

**SPRINGETTSBURY TOWNSHIP
POLICE PENSION BOARD**

**MAY 26, 2022
APPROVED**

The Springettsbury Township Board of Supervisors held a Police Pension Board Meeting on Thursday, May 26, 2022 at 6:00 p.m. at the offices of York Area United Fire and Rescue located at 50 Commons Drive, York, Pennsylvania.

MEMBERS IN

ATTENDANCE: Mark Swomley, Chairman
George Dvoryak, Vice Chairman
Robert Cox
Don Bishop (Zoom)

NOT PRESENT: Charles Wurster

ALSO IN

ATTENDANCE: Mark Hodgkinson, Township Manager
Alex Schrift, Police Representative
Adam Runk, F.N.B. (Zoom)
Dori Bowders, Director of Administrative Operations
Todd King, Police Chief
Terry Hummel, Director of Finance
Abby Gibb, Communications Manager

1. CALL TO ORDER

SWOMLEY Chairman Swomley called the Police Pension Board Meeting to order.

2. ACTION ON MINUTES

There were no minutes for action.

3. PUBLIC COMMENT

There were no Public Comments.

4. CORRESPONDENCE AND OTHER COMMUNICATION

A. Police Pension Reports:

- (1) Acknowledge Receipt of First Quarter Payroll Pension Contribution Reconciliation Report
- (2) Acknowledge Receipt of February 28, 2022 F.N.B. Management Report
- (3) Acknowledge Receipt of March 31, 2022 F.N.B. Management Report

- (4) Acknowledge Receipt of April 30, 2022 F.N.B. Management Report

MR. DVORYAK ACKNOWLEDGED RECEIPT OF THE FOUR REPORTS LISTED ON THE AGENDA. MR. COX WAS SECOND. MOTION UNANIMOUSLY CARRIED.

5. REPORTS FROM FINANCIAL ADVISORS

A. F.N.B. Wealth Management

RUNK Mr. Runk stated it has been a difficult market environment not only because of the debt, but because of how prolonged the pullback has been and is likely to continue throughout the summer months. Inflation is the hot topic persistent since the beginning of the year when the federal reserve did an about face with policy. In addition, a tight labor market and elevated crude oil market poses a significant risk to a mild recession to occur in the second part of this year. Given the current data on the ground and despite the first quarter interaction in GDP which was relatively positive in relation to the first subcomponents, the main driving force of consumer spending was positive although not at the same clip that it has been running. Since then, they have seen fairly strong retail sales data coupled with relatively good results from U.S. retailers.

Mr. Runk indicated one of their biggest concerns at this time is the situation of crude oil which is currently at \$118/barrel. He noted for every \$10 crude increases, gas prices increase. He cited a variety of factors causing rising prices. He indicated they expect heavy travel during the summer months combined with the fact that U.S. inventories are fairly tight at this time. They believe it is possible for crude oil to breach \$135/barrel this year which will have a persistent wearing on consumers.

Mr. Runk stated they believe there is an elevated risk of a mild recession. If there is not, it is still likely to test bear market levels, although currently with valuations where earnings growth exists, they do not believe they are far away from fair valuations at this time.

Mr. Runk indicated on the plus side for the pension terms, interest rates rising is a good thing, as while it is negative for the stock market and for the bonds within the pension, it supports the discount rate used to discount the future liabilities – pension payments, to the present value.

Performance Review

Mr. Runk provided two reports which show currently the fund is down 13% and year-to-date 14%. Currently they are positioned neutrally on the equity. He noted the pullback presents an opportunity to be more aggressive and move to an equity overweight. They are waiting to move until they see crude oil spike more during the summer months. Negatively affecting performance has been growth

overweight. Technology stocks have been affected more than the general market. The current picture shows they are underperforming by slightly more than 1% year-to-date. They are outperforming the past 12 months by ½%. The current YTD is due to the technology stocks pulling back more than the general market and having an allocation slightly heavier than the benchmark to technology stocks. They believe this is short term and there is some valuation adjustment. They plan to maintain if not look to slightly increase their growth overweight during the worse of the pullback, since they believe this is a rare opportunity to increase their weightings.

Mr. Runk stated they are substantially underweight in international. This has had a neutral impact on the portfolio with international stocks not doing well, and they intend to maintain their underweight in stocks internationally.

Mr. Runk stated their fixed income positioning has continued to be generally beneficial, as they are shorter than the Barclays Aggregate which is down 9½%. He noted they are down 7.4% on the bond side. The negative returns are short-lived since while interest rates rise, bond prices fall which tends to be positive for the bond portfolio long-term, as those bonds then mature and are reinvested at higher rates. Their estimates for bond returns over the next 10 years has increased to 3-4%. They do not believe it is likely that the 10-year treasury will exceed 3½% on a short-term basis and is likely to fall under 3% and stay there for a period of time.

DVORYAK Mr. Dvoryak commented on Mr. Runk's statement related to the pro-rating on the increase in the overweight in equities. He asked if they have a target range for the portfolio.

RUNK Mr. Runk replied the neutral weight in equities is 57½% for the investment policy statement. They are slightly over that currently. He stated if they see a bear market opportunity they will reassess based on the economic data, but at that range he would looking to move from a 57½% to a 67½% which would be a maximum overweight and then as the market recovers cut back to be under the maximum target but ride the recovery up with a maximum overweight.

SWOMLEY Chairman Swomley asked if there were further questions from the Board. Hearing none, he thanked Mr. Runk for his report.

- B. Acknowledge Receipt of Conrad Siegel Actuarial Report as of December 31, 2021 (GASB 67 & 68)

MR. DVORYAK ACKNOWLEDGED RECEIPT OF THE CONRAD SIEGEL ACTUARIAL REPORT AS OF DECEMBER 31, 2021. MR. COX WAS SECOND. MOTION UNANIMOUSLY CARRIED.

6. OLD BUSINESS

There was no Old Business.

7. NEW BUSINESS

There was no New Business.

8. COMMITTEE MOTIONS

There were no Committee Motions.

9. ADJOURNMENT

SWOMLEY Chairman Swomley adjourned the meeting at 6:30 p.m.

Respectfully submitted,

Charles Wurster
Secretary
/ses