

PENSION COMMITTEE

AGENDA

May 1, 2013

1:00 PM

1. CALL TO ORDER / PLEDGE OF ALLEGIANCE / MOMENT OF SILENCE
2. CHAIRMAN WILL ASK IF ANYONE IS GOING TO RECORD THE MEETING
2. APPROVAL OF MINUTES
 - a. February 6, 2013
 - b. March 13, 2013
 - c. April 17, 2013
3. OLD BUSINESS
 - a. Review Q1 reports
4. NEW BUSINESS
5. PUBLIC COMMENT
7. ADJOURNMENT

Draft
EAST GOSHEN TOWNSHIP
PENSION COMMITTEE MEETING
February 6, 2013

The East Goshen Township Pension Committee met at the East Goshen Township Building on Wednesday February 6, 2013 at 1:00 pm. Committee members present were: Giulio Perillo, Mark Miller, and Jon Altshul. Others present were: Rick Smith, Township Manager; Jeff Hugo, InR representative; Patricia Brennan, Key Financial Inc representative; and Victor Cozzone, Raymond James representative.

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. Recording of Meeting

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

3. Minutes

Giulio noted that the minutes of the November 7, 2012 meeting were approved.

4. Old Business

None

5. New Business

InR – Jeff gave the 2012 year-end report for the Defined Contribution Pension Plan and the Defined Benefit Pension Plan.

Defined Contribution Pension Plan –

Total as of 12/31/12 is \$231,186.23; investment return 10.76%.

Defined Benefit Pension Plan –

Total as of 12/31/12 is \$488,695.01; investment return 12.26%.

Jeff explained the difference between the two plans: When an employee retires, they will get a lump sum payment from the Defined Contribution Pension Plan.

They will get a monthly payment from the Defined Benefit Pension Plan.

Jeff feels the funds performed as expected. Their approach is to build asset models that fit the client. Jeff referred to the proposals which use the Monte Carlo Simulation with a 10 year horizon. The proposal for the Defined Contribution Pension Plan shows an Average Annualized Return of 6.57%. For the Defined Benefit Pension Plan the Average Annualized Return is 7.16%.

Market interest rates are at an all-time low and are expected to increase over the next 10 years.

Giulio mentioned that the Defined Benefit Plan is currently overfunded. Can the township take the excess out and what happens when all participants have

1 received their benefits and there are funds left over. Jeff stated that the
2 township cannot remove the excess funds. It is very unlikely that any funds
3 would remain, but if there were, the township would receive the remaining
4 funds.
5 Jeff reviewed the Key Market Data and Events report.
6 Jeff commented that bonds are a concern. They are anticipating an interest rate
7 increase although the Federal Reserve is keeping the rates down. They feel the
8 first 2 quarters of 2013 will be soft, but they expect unemployment to go down.
9 The expected 8% return on the plans was discussed. Jeff commented that it is a
10 tough number to reach right now – 7.25% is more reasonable.
11 Giulio thanked Jeff for his presentation.

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13 Key Financial Inc. – Patti gave the year-end report of 2012 for the Non-
14 Uniformed Pension Plan and the Fire Company Pension Plan.

15 The Non-Uniformed Pension Plan -

16 Total as of 12/31/2012 is \$1,842,815.90; investment return is 11.05%

17 The Fire Company Pension Plan –

18 Total as of 12/31/2012 is \$794,910.54; investment return is 11.21%

19 Patti's economic overview is that Europe is stabilizing, but there will still be
20 issues. At some point inflation will be a concern. Unemployment is not as bad
21 as the numbers look. She thinks interest rates may increase but the Federal
22 Reserve is controlling that. The national debt has decreased slightly even with
23 the small economic growth.

24 Marty asked how she determines allocations. Patti answered that there are a
25 number of software programs available. She uses Efficient Frontier.

26 Marty asked about the use of alternative funds. Patti prefers to not use them in
27 a plan like this but has added some real estate funds. Opportunistic Rebalancing
28 is a program that keeps investments within the top and bottom guidelines. PMI
29 and GDP are important. The age of participants in the plan is a factor when
30 doing allocations.

31 The Key Financial performance and fees report gives the breakdown on costs.

32 The Non-Uniformed Plan was 90.66 basis points and the Fire Company was 88.6
33 basis points.

34 The Investment Snapshot is a fiduciary report to determine how funds are doing
35 relative to each other and the target for the plan.

36 Patti used the individual sheet for Black Rock to explain the details and what
37 they mean. The yellow highlight means it needs to be reviewed. In the 4th
38 quarter, the entire staff was replaced, so she can't use that history to assume the
39 future of this fund.

