
- LAYCHUR** Ms. Laychur responded that it would be easy for them to work with the 55/60, a more appropriate target than the current target.

RENZINI Mr. Renzini noted that that reasonable range keeps them within that range so that it's not an exception to the policy. He did not see them pegging the needle, even at a 65% high unless there was some extraordinary market condition.

LAYCHUR Ms. Laychur indicated that it is a living document. She recommended that they be at least half Equity as a target, a minimum for the long-term returns to be successful. They would make any changes at the beginning of the year.

MARCHANT Mr. Marchant had prepared a separate sheet of motions with the 60% and the 55% based on the minutes of the last meeting. He had a copy of the Investment Policy Statement with him, along with the Asset Allocation.

SCHENCK Mr. Schenck noted that he would be much more comfortable at 55 even though he had mentioned 6- previously.

LAYCHUR Ms. Laychur indicated she would be comfortable with 55.

SWOMLEY Chairman Swomley agreed that he had been thinking the same thing.

MR. SCHENCK MOVED TO CHANGE THE INVESTMENT POLICY TO THE OPTION OF 55 PERCENT EQUITY AS OUTLINED IN THE MEMO. MR. DVORYAK WAS SECOND. MOTION UNANIMOUSLY CARRIED.

6. OLD BUSINESS

There was no Old Business.

7. NEW BUSINESS

A. Acknowledge COLA Payment Increase to Gregory Witmer from \$4,208.20 to \$4,288.16 effective November 1, 2017 as stated in Mr. Cramer's attached letter. Mr. Witmer should also receive a one-time payment for September and October totaling \$159.02.

MR. SCHENCK MOVED TO ACKNOWLEDGE THE COST OF LIVING ADJUSTMENT FOR GREGORY WITMER AS OUTLINED IN THE INFORMATION FROM CONRAD SIEGEL. MS. PHAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.

8. COMMITTEE MOTIONS

There were no Committee Motions

9. ADJOURNMENT

SWOMLEY Chairman Swomley adjourned the meeting at 6:24 p.m.

Respectfully submitted,

Kathleen Phan
Secretary
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