

The Springettsbury Township Board of Supervisors held a meeting of the Police Pension Board on Thursday, November 18, 2020 at 6:00 p.m. at the offices of Springettsbury Township located at 1501 Mt. Zion Road, York, PA in person and by Zoom technology.

**MEMBERS IN**

**ATTENDANCE:** Mark Swomley, Chairman  
George Dvoryak, Vice Chairman  
Charles Wurster, Secretary/Treasurer  
Don Bishop  
Robert Cox

**ALSO IN**

**ATTENDANCE:** Charles Rausch, Solicitor  
Mark Hodgkinson, Township Manager  
Mark Renzini, F.N.B. Management  
Adam Runk, F.N.B. Management  
Todd King, Police Chief  
Teresa Hummel, Director of Finance  
Jean Abreght, Stenographer

**1. CALL TO ORDER**

**SWOMLEY** Chairman Swomley called the Police Pension Board meeting to order at 6 p.m. He certified that a quorum was present.

**2. ACTION ON MINUTES**

- A. Police Pension Board Meeting Minutes – August 27, 2020
- B. Police Pension Board Work Session Minutes – September 24, 2020

**MR. DVORYAK MOVED TO APPROVE THE MINUTES AS LISTED ON THE AGENDA. MR. WURSTER 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 31, 2020 F.N.B. Management Report

- (3) Acknowledge Receipt of September 30, 2020 F.N.B. Report
- (4) Acknowledge Receipt of October 31, 2020 F.N.B. Report

**MR. BISHOP MOVED TO ACKNOWLEDGE RECEIPT OF POLICE PENSION REPORTS ITEM 4. A (1) THROUGH (4). MR. COX WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

**F. REPORTS FROM FINANCIAL ADVISORS**

**A. F.N.B. Wealth Management**

**RENZINI** Mark Renzini, F. N. B. Wealth Management presented the Net Asset Summary. Beginning with just under \$19 Million the first quarter of the market fell. However, Contributions came in of just over \$1 million. Distributions of \$949,000, most of which are benefits paid, plus \$296,000 of income. With the market recovery the fund had realized gains of \$370,000 year-to-date and market appreciation of a little over \$1.2 million for a current balance in the account of just under \$21 million. Performance during the year was solid. The Portfolio held up through the first quarter and is ahead of where it started.

**RUNK** Adam Runk commented on the results of the election and its effect on the market. He noted that during the first two years of Biden's Presidency, some more extreme policies are unlikely. The market tends to like a divided Presidency in Congress, and the Senate will act as a check for some extremist cabinet posts, as well as policy in that direction. Increased government spending will benefit the economy on a temporary basis for the first quarter, potentially into the second quarter of 2021. Growth outperformed for most of the year, and as the COVID vaccine data was announced, value stocks, i.e. financials, energy, names more dependent upon a coronavirus-based recovery have seen a boost versus growth.

Mr. Runk reported on the Equity markets which have seen a major recovery since March. On the Bond side interest rates are recovering in light of a faster economic recovery than the market initially expected. Interest rates will remain low for the next three to four years. Global interest rates reveal that the U.S. still has one of the highest interest rates even at extremely low .87%. Most of the world is significantly lower, and until Europe recovers the low interest rates will stay until 2022.

Mr. Runk reported on the Portfolio Performance. With regard to the Investment Results, over the past 12 months there has been a really good series of out performance, most of which resulted from the name selections within the portfolio. Having over weights in a few of the names resulted in abnormally high performance versus the S&P 500. He highlighted as of the end of October 31<sup>st</sup> there were 17 days where the market had really increased. While the report shows a 4.34% year-to-date performance, as of November 17<sup>th</sup> the returns are roughly a little bit over 10% on a year-to-date basis. A 10% return is a really good return for a 50/50 portfolio, especially in this particular year.

Mr. Runk discussed the Equity Performance, which is the strongest driver of performance within the portfolio. Equity funds are the Mutual Funds and the Common Stocks which is the individual U. S. Stock Strategy. Common Stock has out performed versus the S&P; 7% out performance on a year-to-date basis. He noted that this strategy lines up with the recommendations to increase that allocation or at least the maximum allowed amount in the Common Stock Strategy.

Mr. Runk noted going forward that the interest rate expectation from .87% for Treasury, and with the credit in place, there is no expectation for closer to a 1% to 1.5% return from the Bond segment of the portfolio probably for the next five years until interest rates begin to rise and maturities reinvest into the higher rates.

**DVORYAK** Mr. Dvoryak questioned the Actuarial Assumption for the plan which indicates that a return of 7% return must be generated. Factoring in some of the reports about where the interest rates are headed, he asked what the consideration would be to best position the portfolio to achieve the 7% return. It does not seem a 47.5% mix will accomplish that.

**RUNK** Mr. Runk responded that it is their thought that the Actuarial rate, at least in a pension situation will likely have to come down as it will be difficult to achieve even in a 60/40 mix. They believe they will have to discuss the situation with the Actuary in terms of some of their assumptions.

