



Board of Supervisors

Regular Meeting

~ Minutes ~

425 Wells Road
Doylestown, PA 18901
www.doylestownpa.org
Twitter: @DoylestownTwp
www.facebook.com/doylestowntwp
215-348-9915

Tuesday, March 5, 2019

5:00 PM

Meeting / Activity Trailer

I. 5:00 PM REGULAR MEETING

Members of the Board of Supervisors in attendance included Chairperson Barbara N. Lyons, Vice Chairman Richard F. Colello with Supervisors Ken L. Snyder and Jennifer V. Herring.

Township Staff in attendance included Township Manager Stephanie J. Mason, Director of Operations Dave Tomko, Township Solicitor Jeffrey P. Garton and Chief of Police A. Dean Logan

Absent: Supervisor Ryan Manion and Township Engineer Geoffrey J. Attanasio

A. Pledge to the flag

B. Presentations:

1. Appointment of Police Officer – D. Carr

Chief Logan addressed the Board to request approval to appoint Daniel R. Carr as an officer of the Doylestown Township Police Department. Mr. Carr successfully completed all phases of the testing process. Daniel is 28 years old and currently lives in Philadelphia with his wife Courtney and three children, Kailey, Daniel and Emily. After graduating high school, he joined the United States Marine Corps. After his service, Daniel began his police career with the Philadelphia Police Department in September of 2014.

Chief Logan concluded; Mr. Carr's demeanor and attitude will be a great asset to the community and recommends appointment to the Doylestown Township Police Department.

Mrs. Lyons made a MOTION; seconded by Mr. Colello the Doylestown Township Board of Supervisors appoint Daniel R. Carr as an officer to the Doylestown Township Police Department and conduct a swearing in ceremony.

MOTION CARRIED by a 4 to 0 vote.

Magisterial District Judge, Maggie Snow sworn in Daniel R. Carr as an officer of the Doylestown Township Police department as his family looked on to include parents; Scott and Sherry.

2. Pension – D. Brede, DK Brede Investments Co. and J. Kennedy, Thomas Anderson & Assoc. Inc.

Debra Brede of D.K. Brede reported on the Doylestown Township Uniformed Pension plan by referencing the 2018 Portfolio Chart where the township shows 45% equity in the domestic side and international at 20%. Fixed income is at 33% and Cash 2% due to distributions.

Performance by Security:

The township is within fiduciary responsibility by being in the target range of 43 1/2% under domestic equity. Currently, carrying 65 equity and 3% bond.

Last year's portfolio was down 6.15% due to contributions minus withdraws which came in at approximately \$142,000. The gain and losses were realized with gains at \$44,000.00. However, with the market dropping dramatically until Christmas Eve of 2018, an unrealized loss at year end of \$1,011,000, was noted. There were no dividends or capital gains, which came in close to \$330,000.00, management fees at \$57,000.00 and a net loss of \$695,000. When the market returned strongly, the gains rose \$877,000 where the township recovered their losses and gained 0.18%.

Ms. Brede noted; the Township is within their indexes. The only difference with performance is the flow of money coming in and out during the course of the year. The performance by security also shows the township was down 1.22% on the large capital end. The incoming funds provided a positive, but due to the difficult year, other areas suffered. As an example; the large cap value was down 9.38% for the actual index. If nothing was taken in or out, the result would have been down at 8.95%. However, the large growth was a positive 0.99% with a negative index of 0.01%.

The only area not managed on the pension portfolio is in the bond market. Different managers have their own process of managing money. Such as the flooding rate fund received a cheaper share class under Z and I shares. This provided a positive 0.15%. The domestic bond on the portfolio was down 0.75% in 2018, but was made up year to date as beaten the index by 1.45% and the global bonds was beaten by 3.55%.

Mrs. Lyons questioned why there was a loss and fees of \$60,000. Ms. Brede answered; the investment manager's fees still need to be managed whether the market goes up or down. There is more work to be completed when the market is down to include many conference calls regarding bonds.

