



Doylestown Township

Pension Advisory Committee Meeting

~ MINUTES ~

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215-348-9915

Monday, July 8, 2019

4:30 PM

Large Conference Room

IN ATTENDANCE

Chairman Sinclair Salisbury, Vice Chairman Ed Denton, Scott Jones, Bob Salanik; Colleen Mullin, Joe Delikat, Nancy Wasch, Board Liaison Ken Snyder and non-voting members: Ken Wallace and Stephanie Mason

WELCOME

Mr. Salisbury opened the meeting and welcomed everyone in attendance and acknowledged Gregg Schuster's resignation. The Committee regretted hearing of his resignation but wished him well.

MINUTES APPROVAL – June 10, 2019

There was a typo the Ms. Wasch had identified and had been corrected. On motion of Mr. Delikat, seconded by Ms. Wasch, the minutes from the June 10, 2019 were approved.

OLD BUSINESS

Finalize Pension Monitoring Report – Mr. Delikat indicated that he made the corrections and sent a copy to Ms. Brede. That a conference call was held with Ms. Brede, Ms. Mullin, Mr. Wallace and Ms. Mason. They went over the information that the Committee had put together. She will be incorporating what has been requested. They are meeting in September. It was requested that as soon as she has some information in a draft form that she can share it would be helpful.

The Committee obtained copies of the Upper Southampton Township report that Ms. Brede prepares for them.

Mr. Delikat indicated that he reviewed those reports and found the information to be very similar to the report that is provided to the Doylestown Township presently.

Mr. Delikat indicated that he went back and looked at a lot of information that Mr. Denton has gathered previously regarding the weighted averages and compared it to the Upper Southampton Township averages and they are very similar, just off slightly. He indicated that the Upper Southampton plan is a straight 70/30 plan. He also indicated that the Upper Southampton plan has higher yields, losses are higher but they have more in equity than our Township's plan.

Mr. Snyder inquired about participation and Mr. Delikat reviewed that based on current plans.

Mr. Delikat also discussed the assets and the funds being dispersed to pensioners. He indicated that he looked at the distressed communities report, the level of 0-90%. Level 0 is 100%. One is 70-90%, level two is 70-50%,

and level three is 50% or below. 62% of the 1,455 municipal plans are at a level 0. No one knows what their discount rates or plan provide.

Mr. Delikat indicated that he believes the 80% theory is a myth and that the best benchmark is to be at 100%.

Mr. Snyder indicated that recommendations to the Board of Supervisors should be done in September if any rate adjustments or the like are going to be requested.

There was discussion indicating that liability would increase if the discount rate goes down. The MMO rate will increase as well. It was indicated that further discussion could be gone over with Mr. Kennedy when he comes in August.

NEW BUSINESS

Executive Summary – It was suggested that an Executive Summary for the Board of Supervisors of the information be reformulated keeping key point and language in for the Supervisors.

Ms. Mullin indicated that she believes the summary should provide how well the portfolio performed and what the liability is at the time the report is provided.

In addition, it was suggested that information from the DK Brede report and the actuarial data also as of December 31st should also always be provided at the beginning of each year. Of course any shortfalls for both plans need to be identified as well. In addition, the information in the summary should report how the Township is doing versus benchmarks in the industry. In addition, that information should be easily understood and be able to be presented to residents as well.

Ms. Wasch indicated that pension information is sometimes very difficult for people to understand, so being able to explain it in a simple way is important.

Mr. Kennedy will be attending the August 12th meeting, if anyone has any questions please provide them in advance to Ms. Wasch by July 22nd and she will compile them.

Mr. Wallace indicated that knowing what the liability is and what the discount rates are going forward would be helpful. Also, requesting the actuary in attendance would also be helpful. Mr. Wallace will reach out and invite them to attend as well.

Mr. Delikat discussed the asset allocation and the percentage for bonds and the issues with benchmarking when in an index.

Ms. Mullin indicated that typically it is preferred that you have active managers in the bond market.

Ms. Wasch indicated that perhaps a question should be asked about duration and putting it in the investment policy could be helpful.

Being no further business the meeting adjourned on motion of Mr. Delikat, seconded by Ms. Mullin. Motion carried. Meeting adjourned at 5:28pm.

Respectfully submitted by

Stephanie J. Mason
Secretary