

**TOWN OF ELSMERE  
PENSION COMMITTEE MEETING MINUTES  
JUNE 08, 2016  
COUNCIL CHAMBERS  
6:30 p.m.**

**CALL TO ORDER:** Chairman Neal Strauss called the meeting to order at 6:30 p.m.

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

CHAIRMAN	NEAL STRAUSS	PRESENT
SECRETARY	STEVEN WEST	PRESENT
COMMITTEE MEMBER	STEVE BARONE	PRESENT
COMMITTEE MEMBER	JOHN JAREMCHUK, JR.	PRESENT
COMMITTEE MEMBER	ELAINE NEGLEY	PRESENT
COMMITTEE MEMBER	MAYOR STEVE BURG	PRESENT
COMMITTEE MEMBER	MATTHEW BARTON	PRESENT

Town Manager, John Giles – Present

Director of Finance, Joseph Schulcz – Present

Attorney, Tim Snyder – Present

**PUBLIC COMMENT:** None

**APPROVAL OF MINUTES:**

Minutes of the December 02, 2015 Pension Committee Meeting

**ACTION:** A motion was made by Committee Member John Jaremchuk to approve the minutes of the December 02, 2015 Pension Committee Meeting with no corrections. The motion was seconded by Committee Member Steven West.

**VOTE:** 7-0 All-in-favor Motion carried

**Review of financial activity occurring since the last committee meeting:**

1. Town Manager John Giles presented the December 2015 and January through April 2016 statements from Christiana Bank and Trust.
2. Town Manager John Giles presented the Delaware Local Government Retirement Investment Pool (DELRIP) for January 2016 through April 2016

**OLD BUSINESS:**

None

## NEW BUSINESS:

1. Items for the Elsmere Police Pension Plan.
  - a. The Committee will take action to appoint a new “Trustee” for the Elsmere Bureau of Police Pension Fund.

Town Manager, John Giles stated that Christiana Trust informed us that they will no longer be performing the Trustee duties for the pension and have given us until July 01, 2016 to make other arrangements.

Finance Director, Joseph Schulcz stated that he had bank contacts from a couple years ago when a request for proposal went out for Banking Services. After discussion with his contacts he found that most are not interested in the day-to-day processing, but rather the investment of funds and asked where the “big pot” of money was. He also stated that when evaluating the bank proposals he was specifically looking for a proposal that would generate sufficient income to cover the cost of the services and payments. He further stated that he received six bank proposals and four are present at the meeting tonight. He asked the committee to reference the handout titled “Rules of Engagement”. He added that when he presented information to the banks he used \$2.4 million as the “big pot” of money uniformly across the board.

Committee Member, Mayor Steve Burg asked Finance Director Joseph Schulcz what he meant by “big pot” of money.

Finance Director Joseph Schulcz stated that the bulk of our money is invested through the office of pensions in Dover with the State investment pool.

Mayor Steve Burg confirmed with Joseph Schulcz that we do not control this money.

Committee Member, John Jaremchuk stated this is not to be confused with the “State Pension Plan” that some of the officers are currently on, this pension is currently in an investment pool.

Town Manager, John Giles asked Finance Director, Joseph Schulcz to identify the four bank representatives present.

Finance Director Joseph Schulcz stated that Peapack-Gladstone Bank, Bryn Mawr Trust, PNC Bank and Wilmington Trust are present.

Town Manager, John Giles stated that when he reviewed the trust agreement from Christiana Trust he became very alarmed. The portion of the money that has been invested with the State is not protected. He further stated that in his opinion this should have been caught by the bank investing the money. Therefore, today he believes that a “Trustee” should be appointed and the funds from the state investment pool should be transferred to the Trustee so that the funds will be in a protected Trust account.

Attorney, Tim Snyder added that if Christiana Trust was the Trustee and they didn't have control of the assets, therefore they were not in the Trust account, then the assets are subject to the claims of creditors for the Town. Mr. Snyder stated that there are two ways to do this, either the Committee can be the Trustees and re-entitle the account with the State or obtain a new Corporate Trustee to manage the account and therefore assume the liability.

Committee Member, John Jaremchuk re-confirmed with Town Manager John Giles that the money in the State investment pool is not protected.

Town Manager John Giles stated that is correct, it is considered an asset of the Town.