40 Giulio thanked her for the report and commended her on the great job she is
41 doing.

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1 Raymond James – Victor Cozzone told the committee members that he has left
2 Raymond James and would like the Township to follow him to the new firm
3 which isn't determined yet. His philosophy and methodology are the same.
4 The Post Employment Benefits Trust –

5 As of 12/31/2012 the total is \$362,001.85; the investment return is
6 8.531%. Victor thinks the market will continue to grow. He feels inflation won't
7 be a concern for a few years.

8 Giulio thanked Victor for his presentation.

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10 The committee asked Jon to contact Raymond James to find out who is handling
11 the account now.

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13 6. Public Comment

14 None

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16 7. Adjournment

17 There being no further business to discuss, Mark made a motion to adjourn the
18 meeting. Giulio seconded the motion. The motion passed unanimously. The
19 meeting was adjourned at 4:00 pm. The next meeting will be held on
20 Wednesday, May 1, 2013 to review Q1 2013 results.

21

22 Respectfully submitted,

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26 Ruth Kiefer, Recording Secretary

Draft
EAST GOSHEN TOWNSHIP
PENSION COMMITTEE MEETING
March 13, 2013

The East Goshen Township Pension Committee met at the East Goshen Township Building on Wednesday March 13, 2013 at 1:00 pm. Committee members present were: Giulio Perillo, Mark Miller, Jon Altshul and new member Tim O'Reilly. Others present were: Rick Smith, Township Manager.

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. Recording of Meeting

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

3. Minutes

Giulio commented that the minutes of the February meeting will be reviewed and the regular quarterly meeting in May.

4. Old Business

None

5. New Business

Giulio stated the purpose of the meeting which is to discuss the OPEB (Other Post Employment Benefits Trust). This was managed by Victor Cozzone, who was with Raymond James. Victor attended the February 6, 2013 meeting and informed the Committee that he had just resigned from Raymond James. Jon reported that, after the February meeting, he called Raymond James and they spoke very highly of Victor but understood that he needed a shorter commute to work. Jon asked the Raymond James representative if they wanted our business. They put no pressure on him to retain the business. This past Saturday Jon finally received an email from Victor stating that on Friday he was offered a position with Morgan Stanley. Jon took a few minutes to explain to Tim that the OPEB trust was set up to pay medical benefits for retired police officers. East Goshen pays 56% of the annual contribution and Westtown pays 44%. Currently 6 officers are receiving benefits. After discussing the Committee's options, it was decided to ask for proposals from the 3 current fund managers and have a special meeting on Wednesday, April 17, 2013 to review the proposals. Rick will notify InR, Key Financial and Victor that the proposals need to be received by April 10, 2013.

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6. Adjournment

There being no further business to discuss, Mark made a motion to adjourn the meeting. Tim seconded the motion. The motion passed unanimously. The meeting was adjourned at 1:30 pm. The next meeting will be held on Wednesday, April 17, 2013 at 1:00 pm.

Respectfully submitted,

Ruth Kiefer, Recording Secretary

Final
EAST GOSHEN TOWNSHIP
PENSION COMMITTEE MEETING
April 17, 2013

The East Goshen Township Pension Committee met at the East Goshen Township Building on Wednesday April 17, 2013 at 1:00 pm. Committee members present were: Giulio Perillo, Mark Miller, Jon Altshul and Tim O'Reilly. Others present were: Rick Smith, Township Manager.

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 and the Boston Marathon bombing.

2. Recording of Meeting

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

3. Minutes

Giulio commented that the minutes of the February meeting will be reviewed and the regular quarterly meeting in May.

4. Old Business

None

5. New Business

Giulio stated the purpose of today's meeting was to select one or more financial consultant to manage the OPEB (Other Post Employment Benefits Trust), handled by Victor Cozzone, formerly with Raymond James. The OPEB trust was set up to pay medical benefits for retired police officers. East Goshen pays 56% of the annual contribution and Westtown pays 44%. Currently 6 officers are receiving benefits.

The Committee reviewed proposals from the 3 current fund managers; Key Financial, INR and Victor, who is now employed by Morgan Stanley. Given that this is a very long-term investment plan for this trust and Morgan Stanley's active investment strategies are fairly risky, the Committee thought it would be worthwhile to consider switching the funds to Key or INR. Historically Key and INR have performed almost identically for the Township in the long-term.

After some discussion, the consensus was to invest the OPEB with Key.

Jon made a motion to divest the Other Post Employee Benefits Trust from Raymond James and invest with Key Financial with the removal of the restrictions on investments. Tim seconded the motion. The motion passed unanimously.

Rick and Jon, as Trustees, are directed to execute the documents.

6. Adjournment

There being no further business to discuss, Mark made a motion to adjourn the meeting. Tim seconded the motion. The motion passed unanimously. The meeting was adjourned at 1:30 pm. The next meeting will be held on Wednesday, May 1, 2013 at 1:00 pm.

Respectfully submitted,

Nancy Scheiderman, Recording Secretary