

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

Attendees:, Shannon Drosnock, Lawrence Gregan, Supervisor Liaison Jeffrey McDonnell, Thomas Schatzman, James Kelly, Thomas Kowalski, Jeffrey Sarnocinski, Gregory Reiff, Meg Swiggard

Unable to Attend: Edward Davies, Mark Webster, Howard Haber, Maryann Hermann, Ann Shade

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

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

The committee turned the meeting over to guest speaker Tom Zimmerman, the Township's actuary from the firm of Conrad Siegel, to discuss the 1/1/2011 valuation report for the defined benefit pension plan.

Mr. Zimmerman explained the following sections of the valuation report:

- Interest rate used for determining market appreciation of the plan
- Salary increases projected over the life of the plan
- Mortality table/rate for actuarial purposes
- Assumed retirement age of each participant
- Actuarial value of assets and the effects of the Act 44 smoothing process
- Rate of investment return over the past 2 years
- Discussed the DROP and its impact on the plan
- Discussed the unfunded liability and its impact on the MMO
- Discussed the cash flow projections for the next few years

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

- It was a bad quarter for stocks which are down 3% but year to date stocks are up 9.5%.
- Stocks are at a reasonable price right now. They are paying about 12 times earnings.
- Discussion about funds invested in Eurpoe – Those funds are about 2-3 standard deviations less than normal. It is a good buying opportunity. While there is risk that the market in Europe might continue to go down, overall it is expected to rise over the long term.
- The uncertainty in the market is causing companies to hold their cash for now. This is a good entry point in the market for quality dividend paying stocks. Companies are also waiting to see the changes to the capital gains tax rate before changing their dividend approach.
- GDP needs to grow about 4% to see unemployment go down. Currently the government spending is too high and the private company spending is too low.

Motion at 8:00 passed to adjourn the non-uniform plan meeting – (Kowalski/Sanocinski)