

Doylestown Township Pension Advisory Committee
Minutes for February 8, 2021

In attendance: Chairman Ed Denton, Vice Chairman Sinclair Salisbury. Members: Robert Salanik, Tom Burke, Joe Delikat (arrived late) and Colleen Mullin

Board of Supervisors Liaisons: Jen Herring and Nancy Santacecilia

Staff Liaisons: Finance Director Ken Wallace and Township Manager Stephanie J. Mason

Absent: Ofc. Mokriski

WELCOME

Mr. Denton welcomed everyone to the meeting and expressed condolences to Ms. Mason from the Committee on the passing of her sister.

APPROVAL OF MEETING MINUTES – 1/11/21

On MOTION of Ms. Mullin, seconded by Mr. Salanik the minutes of the January 11, 2021 meeting were unanimously approved with amendments on page 2, 8th paragraph, “this information is very important to the PAC and the Township in understanding the portfolio onetime”

OLD BUSINESS:

Review IPS Feedback from Solicitor

Mr. Burke sent the PAC a revised IPS incorporating the comments from the Township Solicitor. He indicated that all the items, including number 7, were incorporated.

“What is meant by directly accountable?” - Mr. Burke explained the change encompassed contributions to performance. He also indicated that using the IPS and selecting an external manager is going to be important when an RFP is done. He also indicated that it is implicit to be compliant with something called “GIPS”.

Mr. Denton suggested that the PAC makes a formal recommendation to the BOS to approve the IPS as amended. Everyone concurred.

It was also suggested that once the IPS is approved by the BOS that a copy be provided to current Financial Advisor DK Brede.

Everyone thanked Mr. Burke for all his work in preparing the IPS and its amendments.

Finalize 2021 Objectives & Slide deck to BOS

Mr. Denton shared his screen with the amended report to the BOS. The Township’s Special Projects Coordinator will contact Mr. Denton to have him come in and record his presentation as well.

PAC members were satisfied with the presentation and Ms. Mullin indicated that Mr. Denton did a very nice job presenting the IPS to the BOS on January 19, 2021 as well.

Ms. Santacecilia indicated that this is good information and that it should not be scary especially for the staff.

NEW BUSINESS

Timing of 2020 Pension Plan Financial Statements from Thomas J. Anderson & Associates, Inc.

Mr. Denton asked when the Financial Statements would be submitted.

Mr. Wallace indicated that he expects to receive them within the next month or so. At that point Mr. Denton will put them in a spreadsheet along with some graphs for an executive summary for the BOS.

Begin Prep for Fiscal 2020 Portfolio review with DK Brede

Mr. Denton indicated that at the March meeting DK Brede would attend via Zoom and provide a report to the PAC for the fiscal year ending 2020. It was hoped that the report information could be obtained prior to the meeting. Ideally, after reviewing the report PAC would like to send questions to DK Brede ahead of time.

Mr. Burke indicated that he sent the market analysis information last Friday (see attached). He is tracking things quarterly and the focus is on the policy benchmark which is the cornerstone of the new IPS. When we meet with DK Brede we will see what was actually done.

Ms. Mullin indicated that when hiring a new manager there is no crystal ball but the goal is to equal or exceed performance.

Mr. Salanik asked if the return should be net of fees and everyone agreed that it should.

Mr. Denton indicated that an executive summary for the Board of Supervisors with information as of 12/31/20 should be prepared. The information should be something that is simple with graphs, tables and bullet points but not too long, maybe 3 or 4 slides. The information should show the deficit and performance information over time as well as information on the discount rate and the goal in reducing it.

Mr. Salanik suggested adding a slide that shows the amount of the Township's contribution and the employee's contributions and what is being paid out on a monthly basis to pensioners and consultants. Also, what has changed and bullet points of accomplishments by the PAC.

Ms. Mullin indicated that slides showing basic information on the Uniform and Non-Uniform employee plan benefit information should be included.

Mr. Denton indicated that he would develop the slides.

Mr. Salanik asked about the DC plan, is it something that the PAC should review in the future.

Mr. Salisbury indicated the PAC's actual role is to be focused on the DB plan and not the DC plan. He noted that all new hires since 2012 are on the DC plan. It is not in the PAC's bailiwick to review that plan.

Pension Executive Summary for Board of Supervisors

Mr. Denton indicated that at the next meeting he would review the executive summary with the Committee.

OTHER ITEMS FOR DISCUSSION/FUTURE BUSINESS

RFP in 2021

Mr. Burke indicated he spent some time reviewing the information Ms. Mason sent regarding RFP's and he would highlight the New Britain, Middletown Township and Northampton Township RFP information that has been received could be modeled. Mr. Burke indicated that it is similar but different.

He believes it will take a while for the PAC to develop a document and we will need to work with the Township Solicitor because this document will be in the public domain and needs to be vetted.

It was suggested getting this information to the Township Solicitor's office at this time and ask to see if he has any suggestions or has a sample RFP, which he prefers. Or perhaps the solicitor has seen one from another municipality that he could provide.

Mr. Burke indicated that there are legal issues in issuing an RFP for a new financial advisor and we can't leave the Township vulnerable.

Mr. Salanik indicated that he had seen some information on Abington Township and would like the solicitor to look at that information as well. He also suggested that a rubric be set up ahead of time so that when responses are received we have a checklist to follow and justifications for decision making. He indicated this would be helpful especially if the Township does not pick the lowest bidder.

It was also suggested that Ms. Mason check with colleagues to see if they have a rubric for selecting the company via an RFP.

Also, it was suggested that Warminster Township may have information as well.

Mr. Burke indicated identifying key elements and having a quantitative scoring system would be helpful.

Mr. Denton indicated that in creating the RFP we should not try to re-invent the wheel.

Being no further business the meeting adjourned at 5:25 PM.

Respectfully submitted,

Stephanie J. Mason
Township Manager/Secretary

Doylestown PAC
February 8, 2021

1) Equity Market Performance

For informational purposes, global equity investment performance through 2020 recovered strongly from the 1Q weakness. While non-US markets outperformed the US in the 4Q, the US led global equity markets for the overall year:

— Three Month % Chg. —
 Cal. Yr. % Chg.

1Q

2Q

3Q

4Q

2020

MSCI US -20.0%

+21.2 +9.2

+12.7 +19.2

MSCI EAFE -23.4

+14.2 +4.2

+15.8 +5.4

MSCI EM -23.9

+17.3 +8.7

+19.3 +15.8

MSCI ACWI -21.7

+18.7 +7.7

+14.7 +16.3

MSCI ACWI -23.9

+15.4 +5.6

+16.7 +8.2

(x US)

US vs. ACWI (xUS) +3.9%

+5.8% +3.6%

-4.0% +11.0%

Source: MSCI

2) Reference/Policy Benchmark Performance

Global Equity

ACWI ETF -21.4
+19.3 +8.1
+14.7 +16.4

Fixed Income

AGG ETF +3.1
+2.9 +0.6
+0.7 +7.4

65/35 -12.8
+13.5 +5.5
+9.8 +13.3
Source: iShares