

**YAUFR AREA UNITED FIRE & RESCUE COMMISSION
PENSION BOARD MEETING**

**AUGUST 19, 2014
APPROVED**

The York Area United Fire and Rescue Commission held a Pension Board Meeting on Tuesday, August 19, 2014 at 6:15 p.m. at the YAUFR Headquarters, 50 Commons Drive, York, PA 17402.

MEMBERS IN

ATTENDANCE: Austin Hunt, Vice Chairman
John Fullmer
Cara Beth Zortman
Kathleen Phan
Eric Lehmayr
Rich Mellon, Fire Department Rep.

MEMBERS NOT

IN ATTENDANCE: Bill Schenck, Chairman
George Dvoryak

ALSO IN

ATTENDANCE: Steve Hovis, Solicitor
Robert McCoy, YAUFR Chief
Sandy Ratcliffe, YAUFR
Elizabeth Peris, Fulton Financial
Jean Abreght, Stenographer

1. CALL TO ORDER

HUNT Vice Chairman Austin Hunt called the second quarterly meeting of the Pension Board to order. A Quorum was present with voting members: Ms. Phan and Ms. Zortman, Messrs. Hunt, Fullmer, Mellon. Mr. Lehmayr served as a non-voting alternate.

2. ACTION ON MINUTES

A. Approval of Minutes: May 20, 2014 – Pension Board Meeting

**MS. PHAN MOVED TO APPROVE PENSION BOARD MINUTES OF MAY 20, 2014.
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 April 1, 2014 – June 30, 2014.

MR. FULLMER MOVED TO ACKNOWLEDGE RECEIPT OF FULTON TRUST REPORTS FOR APRIL 1, 2014 – JUNE 30, 2014. MS. ZORTMAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.

5. REPORTS FROM FINANCIAL ADVISORS

A. Fulton Financial – Investment Presentation.

PERIS Elizabeth Paris, Fulton Financial, Portfolio Manager for the York Area United Fire and Rescue Pension Plan explained that Annette Hose, Administrator for the Distributions, Receipts and Contributions, was unable to be present this date. The entire quarterly report had been provided to the pension board members.

Ms. Peris reviewed the Accounting for the Quarter April 1 to June 30, 2014 as follows: Market Value as of April 1, 2014 - \$4,091,688.87; Receipts included Employer Contributions of \$12,296.33. Actual and accrued gains were \$26,768.22. Capital Gains of Realized and Unrealized were \$120,578.53. Disbursements including pension and health insurance payments totaled \$45,183.48. Expenses included the Trustee and Investment Management plus some miscellaneous expenses totally less than \$300.00 with Total Disbursements of \$53,094.41. Market Value as of June 30, 2014 was \$4,198,347.54.

PHAN Ms. Phan asked how many pensioners were receiving payments.

PERIS Ms. Peris responded it was five plus a widow.

HUNT Mr. Hunt asked if the Trustee Management Fee was based one hundred percent to Fulton.

PERIS Ms. Peris responded affirmatively.

Because the entire report had been provided to the board, following are some main points extracted from her presentation:

Tab II is the Market and Economic Update

- First Quarter GDP originally came in with a negative three percent. Second quarter rebounded with a three to four percent growth.
- Positive economic news – ISN indexes are above 55.
- Labor markets improving; new jobs created at over 200,000 a month with 40 percent of them averaging about \$20.00 an hour or \$42,000 a year.
- Biggest employment concern of Federal Reserve Chairman Janet Yellen is the underemployment.

- Inflation remains tame and below Federal Reserve's target rate.
- Federal Reserve announced a number of reductions in its asset purchases, another \$20 billion a month. Raising the interest rate may be possible in the third quarter of 2015.
- Stock market should provide high single digit returns for 2014.
- Real Estate Market is climbing.
- Equity market very strong in second quarter due to growing optimism of economic growth.
- Emerging markets posting positive returns, 13 percent of the index.
- Domestically most expensive market is Small Cap. Best companies are leveraged in global economic wealth.
- Domestically economic growth is at about 50 percent in Large Cap.
- Fixed Income – Yield Curve flat; two year rose about .5 percent; 10 year fell to two and a half percent from three.
- Strategies include real estate, energy infrastructure, long and short fixed income, long and short equities, and commodities; will be reviewed quarterly.