**SWOMLEY** Chairman Swomley brought forward the red-lined document for recommendations or adjustments.

**RUNK** Mr. Runk responded that they did not make any recommendations at this time to adjust the stock/bond mix as there needed to be additional discussions with the board, as well as with the Actuary. The Pension Board will need to provide feedback as to whether they are comfortable with the increased level of risk with some of the edits to the IPS. Equities on percentages would be the largest indicator of risk.

**SWOMLEY** Chairman Swomley indicated that he had reviewed the Asset Allocation document and the Investment Policy Statement, other documents and minutes from other meetings. He stated that it appeared everything is covered.

**WURSTER** Mr. Wurster commented that it is a fair representation of the proposed changes.

**BISHOP** Mr. Bishop stated it is a worthwhile change with an immediate need to figure out the next steps.

**SWOMLEY** Chairman Swomley noted it is not enough.

**WURSTER** Mr. Wurster indicated he was concerned about the downshift in the overall credit quality of some of the bonds going immediately from A to BBB. He noted that during a review of the YAUFRR pension, they recognized issues that could slip down to the BBB credit quality, but they did not initiate the position at that credit quality.

He understood; however he was not convinced of the need to do this in this part of the economic cycle, in the current economic conditions to start out initiating positions there at the average credit quality.

**RUNK** Mr. Runk responded that this would not be something where they would downgrade the entire bond portfolio to that credit quality. It would just allow for funds to be put into the portfolio that would have the BBB credit quality, as an example, a short-term corporate bond index. They might want to increase the Corporate Bond weight versus the benchmark. This would allow them to easily do so in a tactical position. It is something that could be added later.

**WURSTER** Mr. Wurster noted that he could understand, and he was satisfied if the board could revisit this again.

**SWOMLEY** Chairman Swomley questioned whether he was suggesting to take the recommendation out and leave it at A.

**WURSTER** Mr. Wurster responded that it would depend on the board as to how quickly they want to revisit the Investment Allocation Models. In the long run it must be reviewed in order to make some adjustments. He was open to hearing some suggestions.

**BISHOP** Mr. Bishop stated that the changes were reasonable, and there would never be a problem if we trust the advisor. This would not require them to reduce the credit quality; it will provide flexibility, which he would want from an advisor.

**DVORYAK** Mr. Dvoryak noted that the next step will be to review both the Actuarial Assumption versus the Asset Allocation because there is too wide of a gap between the two. It makes no sense to have a 7% Actuarial Assumption with a portfolio allocation that might give a return of 5% or 5-1/2%.

**RENZINI** Mr. Renzini noted that with Mr. Dvoryak's comments, he would combine that, adopt the policy that has been submitted with a short-term intention of getting some ideas from the Actuary. He noted that they work with the Actuary on other plans. There is no doubt that they will have to lower the Assumption which was done for other plans. They will take that information and go back and revisit some of the allocation tactics that will be needed.

**BISHOP** Mr. Bishop questioned whether the board could anticipate their being able to consult with the Actuary and come back at the next regularly scheduled Police Pension Board meeting with some preliminary recommendations.

**RENZINI** Mr. Renzini responded that it was a reasonable time frame for the February meeting.

**MR. BISHOP MOVED TO ADOPT THE NEW INVESTMENT POLICY AS PRESENTED.  
MR. DVORYAK WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

**7. NEW BUSINESS**

**SPRINGETTSBURY TOWNSHIP  
POLICE PENSION BOARD**

**NOVEMBER 18, 2020  
APPROVED**

**A. Set Meeting Dates for 2021:**

February 25, 2021 – 6:00 p.m.  
May 27, 2021 – 6:00 p.m.  
August 26, 2021 – 6:00 p.m.  
November 17, 2021 – 6:00 p.m.

**Consensus was agreement to the scheduled meeting dates for 2021.**

- B. Acknowledge COLA Payment Increase to Gregory Witmer from \$4,478.81 to \$4,537.03 effective November 1, 2020 as stated in Mr. Cramer’s attached letter. Mr. Witmer should also receive a one-time full payment for September and October totaling \$116.44**
- C. Acknowledge COLA Payment Increase to Jason Coyle from \$4,165.86 to \$4,544.95 effective November 1, 2020 as stated in Mr. Cramer’s attached letter. Mr. Coyle should also receive a one-time partial payment for September and full payment for October totaling \$518.09**

**MR. DVORYAK MOVED TO ACKNOWLEDGE THE TWO COLA PAYMENT INCREASES B AND C AS LISTED ON THE AGENDA. MR. WURSTER WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

**8. COMMITTEE MOTIONS**

There were no Committee Motions.

**9. ADJOURNMENT**

**SWOMLEY** Chairman Swomley adjourned the Police Pension meeting at 6:35 p.m.

Respectfully submitted,

Charles Wurster  
Secretary

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