

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

**NOVEMBER 15, 2016  
APPROVED**

The York Area United Fire and Rescue Commission held a Pension Board Meeting on Tuesday, November 15, 2016 at 6:30 p.m. at YAUFRR Headquarters, 50 Commons Drive, York, PA 17402

**MEMBERS IN**

**ATTENDANCE:** Bill Schenck, Chairman  
Austin Hunt, Vice Chairman  
Kathleen Phan  
Cara Beth Zortman  
Eric Lehmayr  
Rich Mellon, Pension Board Representative

**MEMBERS NOT**

**IN ATTENDANCE:** Mark Swomley  
John Fullmer  
George Mount, Pension Board Representative

**ALSO IN**

**ATTENDANCE:** Brooke Say, Solicitor  
Dan Hoff, YAUFRR  
John Woods, YAUFRR  
Annette Hose, Fulton Financial Advisors  
Elizabeth Peris, Fulton Financial Advisors  
Lisa Wingert, Manchester Township  
Dave Brosend, Manchester Township  
Jean Abreght, Stenographer

**1. CALL TO ORDER**

**SCHENCK** Chairman Schenck called the Pension Board meeting to order at 6:30 p.m.

**2. ACTION ON MINUTES**

A. Approval of Minutes – February 18, 2016 Pension Board Meeting

**MR. HUNT MOVED TO APPROVE MINUTES OF THE FEBRUARY 18, 2016 PENSION BOARD MEETING. MS. ZORTMAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

**3. PUBLIC COMMENT**

There were no public comments.

**4. CORRESPONDENCE AND OTHER COMMUNICATIONS**

- A. Acknowledge Previous Receipt of Fulton Financial Trust Reports for January 1, 2016 – April 30, 2016 – Distributed in May 2016
- B. Acknowledge Previous Receipt of Fulton Financial Trust Quarterly Report for January 1, 2016 – March 30, 2016 – Distributed in May 2016
- C. Acknowledge Receipt of Fulton Financial Trust Report for May 1, 2016 – May 31, 2016 – Distributed in August 2016
- D. Acknowledge Receipt of Fulton Financial Trust Report for June 1, 2016 – June 30, 2016 – Distributed in August 2016
- E. Acknowledge Receipt of Fulton Financial Trust Quarterly Report for April 1, 2016 – June 30, 2016 – Distributed in August 2016
- F. Acknowledge Receipt of Fulton Financial Trust Report for July 1, 2016 – July 31, 2016
- G. Acknowledge Receipt of Fulton Financial Trust Report for August 1, 2016 – August 31, 2016
- H. Acknowledge Receipt of Fulton Financial Trust Report for September 1, 2016 – September 30, 2016
- I. Acknowledge Receipt of Fulton Financial Trust Quarterly Report for July 1, 2016 – September 30, 2016
- J. Acknowledge Receipt of Fulton Financial Trust Report for October 1, 2016 – October 31, 2016

**MS. PHAN MOVED TO ACKNOWLEDGE RECEIPT OF REPORTS LISTED ON THE AGENDA FROM A THROUGH J. MS. ZORTMAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

**5. REPORTS FROM FINANCIAL ADVISORS**

A Fulton Financial – Investment Presentation

**HOSE** Annette Hose provided the quarterly transactions report for the period July 1, 2016 through September 30, 2016. The Market Value as of July 1, 2016 was \$4,294,669.34. Employee Contributions were \$9,631.82 for the quarter. Investment income for the quarter with income received of \$24,539 plus the accruals totaled \$24,147.43 for the quarter. Capital Gains and Unrealized Gains for the quarter totaled \$90,719.08. Disbursements, pension payments made to eight Springettsbury pensioners amounted to \$52,843.74 for the quarter with an additional \$1,405.29 in health insurance premiums. Expenses for the quarter included the Management Fee of \$8,745.85. Actuarial Fee paid to Conrad Siegel of \$1,220 plus tax withholdings and mutual fund rebates total up the expenses for the quarter of \$10,316.91. The portfolio as of September 30, 2016 amounted to \$4,354,601.73.

Ms. Hose added that the Municipal Obligation was paid into the trust of about \$263,000 on October 5, 2016.

**SCHENCK** Chairman Schenck noted that those fees are not recurring every quarter; some are only one time.

**HOSE** Ms. Hose responded that he was correct and it would depend on what work Conrad Siegel does. It might be an annual or semi-annual fee.

**MELLON** Mr. Mellon questioned whether an invoice had been received from Conrad Siegel for July through September. He had not seen one. He recalled one paid at the beginning of the year for approximately \$3,000.

**HOFF** Chief Hoff stated he did not recall seeing another invoice from Conrad Siegel.

**HOSE** Ms. Hose noted a motion that \$33,070 in fees were paid probably in October.

**MELLON** Mr. Mellon indicated that the invoice would be in the next quarter.

**PERIS** Elizabeth Peris provided an overview of the economic outlook and its impact on the investment strategy going forward. There is generally improved economic growth both domestically and globally, including longer term stock market growth. The outlook is positive. Federal Reserve is expected to raise short-term interest rates.

Equity Markets: Expect to put International exposure on hold pending Donald Trump's administration and advisors. International exposure is slightly underweight with the benchmark: 30% vs 55%.

