



Doylestown Township

Pension Advisory Committee Meeting

425 Wells Road
Doylestown, PA 18901
215-348-9915
<http://Doylestownpa.org>



~ MINUTES ~

Monday, May 11, 2020

4:30 PM

DRAFT

This meeting was held remotely via Go To Meeting due to the ongoing COVID-19 virus and the Stay at Home order issued by Gov. Wolf.

IN ATTENDANCE:

Members: Ed Denton, Chairman; Joe Delikat (arrived late), Robert Salanik, Colleen Mullin, Thomas Burke

Non-Uniformed Representative: Sinclair Salisbury, Vice Chairman; Uniformed Rep: Detective Bill Mokriski

Guest: Jim Kennedy, Deb Brede

Board of Supervisors Liaison: Jen Herring

Staff: Township Manager Stephanie Mason, Finance Director Ken Wallace

I. WELCOME

Mr. Denton welcomed all to the meeting especially Mr. Kennedy and Ms. Brede.

II. MINUTES - April 13, 2020

On MOTION by Mr. Salanik, seconded by Ms. Mullin the minutes were unanimously approved.

III. OLD BUSINESS

Ms. Brede provided five points in the attached memo that would enable the Pension Advisory Committee to provide a reason the discount rate should go to 6%. She feels comfortable with the goal.

Mr. Kennedy indicated that his firm would defer to the Investment adviser but PRMS another pension assume 5.5% generally and 6% is a good return and expectation from the markets.

He recommended that it is something that should be put in perspective and looked at every year. He is comfortable if the Pension Advisory Committee recommends 6%. The path as to how to get there is up to the Township.

Mr. Kennedy and Ms. Brede left the meeting at 4:46 PM.

Mr. Salanik agreed that 6% was appropriate. How and when the Township can get there is a concern, especially with the two plans. He questioned whether the Non-Uniformed Plan can move faster based

on the age of the participants and wondered if the Township could have two different rates for the plans.

Mr. Burke agreed to that assessment of the profiles of each of the plans and the maturity paying out would be more logical.

It was suggested that the Committee follow-up with Mr. Kennedy regarding that in addition to making extra payments to the Non-Uniformed Plan. Not to disadvantage either plan but to address the Non-Uniformed Plan due to the age of the participants.

Ms. Mullin indicated that she is fine with the 6% migration. She thinks it's well thought through making the rate reduction may be better than the extra payment.

Mr. Burke said the 6% is fine, the pathway maybe tricky, there are certainly limitations but makes sense.

IV. NEW BUSINESS:

Township Investment Policy (TPI)

Mr. Burke shared his concerns about the market. He believes we could continue with Global Equity Market. But referencing our own benchmark of 65%/35% he agreed that ETFs as proxies were the way to go. He also addressed 35% of the Barclay Global Market Fund and creating benchmark, noting the numbers in Uniformed Plan for example and the Non-Uniformed Plan would be helpful. He suggested to Mr. Denton to obtain the numbers for each plan and knowing the attribution numbers a tool could be created for the benchmark. He's very concerned about the fixed income side under performed. Need a conversation with the advisor to look at those attributions on the Barclay agrigate attribution. He does not think it's a good attribution.

Going forward we need more critical discussions with the advisor. Put the advisor on notice when the costs of the ETFs are lower than the fixed income costs are higher with the financial investors.

Mr. Salanik is impressed with the work that Mr. Burke did.

Ms. Mullin said it makes sense. She has no issues.

Mr. Delikat indicated that when he was on the Task Force the amount was a higher rate of advisor fees. Those fees come out of the plan. There's a lot of transactions.

Mr. Burke commented on the global and US equities and the overlapping investments.

Mr. Delikat indicated that he receives monthly statement and over time migrate to classes and subclasses where there are no active managers on the equity side. The fixed side has active managers.

That would be the next move to create that target. Further discussions at the July and August meetings. Also communicate with Ms. Brede regarding the benchmarks.

Ms. Mullin suggested that we should not benchmark against the Barclay and the weighted fixed income, high yield or treasury.

Review of the Draft Presentation for the Board of Supervisors- see attached

The Committee reviewed the power point presentation prepared by Mr. Denton.

The Committee made suggestions as to how best to share the information with the Board of Supervisors at the upcoming Budget Work Session. There will be 20 minutes or less to present. It is will be important to get the point across about the 6% target discount rate.

There was some suggestions to revise some of the slides and select the ones that best make the point.

It was also suggested to include a summary and conclusion slide.

VI. ADJOURNMENT

Being no further business, the meeting, adjourned at 6:17 PM on a motion of Mr. Delikat, seconded by Mr. Salanik and unanimously approved.

Respectfully submitted,

Stephanie J. Mason
Township Manager