



# Doylestown Township

## Pension Advisory Committee Meeting

~ MINUTES ~

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Monday, October 15, 2018

4:00 PM

Large Conference Room

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### IN ATTENDANCE

Chairman Sinclair Salisbury, Vice Chairman Ed Denton, Uniformed Rep Tim Reihl, Colleen Mullin, Nancy Wasch, Greg Schuster, Board Liaison Ken Snyder and non-voting members: Ken Wallace and Stephanie Mason

Absent: Joe Delikat

### WELCOME

Mr. Salisbury opened the meeting. He welcomed everyone in attendance.

### MINUTES APPROVAL – September 17, 2018

ON MOTION of Mr. Schuster, seconded by Ms. Mullin the minutes of September 17, 2018 were unanimously approved with the following changes:

Pg 2, second paragraph, “there was a good market return.” Should be changed to: The funding level is now 88% for non-uniformed..”

Pg. 2, third paragraph, after “at 2017 the funding level is 89%”

### RECAP OF MEETINGS WITH DK BREDE AND THOMAS ANDERSON

The Pension Committee went around the table and provided their comments regarding the meetings held in September and August with the consultants.

Mr. Denton commented that he thought they were both good meetings. He believed that Ms. Brede covered all of the questions.

Ms. Mullin indicated that she did not have any questions. She felt that they were addressed. The two people addressed what the Pension Committee wanted addressed.

Mr. Schuster believes he has an understanding of everything and he professionally has a good working relationship with Mr. Kennedy.

Mr. Salisbury thought both were good meetings and questions were answered.

Ms. Wasch found the meetings useful and it helped to provide questions in advance to the consultants. No new information was provided and definitely good to know that due diligence is important.

Officer Reihl had no comments.

#### PREPARATION OF A RECOMMENDATION TO THE BOARD OF SUPERVISORS

Discussion on lowering interest rate or rate of return from 8% to 7.75%.

Mr. Wallace indicated that the reduction would not take effect until 2020. The Committee can come to the Board of Supervisors for example on November 20<sup>th</sup> with information and the Board would need to take action for a 1/1/19 actuarial evaluation study.

Mr. Denton volunteered to write a memo and circulate it for the November 20<sup>th</sup> Board meeting.

Mr. Snyder indicated that going from 81% funded to 89% funded is a great thing because of the market condition and the additional \$275,000 that the Township has put in the Pension Plan, but he questioned where do we want to be? How much more needs to be paid in the outer years.

Mr. Schuster indicated that that could be a struggle, if the discount rate is not changed.

Ms. Wasch also questioned where we want to be? 100%? Question on funding numbers based on the input, where does the Board head at ¼% reduction per year? Those are steps that can be taken but are they comfortable with those steps?

Ms. Mullin commented that is a fair statement. If the discount rate goes down, do we want to be at 100% funded? Is it discretionary?

Mr. Denton indicated that it could be a hybrid, if the budget could support something for 95-100% funded.

Mr. Wallace indicated that the Township works on a 5 year budget outlook and tries to develop a 5 year tax plan as well.

Discussion ensued among the Committee members on how to come up with a strategy to engage the Board of Supervisors and obtain feedback from them concerning different scenarios for the next five years.

Mr. Denton indicated the Committee should come up with goals from the strategy to present to the Board of Supervisors and draft a list of objectives to the Board.

This way the Committee would find out from the Board of Supervisors on what they want to do.

The Committee agreed January 15th 2019 is the goal to meet with the Board of Supervisors.

One of the Committee's goals in 2019 is to draft a Request for Proposal for the Financial Advisor.

Mr. Shuster indicated he has had experience in this area since Warminster Township went out to RFP for their pensions. Mr. Shuster said he picked up information from other advisories to incorporate styles and ideas concerning the RFP process. He also mentioned the process takes a long time to complete. Warminster went from RBC to PFM as their pension advisor.

Mr. Salisbury asked the Committee how we move the process forward for 2019. Discussion ensued among the Committee members and the consensus was for the Committee to make a recommendation to the Board of Supervisors and receive the authorization to move forward.

Again Mr. Shuster said the process at Warminster was to invite firms to meet with the Township Manager. Usually there were single reports for pension committee and employee committee from the different advisors. Among the many objectives in the process was the reporting and style of the pension results.

The Committee had further discussion concerning the Actuarial discount rate and the strategy is to recommend a reduction from 8% to 7.75% for the 2020 MMO year. The recommendation would go before the Board of Supervisors at the November 20th 2019 meeting.

Further discussion about the draft memo ensued and when it's due, it was decided that November 16th would be the date.

The next meeting for the Committee would be to come up with the strategies for 2019.

The Committee adjourned at 5:48 PM

Respectfully submitted by

Stephanie J. Mason  
Secretary