

**WEST WHITELAND TOWNSHIP**  
**PENSION ADVISORY BOARD MINUTES**  
**January 27, 2021**

**Members Present**

Tom Belisari  
Denise Bailey  
Jack Ellis  
Chris Bamber  
Kurtis Rainey (Police Representative)  
Marie Guarnere (Non-uniform Representative)

**Township Staff Present**

Mimi Gleason, Township Manager  
Pam Gural-Bear, Asst. Twp. Manager  
Caroline Partridge, Accounting Mgr.

**Supervisors Present**

Joshua Anderson

The meeting was called to order at 9:00 A.M. The meeting was conducted via Zoom due to the COVID-19 pandemic.

Ms. Gleason introduced Marie Guarnere, the Township's Director of Codes and Non-uniform representative to the Pension Advisory Board.

Mr. Belisari thanked Township staff for their hard work in ensuring that Zoom meetings are timely scheduled and run smoothly.

**1. Approval of Minutes – October 28, 2020**

MOTION: To approve the October 28, 2020 Minutes, as presented.

ACTION: The motion was unanimously approved.  
(Bamber/Ellis)

**2. Reorganization**

MOTION: To nominate Tom Belisari as Chairman.

ACTION: The motion was unanimously approved.  
(Bamber/Bailey)

MOTION: To nominate Chris Bamber as Vice-Chairman.

ACTION: The motion was unanimously approved.  
(Belisari/Bailey)

**3. OPEB and Pension Plans 2020 year-end performance review**

Bikram Chandra, Director of PFM, provided a review of the market and the performance of the pension plans. While February saw the end of the longest bull market in history, the market made a quick recovery with the S&P ending the year in the high double digits. Technology led the way most of the year with small caps coming back toward the end of the year and continuing into 2021 as investors look beyond the pandemic with the arrival of vaccines. While weaker than

Domestic, International overall was good, and Emerging Markets economy was good. Interest rates are expected to remain low.

Mr. Belisari asked Mr. Chadra to comment on the growth vs. value difference. Mr. Chadra replied that typically value performs well going into a recession with growth performing better coming out of a recession. Growth performance over the last decade is a result of low rates, the role of technology in the global markets, and the longest bull market in history. Technology also benefitted greatly with the work-from-home environment brought on by the pandemic.

Mr. Chadra continued his review of the market noting it lost one-third of its value in 30 days in March 2020. It was the quickest entry to recession since the Great Depression. Then the Federal Government, Federal Reserve, and global central banks took quick action to recover. While the S&P was negative, FAANG (Apple, Netflix, Google, etc.) carried the market, but we can't expect that to continue at its current rate. Mr. Chadra said other companies are poised to perform well in 2021. He said the market will still be strong, but its make-up will be different – more diversified – and this is a good thing.

While overall consumer confidence plateaued in the 4<sup>th</sup> quarter, it was still certainly better than in March 2020. Housing activity remains high with the low interest rates, and this is expected to continue. It is expected that accumulated savings and wealth will likely fuel consumer spending in the new year with surveys indicating a lot of pent-up demand.

Mr. Ellis asked about the impact of the two stimulus packages last year. Mr. Chadra said there was no question that the stimulus packages were instrumental in stabilizing the market and allowing smaller businesses to continue, as well as helping consumer confidence. Of concern however is the degree of debt that the government has taken on. While cost of the debt is low, it can still hinder growth domestically and impact the economy downstream, but overall, the packages were a good thing.

Mr. Chadra then reviewed the Police Plan showing a 9.11% return, slightly trailing the benchmark. Two new managers were added in January: Artisan and Virtus KAR. As of January 25, 2021, the balance of the Police Plan was \$20,217,599, up about \$400,000.

Mr. Belisari asked if the Federal Reserve will allow interest rates to move up naturally. Mr. Chadra said he did not think that would happen until 2023. He said we can expect to see artificial stability until then, but added that without the Federal Reserve's intervention, the market would not have produced the returns it did.

The Non-Uniform Plan performed similarly to the Police Plan with a balance of \$9,712,530 as of January 25, 2021; up about \$200,000, showing a strong return on investment. The OPEB Trust also had similar performance. While the 4<sup>th</sup> quarter was weaker, the Trust showed a 15.46% return aggregate, ahead of the benchmark.

Ms. Gleason said a contribution from unneeded reserves was made to the Trust in December resulting in a fully-funded plan.

**4. Follow-up to PFM’s presentation to the Board of Supervisors re: Environmental, Social, and Governance (ESG) Investing**

Mr. Chadra continued the discussion of ESG investing that began at the October PAB meeting. ESG investing adds another layer to the process of selecting what companies to invest in; to not just consider the ability to make returns, but also consider the environmental and social impact of those companies. Having provided the Board of Supervisors with a presentation on ESG investing, Mr. Chadra said the Board was in favor of moving forward to implement same. He noted that building a custom portfolio is not a viable solution due to costs involved and less diversification which can lead to poorer returns. PFM has however built out an ESG portfolio that is well diversified as a broad-based solution at a reasonable cost that takes all three concerns (environmental, social, and governance) into consideration.

Members reviewed language that Mr. Chadra recommended be added to the Investment Policy to begin implementation of ESG investing. The suggested language stresses that ESG will be an important factor but will not be the sole factor. The advisor shall choose investment managers on a “best efforts” basis with fiduciary responsibility being the most important consideration. Investment managers that only partially integrate ESG factors or not at all, can be utilized if the investments are determined to be the best available option.

MOTION: To adopt the proposed language to the Investment Policy.

ACTION: A roll call vote was taken, and the motion was unanimously approved.  
(Bamber/Ellis)

While, Ms. Guarnere and Mr. Rainey are not voting members of the PAB, they indicated their agreement with the proposed language.

At the April PAB meeting, Mr. Chadra will provide a side-by-side comparison of the line-up showing fees, exposure, returns, etc. for the members to review.

The Investment Policy will go before the Board of Supervisors for their final approval.

**Adjournment**

The meeting adjourned at 10:33 a.m.

Respectfully Submitted,



Beth Jones<sup>1</sup>,  
Recording Secretary

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<sup>1</sup> While the Recording Secretary did not attend the live meeting, she did listen and watch the recorded meeting in order to submit minutes.