

AGENDA

Finance & Revenue Committee

February 10th, 2016 – 6:30 pm

Committee Members: Jordan Norley (Chair), Brian Abbott, Jim Jones
Department Head: Michael A. Cotter

1. Comments, suggestions, petitions by residents in attendance regarding items not on the agenda.
2. Pension Plan Performance Review
3. Review of 2016 projects
4. Discuss new Fuel Card
5. Discuss 2015 Budget Modifications
6. Discuss 2015 Financials (DRAFT version only)
7. Discuss sewer and potential stormwater fee and billing structure
8. Other Business



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February 9, 2016

Memorandum

To: Borough of West Chester Police and Nonuniformed Pension Plans Trustees
From: Margaret Belmondo, *PFM Asset Management LLC*
Re: 4th Quarter 2015 Investment Performance Report – Executive Summary

Below you will find highlights of the Borough of West Chester Police & Nonuniformed Pension Plans (the “Plan”) 4th quarter 2015 investment performance report from PFM Asset Management (“PFMAM”).

- During the quarter, relevant market returns were as follows:
 - Russell 3000 Index (U.S. Equity): 6.27%
 - MSCI ACWI World ex USA (Non-U.S. Equity): 3.24%
 - Barclays Aggregate (U.S. Fixed Income): -0.57%
- The Police Pension plan returned 3.17% during the quarter and outperformed the Policy Benchmark return of 2.45%. The Plan had a return on investment of \$673,319 during the quarter and an ending market value of \$23,472,982 as of December 31st, 2015. **Update:** As of February 8, 2016, the Plan market value was \$22,128,833.
- As of December 31st, the Plan returned 0.85% for the 1-year trailing period and 6.99% for the annualized 3-year trailing period. The 1-year trailing period exceeded the Policy Benchmark of -1.28%; the 3-year trailing also exceeded the Policy Benchmark of 5.52%. **Update:** As of February 4th, 2016, the total Plan Performance had a year to date return of -3.35% compared to the policy benchmark of -3.49%
- The Nonuniformed Pension plan returned 3.22% during the quarter and outperformed the Policy Benchmark return of 2.50%. The Plan had a return on investment of \$378,459 during the quarter and an ending market value of \$12,937,363 as of December 31st, 2015. **Update:** As of February 8, 2016, the Plan market value was \$12,176,680.
- As of December 31st, the Plan returned 0.96% for the 1-year trailing period and 7.07% for the annualized 3-year trailing period. The 1-year trailing period exceeded the Policy Benchmark of -1.25%; the 3-year trailing also exceeded the Policy Benchmark of 5.53%. **Update:** As of February 4th, 2016, the total Plan Performance had a year to date return of -3.40% compared to the policy benchmark of -3.49%.



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- PFM's Multi-Asset Class Investment Committee advised on the following actions that occurred during the quarter:

 - October 1st: The Committee decided to remove the tactical equity overweight and reallocated funds to two new managers: Vanguard Inflation-Protected Securities Fund and Federated Ultra Short Fund. These steps were done to protect against a rising interest rate environment and take advantage of the opportunity in the Treasury Inflation-Protected Securities ("TIPS").
 - December 22nd: The Committee decided to add an actively managed non-U.S. equity fund managed by JO Hambro Capital Management. The Committee's view is that the JO Hambro strategy's propensity for investing based on company fundamentals, rather than maintaining a static allocation to emerging markets regardless of market condition, should provide beneficial exposure to emerging markets equities on an opportunistic basis.

**Borough of West Chester
2016 Fiance Department Project List**

	<u>PROJECT</u>	<u>DETAIL</u>	<u>RESPONSIBLE</u>	<u>DUE DATE</u>	<u>STATUS</u>
1	Audit Preparation	Reconciliations review, PBC List,.....	All Finance Staff	NLT 2/19/2016	Open
2	Audit	Fieldwork	All Finance Staff	Starts 3/2/16	Open
3	Employee Comp Letter	Complete full compensation letter for each employee	All Employees	1/22/2016	Complete
4	Fuel Card Meeting	Meet with Alex to discuss fuel card status	Jeff/Alex	1/22/2016	Complete
5	ADP Rollout	See timeline for details	Jeff/Barb/Bill/Judy/Jen	Multiple Deadlines	Open
6	Abila access	working with Abila and Bill to get access	Jeff/Lori/Bill	2/5/2016	Open
7	Abila Billing System	Implement billing system	Jeff/Theresa/Bill	6/30/2016	Open
8	Chart of Accounts Reconfigure	Current chart of accounts to be reconfigured/modeled after DCED	Jeff/Lori	12/31/2016	Open
9	Closing Time Turnaround	Create a consistent closing cycle/timeframe	All Staff	5/31/2016	Open
10	Amended Financial Reporting Package	Provide new financial package (less cumbersome but more info)	Jeff/Lori	5/31/2016	Open
11	Budget 2017	New Budget (goal based) format will be utilized	Mac/Jeff/Lori	Starts 4/1/16?	Open
12	Procurement Card		All Finance Staff	???	Open
13	Highway Aid Audit		Jeff/Barb	2/1/2016	Open
14	Pension Invetsment Policy	Adopt pension investment policy	JD/MAC	4/1/2106	Open
15	Investment Strategy & Mgt	Reivew cash flow in relation to invetsmt opportunities; diversify risk; review current invvenstment	JD/MAC	Mar-16	Open
16	Pension Plan Restatement	Review of current pension plan ordinances for compliance with IRS regulations	JD/MAC	Jun-16	Open
17	2011 Bond Refieincaing	Refinancing of the Matlack, Sahrples and Chestnut Garage bond	JD/MAC	Jun-16	Open
18	Stormwater Fee Billing	Creation of New Stormwater fee	JD/MAC/Theresa	Feb-16	Open
19	Sewer Billing	Review of stucture; joint billing with SWM	JD/MAC/Thersa	Feb-16	Open

