

Citizens Audit Review & Financial Advisory Committee  
September 18, 7:00 p.m.  
Radnor Township Municipal Building  
Administration Department, 2<sup>nd</sup> Floor  
301 Iven Avenue, Wayne, PA 19087

### Meeting Minutes

The meeting was called to order by the Chairman Mark Blair at 7:00 p.m. The meeting was attended by Leigh Gourmand, Karl Bupp, Mark Blair, Jerry Linden, and Joe Ellis. Messrs. Jim Bowes, Laurent Chardonnet, Michael Antonoplos, and Ed Caine had scheduling conflicts and were unable to attend. Township staff members present were Finance Director Bill White and Assistant Finance Director Bob Tate. From the public, Leslie Morgan was also in attendance (through the Willows discussion).

The Committee discussed the following items:

**1. Approval of Minutes:**

a. Public Meetings:

- i. July 24, 2013 Meeting minutes – approved 5-0 as written.
- ii. Note that the August meeting was cancelled due to lack of quorum.

**2. 2013 Action Item Updates by Working Group:**

a. Planning:

- i. RATE Negotiation Update: No update with regard to negotiating specifics, however the Administration was reaching out to schedule future negotiation meetings.
- ii. \$8.0 Million Distribution: CARFAC reviewed the distribution that was presented to the Board of Commissioners in August as well as the several amendments that were incorporated as part of the Planning Working Group meeting held on September 13<sup>th</sup>. A copy of the proposed allocation plan is attached to these minutes. Moving forward, the Administration will connect with the actuary firm to confirm our understanding of the treatment of any excess funds deposited into the Pension plan; then the Working Group will meet to finalize its recommendation; then forward to the entire CARFAC group for review / comment prior to submitting the recommendation to the Board of Commissioners for the October 14, 2013 meeting.
- iii. Excess Fund Balance Policy: CARFAC discussed the various positives and potential negatives associated with adjusting the target fund balance upward to 25%. After a full discussion, it was determined that perhaps the best way to proceed was to keep the target at 15% and develop language that allowed a specific amount of excess funds to remain unallocated to help mitigate the risk of the volatile BPT revenue. Moving forward, the Administration will connect with the actuary firm to confirm our understanding of the treatment of any excess

funds deposited into the Pension plan; then the Working Group will meet to finalize its recommendation; then forward to the entire CARFAC group for review / comment prior to submitting the recommendation to the Board of Commissioners for the October 14, 2013 meeting.

- iv. Five Year Plan Updates: The Finance Director provided a brief review of the five-year plan and how it has been updated to incorporate the OPEB Funding plan, MMO increases, police staffing increases and capital program. Specific emphasis was given to the impact that the average annual MMO expense growth of 23% has on future budgets: At that rate, significant tax increases (or expense reductions) would be needed to balance future budgets beginning in 2015, 2016.
- v. Citizen Centric Reporting: CARFAC would like to get this report complete in concert with the budget process. To that end the Planning Working Group will meet next week and game plan on how to achieve getting the first edition put together.

b. Operations:

- i. Willows Proposal Update: Finance Director Bill White provided CARFAC with an update on the negotiations up to this point. Not much has changed since the July meeting other than the potential allocation of \$1.1 million from the \$8.0 million settlement. PUBLIC PARTICIPATION: A member from the public, Leslie Morgan, provided her thoughts on the overall concept of the Willows Plan and the long-term risks associated with that particular industry.
- ii. Open Space / Ardrossan Analysis: CARFAC discussed its role as it pertains to the Open Space Policy approved by the Board. CARFAC reviewed the list of questions that came out of the Operations Working Group's meeting on this topic with Commissioners Schaefer and Nagle. The Board of Commissioners has invited members from CARFAC to attend the executive session meeting scheduled for September 23<sup>rd</sup>, prior to the public board meeting to discuss this item and review CARFAC's questions.
- iii. Open Space / Cresa Report Analysis: Several items in the analysis are still being finalized. Once complete, the Working Group will review in concert with the Ardrossan project.
- iv. Storm Water Funding: The Finance Director updated CARFAC that the Storm Water Fee Ordinance was on the September 23<sup>rd</sup> Board agenda for adoption. If approved as written, the first round of invoices would be mailed in January 2014. Also, as a result of the \$1.5 +/- million of seed money, the fee is anticipated to drop from the initial amount of \$56 per unit down to \$29 per unit.

v. Act 511 Discovery Contract Proposal: The Assistant Finance Director provided an overview of the program, highlighting the changes since CARFAC last provided input on the contract earlier in the summer; noting that many of the recommendations from CARFAC were incorporated into the revised contract (with Muniservices LLC). After further discussion, a motion was made approving that the Township proceed with Muniservices LLC to provide Act 511 discovery services as discussed. The motion was moved by Joe Ellis, seconded by Leigh Gourmand and approved 5-0 by the Committee. This item will now be drafted into legislation for the Board of Commissioners consideration at the October 14<sup>th</sup> Board meeting.

c. Audit:

i. Financial Software: If the Board approves allocating funds from the \$8.0 million, the Administration requested that that audit committee convene to begin to lay out the project parameters.

**3. Old Business: Open Action Items to be addressed:**

a. Document need for Street Sweeper from Public Works Director [3/20 meeting]: Attached to these minutes in the letter from the Public Works Director to CARFAC. CARFAC requested additional analysis to include: Number of days the sweeper is in service and where as well as how many tons of debris is cleaned by the sweeper. Additionally, analysis on how much it has cost the Township to maintain the old sweeper as well as the number of days the old sweeper was out of service would help justify the need for a replacement. The Finance Director will go back to the PW Director for that information.

