

**Minutes of Employee Money Purchase Pension Plan (401a) and Deferred Compensation Plan (457b) Committee-Regular Meeting - April 19, 2012, 7:00 pm**

Attendees: Ann Shade, Shannon Drosnock, Lawrence Gregan, Supervisor Liaison Jeffrey McDonnell, , Thomas Schatzman, James Kelly, Thomas Kowalski, ,

Unable to Attend: Edward Davies, Mark Webster, Howard Haber, Gwen Bryant, Jeffrey Sarnocinski  
Gregory Reiff, Maryann Hermann

The meeting was called to Order at 7:47 pm.

Mr. Schatzman reviewed the two housekeeping items: The new MainStay fund is open and available for deposits and the Township has a new BCG representative. Staff should contact Mr. Schatzman regarding any issues with BCG.

Mr. Schatzman provided the following regarding his investment fund analysis and economic review:

- It was a good quarter with stocks up 12% but the S&P still not back to peak numbers.
- Stocks are at a reasonable price right now. Mr. Schatzman advises to be cautious but that stocks are a good investment right now.
- The traditional “high quality” stocks are an area that is expected to be a good investment for the 5-7 year range.
- Funds like MainStay and WaMu are investing in companies that retail in emerging markets which is the targeted market for growth right now. It allows for investment in emerging markets while staying with domestic companies/stocks.
- Monitor oil prices. If oil prices continue to rise it will put an economic drag on the nation.
- In spite of what commodities are doing, the CPI is at 3%. The Fed sees this as a positive sign and will keep money inexpensive as long as they can.
- GDP at approx.. 3% - this is okay, not great, not horrible. Consumption is back on the mend – consumers are spending money but not on housing. Businesses are still not spending money.
- The household debt service ratio is showing signs of deleveraging (back to 1980’s numbers). Households are eliminating their debt, especially credit cards. Government has significantly increased its debt.
- Europe is still in a period of difficulty and it appears will stay that way for some time. This has a domino effect on the markets. Don’t avoid Europe altogether as their stocks are priced very low now.
- Germany is the driver of Europe and is exporting 36%of GDP; far more than other European countries. The growth of this exporting is to the Brazil, India and China markets. Europe is geographically much closer to the emerging markets and Germany is the leader in manufacturing quality machine tools. This is expected to help “soften the brunt” of the European recession.
- The Bush tax cuts are set to expire in 2012 as are the payroll tax cuts. It is not expected that both will expire but the damage of this is about 3% of GDP and affects business hiring and spending.

In Mr. Schatzman's review of funds:

- Washington Mutual is well positioned right now, 90% of the companies in it have to pay dividends this year.
- American Funds Growth Fund of America had a good rebound, however Mr. Schatzman continues to recommend that employees move out of that fund into the MainStay Growth Fund.
- There was discussion about the procedure of changing funds - BCG needs 60-90 days to map dollars over the MainStay fund.
- Discussion about adding a TIPS fund in the next few months to a year in the Twp plan.
- Discussion that the Twp fund plan - the selection is better than average, the fees are below average and the plan is doing well.

Motion passed to approve the minutes of January 19<sup>th</sup> – (Huber/Kelly)

Motion to at 8:20.