

UPPER MERION TOWNSHIP BOARD OF SUPERVISORS  
JOINT MEETING  
MAY 13, 2010

The Board of Supervisors of Upper Merion Township met for a Joint Meeting on Thursday, May 13, 2010, in the Board Room, in the Township Building in King of Prussia. The meeting was called to order at 7:00 p.m., followed by a pledge to the flag.

ENVIRONMENTAL ADVISORY COUNCIL

ROLL CALL:

Supervisors present were: Greg Waks, Bill Jenaway, Joseph Bartlett, Ed McBride and Erika Spott. Also present were: Ron Wagenmann, Township Manager, Judith A. Vicchio, Assistant Township Manager; Jenn Rebain, Chairperson; Janet Medrow, Vice Chairman; Sal Sonsino; David Parsells.

DISCUSSIONS:

Ms. Jenn Rebain reported that during the past year the EAC was active in several areas:

- refine the EAC areas of focus
- enhance EAC presence at community events such as Earth Day and Community Day
- planning for a web page or resource for Living Green in Upper Merion Township
- continued ongoing reviews of the Crater Resources Superfund
- focus on 2010 campaign to increase recycling in Upper Merion Township.
- execute a recycling survey through the Upper Merion Township email resulting in 87 responses Key findings/recommendations include extra bin or larger recycling bin, more information on what is recyclable, what can or cannot be placed at the curb, information on disposal of hazardous materials.

Janet Medrow reported on this year's Earth Day and described the recycling games for children and other activities. She indicated that recycling guides were distributed to parents and these guides will also be available at the Community Fair and displayed in the lobby in August.

Mr. David Parsells discussed additional ideas that involve increasing community interaction. These include working with the Board of Supervisors with regard to an electronic recycling initiative, interacting with other EAC's in such recycling areas as evaluating single hauler vs. multiple haulers.

Mr. Bartlett commented that Superfund site awareness and information has always been an important part of the EAC.

Mr. Parsells stated that for the past several years Mr. Joe McDowell, Project Manager, EPA, for Crater Resources Superfund has been a great resource in terms of EPA communications and has participated in these joint meetings. This year Mr. McDowell has been asked if he would tape a segment to air on UMGA-TV so that information and updates on the Crater site will be more widely available.

Mr. Waks asked if the EAC website is up and running now or if it would be launched shortly. Ms. Rebain responded that it is still a work in progress and provided a general idea of the end result that is envisioned to have a user friendly vanity URL, "Living Green in Upper Merion" tied in with the township website to eliminate the need to click through other unrelated material.

With regard to electronic and hazardous waste recycling, Mr. Waks noted that this is a Montgomery County program that takes place in neighboring municipalities and he was pleased to hear that the EAC was interested in promoting this effort when it is held in our area. Ms. Rebain commented that was the main issue that came up in the survey since residents are not sure of proper disposal options and this information is much needed.

Mrs. Spott asked for clarification on the recycling numbers and asked if these are private households. Mr. Wagenmann responded that it is both residential and commercial. He said that tonnage numbers are also collected from commercial companies for what they recycle and collect in home collection program. Mr. Wagenmann then explained the reason Upper Merion (with more commercial) joins with Lower Merion (with more residential) when numbers are combined a slightly higher grant is possible.

Mrs. Spott asked if Upper Merion's individual numbers have been on the increase. Although Ms. Rebain was uncertain if these numbers were increasing she indicated the EAC goal is to realize an increase in residential recycling and work to achieve this.

With regard to recycling standards, Mrs. Spott urged the EAC to explore single hauler vs. multiple haulers since she has been told that individual haulers have different standards and do not all take the same numbered items (1 through 7). After a brief group discussion, Mrs. Spott commented that recycling opportunities are being missed and if we stay with multiple haulers there is a need to find a way to assure consistency.

Mrs. Spott asked if any recommendation has been made on the RecycleBank. Mr. David Parsells commented that a couple of years ago presentations were provided by RecycleBank representatives as well as one or two of the major haulers to discuss their perspective on that issue. He said if the Board of Supervisors is interested this can be given further evaluation. After a brief discussion regarding possible impediments to the program, Mrs. Spott indicated that there is a grassroots RecycleBank rewards program that motivates people to recycle and that Upper Merion should be on the forefront of such activities.