Committee Member, John Jaremchuk asked Town Manager John Giles if he and the Finance Director were able to review the bank proposals.

Town Manager John Giles stated that he reviewed the proposals 30 minutes prior to the meeting.

Committee Member John Jaremchuk stated that he just received the proposals when he arrived at the meeting.

Town Manager John Giles stated that his understanding is how the Finance Director, Joseph Schulz explained it to him and discussed in depth his understanding of the bank proposals with Finance Director, Joseph Schulz including input from Attorney, Tim Snyder and some of the banks present.

Chairman, Neal Strauss asked each of the banks in attendance at this time to present their proposals.

Peapack-Gladstone Bank, Joseph Serzan presented their proposal and accepted any questions.

Bryn Mawr Trust, Sherry Dorsey presented their proposal and accepted any questions.

PNC Bank, Jim McElwain and Matt McKenzie presented their proposal and accepted any questions.

Wilmington Trust, Tony Lunger presented their proposal and accepted any questions.

At this time, Town Manager John Giles requested that the Committee complete all other agenda items since the proposals may require additional discussion amongst the Committee.

Committee Member, John Jaremchuk requested that any proposals in the custody of the Finance Director are dispersed to each committee member.

Town Manager John Giles stated that he would have both electronic copies sent and paper copies delivered to the home of each member tomorrow.

**Chairman Neal Strauss called for a 5 minute recess. The committee returned to session at 7:45 PM.**

Chairman Neal Strauss reported that Committee Member, Steve Barone asked to be excused during the recess and will not return.

Committee Member, John Jaremchuk stated he would like to address this comment to the Town Manager since he cannot address employees directly... He stated that there is no excuse as to why the Committee did not have all proposals prior to the meeting. The Committee cannot make a decision based on proposals that only the Finance Director had.

Town Manager, John Giles stated that he understands.

Chairman Neal Strauss also stated that it would have been beneficial to review the information prior to the meeting.

Chairman, Neal Strauss requested to arrange a date for the next meeting(s) to include the banks that the Committee would like to bring back.

Attorney, Tim Snyder added that it is possible to do this in one meeting if the Committee Members are able to understand each proposal.

The Committee decided that Monday, 06/20/16 at 6:30 PM will be the next meeting.

Committee Member Steven West asked if Christiana Trust would be dispersing the July payment.

Town Manager John Giles confirmed they will be making the July payment.

Committee Member, John Jaremchuk asked how the proposals were solicited.

Town Manager John Giles stated that the proposals went out in an official Request for Proposal.

Committee Member John Jaremchuk questioned if this was published.

Town Manager, John Giles stated that it was.

Town Manager John Giles also stated that in addition the Finance Director Joseph Schulz contacted banks directly.

Finance Director Joseph Schulz stated that bankers do not read RFP's.

Committee Member John Jaremchuk questioned Attorney Tim Snyder if this was acceptable, to publish an RFP and then contact the bankers directly making them aware that there is an RFP available.

Attorney Tim Snyder stated that he is not a Municipal Attorney but this seems acceptable since it was made public.

Committee Member John Jaremchuk then stated that the reason Christiana Trust cancelled was because they were not in control of the \$2.4 million “big pot” of money. At this time we are discussing moving this money to the new Trustee, is Christiana Trust aware of this?

Town Manager John Giles stated that the notification from Christiana Trust stated that they are no longer providing Trustee services.

In addition, Committee Member John Jaremchuk further stated that if they quit because they did not have access to the \$2.4 million pot of money he doesn't want to see future litigation because they were not notified that we will be transferring that money to a Trustee.

Town Manager, John Giles stated that he will personally contact Jeff Everhart at Christiana Trust tomorrow to confirm that they are not cancelling our services due to not having access to the large pot of money, as previously stated per the letter sent, they are cancelling service due to no longer providing Trustee services.

Finance Director, Joseph Schulcz added that he spoke with Jeff Everhart when we received the letter and asked if it was just our account and he stated that they are getting out of the Trust business.

- b. Consideration of the amount to be transferred to the new Trustee to cover the period July 01, 2016 through January 01, 2017.

Town Manager John Giles stated that this is not applicable at this time.

- c. Review and consideration of accepting the Actuarial Evaluation Report for the year ending December 31, 2016.

