



**Doylestown Township**  
**Pension Advisory Committee Meeting**  
~ MINUTES ~

425 Wells Road  
Doylestown, PA 18901  
<http://doylestownpa.org/>  
Twitter: @DoylestownTwp  
[www.facebook.com/doylestowntwp](http://www.facebook.com/doylestowntwp)  
215-348-9915

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**Monday, September 9, 2019**

**4:30 PM**

**Large Conference Room**

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IN ATTENDANCE

Chairman Sinclair Salisbury, Bill Mokriski, Bob Salanik; Colleen Mullin, Joe Delikat, Nancy Wasch, Board Liaison Ken Snyder and non-voting members: Ken Wallace and Stephanie Mason

Absent: Vice Chairman Ed Denton

WELCOME

Mr. Salisbury welcomed the Committee and Debra Brede, DK Brede Investment Management Co. Inc.

MINUTES APPROVAL – August 12, 2019

On MOTION of Mr. Salanik, seconded by Ms. Wasch the minutes were unanimously approved.

OLD BUSINESS : None

NEW BUSINESS:

**Presentation from Debra Brede, DK Brede Investment Management Co. Inc.**

Ms. Brede provided the Committee with an updated Pension Monitoring Report dated June 30, 2019. The report was based upon conversations with members of the Committee to develop a new report. Ms. Brede walked to Committee through the report.

Part One - Market Overview – this provided information on the market index performance as of June 30, 2019.

Page 5 of the report talks about the economy and provides a quarterly market summary.

Ms. Brede indicated that there has been a slow steady growth, but a slow down globally especially in manufacturing.

Part Two – Change in Market Value – this would include contribution and withdrawal summary.

This information showed a performance change in Market Value Uniformed Pension Plan from January 2019 – June 2019. It also showed the internal rate of return and provided a definition of same.

The report at this point also showed the time waited rate of return which reflects the performance of the person making investment decisions during the period. This disregards the deposits and withdrawals in the account.

Ms. Brede also provided, on page 12, the differences between TWR - Time Wait Rate of Return and the IRR - Internal Rate of Return.

The report also shows information on contributions and withdrawals from the account.

Page 15 of the Report shows the changes in performance market for the non-uniformed plan as well as the TWR and IRR.

Section 3 – Performance by the Asset Class vs. Benchmark and the Fund Level Performance vs. Benchmark.

Ms. Brede indicated that the funds especially the bonds, she's is using active management and bonds that are on the watchlist ie. Dan Issacson's who runs funds and the differences.

She also reviewed the blended the benchmark rate of return and the target waiting in the report. She provided the Morning Star hypothetical portfolio snapshot as well. The target waiting was 60/40, 65 max.

Mr. Delikat indicated he wants to know how we did year to date. That information is provided in the report as well at 12.93% blended.

Section 4 – Summary of Fees

Page 26 shows the fees for the Uniformed Plan and page 27 show the fees associated with the Non-Uniformed Plan.

Section 5 – Provides the Disclosures.

Mr. Delikat indicated that his opinion there is too much information that was done for compliance purposes. However, he would like to see info that the Committee could easily share with the Board of Supervisors.

Ms. Brede indicated that if the Committee likes the format, that she is happy to work with the Committee to tweek it, but she always has to comply with those disclosures.

Ms. Wasch indicated that she felt the report was a tremendous improvement.

Ms. Brede thanked Ms. Wasch and indicated that everything had to be approved by FINRA.

Mr. Salanik indicated that he liked the report.

Mr. Snyder indicated that the Committee could work on sharing portions of it with the Board of Supervisors and finding details to pull out and making a handout.

There was also discussion on a report such as this provided to the Committee twice a year – July and January.

**Pension Liability Analysis:**

The Committee wants to take the burden away from the Board of Supervisors and review the level port and detailed information but, to be able to have the Board to continue to reduce the interest rate and be able to still provide additional funds into the plan that would help reduce the liability. Hopefully, this will get the funding of the plan closer to 100%.

The Committee recognized that this will take some time to accomplish. Therefore Mr. Delikat prepared the attached Net Pension Liability Analysis dated 9/9/19.

There was discussion amongst the Committee about adding an additional \$275,000 to the plan. While at the same time the rate of return should also be reduced going forward.

Mr. Delikat indicated that there are three options; one would be to add \$275,000 over 15 years, option two would be to assess a mil to the budget annually. Which would bring approximately \$276,000 which could be put in the plan. Options three, based on 2018 Financials Sensitivity Analysis would indicate a \$2,589 difference between the 8% and 7% discount rates or return on assets. Based on a 1/4 % decrease every two years or and 1/8% every year. \$325,000 annually would be the appropriate amount additionally to be budgets.

Mr. Salanik indicated that we could always go with options 1, but adding a mil could come out very quickly if needed.

Ms. Mullin suggested option 3, although a bit complicated in formula, over an 8 year period seemed appropriate.

Mr. Snyder commented trying to work toward 95% funding in an 8 year period vs. a 15 year period. And although the State is only looking at those under 90% you can make the payments.

It was indicated that there is no risk to the employees in the plan and that the Township wasn't going out of business like what happens in private sector some times.

Mr. Delikat reminded the Committee that the Township is in the bottom 1/3 of funded plans in the State. Even though the last few years we are striving to supplement the plans with additional funding.

After further discussion is suggested that perhaps a hybrid of option 1 with part of option 3 be combined for a \$300,000 additional payment to the plan.

Ms. Wasch said as long as the Township continues to reduce the rate of return that might make sense.

It was also indicated that the options will be evaluated annually through the budget process.

Mr. Salanik made a motion, seconded Ms. Mullen that the Committee recommend that the Board of Supervisors consider and extra payment of \$300,000 to the Pension Plan along with continued reduction in the rate of return by ¼% per year. Motion carried unanimously.

Being no further business the meeting adjourned at 6:19 PM

Respectfully submitted by

Stephanie J. Mason  
Township Manager

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