NEW FUEL CARD ROLLOUT IN 2016

OLD FUEL CARD SYSTEM:

- > Cards were distributed by Department Managers on an as needed basis
- > Cards were "handed off" between users for different vehicles
- > Card tracking difficult at times
- > No electronic controls over maximum amounts of fuel that could be pumped
- > User could go to any station (potentially without regard to cost or premium type fuels)
- > Historically..... Borough patronized one vendor

NEW FUEL CARD SYSTEM:

- > One card assigned to each vehicle
- > Each user is assigned a unique password to use in conjunction with their assigned vehicles
- > Online program administration and monitoring:
 - *Controls over usage centralized by Borough Fleet Manager*
 - *Types of fuels controlled by Fleet Manager*
 - *Allows Fleet Manager to restrict access to certain gas stations if necessary*
 - *provide fuel site locator to obtain current best prices*
- > Year end volume rebate (1.6%) credited to Borough's account
- > Roadside assistance option
- > Standard and custom reports:
 - *provide information on individual user through fleet*
 - *better budget accuracy*

Borough of West Chester
Proposed Budget Modifications
For period ended: 31Dec15



<u>FUND</u>	<u>FROM</u>	<u>TO</u>	<u>AMOUNT</u>	<u>DEPARTMENT REQUESTING</u>	<u>REASON</u>
01	410-20	410-33	1,000.00	Mayor	reclass for Council member conference attendance
01	410-20	410-20	239.20	Police	unbudgeted - add reimbursement - attendance fee PML Annual Conference
01	410-35	410-35	40.00	Police	unbudgeted - add reimbursement - restitution
01	410-20	410-20	875.00	Police	unbudgeted - add voided check - duplicate issuance
01	410-12	410-12	190.92	Police	unbudgeted - add reimbursement - OT at DUI CC checkpoint
01	410-12	410-12	267.04	Police	unbudgeted - add reimbursement - OT at DUI CC checkpoint
01	410-35	410-35	60.00	Police	unbudgeted - add reimbursement - restitution
01	410-35	410-35	70.00	Police	unbudgeted - add reimbursement - restitution
01	410-35	410-35	23.00	Police	unbudgeted - add reimbursement - restitution
01	410-35	410-35	75.00	Police	unbudgeted - add reimbursement - restitution
01	410-35	410-35	158.50	Police	unbudgeted - add reimbursement - restitution
01	410-35	410-35	80.00	Police	unbudgeted - add reimbursement - restitution
01	410-12	410-12	505.64	Police	reimbursement for OT - DUI roving patrol
01	410-12	410-12	1,096.89	Police	unbudgeted - add reimbursement - OT at Drug Task Force CC
01	410-12	410-12	2,505.69	Police	unbudgeted - add reimbursement - OT at DUI CC checkpoint/Cops in Shops
01	410-12	410-12	1,022.28	Police	unbudgeted - add reimbursement - OT for Aggressive Driving 2015 Wave 1
01	410-12	410-12	2,600.00	Police	unbudgeted - add reimbursement - OT for Aggressive Driving 2015 Wave 3
01	410-23	410-23	606.08	Police	unbudgeted - add reimbursement back - bicycle replacement
01	410-35	410-35	278.75	Police	unbudgeted - add reimbursement - restitution
01	410-35	410-35	23.75	Police	unbudgeted - add reimbursement - restitution
01	410-12	410-12	255.20	Police	reimbursement for OT - DUI roving patrol
01	410-12	410-12	274.12	Police	reimbursement for OT - DUI roving patrol
01	410-12	410-12	1,300.00	Police	unbudgeted - add reimbursement - OT at Buckle Up PA
01	410-21	410-21	814.94	Police	unbudgeted - add reimbursement - uniforms GALLS
01	410-33	410-33	1,240.00	Admin	unbudgeted - add reimbursement - Civil Service exam fees (\$20 @ 62)

Total 15,602.00