

BOROUGH OF DOYLESTOWN
FINANCE AND PENSION COMMITTEE MEETING
TUESDAY, JULY 8, 2014 – 5:30 PM
MINUTES

The meeting of the Finance and Pension Committee was held on the above date at the above time with the following members present: Chair Susan Madian, David Laustsen, Jack O'Brien and Noni West. Also present was Finance Director Caroline Brinker, Council member Joan Doyle, Mayor Ron Strouse and Police Pension Plan Representative Matt Smith.

Approval of Minutes

Minutes of June 12, 2014 Finance and Pension Committee meeting were approved. (West/Laustsen)

Doylestown Borough Police Pension Plan – Fixed Income Search

Margaret Belmondo, PFM Advisors

Ms. Belmondo reviewed with the committee that PIMCO Total Return has been under increased scrutiny due to personnel and performance issues. PIMCO has been in the Doylestown Borough Police Pension Fund since December 2007, and has outperformed the index since inception. However, the Fund has shown volatility and underperformance particularly in 2011 and more recently since early 2013. There has been some high-level turnover with no apparent succession plan in place. An Investment Manager Search Summary (Core Fixed Income) was provided and two funds were recommended: Baird Investment Management and TCW/MetWest. The Portfolio Characteristics and Peer Group Analyses of both Funds were reviewed and discussed. It was recommended that PIMCO Total Return be removed from the portfolio and replaced 50/50 with Baird Investment Management and TCW/MetWest (West/O'Brien).

Ms. Belmondo briefly reviewed the Asset Allocation and Performance of the plan as of May 31, 2014. The portfolio had a gain of 4.05% for the year.

The committee thanks Ms. Belmondo for her report.

Old/New Business

Ms. Madian briefly discussed with the committee an issue that was raised recently that Chalfont Borough had a 3.2% return on their Reserve Investments in 2013, versus Doylestown Borough's return of 0.52%. Contributing factors stemmed mainly from what was reported. Doylestown had income of 1.5% that was partially offset by an investment loss, creating a net gain to the portfolio of 0.52%. Chalfont had income of 3.2% that was offset by a larger investment loss, creating a net loss to the portfolio of 6.07%. It was requested that the Reserve Fund Investments be reviewed and that Rick White attend the August meeting.

The meeting adjourned at 6:00 p.m. (O'Brien/West)

Respectfully Submitted,
Caroline Brinker
Finance Director