Performance Change in Market Value:

Year to date, the Township made back its loss of \$877,000 in two months and up 8.18%.

Ways & Means Committee member; Joseph Delikat questioned what percentage of the funds are passively managed versus actively managed. Ms. Brede answered; all of the equity funds are passively managed and all indexes. The bond funds are actively managed, due to the rise of interest rates.

Pension Advisory Committee member; Nancy Walsh questioned; what is the impact on timing of the market being down at the end of the year for MMO. Ms. Brede referenced the S&P 500 Intra Year Decline US calendar year returns chart and answered; most declines happen during the course of the year. However, the last year's decline happened in October and continued five months before dropping back to a peak. The problem was the market didn't have time to recover.

Pension Advisory Committee member; Ed Denton added; the market will go up and down every year. Ms. Brede's roll is to guide the township long term to ideally receive 8% of growth for under lining assumptions and for pension plans. For an up market, Ms. Brede assists with receiving the best returns and during a down market.

Ms. Brede continued reporting on the Performance Change in the Market Value as selling off the strategic income fund on January 22nd and move \$293,000 to the PIMCO fund and \$400,000 to the PIMCO Mortgage Opportunities Bond fund. Additionally, \$70,000 was transferred from BlackRock Global Long/Short fund to the PIMCO Mortgage and Income fund to prevent being over weighted in high yield bonds, especially if the economy becomes bad.

Ms. Brede concluded by reporting the Non-Uniform and Uniform figures mirror one another.

3. Year End Recaps

Jim Kennedy of Thomas Anderson reported on the investment impact on the interest fund as the 1/1/19 ACT 205 evaluation is being completed this year and is based on the prior two years. Based upon the down turn, the pension will be affected when the 1/1/19 ACT 205 is completed. The report will drive the two MMOs during 2020 and 2021. This will create approximately \$100,000 increase in the MMO to police and approximately \$90,000 for non-uniform employees, depending upon the amortization period. Secondly, the Board decision to approve a decrease of interest rates from 8% to 7 3/4% is a smart long term move. However, the decision tends to slightly drive down the funding ratio of the plans and impacts the MMOs. As a result, the police plan will become under the 70% range and the non-uniform plan slightly lower, depending upon the assumptions. The township will still be under the same level of distress and will not drop below 70%. This is caused by the market decline and long term investment with the plan at a lower rate.

For the 1/1/19 ACT report preparation, all the 2018 financials are completed and ready to be reviewed by committees and professionals. However, the police reports are unable to be completed until the contract is solidified. The goal is to have the reports completed by the summertime, so Ken Wallace is able to complete the estimated payroll before pulling the MMO. Another option is to proceed once notice is received indicating the pension is stable.

Mrs. Lyons questioned; the \$190,000 scheduled to be paid out in increased MMOs for 2020 and 2021 will be for each year? Mr. Kennedy answered; payment will be allocated as \$100,000 towards police for fourteen years and \$90,000 towards non-uniform for ten years. The losses are factored in the actual and based on the amortization, it's paid over time. Mrs. Lyons then questioned; what should be budgeted as contribution from 2020 through 2023. Mr. Kennedy indicated the question cannot be answered until police contracts are solidified.

Pension Advisory Committee member; Ed Denton requested clarification on the ten to fourteen year amortization period. Mr. Kennedy answered; as per the evaluation report, both plans have different amortization schedules based upon the actual with different periods. Additionally, the non-uniform period tends to be shorter. It's also driven by age demographics in the plan, where the actuary will determine

a. Pension Advisory Committee – E. Denton

Vice Chairman of the Pension Advisory Committee; Edward Denton provided a brief history of the committee and their duties. Recent actions of the Committee were increasing Pension Plan meetings to quarterly from twice year. Investing pension contributions monthly, lowering the pension plan discount rate from 8% to 7.75% to be completed in 2019, making pension contributions in excess of MMO, consistently recording State pension contributions in the police and non-uniform pension plans, held an orientation and actuary meetings in August and September of 2018 to have the pension where they

need to be and drafted a list of long term objectives for the Board and Pension Committee's review and input.

