

**YORK AREA UNITED FIRE AND RESCUE COMMISSION  
FIRE PENSION BOARD**

**FEBRUARY 15, 2022  
APPROVED**

The York Area United Fire and Fire Pension Board meeting on Tuesday, February 15, 2022 at 6:30 p.m., York, PA 17402.

**MEMBERS IN**

**ATTENDANCE:** Dan Rooney, Chairman, Spring Garden Township  
Austin Hunt, Vice Chairman  
Thomas Gwilt, Spring Garden Township  
Deb McCune, Manchester Township (Alternate)  
George Dvoryak, Springettsbury Township  
Charles Wurster, Secretary, Springettsbury Township  
John Inch, Manchester Township

**ALSO IN**

**ATTENDANCE:** Daniel Hoff, YAUFR Chief  
Steve Hovis, Solicitor  
Lester Rhoads, Pension Board Rep  
Alicia Renard, Fulton Financial Advisors  
Elizabeth Peris, Fulton Financial Advisors  
Lisa Einsig, YAUFR  
Jean Abreght, Stenographer

**1. CALL TO ORDER**

**ROONEY** Chairman Rooney called the York Area United Fire and Rescue Pension meeting to order.

**2. ACTION ON MINUTES**

A. Approval of Minutes: November 16, 2021 – Pension Board Meeting

**MR. DVORYAK MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 16, 2021 PENSION BOARD MEETING AS SUBMITTED. MR. HUNT WAS SECOND. MOTION UNANIMOUSLY CARRIED.**

**3. PUBLIC COMMENT**

There was no public comment.

**4. CORRESPONDENCE AND OTHER COMMUNICATIONS**

- A. Acknowledge Receipt of Fulton Financial Trust Report for November 1, 2021 – November 30, 2021
- B. Acknowledge Receipt of Fulton Financial Trust Report for December 1, 2021

- December 31, 2021
- C. Acknowledge Receipt of Fulton Financial Trust Quarterly Report for October 1, 2021 – December 31, 2021
- D. Acknowledge Receipt of Fulton Financial Trust Annual Report for January 1, 2021 – December 31, 2021

**MR. HUNT MOVED TO RECEIVE THE DOCUMENTS AS LISTED. MR. WURSTER WAS SECOND. MOTION WAS UNANIMOUSLY CARRIED.**

## **5. REPORTS FROM FINANCIAL ADVISORS**

### **A. Fulton Financial – Investment Presentation**

**RENARD** Alicia Renard stated she was filling in for Annette Hose. She indicated she is the Relationship Manager in the York office. Ms. Renard referred to Page 1 of the report for the quarter ending December 31:

- Market value of the portfolio as of October 1, 2021 - \$6,801,283.77
- Employer Contribution - \$285,162
- Employee Contribution - \$8,710.77
- Investment income - \$88,481.79
- Prior Accrual - \$6,377.29
- Current Accrual - \$8,224.55
- Total Investment Income - \$90,329.05
- Realized capital gain - \$156,357.06
- Unrealized - \$113,040.54
- Total gains - \$269,397.60
- Total receipts for the time period - \$653,599.42
- Pension payments - \$73,586.46
- Health insurance payments \$227.97
- Total distributions \$73,814.43
- Expenses - trustee/management fee \$11,870.63
- Foreign tax withheld \$60.85
- Fee rebates \$37.82
- Total expenses \$11,893.66
- Total disbursements \$85,708.09
- Market value as of Dec 31, 2021 \$7,369,175.10

Discussion was held regarding health insurance distributions.

### **Page 2 – Executive Summary**

**RENARD** Ms. Renard stated this is a summary of what transpired during the year as well as during the last quarter.

- During 2021 interest dividends as well as appreciation totaled approximately \$875,000 for the year.
- Fourth quarter approximately \$360,000.

- Also in the fourth quarter, payment received from state pension \$200,000.
- During 2021 the total return for the account was 13.63% - for the quarter 5¼%.
- Both numbers outperformed the index which is 35% Bloomberg aggregate and 65% the MSCI.
- Fixed income – short duration throughout the year which benefited the portfolio as interest rates started to rise.
- Overweight corporate securities
- On the equity side – strong allocation decisions overweight large cap growth for most of the year.
- Overweight on the domestic markets
- Two managers in the portfolio had extraordinary earnings – Boston Partners a large cap value manager with focus on cyclical stocks. Also Developed International.

**WURSTER** Mr. Wurster asked about the Growth of \$1 chart on Page 2, as to if the index green line is reflective of a portfolio that now reflects the investment policy mix.

