

**YORK AREA UNITED FIRE AND RESCUE COMMISSION  
PENSION BOARD MEETING**

**MAY 16, 2017  
APPROVED**

The York Area United Fire and Rescue Commission held a Pension Board Meeting on Tuesday, May 16, 2017 at 6:30 p.m. at YAUFRR Headquarters, 50 Commons Drive, York, PA 17402.

**MEMBERS IN**

**ATTENDANCE:** Blanda Nace, Springettsbury Township  
Cara Beth Zortman, Spring Garden Township  
Eric Lehmayr, Secretary/Treasurer  
Rich Mellon, Pension Board Representative

**MEMBERS NOT**

**IN ATTENDANCE:** Bill Schenck, Chairman  
Austin Hunt, Vice Chairman  
Kathleen Phan, Springettsbury Township  
Dave Brosend, Manchester Township

**ALSO IN**

**ATTENDANCE:** Dan Hoff, YAUFRR Chief  
Sarah Doyle, Solicitor  
Lisa Wingert, Manchester Township  
John Woods, YAUFRR  
Jay VanPelt, YAUFRR  
Matt Arnold, YAUFRR  
Annette Hose, Fulton Financial  
Elizabeth Peris, Fulton Financial  
Jean Abreght, Stenographer

**1. CALL TO ORDER**

- A. Opening Ceremony
- 1. Pledge of Allegiance

**LEHMAYER** Acting Chairman Eric Lehmayr called the meeting to order. He certified that a Quorum was present with himself, Cara Beth Zortman, Blanda Nace, and Rich Mellon.

**2. ACTION ON MINUTES**

- A. Approval of Minutes – February 21, 2017 – Pension Board Meeting.

**BLANDA NACE MOVED FOR APPROVAL OF MINUTES OF FEBRUARY 21, 2017 PENSION BOARD MEETING. 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 February 1, 2017 - February 28, 2017
- B. Acknowledge Receipt of Fulton Financial Trust Report for March 1, 2017- March 31, 2017
- C. Acknowledge Receipt of Fulton Financial Trust April 1, 2017 – April 30, 2017
- D. Acknowledge Receipt of Fulton Financial Trust Quarterly Report for January 1, 2017 – April 30, 2017

**BLANDA NACE MOVED TO ACKNOWLEDGE RECEIPT OF CORRESPONDENCE LISTED IN A THROUGH D. MS. ZORTMAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

**5. REPORTS FROM FINANCIAL ADVISORS**

- A. Fulton Financial – Investment Presentation

**Consensus of the Board was to wait until the August meeting for their 10-minute review of Fulton Financial Advisors, the Plan, the portfolio investment process and cost structure.**

**HOSE** Annette Hose provided a recap of the cash flow for the quarter. A written document was provided for the board. She noted the Market Value as of January 1, 2017 - \$4,549,169.66; Contributions from the Firefighters - \$10,492.01; Investment Income - \$178,400; Total Income for Quarter - \$188,902.58. Disbursements for the Quarter - \$54,249.03; Expenses - Total Expenses \$9,076.78; Market Value as of March 31, 2017 - \$4,674,746.43.

**PERIS** Elizabeth Peris provided the Pension Plan Financial Report. She reviewed the Executive Summary as of 3/31/17 and noted the Asset Allocation relative to the Investment Policy. Asset allocation is expected to produce an expected return of 5% annually; short of the Actuarial Assumption of 6.5%. The Cash position is 2.3% just under the policy at 2.5%. Fixed Income is at 39.5% under the policy at 42.5%. Equities are 50.8% above the policy of 35%. Alternatives is 7.4% lower than the target of 20%. There was additional appreciation at the end of April. Pension payments are about 4.5% of the portfolio. Expenses are less than 1% and Employee Contributions are just under 1% of the portfolio. Other points of interest are summarized:

- Investment Strategy/Equities – International – Strategic Allocation to increase just under 30%.
- Growth Style is outperforming Value Style
- Earnings growth coming primarily from Revenue growth.
- Global Economy – low productivity and modest economic growth.

- Bond Portfolio – A Rated, duration 4.95. Benchmark under 6 years.
- Fixed Income – Short duration – rising interest rate/inflation.
- AAA Securities are 23.5% of Bond Portfolio; U.S. Treasury Market comprises about 37.5% of the markets.

Ms. Peris reviewed the Portfolio Performance summary.