While referencing the December 31, 2018 Pension Plan Financial Statement and Pension Funding Deficit Chart, Mr. Denton reported; the chart is assuming an 8% and 7% discount rate where the current trend is a deficit and needs to be fixed to increase the percentages. Upon speaking with the Pension Committee last fall, it was agreed 8% is not the correct number. Depending upon what number is chosen will determine the MMO.

For the long term objectives, Mr. Denton indicated; the Pension Advisory Committee recommends working with the Board, Township Management, Investment and Actuary to develop a long term action plan to address the fund deficit. Other objectives include, working with the investment advisor to develop a formal discount rate target range as a living document to be revisited on a regular basis. Once a reasonable discount rate is determined, develop a new pension monitoring report with the Board and Pension Committee.

Mrs. Lyons questioned; what will the discussed rate be. Mr Denton indicted between 6 and 7%.

Mr. Denton continued; the Committee also recommends working with Ms. Brede to create new reports. Bring contracts to competitive bids as a financial stewardship to make the correct decisions and revisit on a regular basis. Interact with the Ways & Means Committee to have a better understanding of the budget and long range plan. Develop and implement a Continuing Education Plan to ensure all financial committees are familiar with the appropriate regulations and best practices.

The proposed next steps is to meet with the Board and Pension Committee to review the Pension Subcommittee Final Report and draft long term objectives during the first and second quarter to determine actions on how to move forward with a list of prioritized actions based on input. Attend a joint meeting scheduled for May 22, 2019 to gain a better understanding of the budget and long range plan for proper coordination. Begin developing a new Pension Monitoring Report to replace the prior and most likely perfect over time. Begin meeting with the investment advisor on a regular basis to ensure the pension assets are appropriately invested, develop appropriate benchmarks and monitor actual performance versus benchmark. Lastly, work with the investment and actuary manager to develop a long term action plan to solve problems.

Mr. Denton concluded by requesting Board approval to have the Pension Advisory Committee create a Discount Rate Sensitivity Data Analysis based on 2016 data. While referencing the 2016 Unfunded Pension Liability charts, Mr. Denton indicated; if the discount rate is lowered based upon the 2016 data from 8% to 7%, the MMO will increase by \$375,000.

Mr. Kennedy commented that the relationship with the interest scenarios are not linear. When the rates drop down or adjusted, the cost of the plan will change and actuary should run the report. Mr. Denton indicated the 2016 data was provided by Mr. Kennedy and are linear.

Mr. Denton requested authorization to update the Discount Rate Sensitivity Data Analysis with percentages between 7.5,7,6.5 and 6% at a cost of approximately \$3,000. He also request the report be updated on a regular basis.

Upon a discussion regarding the best timing in creating and updating the Sensitivity Data Analysis, Mr. Denton suggested the Board make a decision later in the year and once the police contracts are confirmed.

Mr. Colello questioned; What is the benefit to creating an analysis. Mr Kennedy recommended not to run the study. He indicted; the best plan is to gradually step the rate down and decide on a more reasonable investment return between 6 1/2 and 7%. Another suggestion is to begin saving additional funds and plan under a capital stand point. The interest rate cannot be changed until the 1/1/21 Act 205 is completed and the 1/1/19 Act will not run on current data. Mr. Denton informed; the analysis is recommended for long term planning.

Upon a brief discussion on the best way to move forward, Mr. Kennedy and Mr. Denton agreed to work together to provide the Board with the best option on how to move forward.

Mr. Snyder questioned; what action is needed by the Board tonight. Mr. Denton responded by asking if the Board feels the Committee is on the right path. Mrs Lyons indicated the Committee is on the right path. Mr. Snyder agreed and suggested to focus on the most important next steps instead of multiple ones. Mr. Denton agreed and indicated the Committee will prioritize items to address with regular input from the Board and Ways & Means Committee to determine the most practical way to move forward.

