



Doylestown Township

Pension Advisory Committee Meeting

~ MINUTES ~

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Monday, August 13, 2018

4:30 PM

Large Conference Room

ATTENDANCE

Chairman Sinclair Salisbury, Vice Chairman Ed Denton, Colleen Mullin, Nancy Wasch, Greg Schuster, Tim Reihl, Board Liaison Ken Snyder and non-voting members: Ken Wallace and Stephanie Mason

Absent: Joe Delikat

Guests: Deb Brede and Joe Gauvin from DK Brede Investment Management Co., Inc.

WELCOME

Mr. Salisbury opened the meeting. He welcomed everyone in attendance.

MINUTES APPROVAL – July 9, 2018

The minutes were tabled. There was some discussion on page 4, that next opportunity to change the discount rate would be 1/31/19.

AGREEMENTS WITH PROVIDERS:

DK Brede Investment Management Co., Inc.

Ms. Brede provided a presentation to the Committee about her services. She appreciated the questions and answers that were provided ahead of time from the Committee.

Ms. Brede provided the Committee with information about fees, specifically she provided information on how fees come from the investments. She provided information on each fund that the plans are invested in at this time. This included information on the Vanguard as an example and information on the CRSP Indexes verses the Standard and Poors index. When different investments are purchased for the plans this does generate fees. A funding breakdown was provided in the Management Fees section. A fee activity sheet for both plans was provided.

A lot of information was given on various funds and how the fees are calculated on each of the types of funds that both of the plans have and how things are held.

She also described the types of funds that are selected for the plans i.e. large cap, growth, midcap, value. Ms. Brede discussed the use of the ETFs that we are using now, whereas when she came on board the Township was using PNC at .5 basis points with Spagnolias reporting activity as well. She indicated her fees are less.

Ms. Brede indicated that depending on the return and how the funds do as to where funds should be placed and why one fund may be chosen over a different fund in terms of the ETFs and the funds that we keep with SEI so they will continue to pay the retirees the appropriate management fee as well.

Mr. Denton indicated that the Committee last year had done a survey of local and most of the plans were 60/40 split.

Ms. Brede indicated that ours is more of a 65/35. The ETFs make for less fees whereas, when all the funds were with SEI there were 6 different managers handling the investments and benchmarks whether it was on the value side of the house or the bond side/capital etc.

Mr. Denton questioned if any funds were in China as part of the index. What emerging markets there could some there.

Discussion regarding the discount rate:

The importance of that, Ms. Brede indicated the difficulty in achieving the 8% that has been set. The goal is to see that lowered. The Committee discussed how to go about that. That is something they are working on at this time.

They also reviewed Fidelity vs. Vanguard and why is one chosen over another. And the discussions on active vs. passive manager and the allocations for the funds.

Also there was discussion regarding the reporting. As Ms. Brede pointed out the reporting has been the same since she was hired. She was told to follow the format that Spagnolia and Cosak was doing and has not been asked to change. The Committee looked at some other reporting formats that Ms. Brede uses for other clients. She indicated that she actually has have compliance okay the format that she uses now for the Township so that it would match Spagnolia Cosak, but she would prefer use some of her own reporting methods that she uses with other clients. The Committee liked what she provided and indicated that they would get back to her regarding those formats after they had more time to review.

Ms. Brede provided a number of articles to the Committee. She provided a list of services that she provides and where they should be focusing. Some articles indicated what's happening in other states and how other states and communities are facing similar situations regarding the discount rates.

Ms. Mullen inquired where she identified the allocations based on the demographics of the participants in the plan and liabilities associated therewith. Ms. Brede indicated that she does look at it somewhat but for the most part she's looking at things from a market stand point and how the goals of the plan and funding can be achieved.

Next Meeting:

Actuaries will be attending the next meeting through Thomas Anderson's office.

Mr. Snyder inquired as to what reports the employees might like to see and thought it might be a good idea for the newsletter to have an article on the new pension committee that has been formed.

Mr. Salisbury thanked Ms. Brede for attending the meeting and indicated the items for the next agenda would be to review the reporting and also to have a presentation from Thomas Anderson and Assoc.

Ms. Wasch talked about the discount rate and what it was looking back but need to look forward as well. Certainly multiple factors need to be considered.

Mr. Denton wanted to know who was responsible to set the discount rate. It is the Township who sets the discount rate.

2019 MMOS:

There was a quick review of the 2019 MMOS. The Police contribution will need to be \$530,368. The Non-Uniformed contribution at \$428,318. The Police is up \$12,000 and Non-Uniformed is up \$6,000 for 2019.

Also discussion for the next agenda would be the discount rate.

Any questions for Mr. Kennedy need to be submitted to Mr. Denton, so that they can be provided prior to the meeting in September.

Being no further business the meeting was adjourned at 6:37 PM.

Respectfully submitted by

Stephanie Mason
Secretary