

***TOWNSHIP OF RADNOR
Minutes of Public Meeting of February 21, 2012***

The Radnor Township Board of Commissioners met at approximately 6:30 PM in the Radnorshire Room in the Radnor Township Municipal Building, 301 Iven Avenue, Wayne, PA 19087

Commissioners Present

William Spingler, President

Elaine P. Schaefer, Vice President

Donald Curley

Kevin G. Higgins

John Fisher

James C. Higgins

John C. Nagle

Also Present: *Robert A. Zienkowski, Township Manager; John Osborne, Treasurer, William White, Finance Director; William Colarulo, Superintendent of Police; Stephen Norcini, Director of Public Works, Tammy Cohen, Director of Recreation; Kevin Kochanski, Director of Community Development, Alison Rudolf, Interim Human Resource Manager and Jennifer DeStefano, Executive Assistant to Township Manager.*

President Spingler called the meeting to order and led the audience in the Pledge of Allegiance.

Presentation of Unfunded Liabilities

Bill White made a presentation in regards to Radnor Township Pension and OPEB. He discussed Pension, Other Post-Employment Benefits and Compensated Absence Liabilities. He also reviewed recommended next steps. Mr. White wanted to thank CARFAC for all of their input into this presentation that they have had. Colleen Deer, Mockenhaupt Benefits Group made a presentation about Defined Benefit plan vs. Defined Contribution Plan from an actuary perspective.

Board of Commissioners Comment and Discussion

Commissioner K. Higgins inquired about if he hires someone tomorrow at the age of 25 a liability is created under the defined benefit. Colleen responded yes.

Commissioner J. Higgins commented that if you look at Civil employees, can we stop the defined benefit plan and therefore cut-off our liability for adding to that, we then create a defined contribution plan which would have a match, would we be able to freeze our responsibility on the defined benefit plan? Colleen responded; she would get a legal opinion but essentially you are guaranteeing that benefit to the employee as long as they are eligible.

Commissioner Schaefer inquired in the past if Radnor Township had been underfunded or overfunded and how long. When or if you are overfunded what policy do you follow? Colleen responded that the way you fund it is set-up by state law. If you are underfunded it is amortized

over a period of time and you pay that back similar to a loan. If you are overfunded the state says that you take 10% of your overfunding and credit it off of your cost.

Commissioner Fisher commented that this didn't just happen so we need to ease into some level of tax increase.

Mr. Zienkowski commented that disability retirements and in the end the calculations also factor into these numbers as well. He also stated that based on the Auditor General's information on unused time accumulated; this is something that we will be working on with Legal Counsel on as well because of what they have is in compliance.

Commissioner Schaefer asked if we adopted a policy at the Township level to encourage our employees to use their time and we showed a pattern would that affect your assumptions. Colleen responded that yes, if you said today that we are implementing this today they would put it in the 2013.

Bill White, Finance Director discussed that a lot of these specifics will be addressed since they are related to collective bargaining.

Commissioner Schaefer inquired about OPEB health care benefits, that all of retirees are eligible for health care if they reach the retirement age. Alison Rudolf responded that all employees are eligible for health care at retirement however there are employees that leave before retirement age who are then therefore not eligible.

Commissioner K. Higgins asked what the benefit of setting up a trust would be. Colleen responded that if you set up a trust you are irrevocably committed to paying the OPEB benefits where if you earmark money for OPEB benefits on the financial statements you can't offset them as an asset to your liabilities.

Commissioner K. Higgins asked Bill White if the bump up provision is carved out so we can see it and if it is affecting projected salary increases. Bill White responded yes we are peeling it out and showing it separately which will allow us to bring the salary assumptions down more confidently. He also noted that the salary increases are over an entire career span.

Commissioner Nagle commented that if we stay with Pay as you go what percentage of our total operating budget would that be in the further out years and have we looked at the School District yet because they are part of the state system which is grossly underfunded. That will impact our tax payers as well.

Commissioner Curley asked who will put together the recommendations whether it is in-house, outside consultants or both. Mr. White responded both in-house and outside consultants.

Robert Zienkowski, Township Manager added that if we take all the pieces that we have discussed through the year, they will all come together and in April we will meet to bring all of

this together. By the end of the year the Board will need to have a plan and model with how the issues will be addressed.

Commissioner J. Higgins commented that we need to get creative and create a program of Sponsorships and underwrite our budget.

Commissioner Schaefer wanted to thank CARFAC again for all the work that they have put in and will be putting in.

Public Comment

Sarah Armstrong - Are we including the accrued vacation in the assumptions for next year. Her suggestion would be to offer a lump sum payment.

Martin Heldring, 305 Audubon Avenue – The investment/discount rate at 8% when it was determined at a bare minimum must have included some assumptions of interest rates which are much higher than they are today. Also he wanted to applaud Mr. Zienkowski for his comments. The calculations are staggering. Pay as you go can't be the solution.

Dan Webster – He raised questions about pension liabilities.

There being no further business, the meeting adjourned on a motion duly made and seconded.

Respectfully submitted,

Jennifer DeStefano

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