Attorney, Tim Snyder stated that historically Governments use 8% rate of return. He added that with the market the way that it is, 8% is a bit high to use as an assumption, many are bringing it down to 7-7.5%. If you have an actuarial assumption of 8% and you are not making that 8% you are having an actuarial loss, which means this loss would have to be amortized over a 15 year period, therefore, you are always trying to catch up.

Town Manager, John Giles added that this has been brought up in the past by Parker Elmore at Odyssey Advisors.

Chairman, Neal Strauss stated that he does not remember this but anything to help the pension/actuarial cost, as far as adjusting the 8%, he would be in favor of.

Town Manager John Giles asked if the Actuarial Report was just given to the Committee tonight.

Committee Member, John Jaremchuk stated that it was just received tonight at this meeting.

The Committee would like to postpone a decision on this until the next meeting on 06/20/16.

- d. Approval of the 2016 COLA increase based upon the Consumer Price Index for the Philadelphia Region.

Town Manager, John Giles stated that Odyssey Advisors recommend the increase due to COLA is 0.24%. There was additional discussion between Chairman, Neal Strass and Town Manager, John Giles regarding the COLA increase.

**ACTION:** A motion was made by Committee Member John Jaremchuk to approve the COLA increase of 0.24%. The motion was seconded by Committee Member Mayor Steve Burg.

**VOTE:**            7-0                    All-in-favor                    Motion carried

- e. The attorney for the Committee will update the committee on the restated Elsmere Police Pension Plan and the IRS voluntary correction plan.

Attorney, Tim Snyder stated that all documents have been submitted to and receipt has been confirmed by the IRS. He further stated that in his experience it may be January 2017 before a response is received.

3. Items for the State of Delaware County/Municipal Police Pension Plan.

- a. Review of the Schedule of Employer Allocations and Independent Auditors Report.

Town Manager, John Giles stated that the Committee will need to make a change regarding the Pension based on action taken by Council at the Fiscal Year 16-17 Budget, that after 5 years, Police Officers will now be able to enter into the State of Delaware Pension Plan. This will require an Ordinance by Council and to his understanding this will not take place until next year, April/May 2017.

Town Manager, John Giles stated that as far as the budgeted employer allocations, the Town typically contributes roughly \$65,000.00 annually toward the pensions.

Chairman, Neal Strauss asked what they are recommending that we should contribute toward the actuarial.

Town Manager, John Giles stated that they are recommending \$164,700.00 according to the draft report which has not been accepted.

4. Items for the Elsmere Police Secondary Pension Plan.
  - a. None
5. Items for the Town of Elsmere Employee Retirement Plan.
  - a. None

**ITEMS SUBMITTED BY COMMITTEE MEMBERS:**

**ACTION:** A motion was made by Committee Member John Jaremchuk that the Town of Elsmere Pension Committee will not act as Trustee to the Pension and whoever is awarded the contract will act as Trustee. The motion was seconded by Committee Member Mayor Steven Burg.

**VOTE:**           7-0                   All-in-favor                   Motion carried

Town Manager John Giles asked all to see the custodial fee on the spreadsheet presented tonight. He further stated that the Finance Director believes this could be done in-house to eliminate the custodial fee. However, in his opinion this should be kept separate.

Town Manager John Giles also wanted to ask Attorney Tim Snyder if a separate EIN number is needed. Attorney Tim Snyder stated that when filing Form 5500 with the IRS you are required to have a separate EIN. However, the Town is exempt from ERISA and do not file Form 5500 and therefore do need a separate EIN. Furthermore, whomever takes custody of the Pension will file all necessary forms and this is under their EIN.

**PUBLIC COMMENT:**

Town Manager, John Giles apologized again for the meeting circumstances tonight and stated that it will be addressed.

**ADJOURNMENT:**

**ACTION:** A motion was made by Committee Member Mayor Steven Burg to adjourn. The motion was seconded by Committee Member Steven West.

**VOTE:**           7-0                   All-in-favor                   Motion carried

These minutes summarize agenda and other issues discussed at this meeting. Votes are recorded accurately. The audio tape(s) of this meeting will be available at Town Hall for a period of two years from the date these minutes are approved. The audio tapes may be reviewed at Town Hall by appointment and in accordance with the Freedom of Information Act.

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**NEAL D. STRAUSS**  
**CHAIRMAN**

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**STEVEN WEST**  
**SECRETARY**