May 17, 2017 Radnor Township Municipal Building Finance Conference Room, Not Televised 301 Iven Ave., Wayne, PA 19087

Meeting Minutes

Chairman Mark Blair called the meeting to order at 7:00PM. CARFAC members Mark Blair, Leo Marte, Jerry Linden, Ed Caine, Mary Hoeltzel, Helen Mountain and Jeff Ruben attended in person. Members Michael Antonoplos and Carl Rosenfeld were unable to attend. Assistant Finance Director/ HR Manager Bob Tate represented the Administration as Finance Director Bill White was unable to attend.

1. Approval of Minutes:

a. Mr. Blair noted that the minutes from the April 19, 2017 meeting were distributed to the Committee. Noting no corrections, the minutes were approved as presented.

2. Project Updates:

a. Audit Update – Mr. Caine informed the group that the audit workgroup met with the auditors on the morning May 17, 2017. He reported that no issues were noted and that the audit is progressing, with fieldwork essentially complete. It appears the Township will receive a clean opinion, and although slightly behind schedule, it is anticipated the June 30th deadline for the Comprehensive Annual Financial Report (CAFR) submission to the Government Finance Officers Association (GFOA) will be met. Furthermore, the workgroup also met privately with the auditor and no material issues were noted.

b. Capital and Long-Term Liability: Mr. Linden updated the committee:

i. Mr. Linden presented a series of slides focusing on the status of Radnor's unfunded pension liabilities using statistical and comparative data to measure the health of Radnor's plans against neighboring and similar-sized municipalities in the region. Mr. Linden proposed a special meeting with members of the Board of Commissioners, with presentations by CARFAC and the outside professionals for the pension plans. These include the actuary, investment advisor, and independent CPA performing the audit. The point of the meeting would be to provide an in-depth review of scope, characteristics and implications of these long-term liabilities. The schedule suggested for this project: meet in June to provide the abovementioned education session, provide CARFAC's analysis of various funding strategies to the Board of Commissioners in June or July, followed by a review by the Board of Commissioners and the public in August. The Board's decision is needed before September so it can be incorporated into amended assumptions to be used with the 2018 Minimum Municipal Obligation (MMO) by end of September. Then discussion ensued on a variety of funding opportunities, with input from Mr. Ruben, Mr. Marte and Ms. Hoetzel.

Mr. Marte further demonstrated the importance of informing the Board of Commissioners how their actions or inactions impact the long-term liabilities. He

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presented several slides, and noted that there are various options that warrant discussion to assist the Board in making decisions to help control the growth of the MMO funding for the pensions. It is essential that the Board come to choice on the target level of overall funding it deems appropriate, and over what time frame (e.g. 80, 90 or 100 percent, over 15, 17 or 30 years).

ii. Capital Plan: After the Board of Commissioners and Administration first review and agree upon the 2018 capital projects, CARFAC will use the five year forecasting tool to apply those funding levels to the various potential strategies that were developed in 2016, with the financial impact of each highlighted, and report to the Board. The project timing has been set for CARFAC to complete its analysis by August or September, to allow for review and resolution by the Board of Commissioners prior to the start of the annual budget process.

c. Stakeholders Report and Financial Metrics Development: Ms. Hoeltzel updated the Committee:

i. Stakeholders Report: Ms. Hoeltzel will email the working group to begin this project after work on the Financial Metrics project is complete. Mr. White intends to update the previous report with data from the 2016 CAFR to establish a baseline for the report.

ii. Financial Metrics Development: Ms. Hoeltzel reviewed high level data and shared with the group preliminary information regarding expense-to-revenue ratios and debt-to-revenue ratios, noting that Radnor's debt ratio is higher than comparable municipalities. Discussion ensued on the value and reliability of excess revenues for reducing debt. Further work and analysis will be forthcoming.

d. Software Implementation: Mr. Linden updated the Committee that the implementation continues as the Township approaches the July 1 go-live date. The Steering Committee met in March with Tyler's regional implementation manager. A follow-up Steering Committee meeting is being considered before the July 1 go-live date. As anticipated, implementing a replacement information system in parallel with running the Township is a challenge, but it is being handled well by the Administration team.

3. Given the time and other commitments, the balance of the project updates and the Finance Quarterly Update Q1-2017 was postponed to a future meeting.

4. New Business: None

5. Public Comment: None

6. Being no further business, CARFAC adjourned at 9:07PM