

**SPRINGETTSBURY TOWNSHIP
POLICE PENSION BOARD**

**NOVEMBER 5, 2010
APPROVED**

The Police Pension Board of Springettsbury Township held a meeting on Friday, November 5, 2010 at Noon at the Township Offices located at 1501 Mt. Zion Road, York, PA.

MEMBERS IN

ATTENDANCE: George Dvoryak, Chairman
Bill Schenk
Don Bishop
Mike Bowman

MEMBERS NOT

IN ATTENDANCE: Julie Landis

ALSO IN

ATTENDANCE: John Holman, Township Manager
Lt. David Trott, Police Department Representative
Christopher Ford, Police Department Representative
Joe Paese, F.N.B.
Rene Lachure, F.N.B.
Richard Diem, Fulton Financial
Annette Hose Fulton Financial
Jean Abreght, Stenographer

A. Call to Order

DVORYAK Chairman George Dvoryak called the meeting to order at Noon. He welcomed the members. He reported that a Quorum was present.

B. Action on Minutes

1. May 13, 2010 Joint Fire/Pension Board Meeting

DVORYAK Mr. Dvoryak provided two amendments to the draft minutes on pages 6 and 7, the word rate changed to range, and the word Police changed to Policy.

MR. BISHOP MOVED TO APPROVE THE MINUTES AS AMENDED. MR. BOWMAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.

C. Public Comment – Comments from the public.

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 April 2010.
- c. Acknowledge Receipt of Fulton Financial Trust Report for May 2010.
- d. Acknowledge Receipt of Fulton Financial Trust Report for June 2010.
- e. Acknowledge Receipt of Fulton Financial Trust Report for July 2010.
- f. Acknowledge Receipt of Fulton Financial Trust Report for First Quarter 2010.
- g. Acknowledge Receipt of Fulton Financial Trust Report for August 2010.
- h. Acknowledge Receipt of Fulton Financial Trust Report for September 2010.
- i. Acknowledge Receipt of Fulton Financial Trust Report for Second Quarter 2010.
- j. Acknowledge Receipt of F.N.B. Wealth Management Report for First Quarter 2010.
- k. Acknowledge Receipt of F.N.B. Wealth Management Report for April 2010.
- m. Acknowledge Receipt of F.N.B. Wealth Management Report for May 2010.
- m. Acknowledge Receipt of F.N.B. Wealth Management Report for June 2010.
- n. Acknowledge Receipt of F.N.B. Wealth Management Report for July 2010.
- o. Acknowledge Receipt of F.N.B. Wealth Management Report for August 2010.
- p. Acknowledge Receipt of F.N.B. Wealth Management Report for September 2010.

**MR. SCHENCK MOVED TO ACKNOWLEDGE RECEIPT OF THE
CORRESPONDENCE AND COMMUNICATIONS AS LISTED ON THE AGENDA.
MR. BISHOP WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

E. Reports from Financial Advisors

1. F.N.B. Police Fund

PAESE Mr. Paese reported on the documentation provided for the period from July 1 to September 30, 2010. He stated that the quarter started out with \$4.6 million. F. N. B. Fee Disbursement was \$5,900 for the quarter. Earned Income was \$32,000 with significant unrealized gains of \$317,000. The positive quarter resulted in almost \$350,000 bringing in \$4.992 to the end of September.

LACHURE Ms. Lachure discussed the market and the economic status. She noted that 150,000 jobs had been created mostly in the private sector. However, unemployment remained at 9.6%. She stated that the Federal Reserve was doing some quantitative easing in \$6 to \$700 billion in Treasury purchases. September was the worst month historically for the market averaging down about 1% over a long period of time. However, substantial recovery seemed to be surfacing. Within the markets low quality items brought better results. There may be a shift to high paying dividend, high quality stocks. Interest rates remain very low with the Federal Reserve purchasing more Treasuries. She indicated that employment and housing are the two areas to watch.

Ms. Lachure stated that the Performance Report had been provided to the board. The three month performance was 7-1/2% and the benchmark was 7.6%. Bonds had underperformed slightly with high quality, short corporate notes. That

strategy will be held. The last 12 months the blended benchmark of return was 9.6% versus 9.2%, some underperformance in the fixed income sector. The equity sector outperformed with high quality names, long term, with 5.2% versus 5.6%.

PAESE Mr. Paese noted that, within the current portfolio, cash equivalents are light at 4.87%. He reported that corporate earnings are good and they will remain in corporate, high quality stocks. Fixed income will be held as well. The breakdown reported 50% large cap, 15% mid, 5% small, 10% international, and slightly less than 3% emerging, and real assets at 6-1/2%. Large cap is what will provide a dividend flow. They will review the final Investment Policy Statement over the next quarter and work within that policy accordingly. Fixed Income position is at 20% government and agencies, 77% investment grade.

BOWMAN Mr. Bowman questioned the future for emerging markets.

LACHURE Ms. Lachure responded that she was very positive. She noted that there are growth rates in Brazil, India, and China. Some of the smaller Asian markets will grow much faster than the U. S. Overseas exposure is favorable, especially the developed markets.

PAESE Mr. Paese noted that the two emerging funds are the Harbor and the Federated, which have a fair amount of merging; however, 5% is the maximum.

LACHURE Ms. Lachure added in addition that the portfolio included the Vanguard, the BWO, which is the Vanguard Emerging Market Index at about 1.37% in the account.

DVORYAK Mr. Dvoryak thanked them for their report.

2. Fulton Financial Police

DIEM Richard Diem presented the Receipts and Disbursements breakdown for Annette Hose. There were no questions.

Mr. Diem presented a portfolio description. Within the Police Pension Plan allocation and performance numbers, the main allocation is 46.4% equity. The Federated Fixed Income SMA is managed separately. It is 49.4% of the portfolio. Cash is at 4%. The quarterly results: 7% is the account rate of return. The benchmark is 50% S&P 500; 45% Barclays, 5% cash, 6.89% for the quarter. Equities did well at 12.42%; S&P was up 11.29%, which is ahead 1.12% for the quarter. Large cap growth did well at 11.88% slightly behind the benchmark of 13. Federated Strategic Value Fund, since November, 2009, is about 9.5% of the portfolio. The high quality, high dividends brought a great return of 13.38% Eaton Vance Tax Managed Emerging Market is a more aggressive area of the market, up 19.14% for the quarter, 18.03 on the benchmark. Harbor International

did well at 15% which was up 17% for the quarter. In addition there is 5-1/2% emerging markets in the holdings. Fixed Income was positive 2.82% versus the benchmark of 2.76%. The one-year number Account Rate of Return from September to September is 8.27 versus benchmark of 8.58%. The three-year average return is .57% versus the benchmark of -41%. Over that same three-year period the S&P 500 market was down 7.16% per year. The five-year results were 4.25% versus 3.12%, 1.12% ahead. Since inception in March, 2002, 5% per year versus the benchmark of 3.8%.

Mr. Diem provided some economic and capital market outlooks. He had provided a new formatted report, which revealed the economic GDP quarter to quarter. The consumer is still saddled with a lot of debt and foreclosures are still very evident. Unemployment, although some improved, is still very high.

TROTT Lt. Trott questioned how the government's ability to pay debt play into the economy. He was aware that it was a complicated issue.

DIEM Mr. Diem responded that it is the big issue and one of the reasons that a lot of people have been worried about the quantitative easing is the amount of debt. The government bought \$600 billion worth of Treasuries, and they will buy them back and then flood the system with cash. There are potential inflation affects in the future. In addition, the value of the dollar then goes down and the price of anything from foreign countries goes up for Americans. The biggest concern is that when the government issues so much debt they have what they call the crowding out effect. When that takes place the rates eventually get pushed up from demand for debt and also from the inflationary issues. If a corporation or individual wants to borrow at that point because of all that government debt pushing up interest rates, it makes it more difficult to borrow. It is important to have the fiscal house in order.

TROTT Lt. Trott noted that it seems like it will eventually catch up; can't go on like that forever.

DIEM Mr. Diem noted it can't. At this point the government is necessary because corporations and individuals aren't borrowing so the government is stepping in to keep things afloat, but the key thing will be the government working their way down out of that over time at this point there's nobody left after the government to pick up the pieces.

F. Old Business

There was no Old Business for discussion.

G. New Business

**SPRINGETTSBURY TOWNSHIP
POLICE PENSION BOARD**

**NOVEMBER 5, 2010
APPROVED**

1. Acknowledge COLA Payment Increase to Kenneth L. Witmer from \$3,336.45 to \$3,358.32 effective May 1, 2010. Letter from Consulting Actuary is attached.

MR. BOWMAN MOVED TO ACKNOWLEDGE COLA PAYMENT INCREASE TO KENNETH L. WITMER FROM \$3,336.45 TO \$3,358.32 EFFECTIVE MAY 1, 2010. MR. BISHOP WAS SECOND. MOTION UNANIMOUSLY CARRIED.

2. Acknowledge Payment to Conrad Siegel Actuaries in the amount of \$2,500. Copy of invoice and payment attached.

MR. BOWMAN MOVED TO ACKNOWLEDGE PAYMENT TO CONRAD SIEGEL ACTUARIES IN THE AMOUNT OF \$2,500. MR. BISHOP WAS SECOND. MOTION UNANIMOUSLY CARRIED.

3. Acknowledge Receipt of Act 44 Disclosure Form from Thomas Zimmerman of Conrad Siegel Actuaries dated October 8, 2010.

MR. SCHENCK MOVED TO ACKNOWLEDGE RECEIPT OF ACT 44 DISCLOSURE FORM. MR. BISHOP WAS SECOND. MOTION UNANIMOUSLY CARRIED.

H. Committee Motions

There were none for action.

I. Adjournment

DVORYAK Chairman Dvoryak adjourned the meeting at 12:35 p.m.

Respectfully submitted,

John Holman
Secretary

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**SPRINGETTSBURY TOWNSHIP
POLICE AND FIRE PENSION BOARD JT. MEETING**

**MAY 13, 2010
APPROVED**

The Police and Fire Pension Boards of Springettsbury Township held a meeting on Thursday, May 13, 2010, at 5:30 p.m. at the Township Offices located at 1501 Mt. Zion Road, York, PA.

MEMBERS IN

ATTENDANCE: George Dvoryak, Chairman
Bill Schenk
Don Bishop
Mike Bowman
Julie Landis

ALSO IN

ATTENDANCE: John Holman, Township Manager
Jim Baugh, Community Development Director
John Luciani, Civil Engineer
Dori Bowders, Manager of Administrative Operations
Lt. David Trott, Police Department Representative
George Mount, Fire Department Representative
Joe Paese, F.N.B.
Rene Lachure, F.N.B.
Richard Diem, Fulton Financial
Sharon Hake Fulton Financial
Jean Abreght, Stenographer

A. Call to Order

DVORYAK Chairman George Dvoryak called the meeting to order at 5:34 p.m. He welcomed the members. He asked Mr. Holman whether a Quorum was present.

HOLMAN Mr. Holman responded that a Quorum was present for both the Police and Fire Pension Boards.

B. Action on Minutes

1. February 25, 2010 Joint Fire/Pension Board Meeting

MR. SCHENCK MOVED TO ACCEPT THE MINUTES AS PRESENTED. MR. BISHOP WAS SECOND. 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 February 2010.
 - c. Acknowledge Receipt of Fulton Financial Trust Report for March 2010.
 - d. Acknowledge Receipt of Fulton Financial Trust Report for Fourth Quarter 2009.
 - e. Acknowledge Receipt of F.N.B. Wealth Management Report for Fourth Quarter 2009.
 - f. Acknowledge Receipt of F.N.B. Wealth Management Report for February 2010.
 - g. Acknowledge Receipt of F.N.B. Wealth Management Report for March 2010.
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 Fourth Quarter 2009.
 - c. Acknowledge Receipt of Fulton Financial Trust Report for February 2010.
 - d. Acknowledge Receipt of Fulton Financial Trust Report for March 2010.

MR. SCHENCK MOVED TO ACKNOWLEDGE RECEIPT OF THE CORRESPONDENCE AND COMMUNICATIONS AS LISTED ON THE AGENDA FOR THE POLICE AND FIRE PENSION REPORTS. MR. BISHOP SECONDED. MOTION UNANIMOUSLY CARRIED.

E. REPORTS FROM FINANCIAL ADVISORS

1. Fulton Financial: Police & Fire Funds

HAKE Sharon Hake, Fulton Financial, reported in the absence of Annette Hose. She reviewed the accounting for the Police Pension Plan with a beginning balance of \$4,705,045.40. Total receipts were \$161,184.77 and total disbursements \$146,475.01. The ending balance as of March 31, 2010 was \$4,719,755.00. The accounting for the Fire Pension Plan had a beginning balance of \$2,791,030.30. Total receipts were \$87,536.82 and disbursements were \$46,426.20. That resulted in an ending market value as of March 31, 2010 of \$2,832,140.92.

DIEM Richard Diem, Fulton Financial, provided a recap of the economic indicators. He reviewed charts and graphs from the printed material provided to the board and referenced the movement of the market going up and down through the fall of 2008 into March of 2009 where the market hit bottom. He noted that not too far above that bottom channel the research group identified it as a typical low point evaluation for the markets. Since the low point in March of 2009 the market as measured by the S&P 500 rose approximately 80% as a result of the huge rebound that took place. The government liquidity helped some but did not address long-term issues. A review of the documentation indicated that the price to earnings ratio is 20.9%. He felt it was appropriate to be more cautious with investments in the market. The fund is neutral to the market, but they are shifting assets to be more conservative. He reviewed the S&P 500 Stock Index Trends and noted that the high quality stocks will start to outperform. The portfolio is positioned to take advantage of those high quality stocks. He noted that the Federal Reserve Board

will be raising interest rates at some point. Markets are pricing interest rate increases by December of 2010. However, Goldman-Sachs has rates increasing in 2012. The Federal Reserve will be giving liquidity for a long time because of the fragile recovery, which included Europe. The Federal Reserve can keep rates low due to the deflationary force between Europe and China so that inflation will not be a concern for some time.

DVORYAK Chairman Dvoryak commented on the projected increase in interest rates by the Federal Reserve Board. He asked what Mr. Diem would plan to do to protect the plan's Fixed Income Portfolio when that takes place.

DIEM Mr. Diem responded that the Fixed Income holdings are currently sub-managed by Federated out of Pittsburgh. He would not be making the day-to-day position decisions. He noted that what Federated had done is taken back the duration of their holdings for 100% of the benchmark index which is 3.67 years down to 95% of that benchmark. Mr. Diem did not think it was a dramatic move and added that it was not something to be concerned about for some time until rates begin to come back up.

DIEM Mr. Diem referred to the portfolios and presented a joint report. He stated that the performance and allocation numbers were very similar with the exception of the fact that the Police Pension Plan has 50% in the equity market and the Fire Pension Plan is more conservative at 45%. Both accounts, within the equities, are structured with approximately 33% in large cap growth stocks. The MFS value fund is at 22.8%, and the high-dividend, high-quality fund added about 9% to the portfolio. The principal mid-cap is 10% in the portfolio and 5% in Loomis Sayles. Eaton Vance is at 5% and Harbor International at 13.8%. In both accounts they use Federated as the Fixed Income Manager. Quarterly results are the same for both accounts within equities which were up 4.18% for the first quarter, below the benchmark of 5.39%, 1.2% under performance. Large cap growth was up 5.03% versus 4.65% benchmark. The market outperformed in the large cap value which was up 6.79%. Mid-cap sector was slightly below the benchmark of 8.67% with 6.95%. The Russell 2000 index was 8.85% over a benchmark of 5.57%. The Eaton Vance in both funds was up 5.65% and outperformed the benchmark at 2.40%. Harbor International was 0.64% in line with the index of .87%. International funds did poorly during the first quarter due to the dollar rally. Fixed Income is the same for both accounts at the sector level, 1.68% versus a benchmark of 1.54%, so slightly ahead. For both the Police and Fire Pension funds, the account Rate of Return for the quarter was 2.77% versus a benchmark of 3.39%. Equities in the accounts were responsible for the underperformance. For the Fire fund 2.76% was the performance, but the benchmark was 3.2% since they have slightly more in Fixed Income. The One Year figures for both accounts show that the equities are up 52.18%, better than the S&P 500 at 49.77%. Since Inception the Police fund was 5.01% over the benchmark of 3.75%. The Fire fund was 4.36% over the benchmark of 3.24%. Mr. Diem noted that as the

markets continue with the volatility, the more conservative tact they had taken with either funds will begin to pay off.

2. F.N.B. Police Fund

PAESE Joe Paese, F.N.B., provided a recap of the portfolio indicating that the end of the year results were 4.754% for the quarter. Earned income was realized of approximately \$34,000 and unrealized depreciation of \$127,000. The bottom line ended the quarter at \$4,911,547.86, which he reported as a relatively good quarter.

DVORYAK Chairman Dvoryak asked Mr. Paese to explain the difference between a realized gain and a security position change.

PAESE Mr. Paese responded that a realized gain would apply if a stock was sold during a quarter and there was a gain or a loss. A security position change could be a bond maturing. He noted that things happen internally in the account, which could include a stock dividend change where there are more shares provided.

LACHURE Rene Lachure, F.N.B., provided a summary of the economy and the quarterly report. She noted that the third quarter positive GDP number was 3.2%, somewhat worse than 5.6% during the prior quarter. She noted that it is too soon to determine whether the recession is over; however, 280,000 jobs were added, which is the beginning of employment growth. She noted that the average duration of unemployment is 40 weeks, longer than it has ever been. Overall it appeared that the economy seemed to be moving forward with a very volatile future. She provided a summary of the portfolio holdings listed by asset class: Cash, Fixed Income and Equity. The bulk of the portfolio is in large cap which is managed with individual stocks. The only sector being managed with individual assets in the equity portion is the large cap sector. One half of the portfolio is in governments and agencies. Another sector in investment rate corporate at 43% which holds a 6% high yield position. Fixed Income position and models is about 90% of the benchmark, which is the intermediate credit index. They are overweight investment grade and slightly over weight high yield, under weight in treasuries. They are reclassifying assets and will move forward by breaking out small cap, mid cap and international as the benchmarks will be adjusted. Overall the three-month period they were up 3.4% versus the benchmark of 4.2%. Over the previous six months the account was up 7.6% for the fiscal year to date. The last 12 months was up 24.7%; three years 2.1%; five years 4.7% and from 10/1/09 to 3/31/10 at 5.2%. They favor dividend yielding large cap stocks and will move more towards that as they had under performed, but in a volatile market that strategy will work well.

DVORYAK Chairman Dvoryak commented that he was curious about the average duration in the fixed income. He asked for clarification.

LACHURE Ms. Lachure responded that there are individual bonds within the portfolio. She noted that she could provide duration information. The mutual fund models were in about a four-year duration. She noted that she thought there would be a faster rise in short yields, faster than longer rates, and the yield curve will flatten.

BISHOP Mr. Bishop asked whether the total performance since inception was included in the report.

LACHURE Ms. Lachure responded that it is identified as the “report period.”

F. OLD BUSINESS

1. Police and Fire Pension Boards review of investment policies.

DVORYAK Chairman Dvoryak indicated that copies of the Investment Policy Statement had been included in the board packet and that they incorporated the agreed upon changes from the last work session.

HOLMAN Mr. Holman indicated this the documentation was the last update provided by Tara Mashack-Behney of Conrad-Siegel.

DVORYAK Chairman Dvoryak indicated that the discussion left open from the last meeting was the section on the asset allocation bands. The board had suggested the strategic asset allocations, as well as an allowance for plus or minus 5% of any asset class. There had been a discussion during the last meeting as to whether that was adequate. Input was solicited from various individuals and it was determined to revisit that in the future.

SCHENCK Mr. Schenck asked how the allocation percentages were driven since they are different from Police to Fire in percentages.

HOLMAN Mr. Holman responded that they are driven by the assumption on interest in the funds and stated that the Fire fund is more conservative than the Police fund.

DVORYAK Chairman Dvoryak noted that the Fire fund actuarial assumption is a 6½% return and the Police is 7%.

HOLMAN Mr. Holman indicated that the question was whether or not to allow a further opening than what is in place, a 10% window plus or minus 5%. He added that the Conrad Siegel representative, Tara Mashack-Behney, stated that goal was to have a repositioning when funds reached a certain point, an automatic repositioning point for the members to try and take advantage of high or low markets as they come along.

BISHOP Mr. Bishop commented that he would prefer to allow the managers to manage as much as much as possible and that 5% is a narrow range that does not mitigate

risk but definitely mitigates reward by not allowing the managers to take advantage of market conditions. He would prefer to see that number much higher than 5%.

DVORYAK Chairman Dvoryak asked the board for any specific thoughts on a higher percentage.

BISHOP Mr. Bishop noted that he thought there was a ceiling on the window of 10%.

HOLMAN Mr. Holman stated that there was a 10% window currently. Going back to the current Investment Policy Statement, it has a higher window of 15%.