Mrs. Spott asked if there is a way to cooperate with the schools to get students interested in school garden programs with educational pieces and library activities. Mr. Parsells recalled that when Mr. Bartlett was Chair [EAC] he had worked on various environmentally oriented contests and events. While he agreed that there are definitely other issues to cover, he said the idea this year was to focus and make a better impact on one issue.

Mr. Jenaway asked if there were any discussions regarding the need for larger recycling containers. A brief discussion followed wherein various options were suggested including obtaining a special sticker from the hauler and putting out an additional open container. Ms. Rebain indicated that stickers will be distributed to interested residents during Community Day.

#### ZONING HEARING BOARD:

#### ROLL CALL:

Supervisors present were: Greg Waks, Bill Jenaway, Joseph Bartlett, Ed McBride and Erika Spott. Also present were: Ron Wagenmann, Township Manager, Judith A. Vicchio, Assistant Township Manager; Mark Zadroga, Zoning Officer; Robert Montemayor, Chairman; Mark DePillis, Esq., Vice Chairman; William Whitmore, Secretary.

#### DISCUSSIONS:

Mr. Mark Zadroga, Zoning Officer, reported that in 2009, the Township received 37 zoning applications compared with 43 applications in 2008. Of the 37 applications 6 were withdrawn at the request of the applicants. As a result 31 applications were heard by the Zoning Hearing Board and they met twice a month for a total of 23 meetings. The majority of the applications were residential in nature with relief ranging from setback encroachments, building height, and a fair amount of in home daycare requests (about 5 or 6). The remaining commercial applications were for signage or setback encroachment. Of the 31 applications, the Board denied 9 applications, 2 of which were

appealed to the Court of Common Pleas. Mr. Zadroga's report included a brief summary from the Zoning Hearing Board Solicitor providing more detail on the outstanding cases being litigated.

Mr. Zadroga pointed out that 2009 and 2010 Zoning Hearing Board applications as well as their decisions are posted on the township website.

Mr. Zadroga indicated that he just received word from the applicant's attorney that the applicant will withdraw Case # 2009-31 which is a 190 foot cell tower on Hughes Road. He is trying to get in touch with all the neighbors to inform them that there will not be a meeting for 126 Hughes Road as advertised for May 19, 2010.

Mr. Robert Montemayor, Chairman, reported that the Thomas Quinn, Case # 2009-11 has been adjudicated in favor of the Zoning Hearing Board decision and that case is now terminated. He indicated that the remaining litigation is Case # 2009-19. Mr. Zadroga also noted that there are two cases that date back a year or two that are currently sitting idle at the court. These are OGR Enterprises, Inc. (Rita's Water Ice on South Gulph Road) as well as North Realty, Inc. (an office building on South Gulph Road).

Mr. Montemayor pointed out that the Zoning Hearing Board has a continued good record with regard to litigation. He noted that while 2009 was a slow year he is encouraged by the fact that so far 2010 seems to be more active.

With regard to the Zoning Code review and upgrade, Mr. Montemayor urged the Board of Supervisors to take immediate action to clarify the home office provision since it would relieve many of the issues and problems that come before the Zoning Hearing Board. He recommended that the code be clarified by specifying what professions qualify for home office followed by the words "these and no other." The specific professions he mentioned are physician, dentist, attorney, architect, and possibly music teacher. Mr. Montemayor explained that a clarification of the home office provision would eliminate the ZHB having to deal with questionable cases for home office exceptions when they are not really professions, but more along the line of service type businesses.

Mr. Bartlett asked for a list of those professions to be included in a code revision. Mr. Montemayor responded the list should include physicians, dentist, attorney, architect, someone who has a limited accounting practice for tax returns and music instructor. He pointed out that in today's world, physicians and dentists are inclined to join group practices and not have home offices as they once did. Mr. Montemayor explained that there will not be a proliferation of these home offices all over the township, but what will occur with the code revision is the elimination of questionable personal services cases.

Mr. William Whitmore called the attention of the Board of Supervisors to a yard/garage sale issue. He provided details regarding a current situation where the property owner is conducting these sales continuously as a business. He suspects that they are buying objects from other locations and selling them at their home on the weekends. These items are frequently left on the front lawn all week. The specific location is a narrow road with cars going 40 miles an hour and continuously stopping. As an added nuisance signs are put up all over the township, but never taken down.

