

# ***Board of Fire Commissioners***

Greenfield Fire District  
P.O. Box 103  
Greenfield Center, NY 12833  
(518) 893-0723  
Fax: (518)893-7006

## **LOSAP Investment Meeting – April 30, 2009**

Meeting began at 7:05 PM

**Present were:** Commissioners Kugler, Spackmann, Waite; Secretary Petkus, 2nd A/C Ed Petkus

**Purpose of Meeting:** Review of LOSAP investments with Dave Rogers of RBC Wealth Management. LOSAP Portfolio Reviews and Portfolio Performance Reports were handed out by Dave Rogers, who then proceeded with a review and the following highlights:

- He doesn't expect anybody to be happy, but we are doing better than anybody that he knows as far as the markets go;
- Things leveled out in the last three months, but we out performed everything that exists;
- Down 15% for the last twelve months;
- Has been hiding out in the bond markets and the first quarter has been good for bonds, positive in March and looks very positive in April, although he does not believe we are out of this just yet;
- Very underweight the equity markets and will continue to be so;
- May probably end up with a position in gold somewhere along the way, believes it is a good hedge;
- Largely in bonds, and the difficult part in bonds right now is that if you want something guaranteed it has no yield. However investment grade bonds, mortgage back securities, international bonds all offer exceptional yields. Looks like they had their worst year last year that he has ever seen and typically that won't last very long. Feels the next few years should be very good for high quality bonds.
- Will continue to look for opportunities in bond funds that are in non-guaranteed investments and he is finding 7-9% yields.
- Somewhere along the way he is going to need to re-balance all this and get the district more into the equity markets, but he feels we are a couple of years from that, maybe next a year a little bit, but he still feels these rallies are still bear market rallies.
- Defensive, some equity exposure at 10-15%, target is 30%, and the things he has in that offer dividends like blue chips, got rid of small and mid cap stuff. Has a couple of flexible funds;
- Does not really buy anything sector specific, so there is healthcare in there but he leaves it up to the broad managers who decide what sectors they want to be in; everyone has been touting healthcare but it has been the worst performing sector in the last couple of months;
- Converted all this stuff over a few months ago, added some funds that are for institutions only, low cost funds; took a lot of damage last year but things are improving now;
- Has things pretty well spread out, has money coming due pretty much over the next few years to cover the liability. It is all in CD's and the worst rate he has is 4¾, most are over 5%, which was what he has done over the last 18 months when rates were a lot higher;

- Is buying a little gold, a new fund from Ridex, it is the first fund that has come out that is managed futures and what they do is they can go long or short; considers it a non-correlating asset, does its own thing regardless of what the economy, stocks or bonds do;
- Feels he has been a pretty good steward of the assets of his clients;
- Referenced the Morningstar report he had handed out at the beginning of the meeting, less than 10% is currently in stock, and as the district makes contributions over the next year or so, he will probably start adding a little stock, adding some things like gold, etc.
- Currently conservatively allocated right now and that has been good. Overall the portfolio has a 3¼% yield and he is trying to bring up the yield;
- Commissioner Kugler noted that after discussions with Penflex the District cut back on their contributions, but for a few years were making larger contributions than necessary;
- Does not own any treasuries as he feels that is the next accident waiting to happen;
- Investment policy statement that says it allocates assets to earn a 6% return over time and when you blend the equity markets and fixed income markets you are in the 6% range and it does get a little more specific than that;
- Will have to get more aggressive at some point in time but not quite ready to do that yet, probably in 2010 when the district makes their contribution he will start to add to the stock market, but will probably buy a little more gold. Over the next two years would like to get the allocations in the equity markets back up to 30%;
- The district has been over contributing for the last few years, and what we have is a funded ratio, at some point in time you want to be 100% funded, but whenever there is a down year or earn under 6% it affects the funded ratio and so to make up for that they increase your contribution; this past year of course was an extreme. The contribution for this year will be determined by Penflex when the district gets their annual report, but it may not change much because the district has been over contributing, which makes a huge dent;
- Commissioner Kugler noted that each year he would like Dave to meet with the Board to go over this, keep the Board informed and to let them know if they should be doing something different;
- Dave noted that he has the legal discretion to make the decisions within the guidelines that they set together, and if he thought the Board should be doing something different, he certainly would be doing it already. He is doing everything that he thinks he can and should do to work on behalf of the district. If anyone ever has any questions, don't hesitate to give him a call, he is easy to get in touch with.

Meeting with Dave Rogers ended at 7:35 PM.

Respectfully submitted,

Joyce A. Petkus  
District Secretary