

Minutes of Employee Money Purchase Pension Plan (401a) and Deferred Compensation Plan (457b) Committee – Regular Meeting – April 20, 2017 @ 7:00 p.m.

Attendees: Tom Kowalski, Jeffrey McDonnell, Glenn Heberling, Greg Reiff, Jeff Sarnocinski, Ann Shade, Bruce Shoupe, Meg Swiggard, Ami Tarburton (unable to attend: Lucy Gonzalez, Michael Jenkins, John Malley)

Call to order: 7:05 p.m. start of meeting

Review of Meeting Minutes

Minutes from the January 19, 2017 meeting were approved with a motion by Jeff Sarnocinski and seconded by Tom Kowalski.

New Business

Ann Shade announced that James Kelly would be resigning from the committee and extended thanks for his years of service.

Investment Portfolio Report

Market Analysis

Tom Schatzman informed the committee that he will be conducting his annual meeting with Township employees on May 3, 2017. This will include a Market Analysis/Funds Review session with all interested employees, followed by individual meetings with employees who have scheduled appointments.

Tom indicated that the current market is a little above fair value and is not a cheap market. He is not seeing bond markets or interest rates rise. As long as rates stay this low, the market will stay in good shape. Tom indicated that technology companies will benefit most from any tax cuts. He discussed Netflix, Amazon, and other high performers and the fact that they are currently overpriced. Tom indicated that the market started moving long before the election which was a global trend and not related to the Trump presidency. He does not believe we are close to a recession and stated that we are softer than last year, but nowhere near a recession. Wages are on the rise, with the average hourly wage up 3%.

Tom also discussed the fact that our employees do not have enough usage of the target date funds. He believes that we should guide employees to the target date funds because they perform much better. During his face-to-face with individual employees, Tom said that he tells that if you are age 62 and still in the same stocks you had when you are 40, then something isn't right. Employees really should be contributing at 10% of their pay.

Funds review

Tom stated that the first quarter of 2017 was a good quarter. 62% of total returns came from just 4 companies. We should be globally exposed to a new perspective fund, to buy from places that invest in emerging markets, rather than directly from those emerging markets. If there is question as to which fund to pick, always go with the balanced fund. Bonds are at 1% which is actually a good number for bonds, however bonds are just not going to get the job done. EuroPacific has not seen a lot of growth either. Tom referenced pages 14 and 15 for the target date lineups.

Tom asked staff about the relationship with and service we are receiving from BCG. He indicated that we should go through a re-enrollment which is usually done every 10 years.

According to Tom, Act 44 does not apply to administrative services. Blackouts, which used to be a month, are now only 48 hours. Most people these days want an application or a better online experience than BCG offers. Tom indicated that he has a list of about 40 administrative service providers from which we could choose. Ann Shade asked how an employee would research a fund without a printed prospectus of that fund. Tom advised that the employee should visit the American Funds website which will take him directly to the fund. Tom said that he would try to bring an American Funds representative with him during his May, 2017 visit to the Township.

Tom indicated that he has access to a quarterly newsletter that he could distribute to the committee/employees. There are minimal education requirements that BCG does cover, although sparsely. They must review at least 3 funds, the daily movement within funds, and a once per year review of funds. Each participant receives minimal mailings from BCG. The key is that the funds are participant-directed.

There being no further business, a motion was made by Glenn Heberlig to adjourn the meeting, seconded by Jeff Scarnocinski.

The meeting adjourned at 7:37 p.m.