

**SPRINGETTSBURY TOWNSHIP
POLICE PENSION BOARD**

**NOVEMBER 17, 2021
APPROVED**

The Springettsbury Township Board of Supervisors held a Police Pension Board Meeting on Thursday, November 17, 2021 at 6:00 p.m. at the offices of York Area United Fire and Rescue located at 50 Commons Drive, York, PA in person and by Zoom technology.

MEMBERS IN

ATTENDANCE: Mark Swomley, Chairman
George Dvoryak, Vice Chairman
Charles Wurster, Secretary
Robert Cox
Don Bishop via Zoom
Christopher Ford, Police Department Representative
John Lawton, Police Department Representative

ALSO IN

ATTENDANCE: Mark Hodgkinson, Township Manager
Mark Renzini, F.N.B.
Adam Runk, F.N.B.
Terry Hummel, Director of Finance
Dori Bowders, Director of Administrative Operations
Abby Gibb, Communications Manager
Jean Abreght, Stenographer

1. CALL TO ORDER

SWOMLEY Chairman Mark Swomley called the Police Pension Board Meeting to order. He certified that a Quorum was present.

2. ACTION ON MINUTES

A. Police Pension Board Meeting Minutes – August 26, 2021

MR. DVORYAK MOVED FOR APPROVAL OF THE AUGUST 26, 2021 MINUTES AS PRESENTED. MR. WURSTER WAS SECOND. MOTION UNANIMOUSLY CARRIED.

3. PUBLIC COMMENT

There were no Public Comments.

4. CORRESPONDENCE AND OTHER COMMUNICATION

- A. Police Pension Reports:
- (1) Acknowledge Receipt of Third Quarter Payroll Pension Contribution Reconciliation Report
 - (2) Acknowledge Receipt of August 31, 2021 F.N.B. Management Report
 - (3) Acknowledge Receipt of September 30, 2021 F.N.B. Management Report

(4) Acknowledge Receipt of October 31, 2021 F.N.B. Management Report

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

5. REPORTS FROM FINANCIAL ADVISORS

A. F.N.B. Wealth Management

RENZINI Mark Renzini began the F.N.B. report by stating that things continue to go very well with their approach to the portfolio. He asked Adam Runk to go through his recap of the investments in the portfolio.

Performance

RUNK Adam Runk provided a recap of the third quarter that the investments appear to be doing well. Earnings had been better than expected. Inflation numbers are markedly higher than expected. Consumer demand will persist for a few years. It will take several years for the housing market to cool off. He noted that there will be some transitory inflation that has acted as a catalyst and in turn will act as a deflationary force. At least one Federal Reserve rate hike is expected, possibly two toward the end of 2022.

Federal Government spending, which had been higher, is expected at about a \$1.85 trillion dollar spending amount. Concerns at the White House indicate that spending might need to be delayed given how inflation is rising and its affect on the polls.

One component driving inflation beyond the housing market, and beyond strong consumer demand primarily is wages because some employers' wages are creeping up to some degree. Some employment is coming back but not what it was before the COVID pandemic happened. With some of the unemployment benefits ending more people will re-enter the labor market on into 2022. Some supply chain issues are expected to abate, especially within the auto sector with the semi-conductor shortage. Inflation is expected to run above the 2% mark until the latter part of 22; early 2023 when it might move closer to the mid 2% figure.

Economic Outlook

RUNK Adam Runk stated that the forecast is not expected to produce the double digit returns that had been seen within the Equity Market but rather will be a return to fundamentals. The Federal Reserve is beginning to taper its asset purchases which will continue into the first or second quarter. The Federal Government is not likely to provide additional stimulus with the inflationary levels. Mr. Runk noted he expects a positive return in the Equity Markets boosted by a strong economy. Interest rates have been low, and with the Federal Reserve raising

short-term rates, there will be a slight return on the bond side. The curve will steepen slightly with intermediate and long-term bonds.

Performance

The portfolio performance has done well and is up 10.86% versus the benchmark of 7.9%. Return in the account is up 20% over the last 12 months.

Net Asset Summary

Mark Renzini presented the Net Asset Summary beginning 2021 with \$19,904,000. By the end of October, there were contributions and income of about \$380,000 with fees of \$63,000. There was a gain of Appreciation of \$3.6 million plus accrued income in Fixed Income of \$23,861,383 at the end of October. The total return for the period is just over 20%, which places the portfolio at 60/40 in terms of the allocation.

- B. Acknowledge Receipt of Conrad Siegel Actuarial Valuation as of January 1, 2021

SWOMLEY Chairman Swomley brought forward the subject of the Conrad Siegel Actuarial Valuation report. He questioned whether adding \$3 million in the last period changes the Unfunded Actuarial Accrued Liability. Additionally, he questioned whether the fund is fully funded at this point in time.