Mr. Bartlett asked what specific action the Zoning Hearing Board is requesting. Mr. Whitmore responded that this issue would probably have to be covered in an ordinance so that it could be enforced. Mr. Montemayor commented that the legalities involved would have to be checked and suggested that the Township Solicitor look into this matter and if an ordinance is warranted that language be included to the effect that an address is entitled to have four yard sales a year.

Mr. Mark DePillis discussed an issue related to the section of the code that deals with sexually oriented businesses and prohibits these businesses from locating within 1,000 feet of the boundary of a residential district. He said the term "residential district" is not defined. It is just small "r" residential, small "d" district. Mr. DePillis explained that it could lead to the interpretation that it means it cannot be within 1,000 feet of a capital "R" Residential District because there are several of these in the zoning ordinances, but it could also be interpreted as meaning any district that allows residences which is how the township and the Zoning Board interprets it. Mr. DePillis said this has actually come up in the context of an application that was filed four or five years ago and he provided the specifics of the case. Mr. DePillis will submit a proposed amendment through Mark Zadroga for presentation to the Board of Supervisors.

Mr. Montemayor encouraged the Board of Supervisors to move forward with the entire package of code revisions as quickly as possible.

Mr. Bartlett commented that input from the Zoning Hearing Board is helpful as the Board of Supervisors considers the zoning code update.

Mr. McBride noted Brad Murphy's contributions as an alternate ZHB member when member absences occur. He also said that Mr. Murphy attends many ZHB meetings even though he is not always functioning as a member of the Board. Mr. McBride then commended the ZHB's practice to provide a decision when it is apparent they can do it on the same meeting night when it is obvious they have heard all the facts pertinent to the matter. With regard to the zoning updates, Mr. McBride indicated that he has asked that the Board of

Supervisors receive monthly reports so as to keep focused on the ultimate goal. He anticipates more zoning updates coming out on a regular basis.

Mrs. Spott asked if the revamping of the zoning application as discussed at a previous meeting has been accomplished. Mr. Montemayor responded in the affirmative and said that it is working out very well since information is now provided that was previously lacking on many occasions.

#### POLICE CITIZEN ADVISORY BOARD

##### ROLL CALL:

Supervisors present were: Greg Waks, Bill Jenaway, Joseph Bartlett, Ed McBride and Erika Spott. Also present were: Ron Wagenmann, Township Manager, Judith A. Vicchio, Assistant Township Manager; Frank Rodrique, Chairperson; Matt Frangiosa, Vice Chairman; Allan Pomerantz; Thomas P. Halfpenny; Jennifer Schauble.

##### DISCUSSIONS:

Mr. Frank Rodrique, Chairperson, stated that the mission of the Police Citizen Advisory Board remains committed to supporting the Police Department and fostering an open channel of communications between all residents and police officers in order to provide the citizens of Upper Merion Township with a full and enhanced quality of the Police Department and its protection and services within the township. He noted that their meeting schedule has been changed to four meetings a year to be held in September, November, January and April. Every four months the advisory board members receive an electronic email package from the township with updates on police department activities. Mr. Rodrique reported that over their last four meetings their group had an opportunity to observe various equipment relative to fire alarms, first aid and communications, receive briefings on methods to enhance police patrol and surveillance and meet a number of new police officers who recently came on board. In addition advisory board members have reviewed a number of police department objectives and policies, future staffing requirements, and improved capabilities regarding response, critical incidents and homeland security. With regard to pending events for 2010, the Police Department will have their booth set up for child fingerprinting which has been so popular in the past.

Mr. Rodrique noted the beneficial two way communications that have resulted from their advisory board meetings which are open to the public. He said that some people will not approach the police window to ask for help, but will talk to a civilian panel and have their concerns passed on in that manner.

Mr. McBride asked if the Advisory Board is still involved with DARE. Jennifer Schauble responded in the affirmative. She also commented that the Advisory Board assists in the judging of the DARE essays. Ms. Schauble noted that the students have such nice comments about the police officers who take the time to come into the schools every week and have such a wonderful rapport with the children.

Mr. McBride asked if there anything else that the Advisory Board will be involved in as a team other than Community Day. Ms. Schauble responded that typically their group would have been involved in Police Week in May, but with the budget cutbacks the Police Department opted not to do that this year.

Mr. Waks pointed out that a lot of the police officers are also involved in the community in other ways such as volunteer firefighters. Ms. Schauble said that they also serve as medics and emergency medical technicians in Upper Merion and other communities as well.

