ATTENDANCE

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

MPERA Staff
Beth Long-MPERA
Melanie Symons-MPERA-Chief Legal Counsel
Jenny Weigand –MPERA-Education Supervisor

Public
Julie McKenna, Board Member- MPERA

Presenters
Thomas Coughlin, Conduent HR Services Investment Counseling
Marybeth Daubenspeck, Empower

II. Roll Call (0:16-1:01)

III. Public/Member Comment (1:02-2:06)
   • No public comments- Audience introductions.

ACTIONS ITEMS

IV. Approval of EIAC meeting minutes-April 26, 2018, 2018 (2:06-2:24)
   Approved unanimously?
V. Fund Performance Review-Tom Coughlin Conduent HR Services Investment Counseling
(2:39-1:22:08)

a. Market Review
Mr. Coughlin reviewed current standings and highlights of the Market. U.S. Stocks produced positive returns, while the Emerging markets pulled back compared to the first quarter. The average hourly earnings continue to rise, and the jobless rate dropped to 3.8% in May. The feds will most likely increase the interest rate four time this year. In June the labor force participation rate was 62.9% and in May the Consumer Price Index was up 2.8%. The current trade policy situation has spurned concern in business investments with the Trump administration imposing tariffs on Chinese goods. Mr. Coughlin also presented in depth on the US Economy, Fixed Income, and Equities. 
No Action Taken

b. 457(b) Deferred Compensation Plan
Mr. Coughlin gave an overview of the performance of the 457(b) Deferred compensation Plan for the quarter ending June 30. 2018. The Plan assets totaled $506.79 million, which is up from $498.8 million as of March 31, 2018. The Pan assets are allocated 46% to the Stable Value Fund, 2% to Bond Funds, 13% to Target Date fund/Balanced funds, 32% to U.S. Equity funds and 8% to International Equity funds. The Plan added Vanguard total Bond Market Index Adm, also Prudential Total Bond Fund changed to PGIM total Return Bond R6. Mr. Coughlin presented on the current Peer Group Rankings for the current funds in the 457(b), along with the three year Risk/Return Profile. Equity Portfolio Style Characteristics were also discussed. No Action Taken.

c. 401(a) Defined Contribution Plan
Mr. Coughlin went over the Plan Overview for the 401(a) Defined Contribution Plan, the assets totaled $226.49 million as of June 30, 2018, which is up from $218.9 million of the previous quarter. The Plans assets are currently allocated as 7% to the Stable Value fund, 2% to Bond funds, 55% to Target Date/Balanced funds, 28% to U.S. Equity funds, and 8% to Internationals Equity funds. There were fund changes that took place with the 401(a), Vanguard Total Bond Market Index Adm was added, Prudential Total Return Bond Fund changed to PGIM total Return Bond R6, JPMorgan US Equity R6 replaced JPMorgan US Equity R5, and Prudential fund changed to PGIM QMA Small cap value Z. Morningstar Benchmarks were also looked at, along with Sector allocation, fee and revenue sharing and general fund information. No Action Taken.

VI. Target Date Fund Discussion-Collective Trust vs Share Class Tom Coughlin (1:22:10–1:44:18)
Mr. Coughlin started his discussion with a review of the Trust document agreement- the agreement itself looks good according to Melanie Symons, but there are a few concerns in certain sections of the participation agreement language, Melanie will give Mr. Coughlin a summary of those concerns, so that they can be addressed at the next meeting. The Collective Trust held by TRowe Price would be savings to participants as the investment fee would drop to .46 basis points. The only down fall is that there is not a ticker symbol associated with it, Marybeth Daubenspeck of Empower mentioned that the marketing team in Denver would be able to have a Fund Sheet on the website for participants to download for more information.
The window is tight to make the transfer, since there are still some contract issues, the earliest could be January 4th or February 22, 2019. Communication will need to be delivered to participants regarding the change. Jim Penner motioned to move forward with the change to the Collective Trust and Diane Fladmo seconded the motion, which passed unanimously.

- Before the Break, Ms. Davis announced that Tom Schneider would be leaving the committee. Tom was instrumental in getting the State of Montana to get the Deferred Compensation Plan available to its employees. Ms. Davis thanked Tom for all his expertise, and knowledge to help everyone understand the Plan. His work with the EIAC committee is sincerely appreciated.

Ms. Daubenspeck presented the current Plan Review for both the DCRP 401(a) and the 457(b) plans. She focused on Asset Growth and Assets by Asset Class. A breakdown of contributions vs distributions, and benefit payment distributions for retirement, death, or separation form service with a lump sum withdrawal. Ms. Daubenspeck highlighted the Denver Voice Response system regarding types of calls, and what they were regarding, be it account balance information or allocation information or changes. The new website has a 67% of new visitors for the last quarter. Empower is working on new enhancements such as; personalized campaigns, online tax forms, financial wellness savings and bill manager, along with the opportunity for one on one advise. No action taken.

VIII. Work in Progress- Auto-Enroll-Patty Davis (2:24:18-2:56:58)
Ms. Davis asked if anyone had comments regarding the Auto Enroll white paper, members of the committee were asked to look it over and come back with suggestions or concerns for Ms. Davis and Melanie Symons. Steve Hagen is not a fan of the Auto Enrollment, but Opt- Out Option/Active choice he is alright with. Tom wanted to know if anyone has tracked other organizations with Auto Enrollment that offer matching component with the employer, he is opposed to the auto enrollment, but if there was an advantage to participants he would be interested. Ms. Davis is trying to see if the Active Choice would be a better option. The benefit is to drive people to save more for retirement. Diane Fladmo is opposed Auto Enroll idea, because of other financial obligations, it would be better to increase savings through education of the employees. Active Choice would be option in conjunction with education. There are state laws and statutes that would have to be addressed. Ms. Davis mentioned to the committee that you can go online to the MPERA site to increase your deferrals, and enroll, but it is not intuitive for participants to use yet, so it has not been rolled out to the public. The education staff will come to the next meeting to show a demonstration. The committee has decided to continue the discussion on Auto Enroll as they receive more education and information.

Agenda items for October 25, 2018 EIAC meeting
EAIC By laws
Education Staff Presentation
Fidelity Contrafund Annual Presentation

Meeting adjourned 4:13 PM
Meeting Adjourned at 4:15 PM.
Next Meeting is scheduled for October 25, 2018