

FINANCE AND ADMINISTRATION COMMITTEE

April 3, 2017

Present: S. Byrne, R. Carlson, D. Helm, B. Clark, T. Sander

Review of Employee Pension Plan

John Molloy was present from PFM Asset Management to Review the Pension Plan with the Committee.

Mr. Molloy handed out the Current Portfolio Review to members of the Committee. Mr. Molloy reported that the first page in the Portfolio Review is an update of the first quarter of 2017. Mr. Molloy stated that the 2017 market is outstanding and better than expected. He stated the Township's plan is a 65/35 ratio in stocks and bonds. Mr. Molloy reported that the pension plan remains in compliance with investment policy and discussed how the pension plan fund is allocated. He re-stated that the plan has a 65% investment in stocks, and a 35% investment in bonds. Mr. Molloy reported on recent Portfolio changes: on February 24, 2017 the Vanguard Real Estate Investment Trust Index Fund was terminated and they utilized those proceeds to increase allocations to international equities. They also maintained underweight to fixed income by reducing fixed income allocation, resulting in an increased total equity overweight.

The Middletown Township Employee's Pension Plan Asset was broken down as of March 30, 2017 as follows:

Vanguard Total Stock Market Index	1,305,978.30
Vanguard Small Cap Index	157,094.23
T Rowe Price Dividend Growth	129,185.55
Vanguard Total International Stock Index	245,027.52
Jo Hambro International Select	244,319.04
Vanguard International Value	204,674.20
Oppenheimer International Small-Mid Co.	122,884.50
Baird Core Plus	439,751.77
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Vanguard Investment Grade Corporation	439,571.70
MetWest Total Return	330,291.36
Vanguard High-Yield Corporate	119,133.80
First American Government Obligation	<u>59,439.00</u>
Total as of March 30, 2017	3,797,350.97

Mr. Molloy stated that the pension 2017 first quarter return is 4.33%.

In the year 2016 the investments performed favorably overall and he provided detail on the market index performance. Mr. Molloy reported on the breakdown of the asset allocation and performance as of December 31, 2016.

Mr. Molloy asked if there were any questions.

Mr. Helm asked how frequently does PFM rebalance the funds. Mr. Molloy stated that there is a constant evaluation process. The investment account is overseen by a PFM committee which meets once a month and monitors the funds. He also stated that it is important to know that if the market is in turmoil, there is immediate action on the part of the committee.

Mr. Molloy commented on the outflow of funds due to employees reaching retirement age in 2016.

Mr. Clark reported that an actuary oversees the financial viability of the plan and a bi-annual valuation report is scheduled for this year.

Mr. Helm questioned whether to push stock investment up and push bonds down. Mr. Molloy stated that for the most part, the stocks and bonds move together, when stocks are up, generally bonds are down, and vice versa.

There being no further questions, the meeting was adjourned by Mr. Carlson at 6:00 pm.

Respectfully Submitted,

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

Sharon Browne, Recorder