

**SPRINGETTSBURY TOWNSHIP
POLICE PENSION BOARD**

**NOVEMBER 13, 2019
APPROVED**

The Springettsbury Township Board of Supervisors held a Regular Meeting of the Police Pension Board on Wednesday, November 13, 2019 at 6:00 p.m. at the offices of Springettsbury Township located at 1501 Mt. Zion Road, York, PA.

MEMBERS IN

ATTENDANCE: Mark Swomley, Chairman
George Dvoryak, Vice Chairman
Charles Wurster, Assistant Secretary/Treasurer
Robert Cox
Justin Tomevi
Brian Wilbur, Police Department Representative
John Lawton, Police Department Representative

ALSO IN

ATTENDANCE: Ben Marchant, Township Manager
Teresa Hummel, Finance Director
Andy Hinkle, Manager, Information Systems
Jessica Fieldhouse, Director of Community Development
Mark Renzini, F.N.B. Wealth Management
Adam Runk, F.N.B. Wealth Management
Jessica Fieldhouse, Director of Community Development
Jean Abreght, Stenographer

1. CALL TO ORDER

SWOMLEY Chairman Swomley called the Police Pension Board meeting to order and certified that a quorum was present.

2. ACTION ON MINUTES

A. Police Pension Board Meeting Minutes – August 22, 2019

MR. DVORYAK MOVED TO APPROVE THE POLICE PENSION BOARD MEETING MINUTES OF AUGUST 22, 2019. MR. TOMEVI WAS SECOND. MOTION UNANIMOUSLY CARRIED.

3. PUBLIC COMMENT

There was no Public Comment.

4. CORRESPONDENCE AND OTHER COMMUNICATIONS

A. Police Pension Reports:

- (1) Acknowledge Receipt of Third Quarter Payroll Pension Contribution Reconciliation Report
- (2) Acknowledge Receipt of August, 2019 F.N.B. Management Report
- (3) Acknowledge Receipt of September, 2019 F.N.B. Management Report
- (4) Acknowledge Receipt of October, 2019 F.N.B. Management Report
- (5) Acknowledge Receipt of Police Pension, Death and Disability Fund Actuarial Valuation as of January 1, 2019
- (6) Acknowledge Receipt of Postretirement Benefits Plan Actuarial Valuation as of January 1, 2018 for Fiscal Year Ending December 31, 2019 (GASB 75)

MR. DVORYAK MOVED TO ACKNOWLEDGE RECEIPT OF THE SIX REPORTS LISTED ON THE AGENDA. MR. WURSTER WAS SECOND. MOTION UNANIMOUSLY CARRIED.

5. REPORTS FROM FINANCIAL ADVISORS

RENZINI Mark Renzini presented the Net Asset Summary, Section 1, summary for both the Second Quarter with a beginning balance in July of \$17,486,411.25. Total contributions were slightly over a million dollars; distributions of \$222,658.00; income \$94,000 for the quarter; realized gains through some portfolio changes with a slight market decline, for an ending balance of \$18,414,763.15, up slightly from the beginning of the quarter. He noted this was the same for the year-to-date; beginning market value was just over \$16,000,000 with market depreciation over 1.5 million dollars on the portfolio.

RUNK Adam Runk stated one of the major items for this quarter was declining PMIs globally, which he noted is a manufacturing number to gauge how the manufacturing part of the economy is doing. This represents approximately 13% of the overall economy. Manufacturing is a major leading indicator for the rest of the economy. Mr. Runk indicated third quarter earning numbers have come in better than expected.

Mr. Runk reported on the bond side of the equity markets. The contracting PMIs caused the Federal Reserve to lower interest rates significantly. He explained the effect of lowering interest rates with lower inflation. He also explained the other factor of how healthcare reform affects lower inflation.

