

Minutes

August 20, 2009

1. CALL TO ORDER

The August 20, 2009 Police Pension Meeting was called to order at 4:30 P.M. by Chairman Albert Bailey. In attendance were the following individuals:

Albert Bailey	Chairman
Gene Ziembra	Member
Leonard T. Perrone	Member
Raymond Royds	Member
Scott Clark	Member
John Spagnola	PFM
Michael Sultanik	Finance Manager
Sally Slook	Assistant Manager

2. APPROVAL OF THE MINUTES OF THE JANUARY 22, 2009 POLICE PENSION MEETING

The Minutes of the January 22, 2009 Police Pension Meeting were reviewed by the members of the Board. Hearing no questions or comments, upon motion by Mr. Ziembra, seconded by Mr. Royds, the Minutes of the January 22, 2009 Police Pension Meeting were unanimously approved.

3. APPROVAL OF THE MINUTES OF THE MAY 21, 2009 POLICE PENSION MEETING

The Minutes of the May 21, 2009 Police Pension Meeting were reviewed by the members of the Board. Hearing no questions or comments, upon motion by Mr. Perrone, seconded by Mr. Clark, the Minutes of the May 21, 2009 Police Pension Meeting were unanimously approved as amended.

4. REPORT ON VEBA, AUL AND PERSHING INVESTMENT PRIOR TO TAKEOVER BY PFM

Introduction of John Spagnola / Report of PFM

Mr. Spagnola provided a performance review since inception. He also thanked the Board for the opportunity to work with Upper Gwynedd, noting that the Township has been working with David Spears. Mr. Spagnola noted the process that has been agreed upon previously, regarding discretionary accounts and that PFM will be making moves only approved by the Township.

Mr. Spagnola noted that the beginning market value was \$5.75 million. Currently it is \$ 6.137 million. This is a return of 8.5%. He noted that the Benchmark return was 7%.

Mr. Spagnola gave a brief synopsis of various investments that are included in the fund.

Mr. Spagnola stated that PFM is acting vigilant and right now the view is to be neutral. He added that he was surprised at how the equity markets have come back, consumer sentiment and unemployment problems are continuing. Mr. Spagnola stated he believes the overall fund is positioned well to take advantage of markets moving forward.

Mr. Perrone noted that Mr. Sultanik emailed a questionnaire to the Pension Board members. The intention of the questionnaire was to gain insight on the opinion of the Board members regarding the Township profile on the investment strategy.

Mr. Spagnola stated that in reviewing the Townships plan, he did not see anything out of order when compared to other Police Pension plans. Mr. Perrone asked Mr. Spagnola for any thoughts on the Townships plan. Mr. Spagnola noted that it comes down to shared goals, funding status, the out look moving forward and what the rate of return is, that the Township wants to achieve. He noted that this can always be revisited if necessary. Mr. Spagnola explained that this is just one part of a three step process before assets are invested.

Mr. Sultanik confirmed PFM's process in which it's committee advises the Township of recommended changes and awaits a decision from the Township.

Mr. Spagnola noted that PFM's investment committee consists of Dave Spears, himself and a few others. Mr. Spagnola noted that PFM does not make change for change sake, but rather in terms of long-term investment goals.

Mr. Spagnola noted that he would not predict any dramatic shifts at this point, he was happy with what he sees presently, but suggests rebalancing along the way with selling and taking profits.

5. VEBA

Mr. Sultanik stated that since the beginning of the year, VEBA has increased by 5%. He noted that \$100,000 was taken out of a CD and invested. Although it went from \$100,000 to \$90,000, today it is back to \$100,700. That explains the 5%. The CD is at 1.85% and the bond is at \$ 100,700. The balancing of cash is currently earning .04% and there is \$35,000 which could be invested. Mr. Sultanik asked if purchasing a small CD worth \$ 25,000 would be a favorable option. Mr. Bailey inquired about the \$100,700 bond, Mr. Sultanik explained that it was split up into three \$25,000 bonds with International Leasing, Merrill Lynch, and Bell South. Currently International Leasing has a negative market value of \$5,000, Merrill Lynch has a positive value of \$1500, and Bell South has a positive value of positive \$1000. Mr. Sultanik noted that there is also a money market account for \$5,000. There was a brief discussion concerning what to invest and what to keep in cash. Mr. Sultanik was authorized to invest \$30,000.

Mr. Sultanik reported that at the end of last quarter, AUL had a balance of \$4,065,890. This was cashed out on June 25. In the two month period it earned \$168,000 or 4.3%. This was turned over to PFM. Pershing (Invest) where the bonds were, had a value of \$2.1 million, at the end of the quarter. On June 30, \$1.449 million was cashed out. This was also given to PFM. This left \$655,000 in Pershing in bonds. Currently the market value is \$654,000 due to lost holdings of \$1,000.

It was noted that Country Wide has matured. This money is being transferred into the Pension account at TD Bank. Mr. Sultanik will be moving this money to PFM soon.

6. Old Business

Mr. Bailey commented that the Board had approved the Investment Policy Statement.

7. New Business

Mr. Sultanik noted that Clear Channel's current worth was \$44,000. Since July 31, this has increased from \$31,500 to \$44,000. There has been no movement in last couple days. Mr. Sultanik believes that presently this situation is just a "wait and see" because of the tender offer. The deadline date to accept the offer is August 27. Mr. Bailey inquired about what PFM's recommendations were. Mr. Sultanik stated that PFM suggest taking the money.

Mr. Sultanik stated that Clear Channel has about \$700 million outstanding in bonds, maturing from 2011 to 2015. The Township's maturity date is 2012. Mr. Sultanik has received different amounts of money based on maturity date. In the tender offer, Clear Channel has set aside \$200 million to pay for the tender offer. Also included in this offer is the right to remove this offer all together or the right to increase the tender offer. Clear Channel has stated that they have another \$100 million set aside to increase the tender offer. Mr. Sultanik noted that the company has been sold back to the original owners. It was agreed to not move on this yet.

Mr. Sultanik noted that the Township's custodian for investment is TD Bank. Part of their service is to take over all activity of the pension. They also want to take over the payments to the retirees. This would take care of the monthly deposits into the retirees' accounts. TD would also issue 1099's at end of year. Mr. Bailey asked if there was a fee involved for this service. Mr. Sultanik stated that there was not because it is part of their service.

Mr. Sultanik also advised that \$120,000 in State Aid would be going into the TD account.

Mr. Perrone stated he would like to get the TD program going before Mr. Sultanik retires.

8. Public Comments and/or Concerns

There were no Public Comments

9. **CALL FOR ADJOURNMENT**

There being no further business, upon motion by Mr. Perrone, seconded by Mr. Ziemba, the Police Pension meeting was adjourned at 5:30PM.

Respectfully submitted,

Leonard T. Perrone
Township Manager

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