

FINANCE & ADMINISTRATION COMMITTEE  
MONDAY, APRIL 2, 2018

Present: R. Carlson, S. Byrne, W. Read, B. Clark, T. Sander

Chairman, Russ Carlson, called the meeting to order at 5:30 P.M.

FINANCE & ADMINISTRATION

A. Review of Investment Performance - Employee Pension Plan

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Mr. John Molloy, PFM Asset Management LLC, was present to review the Pension Plan investments with the Committee. He passed out a booklet of the Middletown Township Current Employee's Pension Plan Portfolio Review. He stated the first page in the Portfolio Review is an update of the fund performance in the first quarter of 2018. He stated there has been a significant amount of volatility, specifically in February, due to the Federal Reserve raising their rates, the tariffs imposed on China and numerous Trump tweets. Mr. Molloy reported that PFM has added exposure to emerging markets by adding the Hartford Schorders Emerging Markets Equity Fund to the overall portfolio mix. This addition was funded from existing international equity positions on a pro-rata basis. This addition removed the underweight to emerging markets that PFM has been targeting in the portfolio.

The Middletown Township Employee's Pension Plan Asset investment mix was broken down as of March 30, 2018 as follows:

Vanguard Total Stock Market Index	\$1,483,632.85
T Rowe Price Dividend Growth	123,769.16
Vanguard Total International Stock Index	289,374.30
JO Hambro International Select	224,884.56
Vanguard International Value	189,652.04
Oppenheimer International Small-Mid Co.	108,294.41
Hartford Schorders Emerging Markets	89,924.93
Baird Core Plus	468,886.34
Vanguard Investment Grade Corporate	467,364.47
DoubleLine Core Fixed	212,667.10
Prudential Total Return	141,896.23
Vanguard High Yield Corporate	127,424.51
First American Government Obligation	<u>77,071.08</u>
Total as of March 30, 2018	\$4,004,841.98

Mr. Molloy stated the Market Value as of January 1, 2017 was \$3,627,815 with net flows of \$153,901 and the return on investment of \$562,773 showing the ending Market Value of \$4,036,688 on December 31, 2017. The overall fund performance exceeded its market benchmark goal by 2% in 2017.

Mr. Tim Sander asked what the earnings forecast is for the remainder of the year. Mr. Molloy stated all indicators suggest steady returns. He stated he believes the overall returns will be less than 2017, but still positive. Mr. Molloy stated new this year will be PFM multi-manager mutual funds for their clients. He stated these funds will be open-end and SEC registered under the 1940 Investment Company Act. There are three core allocations: PFM Multi-Manager Domestic Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed Income Fund. He stated PFM Asset Management LLC serves as Investment Advisor to the Trust and selects and allocates assets to third-party managers. PFM clients will have the option to add these funds to their portfolio, but there will be no obligation to do so.

Mr. Carlson asked for the time-line for the Prospectus. Mr. Molloy stated it should be ready in a couple of months. There were no further questions or comments. Mr. Carlson thanked Mr. Molloy for attending the meeting and explaining the Employee Pension Fund to the Committee members.

B. Applications for Grant Funding –

DCED - Multimodal Transportation Fund

DCED - Watershed Restoration and Protection Fund

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Mr. Clark stated the Multimodal Transportation Fund Program is a grant offered through the Pennsylvania Department of Community & Economic Development (DCED). He stated this grant program is designed to assist with the improvement of transportation assets, pedestrian safety and transit revitalization. He stated the grant requires a 30% local match. Mr. Clark stated the grant can be used to fund the construction of the Township portion of the Rt. 1 and Rt. 452 loop-road. He stated the cost range for projects under this grant is \$100,000 to \$3,000,000. He stated the estimated cost for the loop-road project is approximately \$3,000,000. Mr. Clark Stated the application submission due date is July 31, 2018 and there is a \$100.00 application fee.

Mr. Clark stated the Watershed Restoration and Protection Program (WRPP) is a grant offered through DCED. He stated this program is designed to offer financial assistance for projects that work to restore streams impaired by uncontrolled stormwater runoff. The WRPP grant is a 15% to 85% match in which Middletown Township would be responsible for 15% of the project cost. He stated the project estimate for the stormwater quality improvements listed in the Kelly and Close report for MS4 permit compliance prepared last fall is \$349,700.56 which includes construction, engineering, surveying, inspection, administration and contingency costs. He stated the grant request is \$297,245.48. Mr. Clark stated the Township cost is estimated to be approximately \$52,455.08. He stated the application due date is May 31, 2018 and there is a \$100.00 application fee. He noted that \$60,000 was budgeted in 2018 to do one of the five sections of streambank work included in the grant. Approval of the grant would cover all five of the project areas at no additional cost to the Township.

Mr. William Evans asked what are the six watersheds. Mr. Clark replied they are: Rocky Run, Ridley Creek, Spring Run, Chrome Run, Crum Run and Chester Creek. Mr. Evans asked if work will be done at Indian Orchards Park. He stated there is a lot of damage in the park. Mr. Clark stated that is part of the restoration project and is in the Crum Run Watershed.

Ms. Diana Stroffolino, 2 Pembroke Drive, asked for an update on the traffic calming improvement for Pembroke. Mr. Clark stated the Township Traffic Engineer, Andy Parker, is working on this report. Ms. Stroffolino asked when this will be done. Mr. Clark stated it will hopefully be completed by the next Roads, Highways, and Public Safety Committee Meeting, the first Monday in May.

There being no further questions, the meeting was adjourned at 6:15 pm.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Sharon Browne".

Sharon Browne, Recorder