

**Doylestown Township
Ways and Means Committee – Meeting Minutes
July 25, 2012**

Resident Members	IN	Township Participants	IN
Mark Glassman – Chairman	Y	Barbara Lyons – Board of Supervisors	N
Lee Schwarz – Vice Chairman	Y	Shawn Touhill – Board of Supervisors	N
Ed Denton – Secretary	Y	Rick Colello – Board of Supervisors	Y
Brenda Bray	N		
Ed Ebenbach	Y	Stephanie Mason – Township Manager	Y
		Sandra Zadell – Asst. Township Manager	N
		Ken Wallace – Township Finance Director	Y
		Richard John – Township Operations	Y
		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 June 27, 2012 meeting minutes.
- Mr. Ebenbach noted a few typos and areas where the minutes need to be re-worded. The prior meeting minutes were approved with the corrections.

2. Budget Review:

- Mr. Ebenbach and Mr. Wallace reviewed the updated 2012 full year forecast.
- Over the past month they met with the department heads and went through the updated revenue and expenses projections.
- Regarding the revenue projections, the biggest change was in permits which are projected to come in \$149k above the budget.
- Over all, revenues are projected to come in approximately \$222k over budget.
- Expenses – no major adjustments were made to the full year forecast. Minor variances were noted.
- The Public Works budget is projected to be under budget because of the warm winter.
- Capital: All projects are expected to come in on or close to budget.
- Fund balances are currently invested in a combination of short term CDs and low interest accounts.
- 2013 budget preparation has begun. To assist with the process, reports were created to pull prior 3 year actual data and calculate an average.
- In depth planning for next year will begin in August.

3. Pension discussion:

- Tom Anderson, the Township's Pension Fund consultant, began the discussion by handing out an analysis of the Township's Non-Uniformed Pension Plan performed by Beyer-Barber Company dated July 13, 2012.
- The analysis was performed in order for the Committee and Board of Supervisors to get a better understanding of the financial impact of transitioning the Pension Plan from a defined benefit to a defined contribution plan should such a decision be made.
- The analysis was based on the accrued benefits in the Pension Plan as of January 1, 2013 and was based on actual 2011 payroll and an estimate of 2012 payroll.

- Four hypothetical scenarios were included in the analysis provided by Beyer-Barber Company in order to illustrate the impact of changes to key attributes of the plan.
 - Scenario 1: 8% interest assumption for all active, retired and terminated vested participants taking into account automatic COLA.
 - Scenario 2: 8% interest assumption for all active participants and a 5% interest assumption for retirees and terminated vested participants taking into account automatic COLA.
 - Scenario 3: 8% interest assumption for all active, retired and terminated vested participants eliminating automatic COLA effective 1/1/2013.
 - Scenario 4: 8% interest assumption for all active participants and a 5% interest assumption for retirees and terminated vested participants eliminating automatic COLA effective 1/1/2013.
- A lengthy discussion with Tom Anderson ensued concerning the implications of the Township transitioning from a Defined Benefit Plan to a Defined Contribution Plan.
- The discussion was inconclusive as insufficient information was available related to potential changes in MMO. In addition, Mr. Anderson advised that it could be quite difficult (if possible at all) to segregate the impact of a transition for Active participants only, although that issue disappears if the DBP was "frozen." (In that event, Actives would prospectively participate in the new DCP, although it would still be necessary to calculate an MMO on the frozen plan, albeit without YOS or COLA adjustments, but nonetheless subject to market risk.)
- Based on a lack of information at this time and other variables, it was generally agreed by the Committee that given the relatively short window of time, it would not be possible to perform an appropriate assessment and then implement a change in the Pension Plan from the DBP to a DCP by 1/1/13.
- However, the Committee noted that the Board of Supervisors has taken steps to implement a newly established DCP for new employees as of 1/1/13. While the Committee did not participate in this decision, the Committee believes that it is a reasonable step in the process of addressing the DBP issues at hand.
- Recognizing that additional actuarial analyses and evaluations may be required to appropriately and more fully evaluate pension plan alternatives, and that such analysis will result in fees having to be paid by the Township, it was noted that the Ways and Means Committee would need to seek approval from Township management when the additional actuarial work and analyses are defined.

4. Meeting was adjourned at 9:15pm

Respectfully submitted.

Edward Denton
Secretary