

Doylestown Township Pension Advisory Committee
Minutes for December 14, 2020

In attendance: Ed Denton, Chairman; Members: Robert Salanik, Tom Burke, Colleen Mullin Bill Mokriski and Sinclair Salisbury Vice Chairman

Board of Supervisors Liaison: Jen Herring

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

Absent: Joe Delikat

WELCOME

Mr. Denton welcomed everyone to the meeting

Minutes Approval – November 9, 2020

The meeting minutes were reviewed. Mr. Burke had corrections on page 2. Indicating that the referenced “Benchmark Policy” should be capitalized. Same thing on page 4. Also on page 4, delete “US” before “equities” and ad “fixed” next to equities.

On motion of Mr. Salanik, seconded by Mr. Burke. Motion carried unanimously.

OLD BUSINESS:

Drafting of the New Investment Policy:

Mr. Burke provided the Committee with additional revisions (see attached Investment/Policy working document proposed as of 12/14/20). He proceeded to review the items identified in red under Introduction. Page 2, under Investment Objectives, Page 5, the Normal Waiting be rebalanced back to the normal waiting if the actual waiting varies by 5% or more was included.

There was some discussion as to who is actually the investor. It was the consensus of the Committee that it should be identified as the Township. Under the advice of the Pension Advisory Committee (PAC) he indicated that he removed all the excess language that was determined last time as not necessary.

On page 6, Mr. Denton inquired about the meetings and the number of meetings per year and when they should occur. There was discussion and consensus that the advisor should meet with the PAC prior to meeting annually with the Board of Supervisors.

It was the consensus of the PAC that a February meeting with the Advisor prior to a March presentation to the Board of Supervisors would be appropriate. In addition PAC will meeting with the Advisor later in the year i.e. late summer or early fall.

Additionally, on page 6, Mr. Salisbury indicated that “Investor: Doylestown Township Pension Advisory Board”, should be removed.

Mr. Burke thanked Mr. Wallace for the dates provided as to when the interest rate of return changes going forward.

It was suggested that a memo should be drafted to the Board of Supervisors explaining the proposed IPS and be prepared to have Mr. Denton present it to the Board at their January 19, 2020 meeting. All agreed that this would be a good educational opportunity as well.

The Committee thanked Mr. Burke for his work on the new IPS amendments.

NEW BUSINESS

Pension Investment Returns from DK Brede:

Mr. Burke indicated he did a detailed review in his email of 12/11/20 of the information provided by DK Brede. This was relative to the 65/35 benchmark used by the advisor. It was noted that the benchmark used was the MSCI and the ACWI/IMI and not the MSCI/ ACWI specified in the referenced policy benchmark. Mr. Burke indicated that this shows that when the years in which the plan outperformed the benchmarks.

Mr. Burke stressed the importance of utilizing the MSCI/ACWI vs the ACWI/IMI because of the small caps included in the IMI benchmark.

Mr. Denton indicated that he would push back on an inquire of the advisor and going forward. Not everyone was copied on an email from the advisor to Mr. Burke and Mr. Denton. Mr. Denton indicated that he would forward the email, which was a follow-up to the Nov. 16th call that he and other members of the committee had with the advisor.

Mr. Burke indicated that the IMI is too broad based of an index. There are ETFs for the IMI but okay for ACWI.

Mr. Denton indicated that he is looking for conservative benchmarking where we can see that it adds value to the plan.

Ms. Mullin suggested going back to the advisor and ask for her to use the ACWI vs the IMI.

Mr. Denton said he'd request that information and we can pick this up next month.

Mr. Denton indicated knowing the discount rates of actual returns of 6.4% non-uniformed, 6.41% uniform, aids in understanding the discount rate and the deficit and that the plan that the Township is implementing is heading in the right path. Lowering the discount rate over 10 years will be helpful.

The PAC acknowledged that DK Brede will be merging with GW Wade and utilizing the Fidelity system beginning January 2021 and hopes that performance will improve with the larger company and Fidelity's network and investment abilities.

Brainstorming on 2021 Objectives:

Mr. Salanik indicated that a new RFP was a goal. In addition, he indicated that he reviewed the 2020 Objectives and he believes working with the investment advisor to develop recommendations that contribute 5 yr. plan the discount rate target, the graphic, security in the budget was important.

Mr. Denton said the RFP continued education cost savings and plan design is not finalized but should be addressed.

Goals for 2021:

The RFP developing and implementing.

Continuing education for staff, the PAC, the Board of Supervisors

Plan design and cost savings measures.

Ofc. Mokriski indicated that he does keep the PBA up to date relative to the workings of the PAC.

Ms. Herring mentioned keeping an eye on the discount rate and communication with the Board of Supervisors, keeping an eye on the retirement structure and doing it right going forward is important.

On January 19th, Mr. Denton will share the IPS with the Board of Supervisors.

Being no further business the meeting adjourned at 5:30p.m. on motion of Mr. Salanik, seconded by Ofc. Mokriski. Motion carried unanimously.

Respectfully submitted,

Stephanie J. Mason

Township Manager/Secretary