**PERIS** Ms. Peris indicated it does and takes into consideration the policy mix throughout the history of the account.

**RENARD** Ms. Renard reported on the long-term allocations of the portfolio.

- Currently at a target of 65% equity.
- The balance within fixed income as well as alternatives is in cash.
- The expected return for this allocation which was revised in 2022 is 6½%. A year ago it was 7%. This matches the actuarial assumption of 6½%.
- She noted the downside of this portfolio in any one year would be 11% and 5%. The upside potential is 27%.
- Currently keeping their equity allocation at 65%
- On the positive side seeing strong economic growth for 2022 which should remain above trend for most of the year.
- The bend continues to decelerate towards the end of the year where it is expected to be 3%.
- Drivers for strong economic growth include strong consumer growth, with non-durable goods picking up.
- Also see demand for durables although expect that to begin to moderate by the first of the year.
- On the business side inventory replacement is helping out as well as capital expenditures.
- Continuing earnings growth for the first of the year above trend but will start to decelerate as the year progresses. Not seeing as much pressure on those margins since businesses are able to pass those inflation increases off to the consumer.
- Inflationary pressures are still high and will continue to rise, but by mid-year expecting them to start to decelerate and remain above trend for the first of the year.

- Seeing a withdraw of policy support for monetary fiscal and on the monetary side will start to see the Fed raise interest rates.
- The expectation is anywhere from 3% up to 8% interest rate increases during the course of the year. Probable scenario is 4-5%.
- Concern with geo-political tensions in Ukraine

**Allocations on the Equity Side**

- Reasons for overweight in certain sectors - inflationary pressures as well as concerns with the Federal Reserve raising interest rates.
- Also the expected slowdown in the economy.
- Market valuations continue to be elevated although they have come down significantly all last year and this year, so they are less over valued than previously.
- They expect the returns to be between 5 and 8%.
- A globally diversified equity portfolio will return approximately 9½% in the long term.
- They continue to be overweight in domestic large cap but are balancing that overweight between the gross style and the value style. In the value style they are looking more to deep cyclical stocks and those stocks that benefit from higher interest rates.
- On the equity side they are recommending active management over passive management since they are seeing correlations between equities is lower than usual currently.

**Page 5 - Fixed income portfolio.**

- Individual bonds - the duration is short right now at 5½ years.
- It maintains the A rating.
- They expect the first rate hike will be in March.
- Core fixed income returns will be challenged during the course of the year.
- Index has approximately a 40% weighting in government bonds. This portfolio has about 26%.
- Corporate position is approximately 50% of the portfolio whereas the index is about 30%.
- Important to note the BBB exposure is at 13% which is in line with the index.
- Also have 8-2/3 quarter allocation towards low investment which has actually been reduced because the risk returning is high yield.

**Page 11 – Growth Analysis**

- Shows the growth of the portfolio over the last six years.
- In 2016 it was just under 4.3 million.
- The portfolio is now 7.3 million.
- Four of those six years saw double digit returns.
- Can see the variability of returns during the course.
- There was only one negative year.

The next several pages detail the performance of the portfolio with longer term returns.

- Looking at each asset class
- Cash kept at a minimum just enough to maintain cash flows.
- On the fixed income for the past 10 years it has returned 4%.
- The Bloomberg aggregate has returned 2.9%.
- During the past 10 years overweighted performance during that period which has benefited the portfolio.
- Equity line –over the past 10 years equities have returned 11.93%
- The MSCI World index returned 11.85%
- Boston Partners returns for 2021 – 28.97%
- S&P 500 – 24.90%

Page 14 – Alternatives

- Used in the portfolio to provide diversification and reduce the threats.
- Looking at alternatives to fixed income portfolios to help with the volatility with the equities. In 2021 the contributed performance returned 11.49%.
- Returns for the past 10 years have been 7.75%
- Total net fees do not include payout withdrawals
- The actuarial assumption includes inflation and fees.

**ROONEY** Chairman Rooney asked how quickly can they respond to negative economic changes and make adjustments.

**RENARD** Ms. Renard stated they meet weekly to discuss any potential changes and make decisions based on what is currently happening. Typically, they make changes every several months to come up with a strategy across the board.

## **6. OLD BUSINESS**

There was no Old Business.

## **7. NEW BUSINESS**

There was no New Business.

## **8. COMMITTEE REPORTS**

There were no committee reports.

## **9. COMMITTEE MOTIONS**

There were no committee motions.

## **10. ADJOURNMENT**

**ROONEY** Chairman Rooney adjourned the meeting at 7:00 p.m.

**YORK AREA UNITED FIRE AND RESCUE COMMISSION  
FIRE PENSION BOARD**

**FEBRUARY 15, 2022  
APPROVED**

Respectfully submitted,

*Signature on file at YAUFR Headquarters*

Charles Wurster  
Secretary

ses