Mr. Waks commented that the Upper Merion Police Department are well staffed, highly competent and their job is made much easier by being so involved and respected in the community. Ms. Schauble said that having the police officers come into the schools has been a huge asset for the Police Department in developing a positive relationship. She pointed out that in some areas of the country people only see police officers when they are in trouble, but in Upper Merion they even go on field trips with the kids.

Mr. Jenaway recalled comments he made to Chief Fonock at the Employee Recognition Luncheon congratulating him on the success of the Police Department in solving two recent murders in Upper Merion Township in record time. He said this reflects great credit on the Police Department, the training of the officers in their field, and in their field research capabilities to be able to solve these crimes so quickly. Mr. Jenaway pointed out how this deters crime in the community over the long run.

In her capacity as Board of Supervisors liaison to the Police Citizen Advisory Board, Mrs. Spott expressed her support of the outstanding work and capabilities of the Police Department and that more should be publicized about the work that they do to keep our community safe.

Ms. Schauble said that a few years ago there were some spot segments on UMGA-TV Channel 22 highlighting the work of the Police Department in the community and that this is something that should be considered again.

Mr. Jenaway commented that this is a transient township and new residents would benefit knowing that the Police Department is here and highly trained.

#### ECONOMIC & COMMUNITY DEVELOPMENT COMMITTEE

##### ROLL CALL:

Supervisors present were: Greg Waks, Bill Jenaway, Joseph Bartlett, Ed McBride and Erika Spott. Also present were: Ron Wagenmann, Township Manager, Judith A. Vicchio, Assistant Township Manager; Rob Loeper, Township Planner; Sharyn Clauson, Chairperson; Lydia Dan-Sardinas, Vice Chairman; Bruce Mitchell; Carole Kenney, Scott Sibley; Dave Mrochko, Public Information Assistant.

##### DISCUSSIONS:

Ms. Sharyn Clauson, Chairperson, stated that the primary purpose of the ECDC is to advise the Board of Supervisors on economic and community development issues that affect the township. A unique function that is performed by the ECDC is to advise the Board of Supervisors on long term goals and on the larger issues that the township will have to face in the future.

Ms. Clauson indicated that the ECDC has been able to work on some important immediate issues relating to the goals of the Vision 2020 Plan, a strategic blueprint for the coming years which was adopted in 2005.

Ms. Clauson discussed the on-going subcommittees and provided an update of the Business Improvement Districts (BID) which has been a subject of interest since 2007 when the business community discussed the possibility of forming a BID in Upper Merion Township. The ECDC has been involved in the ongoing discussions with them on this matter. Business property owners in the intervening years since 2007 formed a committee to investigate the feasibility of such a plan, conferred with consultants and ultimately recommended its approval. The Business Improvement District has been advertised, a packet sent to property owners, and a hearing is scheduled on May 27. Unless there are objections from the business community which have not been evident to date, the BID project should be completed by this summer. Upon completion the Board of Supervisors will be responsible to appoint a delegate to the BID Board. Scott Sibley is the ECDC liaison for the BID project.

Ms. Clauson discussed the historic Moore-Irwin property has been a subject of study in this community for quite awhile and was undertaken as a project by the ECDC in 2006. Investigations of possible reuse were initiated and



none proved viable. Structural studies were made of the building and consultations were conducted with preservation and construction experts. Ultimately it was decided that only early sections of the historic house should be preserved and restored since sections built later as additions were heavily termite infested and would be demolished. It was also recommended at that time that improvements be made to the property itself to enhance the area as a township park and in fiscal year 2009 the Board had budgeted \$100,000 for design and bid preparations for the work.

Subsequently a local theater company, the King of Prussia Players, expressed interest in constructing a theater on the Moore-Irwin property. It is their expressed intention to preserve the historic home as part of their project and a Memorandum of Understanding was drafted between the township and theater group. Most recently the King of Prussia Players have engaged a pro bono lawyer from a group that supports the arts who is reviewing the memorandum of understanding. The Players have also met with an architect with experience in theater design to prepare sketches to be used for promotion and fundraising. They are preparing a fundraising plan including research on available grants. Ms. Clauson noted that the township has applied for a state grant for some work on the Moore-Irwin House. Scott Sibley and Sharyn Clauson have served over the years as liaison to the Moore-Irwin House.