FORD Officer Christopher Ford stated that he had reviewed that as of January 1, 2021 when the fund was at 89.8% funded. He noted that as of this date it is close to being fully funded. However, within a week or so of the ebb and flow it could be underfunded again.

RENZINI Mr. Renzini requested a copy of the latest report from Conrad Siegel. It will be provided.

MR. WURSTER MOVED TO ACKNOWLEDGE RECEIPT OF THE ACTUARIAL VALUATION FROM CONRAD SIEGEL MR. DVORYAK WAS SECOND. MOTION UNANIMOUSLY CARRIED.

6. OLD BUSINESS

- A. Asset Allocation Recommendation within the Investment Policy Statement

HUMMEL Theresa Hummel reported that she and Mark Hodgkinson met with Mark Renzini and Adam Runk to discuss the Asset Classes within the Investment Policy. She stated that the Asset Class recommended is Distribution for the Money Market at 5%, the Fixed Income at 37.5%, Domestic Equities at 43.5% and International Equities at 14.0%. The Asset Account Allocation has a strategy of plus or minus 10% providing flexibility to the investment experts to maneuver the funds as needed to meet the requirements.

WURSTER Mr. Wurster questioned whether the Domestic Equities and the International Equities combined could have equity exposure up to the 67.5%. He noted there must be 4% in International.

RUNK Mr. Runk responded that the International Exposure has been untouched. The Equity exposure has been increased, and the International stayed the same.

BISHOP Mr. Bishop commented on limiting Fixed Income and posed a situation where it is a possibility to get 9% Fixed income. He questioned whether there is a reason to require the heavy equity portion.

RUNK Mr. Runk noted that if he could get a 9% Fixed it would make his job significantly easier but he understood what Mr. Bishop stated. He indicated if there weren't a restriction on Fixed Income, there would be a restriction on the minimal amount of Equity in the portfolio.

RENZINI Mr. Renzini commented that is why there are ranges and not specific percentages over the next several years. If and when there is a more normal rate profile on the yield curve, then there might be recommendations for a slight change to the Investment Policy. It is a living document and alterations can be made as circumstances dictate.

RUNK Mr. Runk added that, if the pension became very overfunded, that would be a situation where there would be a need for review or changes in the funding status, Asset Allocations of the pension.

MR. WURSTER MOVED TO ADOPT THE SPRINGETTSBURY TOWNSHIP PAID POLICE PENSION DEATH AND DISABILITY PLAN INVESTMENT POLICY STATEMENT, THEREBY AMENDING THE ASSET ALLOCATION AS OUTLINED WITH THE MONEY MARKET 5%, FIXED INCOME 37.5%, DOMESTIC EQUITIES 43.5%, INTERNATIONAL EQUITIES 14% WITH VARIANCE FROM STRATEGIC ALLOCATIONS SHOULD NOT EXCEED PLUS OR MINUS 10% IN ASSET CLASSES. MR. DVORYAK WAS SECOND. MOTION UNANIMOUSLY CARRIED.

WURSTER Mr. Wurster questioned how soon the changes would be in effect for the money managers to make changes as they see fit.

RUNK Mr. Runk responded that the Board had adopted the policy, so he considered it official. If the policy could be signed and a copy scanned to them, that will give them paperwork on file. He planned to begin managing with the new policy immediately.

7. NEW BUSINESS

- A. Acknowledge COLA Payment Increase to Gregory Witmer from \$4,537.03 to \$4,721.65 effective November 1, 2021 as stated in Mr. Cramer's attached letter.

Mr. Witmer should also receive a one-time lump sum payment of \$369.24 for the months of September and October 2021

- B. Acknowledge COLA Payment increase to Jason Coyle from \$4,544.95 to \$4,785.83 effective November 1, 2021 as stated in Mr. Cramer's attached letter. Mr. Coyle should also receive a one-time lump sum payment of \$329.20 for the months of September and October, 2021

MR. DVORYAK MOVED TO ACKNOWLEDGE RECEIPT OF THOSE TWO INCREASES AS LISTED ON THE AGENDA 7. A.& B. MR. WURSTER WAS SECOND. MOTION UNANIMOUSLY CARRIED.

- C. Set Meeting Dates for 2022:
February 24, 2022 – 6:00 p.m.
May 26, 2022 – 6:00 p.m.
August 25, 2022 – 6:00 p.m.
November 16, 2022 – 6:00 p.m.

8. COMMITTEE MOTIONS

There were no Committee Motions.

9. ADJOURNMENT

SWOMLEY Chairman Swomley adjourned the meeting at 6:29 p.m.

Respectfully submitted,

Charles Wurster
Secretary

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