Executive Summary/Allocations

- Account Allocation – Target is 35; Equities Range is between 25 and 60.
- Market Value at \$4.2 million. Policy provides for annualized/expected return of about six percent over the year.
- Equity Allocation – Year to Date portfolio is returning 3.74 vs. the benchmark of 3.48.
- Fixed Income matched the benchmark.
- Equities for the quarter, 5.31 percent.
- Emerging markets very strong. Alternatives for quarter – 5.3 percent.
- Five year number: Fixed Income 4.76 versus aggregate of 4.87. Equities are 16.36
- Total portfolio for the last five years is up 9.47.
- One year, three year, five year exceeded Actuarial Assumption: 2013 was 6.5.
- Standard deviation of seven versus index of 6.78; return higher than expected.
- Sharp ratio was 3.1 versus index 2.74
- Individual Holdings: Fixed Income and Equity – significant improvement.

LEHMAYER Mr. Lehmaye commented that Fulton deals with a number of companies. He asked whether they tailor the plans for individual clients. He questioned whether they would have another plan similar to YAUFR.

PERIS Ms. Peris responded that they look at the risk return and requirements for each client. A standard is in place, and that standard is applied to the very unique circumstances in YAUFR.

LEHMAYER Mr. Lehmaye asked whether the board determines the risk factor for YAUFR.

HUNT Mr. Hunt responded that there is an Investment Policy Statement in place. In previous years the pension board was very conservative, which made it difficult for Fulton to meet the needs with those constraints. Two years ago the Investment Policy Statement was reviewed and revised with more risk tolerance and less conservative approach. All of the activity is specified in the Policy Statement, which sets guidelines for what products should be in each category.

PERIS Ms. Peris added that the Policy Statement is reviewed annually. She hoped to renew it at the next quarterly meeting.

FULLMER Mr. Fullmer noted that there had been some major changes in the last four weeks. He asked if she could give a highlight of the activity.

PERIS Ms. Peris responded that July had not been a good month. Based on performance since the last two weeks in August, most if not all of their clients, had returned back to their original market value.

LEHMAYER Mr. Lehmaye stated that she had commented about pulling back on the Equities side, but he noticed that the Equities are shooting up again. He asked if the portfolio had come back as well.

PERIS Ms. Peris responded that most of the client reports had come back, and she assumed YAUFR's would as well.

LEHMAYER Mr. Lehmaye asked if she would readjust the situation with the Equity back on track in order to continue to reap the rewards.

PERIS Ms. Peris responded that she would not continue to let it ride; however, she does not go in every day and tweak.

LEHMAYER Mr. Lehmaye commented that it's important to buy before the price goes up and sell before it goes down. His concern was that they had seen the dip that occurred in July.

PERIS Ms. Peris responded that they had made changes prior to the end of June as they anticipated things that happen during the summer. Trading volume tends to be

very light during the summer because people go on vacation and any movement in the market gets skewed. Volume will return in September/October.

PHAN Ms. Phan asked about the Broker Commission.

PERIS Ms. Peris responded it is three to five cents a share.

6. OLD BUSINESS

There was no Old Business for action.

MELLON Mr. Mellon asked Chief McCoy about an item brought forward relating to Conrad Siegel, Actuary.

MCCOY Chief McCoy responded that there will be a reimbursement to the pension fund, and the document will be part of the contract negotiation.

MELLON Mr. Mellon asked whether there is a breakdown with regard to the cost of the actuarial study versus what other payments were made.

MCCOY Chief McCoy responded that they are reviewing that with the Actuary because the bill is about \$500 to \$600 different than last year. It is likely within the range, but he wanted to get the exact number.

MELLON Mr. Mellon noted that there were multiple changes.

MCCOY Chief McCoy stated that it will come forward in the next quarter.

7. NEW BUSINESS

There was no New Business for discussion.

8. COMMITTEE MOTIONS

There were no Committee Motions

9. ADJOURNMENT

HUNT Vice Chairman Hunt adjourned the meeting at 6:50 p.m.

Respectfully submitted,

Signature on file at YAUFR Headquarters

Robert McCoy, Secretary

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