

Doylestown Township Pension Advisory Committee
Minutes for May 10, 2021

In attendance: Chairman Ed Denton, Vice Chairman Sinclair Salisbury. Members: Robert Salanik, and Ofc. Bill Mokriski.

Board of Supervisors Liaisons: Jen Herring and Nancy Santacecilia

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

Absent: Tom Burke, Colleen Mullin, and Joe Delikat

WELCOME

Mr. Denton welcomed everyone to the meeting. And a special welcome to Special Projects Coordinator Aaron Walizer.

APPROVAL OF MEETING MINUTES – 4/12/21

On MOTION of Mr. Salanik, seconded by Mr. Denton the minutes of the April 12, 2021 meeting were unanimously approved.

OLD BUSINESS:

Debrief of BOS Presentation

Mr. Denton made a presentation to the Board of Supervisors on May 4, 2021, regarding the status of the defined benefit pension plans and the goal of the Committee to move the discount rate of return to 6%. He reviewed a power point presentation with the Board and asked the Committee to comment starting with Ms. Santacecilia.

Ms. Santacecilia indicated that the effort to educate was on point and the movement to 6% was made clear. She thought Mr. Denton explained the various impacts i.e., market conditions and where the Township should look. She indicated that Mr. Denton broke the problem down and his charts, detail information, and the trajectory that the Township is on was well done. She also inquired as to the information regarding what happens when everyone retires in the non-union define benefit plan.

Mr. Wallace indicated that it is based upon the amortization of the 1/1/2019, where the data goes back to 2003 and the sources of the assumptions once everyone retires. The non-uniform looks back eight years, the police pension looks back fifteen years. His suggestion is to wait for the 1/1/2021 report which should come out in a couple months. He also indicated that Mr. Kennedy outlined costs to study it of well over \$5,000.

It was agreed to wait until further information is provided.

Ms. Santacecilia agreed and indicated looking at things with a wide lens is important.

Ms. Herring indicated that Mr. Denton did a good job. He explained the information clearly to everyone along with the details as to why getting to 6% is the way to go. She also indicated that she had been looking at some information statewide and indicated that Doylestown Township was in better shape than perhaps other communities.

There was discussion regarding Buckingham Township's plans. However, they are part of the State program called PRMS. PRMS sets the rates.

Zoom Meetings

Mr. Denton indicated that he would communicate with the members to see if they wanted to continue holding Zoom meetings or go back into the Township Building soon.

NEW BUSINESS

Discuss Investment Advisor RFP

Mr. Denton indicated that RFPs that Abington, Middletown, and Newtown Townships recently used were shared with the Committee.

Mr. Salanik also suggested to the Committee creating a rubric that would help the Committee in evaluating the companies once RFPs are received.

Mr. Denton shared with the Committee an outline that Mr. Burke had put together as well as a rough draft of an RFP from Mr. Walizer (see attached). He also shared a suggested rubric (see attached) that could be utilized. He indicated that it was like Abington Township's but that he added some explanations.

Mr. Salanik suggested not using percentages but points and try to simplify it as much as possible. He also indicated that the Committee needs to determine what is important to the Township, i.e.: performance, flexibility, communication, etc.

Mr. Walizer indicated Abington Township's RFP was more readable. He did indicate that all three seemed to have something missing. When he looked at the cost structures in terms of fixed fees, soft costs, fund sizes, effects on the fund, and how it effects how your funds are doing. Also, they failed to define what a fiduciary was and how they act in that role. Abington's also required certification regarding Act 600. Explanation and fund size is a baseline. Experience, as well as Tenure 3-5 with Pennsylvania municipalities and total amount of funds invested.

Mr. Walizer indicated as a rough draft information was pulled from the three samples.

Mr. Denton indicated that he like Abington Township's RFP and the information that they have up front including minimum requirements and evaluation criteria.

Ms. Herring said she looked at Abington's but has no real experience in this area.

Mr. Denton said he would like to look at responses that Abington received.

Mr. Salisbury commented that he did not have a lot of experience in the area and felt lucky to have Mr. Walizer on board to assist.

Ms. Santacecilia also indicated that she did not have experience in this specific area either and Mr. Walizer points out some specific things which can be viewed with a wide lens.

Mr. Denton questioned Abington's code of ethics that they put in their RFP. He noted that it indicated that employees cannot leave the Township and become employed by the successful Advisor for up to one year. Mr. Walizer indicated in the draft RFP that it should be within 2 years.

It was suggested that Ms. Mason and Mr. Walizer connect with Rich Manfredi the Abington Township Manager and speak to him about obtaining a copy of the proposal form the company they selected. It was also suggested that Ms. Mason and Mr. Walizer reach out to Bucks County Consortium members about who they use as an advisor and if they like their services and fees.