Executive Summary Allocations: Cash 3.7% vs. policy 2.5%. Fixed Income 48% vs. policy 42.5%; Equity 35% vs. policy 42%. Alternatives 6% vs policy 20%. Expected return for this year will be approximately 5.5%; actuarial assumption is 6.5%. Published reports indicate to obtain a 7.5% return includes about 10% Bonds with the rest Equity and Private Real Estate Equity. Standard deviation is above 17%. The Index was up 2.87%; year-to-date up 6.15% vs. index of 6.3%. October had negative returns but the YAUFRR account was up 5% year-to-date and the index remained the same, matching the benchmark.

Portfolio Holdings: Duration of the portfolio is 4.7 years. Barclay's Aggregate is 6 years. Last December the Barclay's Aggregate was 5.5 years so the index duration is creeping up over the past few years. The report indicates about 57% in Domestic Large Cap; Small and Mid-Cap, SMID target is 10%. Developed International is 22.7%. Target is 23.5%. Emerging market target is 8.5%; report shows at 7.5% slightly light.

Growth Analysis: YAUFRR Pension Historical Benchmark shows 2011-6.18%; 2012-8.82%; 2013-8.52%; 2014-5:04%; 2015-0.67%; YTD- 6.29%. Important to note that contributions less withdrawals have been positive; year-to-date they are negative. There was a contribution of \$263,000. The expectation is that contributions will probably equal outlays for this year.

**HUNT** Mr. Hunt noted that the index has only beaten the index in two of the five years representing. He asked if that was typical for the industry.

**PERIS** Ms. Peris responded that he was correct. The past few years have been difficult because they haven't met the index. They have made changes in the portfolio to add to the indexing. The year was very difficult for most managers. There were four stocks that did well in the stock market in 2016, Facebook, Amazon, Netflix and Google, not a strong representation.

**HUNT** Mr. Hunt asked if those stocks are in the index currently.

**PERIS** Ms. Peris responded that they are in the index.

**HUNT** Mr. Hunt commented that if they invest in the index, they should match the index.

**PERIS** Ms. Peris responded that they had added to the index, especially in the domestic markets. That is where they have been putting the dollars. In addition, they had been peeling back on the actively managed accounts.

Historical Fixed Income Fundamentals: Fixed Income has returned to 6.84% and the Barclay's Aggregate has returned 5.8%. Equities returned 6.25%; MSCI AC World returned 6.60% and Alternatives returned 5.22%. Year-to-date is up 6.15% with the index up 6.29%.

**SCHENCK** Chairman Schenck asked about her statement that in the future to expect expenses to equal contributions.

**PERIS** Ms. Peris responded that would be for this year. The expectation is that expenses and distributions will equal the contributions. She could not project what it will do going forward.

**SCHENCK** Chairman Schenck asked about the status of the re-evaluation with Conrad Siegel.

**HOSE** Ms. Hose responded that Conrad Siegel did the re-evaluation in 2015.

**SCHENCK** Chairman Schenck indicated that what is projected should be contributed. However, adjustments can only be made up or down. When it has been short, that has paid off to over fund it two years.

**HUNT** Mr. Hunt focused on the statement that the expenses and expenditures will match the contribution. He asked whether the total asset base will remain the same.

**PERIS** Ms. Peris responded that the change in the market value will be attributable to the change in price, as well as interest and dividends.

**HOSE** Ms. Hose stated that the value of the portfolio will increase or decrease based on the markets, interest payments and gains from the markets.

**MELLON** Ms. Mellon asked approximately how much was in equity percentages.

**PERIS** Ms. Peris indicated she had raised it to fit the contribution.

**LEHMAYER** Mr. Lehmaye noted it was less than half; probably close to 45%. He asked whether that was where the growth would come from.

**PERIS** Ms. Peris responded that their prediction is that there won't be much growth from the Fixed Income Market because of the rising interest rate environment. It will be coming from the Equities.

**LEHMAYER** Mr. Lehmaye noted that Ms. Peris would want to increase the portfolio to a higher percentage.

**PERIS** Ms. Peris responded that she could take it up to 60%.

**HOSE** Ms. Hose stated that the board ratified the policy in 2013 that provided a range of 40% to 60% for Equities.

**LEHMAYER** Mr. Lehmaye asked who at Fulton Financial directs that.

**PERIS** Ms. Peris responded that they have an Investment Policy Committee which meets monthly and more frequently as needed, that makes decisions on whether to overweight equity allocations. It also makes decisions going deeper as to whether to overweight Domestic versus International.

**HOSE** Ms. Hose stated that regardless, in order to stay within the policy, they could not go above 60% equities with the exposure.

**PERIS** Ms. Peris stated they are currently at 45 and may stay at 45.

## **6. OLD BUSINESS**

There was no Old Business.

**A. NEW BUSINESS**

There was no New Business.

**B. COMMITTEE MOTIONS**

- A. Acknowledge payment to Conrad Siegel Actuaries from Firefighters Pension Fund in the amount of \$3,070.00 for services rendered from July 16, 2016 through March 13, 2016

**MS. PHAN MOVED TO ACKNOWLEDGE PAYMENT TO CONRAD SIEGEL IN THE AMOUNT OF \$3,070.00. MR. HUNT WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

- B. Acknowledge pension payments began for retired firefighter David Eckman, Effective March 1, 2016

**MR. HUNT MOVED TO ACKNOWLEDGE PENSION PAYMENTS FOR RETIRED FIREFIGHTER, DAVID ECKMAN. MS. PHAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

**C. ADJOURNMENT**

**SCHENCK** Chairman Schenck adjourned the meeting at 6:50 p.m.

Respectfully submitted,

*Signature on file at YAUFRR Headquarters*

Chief Dan Hoff  
Secretary

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