

**Pension Trustees
Meeting Minutes
August 10, 2016**

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 Finance Director Joseph DiRocco; Police Superintendent Anthony Giaimo; Board of Supervisors Liaison Murph Wysocki; and Recording Secretary Patricia Hoffman. Attending from PFM Advisors was Alex Goldsmith.

The meeting was called to order at 7:27 AM.

Approval of Minutes & Administrative Matters

The Trustees approved the minutes from the May 11, 2016 meeting.

PFM Review

Mr. Goldsmith noted that TTPPF achieved a positive return of 4.54%, year-to-date. All five active equity managers outperformed their index benchmarks. International equities underperformed domestic equities last quarter, reflecting market volatility surrounding the UK's Brexit vote. Small and mid-cap stocks outperformed large caps, year-to-date, with SouthernSun gaining nearly 7% vs its benchmark. Fixed income managers experienced some challenges, as they generally maintained a shorter duration vs. the Barclays Aggregate in a declining rate environment for US Treasury bonds. REITs have been the leading market sector, year-to-date. PFM charts show that TTPPF overall performance relative to peers has been first quartile over 5 & 7 years.

SouthernSun has continued its recovery, however, it is still on PFM's watch list. Met West is under increased scrutiny, as it has shown flat relative performance over the last two years with a performance decline so far this year.

The Trustees agreed to withdraw \$100,000 from Vanguard All Cap Core and \$100,000 from the Fiduciary Management All Cap Value to meet plan sponsor cash needs.

There was discussion regarding the appropriate rate of return to be used for the Police Pension Plan. The Trustees agreed to meet with the Township's actuary before their next regular meeting in November, prior to making a recommendation to the Board of Supervisors for consideration in their annual budget planning process.. There was discussion of the MMO, which is currently \$975,000 based on the 2015 valuation. The next full actuarial valuation will be performed in 2017.

Domestic Equity Manager Search

The Trustees deferred a decision on replacing SouthernSun, in view of its recent improved performance, and asked that PFM provide an additional manager recommendation.

Mr. Goldsmith left the meeting at 8:55 AM.

457 Deferred Compensation Plan

Mr. DiRocco is working with Vanguard to set up a time to educate employees on the various new investment funds available. Once that meeting is complete, they will be rolled out to employees. Mr. DiRocco is working with the Solicitor to determine the process to eliminate Turner Small Cap Growth as an investment option of the Plan.

Mr. Veith requested that Vanguard Life Strategy Growth Fund be added to the Morningstar report group, as it is the principal investment fund currently used for the OPEB plan trust.

Next Meeting

The next meeting is scheduled for November 9th.

Adjournment

The meeting was adjourned at 9:02 AM.

Respectfully submitted,

Patricia Hoffman
Recording Secretary