

**Doylestown Township
Pension Advisory Committee Meeting
Minutes**

Monday, March 11, 2024

In attendance: Ed Denton, Chairman; Sinclair Salisbury, Vice Chairman; Ed Richardson; Tom Burke; Bill Mokriski and Bob Salanik.

Township Staff: Ken Wallace, Finance Director; Anne Marie Dobson, Assistant Finance Director; and Stephanie J. Mason, Township Manager.

Liaison: Jen Herring, Supervisor

Guests: Ron Bittner, Barry Keck, and Mike Litz representing Girard.

Welcome: Mr. Denton welcomed everyone to the meeting

Public Comments: None

Approval of Minutes February 8, 2024: On motion of Mr. Richardson, seconded by Mr. Salanik, the minutes were unanimously approved.

Old Business:

Status of Transition from Vanguard to Girard

Mr. Bittner from Girard thanked the committee for their recommendations and for the Township approving to select Girard. At the moment the Draft Investment Advisory Agreement has been reviewed by the Township Solicitor's office with very minor comment that has been addressed. Ms. Mason indicated that this item will be on the Board of Supervisors March 19th meeting.

Girard is working with Mr. Wallace on the draft letter to the pensioners to explain the reason for the change from Vanguard to Girard. We are including a statement as to why Vanguard is no longer offering institutional investment advisory services and that they were sold to Mercer. Mr. Bittner also provided us a sample of what the letter should look like. Mr. Bittner also indicated that his team has communicated with Mr. Wolfram at Vanguard regarding a timetable for the transition. He indicated that Vanguard would pay the pensioners their April payment and by May 1st the pensioners should be moved over to Girard and pension payments will come through Schwab services. He also indicated that Girard bills quarterly, and their first quarterly payment will be April 1st. He also indicated that pensioners will receive two 1099R's at the end of 2024. This is explained in the letters to the pensioners. One from Vanguard and one from Girard via Schwab for the pensioners in the next year. At this point there is an extensive questioner, it is in process with Schwab and most of the answers will be provided through Mr. Wallace and the Township Finance Department. They have obtained the retiree data and are working on that.

Girard provided their sample IPS that they typically utilize, not dissimilar to the one the Township uses, just a little bit different, they will continue to use the one the Township has. There was discussion that in

future there may be a need to have two IPS's, one for the uniform and another for the non-uniform. This of course is related to the closed non-uniform plan. However, there's nothing to be done now.

Mr. Keck from Girard then reviewed the portfolio allocation snapshot of the Township Police Pension Plan indicating that it's a moderate model. He provided a handout showing a 65/35. There was some discussion on the Townships allocation of international investments at 40% and whether or not that was too heavy a weighting compared to US equities and he provided information to the committee on the US and International percentages and the market, and Girard's approach vs. Vanguard's. Girard doesn't feel it needs to change the portfolio significantly, they can make some small tweaks and continue to keep the 65/35 balance in the plan and continue to provide the Township by meeting its IPS goals.

Mr. Keck also provided the committee with the Vanguard 12/31/24 brokerage along with the Girard 65/35 brokerage, he compared the differences with the committee. He also, reviewed portfolio analysis and the long-term capital market assumptions, see attached, and compared the 24 & 23 10-year expected returns for the market as well as an Invesco 2024 LTCMA and information on insight from J. P. Morgan, S & P 500 Index, and evaluation measures along with dividends and the international valuation dividends. He then provided a portfolio illustration and compared the holdings for Vanguard as of 12/31 and Girard's holdings, indicated very similar in a lot of cases, the end result being how close the models were. Justifying the approach right now to not make any drastic changes in the portfolio.

Mr. Litz, who formerly worked with Vanguard indicated that their analysis was more toward an international bent from time to time and they feathered that into their plans.

Mr. Burke indicated that he thought the work was good for the transition and appreciated the time to allow things to unfold and address that active vs. passive which was 50/50 with Vanguard. Mr. Keck indicated the plan will be slightly more passive with Girard but still using the active managers in the program. He also indicated that as time goes on Girard will continue to monitor and share necessary changes with committee.

Mr. Burke inquired if there was anything they needed at this point, Girard indicated, no, they will continue to work with the Township on the transition.

Mr. Wallace inquired about the non-uniformed being a closed plan and whether or not it is of concern, Girard indicated that as of now no, there is still six years of amortization average for the plan and that over time that is something they want to discuss. One possibility is a separate IPS, certainly we still have 30 to 50 years of that plan paying out to pensioners.

Mr. Burke inquired about the migration to the 6% interest rate return and whether it was still appropriate, they believe that it is. Obviously, with the closed pension plan in the non-uniformed going forward it may need to be reevaluated from time to time. However, Mr. Bitner said that nothing has to be decided at this moment. They commended the Township for having the goal to move the interest rate to 6%.

There was discussion regarding the desire to be 100% funded and the pros/cons of that, along with the cost and difficulties associated with it.

There was some discussion about reporting and when to return to the next meetings of the committee which will be May 13th and June 10th, certainly having Girard at the May 13th meeting to talk about how the transition concluded will be important for the committee.

New Business:

Review IPS with Girard

At this time Girard indicated that there is no reason to change the IPS and they will follow it through the transition.

Being no further business, the meeting adjourned on motion of Mr. Salanik, seconded by Mr. Richardson at 5:40pm.

Respectfully submitted

Stephanie J Mason
Township Secretary/Manager