

PENSION ADVISORY BOARD/HEALTH & WELFARE BOARD OF TRUSTEES
JUNE 12, 2019

The Pension Advisory Board/Health & Welfare Board of Trustees, met for their Quarterly Meeting on Wednesday, June 12, 2019, in the Township Building. The meeting was called to order at 5:30 p.m. followed by a pledge to the flag.

ROLL CALL:

The following members of the Pension Advisory Board/Health & Welfare Board of Trustees were present: Roseann McGrath, Chairperson; Joan Jenaway, Vice Chairman; Andy Fidler, Police Representative; Sgt. Bill Daywalt, Non-Uniformed Representative; Tom Nolan, Director of Public Safety; Sibyl Bryant, HR Director; Nick Hiriak, Finance Director; Greg Waks, Trustee and Board Liaison; Thomas J. Anderson & Associates Representatives Jim Kennedy and Doug Werley. Absent: Sally Slook, Acting Township Manager.

MEETING MINUTES:

Motion made and seconded, all voting "Aye" to approve the April 10, 2019 Meeting Minutes as submitted. Motion unanimously approved.

PRESENTATION BY THOMAS J. ANDERSON & ASSOCIATES WITH JIM KENNEDY AND DOUG WERLEY

Mr. Jim Kennedy, President, Thomas J. Anderson & Associates, stated actuarial reports were recently completed and changes were made to investment interest rate. For this year, the Police elected MMO was \$1.586 million and the market MMO is higher at \$2.265 million. The non-uniform defined contribution plan was about \$536,000. In a year and a half, \$1.138 million in state aid is estimated which brings the net overall MMO contribution for both plans to about \$985,000. That is consistent with 2018 which is up by four percentages. It is estimated that the Police MMO for 2020 on a smooth, which is normally elected, is going to be about \$1.99 million and the market about \$2.391 million.

Mr. Kenney explained when looking at the funding on a market value basis, both of the plans combined are at 87% which is consistent with 1/1/2017. From a smooth standpoint which is what is reported on the actuarial and state reports, the plans are at 93% and that is basically level-zero, no distress and very similar to 1/1/2017. He explained how even with the downturn on the market in the end of 2018 and lowering the discount rate to 8%, which requires more to be paid in to the MMO, is not achievable to be hitting those numbers on an annual basis. For this reason, the Board with their recommendation decided to try and lower that number down.

Mr. Kennedy discussed lowering the interest rate which is part of the long-term plan. The recommendations include to budget and plan to pay the market MMO because it is higher and the correct way to fund the plan and to try to begin

lowering down the discount rate. It was noted that 1/1/2021 will be the next report.

Chief Nolan asked what the smoothing for Police is and Mr. Kennedy stated it is a little higher at 90%. Mr. Kennedy noted that last year DF Dent was positive by 2% to 3% and in 2017 they were almost 18% while most plans across the state were down between 6% to 8% range in the last year. It was also stated numbers were ran through May of this year and it was already at 13% and will be higher. It was mentioned that by using the smoothing technique, it unfortunately smooths both gains and losses. However, Mr. Werley also noted that DF Dent has done a magnificent job especially with being up 13.7% year to date.

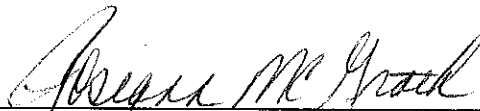
Mr. Kennedy discussed a change in the system in which the state aid process became automated online. This is the first year where the Act 205 actuarial reports are uploaded online. Mr. Kennedy also mentioned they have partnered up with the State to help their clients set this up because there are a few things that have to be done on the municipal statistics website to set up plan declarations and get everything ready. It was noted that the Township's non-uniform defined contribution plan has already been completed and uploaded. The Police plans are more complicated and the user guide is not even out for the actuaries yet.

NEW BUSINESS – None.

OLD BUSINESS – None.

ADJOURNMENT

There being no further business before the Pension Advisory Board, it was moved and seconded to adjourn the meeting. None opposed. Motion was unanimously approved.



ROSEANN MCGRATH
CHAIRMAN

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Minutes Approved:

Minutes Entered: