

The York Area United Fire and Rescue Commission held a Pension Board Meeting on Tuesday, February 16, 2016 at 6:30 p.m. at YAUFRR Headquarters, 50 Commons Drive, York, PA 17402

MEMBERS IN

ATTENDANCE: Austin Hunt, Vice Chairman
John Fullmer
Kathleen Phan
Cara Beth Zortman
George Mount, Pension Board Representative
Rich Mellon, Pension Board Representative

MEMBERS NOT

IN ATTENDANCE: Bill Schenck, Chairman
Robert McCoy, YAUFRR Chief
Eric Lehmayr
Mark Swomley

ALSO IN

ATTENDANCE: Steve Hovis, Solicitor
Dan Hoff, YAUFRR
John Woods, YAUFRR
Annette Hose, Fulton Financial Advisors
Elizabeth Peris, Fulton Financial Advisors
Jean Abreght, Stenographer

1. CALL TO ORDER

HUNT Austin Hunt, Vice Chairman, called the meeting to order at 6:30 p.m. He stated that a Quorum was present.

2. ACTION ON MINUTES

A. Approval of Minutes: August 18, 2015 – Pension Board Meeting

MR. MELLON MOVED TO APPROVE THE MINUTES OF AUGUST 18, 2015. MS. ZORTMAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.

3. PUBLIC COMMENT

There was no public comment.

4. CORRESPONDENCE AND OTHER COMMUNICATIONS

A. Acknowledge Receipt of Fulton Financial Trust Report for November 1, 2015 – November 30, 2015

- B. Acknowledge Receipt of Fulton Financial Trust Report for December 1, 2015 – December 31, 2015
- C. Acknowledge Receipt of Fulton Financial Trust Annual Report for January 1, 2015 – December 31, 2015
- D. Acknowledge Receipt of Fulton Financial Trust Report for January 1, 2016 – January 31, 2016

MS. PHAN MOVED TO ACKNOWLEDGE CORRESPONDENCE AND OTHER COMMUNICATIONS. MR. FULLMER WAS SECOND. MOTION UNANIMOUSLY CARRIED.

5. REPORTS FROM FINANCIAL ADVISORS

- A. Fulton Financial – Investment Presentations

HOSE Annette Hose presented the portfolio accounting for the Fourth Quarter of 2015 as of December 31, 2015. The Market Value as of October 1, 2015 was \$4,015,296.69. During the quarter the Municipal Obligation Contribution was funded in in the amount of \$255,366.00. Firefighters Contribution amounted to \$13,366.70. Total Investment Income for the quarter of \$46,746.23. During the quarter there was a total Capital Gain of \$22,738.72 for Total Receipts of \$338,217.65. Disbursements for the quarter were \$45,183.48 representing pension payments paid out to Firefighters. Expenses for the quarter were \$8,803.79 for Total Disbursements of \$53,987.27. Market Value of the portfolio as of December 31, 2015 of \$4,299,527.07.

PERIS Elizabeth Peris had provided a portfolio report in advance. She provided a summary of the documentation. She noted that within the Asset Allocation there is 40% Fixed Income, 50% Equity, 5% Real Estate and 5% Commodities with annualized returns. As investment managers, their responsibility is to assist in determining what the appropriate return requirements and the risk parameters are of the portfolio. She noted that negative return of 0.73% was driven by four stocks: Facebook, Amazon, Netflix and Google, which accounted for 60% of the return in stocks.

Ms. Peris described some of the issues for a disappointing market, which included the collapse in energy prices, strength of the U. S. dollar, uncertainty of the Federal Reserve, deceleration of the Chinese economy and the emerging markets debt crisis. Within the Executive Summary she provided a snapshot of the portfolio showing the market value at the end of January, 2016 just under \$4.2 million. The asset allocation is expected to provide a return of approximately 5-3/4% annually. A reasonable expectation will be gains between negative 2.5%

and positive 13.5% with a standard deviation of over 8%. The return in 2015 was negative 2.13% and the index was negative 6%. Following the change in Asset Allocations the expected return is 5-3/4%. Actuarial Assumptions are approximately 6-1/2%, which is more than the expected return in the portfolio. However, she noted that within three of the years the portfolio earned more than the Actuarial Assumption and the expected returns.

Ms. Peris presented a summary of the performance which revealed Fixed Income Returns at .24% and the Barclays Aggregate at .57%. The Equity performance was negative 2.71%. There were some managers with poor performance, which are being evaluated. The biggest detractor were alternatives in a combination of several types of investments. Limited partnerships within the portfolio were the significant contributors. Energy prices fell about 40% during 2015. A review of the longer term returns over the 10 Year and Since Inception returns, the portfolio returned 4-3/4% over the long term and the benchmark for that period is 4.71% showing some outperformance. The performance through the end of January, 2016 returned a negative 2-1/3%; the S&P was down 8-1/2% and the MSCI All World Index was down 12%; however, the portfolio is showing much better than was expected with benchmarks.

HUNT Mr. Hunt stated that he had attended a presentation by the Auditor General, who had discussed a range of management fees per employee within pension funds. He asked how he could get a sense of the fees per employee from the reports.

HOSE Annette Hose responded that she could provide fees of the total portfolio, which could be divided by the employees. Fees for the quarter was 20 basis points or .2 of a percent; annualized that would be 8/10ths of a percent of the market value of the portfolio.

MOUNT Mr. Mount noted that there are 22 individuals in the plan; 15 paying in; 1 deferred; 7 collecting (1 widow).

HUNT Mr. Hunt commented that it would be about \$1,500/employee.

HOSE Ms. Hose noted that within the pension world it would be difficult due to the very different plans and the range of individuals within each plan.

HUNT Mr. Hunt noted that the Attorney General's presentation centered around the fact that Pennsylvania should move into a member equity standardize model for pensions. He stated that the point of the presentations was that there are more pension plans in Pennsylvania than in the rest of the country combined. To Ms. Hose's exact point when YAUFRR is paying for a pension plan to support 27 employees why wouldn't it be beneficial to pool that and have a state-wide pension plan that covers thousands of employees.

HOSE Ms. Hose noted that a new pensioner had recently been added.

MOUNT Mr. Mount noted the new pensioner's last day is March 1st.

MELLON Mr. Mellon indicated that the count would be 14 active, 1 deferred and 8 collecting; actually 7-1/2 as one is a widow.

6. OLD BUSINESS

There was no Old Business for discussion.

7. NEW BUSINESS

A. Acknowledge receipt of Conrad Siegel Actuaries YAUFU Union Defined Benefit Pension Plan Actuarial Reporting as of December 31, 2015 for Purposes of GASB Statement Nos. 67 and 68.

MR. FULLMER MOVED TO ACKNOWLEDGE RECEIPT OF THE CONRAD SIEGEL REPORT.

MELLON Mr. Mellon questioned where the MMO is noted on the report as he did not see that. He was curious to see where that would be. He noted that Fulton Financial is required to attain 6%, but the Actuarial report calculates using 6-1/2%. He wondered if there would be any kind of issues in the future.

HUNT Mr. Hunt indicated it was worth noting that 1/2% is a pretty big miss. He asked if Chief McCoy and Lisa could double check that and send out an email. The question is Conrad Siegel seems to be basing the Actuarial Study on an investment rate of 6-1/2% and the Investment Policy with Fulton assumes 6%.

MELLON Mr. Mellon indicated he did not know if we're talking apples to apples. It is difficult to explain the Actuarial study.

MR. MOUNT WAS SECOND. MOTION UNANIMOUSLY CARRIED.

8. COMMITTEE MOTIONS

There were none for action.

9. ADJOURNMENT

HUNT Vice Chairman Hunt adjourned the meeting at 7:09 p.m.

Respectfully submitted,

Signature on file at YAUFU Headquarters

Daniel J. Hoff
Secretary

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