

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

**NOVEMBER 15, 2022
APPROVED**

The York Area United Fire and Fire Pension Board meeting on Tuesday, November 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
George Dvoryak, Springettsbury Township
Charles Wurster, Secretary, Springettsbury Township

NOT PRESENT: John Inch, Manchester Township

ALSO IN

ATTENDANCE: Daniel Hoff, YAUFR Chief
Don Bishop, Springettsbury Township (via Zoom)
Walter Tilley, Solicitor
Lester Rhoads, Pension Board Rep
David Kane, Pension Board Rep
Annette Hose, Fulton Financial Advisors
Elizabeth Peris, Fulton Financial Advisors
Jeff Taylor, Fulton Financial Advisors
Sue Sipe, 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: August 16, 2022 – Pension Board Meeting

MR. HUNT MOVED TO APPROVE THE MINUTES OF THE AUGUST 16, 2022 PENSION BOARD MEETING AS SUBMITTED. MR. DVORYAK 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 August 1, 2022-August 31, 2022
- B. Acknowledge Receipt of Fulton Financial Trust Report for September 1, 2022-September 30, 2022
- C. Acknowledge Receipt of Fulton Financial Trust Report for October 1, 2022-October 31, 2022

- D. Acknowledge Receipt of Fulton Financial Trust Quarterly Report for July 1, 2022-September 30, 2022

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

PERIS Ms. Peris announced she is retiring as of the end of the year 2022. She introduced Jeff Taylor who will replace her as the portfolio manager for the pension plan.

HOSE Ms. Hose reviewed the accounting for the 3rd quarter of the year.

- Started out the quarter July 1, 2022 - \$6,145,936.99
- Firefighter contributions - \$8,067.81
- The municipal contribution came in on October 21st - \$99,239.00
- Investment Income – \$28,796.85
- Total market loss for the quarter - \$300,863.57
- Monthly Pension Payments for the quarter – \$73,659.39
- Expenses between the Trustee Management Fee - \$13,753.60
- Portfolio as of September 30, 2022 \$5,795,165.00

PERIS Ms. Peris referred to page 2 – Executive Summary as of September 30 commenting it has been a very brutal both for fixed income and equity. The lingering inflation is very elevated with aggressive monetary policy and the economic slowdown which have weight on the portfolio. She indicated she would review how this has influenced the positioning during the year and how it differs from the long-term target allocations and the impact on the portfolio.

- As of the close of business yesterday the portfolio has rebounded to 6.25 million
- A YTD return now -12.8% as opposed to at the end of the quarter was -18.6%
- The portfolio for the quarter was down 4½% before fees – after fees it was 4.68%
- Comparing to benchmark which was down 6% they did out perform
- Benchmark is comprised of 35% Bloomberg Aggregate and 65% MSCI ACWI
- Two main factors contributed to the out performance – one is allocation decisions and the managers. Most of the managers out performed

Page 3 – Asset Allocation Analysis

- The IPS has set a target of 65% to the inequities and the balance to be in cash and fixed income with potential to have some in the alternative sector
- The long-term expected return for this allocation is 6½% which matches the actuarial assumptions
- There is an overweight in cash which was not only to provide for the distribution to the pensioners but also a tactical decision to keep elevated cash positions without the market turmoil
- Fixed income is spot on – equities below that target at this time

Page 4 – Equity Capitalization and Style Analysis

- With the rising interest rates, it has disproportionately affected the growth stocks
- The rising dollar has impacted any company that has large overseas revenues
- The GOP political risks have hurt the international markets

- China's Covid policy has weakened their growth prospects and impacted the emerging markets
- They have kept their large cap position underweight – long term allocation is 42%
- The current allocation is 67%
- Mid cap and small cap targets – 11%
- The big underweight is in the international sector – developed international position is current 15% - long term target is 30%
- Underweight in emerging markets – long term position is 6% and 2-2/3%
- Growth vs. value – due to risk of recession they have rotated from a balanced position into a defensive value position – emphasizing those firms that have a stable revenue growth
- Concern about potential decline in earnings per share which continue to grow but there is the potential for recession which will put pressure on equity prices
- Currently they are overweight value – 43% portfolio compared to growth which is just under 28%
- They are keeping their eyes on the earnings growth and also looking at any shift in fed tightening
- The inflation numbers have come in better than expected
- Keeping their eyes on shelter costs which continue to climb – last month they are still at a growth rate of 6.9% and the core CPI came in at 6.3%

Page 5 – Historical Fixed Income Strategy

- Details were provided on the core bond portfolio comprised of individual bonds using Federated Investors to manage this bond portfolio – this is 60% of the total fixed income portfolio. The balance is in mutual funds used for tactical positioning to adjust the duration of the portfolio, the credit quality and also adjust some of the sectors of the portfolio.
- The portfolio remains AA rated – during the course of the year they increased the credit quality and reduced the high yield exposure which is over 1% currently
- The duration of the portfolio is just over 5 years.
- The Bloomberg Aggregate is a 6.3 duration which is less sensitive to interest rates

Page 11 – Growth Analysis

- A bar chart of 6 years with a table showing the beginning market value – ending market value and returns by year.
- Pointed out the variability of the returns each year
- Market value as of the end of September at 5.8 million is equal to what the starting market value was at the beginning of 2020.
- As of the last actuarial report the account was fully funded at the end of 2021.

Page 12 – Portfolio Performance Detail

- Looking at the 10 year column – Fixed Income YTD is 11.3% and the Bloomberg Index is down 14.61%
- Federated Managers is down 13¼%
- For the past 10 years the fixed income has returned 2.2% and the Bloomberg Aggregate is up .9% during that period
- Looking at the Equity Line – YTD equities are down 23.1% and the MSCI ACW is down 25.63%
- Outperformance is the tactical allocations by overweighting domestic
- Longer term equities returned 7.91% and the benchmark is up 7.28%
- Boston Partners is the large cap value manager – YTD down 14.91%

- When compared to the S&P 500 value it is down 16.56%

Page 13 –Strategy Growth Portfolio

- This is down 28.76% - where the index is down over 30% - 20% of the equity portfolio

Page 14 – Alternatives

- Alternatives YTD – down 13.16%
- Longer term that return is somewhere between what the equity markets return and what the fixed income does which helps diversify the portfolio

Page 15 – Total Managed

- 10 year – up 4.78% before fees – 4% after fees
- Index is up 4%
- This 4¾% return is below the 6½% actuarial assumption

Ms. Peris offered to address any questions.

Vice Chairman Hunt thanked both Ms. Peris, Ms. Hose and Mr. Taylor for their report. The Commission extended best wishes to Ms. Peris upon her retirement.

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

HUNT Vice Chairman Hunt adjourned the meeting at 7:13 p.m.

Respectfully submitted,

Signature on file at YAUFRR Headquarters

Charles Wurster
Secretary

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