Mr. Kennedy indicated; there are three steps to address for both long and short term. If the unfunded liability is to be reduced, more funds should be invested then the MMO on an annual basis. Begin reducing the interest rate on a regular basis to fund the plan correctly and evaluate the pension benefits.

Pension Advisory & Ways & Means Committee Member; Colleen Mullen questioned; what is an appropriate funding level and what should be targeted. Mr. Kennedy indicated there is no definite answer and depends on the budget parameters. Pension Advisory & Ways & Means Committee Member; Joseph Delikat added that, upon reviewing best practices, 100% funding is the target. Mr. Denton presented the 80% funding myth, which indicates there is no single level of funding that should be identified as a healthy and unhealthy pension. All plans should have the objective of achieving 100% funding, unless clearing identified and ratio should be looked at over time.

Mrs. Lyons questioned; how much needs to be completed every year to achieve 100% funding. Mr. Denton answered; decrease the MMO to 7% as an additional \$375,000 per year. If the township prefers 6%, the numbers will need to be doubled.

Upon a discussion amongst the Board and Committees on the best practice to move forward, Mrs. Lyons commented; the planning should include a science base, similar to how the Pebble Ridge \ Woodridge public sewer connection was conducted by preparing the public for the next five to ten years.

b. Ways & Means Committee – B. Bray

Chairperson of the Ways & Means Committee; Brenda Jones Bray introduced members and provide an outline of their duties.

For the 2019 budget development, the Committee has reviewed budget documents and provided the public with a five year view of finances. The documents have become more user-friendly and written in laymen's term. Enhanced documentation of proposed capital and major spending programs for the next two years. Refine methods to project and budget earned income tax. Review 650 budget lines three times for the current and following years with eight department heads. Implemented Pension Subcommittee recommendations. Attended joint subcommittee meetings with the Park & Recreation Board regarding the proposed new community center building and created the first draft of a business plan for the community center.

For the planning of 2020, the committee will begin budget planning on April 2nd. Seek ways to engage and educate residents about the Township budget. Assist with the multi-year budget projects, such as the financial impact with the new building. The bridges have been paused due to good reporting. Fine tune budgeting and reporting of other capital projects and periodic reporting to the Board of Supervisors. Several important meetings are schedule throughout the year to include a second joint committee meeting on May 22nd with the Pension Advisory Committee.

Mrs. Lyons questioned if the Ways & Means Committee will be joining the Parks & Recreation presentation scheduled on May 19th. Ms. Bray answered; a meeting is anticipated to be scheduled for next Tuesday. The Ways & Means Committee will not participate at the May 19th meeting, but will provide input.

Beyond the 2020 Budget, the Committee will continue to collaborate with other township committees and work jointly with the Parks and Recreation Board on the new community center. Continue to refine a business plan for the community center. Assist with the timing and type of second debt borrowing and construct the community center. A discussion is needed with the Board to discuss funding and how to accomplish paying for long term assets. The five year plan will continue to be improved for general and capital funds.

Ms. Bray concluded by inviting any interested resident to attend meetings which take place on the fourth Wednesday of each month and joint committee meeting with the Park & Recreation Board.

C. Visitors/Public Comment

Mrs. Lyons reported; the Board will meet in Executive Session after tonight's adjournment to discuss Police contracts. Mr. Garton added; no decisions will be made during the session

II. ANNOUNCEMENTS

- A. The next meeting of the Board of Supervisors is scheduled for Tuesday, March 19, 2019 at 7:00 PM
- B. Daylight Savings Time begins on Sunday, March 10th. Remember to set clocks AHEAD 1 hour. It's also a good time to replace the batteries in your Smoke Detectors.
- C. New for 2019 - Doylestown Township Parks and Recreation is running a bus trip to visit the 9/11 Museum and Memorial in New York City on Friday, April 26th. For more information or to register please visit

- D. Doylestown Twp. Park and Recreation in partnership with Premier World Discovery is offering a trip in 2019; Rome and the Country Roads of Tuscany. Please contact the Administration Office for brochures with highlights and inclusions
- E. The EAC will host a "PA Lyme Prevention Program" seminar at Delaware Valley University on April 3 at 7:00 PM. More info on our website.
- F. Movie and Ski Tickets are available. Please contact the Administration Offices for prices and availability.
- G. Got Pot Holes??? For State Roads call 1-800-FIXROAD - For Township Roads, call 215-348-9915. A list of all state roads can be found on our website.