PAESE Mr. Paese stated that it is actually 35% to 65% on both plans. He added that they would much rather have the 10% for each plan than the 5%.

DIEM Mr. Diem commented that the most important piece is the benchmark that the managers still have to target. If they are way above or below that 10%, it's on them to make the right decision.

A lengthy discussion with regard to the range of risk took place, summarized:

- Open up the range: 5% too restrictive; 10% is conservative but 10 % is better than 5%.
- Range can be amended if needed.
- Advisers have ability to request a certain position and exceptions can be made.

DVORYAK Chairman Dvoryak asked whether anyone had any objections to moving the current asset allocation range of 5% to 10%.

Consensus was agreement to move the asset allocation range to 10%.

LANDIS Ms. Landis asked whether the market shuts down for a short time if it drops suddenly.

LACHURE Ms. Lachure responded that it does not. It had done so in the past, but all the circuit breakers are gone at this time. There is discussion about bringing the circuit breakers back and making them uniform.

H. COMMITTEE MOTIONS:

- 1. Motion to Approve Investment Policy Statement for Firemen Pension Plan**
- 2. Motion to Approve Investment Policy Statement for Police Pension Plan**

MR. SCHENCK MOVED TO APPROVE ITEMS 1 AND 2 TO INCORPORATE THE CHANGE FROM THE 5% VARIANCE FROM ASSET ALLOCATION TO 10% AS PROPOSED. MS. LANDIS WAS SECOND. MOTION UNANIMOUSLY CARRIED.

PAESE Mr. Paese commented that there were several issues with regard to the high yield and the commodities piece. He asked whether that had been resolved in the policy.

DVORYAK Chairman Dvoryak's recollection was that there were a couple of agreements that Ms. Mashack-Behney, after hearing the comments, had agreed to incorporate. He asked Mr. Holman to be sure that the changes were included.

HOLMAN Mr. Holman responded that as soon as the change is made to 10% he would provide the board with a revised document.

DVORYAK Chairman Dvoryak thanked everyone involved for their help in adopting the new Investment Policy Statement.

G. NEW BUSINESS

1. Acknowledge COLA Payment Increase to Charles W. Zane from \$3,215.53 to \$3,251.55 effective April 1, 2010. Letter from Consulting Actuary is attached.

MS. LANDIS MOVED TO ACKNOWLEDGE THE COLA PAYMENT INCREASE TO CHARLES W. ZANE FROM \$3,215.53 TO \$3,251.55 EFFECTIVE APRIL 1, 2010. MR. BOWMAN SECONDED. MOTION UNANIMOUSLY CARRIED.

2. Acknowledge COLA Payment Increase to Robert A. Drawbaugh from \$3,450.63 to \$3,540.35. Letter from Consulting Actuary is attached.

MS. LANDIS MOVED TO ACKNOWLEDGE THE COLA PAYMENT INCREASE TO ROBERT A. DRAWBAUGH FROM \$3,450.63 TO \$3,540.35. MR. BOWMAN SECONDED. MOTION UNANIMOUSLY CARRIED.

3. YAUFRR Contract and the Pension Program. A copy of the applicable pages of the contract are attached.

HOLMAN Mr. Holman stated that no action was required by the board. He wanted to make the board aware that the defined benefit pension plan was cut off with the last Springettsbury employee hire. Any new person hired by YAUFRR under the new agreement goes from the defined contribution plan under the Springettsbury design. Those that are in the Springettsbury plan will stay with the defined benefit program. Chief McCoy and Mr. Holman are working with Spring Garden and Tom Zimmerman from Conrad-Siegel and will be meeting with the Auditor General's office to make sure everything is in order with the state contribution and the pension funds to determine where the funds will now go, whether they

will come to Springettsbury Township or Spring Garden or whether they will go to YAUFRR. He noted he would update the Board through his reports. He did not expect any significant changes. He noted they are doing a review of the ordinances to double check for any changes.

BISHOP Mr. Bishop asked for clarification regarding the asset allocation. He commented that the way it reads, it lists the money market-5%, fixed income-47.5%; domestic-33.3% and then it states a variance from these allocations should not exceed plus or minus 10%. That means that fixed income which is 47.5% can go down to 37.5%? He questioned that it would not mean to take 10% of 47%.

DVORYAK Chairman Dvoryak responded that it did not, that the ranges can be as low as 37.5% and as high as 57.5%.

BISHOP Mr. Bishop commented that it might be worth making clear, since there had been several of the board who questioned the same issue. He suggested that the ranges be listed from 37.5% to 57.5%.

HOLMAN Mr. Holman responded that he would incorporate and clarify a target, minimal and maximum ranges.

I. Adjournment

DVORYAK Chairman Dvoryak adjourned the meeting at 6:45 p.m.

Respectfully submitted,

John Holman
Secretary

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**SPRINGETTSBURY TOWNSHIP
POLICE AND FIRE PENSION BOARDS**

**FEBRUARY 25, 2010
APPROVED**

The Police Pension Board of Springettsbury Township held a meeting on Thursday, February 25, 2010, at 5:00 p.m. at the Township Offices located at 1501 Mt. Zion Road, York, PA.

MEMBERS IN

ATTENDANCE: George Dvoryak
Bill Schenk
Don Bishop
Mike Bowman
Julie Landis

ALSO IN

ATTENDANCE: John Holman, Township Manager
Jim Baugh, Community Development Director
John Luciani, Civil Engineer
Christopher Ford, PD
Rob Carpenter, FD
George Mount, FD
Annette Hose, Fulton Financial
Richard Diem Fulton Financial
Joe Paese, FNB Wealth Management
Renee Lachure, FNB Wealth Management
Dru Menda, FFA
Tara Mashack-Behney, Conrad Siegel Actuaries
Stephan Troy, Conrad Siegel Investment Advisory
Jean Abreght, Stenographer

A. Call to Order

DVORYAK Chairman George Dvoryak called the meeting to order at 5:04 p.m. He welcomed those present. He asked Mr. Holman whether a Quorum was present.

HOLMAN Mr. Holman responded that a Quorum was present for both the Police and Fire Pension Board. He suggested that the participants introduce themselves, names of which are captured above.

B. Action on Minutes

1. November 6, 2009 Fire Pension Board Meeting
2. January 4, 2010 Fire Pension Board Reorganization Meeting

MR. SCHENCK MOVED TO ACCEPT THE MINUTES AS PRESENTED. MR. BISHOP WAS SECOND. MOTION UNANIMOUSLY CARRIED.

3. November 6, 2009 Police Pension Meeting
4. January 4, 2010 Police Pension Board Reorganization Meeting

MR. SCHENCK MOVED TO ACCEPT THE MINUTES AS PRESENTED. MR. BISHOP WAS SECOND. MOTION UNANIMOUSLY CARRIED.

C. Public Comment

There were no public comments.

D. Presentation and Review of Investment Policies:

1. Presentation of Proposal for Financial Review of Paid Firemen and Police Pension, Death and Disability Funds.

DVORYAK Mr. Dvoryak stated the focus of the work session was to move to the next step in the process that began several months prior to updating the Investment Policy Statement for the township for both the Fire and the Police pensions. He noted the firm of Conrad Siegel was engaged to develop the policy and they provided a draft copy of their recommendations. Feedback was solicited from all members of the Pension boards, both Police and Fire, as well as the investment advisors and some comments were received. Mr. Dvoryak indicated that Conrad Siegel reviewed the comments and a phone discussion was held. Mr. Dvoryak stated that Ms. Behney from Conrad Siegel would present the next draft which incorporated many of the comments. He noted that the purpose of the work session was to familiarize everyone on how the initial document evolved to the draft presented this date and why some of the comments received were not incorporated into the document, and then decide on the resolution. Mr. Dvoryak turned the meeting over to Ms. Behney.

BEHNEY Ms. Behney distributed the Investment Policy Statement document evolution. She noted the document was an outline of the policy statement and she intended to review the various stages they went through and the outcome. She referred to the handout noting that when the independent audit was performed, they provided a starting point in the document for an investment policy and developed a comprehensive Investment Policy Statement for the two plans. They identified a number of items, summarized:

- Responsible Party Section
- Specific Individual Bond and Stock Criteria
- Fee Section
- Investment Objective Section - Added capital objective; actuary assumptions
- Desired long-term rate of return; 10 year period
- Capital preservation added
- Purpose of the plan – Provide boundaries/guidance
- Individual Stock Criteria – Relaxed to operating earnings
- Statement of Security – Clarification added
- Prohibited Investment Section – Securities/investments guidelines
- Rebalancing – Section reworded for automatic rebalance of portfolio
- Timing of reports – Two weeks prior to scheduled quarterly meetings
- Items suggested but not included in the IPS

- Police/Fire Pensions – Allocation, benchmarks, target slightly different based on goals

Following the presentation Ms. Behney indicated the next step would be to put the policy statement in place.

DVORYAK Chairman Dvoryak asked if there were any questions. He focused on the prohibited investment section, referring to certain investments prohibited by law. He wanted to make sure these were referenced in compiling this list in the Investment Policy Statement.

BEHNEY Ms. Behney noted that Mr. Tom Zimmerman, Actuary of the plan, had reviewed the document.

DVORYAK Chairman Dvoryak asked for clarification on the second tier, the options, non-marketable securities questioning the limits placed on them.

TROY Mr. Troy confirmed that it would be virtually impossible in a fund to take away options or sometimes futures because it is a mechanism at a very low level used when money is received to get immediately invested. When a specific investment is found, they fund roll that option with a futures position and replace it with the actual stock.

DVORYAK Mr. Dvoryak asked if he was comfortable that they are appropriate for this type of fund.

TROY Mr. Troy responded that he was, yes.

BISHOP Mr. Bishop asked him to explain what the language meant in the section relating to how they shall invest and engage in no more of the lesser of the statutory limits.

TROY Mr. Troy responded they shall engage in no more than the lesser of the statutory limits. They would choose the 50% level because securities lending is a very widely used process in some fund families. There are statutory limits for a select few of the prohibited investments, which should be checked by the investment advisor.

BISHOP Mr. Bishop noted that one of the examples listed related to derivatives. He asked if the fund could be 50% invested in derivatives provided there was no statute.

TROY Mr. Troy responded that technically it could. He understood the concern and provided a detailed explanation but indicated it would be the responsibility of the investment advisor to have knowledge of what would be prudent to place in the portfolio.

BISHOP Mr. Bishop noted his concern was that language was being created that would put too tight a rein on the advisors.

DVORYAK Chairman Dvoryak stated that Conrad Siegel had developed and provided actuarial assumptions that are built into the pension plan. They are commissioned with building an asset allocation that over time should return those actuarial assumptions and from

that perspective he asked the investment advisors, based on the 6½% target in the one fund to 7% in the other whether they had any concern about those asset allocation targets specifically.

LACHURE Ms. Lachure responded that F.N.B. would like the band to be wider to provide more leeway.

DIEM Mr. Diem agreed and stated that more flexibility would be very helpful.

PAESE Mr. Paese noted that his understanding was that the board was looking for higher yield investments that would produce the 6-1/2% and 7% targets.

DVORYAK Chairman Dvoryak confirmed his understanding of the discussion was that the asset allocation is fine and that the advisors would like to see more flexibility on the bands by 5% either way.

Both Ms. Behney and Mr. Troy agreed that 5% was reasonable.

PAESE Mr. Paese noted a different opinion in the F.N.B. works in a wider band of 10%.

DVORYAK Chairman Dvoryak indicated that in his research he had seen 10% as the normal number.

TROY Mr. Troy responded that if the board was comfortable with that it was the board's decision.

LANDIS Ms. Landis asked what investment style they were trying to achieve, along with the objective and added that it would depend on the leeway of the bands.

TROY Mr. Troy responded that it would depend on the investment advisors, each with a distinct style. One prefers value more than growth and the other moves around between stocks and bonds with an active approach.

BEHNEY Ms. Behney noted that for some clients they might break it down into mid-cap, small cap and large cap but within some framework or guideline.

DIEM Mr. Diem commented on the importance of benchmarks in that they should merge with the allocation parameters. He noted that Fulton often must carry a large amount of cash in the portfolio for liquidity purposes. The benchmark he typically uses for presentations does show a 5% allocation in cash carved out of the Fixed Income section. He noted that with the low rates having anything in cash hurts performance and it would be good to have that as part of the overall benchmark. He noted that the indices with the investments on the equity side does have an equity International piece where they could be above or below. They are working with an S&P 500 benchmark which is domestically oriented.

BEHNEY Ms. Behney responded that he made good points with regard to the benchmarks. In the proposed IPS they had listed an appropriate benchmark for each of the asset classes.

They did not believe it would be a problem to compare international to domestic because of the benchmarks listed for each asset class. The broad base needs to match the target. There is no reason why if there's a 50% Lehman aggregate and cash is carried at 5% that it be knocked down to 45%. She added that was realistic and acceptable.

- DIEM** Mr. Diem responded that they like to show a broad benchmark for S&P 500 equities and then a blended benchmark of equities according to the asset classes. He questioned whether they thought that instead of the Barclays aggregate that perhaps the Barclays intermediate government credit A or better might be a better index on the fixed income.
- TROY** Mr. Troy responded that the suggested change was to use a more intermediate term benchmark.
- FORD** Officer Ford commented that during the November, 2009 workshop they asked for an opinion on investment strategies. They had suggested establishing an Investment Policy Statement. A discussion had taken place with regard to the benefits and drawbacks of having two investment managers. He asked for further explanation.
- TROY** Mr. Troy responded that having two different investment advisors with two different styles often will produce a good result. In some years the value approach will yield a better result; in other years the growth plan will be more advantageous. The benefit of having two is to know two great investment managers, one greater at managing equities and the other for bonds. However, for a plan of this size to have only one investment manager would be more beneficial unless they have a specialist in equities or bonds.
- BEHNEY** Ms. Behney added that another complexity for the committee with the policy statement with two advisors and an allocation is how that allocation going to be controlled, divided, monitored and whose responsibility it is.
- BISHOP** Mr. Bishop asked about mutual fund criteria, passive versus active funds and manager tenure. He asked whether there was any evidence to say that a longer tenured manager performs better or differently than one with shorter tenure.
- TROY** Mr. Troy responded that there is evidence that fund families which keep their team of managers in place for more than five years tend to have better performance. He noted the average management tenure is five years.
- FORD** Officer Ford asked whether they had established an Investment Policy Statement such as this for other municipalities or other funds of this size and whether it compares with other similar plans.
- BEHNEY** Ms. Behney responded that they had developed over 100 Investment Policy Statements and it is all in line with the others.
- LANDIS** Ms. Landis asked how the situation would transpire if an individual changes companies with 15 years with one company and only six months with another.

