

Pension Trustees
Meeting Minutes – August 12, 2015

The quarterly meeting of the Trustees of the Tredyffrin Township Police Pension Fund (TTPPF), Deferred Compensation Plan and the OPEB Trust to discuss the results of the previous quarter, was held on the above date at the Township Building. Trustees present were Warren Hyams, Stanford Nishikawa, and Richard Veith. Also in attendance were Township Manager William Martin; Finance Director Joseph DiRocco; Board of Supervisors Liaison Murph Wysocki; and Recording Secretary Patricia Hoffman. Attending from PFM Advisors was Mark Yasenchak.

The meeting was called to order at 7:30 AM.

Approval of Minutes & Administrative Matters

The Trustees approved the minutes from the May 13, 2015 meeting.

PFM Quarterly Report Review for the TTPPF

Mr. Yasenchak joined the meeting at 7:30 AM. He reviewed the relative outperformance of growth vs. value segments of the domestic equity market for the past several years. He noted that the late second quarter downturn in US equity markets reflected concerns with the situation in Greece. Non-US investments performed better than domestic equity in the second quarter due to a weakened dollar. He noted that the Barclays Aggregate index was down for this quarter, reflecting concerns regarding the pending Fed interest rate hike.

According to PFM's Rolling Relative Performance, TTPPF's 3 yr. rolling relative performance vs. its target policy index has been favorable. According to PFM's Plan Sponsor Peer Group Analysis, TTPPF's return has been above the peer group median for 3, 5, and 7 years, while achieving its returns with lower risk relative to its peers.

Addressing Trustees' concern with the continued underperformance of SouthernSun, PFM advised that they are closely monitoring this manager, although it has not been placed on PFM's "watch list" at this time.

Continuing the discussion from the last meeting regarding the advisability of lowering the actuarial interest rate assumption from 7.5% to 7.0% for the 2016 Township Budget, it was determined that Mr. DiRocco will ask the actuaries for a sensitivity analysis of lowering the rate to 7.375% and 7.25%. Mr. DiRocco advised that valuations are done every two years, however, updates for disclosures as required by GASB are completed every year. It was noted that the last assumption adjustment was made in 2013. Mr. DiRocco noted that the Township's pension liability was 90.63% funded, per TTPPF's audited financial statements, as of December 31, 2014.

After Mr. DiRocco's review of cash needs from TTPPF, it was agreed that \$595,000 would be withdrawn from Vanguard Total Stock Index and distributed as follows:

Buy \$440,000 of American Funds AMCAP
Buy \$90,000 of Vanguard REIT Index
Remainder of \$65,000 to cash needs

Mr. Yasenchak left the meeting at 9:05 AM.

457 Deferred Compensation Plan

Mr. DiRocco reviewed the 457 Plan Report (KT Administrators) as of 6/30/2015. He noted there were no fund manager concerns at this time. He added that the DCP is running smoothly and that employees are joining and using the plan.

OPEB Trust

Mr. DiRocco reported that current value of the Trust is \$2.9 million. Trustees were reminded that, going forward, the Township is committed to contributing \$25,000/year for each new officer hired, to ensure adequate funding of OPEB liabilities upon an officer's retirement.

Next Meeting

The next meeting of the Trustees is Wednesday, November 18, 2015 at 7:30 AM. This is a week later than usual because of the Veterans' Day holiday on November 11.

Adjournment

The meeting was adjourned at 9:10 AM.

Respectfully submitted,

Patricia Hoffman
Recording Secretary