

**Doylestown Township
Ways and Means Committee – Meeting Minutes
April 23, 2012**

| Resident Members | IN | Township Participants | IN |
|-----------------------------|-----------|--|-----------|
| Mark Glassman – Chairman | Y | Barbara Lyons – Board of Supervisors Liaison | 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 | N |
| | | Sandra Zadell – Asst. Township Manager | Y |
| | | Ken Wallace – Township Finance Director | Y |
| | | Richard John – Township Operations | Y |

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

1) Approval of Prior Meeting Minutes:

- Mr. Glassman asked if there were any proposed changes or corrections to the March 28, 2012 meeting minutes.
- Ms. Zadell reminded the Committee that the Fund Development Sub-Committee minutes for the March 12 and April 11th meetings also needed to be approved.
- Mr. Ebenbach noted one minor typo in the March 12th minutes.
- All 3 prior meeting minutes were approved with the correction of the one minor typo.

2) Pension Plan Discussion Summary:

- Mr. Glassman opened the meeting by introducing Tom Anderson who is the Township's Pension Fund consultant. He stated that the Committee had invited Mr. Anderson to the meeting to:
 - Gather basic information on the financial status of the Pension Plan and its potential impact on the Township's budget.
 - Get a better understanding of the impact of financial market movements on the Pension Fund.
 - Discuss the financial risks around the assumed 8% return.
 - Identify any funding risks.
- Mr. Anderson provided a top level overview of the Township's 2 Pension plans:
 - He handed out a worksheet that summarized the current financial condition of each plan.
 - Doylestown Township Police Pension Plan 2011-2013 MMO Analysis
 - Doylestown Township Non-Uniform Pension Plan 2011-2013 MMO Analysis
 - He walked the Committee through the key components of each plan and reviewed the implications of the 2009 Act 44 Short Term Funding relief initiative.
- Mr. Glassman noted the increasing deficits in each Pension Plan despite the addition of employee contributions and that a negative movement in the financial markets could make the situation worse.

- Mr. Glassman emphasized that the Township (like other government entities) is subject to considerable financial risk in funding its Pension obligations, as relatively small shortfalls in investment returns can trigger significant increases in funding liabilities. Given the unpredictable nature of financial markets, the Township should evaluate ways to reduce financial risk associated with retirement funding, including an analysis of retirement plan options, the underlying investment return assumptions, and how employees contribute to their plan..
- Mr. Glassman then asked Mr. Anderson what the current thinking was regarding the traditional 8% investment return assumption in most pension plans. Mr. Anderson responded that most pension advisors are communicating that they don't think they can hit 8% anymore.
- Mr. Glassman asked if the Township were looking out 5 years into the future and saw that the returns on the Townships Pension Funds were only 6%, what would be the impact on the Township's Budget.
- Mr. Anderson responded that the Township's annual contributions would have to go up hundreds of thousands of dollars a year. He added that a number of public and private companies as well as state and local governments are moving from defined benefit plans to defined contribution plans to ensure that their pension plans remain financially viable.
- Ms. Lyons commented that the Township has begun to evaluate alternatives to the current pension plan structure.
- The Committee thanked Mr. Anderson for coming to the meeting and the great job he did summarizing the pension plan and answering questions.

3) Fund Balance & Full Year 2012 Forecast Discussion Summary:

- Mr. Ebenbach handed out several financial reports which summarized the Township's Fund balances as of December 2011 and the recently completed Full Year 2012 forecast.
- Mr. Ebenbach noted that there was a minor change in how the reports were created. The new reports now incorporate accruals and tie exactly to the Township's Audited Financials.
- Mr. Ebenbach walked the Committee through the reports and noted the following:
 - Based on input from the Department Managers, most revenue and expense categories are projected to remain very close to Budget for the full year.
 - Total Revenue = \$9.8 million
 - Total Expense = \$10.2 million
- Mr. Glassman noted that the next major focus for the Committee over the next several meetings would be the Multi-year Forecast.

4) Meeting adjourned at 8:45pm

Respectfully submitted.

Edward Denton
Secretary