With regard to the new township website, Ms. Clauson stated that ECDC has worked jointly with IT Director Scott Widenhofer and the Media Advisory Board. This upgrade will provide better functionality for residents and businesses and will better market Upper Merion Township to outsiders. With input from ECDC, Mr. Widenhofer worked with an E-government committee of 15 members representing each department and prepared a Request for Proposal (RFP) for an E-Government solution. The RFP produced eight to ten interested vendors that were narrowed down to two by the E-Government Committee and finally CivicPlus a company based in Manhattan, Kansas was selected. It is anticipated that the website will go live in mid to late July. Ms. Clauson noted that Michelle Gallagher has been newly appointed as ECDC liaison for this effort.

Ms. Clauson stated that a community/cultural center feasibility study is a joint project of Parks and Recreation and the ECDC. For the past two years an ongoing investigation was conducted of centers in other communities as well as a determination of needs for this community; discussions were held with private and non private providers. When the joint committee had progressed as far as it could it asked the Board to approve a formal feasibility study that would utilize the information that the committee had already obtained. The Board of Supervisors agreed only if there would be no cost to Upper Merion residents. The Community Center Joint Committee chose to recommend Ballard King and Associates from the proposals received in response to the township's RFP. As

the Board of Supervisors prescribed the \$25,000 feasibility study will be conducted without cost to taxpayers. Monies are obtained as a result of a \$10,000 grant and a \$15,000 endowment arranged by State Senator Daylin Leach.

Ms. Clauson discussed the Tricentennial, a year long celebration in 2013 of the 300<sup>th</sup> anniversary of Upper Merion Township's founding that is now actively in the planning stage. A Tricentennial logo and slogan contest was held in the schools of the township. Winners of that contest will receive cash and merchandise prizes at the televised Board of Supervisors meeting on May 27, 2010. The students creative work will be the subject of a 2013 wall calendar to be reproduced for the Tricentennial celebration. Their work contributed to the development of the official Upper Merion Tricentennial logo and slogan which is nearing completion. The ECDC will actively seek volunteer committees to follow through on action plans for Tricentennial events that are now in the process of being developed. As a result of the Tricentennial efforts, it is anticipated that other benefits may be realized such as the development of a cultural council in the township and the establishment of a list of corporate giving programs that eventually might be matched to other township projects. Sharyn Clauson chairs this committee with Michelle Gallagher and Lydia Dan-Sardinas working as co-chairs. The remaining ECDC members Bruce Mitchell, Scott Sibley and Carole Kenney are contributing members to the subcommittee.

Ms. Clauson stated that a tax committee was formed to review the Business Privilege Tax. She explained that the tax committee is working to provide accurate information to businesses and potential businesses on the tax structures and economic benefits of locating their operations in Upper Merion Township. The subcommittee met with the township planning staff and some representatives of the business community to discuss the township tax structure. Some specific questions were raised about the actual impact of taxes on businesses and the township staff will investigate and provide additional data. A meeting is planned with Brandywine Realty: they raised concerns about tax impacts and the committee wants to get more specific details about what industries are affected by the tax burden and what specific objections have been noted. Working on this project are Scott Sibley, Michelle Gallagher and Bruce Mitchell.

Ms. Clauson indicated that the creation of a budget advisory feasibility study subcommittee was prompted by two elements.

- the establishment of budget advisory committees in Tredyffrin, Radnor and other communities.
- Upper Merion Township Vision 2020, page 8 to create an advisory finance committee to assist the Board of Supervisors.

Mr. Clauson envisioned the scope of this subcommittee to be narrow. It is to provide an informational report on the following items of interest.

- strengths and drawbacks of such committees
- their method of formation
- the details of their operation.

Ms. Clauson stated by making comparisons between budgetary sizes and issues from township to township, the subcommittee seeks to identify the relevance of such a committee altogether to Upper Merion's needs. Carole Kenney and Bruce Mitchell have taken on this task.

Ms. Clauson indicated that ECDC is a silent partner in the Upper Merion Farmers Market while Parks and Recreation is the parent of this project. She pointed out that their organized committees of community volunteers are responsible for this successful undertaking. Since the market represents a business venture between community and government, the ECDC asked to be a silent partner. Monthly reports will be submitted by two farmers market volunteers who also serve on the ECDC – Lydia Dan-Sardinas and Carole Kenney. Their reports will assist ECDC in studying the business model.

