

**Minutes of Employee Money Purchase Pension Plan (401a) and Deferred Compensation Plan (457b) Committee-Regular Meeting - May 8, 2014 7:00 pm**

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

Unable to Attend: Lawrence Gregan, Michael Jenkins, Howard Haber, Meg Swiggard

The meeting was called to Order at 7:04 p.m.

Minutes from the January meeting were tabled until the July 2014 meeting.

Ann Shade announced that Officer Michael Jenkins has been appointed as the uniformed staff member to the Pension Plan Advisory Committee.

Investment portfolio report from Mr. Schatzman:

- Currently not ready for emerging markets investments yet but the time is approaching.
- It is expected that there will be some decrease in the market reflecting people pulling gains.
- Last year was the single best year of stocks v bonds since 70's – people are rebalancing their portfolio and taking gains.
- EAFE index – Europe pretty low now, not back to pre-crisis rates – it is expected that the Central Bank will lower interest rates – it would generate 11% annual rate of return if the market just got back to break even.
- Valuation matters – Europe on a valuation basis is as cheap as has been seen in 30 years – it is a good entry point into the European market for investors.
- Bond or fixed income and/or extended credit sector investors – traditionally these were options which were recommended; that is not the case now.
- Going forward on bonds – look for 3% - don't look at 10 year history because it includes years which were not foreshadowing of the future.
- The riskiest stocks did 30% better than safest stocks – this is very uncustomary and makes it difficult to advise.
- Blue Chip value funds –underperformed slightly except on 1 year; no concerns.
- The global funds that the Township plans have did really well especially on 1 year return.
- Target Date funds, typically for the consumer who is unsure how to invest, are performing well.
- Bond funds did well compared to benchmark.
- Purely international funds, Japan increased 51% last year. Some funds invested in international with minimal share in Japan, those funds missed a large increase year.

Greg Reiff noted that BCG was late on sending out statements this month.

Mr. Schatzman reiterated that employees should contact him if they have investment questions regarding our plan. Plan Administrators should provide that contact information to the employees.

Mr. Kelly asked about changing TPA's.

Discussion ensued about the process. The Board would have to first approve the RFP, then Mr. Schatzman's office would handle the public search and preliminary reduction of vendors. At that point, there would be vendors interviewed (most likely top 3 choices of MSSB) by the committee during regularly scheduled meetings.

Tom Kowalski motioned to adjourn, Jim Kelly seconded

The meeting was adjourned at 7:26.

There was not a quorum present for the Police Pension Plan review. Staff asked Mr. Schatzman to provide an overview of the Police Plan. He noted the following:

MSSB is watching Lord Abbot – They are underperforming a bit because they invest in high quality stocks which were outperformed by very risky stocks. Because this is the case, MSSB is not so concerned about the underperformance of the portfolio.

MSSB is concerned about PIMCO a bit, even though the fund is doing well, because it is invested in much riskier stocks. MSSB will continue to monitor.

Everything else was reviewed and is performing as expected.