

## **Minutes of Employee Money Purchase Pension Plan (401a) and Deferred Compensation Plan (457b) Committee-Regular Meeting - April 16, 2015 7:00 pm**

Attendees: Jeffrey Sarnocinski, Gregory Reiff, Shannon Drosnock, Thomas Schatzman, Meg Swiggard Ann Shade, James Kelly, Thomas Kowalski, John Malley, Supervisor Liaison Jeffrey McDonnell

Unable to Attend: Michael Jenkins, Lucy Gonzalez,  
The meeting was called to Order at 7:03 p.m.

Minutes from the January meeting were approved with a motion by Jim Kelly with a second by John Malley.

### **Investment portfolio report from Mr. Schatzman:**

- Page 2 of investment handout – status on how far the market has come – 35% higher than the previous high
- (end of 2007) – However, we haven't had a 10% correction in 2 years; this is an unusual pattern – probably because of the direction of the Federal Reserve but also because people are leery to spend savings.
- We are currently still pretty early in the expansion of the economy; having just gotten beyond break-even – the Federal Reserve will probably take a rest at this point and see how the market stabilizes.
- Headline inflation is 0 and core (excludes food and energy) is 1.7%.
- Discussion about Federal Reserve tightening and Fed Funds Rate forecast.
- Need to look at Europe and Japan – Japan has proverbial 'foot to the metal' and we're hoping Europe will start to address liquidity.
- Participants should consider taking some profits in the US and moving them into Europe Pacific Growth.
- The US is roughly ½ of the world's market – this means ½ of the opportunity in the world is somewhere else – target date funds are looking into this more right now – moving portfolios into Europe.
- In the scheme of economies – Greece is the size of Kentucky.
- Overall, active managers rarely beat the index – but in down markets, passive isn't always the best choice.
- When the Federal Reserve begins to raise rates, active mgrs. perform better – flat yield curve – 82% in a flattening rate environment.
- Bonds are going to lose money going forward and people aren't ready to lose money in bonds – people don't expect to lose money in bonds – participants need to be aware of this and not get caught.

## TAB 2

- Value funds performing relatively as expected to benchmark.
- Apple having a big effect on index funds because it's doing so well.
- Global funds doing well for the quarter.
- Income builder – value stocks – balanced funds – value has underperformed market in general but they are very good funds for the Township's participants.
- International fund doing very well and has a great manager.
- Target date funds doing well – American Funds doubling their resources into target date funds.

Tom Schatzman reminded the committee to expect that a correction is coming.

There was committee discussion about TPA's and administration. Staff updated the committee that things will remain as is for the time being.

Motion to adjourn – Jim Kelly motion to adjourn – Tom Kowalski seconded.  
The meeting was adjourned at 7:40pm.

## **Minutes of Police Pension Plan Committee – Regular Meeting – April 16, 2015 @ 7:30 pm.**

Police pension meeting called to order at 7:43 pm.

Tom Kowalski motioned to approve minutes; John Malley seconded the motion.

Morgan Stanley met with Lord Abbott – had found a fund to take over but they aren't taking any new business.

Tom Schatzman went through the funds and the quarterly report and compared funds to their benchmarks.

- Taking a look at Loomis – since inception the fund has been great but missing its mark quite a bit lately – it is taking in quite a bit of cash lately. The Fund Manager is Dan Fuss. Maybe there is too much money coming in – energy high yield bonds have caused some of the miss – going to remain with the fund for now but it is on a watch list.
- Pimco – has had a great turn around – they lost their top fund employee and took a hit but they are doing great right now and should be a good firm going forward.
- Harbor – deep value investors – Europe and Germany – they don't like the Japanese market and that is why they're missing right now.
- Reviewed how a move from Lord Abbot would look and are keeping watch on this item.
- Review of how different firms handle management of a fund – team approach versus star manager approach.

Tom Schatzman reviewed the pension actuary projections with staff; we are at 8% on actuary investment earnings – might be a bit aggressive – 7% might better longer term. Staff will discuss and review during this fiscal year.

Discussion about actuary report due next year.

No further business.

A motion to adjourn was made by Jim Kelly and seconded by John Malley.  
Meeting adjourned at 8:15pm.