Ms. Clauson presented ECDC's recommendations for 2010-2011:

- maintaining the Township's favorable residential tax burden.
- maintaining a top credit rating for future Township debt issues.
- fostering a positive environment for Upper Merion businesses
- supporting civic associations, cultural organizations and recreational activities to sustain the vitality of the residential community.

Mr. Waks stated that prior to his election as supervisor he served on the ECDC as a member and Chair. He commended the amount of work ECDC has undertaken, particularly the tremendous amount of work that will be required for the Tricentennial. Mr. Waks also noted the previous work of ECDC in connection with Vision 2020.

Mrs. Spott asked for clarification about the goal of the tax committee reviewing the business privilege tax. Mr. Sibley responded that changes in the business privilege tax are not contemplated. He explained that the tax committee developed as an offshoot from the Business Improvement District when certain issues were raised about the impact of the tax on certain businesses. The tax committee will obtain solid data to better understand what the objections are, come up with a strategy to overcome this, and dispel any misconceptions about the tax.

Mrs. Spott asked if a promotion campaign could be organized about the benefits of doing business in Upper Merion if good information and good comparisons are obtained to make clear arguments. Ms. Clauson responded in the affirmative.

Mr. Sibley noted that the website would be a conduit for discussions business issues.

Mr. Jenaway pointed out the benefit of relating ECDC's work in this area to the larger regional picture.

With regard to the Budget Advisory Feasibility Study, Mr. Bartlett questioned the need for obtaining additional budgetary information since Upper Merion's budget process is thorough and comprehensive.

Mr. McBride commented that he does not see a need for a budget advisory committee and does not want to burden our current budgeting process which has produced excellent results for our bond ratings.

Mr. Waks commented that as far as the pure raw informational report, he has no problem with providing the Board of Supervisors with any and all information that ECDC deems appropriate.

Mrs. Spott commented that ECDC was basically acting on a recommendation in a document that had already been in place and she does not see any harm in following up on the recommendation.

Mr. McBride commented that there are a number of things in Vision 2020 that we are not doing and this budget advisory group would be one of the things that we do not have to do. He expressed concern that it would not only take focus away from the budgeting process in place, but also take staff time to augment whatever this committee is doing.

Mr. Jenaway stated it might be important to identify the driver for including this [advisory finance committee] in Vision 2020 in 2005 since there may have been a driver back then that does not exist now. He also pointed out that at the recent Pennsylvania State Association of Township Supervisors (PSATS) meeting, Mr. Wagenmann was addressing a group of about 150 municipal leaders on how to do their budgets and successful long term planning.

Mr. Jenaway commented on the Tricentennial and said that will involve and immense amount of work and he suggested that ECDC involve all the other advisory boards in this project once their action plans have been developed.

PENSION ADVISORY BOARD

ROLL CALL:

Supervisors present were: Greg Waks, Bill Jenaway, Joseph Bartlett, Ed McBride and Erika Spott. Also present were: Ron Wagenmann, Township Manager, Judith A. Vicchio, Assistant Township Manager; Fred Santoro, Human Resources Director; Eric Medrow, Chairperson; Vincent Mallon.

DISCUSSIONS:

Mr. Eric Medrow, Chairperson, stated that all non-uniformed civilian Upper Merion Township employees participate the 401(a) Defined Contribution Pension Plan administered by ICMA-RC, Washington, D.C.

For the year 2009 the Fund began the year with a balance of \$7,970,789, employee contributions were received into that plan of \$694,042, distributions were made in the amount of \$494,385, fees were paid in the amount of \$218, gains were experienced in the amount of \$1,683,681, and the ending balance totaled \$9,853,909. Mr. Medrow noted that the participants are allowed to make loans from their 401(a) plans although they are discouraged from doing so. The outstanding loan balance is \$85,841 and the total plan assets amount to \$9,939,750.

Employees must contribute 3% of W-2 wages and the Township contributes 6%. Additionally, employees may elect to contribute an additional 7% on an after tax basis, to their accounts.

Mr. McBride asked how many people participated in the loans. Mr. Fred Santoro, Human Resources Director, responded that four employees obtained loans.

Mr. Medrow noted that such employee loans are discouraged whenever possible since these are retirement dollars.

Mr. Waks asked if these loans are handled as a set IRA or regular 401(k) with 60 days to return the funds. Mr. Medrow responded that the same rules do not apply and they have 60 months to return.