**4. General Discussion:** None

**5. Public Participation:** No further discussion other than what was discussed with the Willows project.

**6. Adjourn:** Being no further business, the meeting was adjourned at 9:55 p.m.

**Radnor Township**  
**CARFAC – List of Action Items**  
**Updated September 23, 2013**

---

**CARFAC – Committee as a Whole**

- I. CARFAC Scorecard
- a. Mercantile Tax Refunds: proactively returned **\$59,160** to nine establishments to-date
  - b. Swap: Increased Swap discount from 11.4% to 12.0%, generating **\$31,078** in savings
  - c. Swap: Eliminated future costs and risks associated with variable rate bond market and swap payments to Counter Party (conservatively estimated to have saved the Township **\$2.6 million**, documented)
  - e. 2004 Bond Refund: NPV savings of **\$2,013,920** or 14.198% of Refunded Principal
  - f. Contributed to the development of a dedicated OPEB Fund to begin the process of funding the long-term liability to be built into the 2014 budget and ongoing five year forecast
  - g. Participate in the 2012 Audit process; Met with BOC to review issues; Recommend Acceptance of the Independent Auditor’s Report and Audited Financial Statements
  - h. **CARFAC reviewed and ultimately recommended proceeding with a third party Act 511 Tax Discovery firm to give the Township another resource in administrating the compliance of the business tax laws. \*\*NEW\*\***

**Planning Working Group**

- I. OPEB Funding Strategy
- a. Review RATE Negotiation progress/ Items as they relate to OPEB / Pension project – **Administration is reaching out to RATE to reengage negotiations, no meetings scheduled yet**
  - b. Incorporate any OPEB funding strategy into five-year plan – **The 2014 Township Manager includes the 10 Year Phase-In OPEB funding plan.**
- II. 2014 Budget / Five Year Plan Updates
- a. Five Year Plan to be analyzed in concert with the 2014 Budget process – **September**
  - b. Work with Administration preparing options on the use of the \$8,000,000 settlement – **Admin. to verify assumptions with Mockenhaupt and reconvene with working group, prior to sending to entire CARFAC in order to get on the Board’s October 14<sup>th</sup> Meeting.**
  - c. Develop Excess Fund Balance Policy – **Admin. to develop wording based on CARFAC meeting discussion from the 9/18 and reconvene with working group, prior to sending to entire CARFAC in order to get on the Board’s October 14<sup>th</sup> Meeting.**
- III. Stakeholder Communications (a.k.a. “Citizen Centric Reporting”)
- a. Research/publish the citizen-centric reporting approach – agree on theme, frequency and format – meet with web-site developer/consider e-mail strategy
  - b. Plan is to design the initial CCR for distribution at budget time. Thereafter we plan to publish twice per year. – **This will be on the agenda for the upcoming working group meeting**

**Operations Working Group**

- I. 2014 Budget: Estimated revenue assumption review with Administration – **Schedule meeting for late August/ early September**

**Radnor Township**  
**CARFAC – List of Action Items**  
**Updated September 23, 2013**

---

- II. Analyze Willows proposals (Administration recommendation, which included CARFAC's work, was submitted to the BOC on June 6. BOC heard the Administration's recommendation on June 24 and on July 8<sup>th</sup> authorized administration to enter negotiations with Conroy Catering). Administration continues to work with Conroy to develop a plan where the Township invests into the public infrastructure (roads, bridge, waterline, and parking) and require the Operator to obtain private financing for the remainder of the project. This is scheduled to be back in front of the Board in late October / early November.
- III. Open Space / Ardrossan
- a. Begin required Open Space Policy analysis once the Ardrossan facts are received – Final negotiated facts are still unknown at this time.
  - b. Review Solicitor's written description of Orphan Court procedures.
  - c. Review Solicitor's opinion on 29 year lease.
- IV. Open Space / Cresa Report
- a. Review report and verify the Township's cost to own property - Administration (Bob T.) to develop a matrix of all property by location, date acquired, acreage, cost, fair value, purpose, zoning and other notes. (Initial Draft Distributed by Bob T. on May 31 and reviewed further with working group on July 3<sup>rd</sup> – Michael A. addressing several open items)
  - b. CARFAC to meet with Elaine Schaefer and John Nagle on September 6<sup>th</sup> to discuss the Township's broad open space objectives. - Complete
  - c. CARFAC to then meet with the entire Board of Commissioners in executive session (acquisition of real estate) prior to the September 23<sup>rd</sup> meeting to review open space plan.
- V. Storm Water Strategy
- a. The Board of Commissioners will consider adopting the storm water fee at the September 23<sup>rd</sup> meeting: If adopted, the storm water program will be incorporated into the 2014 Budget and future forecasts.
- VI. Business Tax Discovery
- a. Township to counteroffer 25% rather than 32% per proposal - Complete
  - b. Bob Tate to redistribute [amended] agreement to working group by June 27 – CARFAC reviewed and approved the amended agreement at the September 18<sup>th</sup> meeting.

**Audit Working Group**

- a. Financial Systems – consider framework for evaluation of software – If the Board approves allocating a portion of the \$8 million tax settlement towards this project, a working group meeting will be convened.

**Township Administration**

- a. Bill to ask PFM for a proposed approach to managing the OPEB trust funds [5/15 meeting] – Working with the finance advisor on updating the engagement contract to include OPEB: This will take some time, but should be complete by the end of the year.
- b. Reassess ADP as a vendor [4/17 meeting] – ADP was cancelled on September 23<sup>rd</sup>
- c. Document need for Street Sweeper (PW Director) [3/20 meeting] – follow up detail requested by CARFAC is being worked on by the Public Works Director.