

RESOLUTION NO. 2013-130

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TOWNSHIP OF RADNOR, DELAWARE COUNTY, PENNSYLVANIA, AMENDING THE EMPLOYMENT AGREEMENT OF THE TOWNSHIP MANAGER

WHEREAS, the Board of Commissioners approved Resolution No. 2010-12 appointing Robert Zienkowski to the office of Township Manager pursuant to an Employment Agreement effective May 1, 2010; and

WHEREAS, the Board of Commissioners amended the May 1, 2010 Employment Agreement of the Township Manager pursuant to Resolution No. 2012-80; and

WHEREAS, the Board of Commissioners and Township Manager desire to further amend the May 1, 2010 Employment Agreement.

NOW, THEREFORE, be it hereby *RESOLVED*, that the Board of Commissioners does hereby revise the May 1, 2010 Township Manager Employment Agreement, as amended, and authorize the Township Solicitor to prepare the required contract addendum for execution by the President, including the following revisions:

1. Revising Article V. Insurance, Pension, by eliminating the Manager's participation in the Township's Non-uniformed Employees Pension plan, effective January 1, 2014; and

2. The Township shall make a one-time payment of \$7,500.00 on January 16, 2014 in consideration of the Manager's removal from the Township's Non-uniformed Employees Pension Plan conditioned on Manager's continued employment for 18 months with the Township; and

3. In the event that the Manager leaves employment with the Township before July 16, 2015 for any reason, the Manager shall be responsible to repay to the Township a monthly pro-rated portion of the \$7,500 for each full month remaining until July 16, 2015.

4. The Manager is ineligible for any type of OPEB benefit plan or program during the term of his employment and the existing OPEB contribution is eliminated.

SO RESOLVED, this 28th day of October, 2013.

RADNOR TOWNSHIP

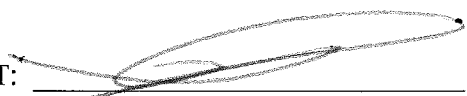
By:



Name: Elaine P. Schaefer

Title: President

ATTEST:


Robert A. Zienkowski, Secretary

**COST REDUCTIONS FOR TOWNSHIP MANAGER'S
POTENTIAL WITHDRAWAL FROM RADNOR TOWNSHIP
CIVILIAN EMPLOYEES PENSION PLAN**

Annual Impact:

Normal Cost:	\$	38,241 ¹
Less: Member Contributions (at 5% of eligible salary)		(9,100) ²
Less: State Pension Aid		(3,884) ³
Net Annual Pension Cost Reduction	\$	<u>25,257</u>
Add: Reduction in Amortization Payment Reduction		8,760 ⁴
Resulting Annual Cost Savings / (Increase)	\$	<u><u>34,017</u></u>

Long-Term Impact:

Cumulative Annual MMO Savings:		
Reduced Normal Cost (at 9 years up to normal retirement)		298,653 ⁵
Amortized Actuarial Gain (20 year period)		175,200 ⁶
Resulting Long-Term Savings / (Costs)	\$	<u><u>473,853</u></u>

Footnotes:

- 1 Normal Cost: Is the annual resource requirement to fund the future pension benefit. For the Township Manager, given the shorter period between hire date and normal retirement date, the normal cost percentage is 21%.
- 2 Member Contribution: Is set at 5% of eligible salary per year
- 3 State Pension Aid: The Township's qualifying pension plan receives aid in the amount of \$3,884 per unit. This amount fluctuates annually, but for purposes of this calculation, it is assumed to be constant over the period up to the Manager's normal retirement age.
- 4 Actuarial Gain Analysis (as calculated by Mockenhaupt Benefits Group)
- | | | |
|---|----|---------------------|
| Actuarial Accrued Liability (at 1/1/2013 valuation) | \$ | 120,787.00 |
| Less: Member Contributions (with Interest) | | (24,790.00) |
| Actuarial Gain / (Loss) | \$ | <u>95,997.00</u> |
| Present Value of Actuarial Gain | \$ | <u><u>8,760</u></u> |
- 5 The Manager's normal retirement date is scheduled to be 2022, or 9 years. So the Normal Cost savings is calculated as a per year savings times nine years, less the \$7,500 one time payment requested in January 2014 (see note 7)
- 6 The Long-Term Impact of the actuarial gain takes the present value of the discount, and applies that evenly over the 20 year amortization period.
- 7 The Manager is proposing that instead of participating in the pension plan, that the Township agree to pay a flat \$7,500 in January 2014. Consequently, the savings in year 1 would be \$26,517.
- If the Manager leaves employment with the Township prior to July 16, 2015 for any reason, the Manager shall be responsible to repay to the Township a monthly pro-rated portion of the \$7,500 for each full month remaining until July 16, 2015.
- 8 NOTE: OPEB Costs are not recognized for non-union employees hired after 1/1/1990; therefore no impact on the OPEB Plan.