Mrs. Spott asked if loans are permitted for any reason or are there certain stipulations for the loans. Mr. Santoro responded that loans were provided for any reason. He explained that the loans on the 401(a) plan are eliminated next year and only hardship withdrawals will be allowed. Mr. Santoro pointed out that

loans will remain with the 457 plan because that represents 100% of the employee vested funds.

Mrs. Spott asked if there are limitations on these [457] loans. Mr. Santoro responded that they can borrow \$50,000 or 50% of their vested balance whichever is lower.

Mrs. Spott asked how long it takes to become vested. Mr. Santoro responded seven years.

Mrs. Spott asked if it is gradual vesting. Mr. Santoro responded in the affirmative.

Mrs. Spott asked for a brief description of investment options that employees have. Mr. Wagenmann responded that ICMA has some standard packages for the high, medium and low risk person. He said at times there have been Vanguard funds to choose from and some Fidelity funds as well as T. Rowe Price.

Mrs. Spott asked for clarification on the number. Mr. Santoro responded several hundred. Mr. Medrow indicated that these are all open end mutual funds except there is a fixed investment. Mr. Wagenmann stated there is a fixed investment that they do offer through the ICMA.

Mrs. Spott asked for clarification on the type of investment advice the employee receives. Mr. Wagenmann explained the application process and if the applicant requires guidance or information they can place a toll free call to the investment adviser, make changes electronically, and also have the opportunity to meet face to face three or four times with the investment adviser for specific advice or an individual financial plan when specific appointments are set up in the township building.

Mr. Medrow discussed the Upper Merion Township 457 Supplemental Retirement Plan. The 457 Supplemental Pension Plan has been made available by the government to townships, municipalities, and boroughs, specifically for their employees. The 457 Supplemental Pension Plan is currently administered by two vendors; ING Life Insurance and Annuity Company of Hartford, CT and ICMA-RC of Washington, D.C. In 2027 the decision was made to consolidate these two accounts to achieve significant savings for participants in the reduction of fees.

Funds in accounts managed by ING continue to be redirected to ICMA-RC accounts. Distributions from the ING Fixed Asset Account have a restricted withdraw provision which requires a five year time table for liquidation. This

process will be complete in August of 2012. Mr. Medrow explained that this means that all of the funds by August of 2012 will have moved from ING to the ICMA investment management firm.

Participation in the 457 Supplemental Pension Plan is mandatory for police officers and voluntary for non-uniformed civilian employees. Police officers contribute a minimum of 4% to the Plan. Police and civilian employees may contribute up to 20% of their annual earnings, on a pre-tax basis, to the Plan.

The 2009 balance for ING amounted to \$162,695. Mr. Medrow pointed out that this is the amount that is being liquidated over a five year period of time. The ICMA-RC account is now \$9,873,886. Total 457 Funds amounts to \$10,036,581.

Mr. Bartlett asked for clarification on the significance of the numbers in covering current and potentially future retirees. Mr. Medrow explained that this is a Defined Contribution Plan and there is no liability on the part of the township. He explained that the Police Pension fund is a Defined Benefit Plan and there is a township liability there, but not in the Defined Contribution Plan. The employees own money goes into the Defined Contribution Plan that is being managed for them. Employees take the investment risk in those particular funds without liability on the part of the township. Mr. Wagenmann pointed out that ICMA will run a financial plan for the employee and let the employees know if they will be able to meet their targets with regard to retirement income. If the employee falls short the ICMA adviser will recommend the changes that need to be made to meet projected retirement benefit targets. Mr. Wagenmann noted that employees are also covered by Social Security and Mr. Medrow pointed out that the Defined Contribution plan provides a kicker on top of their Social Security.

Mrs. Spott asked for clarification on the 401(a) is Defined Contribution and said that employee contributions are at risk as well as the portion the township contributes depending on the type of employee investment. Mrs. Spott asked the amount the township contributes to the 457. Mr. Wagenmann responded that the only contribution that is made would be for his pension plan, but for the other employees and the uniformed police the township makes no contributions.

Mr. Medrow discussed the Upper Merion Township Police Pension Fund and Plan. He explained that it is a defined benefit plan governed by Pennsylvania Act 600. Since there are guarantees associated with this plan, the members of the Pension Advisory Board are cognizant of their fiduciary responsibility to make sure that it is well managed. The investments are managed by the Daniel F. Dent Company of Baltimore, Maryland, the fund

custodian is PNC Bank of Pittsburgh, PA, and the actuarial firm is Anderson & Company.