- BEHNEY** Ms. Behney responded that they would use an overall management experience at managing similar funds. It would be an exception.
- TROY** Mr. Troy added that it would be the process of all the items on the checklists that the investment advisor would go through. Where there's an exception there would be a notation, the exception would be listed and the recommendation would be explained.
- BISHOP** Mr. Bishop questioned both the actively and passively managed funds under fixed income average maturities of less than 15 years with an average duration of less than 10 years. He asked what the rationale would be for taking that out of the hands of the managers.
- TROY** Mr. Troy responded that funds of this nature are well advised to stay away from extended duration which adds an incredible amount of volatility to a fixed income portfolio which has much less volatility than a equity portfolio. It is there in your total portfolio to control the risk.

Questions/Comments – Investment Advisors

- DVORYAK** Chairman Dvoryak asked for any other specific comments or concerns from the Investment Advisors.
- DIEM** Mr. Diem noted that the benchmark issue had been resolved. They have one common fund used as a Retirement Common Stock fund on the equity and fixed income side. They subdivided Federated as they run a BBB Common stock fund. He asked whether they would be treated the same; common funds as actively managed mutual funds in that criteria, or whether they would need to define something else.
- TROY** Mr. Troy responded that their preference would be to treat a common fund under the criteria of a mutual fund. They were not comfortable putting that in the IPS due to the accessibility of the data. There should be some separate criteria for common funds. He recalled that they had an equity fund that had been merged into something else.
- DIEM** Mr. Diem responded that it had been on the fixed income side known as the Federated piece that is individual bonds. Within that there is a BBB common fund that Federated runs. He asked whether that would not be acceptable under the criteria.
- TROY** Mr. Troy responded that he would have to say it would not.
- DIEM** Mr. Diem responded that they could table the equity common fund.
- PAESE** Mr. Paese noted a concern about 30% exposure in equities allocated on the international side and the concern about high yield. He asked for a better understanding of the allocation level since that would be way outside of the zone unless there would be a 10% band.

- BEHNEY** Ms. Behney responded that the targets were very close. They reviewed the total plan, added both pieces together and reviewed the last five years to see where the results fell.
- FORD** Officer Ford asked who was responsible for making sure this is maintained as far as the investment strategy, and who assures that the investment managers are operating within the parameters that are established.
- BEHNEY** Ms. Behney responded that the committee would be responsible.
- BISHOP** Mr. Bishop added that to some extent it is the responsibility of the individual advisors to report to the board that they are staying within the parameters.
- LANDIS** Ms. Landis asked why the asset allocations are different from the fire and police plans.
- BEHNEY** Ms. Behney responded that it is due to an actuarial assumption.
- LANDIS** Ms. Landis asked whether the final percentages are in the different asset classes.
- TROY** Mr. Troy responded that it is up to the board to provide the guidance on the 5% to 10% band.
- DVORYAK** Chairman Dvoryak indicated that he understood that the advisors were comfortable with the asset allocations and they would like to see the 5% band deviation be greater.
- CARPENTER** Mr. Carpenter asked how long they had been working on the 10% average.
- PAESE** Mr. Paese responded that they work with all their clients in a 10% band based on the portfolio that is aggressive or moderately aggressive versus balanced.
- CARPENTER** Mr. Carpenter asked about the long-term assumption.
- TROY** Mr. Troy responded that it would 30 years for a long-term assumption.
- BISHOP** Mr. Bishop noted that the bands are not averaged over 30 years.
- PAESE** Mr. Paese responded that he was correct; they do not play with the bands. The client's needs are taken into account for the right allocation. The investment manager is hired to evaluate the economy and move investments within the band. He added that 5% is difficult.
- DVORYAK** Chairman Dvoryak clarified that within the 5% band in the police pension, the asset allocation assigned to Fixed Income is 47-1/2%. With a 5% band that means they could go as low as 42-1/2% up to a high of 52-1/2% working in a 10% range. He noted that Conrad Siegel indicated that the range over time will generate the rate of return in the Investment Policy Statement. It also allows the flexibility for making tactical moves. The investment advisors had indicated that they would like to see that band a little wider.

- PAESE** Mr. Paese asked what the concern would be.
- TROY** Mr. Troy responded that the concern would be that the members of the board would be losing control of their asset allocation and secondly that since it is a larger band it could rapidly eat into any positive returns quickly with a negative year or two.
- DVORYAK** Chairman Dvoryak commented that as the board discussed the issues and decided what is to be included in the final document, one thing that could be determined is to set the bands but write into the policy that the board always has the flexibility to allow variations from that. No changes could be made without getting board approval to operate outside the bands.
- HOLMAN** Mr. Holman noted that during the phone conference the band had been discussed, and in the event the advisors go outside the band does not mean they have to reposition at that time. They can come back to the board at the quarterly meeting and give a reason using their checklist as to why they should stay outside of the band and hold that position.
- BEHNEY** Ms. Behney noted that the checklist is for the underlying investments and not the range. There was discussion as to whether to automatically rebalance on a quarterly basis or whether to leave it up to the committee to decide when the rebalancing occurs. The response was not to do that and the conclusion was that an automatic rebalance would take place if they hit the outer limit. They will have to stay within the band.
- PAESE** Mr. Paese indicated that they could work within 5% but they would rebalance once they hit 7%.
- Discussion took place of the history of rebalancing with the bands.
- DIEM** Mr. Diem noted that he had concern about the flexibility of the bands, especially when there is a split between domestic and international and it is benched against the S&P 500. He could work within the 5% if the international piece could be removed and indicate domestic equities 5% either way and fixed 5% either way.
- LANDIS** Ms. Landis asked for confirmation as to when the results are brought forth on a quarterly basis and how they are notified.
- BEHNEY** Ms. Behney responded that the board would receive a report showing performance that would include the benchmark as indicated in the Investment Policy Statement. This would then be used as notification. If anything falls below you would know the details and the recommendation.
- DVORYAK** Chairman Dvoryak recapped the discussion. There are several changes to make. One change is at the board level to decide what is relative to the band issue and whether to stay with the band identified in the policy or move to something different. The board

can attempt to resolve the issue of the bands and move forward with a final draft. He noted that having the new Investment Policy Statement was nearly complete.

BEHNEY Ms. Behney responded that they will make the changes as presented and forward the document for review.

DVORYAK Chairman Dvoryak asked for thoughts from the board with regard to the band.

SCHENCK Mr. Schenck indicated that applying the band with the four asset classes seemed like the mix could be incredible. He wondered if cash could be handled differently.

