

Doylestown Township
Pension Advisory Committee Meeting
Minutes
Monday, November 13, 2023

In attendance: Ed Denton, Chairman; Sinclair Salisbury, Vice Chairman; Bill Mokriski; Tom Burke; Bob Salanik and Ed Richardson.

Township Staff: Ken Wallace, Finance Director, Anne Marie Dobson, Assistant Finance Director and Stephanie J. Mason, Township Manager.

Liaison: Jen Herring, Supervisor

Welcome: Mr. Denton welcomed everyone to the meeting.

Public Comments: None

Approval of Minutes August 14, 2023: Mr. Burke noted that on page 2 6th paragraph the reference to A.I. company should read Nvidia. Page 3 paragraph 2 Long Rate T should be Treasury. With these corrections on motion of Mr. Richardson seconded by Mr. Salanik the minutes were unanimously approved.

Old Business:

Debrief on 2024 Budget and 5-year Plan – Mr. Wallace indicated that the 2024 Preliminary Budget is going out on Wednesday or Thursday. The budget has the PAC’s recommendations regarding the interest rate of return moving toward 6%.

New Business:

Portfolio/market review (YTD performance to 9/30/23)- Mr. Denton indicated that he sent out information from Vanguard recently. He noted that it was nothing like the in-depth information provided by Mr. Wolfram when he attends the meetings. More insight will be provided when Mr. Wolfram attends the February meeting.

Mr. Burke provided a detail review of current market conditions. He indicated that the past three months have been positive. November has been up but in single digits. He indicated that the CPI numbers will out tomorrow. He mentioned that the Federal Reserve is trying to fight inflation. He indicated that GDP is up with no recession on horizon and that government spending is making up 20% of the economy. The US deficit is \$33 trillion. Unemployment is at 3.9%. Consumers are spending, however, there are high interest rates. Our benchmark indexes are up 10%. As well as he voiced concerns of the overall economy based on government spending and the US government being placed on a credit watch from Moody’s.

Mr. Burke commented on the yield to date on the magnificent seven stocks, (Google, Apple, Amazon, Nvidia, Tesla, Microsoft, and Meta Platforms) are dominating the market. Mentioning that they make up to 95% of the market and the market itself was up 15% which is a positive return than 2022.

Mr. Burke concurred with Mr. Denton that keeping on track to have the interest rate of returns on the Pension investments at 6% still made sense.

Review of Non-Uniform “Years of Service/Age Distribution Chart” - Mr. Denton provided the PAC with the attached form showing the distribution of non-uniform employees in the DB Plan along with the ages and years of service. He inquired if when an employee retires if contributions from the State cease. Mr. Wallace concurred that contributions cease and the Township currently has one participant in the DROP. Mr. Denton noted that 40% of participants are at or above normal retirement age and 26% are within 10 years of normal retirement age.

Review Draft top level Non-Uniform Cashflow projection- Mr. Denton presented a sheet to discuss cash flow of the non-uniformed pension plan. The handout indicated contributions estimates and pension plan withdrawals for future years. The committee discussed different variables and unknowns. He indicated that the sheet shows the extra payments being made into the plan.

Mr. Denton inquired about the MMO amounts and believes the amounts may be too low because of the current market on returns.

There was discussion about getting a cashflow from the actuary to better understand the non-uniformed pension plan statements and projects. Mr. Burke asked Mr. Wallace to confirm if it is a one-time fee.

Vote: Recommend that Township purchase a cashflow statement for Non-Uniform Pension Plan for Actuary: The consensus was unanimous within the committee to move forward with a cash flow analysis but requested Mr. Wallace find how much it would be if the analysis were done in 2023 as a benchmark and updated in 2025. Mr. Denton indicated once all information was received, the committee would decide next meeting.

Mr. Wallace explains the discount rate and MMO payment to get to 6% in 2026, but the committee could make the recommendation in 2024 for 1/1/2025.

Mr. Denton advised the next move would be for Mr. Wallace to get all the information on the cash flows presented in the meeting and discuss it further next meeting regarding costs and in the spring the committee would take a vote to recommend the Township do the cash flow analysis in 2024-2025.

Mr. Denton stated the police pension would be assessed in 2026 after the committee had some time to examine the actuary report.

Being no further business, on motion of Mr. Salanik, seconded by Mr. Richardson the meeting adjourned at 5:43 pm.

Respectfully submitted

Stephanie J Mason

Township Secretary/Manager