

**PENSION COMMITTEE MEETING
MINUTES
MAY 17, 2001**

The regular meeting of the West Goshen Township Pension Committee was held on Thursday, May 17, 2001, at 8:00 a.m. at the West Goshen Township Administration Building. Present at the meeting were Peter C. Anderson, Jacob Bowman, Joseph E. Burt, Jeanne M. Denham, Gary S. Hess, William R. Keenan, Sharon Lynn, John M. Scott, Richard Weinstein, and Dr. Robert S. White. John Spagnola, of Spagnola-Cosack, Inc. was also in attendance. Mr. Weinstein called the meeting to order at 8:00 a.m.

Mr. Spagnola reviewed the first quarter capital markets summary, which showed inflation increasing to 4.0% from an overall 3.4% for 2000 while the unemployment rate rose to 4.3% and spiked to 4.5% through April 2001. The biggest sell off in the stock market since the 1970's occurred throughout the quarter and last year. Value stocks held their ground with positive returns while growth stocks continued to fall. Technology stocks declined nearly 60% year-to-date. Bonds did well as interest rates came down throughout the period. Mr. Spagnola pointed out that staying in value stocks rather than growth stocks actually helped all of the pension funds.

The detail of the Police Pension Fund has all staying within target ranges with a -6.27% decrease in performance for the quarter. Mr. Spagnola did point out that the markets have stabilized through the month of April showing actual increased earnings compared to the first quarter statistics.

Mr. Weinstein questioned whether or not it would be wise to rebalance at this time considering the differences between mid cap growth decline in *Turner* and increased growth in small cap value of *Berger*. Mr. Spagnola stated the committee may consider this rebalancing with future discussions of Aetna re-allocations that are required due to deficiencies within those funds.

Mr. Spagnola reviewed the performance of both non-uniformed pension funds that again showed all within target ranges, however a bit on the light side with current weightings which would be eased when re-allocations are made to fund Aetna.

A discussion ensued of possible replacement managers for MAS since they have been on the watch list and targeted for an update this quarter. Mr. Spagnola brought to the table possible candidates with *Western* being a leading possibility and ahead of its benchmark. The committee unanimously decided to not change from Miller Anderson for the present time since statistics were indicating a change for this manager in a positive direction.

Mr. Spagnola and Ms. Lynn explained the shortages in the Aetna contract from recent withdrawals due to guaranteed liabilities in the police pension allocations. An immediate funding of \$205,000 to Aetna is required to return the fund to a surplus condition and to fund the liability. Mr. Spagnola suggested the necessity to reallocate from the non-uniformed plans to fund the police pension plan in an attempt to have stronger weightings and target ranges. Mr. Weinstein again recommended a rebalancing between *Turner* and *Berger* in all three funds. Mr. Hess agreed with these suggestions, as did the committee. Mr. Spagnola will prepare the necessary paperwork and forward these to Ms. Lynn. The discussion was concluded at 9:25 a.m. and the meeting was closed.

The next scheduled meeting of the pension committee will be held on Tuesday, August 7, 2001 at 8:00 a.m.