



Mount Joy Borough Council
Administration & Finance Committee Meeting Minutes
July 25, 2019

Members present: Chairman Youngerman, Councilor Reese and Councilor Feuerstacke.

Others present: Borough Manager Samuel Sulkosky.

Chairman Youngerman called the meeting to order at 6:30 PM.

Executive Session: None.

On a motion by Reese, seconded by Feuerstacke to approve the July 25, 2019 agenda as presented. *Motion carries.*

Public Input Period: None

On a motion by Reese, seconded by Feuerstacke, to approve the minutes from the June 27, 2019 meeting. *Motion carries.*

Presentation by RG Hall; Kevin Hall and Rob Lutz on the Uniform and Non-uniform Pension Plans:

Kevin Hall discussed the asset allocation of 70/30 stocks/fixed asset in the uniform pension and 60/40 stocks/fixed assets for non-uniform. The 2nd quarter 2019 returns were police 13.26% and non-uniform was 11.88%. For 2018, the uniform pension return was (5.82%). This was primarily due to a downturn in the market in December 2018. Hall noted that the 2018 losses were more than recovered in 2019. Hall covered the Investment Option Performance Results and Statistics Report which reflected non-uniform assets through 6/30/2019 of \$2,059,491. The uniform pension assets as of 6/30/2019 was \$5,758,923. Hall covered the Investment Performance of the individual asset groups and the total investment charges per asset category. Hall covered the asset allocation pie chart reflecting asset allocation. Hall noted that the asset categories were outperforming the Russell 2000 and the Morningstar Average. Hall covered the scoring criteria under the quantitative and qualitative evaluation and the favorable, neutral and less favorable grading categories. Hall covered the grading of each asset class from large value, large blend, large growth, mid cap, mid cap growth, small value, small growth, international equity, foreign, real estate, balances, short term fixed, fixed income and other.

Hall reviewed the Actuarial Valuation Reports for the plan year January 1, 2019 through December 31, 2019. Hall explained the Distress Determination method. The combined non-uniform and uniform plan distress level was 98% as of January 1, 2017. The current December 31, 2018 distress level was 80% for non-uniform and 92% for uniform pension which produces a Minimal Distress to None Distress respectfully.

Lutz covered the Minimum Municipal Obligation (MMO) 2020 calendar year calculation formula sheet. Hall covered the expected rate of return of 7.75% and suggested that might be high and 7.5% might be more advisable. This could be dealt with by lowering the expected rate of return and, if not, could be voluntarily by adding extra payments into pension funds. A discussion occurred about life expectancy or mortality tables adjustment being changed and effecting the actuarial assumptions of the pension plans. Hall further explained the smoothing process which utilizes a five-year rolling on investment returns which prevents major spikes and dips. Hall covered the emerging retirement liability and the current retired participants of \$11,075 monthly. Lutz estimated the 2020 MMO should be similar as the 2019 MMO.

Youngerman and Hall had a discussion about performance results as compared to the S&P 500 Index. Hall said that this was not an apples to apples comparison because of the 60/40 or 70/30 asset allocation being compared to a 100% stock allocation. Youngerman asked about the fees involved in the plans. Hall explained the custodial, investment management, administrative and actuarial fees. Youngerman asked if we could place Vanguard into the pension plan. Hall said that Vanguard could not be placed in the plan under the Principle Financial umbrella.

Youngerman asked if there were any pending legislation that pertains to pensions. Lutz said that there was some discussion on disability provisions on pension plans.

The Committee discussed with Lutz and Hall the discrepancy in the language between the pension documents and the police CBA. The conversation including coming up with a definition of gross wages and reconciling the document discrepancies.

The Committee thanked Mr. Lutz and Mr. Hall for their informative presentation.

Administration, Budget, and Finance:

Sulkosky stated that Resolution No. 21-19; Flood Mitigation was being withdrawn as per consultation with Council President Hall. The DCED analyst adjusted upward to \$176,022 which triggered the need to submit a corrected resolution so the Borough could receive more grant dollars. No action is required.

Sulkosky explained the Ordinance No. 4-19, sidewalk amendments, will be on Council's agenda for a motion to approve for advertising and is in the packets for informational purposes. The Committee held a discussion about the sidewalk ordinance.

After a brief discussion about Resolution No 22-19, Opt-out VGTs Location; on a motion by Reese, seconded by Feuerstacke, all in favor, to recommend to full Council. (Note: This will be renumbered to Resolution No. 21-19 since that Resolution number is now available.)

Evaluation/Salary Review – Councilor Reese asked about health insurance costs for employees. Currently non-uniform employees pay \$50 per pay for individual coverage and \$100 for family coverage. The uniform employee contribution is based on the CBA.

Manager's Report:

1. Sulkosky reported a \$5,000 from Highway Aid Fund in PLGIT to Northwest in order to maintain balance required to receive the 1.49% interest.
2. Marietta Avenue utility meeting has been scheduled for August 1, 2019. Utility relocation will start in late August 2019.
3. The Jacob Street Bridge is on the report for the last time.
4. Met with Representative Hickernell and Senator Aument to get their active support for the Borough Basin grants through HMGP and FMP.
5. Sulkosky reported that he has received numerous qualifications from potential Labor Attorneys.
6. Sulkosky gave an update on the MJCF efforts to engage a fundraising consultant and may be initiating fundraising efforts in earnest in the near future. Sulkosky noted that the Board has been in a blackout period, received their 501(c)(3) status. The Board has toured a number of recreational facilities.
7. The LCBA meeting is on July 31, 2019 in Elizabethtown.
8. Sulkosky provide an update of the RTKL situation with releasing packet documents to the public without going through the RTKL Officer. The Committee discussed possibly in the future developing a policy. It will be on the next A & F meeting.
9. Sulkosky provided an update at 310 Sagamore Hill.
10. The Committee discussed the letter from the resident of 109 West Main Street.

Land Development, Zoning & Codes:

Codes Report was provided in writing.

Grant Updates:

Sulkosky provided an update on the HMGP, the FMP and the DCED Multimodal Grant which is due July 31, 2019.

Sulkosky reported the Gerberich Payne Project did not get their financing through the PHFA. Andy Haines has sent the property owners a new offer to extend so he can resubmit their application to PHFA in November 2019.

Public Input Period: None

Executive Session: The Committee went into to executive session at 9:10 pm for personnel issues and came out at 9:20 pm. No decisions were made.

Other items:

The Committee stated that a job performance review will be done at the August 22, 2019 Administration & Finance meeting. Employee evaluations will be done in September 2019.

Adjournment:

On a motion by Reese, seconded by Youngerman, all in favor, the meeting was adjourned at 9:29 pm.



Submitted by Samuel Sulkosky, Borough Manager/Secretary