BISHOP Mr. Bishop stated that he thought the categories were too restrictive and that the investment advisors should make the determination. They are the ones who are watching the markets every day and acting in the township's best interests. One of the goals was to make sure that they were working within parameters, and that was accomplished.

CARPENTER Mr. Carpenter suggested to go further than 10% and be more aggressive.

FORD Officer Ford agreed with that as well. Even though the last few years have been difficult, he hadn't seen any major problems or concerns with the investment advisors' performance. He would suggest to becoming slightly more aggressive.

DVORYAK Chairman Dvoryak stated that Conrad Siegel had done an excellent job of putting the Investment Policy Statement together, which is a far improvement over what had been in place. He was very pleased. He had commented early in the process that he would be very surprised if the fund managers did not consider it too restrictive. He had been referring to some of the bands as they seemed to be tight. Following this discussion, he agreed with opening up the bands to some degree. He asked for a consensus on the range of 15% as in the existing policy.

BISHOP Mr. Bishop commented that the bands were not the problem going into this process. There were other things that needed a review. He did not think it was necessary to do anything different in the bands from that range of 15% in the existing policy. All the other things were very valuable that had been identified.

FORD Officer Ford commented that there were multiple concerns to the current Investment Policy.

DVORYAK Chairman Dvoryak noted that to look at the longer-term returns in the fund, it is not generating the 5-1/2% to 7% that is targeted within the actuarial assumptions. His intention was to model a portfolio that would help to generate that.

BISHOP Mr. Bishop responded that he would challenge the notion that asset allocation would derive returns.

- DVORYAK** Chairman Dvoryak commented that he had never talked to a money manager or asset manager who didn't think asset allocation drove returns.
- PAESE** Mr. Paese indicated he thought the struggle was with passive versus active. His position is that the investment manager would provide the tactical advice.
- LANDIS** Ms. Landis commented it depended upon how aggressive they want to be.
- DIEM** Mr. Diem noted that with 5% bands versus the 10% meetings are held on a quarterly basis so they will not be moving the allocation that far.
- PAESE** Mr. Paese indicated that, from an asset standpoint, they are outside. He would not say that moving from 5% to 10% on a band is being aggressive but rather being more flexible to the managers.
- DVORYAK** Chairman Dvoryak asked whether the board wanted to review the material and have additional discussion.
- BISHOP** Mr. Bishop stated that Conrad Siegel had provided what the board had requested. They will provide it as a Word document and the board can make the necessary changes.
- DVORYAK** Chairman Dvoryak stated that he agreed and thanked everyone for all the input.

E. 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 October 2009.
 - c. Acknowledge Receipt of Fulton Financial Trust Report for November 2009.
 - d. Acknowledge Receipt of Fulton Financial Trust Report for December 2009.
 - e. Acknowledge Receipt of Fulton Financial Trust Report for January 1, 2009 through December 31, 2009.
 - f. Acknowledge Receipt of Fulton Financial Trust Report for January 2010.
 - g. Acknowledge Receipt of F.N.B. Wealth Management Report for October 2009.
 - h. Acknowledge Receipt of F.N.B. Wealth Management Report for November 2009.
 - i. Acknowledge Receipt of F.N.B. Wealth Management Report for December 2009.
 - j. Acknowledge Receipt of F.N.B. Wealth Management Report for January 2010.
 - k. Acknowledge Receipt of Fulton Financial Advisors Amendment and Restatement of Plan Dated 12/18/2009.

MR. SCHENCK MOVED TO ACKNOWLEDGE RECEIPT OF THE POLICE PENSION REPORTS INDICATED ON THE AGENDA, ITEM E, A THROUGH K. MR. BOWMAN SECONDED. MOTION UNANIMOUSLY CARRIED.

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 October 2009.
 - c. Acknowledge Receipt of Fulton Financial Trust Report for November 2009.
 - d. Acknowledge Receipt of Fulton Financial Trust Report for December 2009.
 - e. Acknowledge Receipt of Fulton Financial Trust Report for January 1, 2009 through December 31, 2009.
 - f. Acknowledge Receipt of Fulton Financial Trust Report for January 2010.
 - g. Acknowledge Receipt of Fulton Financial Advisors Amendment and Restatement of Plan Dated 12/18/2009.

MR. SCHENCK MOVED TO ACKNOWLEDGE RECEIPT OF THE FIRE PENSION REPORTS INDICATED ON THE AGENDA, ITEM 2, A THROUGH G. MS. LANDIS WAS SECOND. MOTION UNANIMOUSLY CARRIED.

3. Acknowledge Receipt of Fulton Financial Corporate Reports as Follows:
 - a. Retirement Fixed Income Fund of Fulton Financial Advisors; N.A. Year Ended June 30, 2009.
 - b. Retirement Common Stock Fund of Fulton Financial Advisors, N.A. Year Ended June 30, 2009.

MR. BISHOP MOVED TO ACKNOWLEDGE RECEIPT OF THE TWO FULTON FINANCIAL CORPORATE REPORTS A AND B ON THE AGENDA. MR. SCHENCK SECONDED. MOTION UNANIMOUSLY CARRIED.

G. Old Business

There was no Old Business for action.

H. New Business

1. Acknowledge Payment to Conrad Siegel Actuaries for Fire and Police Funds for the Period February 1, 2009 through September 30, 2009.
 - i. Fire Fund - \$4,050.00
 - ii. Police Fund - \$5,510.00
2. Acknowledge Payment to Conrad Siegel Actuaries for Fire and Police Funds for Investment Advisor Services as Listed on Invoice dated 11/23/2009:
 - i. Fire Fund - \$4,000.00
 - ii. Police Fund - \$5,000.00
3. Acknowledge Payment to Mr. Keith Browning in the amount of \$1,235.36 listed on Benefit Payment Form.

HOLMAN Mr. Holman reviewed the amounts for each fund and stated that the invoices from Conrad Siegel were received as part of the contract work with them on the investment fund. Payments under items 1 and 2 related to normal administrative services provided by Conrad Siegel. Item 3 identified a request for funds allocated to Mr. Keith Browning, a former employee, which he is entitled to in the amount of \$1,235.36. This item had been checked by the actuary to insure its accuracy and payment made through payment administration by Fulton Financial.

MR. BISHOP MOVED TO ACKNOWLEDGE ITEMS 1, 2 AND 3 UNDER NEW BUSINESS ON THE AGENDA. MR. BOWMAN SECONDED.

LANDIS Ms. Landis noted a discrepancy on the agenda, item 3, which stated the amount of \$1,235.76 and on the actual Benefit Payment Form it stated \$1,235.36. It was noted that the amount of \$1,235.36 was the correct amount.

MR. BISHOP AMENDED THE MOTION TO INDICATE THE CORRECT AMOUNT OF \$1,235.36. MR. BOWMAN SECONDED. MOTION UNANIMOUSLY CARRIED.

