

Roll Call: Present –Tom Schatzman, Morgan Stanley, Joe Scott, PSAB, Chris Leidy, Molly Bender, Mary Curtin, Priscilla deLeon, Council Liaison (via Phone), Leslie Huhn, Township Manager, Cathy Gorman, Director of Finance 11:05 a.m.

Absent: Lou Mahlman

Cathy announced that since Mr. Schatzman has not arrived we will move to the other agenda items.

1) Act 44 Disclosures

Disclosures were received from the consultants and are posted on our website pursuant to Act 44 regulation.

2) Financial Reports

Cathy said year to date the Township has paid \$17,375.75 into the Non Uniform plan and \$45,781.81 into the Uniform Plan for the reimbursement of administration fees.

3) Termination of Employment – K. Sostarecz

Since the last meeting we received a notice of termination from Kalman Sostarecz. He has received his pension calculations and has elected a lump sum payment to be sent to his 457 plan (vested and has been employed by the Township for over 10 years). He had worked for Public Works, the Police Department and moved to the Administration office over his employment. He is now working for Upper Macungie. He has received his accrued benefit based on his age and years of service. He requested his contributions to be reimbursed back to him.

4) COLAS -

G Sfredda is entitled to a .3834% and he is at his 30% maximum as of January 1st. He will be paid \$1,798.49 per month.

Gerald Young effective February 1st, is entitled to 2.6% increase bringing him to 15.28% of the 30%. He will be receiving \$4,286.98 per month.

Ron Jones is at 2.6% effective February 1st, totaling 16.78% of the maximum of 30%. He will be receiving \$3,684.36 per month.

Glenn Williams is entitled to a 2.4% increase effective March 1st totaling 25% of the 30% maximum cola increase. He will be receiving \$3,437.07 per month.

Notices will be sent.

There is the base initial amount and the maximum amount set by the actuary. Every year, based on the CPI index, the percentage of the index will apply until the maximum of 30% is reached.

5) Vacancies -

Mr. Mahlman has submitted his letter of intent to leave the board. We will need to find a resident replacement for him. Mary Curtin has also indicated previously that she hoped that a replacement could be found for her as well. Priscilla said that we would be losing a lot of experience.

We will be posting for replacements, residents that are not related to any recipient.

6) Settlements - None

7) Minutes – Approved the September minutes for posting on website.

Everyone appeared to be in agreement of continuing meetings at the same time and the second Wednesdays quarterly

Next meeting June 12th at 11:00 a.m.

8) Morgan Stanley – Thomas Schatzman (came in 11:20 a.m.)

Market's been rough. Basically we just gave back what we earned this year. We were up around 9 and now we are down around 8% as of today. Market is down about 9 the MRT is down about 5 ½. We are no better or no worse than the benchmark. We have not seen something like this since 1994. There are times when nothing in the market is working. This is not 08 or 09 or even recession lead. This is all about our Federal Reserve going into tightening mode. They are making financial conditions difficult. If you want to buy a house or get a loan it is more expensive. It needed to happen, to get back to normal. Sometimes the market overreacts. We went from really good to ok. The Federal Reserve is going to raise rates again but then we think they are going to stop. They claim they are going to raise it three more times next year but we do not see how they can do it at least right now. Next year we are going to have normal earnings. We are not going to see that tax break imbedded in the earnings. Market is trying to recalibrate. This has been driven because we had a stock market growing 18 X earnings. It is now trading at 15 x earnings. A recession would create poor earnings. It is just a slowdown. People are not willing to pay as much for tax adjusted earnings.

We are looking for signs of a recession. We don't see signs of it. Housing is the closest but that is because rates have increased. Labor, Market sentiment, consumers feels good, production and inventory are good. Orders are not great but that is a volital number. Overall we see growth, the economy is still expanding. The purpose of this meeting was to review third quarter which was good but at this time we have given back most of everything we earned throughout the year.

The design of the portfolio has helped with the loss. One of the things that is cushioning the blow is real estate which is 12.8 million dollars has held up really well. We are positive in real estate this year. We have 93 million in fixed income. 54 million are in bonds that mature in one to two years. We are up in that, making money. The 93 million is about 35% of the account so we can pay benefits for the next 9 years without touching a stock, based on estimated MMO and State Aid. What we don't do in a market like this is that we are not selling stock at a loss to make benefit payments. When the market does this we have time and, if we have patience, the market will come back. Liabilities are the first priority to pay the bills. We are not going to make any adjustments. We did, back in June, took 18 million in gains from Facebook, Amazon, Netflix and Google who was with Winslow and be put it with a value manager, Boston Partners. That hurt us then. We thought they were highly priced. We are getting returns now.

We are at 2.2%, we are down 5%. Cathy asked what was last year? Tom said about 14%. Cathy said that we will be getting our valuation done and the increases from last year will offset the loss this year. We are still hurting internationally but we are light there. Earnings will be ok next year but where is the slow down. Unemployment is at 3.7%. We see a recession two years away and not sure that it would not amount to a mild one. We do not have the big years where we can get the big GDP growth that could lead to a big loss.

Adjournment – 11:39 a.m.