

Minutes of Employee Money Purchase Pension Plan (401a) and Deferred Compensation Plan (457b) Committee – Regular Meeting – July 21, 2016 @ 7:00 p.m.

Attendees: Lucy Gonzalez, John Malley, Jeffrey McDonnell, Greg Reiff, Jeff Sarnocinski, Ann Shade, Bruce Shoupe, Ami Tarburton, and Tom Schatzman via conference call.

Call to order: 7:04 p.m. start of meeting

Review of Meeting Minutes

Minutes from the April 21, 2016 meeting were approved with a motion by Lucy Gonzalez and seconded by Jeff Sarnocinski.

Investment Portfolio Report

Market Analysis – Tom Schatzman reported that for the year, the market is up 4%, even after the implications from Brexit. The S&P experienced about 15 times earnings which is not too elevated given how low interest rates have remained. In February of 2016, we were down 11%. The economy is not great, with a 2% GDP growth reported. Considerations: consumer spending is just now rebounding, car sales are at an almost record high, housing prices are back to pre-2008 levels, while government spending is not quite back to normal. Tom reported that in an election year, market projections/analysis gets even tougher due to the expected volatility. They assume that we will have a divided government once again, with the presidency and congress held by separate parties. Unemployment level is currently 4.5% with barely any wage growth. However, if you include those who have stopped looking for work, we are closer to 10%. Tom reported that consumer confidence is rising. We have seen a big decline in the 10-year treasury rate, and overall low growth, low inflation, and low interest rates. Summer tends to be the best time to invest during election years. Volatility doesn't necessarily mean the market will be down, it just indicates large swings in returns.

Mutual Fund Analysis -

Returns are looking good on the mutual fund analysis. Page 2 indicates very good numbers for the three large cap value funds. Four names are driving these funds: Facebook, Amazon, Netflix, and Google. Page 6 shows some "pain" with the global funds. Any international funds did not do well due to the effects from Brexit. Income-related funds have done incredibly well, bond funds reported much better than expected. Actual rates of return would be more like 2-3%, not the 5% reported on page 10 of his report. Tom suggested that he would not recommend that anyone sell European funds, but he would not suggest that they buy them either. The volatility has everyone wondering what will happen to the Euro and the Pound. He would encourage people to move to target date funds, which are doing very well. Tom reported that all around, the mutual funds had a nice quarter.

With no questions from the committee, Tom closed with a warning that when things are this good, we should be prepared for them to get a little worse and that we should expect more volatility during the months of October and November.

Ann Shade reported that in the last quarter, the township had restated its 401a Plan document.

Ann also stated that we may need to reschedule the October Pension Committee meeting due to budget preparation and the associated meetings. Further correspondence will follow.

Meeting adjourned at 7:28 p.m. - motion by Bruce Shoupe and seconded by Lucy Gonzalez.