

Citizens Audit Review & Financial Advisory Committee
October 16, 7:00 p.m.
Radnor Township Municipal Building
Administration Department, 2nd 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, Michael Antonoplos, and Joe Ellis. Messrs. Jim Bowes, Laurent Chardonnet, and Ed Caine had other 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.

The Committee discussed the following items:

- 1. Open Space / Ardrossan Analysis Update:** The Committee held an extensive review of the currently known information regarding the proposed open space purchase at the Ardrossan site. The discussion revolved around two important aspects of the process (a) separate / independent Township appraisal, and (b) making sure that there is full disclosure on the full costs associated with the purchase. Specifically, with regard to the appraisal, Mr. Antonoplos made the following motion, seconded by Ms. Gourmand:

A MOTION RECOMMENDING THAT THE BOARD OF COMMISSIONERS CONDUCT A SIMULTANEOUS INDEPENDENT APPRAISAL, BY A CERTIFIED MAI APPRAISOR, AT THE APPROPRIATE POINT IN THE NEGOTIATION PROCESS WHERE THE APPRAISAL IS NECESSARY TO FINALIZE THE FINANCING AND PROCEED WITH ANY BOND SALE. Motion was approved by CARFAC: 5 ayes, 0 nays, 1 abstention.

Upon approval of the motion, Ms. Gourmand was going to draft a letter to the Board of Commissioners informing them of the motion and providing some background on why the Committee felt the separate appraisal was critical to the process.

- 2. 2014 Budget Review Highlights:** Finance Director Bill White stepped through the major assumptions included in the 2014 Township Manager Recommended Budget. During the review, several recommendations were made on presentation matters including: organizing the forecast by expense category and providing a year-over-year expense increase discussion (which could get lost in the fact that there is no tax adjustment proposed). Mr. White agreed to work on incorporating those improvements into future versions of the 2014 budget.

3. **2013 Action Item Updates by Working Group:**

- a. Planning:
 - i. \$8.0 Million Distribution: Mr. White provided CARFAC with the updated distribution of the \$8.0 Million distribution. The process moving forward was that this item was going to be on the Board of Commissioners October 28, 2013 Agenda. To make sure that CARFAC had the opportunity to provide feedback, Mr. White was going to email the legislation and discussion to the Committee and ask for feedback by Tuesday October 22nd.
 - ii. Excess Fund Balance Policy: CARFAC spent a few minutes on this item and agreed to hold off on further review until a future meeting (since this item wasn't necessary to be on the Board of Commissioner's October 28, 2013 Agenda). This will be reevaluated at the November CARFAC meeting ahead of being introduced to the Board of Commissioners at the November 28, 2013 meeting.

- 4. **Old Business:** None discussed

- 5. **General Discussion:** None

- 6. **Public Participation:** Ms. Morgan added comment on each of the items as they were reviewed during the meeting

- 7. **Adjourn:** Being no further business, the meeting was adjourned at 9:57 p.m.

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CARFAC – Committee as a Whole

- I. CARFAC Scorecard (2013):
 - 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. Participated in preliminary budget review: Made recommendations on revenue assumptions and various expense / capital reductions that assisted in the delivery of a budget with no real estate tax adjustment
 - i. 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. The Board of Commissioners approved the contract on October 14, 2013

Planning Working Group

- I. OPEB Funding Strategy
 - a. Review RATE Negotiation progress/ Items as they relate to OPEB / Pension project – **The Township’s negotiation position was distributed to the Working Group (which included proposed language changes for pension and OPEB) / The Administration had a negotiation meeting with RATE to review the position statement**
 - b. Incorporate any OPEB funding strategy into five-year plan – **The 2014 Township Manager Recommended Budget and accompanying financial forecast 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 – **Ongoing**
 - b. Work with Administration preparing options on the use of the \$8,000,000 settlement – **CARFAC has reviewed and agreed to the proposed breakdown of the settlement funds. This item will be on the Board of Commissioners October 28, 2013 agenda.**
 - c. Develop Excess Fund Balance Policy – **Ongoing: A draft has been developed and distributed for review. After brief discussion on 10/16, the Finance Director will make some language simplification changes and reintroduce at CARFAC’s November 20 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

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- 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 – **Complete: Accomplished this at the September 25 special CARFAC meeting**
- 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 8th 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. CARFAC passed a motion recommending a simultaneous, separate, and independent appraisal. Leigh to draft letter to Board re: same.**
- 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 3rd – Michael A. addressing several open items)**
- V. Storm Water Strategy
- a. The Storm Water Ordinance was adopted by the BOC on October 14, 2013 with the effective date being November 13, 2013. **The Budget will be amended to include the assumptions prepared during the Stakeholder meetings and then reviewed by CARFAC prior to being introduced in a later version of the budget (late October).**

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.**

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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. 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. This will be available by October 28th.