III. MINUTES APPROVAL: February 19, 2019

Mr. Colello made a MOTION; seconded by Ms. Herring the February 19, 2019 Doylestown Township Board of Supervisors Regular meeting minutes be approved.

MOTION was ADOPTED 4 to 0.

IV. CORRESPONDENCES - NA

V. REPORTS

A. Solicitor – Vertical Bridge Appeal

Mr. Garton reported; the Vertical Bridge filed an appeal alleging the Zoning Hearing Board violated the Federal Communications Commission (FCC) requirements otherwise impeding the ability to provide service. The complaint has been forwarded to the Township's insurance carrier, who will assume the responsibility of defending the Zoning Hearing Board under the Federal Court and in land use appeal in Bucks County. Mr. Garton will continue to monitor the situation and report back to the Board.

B. Township Engineer

C. Police Chief

D. Dir. of Operations

E. Township Manager

F. Supervisors

Mr. Snyder reported; As a result of the community survey receiving a low response, focus groups were conducted. The groups received excellent feedback and another meeting will be held next week to determine the next steps. Based upon the information received, not many residents read materials provided through media outlets. Ms. Mason added; many residents who participated were unclear of the separation between Doylestown Township and Doylestown Borough and where they live.

Mr. Colello reported; the Doylestown Township Municipal Authority (DTMA) met regarding the Knoll property, where an agreement was signed and delivered. In March, a water main will be

installed to provide service to the property as approximately 149 condominiums and office buildings. Mr. Garton added; the property is in New Britain Borough. Mr. Colello clarified; the DTMA services other areas than Doylestown. Additionally, service will begin for Metro Storage in the spring, which provides another opportunity to move the pipeline into Doylestown and other communities.

Mr. Snyder questioned; if the Tabor property will also be serviced. Mr. Colello indicated yes, under the Phase I plan. Phase II of the Tabor property includes the upper portion of the site near the Commerce Center. The plans include running public sewer connection to the site and other properties. DTMA are receiving many pipe extension requests to provide good quality water to many residents.

At the last Planning Commission, both the Grasso Group and Tabor property presented their ongoing land development plans. Mr. Colello commented on the difference of both presentations, where The Grasso Group's was very lacking and the Tabor Property was very organized. The Grasso Group will be attending many Planning Commission meetings to understand what the township is looking for and work together to have the project move forward. The Tabor property plan is also moving along and the developer worked well with the Commission by listening to their recommendations.

Mrs. Lyons referenced the March 1, 2019 memorandum from Director of Policy and Compliance of the Philadelphia Parks & Recreation Recognition and Awards Committee; Barry A. Bessler informing Central Park was awarded with the Pennsylvania Society Parks & Recreation award as a Green and Sustainable Park. The Township is scheduled to receive the award at the PRPS Annual Conference scheduled for April 4, 2019. Ms. Lyons congratulated the Park & Recreation Board members and extended an invitation to attend the event.

Upon Mr. Snyder's question on why did the park win the reward, Ms. Mason offered to provide the information in the Board's next meeting packet.

VI. NEW BUSINESS

A. Doylestown Walk Review Extension

Mr. Colello made a MOTION; seconded by Mr. Snyder the Doylestown Township Board of Supervisors extend both the Preliminary / Final Land Development and Conditional Use Application for Toll Brothers, Inc's Bray/ Long /Schmidt Tract plans until April 19, 2019.

MOTION was ADOPTED 4 to 0.

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VIII. ADJOURNMENT

Hearing no further business, the March 5, 2019 Doylestown Township Board of Supervisors Regular meeting was adjourned to Executive Session at 6:31pm.

Respectfully submitted by

Stephanie J. Mason
Secretary