

Warrington Township Pension Committee

Minutes for May 19, 2020 Meeting

The regular meeting of the Warrington Township Pension Committee was held at 2:05 pm. May 19, 2020 via Zoom due to the Covid-19 Pandemic. The members present were as follows:

Joe Kirby
Barry Luber
Amy Organek

Dan Sadowski
Michael Simone
Fred Gaines – joined later

Also present: Lee Martin – Marquette Assoc.

1. Call to Order

The meeting was called to order at 2:05pm via Zoom.

2. Approval of Minutes

a. February 5, 2020

In a motion by Ofc. Sadowski and seconded by Mr. Luber, the Warrington Township Pension Committee voted to approve the minutes of February 5, 2020. This motion passed with a vote of 5-0.

3. 1st Quarter pension Plan Performance Review

Mr. Martin reviewed the plan and performance. The first quarter showed a decline of 15.7% and 13.3% for police and non-uniform funds respectively, in line with their policy indices. After reaching a market bottom on March 23rd equities rebounded in the last week of the quarter as The Fed provided significant stimulus and provided support for the credit markets. With the flight to safety, US Treasuries were the best performing asset class in the quarter, up 8.9%. Although Defensive and Low volatility equities protected a little during the quarter, the magnitude of protection was not at the level seen historically because correlations within the equity markets approached 1.0.

Growth stocks outperformed value stocks by over 1000 bps (or 10 percentage points) in the quarter with the difference being driven by gains in large technology companies and significant sell offs in the value heavy financials and energy sectors. The latter was down over 50% during the quarter due to over production of oil by Russia and Saudi Arabia in a slowing economy. As equities sold off, sub investment grade bond spreads blew out over 1000bps. Subsequently, High yield was added to both funds when spreads approached 900. As confidence returned to the markets in Q2, spreads started to narrow providing strong returns for the asset class. There were no recommended changes to asset allocation targets. The funds added back to equities through dollar cost averaging over the end of March and April. There are potential new managers coming along with changes to the portfolio structure. Mr. Martin will advise us when this occurs.

4. Old Business

There was discussion on the progress with the language in the CBA to bring us into compliance with the pension rules. This was an item for the negotiations, but they agreed to have the revisions worked on as part of the negotiations. The contract was executed and enacted with the

agreement that the work to bring us into compliance would continue. There are revisions submitted to the labor lawyers for review.

5. New Business

a. Annual COLA Request

The Annual COLA request per the Police CBA was made by Officer Sadowski. The CBA requires this request be made at the second meeting of each year for the next year. This can be awarded dependent on the local (Philadelphia) CPI and the funding status at the June 30th of the township.

6. Action Items

- 1) New analysis from John Vargo with the 6.75% and 6.5% ARR for the NUPP.
- 2) Send out the dates for the meeting from now through 2021.

Next Meeting – August 5, 2020

Adjournment – 3:00 pm

Recorder: Amy Organek