

**Warwick Township
Financial Advisory Committee (FAC) Meeting Minutes
August 19, 2021**

Members Present:

Paul Hunzeker
John Ramey

Township Representatives:

Becki Wilhelm Kyle Seckinger
Marian Buck Skye Sorresso

CBIZ InR Representatives:

Richard Ritzer, CFP
Jeffrey Hugo, AIF, CLU, CEBS, ChFC

Main Meeting Room – Socially Distanced

12:08 PM: John called the meeting to order

Discussion of results:

Rich said, “still good news”. Warwick has been rewarded for staying the course. The results for the Police pension for the second quarter of 2021 are 5.27%. The 70/30 allocation has given us a return of 9.5% since inception in 2014.

Jeff asked Becki if she had communication with John Vargo, our actuary. She let the committee know that John was not comfortable recommending a reduction of the 7.25% assumed interest rate at this time. Warwick is switching to using the SOA Public Plan Mortality Table for General Workers for the actuarial valuation report, which John felt was necessary.

Rich continued with background on the market at the end of 2020 with Tech and Growth stocks being the outperform. We purchased value stocks when they were low at the end of 2020. In the first quarter of 2021, value stocks were leading due to interest rates increasing and the vaccines rolling out. In the second quarter, interest rates were down, bonds came back from the first quarter and Tech and Growth came back. Our portfolios have been rebalanced four times this year so far (January, April, June, and July), in response to market conditions.

Long term projections are still lower, and stocks are deemed expensive, but earnings are surprisingly high. Jeff said that the economy is doing well but inflation is increasing because it is costing more for labor. As of yesterdays’, close, our Police portfolio is up 1%. He cited supply issues with used cars, lumber and gasoline that are causing what he sees as a short- term inflation problem. He expects the Fed to taper buying soon. Becki and John spoke about the difficulty of finding investment CDs for growth but how low borrowing rates are. Jeff said that his client, the town of Coatesville, was unable to invest in anything innovative due to investment restriction rules.

Jeff asked Rich to switch the discussion to the 457 Plan. The 457 Plan’s rate of return YTD is 9.9%. Employees did not panic during market fluctuations. Becki will set up time for Rich to have one on one time with employees soon.

Paul asked about the 70-30 Allocation Analysis in the folder. The Mid and Small Cap allocation has a higher standard deviation and PE ratios. Jeff said that Vanguard is recommending 40% foreign stocks in portfolios. Jeff thinks that foreign countries are not as strong due to their Covid problems.

Jeff and Rich left at 12:39 pm.

A motion was not made to approve the minutes from the last meeting due to a lack of quorum.

No old business.

New business was presented by Becki:

Chet Davis indicated to Becki that she should start the process of replacing him. He is unable to attend the meetings in person. Becki will add a vacancy to the annual search for members in October. Chet had a long tenure with the FAC, and he and his contributions will be missed.

Paul indicated that he may know of someone that may wish to join the committee.

An open discussion on the ARP funds being given to municipalities. The money is restricted to where it can be spent, and we have 6 years to complete the spending.

The next meeting is November 18.

There were no Public Comments.

Adjournment was at 12:48 PM