

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

**AUGUST 16, 2022
APPROVED**

The York Area United Fire and Fire Pension Board meeting on Tuesday, August 16, 2022 at 6:30 p.m., York, PA 17402.

**MEMBERS IN
ATTENDANCE:**

Austin Hunt, Vice Chairman
Thomas Gwilt, Spring Garden Township
David Detwiler, Spring Garden Township
Deb McCune, Manchester Township
George Dvoryak, Springettsbury Township
Charles Wurster, Secretary, Springettsbury Township
John Inch, Manchester Township

NOT PRESENT: Dan Rooney, Chairman, Spring Garden Township

**ALSO IN
ATTENDANCE:**

Daniel Hoff, YAUFR Chief
Walter Tilley, Solicitor
Lester Rhoads, Pension Board Rep
Annette Hose, Fulton Financial Advisors
Elizabeth Peris, Fulton Financial Advisors
Sue Sipe, Stenographer

1. CALL TO ORDER

HUNT Vice Chairman Hunt called the York Area United Fire and Rescue Pension meeting to order.

2. ACTION ON MINUTES

A. Approval of Minutes: May 17, 2022 – Pension Board Meeting

MR. DVORYAK MOVED TO APPROVE THE MINUTES OF THE MAY 17, 2022 PENSION BOARD MEETING AS SUBMITTED. MR. RHOADS 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 May 2022
- B. Acknowledge Receipt of Fulton Financial Trust Report for June 2022
- C. Acknowledge Receipt of Fulton Financial Trust Report for July 2022

- D. Acknowledge Receipt of Fulton Financial Trust Quarterly Report for April 1, 2022 – June 30, 2022

MR. RHOADS 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 – a copy of the report was submitted to the Commission members.

HOSE Ms. Hose reviewed the accounting for the quarter ending June 30, 2022.

- Started out the quarter April 1, 2022 - \$6,983,666.67
- Firefighter contributions - \$7,631.11
- Investment Income – Dividend payments for the quarter - \$30,220.65
- Total market loss for the quarter - \$790,288.93
- Disbursements - \$73,659.39
- Monthly Pension Payments – Expenses - \$11,633.12
- Portfolio as of June 30, 2022 \$6,145,936.99

PERIS Ms. Peris referred to page 2 – Executive Summary commenting the first half of 2022 was very brutal and an unprecedented event. The equity markets and fixed income markets had significant drawdowns.

- Market value as of the end of the quarter was \$6,146,000
- As of today, market value was \$6,579,000 – an 8% pickup for the quarter
- Benchmark indices up 7.55%
- The slight outperformance is attributable to various things within the fixed income market with short duration during the period because of the rising interest rate environment. Exposure to the low investment rate securities was reduced.
- For the equity markets during the quarter, a tactical switch was made with cyclical growth at the beginning of the year and as the quarter advanced it moved to cyclical value stocks and increased exposure to the valued component while reducing the international exposure. Those moves contributed to the performance of the portfolio.
- Long term expected return of 6½% has fallen.
- The 10- year rate of return is 5-23%.

Page 3 – Asset Allocation Analysis

- This is the current allocation of the holdings in the portfolio.
- A decision was made to elevate the cash positioning in the second quarter due to the uncertainty with the economy, relating to continuing inflation and potential for recession, as well as the Federal Reserve response.
- With the additional allocation of cash, it will allow the opportunity to deploy excess cash into the equity markets if they start rebounding.
- The current inflation rate is 5.9% which causes uncertainty in the markets.
- There is concern about the pending recession when looking at the yield curve which at the two-year is 3¼% and the 10 year is at 2.84%.
- The job market at present is strong – 528,000 jobs added in July. Most are in the service industry and the healthcare profession.
- The allocation of 65% equities is expected to return 6½% on an annualized basis

- There is a possibility in any year of losing 11.7% which happened this year in the first six months.
- On the upside, this can result in a gain of 27% for any year.
- This actuarial assumption is 6½% so it matches the long-term expectation of the portfolio.