Mr. Salanik indicated that he only looked at the outline prepared by Mr. Walizer but not the details yet. He asked if we could obtain samples of quarterly reports provided, that might be helpful. The RFP should include a copy of the Township's quarterly report as well as the IPS noted on page 15, so companies know what our expectation is. Also, the valuation criteria should be added to the document.

Ofc. Mokriski indicated that this is a very informative process.

Mr. Denton suggested that everyone look at things and get back to him and Mr. Walizer to go over the criteria and draft RFP within the next 2 weeks.

Discussion commenced regarding the transition from our existing advisor to a new advisor. Everyone thought it should occur at the year end. Approval by the Board of Supervisors should be in October. The timeline would be to try to get the proposals for the RFP out in July.

Mr. Denton indicated that next month PAC will continue to develop the RFP, the summary, and the rubric as well as review information from Abington and other municipalities.

Being no further business, the meeting adjourned at 5:32 PM.

Respectfully submitted by

Stephanie J. Mason
Secretary

**Doylestown Township
Request for Proposal (RFP)
Pension Fund Advisory Services**

Draft Working Outline April 2021

I. Introduction

- DT Pension Plan(s) description; assets
- Summary of services requested

II. Summary & Bidding Instructions

- Minimum Requirements/Criteria
- Specifics: Who/what/where; bidding instructions
- Contact info
- Deadlines, time line
- Relevant definitions

III. Objective of the RFP

- Retain an Investment Advisor to consult and implement investment strategies to satisfy and conform to the established IPS
- Working within the investment guidelines of the recently adopted IPS

IV. General Requirements

- Role as fiduciary to DT
- Specific to the firm/organization; tenure acting in an Advisor role
- Size/scale considerations; firm assets under management
- Past/current relationships with similar municipal entities and/or pension funds
- Execution of an “agreement”
- Compliance requirements (Act 44, etc.)

- Indemnification/insurance requirements
- Termination considerations

V. Scope of Services Requested

- Specific services desired; IPS specific
- Discretionary role of the Advisor in implementing sub-allocation investment decisions of the Asset Allocation
- Reporting requirements
- Performance measurement (investment portfolio and overall fund performance)

VI. Requested Information

- Specific data/material to be used in evaluation
 - Organizational/firm information and background
 - Key personnel/staff profile
 - Firm Code of Ethics
 - Compensation/fee structure of firm
 - Firm revenue/client composition, client turnover
 - Relationships with other entities; potential conflicts of interest
 - Litigation history, regulatory inquiries
 - Registration info
 - Firm references

VII. Evaluation of Proposal

- Process to determining award; technical evaluation
- Selection criteria
- Responses > Non-qualified elimination > Long List > Short List > Final award

Supporting Documents

Appendix A. Legal Advertisement

Appendix B. Doylestown Township IPS

DRAFT (5-10-21)
Doylestown Township
Pension Investment Consultant Service
RFP

TO DO: Reach out to Abington & others to determine whether our criteria is reasonable or too restrictive.

Evaluation Criteria (in rank order)	Weight
1) Pension Portfolio Investment Expertise <ul style="list-style-type: none"> • Extensive expertise and experience in multi-asset class management • At least 20 years' experience in managing Pension Plans 	15%
2) Experience with Public Pension Plans. <ul style="list-style-type: none"> • At least 10 or more Municipal Pension Clients • At least 10 or more years of experience providing similar pension services to PA municipal gov't. • \$100 million or more in municipal pension client asset under direct management (Defined Benefit Plans) • Two or more PA municipal Police Pension Plans – Act 600 Compliant 	15%
3) Demonstrated track record of Performance <ul style="list-style-type: none"> • Based on Performance vs. Peers & Benchmarks 	15%
4) Quality and Breath of Services provided <ul style="list-style-type: none"> • Performance reporting capabilities • Portfolio/Asset Allocation Reporting • Dedicated Resources to PA Pensions • Ability to provide a clearly functional services platform that addresses all desired services described in RFP – directly or in partnership with a subcontractor 	15%
5) Competitive Fees/Expenses <ul style="list-style-type: none"> • Fixed Fee option • Sliding fee schedule based on asset size option 	15%
6) Quality of Staff/Professional Reputation <ul style="list-style-type: none"> • Input from References (at least 5 references) • Trade Publications • Code of Ethics • Low Staff Turnover • Outstanding lawsuits? 	15%
7) Strong communication skills and demonstrates independence, objectivity and professionalism. <ul style="list-style-type: none"> • Has ability to simply and succinctly explain complex investment concepts to non-finance professionals. (note: We should interview the Advisor responsible for our account). 	10%
TOTAL	100%