

October 21, 2009

2:30 P.M.

Minutes

1. CALL TO ORDER

The October 21, 2009 Police Pension Meeting was called to order at 2:30 P.M. by Chairman Albert Bailey. In attendance were the following individuals:

Albert Bailey	Chairman
Gene Ziemba	Member
Leonard T. Perrone	Member
Sally Slook	Assistant Township Manager
Michael Sultanik	Finance Director
Raymond Royds	Member
David Spears	PFM

2. APPROVAL OF THE MINUTES OF THE AUGUST 20, 2009 POLICE PENSION MEETING

The Minutes of the August 20, 2009 Police Pension Meeting were reviewed by the members of the Board. Hearing no questions or comments, upon motion by Mr. Ziemba, seconded by Mr. Royds, the Minutes of the August 20, 2009 Police Pension Meeting were unanimously approved.

3. Report of PFM

Mr. Spears provided a standard quarterly report. (Less than normal full report). Report is attached hereto. He noted that this was a snapshot from September 30. He stated that it was a very good quarter for stocks. Mr. Spears noted that the S&P - large Cap Stocks was up 15.1 % and year to date up 23.96%. The Russell 2000 Index - Small Cap Stocks for the quarter up 19.28% and year to date up 26.15%. MSCI EAFE up 19.4 % for the quarter and year to date 33.86%.

Mr. Spears briefly reviewed bonds. He noted that for the quarter bonds were up 3.74% and year to date up 5.80%

Mr. Spears reviewed Tab 2 of his report. He noted that this was the Police Pension Review, stating that page 2.1 will be standard in each report showing the total fund and market value . For the quarter the fund was up 13.50%, noting that this is since PFM took over account. Mr. Spears stated that this outperformed the bench mark, adding that this is a great start to the account. This page also shows each of the individual funds that are in the portfolio and the index to which they are compared.

Mr. Spears explained that Page 2.3 shows calendar year performance and does not pertain to the pension plan at this point.

Mr. Spears noted that Page 2.5 is important. This is the account reconciliation page. He stated that it was a positive return on investment of ending at \$ 775,981. Mr. Spears explained that the account started with PFM at \$5.5 million and has grown to \$6.68 million.

Mr. Spears explained the asset allocation summary, noting that this was a compliance check that PFM does.

Mr. Spears noted that Tab 3 is the investment manager review. He stated that this is the description of each fund and includes manager explanations of the funds performance. Mr. Spears stated that it takes about 30 days for PFM to complete a report. Additional time is needed to collect information from the managers and then for PFM to write its commentary. This information is forwarded to the Township as soon as available.

Mr. Spears stated that Page 2.1 is the actual performance of the Police Pension Plan. As of last Friday, the

4th quarter had an additional 2.45 % return versus the benchmark of 2.22%.

Mr. Spears stated that he is happy with the performance. He is definitely more comfortable than a year ago or two quarters ago and believes the worst is in the past. Mr. Spears noted that PFM is glad to see economic data that supports the stock market rally since March. The economic data that supports this is consumer confidence and inventory supply management data, which shows that the recession is probably over; but will most likely have a slow recovery. This will be a jobless recovery, which will delay any substantial sizeable growth in the economy, because there will be mortgage and foreclosure problems.

Mr Spears noted two changes made in the portfolio. In mid-July, there was a move of money from an intermediate corporate bond fund to a core bond manager. It was moved from Vanguard Intermediate Term Investment Grade to Metropolitan West Total Return. The second change was in late September. This was a regular rebalancing. This was a result of the stock market run, and that the 60/40 allocation had gotten out of balance at 64/36. Mr. Spears stated that this was a good move to have made, noting that in the long term rebalancing is always good for the fund.

Mr. Spears stated that a summary of which managers did well and which did not will be coming in a couple weeks, as well as a summary of what action was taken in the portfolio for the quarter.

4. **VEBA and Bond Report**

Mr. Sultanik reported that Veba funds are currently held in 3 accounts. The Invest account is a CD. \$100,000 was given to Ken Danielsen, in a bond, it went down to a low \$92,000 and as of September 30th went back up to \$108,000. Mr. Sultanik stated that PLGIT has a 9-month CD at 1.85% and \$100,000, holding \$15,278 in cash. Also, TD Bank holding \$20,847.

Mr. Sultanik noted that, he was previously directed to invest \$30,000 in a CD. But PLGIT will only invest \$100,000 and TD Banks government rate is .3% . A new investment decision needs to be considered. Mr. Sultanik is to look into investment options prior to the next meeting.

Mr. Sultanik reported on the bond funds being held by INVEST. He noted that one matured in September for \$175,000. Currently Mr. Sultanik has \$189,000 in cash that will be turned over to PFM to invest. This money was received on September 1. Mr. Spears asked that when this money is transferred, make him aware so he can assure that it is spread across the portfolio. Mr. Sultanik noted that he also received the State Aid of \$120,000 in mid-September and it was moved to the Police Pension Plan. This will also go to PFM for distribution.

Mr. Sultanik reported that two more bonds will mature on November 1. He noted that all of the bond funds have improved since last quarter. Mr. Sultanik stated that his hand out, reflects the gain and loss of each bond. Mr. Sultanik noted receiving \$2,500 interest from Clear Channel and \$6,500 from Van Guard Chrysler. In the past two months, since the last reporting period, there was a net gain of \$41,000.

5. **Old Business**

None

6. **New Business**

Mr. Royds asked if the officers pension contribution is being reduced and what the effect will be. Mr. Sultanik explained that there will not be a negative effect since the Township will be increasing its contribution.

7. **Public Comments and/or Concerns**

None

8. **CALL FOR ADJOURNMENT**

There being no further business, upon motion by Mr. Royds, seconded by Mr. Ziembra , the Police Pension meeting was adjourned at 3:10PM.

Respectfully submitted,

Leonard T. Perrone
Township Manager

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