Finance Committee Meeting March 21, 2024

The stated meeting of the Finance Committee of the Board of Commissioners of the Township of Abington was held on Thursday, March 21, 2024 via webinar and the Township Administration Building, Abington, PA, with Commissioner Winegrad presiding.

CALL TO ORDER: 7:03 p.m.

PRESENT: Commissioners WINEGRAD, VAHEY, DiPLACIDO, HENRY, SPIEGELMAN

OTHERS: Finance Director Hermann
Township Manager Manfredi
Manager of Financial Services Embery

CONSIDER APPROVAL OF MINUTES:

Commissioner Winegrad made a MOTION, seconded by Commissioner Spiegelman to approve the Finance Committee Meeting minutes from February 15, 2024.

MOTION was ADOPTED 5-0.

Discussion to consider paying the MMO on a quarterly basis:

Commissioner Winegrad explained that during the last Pension Committee meeting, PFM indicated they expect the market to be volatile during 2024, and dollar cost averaging would be one way to try to combat some of that volatility. So instead of investing funds in the market at the end of the year, invest them throughout the year, spreading out some of that risk.

Mr. Jim Kennedy, President of Thomas J. Anderson Associates, said we provide consulting and handle over 300 plans across the state. One of the programs we put in place with several municipal clients is putting MMO funds on a dollar cost averaging approach to invest on a quarterly basis, so the MMO funds would be divided into four payments for both plans, and by doing it on a quarterly basis, it generally helps the plan.

Typically, the MMO (Minimum Municipal Obligation) funds for both pension plans are due by December 31st of every year according to actuarial and state law, so instead of putting the entire amount in by the end of the year, divide it into payments making earlier deposits mitigating volatility.

Commissioner Vahey questioned whether there would be any operational concerns from this change.

Ms. Hermann replied no.

Commissioner Winegrad clarified that the Township has the funds to make four payments. Is that correct?

Ms. Hermann replied yes, and it would be fine to handle it quarterly.

Manager Manfredi said regarding making payments in the first half of the year; the fund balance would need to be monitored to make sure the Township has the cash on hand.

Mr. Kennedy suggested that it could be decided that the Finance Director not release the funds until approved by the Finance Committee in that quarter, which could be another safeguard.

Manager Manfredi said he has not seen any numbers as to how this will impact returns.

Mr. Kennedy replied that dollar cost averaging is a commonsense approach to investing.

Commissioner Spiegelman questioned whether a quarterly contribution plan has an established calendar, or could it be tweaked based on how much cashflow is on hand?

Mr. Kennedy replied it can be tweaked. Also, PFM could provide input on frequency and whether there have been higher returns using this program.

Manager Manfredi said this was brought before the Finance Committee to see whether they support this drastic change as it has never been done before. The amount of money in the MMO is budgeted and approved by the Board and the timing of the payment is driven by the state.

Ms. Hermann added that payments have been historically paid in December, but there is no legal requirement to only pay them at that time. Submitting a payment three or four times a year is doable, and should not need Board approval; however, she will explain the new structure during budget time, and it certainly can be modified.

Mr. Kennedy suggested making the investment managers aware of the new plan so they can make investments quickly.

Ms. Hermann said that she will speak with PFM and report back on it.

UNFINISHED BUSINESS: None.

NEW BUSINESS:

Item FC-01-041124:

Commissioner Winegrad made a MOTION, seconded by Commissioner Spiegelman to approve the February 2024 expenditures in the amount of $3,002,684.78 and salaries and wages in the amount of $2,289,569.52 and authorize the proper officials to sign and approve invoices and supporting documentation in payment of bills and contracts as they mature through the month of May 2024.

Commissioner Winegrad asked for any comments from Commissioners. There were none.

Commissioner Winegrad asked for any public comment. There was none.

MOTION was ADOPTED 5-0.

PUBLIC COMMENT ON NON-AGENDA ITEMS ONLY: None.

ADJOURNMENT: 7:36 p.m.

Respectfully submitted,

Liz Vile, Minutes Secretary