

**Warwick Township
Financial Advisory Committee (FAC) Meeting Minutes
February 17, 2022**

Members Present:

Bob Fitt
John Ramey
Edward Dixon

Township Representatives:

Becki Wilhelm
Marian Buck
John Cox

CBIZ InR Representatives:

Richard Ritzer, CFP
Michael Glackin, CFP, AIF

Main Meeting Room

12:05 PM: John called the meeting to order

Discussion of the Warwick Township Pension Plan results:

Rich went over the results of 2021 found on page 13 of the handouts for both the Police and the Non-Uniform Pension Plans. Although the fourth quarter ended in a small loss for both plans (less than 1% negative), the YTD totals were almost 13% positive. At the start of 2021, CBIZ expected that we would only see a modest gain of 5-6% for the year. This 13% allows us a cushion of close to 6 percentage points for the year when you take the assumed rate of return from the actual results. This will help our MMO calculation for the next period. He spoke about the effects of the vaccine rollout in the first quarter of 2021, the role of the different bond classifications and that we were better than the market after we reallocated the bonds away from the inflation-protected bond category.

Mike answered Bob's question about whether the results could be attributed to the asset allocation. Mike agreed that it was and that the 70/30 split, the assumed rate being lower than a lot of other municipalities and the All-Market ownership approach all contributed to the excellent results. He also said that when the market runs up, they sell the high and buy the low. Mike said that the volatility in the market is due to politics. CBIZ can rebalance our portfolio in seconds because of ETFs versus mutual funds and the All-Market approach. He does not predict what will happen but is prepared to act. He does not time the market but will react!

Mike asked us to turn to the chart on page 4 of the 70-30 ETF Model hand-out. The expected rate of return is still in the mid 5's over the next 10 years. Ed asked how many plans that CBIZ has have 70/30 split. Mike said that most of the 132 plans do. He added that only a handful of those 132 have an assumed rate below 7%. Malvern is at 5.75%. Mike thinks that Russia will cause a 10% correction in the market. This will be a buying opportunity for us. Ed asked about a potential Fed rate hike. Mike thinks the Fed needs to do a .5 hike to start off. He feels the market will not be surprised. He thinks that inflation will stabilize around 3.5-4%, not the 7.5% that we see now. He feels that Oil prices will spike with any Russian action.

Bob asked about our fixed income exposure (the 30%). He sees 26% of bonds and 3% cash. Should we keep more in cash since bonds are losers? Mike said that long term we will do better in this position. We have liquidity with ETFs, and we will rebalance like we did on 4/8/2020 with the COVID market dip.

Bob and Mike discussed the High Yield Bonds. Mike is not expecting a recession, but he sees a lot of volatility.

Rich and Mike leave at 12:57PM

**John nominated Ed to be the Chairman, Ed made a motion and John seconded.
Ed nominated John to be the Secretary. Ed made a motion and John seconded.**

The minutes of the November 18, 2021, were approved by John and seconded by Ed.

Ed made a motion to accept the current investment policy for both the Police and Non-Uniform Employee Pension Fund. Bob seconded the motion.

A discussion of dropping the assumed interest rate to 7.00% will be on the next agenda.

Becki told us that the post-employment Health insurance for Police employees is 5 years. They may opt for the buyout of \$60,000. We currently have 3 DROP Police employees. One Drop will take the 5 years of health insurance and two will take the buyout.

Adjournment was at 1:04 PM