ABINGTON TOWNSHIP
PENSION COMMITTEE MEETING
via webinar

November 17, 2022

CALL TO ORDER: 6:02 p.m.

PRESENT: Committee Members: Commissioner Chairwoman Carswell
Commissioner Vice Chairman Winegrad, Commissioner Vahey

Employee Representatives: William Weir, Tim Clark
Police Representative: Officer Chris Posey
Finance Director: Jeannette Hermann
Manager of Financial Services: Monica Embery

Others: Marc D. Ammaturo, Managing Director, PFM
Donald Grant, PFM
Janet Werner, Vice President, Wells Fargo Institutional Retirement and Trust

CONSIDER APPROVAL OF MINUTES:

Commissioner Winegrad made a MOTION, seconded by Officer Posey to approve the minutes of the Pension Committee Meeting of August 18, 2022.

MOTION was ADOPTED 6-0.

UNFINISHED BUSINESS: None.

NEW BUSINESS:

PC-01-1208022:

Ms. Hermann said that the Police Pension contribution rate is currently five percent and each year the Township is required to document that the police officers will continue to contribute five percent of compensation to the police pension plan.

Commissioner Carswell asked for any comments from Commissioners.

Commissioner Winegrad questioned whether the five percent rate has been the same in previous contracts.

Ms. Hermann replied yes, it has been the same for some time.

Commissioner Winegrad clarified that the motion to ratify is part of the agreement. Is that correct?

Ms. Hermann replied that is correct.

Commissioner Carswell asked for any public comment. There was none.

Commissioner Vahey made a MOTION, seconded by Commissioner Winegrad to adopt Resolution No. 22-XXX setting the Police Pension contribution rate for 2023 at five percent (5%) of compensation.

MOTION was ADOPTED 6-0.

Third Quarter 2022 Pension Investment Performance Review:

Mr. Grant reported that the Russell 3000 returned -4.46% for the quarter, -24.62% YTD. Four main themes driving market returns: COVID-19 containment per China's policy; conflict in Ukraine by Russia; inflation; and rising interest rates. The Federal Reserve raised rates four times this year at about 75 basis points each time and expected is another rise in December. We are seeing risks for recession, so we have been positioning the portfolio in a defensive nature to protect any future volatility. MSCI AC World ex USA was -9.91% for the quarter, -26.50% YTD. There is a lot of volatility overseas with inflation hitting the UK hard relative to other nations including the U.S.

Mr. Ammaturo added that the portfolio had exposure to commodities, real estate, and preferred securities, which are in the process of being exited and we are using the proceeds from those sales to slightly increase equities, cash, and fixed income. Fixed income will remain underweight to target per the investment policy as there are still headwinds in the short term since the Fed is still aggressively raising rates.

The economy contracted in two consecutive quarters earlier this year, but the most positive reading was 2-2.5%, and going forward, we expect it to remain in a low growth phase hoping to avoid a mild recession.

Abington Township Police Pension Plan:

Abington Township Police Pension Plan Asset Allocation and Performance as of September 30, 2022 totaled $63,518,271, return for the quarter was -6.07%, YTD -22.39%. We have begun lessening exposure to commodities adding proceeds to domestic equity and we brought international equity back to strategic targets. Real estate has struggled due to increased interest rates, so we added proceeds equally to domestic and international equity. Also, we increased exposure to fixed income just a bit while maintaining an underweight since the Fed will continue to raise rates.

Preferred and income securities were invested in fixed income, and cash equivalent was 3.51% back in September and now at a slightly higher allocation approximately 6.31%.

Cash flows were reviewed with the Pension Committee.

Abington Township Non-Uniformed Pension Plan:

Abington Township Non-Uniformed Pension Plan Asset Allocation and Performance as of September 30, 2022 totaled $55,453,223, return for the quarter -6.06%, YTD -22.37%. Cash flows were reviewed with the Pension Committee.

Abington Township OPEB Trust:

Abington Township OPEB Trust Asset Allocation and Performance as of September 30, 2022 totaled $18,339,959, return for the quarter -6.09%, YTD -22.50%.

PUBLIC COMMENT: None.

ADJOURNMENT: 6:47 p.m.

Respectfully submitted,

Liz Vile, Minutes Secretary