

**Doylestown Township  
Ways and Means Committee – Meeting Minutes  
June 27, 2012**

<b>Resident Members</b>	<b>IN</b>	<b>Township Participants</b>	<b>IN</b>
Mark Glassman – Chairman	N	Barbara Lyons – Board of Supervisors	Y
Lee Schwarz – Vice Chairman	Y	Shawn Touhill – Board of Supervisors	N
Ed Denton – Secretary	Y	Rick Colello – Board of Supervisors	Y
Brenda Bray	Y		
Ed Ebenbach	Y	Stephanie Mason – Township Manager	Y
		Sandra Zadell – Asst. Township Manager	Y
		Ken Wallace – Township Finance Director	N
		Richard John – Township Operations	N
		Karen Sweeney – Parks & Recreation	Y

Mr. Schwarz called the meeting to order at 7pm. A quorum was present and the following matters were discussed.

1) Approval of Prior Meeting Minutes:

- Mr. Schwarz asked if there were any proposed changes or corrections to the May 23, 2012 meeting minutes.
- None were noted and the prior meeting minutes were approved.

2) Pension Plan discussion summary:

- Tom Anderson, the Township's Pension Fund consultant, reviewed an analysis of the Township's Non-Uniform Pension Plan dated May 18, 2012 which provided the present value of accrued vested benefits for active participants should the Township choose to leave the defined benefit plan and enter a defined contribution plan. Mr. Anderson's comments included the following:
  - The analysis was based on participant data and plan assets as January 1, 2011
  - A valuation of the pension plan is performed every 2 years
  - The analysis assumes that the Township has 13 terminated vested participants and 10 retirees who are receiving benefits and that all active employees would be moved over to defined contribution.
  - The output of the analysis included the following data:
    - Total present value of all active participants' vested benefits is \$2,737,574.
    - This amount increases to \$2,773,861 if both vested and non-vested benefits are included.
    - If every active participant moves their lump sum into a defined contribution plan, the Township would need an additional contribution of approximately \$700,000 to fully fund the plan which are due and payable the day of plan conversion, i.e. 1-1-13 in this scenario.
    - Suggested getting legal guidance.
  - He suggest that if the Township were to move forward with the change in the pension plan, it would be a good idea to include the defined contribution rate in the plan document
- Ms. Lyons suggested that it would be worthwhile to evaluate whether the Township has enough money to fund the transition to a defined contribution plan this year. She also reiterated that one of the key goals for this initiative is to minimize the financial risk for the Township.
- Ms. Bray commented that there are FASB changes in pension reporting in the works which may have a potential impact on the Townships decision.
- Mr. Ebenbach noted that there are other towns that are moving forward with this type of change to their pension plan and suggested that we evaluate what they are doing.
- Mr. Schwarz noted that in a defined contribution plan that the employees would be responsible for selecting their investments.
- Mr. Denton noted that several companies including Merck provide financial counseling to employees to meet their fiduciary responsibilities.

- Ms. Zadell indicated that Morgan Stanley who oversees the Township's 457 plan offers regular financial counseling sessions to the Township's employees.
- Ms. Zadell also noted that changes could accelerate retirement of eligible employees to beat the change.
- Mr. Schwarz asked if police regionalization would trigger any financial impacts on the township from the uniformed pension plan. Mr. Anderson replied no.
- Ms Lyons added that our assumption for planning purposes has been that there would be no pension related impact from a change in police structure/regionalization.
- Mr. Anderson commented that while rates could be as low as zero and he has seen 8%, a 5% contribution is currently the going rate for employers in defined contribution plans
- Ms. Zadell asked where the 5% contribution would typically go. Mr. Anderson responded that putting the contribution into the 457 Plan would be administratively easier.
- Ms. Zadell asked if there was a maximum annual contribution. Mr. Anderson responded yes, its approx. \$15k
- Mr. Anderson projected that the township may begin saving money in 3 years.
- We need to clarify if defined contribution plan loses state aid vs. 457
- Mr. Anderson noted that if Township intends to pursue this change, it must be presented to the BOS and approved in principle by Sept 30.
- Ms. Mason offered that Mr. Wallace could have first half payroll numbers by end of week of July 6.
- Upon receipt of those numbers, Mr. Anderson would do a refined projection of cost

### 3. Budget update:

- Mr. Ebenbach provided a short update on the budget
  - The team ran the forecast model again this month
  - On the revenue side, building permits were up.
  - On expense side, many expense accounts are running light.
  - Capital is running a little heavy.
  - Fund balances are growing
  - Managers are saying that they still expect to be on budget for the full year.
  - Next month they will have an updated full year 2012 forecast.

### 4. Fund Development Sub-Committee update

- Mr. Schwarz gave a short update on the sub-committee's activities
- Team vetted all of the suggestions. The max estimated generated incremental revenue of any of the ideas was approximately \$5k.
  - Tonight's goal was to review the spreadsheet of all the ideas suggested and to communicate to Mr. Touhill what we suggest would be 2 or 3 best ideas to focus on.
- Ms. Lyons suggested that we should focus on the least labor intensive ones.
- Several people liked the idea of a marketing plan/gift catalogue, buying guide selling Doylestown labeled items and were supportive of Karen pursuing this idea further.
- Pursuing DTV Sponsorships made sense.
- Alternative energy lease agreements were worth pursuing.

### 5. Meeting was adjourned at 8:30pm.

Respectfully submitted.

Edward Denton  
Secretary