Page 4 – Equity Capitalization and Style Analysis

- Domestic large cap exposure is close to 67% of the equity portfolio.
- At the end of March that position was 62½%
- Most of the dollars sold in the international space went into that large cap space
- The international position was at 21% - it is now at 18%
- The breakdown between is 15% is in developed and 2½% is in emerging markets – both dropped significantly
- As of the end of March there was 31% in the growth sector
- The largest component of growth is technology which is at 27%
- The blend is a mix between the value and the growth at 29% - in March it was at 43%
- The dollars in the blend category was moved to value. Value is now at 43%
- They moved dollars into the defense in value which is those companies with a more stable flow of income with less risk to their revenues

Page 5 – Fixed Income Strategy

- The portfolio is comprised of 60% individual bonds and 40% is mutual funds
- This page represents the 60% in individual bonds
- The 40% is aimed at strategies with plan duration, credit quality and also provides liquidity if there is a need to liquidate dollars
- As of the end of June the credit quality of the portfolio is AA minus.
- Credit quality at the end of March was 8+
- Other changes – durations now 5 years - at the end of March it was 5.12.
- Duration of the index is 6½ years
- Their strategy is to continue to have short duration
- At the end of the quarter they increased the credit quality

Page 6 – Credit Rating

- B rated securities are below investment rate bonds. At the end of March it was at 5% and currently it is at 1.2% of the portfolio
- The portfolio is approximately 30% in U.S. governments and the benchmark has approximately a 40% exposure to investments.
- It is essential to be flexible as new data is received since it is conflicting as to whether the recession will be short or longer term.

Page 11 – Growth Analysis

- Pointed out the growth of the portfolio since 2017 which was at \$4.5 million
- Currently it is \$6.145 million.
- There were four years of double digit returns which is an anomaly.

Page 12 – Asset Classes

- Fixed Income – YTD is down 8.62% and 4.34% for the quarter
- Both numbers have beat the index -10.35 YTD and -4.69 for the quarter

- The primary reason is the investment manager which is 60% of the portfolio. That is the major contributor to the performance – reduce their high yield and also improve the credit quality in the short duration.
- Returns for fixed income over a 10-year period – they returned 2.77% for 10 years and the Bloomberg Aggregate during that period was 1.54%.
- Equity – the quarter is down -14% - .6% in the MSCI
- Equity was down 15-2/3% and YTD equities were down 18.44% - the index was down 20.18%
- Longer term – 10-year number is 9.17% and the AQUIA is 8.76%
- Returns of the individual managers – Boston Partners which is 22% of the equity portfolio - YTD down 10.13%
- The index is down 11.401%

Page 13 – Manager Strategy Growth Portfolio

- This is 20% of the portfolio
- YTD is 25.42%
- The S&P 500 is down 27.62% - a contributor to the outperformance
- Vanguard dividend growth – one of the strategies looking to continue to use – down 11% YTD – comparing that to the S&P 500 which is down 19.96%.
- That holding is about 12% of the portfolio

Total Portfolio

- The portfolio in the 10-year column before fees returned 5.2/3%
- After fees 4.87%
- Benchmark – 5.06%
- Policy index – actuarial assumption is to return that 6½% over the life of the portfolio
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Ms. Peris offered to address any questions.

Vice Chairman Hunt thanked both Ms. Peris and Ms. Hose for their report.

6. OLD BUSINESS

There was no Old Business.

7. NEW BUSINESS

- A. Authorize payment to Conrad Siegel Actuaries from Firefighters Pension fund in the amount of \$2,950.00 for services rendered from August 15, 2021 through June 30, 2022.
- B. **MR. RHOADS MOVED TO AUTHORIZE THE PAYMENT TO CONRAD SEIGEL IN THE AMOUNT OF \$2,950.00 FOR SERVICES RENDERED FROM AUGUST 15, 2021 THROUGH JUNE 30, 2022. MR. WURSTER WAS SECOND. MOTION WAS UNANIMOUSLY CARRIED.**

8. COMMITTEE REPORTS

There were no committee reports.

9. COMMITTEE MOTIONS

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There were no committee motions.

10. ADJOURNMENT

HUNT Vice Chairman Hunt adjourned the meeting at 7:03 p.m.

Respectfully submitted,

Charles Wurster
Secretary

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