- Fixed Income, Year to Date – up 1.16%; Barclays Aggregate is .89%.
- Equity Year to Date – up 7%; U. S. Large Cap up over 6%
- EAFE Index up 7-25%; Emerging Markets up 11.45%
- Alternatives up .98%
- Portfolio is up just under 4% vs. Index at 3.85%
- Risk Adjusting Return is matching Index

**LEHMAYER** Mr. Lehmayer commented on a nice report.

**MELLON** Mr. Mellon commented on the Actuarial Report.

**HOSE** Ms. Hose responded that she had received a copy. The Actuarial Evaluation remains at 6-1/2%.

**MELLON** Mr. Mellon noted that the current result is about 5.08% and should be hitting the 6.5%.

**PERIS** Ms. Peris responded that getting that 6.5% return will be very difficult. She indicated it could be done; however, there would have to have close to 100% Equity Allocation. They are looking at about a 7.5% percent return for Equities going forward. She noted that the other side of that is what can happen in the Equity Markets.

**HOSE** Ms. Hose added that it is the challenge most Pension Plans face now in meeting their Assumption.

**MELLON** Mr. Mellon added that that other challenge is it's a closed system at this time. There are a defined number of people in it and no one behind them to come along and keep it going.

**NACE** Mr. Nace commented that the funds are going to deplete.

**MELLON** Mr. Mellon suggested that it be re-established so there would have that extra money from the employees to be able to fund it.

**NACE** Mr. Nace observed that to compound it, it will compound in some ways.

**WINGERT** Ms. Wingert commented about the life expectancy changing.

**PERIS** Ms. Peris responded that the life expectancy had been at 20 years for quite some time. It was raised to 23-1/2 years with retirement at 55.

**MELLON** Mr. Mellon asked whether they could put something together with a recommendation for a shift.

**PERIS** Ms. Peris responded that she would lay out for him what the returns are for various Asset Allocations, but then also let him know what the potential downside is. Typically what you see is municipalities do not like to take on additional risks. It's a little bit different than a corporate pension plan.

**MELLON** Mr. Mellon commented that he will be the next to go, which he plans to exit next year. Following that George Mount. But after that there will be a pretty big space until the next ones. He thought that might be what the Actuary was looking at.

**HOSE** Ms. Hose stated that they had gone through that exercise with the board about four years ago where we showed the different ranges, different Asset Classes, what the potential gain is, the potential negative return, etc. They could certainly do that piece again but 6-1/2 is pretty tough to get.

**PERIS** Ms. Peris added that Charitable Organizations face the same dilemma. They would have a 4% or a 5% spending policy and those rates are just not being there in the Markets these days. They are looking at going into illiquid investments or scaling back their spending. This pension plan can't scale back.

**MELLON** Mr. Mellon questioned since YAUFRR is going to be taking this all over now, is the portion that your responsible for going to be handled the same way Springettsbury handled it, where it will be a one lump sum check at the end of the year or are you planning on quartering it out.

**HOFF** Chief Hoff responded that any changes had not been discussed.

**MELLON** Mr. Mellon commented that Springettsbury always had the money at the beginning of the year for the Act 405, but they always held it until November. He wondered whether Fulton gets money earlier in the year to work with.

**PERIS** Ms. Peris responded that she doubted that.

**NACE** Mr. Nace commented that there won't be a windfall from that. A little bit more

**HOSE** Ms. Hose recapped that for the next quarterly meeting they will plan to provide the 10-minute review of Fulton Financial.

**MELLON** Mr. Mellon noted that perhaps the meeting time should be moved up 15 minutes to provide more time.

**LEHMAYER** Mr. Lehmaye agreed.

## **6. OLD BUSINESS**

There was no Old Business.

**7. NEW BUSINESS**

- A. Acknowledge receipt of Conrad Siegel Actuaries YAUFRR Union Defined Benefit Pension Plan Actuarial Reporting as of December 31, 2016 for Purposes of GASB Statement Nos. 67 and 68.
- B. Acknowledge receipt of Conrad Siegel Actuaries YAUFRR Union Defined Benefit Pension Plan Actuarial Valuation as of January 1, 2017.

**BLANDA NACE MOVED TO ACKNOWLEDGE RECEIPT OF ITEMS IN A AND B.  
MS. ZORTMAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

**8. COMMITTEE MOTIONS**

There were no Committee Motions

**9. ADJOURNMENT**

**LEHMAYER** Acting Chairman Eric Lehmayr adjourned the meeting at 7:06 p.m.

Respectfully submitted,

*Signature on file at YAUFRR Headquarters*

Eric Lehmayr  
Secretary

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