

EAST GOSHEN TOWNSHIP
PENSION COMMITTEE MEETING
January 4, 2012

The East Goshen Township Pension Committee met at the East Goshen Township Building on Wednesday January 4, 2012 at 1:00 pm. Committee members present were: Deborah Beury, Giulio Perillo, Marty Shane, Paul Coleman and Mark Miller. Others present were: Rick Smith, Township Manager, and Victor Cozzone, Financial Advisor with Raymond James.

1. Call to Order, Pledge of Allegiance and Moment of Silence

Giulio called the meeting to order, led those present in the Pledge of Allegiance, and asked for a moment of silence to remember our troops.

2. Minutes

The Chairman noted that the minutes of the December 7, 2011 meeting were approved.

3. Recording of Meeting

Giulio asked if anyone present would be recording the meeting. There was no response.

4. Old Business

a. Giulio welcomed Victor Cozzone, Financial Advisor with Raymond James. He reviewed the purpose of the meeting to discuss fee schedules and performance measurements. He mentioned that this will be Victor's first municipal account. He also mentioned that he was unsuccessful in contacting the remaining references.

b. Performance Measurement – Giulio reviewed the Committee's acceptable goal/target as GDP + inflation + financial advisor's fee. Victor provided a file of monthly reports for a sample account which showed the history of investing and rate of return for each month for last year. This sample account represents how he will manage. In order to curtail risk to the portfolio, not all of the money is invested all the time. He determines when to buy and sell to reduce risk. He does notify the account manager when he is going to make a change. Capital preservation is the primary concern. He can provide a report at the end of the day if desired. There is internet access. Rick pointed out that the report shows that Victor beat the S&P most of 2011. Marty feels the target goal is more important to the Committee than the S&P. It was set as a benchmark.

c. Fees – Victor confirmed that all fees are contained in the 1.9% which is the fee on the first \$200,000 in the account. The fee on the next \$300,000 is 1.75%, and on the next \$500,000 and over the fee is 1.25%. This results in a blended fee. Paul asked when the fees will be taken if the investment starts February 1st. Victor replied in 3 months, then quarterly.

- d. Funding – Rick confirmed that current funding is made from the Township Operating Expenses. Any excess at the end of the year should be turned over for investment. There is currently no liability against the funds, but withdrawals may begin sooner than anticipated.
- e. Contract – Rick confirmed that the Township Solicitor reviewed the base contract and is okay with it. It was agreed that Victor will put an addendum on the base contract that shows the fee structure and the performance measurement clause. The Township Solicitor will take a final look at the contract with the addendum.
- f. 2012 Market – Marty commented that in most of the projections he saw for this decade the average return is anticipated at 6%. Victor mentioned that most anticipate an average return of 7% for 2012. The “January Effect” has a high correlation to what will happen for the year. Europe is still uncertain. The general belief is that the U.S. will outperform everywhere else.
- g. Giulio moved to recommend that the Board of Supervisors appoint Victor Cozzone as Fund Manager, appoint the Pension Committee as Trustee, authorize transfer of the funds for the Post Employment Medical Trust to the Fund Manager upon execution of the contract for 2012, and authorize transfer of funds each year after the first Board of Supervisors meeting. Marty seconded the motion. The motion passed unanimously.
- h. After discussion of the current plans, Giulio moved to recommend that the Board of Supervisors appoint the Pension Committee as Trustee of the current Defined Benefit Plan managed by Key Financial and INR. Marty seconded the motion. The motion passed unanimously.

There being no further business to discuss, Mark made a motion to adjourn the meeting. Giulio seconded the motion. The motion passed unanimously. The meeting was adjourned at 2:15 pm. The next meeting will be held on Wednesday, February 1, 2012 at 1:00 pm.

Respectfully submitted,

Ruth Kiefer, Recording Secretary