F. REPORTS FROM FINANCIAL ADVISORS

1. F.N.B.

LACHURE Ms. Rene Lachure provided a summarized report of the investment activities provided by F.N.B. She reported that at year end the fund represented 57% equity, 38% fixed income, and 5% cash. She indicated that over the previous three-month period the portfolio was up 4% vs. the blended benchmark of 3.6%, which is a composite of the 90-day UST bills, the Barclays intermediate credit index, and the S&P 500. Over the fiscal year to date the fund under-performed the blended benchmark by approximately 50 basis points. During mid-year equities were increased, which hurt the fund slightly. However, there was significant performance in fixed income at 7.5% for the year versus a benchmark of 5.2%. In the 2.5% position in high yield with \$100,000 approximately \$20,000 in dividends had been gained. Over the previous six month period the portfolio total was up 12.8% versus the blended benchmark of 12.6%. The last three years showed underperformance mostly due to the equity position. However, over the last five years the funds were right on benchmark. Ms. Lachure noted that the employment picture continued to be problematic, however, there were signs of improvement.

2. Fulton Financial

DIEM Mr. Richard Diem reported jointly for the Police and Fire Department portfolios as the two are identical as far as the assets. Police allocation is 50/50 portfolio target. Equities are 46%, Fixed is 46.8% and 7% in cash. Large cap growth exposure is 33% for the Retirement Common Stock Fund. The value portion of the portfolios were increased during the period. Value is 32.4% which is even to the growth. The new piece added to the portfolios with Federated Strategic Value is at 9.5% allocation. The projection is that this year's market will reward the stocks that have high dividends and higher quality. Within the portfolio is 10% midcap, 5% small cap and 5% in emerging

markets; International at 14% with Harbor. Quarterly results for the Police Department are at 2.79% vs. the benchmark of 3.16%, for a total rate of return. The equity side was slightly under with 5.74% vs. the benchmark of 6.04%, which applies to the Fire fund as well. Fixed and Federated was behind 36 basis points, negative vs. 31 basis points. The Fire fund was negative 14 vs. 31. Both the equities and fixed slightly under performed; however, growth was still good in the quarter. The one year result for the Police fund was 16.55% vs. 15.6%, which outperformed for the rate of return. Fixed side resulted in 6.11% vs. 5.25% for the total rate of return. Total rate of return for the Police fund was 1.53% vs. negative .05% for a blended benchmark of three years; five years 3.62% vs. 2.45% average per year. Since inception 4.81% vs. 3.43%, approximately 1.5% per year outperformance.

For the Fire fund the one-year number was 17.04% vs. 14.54%, which was close to 2.5% outperformance. Three-year performance indicated 2.32% vs. .53% at 1.8% per year. Since inception the funds resulted in 4% a year. Mr. Diem noted that low interest rates will help drive the market; however, he projected that the markets will go from liquidity driven to profit driven, and high dividends in the portfolio will help performance.

J. Adjournment

DVORYAK Chairman Dvoryak adjourned the meeting at 6:45 p.m.

Respectfully submitted,

John Holman
Secretary

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**SPRINGETTSBURY TOWNSHIP
POLICE PENSION BOARD REORGANIZATION**

**JANUARY 4, 2010
APPROVED**

The Police Pension Board of Springettsbury Township held a Reorganization Meeting on Monday, January 4, 200 at 5:30 p.m. at the Township Offices located at 1501 Mt. Zion Road, York, Pennsylvania.

MEMBERS IN

ATTENDANCE: Bill Schenck
Don Bishop
Mike Bowman
George Dvoryak
Julie Landis

ALSO IN

ATTENDANCE: John Holman, Township Manager
Jim Baugh, Community Development Director
John Luciani, Civil Engineer
Dori Bowders, Manager of Administrative Operations
Betty Speicher, Director of Human Resources
Bob McCoy, Chief, York Area United Fire and Rescue
Jack Hadge, Director of Finance
Jean Abreght, Stenographer

1. CALL TO ORDER

DVORYAK Acting Chairman George Dvoryak called the meeting to order.

2. APPOINTMENT OF TOWNSHIP SUPERVISORS AS MEMBERS

A. Current Members: Bill Schenck, Don Bishop, Mike Bowman, George Dvoryak and Julie Landis.

MR. SCHENCK MOVED TO APPOINT TOWNSHIP SUPERVISORS AS MEMBERS OF THE POLICE PENSION BOARD. MS. LANDIS WAS SECOND. MOTION UNANIMOUSLY CARRIED.

3. APPOINTMENT OF POLICE OFFICERS AS REPRESENTATIVES

A. Current Representatives: Lt. David Trott and Patrolman Christopher Ford

DVORYAK Mr. Dvoryak asked Mr. Holman if the two officers were committed to serve.

HOLMAN Mr. Holman responded that Patrolman Ford and Lieutenant Trott had been elected to serve by the police officers in the fund.

MR. BISHOP MOVED TO ACKNOWLEDGE LT. DAVID TROTT AND PATROLMAN CHRISTOPHER FORD AS POLICE REPRESENTATIVES. MR. SCHENCK WAS SECOND. MOTION UNANIMOUSLY CARRIED.

4. APPOINTMENT OF OFFICERS

A. Current Chair: George Dvoryak

DVORYAK Acting Chairman Dvoryak indicated he would be happy to serve in that role.

MS. LANDIS RE-NOMINATE GEORGE DVORYAK AS THE CURRENT CHAIR ON THE POLICE PENSION BOARD. MR. BISHOP WAS SECOND.

DVORYAK Acting Chairman Dvoryak called for other nominations. Hearing none the nominations were closed.

MOTION UNANIMOUSLY CARRIED.

B. Past Vice Chair: Nick Gurreri

MR. BISHOP NOMINATED BILL SCHENCK FOR THE OFFICE OF VICE CHAIRMAN. MR. BOWMAN WAS SECOND.

DVORYAK Chairman Dvoryak called for other nominations. Hearing none the nominations were closed.

MOTION UNANIMOUSLY CARRIED.

C. Current Secretary: John Holman

MR. SCHENCK NOMINATED JOHN HOLMAN AS SECRETARY OF THE POLICE PENSION BOARD. MR. BOWMAN WAS SECOND.

DVORYAK Chairman Dvoryak called for other nominations. Hearing none the nominations were closed.

MOTION UNANIMOUSLY CARRIED.

5. OTHER ITEMS

A. Meeting Dates for 2010

~~February 11, 2010~~— 5:00 p.m. February 25, 2010
May 13, 2010 – 5:00 p.m.
August 26, 2010 – 5:00 p.m.
November 5, 2010 – Noon

DVORYAK Chairman Dvoryak asked for comments or concerns about the meeting dates. He noted that he would not be able to attend the 5 o'clock on February 11, 2010.

**SPRINGETTSBURY TOWNSHIP
POLICE PENSION BOARD REORGANIZATION**

**JANUARY 4, 2010
APPROVED**

HOLMAN Mr. Holman recommended that the February 11th meeting be a joint meeting of the boards to review the revised, updated draft investment policy for the fire and the police pension funds. He added that they had been working on the project for some time.

SCHENCK Mr. Schenck suggested moving that meeting to February 25, 2010.

MR. SCHENCK MOVED TO ACCEPT THE MEETING DATES AS AMENDED. MR. BOWMAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.

6. ADJOURNMENT

DVORYAK Chairman Dvoryak adjourned the meeting at 5:37 p.m.

Respectfully submitted,

John J. Holman
Secretary

ja