The stated meeting of the Pension Committee of the Board of Commissioners of the Township of Abington was held on Thursday, November 20, 2025 via webinar and the Township Administration Building, Abington, PA, with Commissioner Spiegelman presiding.

CALL TO ORDER: 6:02 p.m.

PRESENT: Committee Members: Commissioner Spiegelman, Commissioner Winegrad
Excused: Commissioner Vahey

Employee Representative:	Andre Berry
Police Officer Representative:	Officer Posey
Finance Director:	Jeannette Hermann

Others: Donald Grant, PFM
Janet Werner, Vice President, Wells Fargo Institutional Retirement and Trust

CONSIDER APPROVAL OF MINUTES

Commissioner Spiegelman made a MOTION, seconded by Commissioner Winegrad to approve Pension Committee Meeting minutes from August 20, 2025.

MOTION was ADOPTED 4-0.

UNFINISHED BUSINESS: None.

NEW BUSINESS:

Third Quarter 2025 Pension Investment Performance Review:

Mr. Grant reported that Russell 3000 returned 8.18% for the quarter, 14.40% YTD. AI data centers have been the "talk of the town" at some of the township meetings where they are creating potential ordinances to deny the building of data centers in their particular municipalities; however, they are real and affecting townships in this commonwealth and affecting your portfolios.

If a particular investment manager is not invested in all the Magnificent Seven names they will be trailing their benchmarks, which is not necessarily a bad thing. It means they are sticking with their strategies in the long term and not chasing returns just to "stay in business."

Valuations are somewhat stretched, especially for AI names, and the market is poised to potentially pull back more if expectations are not met in the short term, so the markets will be volatile.

MSCI AC World ex USA returned 6.89% for the quarter, which is a continuation of the AI story where conductors are being sent overseas producing chips used for AI-type of data centers and AI-type of processing. Another part of that is currency movements. As the value of the dollar decreases, it improves the performance of international equities and dollar holdings. Emerging markets were up over 30% YTD and Fixed Income did well for the quarter up 2.03%, 6.13% YTD.

Commissioner Spiegelman expressed concern that we are on the cusp of an employment implosion because there will be many jobs lost due to AI.

Mr. Grant replied the big challenge that happened during the dot-com bubble was that many companies were putting dotcoms in their names, building websites and not generating any cashflow whatsoever. They were borrowing money to fund their operations as opposed to having operations funded by current cashflow, and people were throwing money into them with the expectation that sooner or later these companies will generate free cashflow. If we begin to hear people valuing AI companies that are different from any other company in the world, then we are in late-stage bubble time. All Mag Seven names generate free cashflow.

The size of the data centers that will be needed for the bandwidth for AI will shrink over time, which is the nature of technology. So, the question is whether we are investing too much too soon into AI without knowing what is needed right now.

Jobs are being created in healthcare, education, and in food services. We are seeing jobs being lost in transportation, manufacturing and warehousing, which are heavily affected by the economic cycle with AI having an effect.

Officer Posey questioned how we trust unemployment numbers when there were revisions indicating fewer jobs, which were actually created, so how does the market react to that?

Mr. Grant replied there is a methodology behind what the Bureau of Labor Statistics goes through to create the numbers that we digest as consumers, as investment professionals, and the Federal Reserve. These numbers are derived from surveys, and they cannot survey every single household or company, so they pick and choose a certain number and then make inferences on the population based on the number of surveys they receive during that timeframe.

The response rate is not 100%. As they receive more data over time, they can make more accurate inferences on the general population of the U.S., and there is always room for error, but we increase our confidence in the data after two to three revisions.

Unemployment ticked up to 4.4%, and it is not that people are losing their jobs, but more people have entered the labor force to look for jobs.

Factors to consider over the six to 12 months: Monetary Policy – further rate cuts are expected in 2025 and 2026. Economic Growth is neutral, but we are experiencing a "K" shaped economy, which is great for households in a higher income bracket, but challenging for those in the lower income bracket. Inflation is still slightly negative. Financial Conditions are good. Consumer Spending – slower wage growth combined with higher inflation has eroded real purchasing power. Labor Markets are slightly negative. Corporate Fundamentals are strong. Valuations are neutral now. Political Risks were moved from negative to slightly negative.

Abington Township Police Pension Plan:

Abington Township Police Pension Plan Asset Allocation & Performance as of September 30, 2025 totaled $94,517,504 returning 5.32% for the quarter, 13.47% YTD. Cashflows were reviewed with the Pension Committee.

Abington Township Non-Uniformed Pension Plan:

Abington Township Non-Uniformed Pension Plan Asset Allocation & Performance as of September 30, 2025 totaled $74,233,033 returning 5.32% for the quarter, 13.55% YTD. Cashflows were reviewed with the Pension Committee.

Third Quarter 2025 OPEB Trust Investment Performance Review:

Abington Township OPEB Asset Allocation & Performance as of September 30, 2025 totaled $30,340,643 returning 5.30% for the quarter, 13.55% YTD. Cashflows were reviewed with the Pension Committee.

<u>Item PC-01-121125:</u>

Commissioner Spiegelman made a MOTION, seconded by Commissioner Winegrad to adopt Resolution No. 25-XXX setting the Police Pension contributions rate for 2026 at five percent (5%) of compensation.

Commissioner Spiegelman asked for any comments from Commissioners.

Commissioner Winegrad asked when the next police contract expires.

Ms. Hermann replied in 2027.

Officer Posey said that we will have a meeting with the Township in the spring of 2027 and there are certain dates that we need to meet to negotiate a contract, which the contract begins at the end of 2027 for the police.

Commissioner Winegrad questioned whether the 5% contribution rate is included in the contract or is it something outside.

Officer Posey replied that the contract says, “up to 5%” for the police pension contribution, and it has been that way for a long time; however, there were times when it was lower than that.

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

MOTION was ADOPTED 4-0.

Mr. Grant said regarding the addendum to the asset classes, we are proposing the addition of two asset classes to your pension plan strategic targets. First will be the addition of Listed Real Assets, specifically Listed REITS and Listed Infrastructure, and from a diversification standpoint, we are trying to help dial down volatility. These two different asset classes move differently than equities and fixed income, and we have found through analysis that it will help dial down volatility in your portfolio. So, we propose a 3.25% allocation to Listed REITS and Listed Infrastructure and that will also update your benchmark.

The second piece is breaking out fixed income. This will make a fair comparison as we invest in high yield, and we have been underweighted in high yield for some time, and we want to have a strategic target so we can update the benchmark.

These documents will be sent to the Pension Committee for review.

PUBLIC COMMENT: None.

Respectfully submitted,

Liz Vile, Recording Secretary