



Doylestown Township
Pension Advisory Committee Meeting
~ MINUTES ~

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Monday, April 8, 2019

4:30 PM

Large Conference Room

IN ATTENDANCE

Chairman Sinclair Salisbury, Vice Chairman Ed Denton, Uniformed Rep, Ofc. Tim Reihl, Joe Delikat, Nancy Wasch, Board Liaison Ken Snyder and non-voting members: Ken Wallace and Stephanie Mason

Absent: Greg Schuster and Colleen Mullin

Guest: Six Township Employees and one retiree

WELCOME

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

MINUTES APPROVAL – March 11, 2019

ON MOTION of Mr. Denton, seconded by Ofc. Reihl, the minutes of March 11, 2019 were approved with Mr. Delikat abstaining.

OLD BUSINESS

Mr. Salisbury indicated that he felt the Committee should respond to Mr. Colello's email. It was suggested that the Committee discuss this later.

NEW BUSINESS

Review Draft 2019 Objectives/Tasks (Please see the attached draft)

Mr. Denton prepared the Draft 2019 Objectives/Tasks List. He suggested that two members of the Committee work on each of the objectives or tasks:

1. *Monitor Pension Investment and Development New Pension Monitoring Report:* It was suggested that Mr. Delikat and Ms. Mullin work on this. Schedule/teleconferencing with Ms. Brede to be accomplished. Mr. Delikat agreed to participate.
2. *Develop a 'Discount Rate Target Range':* Mr. Denton indicated that he and Ms. Wasch would work together on this task.
3. *Interact closely with Ways & Means Committee:* It was suggested that the Pension Committee interact with the Ways and Means Committee and come up with a list of questions for the May 22nd meeting and review that at the next meeting.

Mr. Delikat indicated that he and Ms. Mullin are both on the Ways and Means Committee and if everyone sends their questions to him, he will compile them. Questions might consist of things like, how the Ways and Means derives funds going forward. It was agreed education is important.

4. *Develop Long Term Action Plan:* It was suggested that Mr. Denton and Mr. Delikat work on this item.

ACTION/FOLLOW-UP ITEMS – Mr. Denton summarized the previous meetings tasks and distributed it to the Pension Advisory Committee, which will be completed. He sent an email to Mr. Delikat asking that he mock up a draft of the new Pension Monitoring Report.

Mr. Delikat provided the Committee with a draft, which is attached for reference.

The Committee walked through the various pages developed by Mr. Delikat.

Mr. Denton also sent an email to Ms. Mullen asking her to bring examples of reports from her work that Committee could review and adapt. This item is pending.

Ms. Wasch did contact her colleagues to get examples of projected pension cash flow reports and information on appropriate discount rates to use. She elaborated to the Committee and provided examples and frame works regarding the pension benefit guarantee that private sectors use to determine rates. Much of this is set by IRS and Dept. of Labor and it assists in calculating liability and benefits to be paid. It can range from 3% - 6%. It can change monthly. Again this is for private pensions so it is not 100% applicable to government agencies.

Mr. Denton questioned how they apply the discount rate. Ms. Wasch indicated that they don't prepare the reports annually to preset values for liability. It is a cash-flow vs. benefits.

Mr. Denton questioned the appropriate wording to forecast the projection and how much is paid out.

Mr. Salisbury questioned Ms. Wasch on a relevant way a discount rate is determined and models that could be looked at to recommend rate.

Mr. Delikat suggested that a common actuarial spreadsheet of the present value and the actuary mortality tables that are being done should be viewed. He also indicated that if you can see the same data you can show how it could be calculated into aggregate.

Mr. Denton indicated that the payout could climb significantly for example over a 5yr. period. Having a call with Mr. Kennedy, Thomas Anderson and Assoc. is important.

Ms. Wasch questioned the cost for redoing funding scenarios with the actuary. It seems it should be simple change and the rates should not be high.

Mr. Denton indicated that the MMO results will be different calculations and it would be helpful in assisting with budgeting.

The Pension is not fully funded because the plan's investment returns did not match the 8% assumptions used. Although it has been reduced, it still needs to be reduced further. The difficulty is trying to find out the right discount rate. Need to understand the financial impact of changing discount rates, how much more would need to go into the pension. The idea is close the gap. Suggestion was to call Mr. Kennedy to develop the scenarios.

Mr. Delikat pointed out in the financial reports provided that page 2 of the report Ms. Brede's information, net contributions need more detail to create a table over time and percentage of assets. Need to see all of the costs and fees.

Ms. Wasch questioned if it is an all in fee with management internal fees on net returns.

Mr. Delikat continued to work through the proposed pension monitoring reports with the Committee and the Committee concurred that developing such a reports will very beneficial in the long run for a variety of reasons helping better understand the defined benefit pension funding requirement.

It was suggested that a revisit policy of investment. Also, on April 25, 2019, Warminster Twp. Pension Advisory Committee is meeting at 4:30. Many from the Doylestown Pension Advisory Committee are going to try to attend.

Responding to Mr. Colello's Email - It was suggested that Mr. Salisbury send an email thanking Mr. Colello for his time and information. That although the Committee may disagree with some of the information, it was appreciated being shared and that the Committee will work to address his suggestions and concerns over time.

It was also discussed being able to perhaps use Webex in the new building to have meetings with Ms. Brede so she doesn't have to come down physically.

ACTION ITEMS

Mr. Delikat will receive the questions for the Ways and Means Committee by May 1st. Those will be reviewed at the next Pension Advisory Committee and shared with Ways and Means Committee May 22nd.

The copy of the Investment Policy Statement. Contact Mr. Kennedy about receiving data. Discuss attendance and times of meetings going forward.

Ms. Trageser, Twp. employee and member of the Defined Benefit Plan, questioned how did we get a deficit in the pension. Mr. Denton indicated that the Ways and Means Committee formed a subcommittee and did a study of the pension plan and presented that information to the non-uniformed employees in the Fall of 2017. He indicated that he would get a copy to Ms. Mason so that it could be shared with the employees that may not have attended that meeting.

It was indicated that it is not "gloom and doom" but that there is the ability to proactively fix it even though the plan is not fully funded at this time.

Ms. Wasch indicated that this is an issue across the country with a variety of pension plans that haven't been able to keep pace with returns down and expectations higher than the returns. The best thing is try to take action to correct it.

The Committee adjourned at 6:09 PM

Respectfully submitted by

Stephanie J. Mason
Secretary