

FINANCE AND ADMINISTRATION COMMITTEE
NOVEMBER 6, 2017

Present: S. Byrne, R. Carlson D. Helm, B. Clark, T. Sander

Mr. Carlson called the meeting to order at 5:30 p.m.

A. Update of Actuarial Assumptions - Employee Pension Plan

Mr. John Vargo, Conrad Siegel Actuaries, presented a handout to the Committee. Mr. Vargo stated he has been with the company for twenty years and the consultant for the Township plan for ten years. Mr. Vargo reviewed the 2017 Pension Plan Calendar. He stated in February, Conrad Siegel provided the annual GASB 67/68 report to the Township's financial department. In March, form AG385 was filed with the State's AG office. In April, the Township provided annual employee pay and demographic data to Conrad Siegel. In May, Mr. Vargo prepared and distributes annual benefit statements to current employees. In August, Conrad Siegel distributed the 2018 MMO worksheet. He stated in September, the Department of the Auditor General determines the Annual General Municipal Pension System State Aid amount. Also in September, the 2018 MMO was adopted into the 2018 Township budget. In October, the State Aid was deposited into the pension fund. Mr. Vargo stated in December, the entire 2017 MMO needs to be deposited into the pension fund if it has not already been deposited. He noted in January 2018, Conrad Siegel will provide the signature ready form PC203(c) for review. The Pension Forms PC203(c) are due into the AG by March 30, 2018.

Mr. Vargo explained that someone born today is going to live longer than their parents did. He stated it is difficult to determine how much longer this person will live, and recommended the Township should update the mortality table assumption. He stated the pension plan currently uses the RP2000 Mortality Table. He recommended changing to the IRS 2017 Static Combined Table for Small Plans. He stated that the change in assumptions would result in an increase to the Actuarial Accrued Liability of approximately \$159,000, which is a decrease in the plan's funded ratio from 103.8% to 99.3% and an increase in the cost of the plan of approximately \$2,200 per year. Mr. Vargo stated the resulting MMO increase is approximately \$18,250 per year due to this change in assumptions. Mr. Vargo explained by changing the assumptions, it does not change the benefit provisions of the plan. He stated using outdated mortality tables understates plan liabilities and results in MMO's that are insufficient to fund the benefits in the future and puts the plan at risk for larger contributions in future years. Mr. Vargo recommended Council approve the changes. Committee members agreed and Mr. Clark stated he will put this recommendation on the Council agenda for Monday, November 13, 2017.

B. Review of Draft 2018 Budget

Mr. Clark presented a copy of the 2018 draft budget. He stated the revenue portion of the operating budget is still being worked on. He stated per the Home Rule Charter requirements, the public presentation of the 2018 draft budget has been advertised for

the regular Council Meeting on November 13, 2017. He stated he is working to have the overall document as complete as possible by this date. Mr. Clark reviewed the 2018 budget before the Committee. Mr. Clark explained there is no proposed change in the tax rate. Mr. Clark it is difficult to estimate the amount of taxes for 2017 that will be paid prior to the year-end. Mr. Clark stated there are a number of commercial and residential development projects that are expected to be started in 2018, including most of the remaining proposed buildings at the Promenade at Granite Run. Mr. Clark stated there is a proposed rent increase on the two buildings on the Smedley tract. He stated they may increase the rent on building 1 from \$1,400 to \$1,500 and the rent on building 2 from \$550 per month to \$600 per month. Also in regards to the Smedley property, Mr. Clark stated Mr. Janetka is waiting for the stormwater permit approval in early 2018 at the latest, after which site work can begin.

There being no further business, the meeting was adjourned at 6:15 P.M.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Sharon Browne". The signature is written in black ink and is positioned above the printed name.

Sharon Browne, Recorder