

Doylestown Township Pension Advisory Committee
Minutes for October 19, 2020

In attendance: Ed Denton, Chairman; Members: Robert Salanik, Joe Delikat, Tom Burke and Sinclair Salisbury

Board of Supervisors Liaison: Jen Herring

Staff Liaisons: Finance Director Ken Wallace, Budget Analysis Ed Ebenbach and Township Manager Stephanie J. Mason

Absent: Colleen Mullin, Detective Bill Mokriski

WELCOME

Mr. Denton welcomed everyone to the meeting

Minutes Approval July 13, 2020, August 10, 2020 and September 14, 2020-

The meeting minutes were reviewed.

Mr. Salanik MOTIONED incorporating Ms. Mullin comments into the appropriate minutes per her email Dated 10/19/20.

8/10/20 minutes, bottom of page 1 - should be Ibbotson. Middle of page 2 - it's the "role" of the PAC (not roll). Stephanie - thank you for taking time to discuss the minutes offline, but I still think my comments were lost in translation in the middle of page 2. Where it starts "Ms. Mullin said....." What I stated in that meeting was that the report provided by Debra's office DOES show a blended benchmark return on page 22, which is NOT as simple as the ACWI/Barclays 65/35, but rather takes into account the asset-weighted returns for the portfolio as it is invested in the actual asset classes (reflected by benchmark indexes) in which the advisor currently has the portfolio allocated. In that same paragraph, as for the conviction statement - what I said is that Debra Brede needs to share her conviction with the committee related to active vs passive investment management for both equities and fixed income, because it seems to be the opinion of certain members of the committee that passive is the only mandate that would be acceptable for the plans due solely to the low cost nature of index funds/ETFs.

9/14/20 minutes - middle of page 2 - Ms. Mullin indicated the 65/35 ACWI/Barclay are OK - Please add to complete the comment I was making at the time - "but would also like for the report to continue to provide asset-weighted blended benchmark for each portfolio (Police and Non-Uniform)."

Mr. Delikat seconded the MOTION carried unanimously.

OLD BUSINESS:

2021 Budget Update:

Ms. Mason indicated that the PAC's recommendation is included in the Budget.

Adjustments to Standard Pension Reports from Brede:

Mr. Denton indicated he wanted to discuss the adjustments to the Standard Pension Reports from D. K. Brede Assoc. He was looking for the Committee to review his power point presentation, which is attached. He commended Mr. Delikat and Ms. Mullin for the work they had done on establishing the current reporting system with the advisor and believes to continue to improve upon it moving forward.

Mr. Denton then reviewed the attachment indicating the current report, pages 4 – 8, had no changes. He believes the performance change and market value PAC would prefer most analysis to use TWR. On page 4 of the Power Point – Performance Change and Market – he indicated that he believes we should keep both for police and non-uniformed. Again on page 5 on the Power Point - the Uniformed Police Pension Plan and Non-Uniformed Pension Plan information - keeping both the contributions and withdrawals was important. On page 6- the Uniformed Purchases and Sales and Non-Uniformed Purchases and Sales - should be kept in the report. Page 7 – Comparative Performance – was suggested to keep both.

Mr. Burke had a comment about having actual pension plan performance data included and that is not something that is provided by the advisor.

On page 8 of the Power Point – Comparative Performance – keeping both of that was suggested. Page 9 was an example of Warminster Pension Plan, and it was suggested and discussed whether we would like to see something similar and whether or not the current advisor could provide that information.

Mr. Delikat didn't know if our current advisor could provide something like what is provided by Warminster's consultant.

On page 10 and 11, Example from Warminster Pension Report, would be something new but similar to what Warminster receives. On page 12 - the Blended Benchmark Rate Return - is something that the Committee would like to see and included. Page 13 –was hypothetical information that is provided to others and in Warminster but should it be something we should be including?

Mr. Burke expressed concerns for using a hypothetical. He said it might be okay for a 3-month or 1-year period but is useless on a longer term. Don't know what the benchmark is and its hypothetical and it may not necessarily be useful.

Page 14 this would be New Historical Time Weighted information that could be beneficial. Page 15 would be new and is something that the PAC would like to see included as well as page 16 which is a mockup of what we'd truly like to see.

Page 17 is a fee analysis. There was discussion regarding the fees Warminster pays versus the fees we pay. This is something we can put in the RFP that would take somewhat and tell us on next year.

It was suggested that Mr. Delikat and Mr. Denton would finalize the attached document and it would be sent to Ms. Brede. Then a Zoom call with Ms. Brede will be held to explain what can and can't be done and what the Committee is looking for and hopefully will be able to be incorporated in the 12/31/2020 report.

Market Update:

Mr. Burke provided the Market Update (see attached) to the Committee. It shows the equity market and the MSCI US, EAFE, EM, and ACWI as well as the reference/policy benchmark performance for Global Equity and Fixed Income. He indicated that the US continues to dominate in Global Equity.

Drafting a New Investment Policy

The attached Investment Policy Statement is a working document that Mr. Burke has put together. Everyone was in receipt of Ms. Mullin's comments and Mr. Burke will work to incorporate them for further review at the next meeting. Mr. Burke agreed to track the changes on the document. Everyone commented that it was very detailed and well put together and appreciated Mr. Burke's time.

Mr. Burke reiterated that this is a document that is being authored by the Committee and not by the advisor and it brings the document into what the PAC has been talking about and how we can move forward.

The Committee commented that Ms. Mullin indicated that there should be more flexibility and it was agreed to incorporate those comments. This is a document that we would want to wrap up in January. In addition, it needs to go to the Solicitor for review and the Board of Supervisors for adoption.

Mr. Delikat commented on passive equities and that we shouldn't preclude using active managers when needed. It will allow for more flexibility. The Township needs to decide on how much risk it's willing to take and making decisions with the PAC's input.

Mr. Delikat indicated that he believes that now the PAC is taking ownership to fit any advisor in the future.

Mr. Burke indicates he believes that it puts "meat on the bones" but he's not a lawyer to extract as much relevance is important.

Mr. Salanik and Mr. Salisbury all agreed it was fine as its being prepared.

Mr. Wallace indicated that it was a long time coming.

There was discussion about a contract and that there is no formal contract at present.

Changes under Act 44 require RFPs and termination, etc. should be included in the IPS.

Mr. Salanik indicated that Abington Twp. had recently put out an RFP for proposals and was wondering if copies could be obtained. Ms. Mason indicated that she will reach out to Abington's manager and also other colleagues to obtain copies of RFPs or IPSs as well.

Ms. Herring had no comments at this time.

Mr. Burke indicated that he would prepare revisions and a draft for the next meeting.

Mr. Wallace commented that he went out on to the Warminster website and looked at their 2018 Financial Statements and indicated that their pension DB plan is a PERS plan from 1957 and has a rather large group. The DC plan of 2013 is the one PFM is managing. It appears that they have had a plan since 12/31/68 with 69 active members and 103 inactive in their DB plan. That plan is still at an 8% return rate.

Mr. Salanik indicated that there is a municipal group at the State level that has about 300 members statewide.

ADOURNMENT:

Being no further business the meeting adjourned at 5:49 p.m. on motion of Mr. Salanik and seconded by Mr. Burke

Respectfully submitted,

Stephanie J. Mason
Township Manager/Secretary