

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

**NOVEMBER 19, 2013
APPROVED**

The York Area United Fire and Rescue Commission held a Pension Board Meeting at the Offices of Springettsbury Township, 1501 Mt. Zion Road on Tuesday, November 19, 2013 at 6:15 p.m.

MEMBERS IN

ATTENDANCE: Bill Schenck, Chairman
Don Bishop
Austin Hunt
Richard Guyer
George Mount
Rich Mellon

MEMBERS NOT

IN ATTENDANCE: George Dvoryak
John Fullmer
Cara Beth Zortman

ALSO IN

ATTENDANCE: John Holman, Springettsbury Township Manager
Greg Maust, Spring Garden Township Manager
Steve Hovis, Solicitor
Elizabeth Peris, Fulton Financial
Annette Hose, Fulton Financial
Robert McCoy, YAUFR Chief
Dan Hoff, YAUFR
John Woods, YAUFR
Sandy Ratcliffe, YAUFR
Jean Abreght, Stenographer

1. CALL TO ORDER

SCHENCK Chairman Bill Schenck called the meeting to order and announced that a Quorum was present which included two firefighter members. He added that Mr. Guyer would be considered an alternate voting member from Spring Garden Township.

2. ACTION ON MINUTES

A. Approval of Minutes: August 20, 2013 – Pension Board Meeting

MR. BISHOP MOVED TO APPROVE THE MINUTES AS PRESENTED. AUSTIN HUNT WAS SECOND. MOTION UNANIMOUSLY CARRIED.

3. PUBLIC COMMENT

There were no public comments.

4. CORRESPONDENCE AND OTHER COMMUNICATIONS

- A. Acknowledge Receipt of Fulton Financial Trust Report for August 2013**
- B. Acknowledge Receipt of Fulton Financial Trust Report for September 2013**
- C. Acknowledge Receipt of Fulton Financial Trust Report for October 2013**

MR. HUNT MOVED TO ACKNOWLEDGE RECEIPT OF THE AUGUST, SEPTEMBER AND OCTOBER TRUST REPORTS FROM FULTON FINANCIAL. MR. BISHOP WAS SECOND. MOTION UNANIMOUSLY CARRIED.

5. REPORTS FROM FINANCIAL ADVISORS

A. Fulton Financial – Investment Presentation

HOSE Annette Hose, Fulton Financial, presented the accounting for the period from July 1 to September 30, 2013. She reported that as of July 1, 2013 the Market Value of the portfolio was \$3,667,453.86. Contributions from firefighters was \$10,303.73. Investment Income/Accruals was \$20,688.79. Realized Loss was \$7,503.25 and Unrealized Gain was \$224,977.24 for a total Gain of \$217,473.99 bringing the Total Receipts to \$248,466.51. Disbursements were \$170,051.44, Expenses were \$7,251.82 bringing the Market Value as of September 30, 2013 to \$3,738,617.11.

PERIS Elizabeth Peris presented the report of the Markets, Economy, Outlook and Strategy in the portfolio. All of the following statements were documented in the Investment Presentation material provided to the YAUFR Commissioners. She reported that the Third Quarter included a focus on the potential Federal Reserve tapering, which did not materialize. Unemployment numbers continued a steady downtrend especially in view of the government shutdown and impending debt ceiling. A vote will be taken for the nomination for replacing Chairman Bernanke, and it is anticipated that Janet Yellen will be the new Chairman of the Federal Reserve. It is thought that the Federal Reserve would not discontinue its Bond Purchasing program. Ms. Peris noted that consumer spending had been on a decline but is considered to pick up but only slightly with some concern over the holiday season. The economic good news includes the ISM, Manufacturing and Non-Manufacturing Index which had risen. The housing market continues to do relatively well, and the price of individual homes will appreciate. Rising of interest rates in the housing market will peak with an expected temporary short-term cut back but that will resume again following a longer-term household information reviewed by the Federal Reserve. The CPI result was 1.2 percent year over year. The global economy seems to be in a re-acceleration of domestic markets. Europe has emerged from its recession and it is expected that China

officially finished their economic process and is beginning to re-accelerate its growth. The Emerging Markets and International Markets had better results than the Domestic Market. PIMCO returned about 11-1/4 percent and the Emerging Market returned 15 percent. The S&P 500 returned about 5-1/4 percent for the third quarter. There was a leadership change with growth versus value with growth emerging as the leading strategy. Larger Cap stocks are beginning to outperform the Small Cap stocks because of the growing International trade. The Bond Market returned about six percent for the quarter but will rise and fall with the interest rates. Fulton will continue to recommend alternatives for diversification. However, they remain neutral on Alternatives as an asset class.

Ms. Peris touched on the Equity Portfolio which remains underweight in Micro Caps and the SMID. The Strategic Allocation is 23-1/2 percent. There is a neutral position in Large Cap value usually a 28 percent weight. That was moved to about 25 percent. Developed International was moved to an overweight rather than at 20 percent is now at 22-1/2 percent. In Emerging Markets that remains at neutral at 10 percent.

Ms. Peris reported on the Fixed Income side that they have reduced the interest rate risk within about 90 percent of the benchmarks in the portfolio. The Barclay's Aggregate of a five-year duration was moved to four and a half years. The Credit Rate risk was increased, which results in the low Investment Grade Bonds to the maximum permitted by the Investment Policy Statement. Alternatives continue with the same weightings. Commodities and Futures are underweight. Real Estate Investment Trust and Energy Infrastructure remains overweight.

Ms. Peris reviewed the Market Value of the account (\$3.7 million) and the current Asset Allocation versus the IPS shown in Tab III, the Executive Summary. The Portfolio Performance Summary over the three-month period returned 3.7 percent outperforming the benchmark of 3.48 percent. Longer term since the inception the portfolio resulted in 5.28 percent versus a benchmark of 5.08 percent.

6. OLD BUSINESS

A. Approval – Revised Pension Plan Investment Policy Statement

PERIS Ms. Peris noted that when the Investment Police Statement had been discussed previously, YAUFR planned to consult with the Actuary as to whether the portfolio was producing the results needed for the actuarial assumption.

SCHENCK Chairman Schenck noted that it was important that everyone was aware of the newer items, primarily the alternatives and allocation ranges. Feedback had been obtained from the Actuary, Tom Zimmerman, which was general positive to the

work that had been done. He was comfortable with Fulton's recommendations. He did qualify that he would be unable to provide direct advice. He asked where the bans currently stand on Fixed Income and Equity.

PERIS Ms. Peris responded that Fixed Income bans are 50 to 70 percent; Equity bans are 30 to 50 percent. She noted the outcome concerning the potential for the use of alternatives within the IPS. The proposed adjustment in alternatives would begin with about 10 percent and as the portfolio grows perhaps move to 15 percent. They will keep the managed features very low and increase real estate ratings. Tactical allocation strategies will be used in order to take immediate reactions if necessary. All of the strategies would be made with the objective of reaching the actuarial assumptions.

MR. MELLON MOVED TO ADOPT THE NEW INVESTMENT POLICY STATEMENT. MR. BISHOP WAS SECOND. MOTION UNANIMOUSLY CARRIED.

MELLON Mr. Mellon asked when the new IPS would be effective.

PERIS Ms. Peris responded that as soon as the policy is executed it would be in effect.

7. NEW BUSINESS

There was no New Business for discussion.

8. COMMITTEE MOTIONS

There were none for action.

9. ADJOURNMENT

SCHENCK Chairman Schenck adjourned the meeting at 7 p.m.

Respectfully submitted,

Signature on file at YAUFR Headquarters

Robert H. McCoy, Jr.
Secretary

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