

Pension Trustees

Meeting Minutes - November 18, 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; Police Superintendent Anthony Giaimo; 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 August 12, 2015 meeting.

PFM Quarterly Report Review for the TTPPF

Mr. Yasenchak joined the meeting at 7:30 AM. He noted that the S&P 500 had just experienced one of its weakest quarters since 2011, -6.4%, and that international equities were down -10.2% for the developed markets and -17.9% for emerging markets. In this context, TTPPF experienced a loss of 5.5%, for the quarter, bringing its one year return down to -1.0%, gross of fees. He further noted that although TTPPF was below its Target Policy Index (TPI) in the near term, it has still exceeded TPI over the long term. Barclays Aggregate (fixed income) was positive for the quarter, 1.23%. Despite a positive outlook for US fundamentals, uncertainty over a pending Fed rate hike, potential China slowdown, and falling oil prices have caused increased volatility in the world equity markets.

Although most of TTPPF's managers underperformed their benchmarks for the quarter, the only manager which PFM has placed on its "watch list" is SouthernSun SMID. Mr. Yasenchak will begin to research possible replacement alternatives for the Trustees to consider.

Mr. DiRocco explained TTPPF's cash flow needs for the coming months, hence a withdrawal of \$650K will be taken from Vanguard Total US Stock Index Fund, and reallocated to Voya Intermediate Bond Fund (\$350K) and to Cash (\$300K).

There was a brief discussion about the investment rate of return assumption for the Police Pension Plan. There are no plans to change the current assumption, 7.50%, for the Township's 2016 budget cycle

Mr. Yasenchak left the meeting at 9:20 AM.

457 Deferred Compensation Plan

There was discussion about the possibility of adding additional fund choices to the 457 Plan (i.e., Vanguard Wellington Fund). Mr. DiRocco will obtain the Morningstar report for the Trustees to review for discussing at the first meeting in 2016. There was discussion about closing Turner Small Cap Growth to new investors in the plan and possible alternatives to Turner. Mr. DiRocco will follow up with KT Administrators for any suggestions they may have.

OPEB Trust

There was discussion about the interest rate assumptions over the next year, and it was agreed to revisit this issue in 2017. Mr. DiRocco provided the Trustees a copy of Morningstar's most recent report on Vanguard LifeStrategy Growth Fund, the Trust's current investment vehicle.

Next Meeting

The proposed meeting dates for 2016 are February 10, May 11, August 10, and November 9.

Adjournment

The meeting was adjourned at 9:43 AM.

Respectfully submitted,

Patricia Hoffman
Recording Secretary