Other factors include:

- Returns
- Second returns over different periods of time
- Additional points on what the best performers were during the quarter
- The best types of stocks

Mr. Runk reviewed where they are positioned from the bond side of the portfolio as well as the types of bond currency within the portfolio:

- Overall for the quarter they are in line with the benchmark year-to-date, with results 6.7%, 4% vs. the benchmark of 6.41%.
- Fixed income funds are performing the best over this time.
- Equity portfolio returns in the 3rd quarter were over the benchmark slightly.
- The individual stocks strategy continues to have an excellent 3rd quarter and year-to-date, with over 1% of the S&P for the benchmark strategies.
- The Foreign Equity Mutual Funds have not performed as well as the U.S. which continues to outperform Europe for a variety of reasons. One of the major factors is the strength of U.S. technology market vs. Europe.

Mr. Runk reviewed Section 3 – Asset Allocation, noting the positioning currently as of November 6, 2019 in the investment portfolio: 48.5% in stocks; 50% in bonds is our current positioning in the portfolio.

Slide 2 shows a subtyping of stocks and bonds within the portfolio. On the stock side it is U.S. centric strategy.

Page 4 - reviewed the bond portion and subtypes.

Page 5 – reviewed the maturity schedule of short term corporate bonds.

Page 6 – reviewed balance on stock portion.

Section 4 – reviewed portfolio holdings that ties to the pie charts.

Section 5 – reviewed overall investment results. Results are laid out between the cash fixated on the equities and the overall account and how it relates to the benchmark.

RENZINI Mr. Renzini stated the year-to-date is above the benchmark. He explained the one-year rolling since last December and how the year will recover due to market fluctuations.

RUNK Mr. Runk noted the bonds had a run of 7.31% returns from the bond section, as a result of price appreciation from interest rates falling rapidly throughout this year.
Mr. Runk noted results as of October as noted in the report, with quarterly results up to the end of October. They continue to have good year-to-date results.

RENZINI Mr. Renzini noted throughout October the overall account was 13.47% for the first 10 months of the year. 21% return on the equity portion.

DVORYAK Mr. Dvoryak commented about the international equity which was noted to be down 10%. He questioned what they would be looking for to explain the increase of that exposure in the portfolio.

RUNK Mr. Runk explained the major factors for why they are not currently in the European market.

WURSTER Mr. Wurster asked about Mr. Runk’s investment philosophy and purchase activities made on stock positions as well as sale positions taken.

RUNK Mr. Runk stated his philosophy is the same as the group's philosophy, noting. F.N.B Investment Advisors is not a person by person silo investment approach; it is a teamed based approach. He pointed out they have 12 portfolio advisors, one chief investment officer, one head of research and two research analysts. He noted their research is on a collaborative basis. It is the portfolio advisors job to apply their overall philosophy to the investment portfolio.

Mr. Runk stated in terms of some of the changes he made in the portfolio on the equity side was to increase their U.S. stock strategy exposure in the portfolio. This would include aggregate buys into the U.S. stock strategy which is a lower cost and also is more U.S. centric and tilted towards more growth stocks. He explained some of the major changes made in the portfolio were to reduce some of those active funds that had not been performing as well and moving more into the U.S. stock strategy in which they have more confidence in given that team-based approach.

WURSTER Mr. Wurster questioned why they took the position of Netflix.

RUNK Mr. Runk indicated it is their opinion Netflix has a lot of European growth opportunity. They produce high quality original content that appeals to a wide adult population. They believe with streaming there are more avenues to get the media. What is going to win is the highest quality media.

RENZINI Mr. Renzini provided an overview of their process pointing out the value of the talented individuals they have in their portfolio. He noted they function as a group, looking at research, equities, and fixed income and that collective intelligence comes together to make those decisions. Another layer in the process is an oversight committee which reviews everything the portfolio group has accomplished and then together they make the best calls based on the data they have.

6. OLD BUSINESS - None

7. NEW BUSINESS

A. Set Meeting Dates for 2020:

February 27, 2020 - 6:00 p.m.

May 28, 2020 - 6:00 p.m.

August 27, 2020 - 6:00 p.m.

November 18, 2020 - 6:00 p.m.

MR. WURSTER MOVED TO APPROVE THE MEETING DATES AS LISTED. MR. TOMEVI WAS SECOND. MOTION UNANIMOUSLY CARRIED.

8. COMMITTEE MOTIONS

There were none for action.

9. ADJOURNMENT

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

Respectfully submitted,

Charles Wurster
Secretary

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