

**Warwick Township
Financial Advisory Committee (FAC) Meeting Minutes
November 18, 2021**

Members Present:

Paul Hunzeker
John Ramey
Jon Fioravanti
Chester Davis
Edward Dixon

Township Representatives:

Becki Wilhelm
Marian Buck
John Cox

CBIZ InR Representatives:

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

Main Meeting Room

12:02 PM: John called the meeting to order

Discussion of the Warwick Township pension plan results:

Rich asked us to take the Police YTD packet out of the hand-outs so he could address them as the most relevant, noting that the third quarter results of the plan were down. He said that during the third quarter, the employment situation was unprecedented with more jobs than people willing to fill them. The YTD 11/16/2021 results for the Police Pension is 13.48%. This far exceeds our 7.25% assumed interest rate and Rich attributes our 70/30 position as the reason for this, citing that it is not prudent for us to be at a higher equity position. He said that of the 120 defined benefit plans in CBIZ, all but two are 70/30. A higher year end valuation may allow more flexibility in funding the pension. The current expected rate that CBIZ is quoting for the next ten- year period is 5.92%. Rich said that Vanguard is using an even lower rate. Since inception, the Police pension is up 9.57%.

Paul asked about our asset allocation. Rich agreed that we are currently underweighting the international sector. Jeff and Rich also said that the shorter duration bonds of less than 2 years are the best place for us to be now with the ETF's having the best liquidity. John asked about the interest rates and where they are headed now. This is hard to answer due to the economy's recent problems with labor shortages, cargo ships sitting idle and chip supplies being uncertain. For now, we are not changing our strategy. We will find opportunities in the volatility. Jon said that the large cap stocks are better insulated against the cargo tanker situation than the small cap. Jeff talked about the market rewarding growth stocks like tech (Zoom calls during the pandemic). Now possibly the value sector will be in favor due to the president's infrastructure bill.

Rich spoke about the meeting he had with our employees this morning about the 457 account and the 401a, as well as the individual meetings afterward. He is pleased with the way our employees manage volatility in the market.

Paul asked about the cash flow of the pensions. Jeff said that it is factored in by the actuary and that the 70/30 position helps. Paul's opinion is that we need to get closer to 7% on the assumed interest rate. Jeff thinks that we need to understand all the costs. Becki will speak to the actuary to have him send us the specifics of the costs involved in getting the assumed rate lower.

Jon asked if CBIZ looked at offerings from other firms rather than just Vanguard for the ETF's. Jeff said that they always do but it is difficult to find a better cost basis than Vanguard due to their enormous size. Ed asked if other municipalities are borrowing money to invest. Jeff said that it is hard for municipalities to do that because they need to ask the voters to authorize, and it is a concept that the voters may not be able to accept.

Paul approved the minutes of the 8/19 meeting and Ed and John approved the minutes of the 5/20/2021 meeting.

Today is Chet Davis' last day as a member of the FAC. He was thanked for his contributions over the many years as a committee member. He told us of the changes he has been a part of with investment firms and investment methods through the years. He is pleased with how CBIZ is managing our investments.

It was mentioned that possibly Bob Fitt would like to re-join the FAC now that his conflict of interest has been removed. Katarina was also discussed as a previous member that would be welcomed back.

The FAC members would like Becki to talk to the actuary to get cost studies for lowering the assumed rate to 7%.

John and Ed made a motion to adjourn the meeting.

There were no Public Comments.

Jeff brought in cupcakes to share for Chet's last day. Free discussions ensued.

The next meeting is February 17, 2022.

Adjournment was at 12:48 PM