ATTENDANCE

Council Members
Patricia Davis, Chair
Tom Schneider, Member
Tammy Potter, Member
Tim House, Member
Amy Berry, Member-Absent
Barb Wagner, Member
Steve Hagen, Member
Jim Penner, Member
Diane Fladmo, Member
Jeff Bollman, Member
James Helgeson, Member
Malissa Williams, Member

MPERA Staff
Melanie Symons, Chief Legal Counsel-MPERA
Ali Rice, Pension Financial Analyst-MPERA
Joey Blodnick, Financial Operations Supervisor-MPERA
Holly Koehler, Fiscal Services Bureau Chief-MPERA
Beth Long-MPERA

Public
Paul Spengler

Presenters
Donald Eibson, Conduent HR Services Investment Counseling
Brett Gorman, PIMCO

II. Roll Call (0:16-0:46)

III. Public/Member Comment 0:054-1:10:43)
- Ms. Davis introduced Tammy Potter to the committee, she is currently employed with Lewis and Clark County and replaces Paul Spengler who recently retired.
ACTIONS ITEMS

IV. Approval of EIAC meeting minutes-January 25, 2018 (1:16:00-1:45:59)
   • Steve Hagen moved to approve the meeting minutes for January 25, 2018
     Diane Fladmo seconded the motion, which passed unanimously.

V. Fund Performance Review-Don Eibson Conduent HR Services Investment Counseling (1:47:10-1:02:08)
      Mr. Eibson reviewed current standings and highlights of the Market emphasizing on the
      3 month to 3 year cluster, going over the Large, Medium, Small cap funds and the
      International funds. Bonds have been negative lately due to higher interest rates.
      Mr. Eibson discussed the US Economy as showing positive growth. Unemployment rate
      has dropped, but this could be due to the current labor force. Barb Wagner mentioned
      that with the currently labor force about 63% of Americans are retiring later, or going
      back to work part-time, they are living longer and still have expenses such as medical
      that needs to be addressed in retirement. Fixed Income Bonds were down for the first
      quarter again due to higher interest rates, which effect the bond market. Equities were
      also lower, except Mid Cap growth and Small Cap growth which seemed to be
      performing well. Emerging Market Equities did well in the first quarter. No Action Taken
   
   b. 457(b) Deferred Compensation Plan (26:50-57:06)
      Mr. Eibsen discussed the range of the funds in the 457(b), the asset allocation will be
      discussed later in the meeting when PIMCO presents. The Board approved adding the
      Vanguard total Bond Index fund to both the 457(b) and 401(a) plans. There are two
      funds on probation Franklin Mutual Global discovery Z and Artisan International. Mr.
      Eibsen went over the Benchmark used for the Stable Value fund, Conduent uses the
      Barclay Benchmark. He also discussed the Peer Group ratings and the Style boxes for the
      funds available. The Morning Star rating is no longer in our Investment Policy Statement.
      No Action Taken

   c. 401(a) Defined Contribution Plan (57:15-1:06:50)
      Mr. Eibson discussed the performance of the funds in the 401(a). In the area of Asset
      allocation Large Cap and Mid Cap have done well. He went over the Style Box
      characteristics, Sector allocation and general fund information. Generally the
      performance is good across the line up, with no recommendations for change. No
      Action Taken.

VI. Target Date Fund Review (1:06:04-1:28:08)
   Ms. Davis presented handouts regarding the Collective Trust Participation agreement
   and the sample fund sheets for the committee. Mr. Eibsen stated that these are a
   cleaner option for the participants and does not hurt them. Empower is willing to
   cooperate with the change regarding the Collective trust, which would be 8 basis points
   in savings. Melanie Symons had a few questions and concerns on the procurement
   issues. Barb Wagner has issues with the data sharing, and would like to look into all
   aspects of the Collective Trust, and also to continue to review the Trust document. Barb
   Wagner moved to continue looking at the terms and Diana Fladmo seconded the
   motion, which passed unanimously.
VII. PIMCO-Stable Value Fund Discussion – Brett Gorman-PIMCO- (Phone) (1:28:09-2:24:34)

- Mr. Gorman gave a brief history the background and Transamerica and the change to the Investment Policy Statement. He supplied the committee with handouts, stating that pre 2008 it was a simpler time, now it’s more complex. We went from one Wrap provider to three wrap providers, Transamerica, Prudential, and Voya, the purpose of the discussion is to get away from Transamerica’s IMA restrictions, since those are the current guidelines. Ms. Davis explained the reason for three wraps was during that time, no one company would accept, so three were chosen. We have hired PIMCO, so we’re looking at their IMA guidelines, and how it works with the Cash vehicle, Wraps, Bonds and the Wraps. Jim Penner inquired if the Wrap issuers were agreeable with this new structure, Mr. Gorman said they complied and agreed to the new guidelines that were proposed. Mr. Gorman also went over the Red Line document provided. They had supplied “Key Changes” listed on page 1 (one) to help with what the document changes are. Mr. Eibsen mentioned that the Wrap fees have no impact on the agreement. Tim House moved to send the Agreement to the Board meeting to look at during their next meeting in June. Jim Helgeson second the motion which passed unanimously.

VIII. Fee Review-Patty Davis & Ali Rice (2:24:50-3:07:51)

- Ms. Davis did a brief introduction regarding the fee review, this is done periodically as needed to review both the 401(a) and 457(b) plans, with aspects to their current growth, participation and expenses. Ali Rice presented slides for both plans, the 457(b) plans investments increase projection is 1%, while the 401(a) plans investments projection increase is 5%. The participation projection of growth for both plans is at 3%. Expenses for staff and consulting fees may go down in the future as we are close to completing the MPERAtiv transition. There are no recommendations at this time from fiscal regarding making changes to the fee structure.

IX. Work in Progress- Auto-Enroll-Patty Davis (3:08:23-3:12:00)

- Ms. Davis had a draft copy of the White paper regarding the Auto Enrollment she and Melanie Symons have been working on, she encouraged the committee to take it with them to be able to come back to the July meetings with Pros, Cons and Active Choice options. Melanie can supply other materials from other sources that have implemented Auto Enroll, both pros and cons, if anyone was interested.

Meeting Adjourned at 4:15 PM.
Next Meeting is scheduled for July 26, 2018