

Minutes of Employee Money Purchase Pension Plan (401a) and Deferred Compensation Plan (457b) Committee-Regular Meeting - January 17, 2013, 7:00 pm

Attendees:, Shannon Drosnock, Supervisor Liaison Jeffrey McDonnell, Thomas Schatzman, Thomas Kowalski, Jeffrey Sarnocinski, Gregory Reiff, Meg Swiggard, Ann Shade, Mark Webster, Maryann Hermann

Unable to Attend: Edward Davies, Howard Haber, Lawrence Gregan James Kelly

The meeting was called to Order at 7:05 pm.

Mr. Sarnocinski motioned to approve the minutes from July 19, 2012. Mr. Kowalski seconded the motion all approved.

The meeting then returned to Mr. Schatzman where he provided the following regarding his investment fund analysis and economic review:

- With the election over there is more information - the unknown is now known.
- Expecting a bit of inflation and higher interest rates – a little early to get nervous with bond funds but don't load up on them
- The 4th quarter was uneventful but overall the year was good – avg stock up 16% - getting back to highs from 2007
- Very similar numbers to 2007 – this makes some investors nervous – they will sell at 1500 which is expected cause a 10% correction in the market.
- Wall street is a little too high – still looking for 7-8% earnings (CEO) – thinking it's a little too high.
- Profit margin is decreasing so the only way to make up earnings is to sell more product but in this economy it is hard to do
- Expect economy to cool a bit especially with new tax rates and FICA increase back to 6.2%
- Federal gov't will be borrowing at least 1.1 trillion – creates a big deficit – can raise taxes, but tax increase only speak to 18 days of spending – need to attack spending
 - Medicare
 - Medicaid
 - Social Security in this order
- Don't be overly concerned but be aware we've been here before – 1950
- Stocks overseas are much cheaper – especially on 7 years and forward – you will have more ups and downs if you have 7 years or more but it's a much better bet than bonds
- Discussion about our particular investors and how they behave – possibility of a re-enrollment – have employees take advantage of re-education, change in target date funds
- Another longer term idea – maybe shop around for different fund families – we now have over \$7M portfolio which makes us marketable.
- Now that the dividend tax is established, dividend paying stocks are starting to correct a bit.
- American funds AMCAP did well, mainly because they are heavily invested in Europe – Europe stocks did well last year but quite volatile
- Mainstay fund didn't do as well as expected, partially because of % of portfolio invested in apple.
- Look to upgrade our lineup at re-enrollment stage

- Small cap world did really well
- Germany is doing really well, southern Europe in bad shape
- American balanced fund has our most percentage of dollars – did really well last year.
- Fixed income funds – not comfortable with US gov't bonds. Tips funds are a bit pricey right now – like corporate fixed income funds right now – not building up wealth in those funds
- Europe pacific growth did well last year – was named international fund of the year which sometimes is the kiss of death – should continue to monitor
- American Funds target date funds doing well – performing above benchmark – more and more evidence that staying in these funds is better than picking funds on their own.
- Having people re-enroll every 3 years is a good practice – we should look at this latter part of this year.
- Fed keeping rates on hold for this year even into next year
- Tom should come in 2nd qtr meeting and give heads up to employees that we want to add some funds – then have those funds ready for the re-enrollment
- Discussion ensued about other funds – target date funds, etc – discussion about fees

Legislation right now where gov't wants money markets to not be guaranteed anymore – they could fluctuate – FDIC is ensuring those funds to the tune of trillions of dollars and they don't want to be responsible for that. To manage a money market you are going to lose money – it's an accommodation you provide.

Tom to find out how many participants are eligible for the 457 but do not participate

Discussion about BCG – TPA's everywhere are struggling – American funds offers TPA service and you don't have to use their funds – separate arm of American Funds – VGI has a small plan group – they have low fund fees but then charge quite a bit for TPA services

No more discussions for Tom

October meeting does not seem to work well – seem to have to be cancelling – 2nd week in November is a sweet spot in terms of that 3rd qtr meeting – no comments – Ann/Shannon to bring dates to 2nd qtr meeting and then have vote on November date

No old business – M. Hermann motion to adjourn – M. Webster second 7:55 pm