

**Warwick Township
Financial Advisory Committee (FAC) Meeting Minutes
May 19, 2022**

Members Present:

Bob Fitt
John Ramey

Township Representatives:

Becki Wilhelm
Marian Buck
John Cox

CBIZ InR Representatives:

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

Main Meeting Room

12:00 PM: Discussion of the Warwick Township Pension Plan results:

Rich started by saying how everyone knows how poorly the stock market is doing because it is headline news and the availability of finding information on our phones. He shared that this market is not like a traditional downturn because both stocks and bonds are both down like in the 1980 market. He used the acronym TINA (There Are No Alternatives) to describe the frustrations in finding a path to earnings on our investments. He is happy that we make monthly MMO deposits which allow us dollar cost averaging and current purchases at low rates.

Page 6 of the Performance Review package of the Police Fund shows a loss of 5.3% for quarter ending 3/31/2022. Page 13 of the package shows the good news that we have a gain of 8.17% since inception. Rich compared our results to the benchmark Bloomberg US Aggregate Bond Index where our results were better due to the reduced duration of the bonds in our portfolio. There was a rebalancing done in January and the last one was in April where short term TIPS were added. The ACWI benchmark was spot on with our results. The best performing areas are value stocks that include the finance and the energy sectors. We are not seeing the flight to quality that would normally be expected in a down market. This trend is shifting after 3/31. CBIZ sees uncertainty in the International Markets. US production is shifting to "on shoring" products and less globalization.

Bob asked about our exposure to China. Rich said that 3 to 4% of our Int'l stake is with China and we have no exposure to Russia. He stressed that this market is different and that they need to look to make changes when we realize gains in the bond funds and buy the market cheap.

John Cox asked about the potential for using commodities. Rich responded that it is too late to hedge but the recent purchase of TIPS will act in the same way.

Bob asked about the probability of seeing a recession. The lockdown in China effecting the supply chain as well as the war in Ukraine stopping the usual high-volume exports of grains, fertilizer and metals will make the risk of a recession greater.

Jeff talked about the unemployment rate and the interest rate set by the Fed. He noted that consumers are using credit cards more as pent-up demand is keeping them buying. The Fed cannot raise rates too high due to our high debt and not being able to pay it back at higher rates. He said that the US economy is better off than international.

Jeff noted that the risks are based on timeline and for us with a pension plan, overall, our 70/30 is the best plan.

Bob expressed concern about immigration taking jobs and Jeff said that it was really a net positive for the US. John Ramy expressed concern about hiring at the lower-level jobs where he previously was able to get summer camp help at \$9.50 an hour but has competition at other places offering \$15.00.

Becki asked Rich and Jeff what they thought of us dropping our assumed rate to 7.0 % from 7.25%. They said that the average of their clients use 7.25% with the trend being to lower. Rich said that his recommendation would be to lower it. Becki said that the funding on the police pension would only drop from 89% to 87% funded if we adopt the 7% assumed rate as indicated on her reports from John Vargo, our actuary.

Becki also discussed the need to set up an OPEB trust agreement. Rich just collaborated with a client to set up the fund. After Becki has the trust drawn up by the solicitor she will get together with the actuary and CBIZ to discuss the steps. Right now, Warwick's liability is \$740,000. Becki told them about how most of our officers prefer the buyout that is offered.

Jeff and Rich left the meeting at 12:42PM.

Meeting was called to Order at 12:42 PM by John.

The minutes of the February 17, 2022 were approved by Bob and seconded by John.

Becki let us know that both Paul and Ed favor lowering the assumed interest rate to 7% (emails were received from them), but this motion needs to be made with the members present. It is tabled until the next meeting in August because we have only two members present.

Bob and John Cox discussed the economy and whether we should be optimistic. Bob thinks that in a one-year period the economy will be fine.

Becki talked about setting up the OPEB trust and even though it is not currently mandated that it is prudent.

Becki let everyone know that this is Marian's last meeting due to her upcoming retirement.

12:55 PM A motion to adjourn was made by Bob and seconded by John.