

PENSION COMMITTEE MEETING
September 15, 2015
4:00 PM

In attendance: Board of Supervisors; Barbara Lyons, Rick Colello, Ken Snyder, Ryan Manion, Shawn Touhill, Uniformed Representative: Mark Wetmore and Township Manager Stephanie Mason. Absent: Sinclair Salisbury, Non-Uniformed Representative;

APPROVAL OF MINUTES – February 3, 2015

ON MOTION of Ms. Lyons, seconded by Mr. Touhill the minutes of February 3, 2015 were approved, 4, 0, 2 with Mr. Wetmore and Mr. Colello abstaining.

2016 FINANCIAL REQUIREMENT AND MINIMUM MUNICIPAL OBLIGATION

Doug Worley, Thomas J. Anderson and Assoc. was present to present the 2016 Financial Requirement and Minimum Municipal Obligation. Mr. Worley stated that the state aid numbers have been provided for 2015 and those would be \$3, 804.84. That is an increase over 2014, which was \$3,757.02.

He indicated that the 2015 actual numbers for the MMOs shows what the Township will owe in 2016 for budget purposes. The new hires in 2012 are less expensive in the defined contribution plan at a flat rate of 5%.

For the state aid, the police will receive 2 units and the non-uniforms will receive 1 unit. This typically changes annually.

He indicated that it's up about 1. 24% over last year. The obligation is due at the year end. To qualify for the state aid a member has to be fulltime with the Township for at least six consecutive months. He said it is better if someone to qualify is hired no later than July 1st. Each year it goes up a little bit and changes demographically. Once a person is in DROP they count and we get not state aid for them. The non-uniform is changing and going down because new hires are going on the defined contribution system.

State aid is based on the actuarial studies for next year. The actual numbers are better than expected. They updated the mortality tables and seen greater reduction in the MMOs if they hadn't done that. And with the asset gains and actuarial gains, the police side and non-uniformed side changed cost percentage is all based on the 1115 and it went up to over 3%. 2016 is up on the defined benefit plan for the non-uniforms as well.

The MMO, the Township is committed for the money in at market value and funding the plans and we are certainly in better shape at 86% over all, police at 88% and non-uniformed at 82%. Even with the mortality tables, those numbers are up and is very good.

There was some discussion about lowering the actuarial assumptions, but that can be expensive and something that could be considered and discussed for 2017 as well.

PRESENTATION BY DEBRA BREDE, D.K. BREDE INVESTMENTS

Ms. Brede provided information on the analysis on the non-uniformed and uniformed pension plans.

In the non-uniformed pension plan she provided an Account Summary based on market values of large cap, small cap, emerging markets, and bonds where the money is. Provided the Asset Allocation Targets and accounted for the Asset Growth for the period ending July 31, 2015 was year to date up 3.64%, since inception 122.75%.

Ms. Brede provided investment performance comparisons for the plan as well as the weighted index.

For the Uniformed Plan she provided the Account Summary for Market Values, the Asset Allocation for the plans, the growth for the account as of July 31, 2015, which was 3.59%, since inception 207.26%. And also provided investment performance information.

Ms. Brede also indicated since the with the ending September 13th information the plan has gone down -2.01% and -1.95% respectively.

She also reviewed a spreadsheet provided by a study that the Buck County Consortium of Municipalities did and how the Pension Plan both Uniformed and Non-Uniformed , compared to some of the other municipalities for the 11, 12, 13 and 14 years their rates of return.

In terms of a discussion regarding the use of investments that are not managed as ETFs in a potential way of saving management fees as a comparison. This may be a discussion that the committee wants to undertake at their next meeting in February and look at ways of perhaps saving a cost. SEI provides a fee for the ETF .24% and whether or not that is something that the Committee wants to consider.

Ms. Brede said you could take half of the investment such as in a way from equity, but not in the bond. She said the bond does not yield as well with the ETFs.

Ms. Lyons inquired about Mr. Wallace's thoughts. Mr. Wallace, Finance Director, said that service provided by SEI regarding paying retirees and information for accounting purposes they are doing a very good job and providing a good service.

After further discussion Mr. Colello made a MOTION to send the MMOs to the Board of Supervisors for consideration of obligations.

Mr. Wetmore seconded the MOTION, the MOTION carried 6-0.

Ms. Lyons inquired as to whether or not there was another meeting between February 2015 and September and asked Ms. Mason to look into it.

Being no further business the Pension Plan Committee Meeting adjourned at 4:55 PM.

Respectfully submitted.



Stephanie J. Mason