

**Doylestown Township Pension Advisory Committee**  
**Minutes for April 12, 2021**

In attendance: Chairman Ed Denton, Vice Chairman Sinclair Salisbury. Members: Robert Salanik, Tom Burke, and Colleen Mullin

Board of Supervisors Liaisons: Jen Herring and Nancy Santacecilia

Staff Liaisons: Finance Director Ken Wallace and Township Manager Stephanie J. Mason

Absent: Ofc. Mokriski and Joe Delikat

**WELCOME**

Mr. Denton welcomed everyone to the meeting.

**APPROVAL OF MEETING MINUTES – 3/8/21**

On MOTION of Ms. Mullin, seconded by Mr. Salanik the minutes of the March 8, 2021 meeting were unanimously approved.

**OLD BUSINESS:**

**Review Updated Draft of Employee Pension Portfolio – Executive Summary Report**

Mr. Denton shared his screen and a power point of the proposed presentation to the Board of Supervisors.

The first part is the Executive Summary of the Report regarding the two plans. He shared a table of contents with various metrics the Committee has utilized along with the recommendations from the consultants regarding the recommended discount rate. The presentation shows the pension assumptions comparing State and Local Governments and the S & P 500. The Power Point addresses the Committee's recommendations for the budget and achieving a lower discount rate. Mr. Denton reviewed various metrics, 1-6 and the next steps for the Committee to take (see attached document).

Ms. Santacecilia asked what would happen if we did not take any action? Mr. Denton inferred that it would not be good.

Also, there was discussion of the 5-Year moving average surrounding the Stock Market, because that is always going up and down Mr. Burke commented.

They also discussed different drivers impacting the pension plans.

Ms. Herring inquired if other places are at 7.12% rate of return why do we need to get to 6%?

Mr. Denton indicated that the plan has deficits that we need to be overcome. Lowering the discount rate is the best way to address it. That shows in the benchmarks that Nate Baldwin, DK Brede, prepared.

Metric 4 – indicates how the plan is performing below the benchmark.

Metric 5 – It was pointed out that although the discount rate decreases the MMO will increase.

Mr. Salanik questioned the payout and what happens when the MMO goes away as all Non-Uniformed employees retire. Making sure that the plan is fully funded is the goal. At that point it should be on autopilot. It was suggested to follow up with Mr. Kennedy on this question.

In terms of next steps – Ms. Mullin indicated that she appreciated Mr. Denton taking everyone's comments into consideration.

Ms. Santacecilia indicated that there is certainly an urgency about the numbers.

Mr. Salisbury indicated that Mr. Denton did a good job in distilling the information down.

Ms. Herring asked when the time would be that the plans will be fully funded? Mr. Denton indicated that it is impossible to project. Bringing the discount rate down the MMO will go up. The demographics in mortality rates will change but the deficits are 7– 10 years out. So, the anticipation is that sometime between 2035-2040 would be the time when the Non-Uniformed Plan will be fully funded.

Ms. Mullin indicated that the funding level will be lower.

Mr. Burke said stepping up the funding in extraordinary markets, but you cannot expect even 6% all the time.

Mr. Salanik agreed that the market fluctuates so you cannot always anticipate high returns that we have seen recently.

There was a question regarding the financial reports from the actuaries regarding the funding currently at 97%. After some discussion, Mr. Burke indicated that the Committee does not need to dispute the statutory number, because that is shown at a specific point in time. We need to revert to the expectations in the market going forward.

Mr. Salisbury indicated being able to explain that to non-technical people will be important.

### **Schedule Date to Present to BOS**

There was a discussion about having DKBrede present to the Board of Supervisors. The conclusion was to hold that off for a year. After further discussion, it was agreed that the Committee will present to the Board of Supervisors at their May 4<sup>th</sup>, 2021 meeting, so that at the June budget meeting comes around they will have already seen the information.

### **NEW BUSINESS**

#### **Discuss Investment Advisor RFP**

Mr. Burke briefly mentioned the 1<sup>st</sup> quarter policy benchmark results from the advisor in the 65/35. Then MSCI and Barclay's Ag first was up 1.825% and the other was 4.625% and the bonds were down 3.4%.

**The RFP** – Mr. Burke indicated that Ms. Mason had done a good job getting the advice from the Solicitor regarding the RFPs and templates provided were helpful. He reminded everyone that the document will be in the public space. He discussed the RFPs obtained from Abington, Newtown, Middletown Townships, and the legalese some have in them versus others.

It was suggested that this is going to be a heavy lift and we will need the Township Staff to develop the RFP.

Mr. Salanik commented that an evaluation criterion for the vendors, such as a rubric, is going to be needed so that we appreciate the scope of services from a respondent i.e., they will be providing general information such as CVs, history of the companies, etc. Getting the Board of Supervisors to agree to move the RFP forward is important as well.

Ms. Mullin suggested addressing custodial and administrative services in addition to investment advisory services and putting it all on one bundled platform is a good idea. Including this information in the RFP as well should be considered. It was suggested that at the next meeting the Committee will look at this further.

Being no further business the meeting adjourned.

Respectfully submitted by

Stephanie J. Mason  
Secretary