The beginning balance from March 31, 2009 to March 31, 2010 is \$26,178,723, the investment and other income was \$1,086,764 from which benefits were paid to retired police officers of \$1,285,943. There were gains in the portfolio of \$7,312,185 and the ending balance is \$33,291,729.

Mr. Waks said there has been a lot of talk about the Commonwealth and certain municipalities that have not been able to meet their pension obligations. He asked for clarification about the Township's standing in its ability to meet pension obligations. Mr. Wagenmann responded that Upper Merion is not in the same situation as many of the other municipalities. He explained that because of events the previous year, the officers' contributions had to go up to the full 4%. A new actuarial study by Anderson is underway and the township awaits the results. If the new numbers can be used there would not have to be any contribution from the General Fund at all and the police officers may see their contribution come down.

Mr. Medrow pointed out that most if not all the police departments in Pennsylvania have a defined benefit pension plan of some kind. Upper Merion is at the top of the list with a well managed, well invested pension plan. Mr. Medrow expressed concern about the danger that the State at some point is going to step in and take over all of the defined benefit plans.

Returning to Mr. Waks' question, Mr. Medrow stated that relatively speaking compared to the rest of the state, Upper Merion has a very fine pension plan that is in very good shape at the present time.

Mr. Waks asked for clarification about the possibility of the state taking over all the pension plans and if this meant that Upper Merion's pension plan might be combined with other pension plans thereby forcing the township to pay up the obligation. Mr. Wagenmann explained that as it was originally proposed, it would not all be done at once. He said that certain distressed plans would first have to go into it, then others would be asked to come in voluntarily, and as a starting set point, all employees hired after a certain date would have to go into a statewide pension plan. Mr. Wagenmann pointed out how the 205 monies come into play and noted if we were still collecting all the taxes that came in from the Foreign Casualty policies that were sold in Upper Merion, this pension plan would have absolutely no problem whatsoever.

Mr. Medrow commented that there are always bills being considered that are not enacted, but it is the fiduciary responsibility of the Board of Trustees of the pension plan to be constantly aware of legislative issues impacting the



township so that appropriate defensive action can be taken if necessary.

Mr. Medrow discussed the Upper Merion Township Healthcare Plan which has implemented several significant changes.

A Healthy Life Styles Program has been instituted that reimburses plan participants up to \$50 per month for fitness club membership with verified usage. The Township also continues self-funding smoking cessation efforts and weight loss programs and is encouraging plan members to participate in a variety of incentive based activities to promote the long term health of the entire group.

Total healthcare, prescription and administrative costs for the year 2009 were \$4,261,342, compared to the 2008 total of \$3,785,181 that represents an increase of \$476,161 or 11.17%.

In 2009 active employees began contributing to the cost of their healthcare plan. The total employee contribution for calendar year 2009 was \$123,984.

Retirees who elect to remain on the Township's Healthcare plan are required to pay the full amount of the COBRA equivalent rate plus a new 17% surcharge to cover the GASB45 implied subsidy. The total receivables for 2009 amounted to \$385,710.

On July 1, 2010, the Township will end the current self-funded healthcare agreement with AmeriHealth Administrators, Inc. and join the Delaware Valley Insurance Healthcare Trust. Township employees will retain the same schedule of benefits at a substantial cost savings to the Township.

Mrs. Spott asked the reason for the spike in healthcare costs in 2009 after implementation of smoking cessation, weight loss programs and incentive based healthcare programs. Mr. Santoro said the spike has more to do with the economic environment and the general rise in healthcare cost. He explained that this is the first year incentives have been offered and that the payback is three or four years down the road when it is expected that there will be \$4 returned in lower costs for each of the dollars spent on healthcare incentives.

Mr. Wagenmann commented that the recently enacted federal health care bill now requires that employers in health plans include some of the preventive measures and testing that the Township now allows.

ADJOURNMENT:

There being no further business to come before the Board, the Joint Meeting was adjourned at 9:37 p.m.

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RONALD G. WAGENMANN  
SECRETARY-TREASURER  
TOWNSHIP MANAGER

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Minutes Approved:

Minutes Entered:

The entire proceedings of the business transacted by the Board at this Business Meeting were fully recorded on audio tape, and all documents submitted in connection thereto are on file and available for public inspection. This is not a verbatim account of the minutes, as the tape is the official record and is available for that purpose.