



Doylestown Township

Pension Advisory Committee Meeting

~ MINUTES ~

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Monday, June 10, 2019

4:30 PM

Large Conference Room

IN ATTENDANCE

Chairman Sinclair Salisbury, Vice Chairman Ed Denton, Tim Reihl, Colleen Mullin, Joe Delikat, Nancy Wasch, Board Liaison Ken Snyder and non-voting members: Ken Wallace and Stephanie Mason

WELCOME

Mr. Salisbury opened the meeting and welcomed everyone in attendance and acknowledged Gregg Schuster's resignation. The Committee regretted hearing of his resignation but wished him well.

MINUTES APPROVAL – May 13, 2019

Mr. Denton moved and it was seconded by Mr. Delikat that the minutes of May 13, 2019 be approved. Motion carried. Officer Reihl abstained. 8-0-1 vote.

OLD BUSINESS - None

NEW BUSINESS

New Investment Report and Discount Rate – Mr. Delikat, Mr. Denton and Ms. Mullin met to create a package for review that would provide a revised report for the Financial Consultant to use in presenting information to the Committee.

Mr. Delikat shared the attached Pension Monitoring Report draft dated June 10th with the Committee. He indicated that it was modeled after the report that PFM provides to the Warminster Township Pension Advisory Committee.

The first thing that was noted when Mr. Denton and Mr. Delikat attended the Warminster Township Pension Committee, was that the presenter from PFM had over 40 minutes to present the information to Committee. Mr. Delikat walked the Committee through the proposed document. Starting on page 4, with what they expect the format to look like. It includes an update of market performance, with information on the economy and its impacts upon the plans. Also, information should show an investment strategy overview compared to the market. In Section 2, a summary of changes in market value would be provided in a revised report. Section 2 also provides a change in the market value summary between the uniform and non-uniformed plans. Section 3, should provide an aggregate performance vs. benchmarking and examples can be seen on pg. 15. Section 4, will provide performance by asset classes vs. the benchmarks. Section 5, should provide a total summary of fees for pension management & fund fees. This is the type of information that the Committee would like to see incorporated in the report the Township receives from Ms. Brede. Section 6 provides pension funding and payment information. And of course, a section for disclosures was also suggested.

Ms. Mullin indicated that this information will be shared with Ms. Brede and she will be asked to provide a new report when she visits with the Committee in September.

Ms. Wasch questioned from a philosophical standpoint the level of expertise of the listener and making sure that a layman can understand the report. Discussion ensued regarding whether the Committee should have a more detailed report than what is shared with the Board of Supervisors and whether the Committee would be modifying reports into an executive summary report for the Board of Supervisors at future meeting.

Ms. Wasch was questioning why two different reports would be necessary.

Mr. Denton indicated that he believes that the report for the Pension Advisory Committee should be much more detailed than what is provided to the Board of Supervisors. He believes an executive summary prepared by Ms. Brede for the Board of Supervisors is appropriate. This suggestion sparked further discussion.

Mr. Salisbury suggested that the Committee wait and see how Ms. Brede puts the report together before decisions are made regarding what should or shouldn't be shared with the Board of Supervisors. Having a simpler report as a start would be beneficial.

Mr. Delikat indicated that he would make some modifications and send it over to be shared with Ms. Brede.

Joint Meeting with Ways and Means on 5/22/19 – Ms. Mullin believes the meeting went well. It was an opportunity for everyone to see the big picture.

Mr. Snyder wanted to make sure it was clear for the Pension Advisory Committee what the timeline is for including information in the 2020 Budget. He also indicated that the extra money being placed in the plans is planned to be \$100K for 2020. What will be needed over the next 4 years or so was still open for discussion.

Wage Information – Mr. Wallace indicated that wage information for the 2020 MMO was discussed with Mr. Kennedy. The actuaries can't provide certain reports without having the current data. They have the data but they'd have to pull it from the 1/1/17 report.

On June 30th the wage information and assumptions will be transmitted to the actuaries, which they will be to use for the MMOs.

It was indicated that reasonable estimates for wages and years of service is needed to begin to look forward in the budget process.

Mr. Snyder commented that if we're going to get to 6% we need to know how long it's going to take and how much money it will take to get there. Knowing when this could all be achieved is necessary. However, with actuarial studies being done every 2 years it's going to take a while. The next time a change can occur is 2021.

Mr. Delikat indicated that actuarial data is not necessarily balanced with reality.

Mr. Salisbury indicated that in the non-uniform plan eventually there will only be pensioners. This plan was closed to new hires in 2012. New non-uniform employees are placed in the defined contribution plan.

Mr. Snyder said knowing the extent of that would be helpful. At this point the Township is utilizing the Minimum Municipal Obligation plus \$100K with the adjustments over time, knowing how many years it will take to get to 100% funding or somewhere close really needs to be the target.

Mr. Snyder indicated his concern is that it could take upwards to 30 years to get to that point based on what would be needed put into the plans.

It was indicated that Mr. Kennedy would attend the August meeting, Ms. Brede the September meeting.

Mr. Wallace will send the Committee the 1/1/17 report.

Also, there was some discussion about bringing Bayer and Barber in at some point.

It was suggested that questions for the meeting with Mr. Kennedy should be developed.

Mr. Snyder indicated that we have to make sure we get across the point regarding the gap. We're losing ground and how quickly can we make it up needs to be determined. In his estimate the gap is \$7M for the two plans. How much can we rely on the market? These are the discussions that need to take place at future Budget meetings.

Being no further business the meeting adjourned on motion of Mr. Delikat, seconded by Mr. Denton.

Respectfully submitted by



Stephanie J. Mason
Secretary