

A regular meeting of the **PENSION BOARD** for March 2022 was held today via web-conference, Commissioner Daniel B. Norris presiding. Present was Commissioner Rappoport.

Staff members present were Danielle Pearson, Interim Director of Fiscal Affairs. Also in attendance was Alex Goldsmith, Senior Management Consultant, PFM Asset Management, LLC.

Mr. Norris called the meeting of the Pension Board to order at 8:04 A.M.

1. Mr. Goldsmith reviewed the overall economic data and provided a performance analysis of the market conditions for the Quarter Ended December 31, 2021. Highlights of his presentation are as follows:

a. Equity Markets, both domestic and foreign, posted positive returns for the 2nd quarter. Most notably with the following:

- S & P 500 Index (U.S. Equity): 11.03% for the quarter and 28.71 for the year.
- Russell 1000 Index (U.S. Equity): 11.64% for the quarter and 27.60% for the year.
- MSCI AC World Index (Non-U.S. Equity): 6.68% for the quarter and 18.54% for the year.

Inflation was at the top of mind for everyone this quarter, including the Federal Reserve (Fed), as the cost of living kept climbing. Inflation rates hit a 39 year high in November at 6.8%, causing the Fed to change their tone and pivot to a more hawkish note, which they only reinforced at the end of the quarter. The Fed's December policy meeting ended with the policymakers signaling three rate increases in 2022, which could begin as early as March, as well as three in the following year. The U.S. labor market continues its steady march towards maximum employment. The twelfth consecutive month of job growth in December lowered the unemployment rate to 3.9%, which is the best level since February 2020.

b. The stock market saw continued volatility in the fourth quarter, with anxieties about COVID-19. The S&P 500 rose 26.89% in the year 2021. The S&P (domestic equity) posted a return of 11.02% for the quarter, led by strong returns of 7.01% for October and 4.47% for December. For the quarter, earnings growth continued to lead returns higher, and based on calendar year earnings estimates margin growth should be a significant reason for earnings growth. Real Estate had a good year. Recovered in 2021.

2. Mr. Goldsmith reported on the specific performance of all four (4) pension plans for the 4th Quarter of 2021 as follows:

- **Police:** The overall portfolio return exceeded the blended index for the quarter ending 12/31/2021. Total portfolio performance should exceed and annualized 8% return. Mr. Goldsmith believes there is no action needed at this time for General Fund Guidelines. It was recommended to discuss re-balancing at the meeting. Market value as of 12/31/2021 is **\$54,082,809**. Mr. Goldsmith also discussed the use of floating rate bank loans.
- **Salaried:** The overall plan investment saw an increase since 9/30/2021. The plan had a return of investment of \$1,395,365. Mr. Goldsmith felt the plans were very healthy and no actions were needed to be taken at this time. The ending market value of the Salary Plan for quarter ending 12/31/2021 is **\$25,240,148**.

- **Hourly:** The overall plan investment saw an increase of \$1,032,478 for quarter ending 12/31/2021. The ending market value of the plan was **\$18,842,279**. Once again Mr. Goldsmith recommended no action to be taken. The plans are healthy and will continue to watch the activity of the markets.
 - **Commissioners:** The overall plan investment had a return of \$21,346 for quarter ending 12/31/2021. The market value for this plan quarter ending 12/31/2021 is **\$395,416**. This plan is the smallest and will be winding down. There were no recommended changes with the down turn.
3. Old Business – Danielle and Mr. Goldsmith have been working with US Bank to take over the payments for May. Paperwork is due at the end of the week to make the change no effect any of the retirees.
 4. New Business – None.
 5. There being no further business, upon the motion of Mr. Norris, the meeting was adjourned at 8:36 am.



Robert Zienkowski
Township Manager

Per:
Danielle Pearson
Interim Director of Fiscal Affairs