

**Roll Call: Present** –Joe Scott, PSAB, Mary Curtin, Leslie Huhn, Township Manager, Lou Mahlman, Chris Leidy, Molly Bender, Priscilla deLeon, Council Liaison, Cathy Gorman, 11:05

Due to a scheduling conflict Cathy Gorman requested Det./Corp. Chris Leidy's input regarding the two items on the agenda.

Cathy asked how the police officers would feel with Thomas Anderson and Associates handling the day to day items for the pension plan. Municipal Finance Partners would still do the actuarial studies and reporting but Thomas Anderson Associates would handle the certifications, MMO's and the day to day responsibilities. Cathy said she met with a representative from Thomas Anderson and Associates and they said they would be able to provide the same reports that MFP does. Cathy confirmed that the solicitor advised that this change would be compliant with Act 44. If we were to change back, we would need to RFP the service. Chris said he did not see that the officers would have a problem with it.

Cathy asked how the Police would feel about the actuarial changes, the increase of the mortality table to the 2014 table and lowering our assumed investment returns at 6.5% from the current of 7%. It is significant amount. The consultants are recommending it. Joe Scott said the Mortality table is very important for the actuary reporting. If you do not change it from time to time, the liability gets wider. Discussion was made that we would look at assumptions more on the off years. Chris felt that the Officers would be in support of any conservative changes that would keep the plan healthy. He has not discussed it with them but feels they would be supportive.

1) PSAB Update – Joe Scott

Joe Scott reviewed the report. In the Trust we are at 5.02% ahead of index at 4.66% as of April. Making adjustments As of May 6<sup>th</sup> they are at 6.45%. No one is expecting double digit returns but they are hopeful for a strong year. Our international exposure is going up to 15-18%. US stocks are expensive. Better opportunity in International trading below value, not emerging markets. They are looking for quality bonds. Bonds are at 1 - 1.5% they are used to 3 - 4%.

They are above their policy index. They are doing well in risk adjustment data. Reports indicate that they are steady and not volatile.

Mary asked if we are going to the maximum in International and Mr. Scott confirmed that the Board approved to go to the maximum if needed. Joe confirmed if there is a policy change we would get an amendment.

Cash is 3%; they are expecting a lot of funding August through October so they will be reallocating funds then. Board moved to terminate International Managers Manning and Napier and NFJ/Allianz. They are looking for quality managers that understand to minimize risk.

The fixed account he wanted to point out that they are having difficulty meeting targets on cash accounts. They don't see dramatic changes but the returns are no there, just hoping they hold their own. He believes the Federal Reserve will increase a couple of more times.

2) Financial Reports

Cathy said the Non- Uniform at the end of April has \$2,098,959.15 the Uniformed plan has 6,203,462.21. We reimbursed the Non Uniform plan \$7,070.12 and the Uniformed plan \$18,649.28 to date.

3) Administrator services

Cathy advised that she met with Doug Werley and Thomas Anderson Assoc. They reviewed the documents that Municipal Finance Partners, Inc. provides and feels they can provide the same service for the fees we are already paying. Municipal Finance Partners bills will be lowered as he will be doing just actuarial work. Cathy said the administrative fees we reimburse back into the plan are what actually pay Thomas Anderson Associates whether they perform a service for us or not. We are recommending to continue with Municipal Finance Partners as the Township actuary and to have Thomas Anderson and Associates perform the administrative functions. Board agreed moving to Council for approval at the next meeting.

4) Preliminary MMO's and the Assumption Changes

The committee reviewed the actuary's recommendation to change the assumptions from the 2000 mortality table to the 2014 table, and the investment earnings assumption to 7% to 6.5%. Joe said if you do not change it know you are kicking the liability to the future. Cathy advised that if for whatever reason, the state aid would be lost due to funding levels she would approach the unions and Council and revisit the allocation policy. She said we are still working on the liability of the plans and once what was amortized is done we will be paying normal costs, which is where we want to be. Discussion was made of maximum contribution amounts for both plans and contracted amounts. After lengthy discussion, the committee agreed to recommend to Council to accept the consultant's recommendations.

5) Settlement Filings

We received one from Avaya. The court documents have been received and we may receive a few dollars.

6) Minutes

Minutes were approved and consensus was made to shorten minutes to address main points of the meeting.

Next Meeting, Wednesday, September 13<sup>th</sup> at 11:00  
Meeting Adjourned 12:00 PM