ATTENDANCE

Council Members
Patricia Davis, Chair – excused
Melanie Simons Substitute Chair
Tammy Potter, Member
Tim House, Member
Amy Berry, Member
Barb Wagner, Member
Steve Hagen, Member
Jim Penner, Member
Diane Fladmo, Member
Jeff Bollman, Member
James Helgeson, Member
Malissa Williams, Member - excused

MPERA Staff
Ali Rice, Pension Financial Analyst-MPERA
Jenny Weigand, Education Supervisor-MPERA
Beth Long-MPERA

Presenters
Tom Coughlin, Buck Consulting, LLC

II. Roll Call (0:01-1.23)

III. Public/Member Comment/Introductions (1:24-1:41)

ACTIONS ITEMS

IV. Approval of EIAC meeting minutes-January 24, 2019 (2:13-2:40)
   • Diane Fladmo moved to approve the meeting minutes for January 24, 2019
     Jim Helgeson seconded the motion, which passed unanimously.
V. Fund Performance Tom Coughlin, Buck Consulting, LLC  (2:47-1:13:10)
   a. Market Review
      Mr. Coughlin 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. The unemployment rate decreased to 3.5%, down from 4% in
      January. The U.S. economy added 196000 jobs in March. Mr. Coughlin presented on the
      Capital Markets performance up to March 31, 2019, the U.S. economy, fixed income and
      bond market, and the Equities market. No Action Taken
   b. 457(b) Deferred Compensation Plan
      Mr. Coughlin discussed the Overview of the 457(b plan. The plan assets totaled $ 516.91
      million as of March 31, 2019, up from $484.9 million in September 2018. The allocation
      of the plan assets are 45% to the Stable Value fund, 2% to the Bond funds, 13% to target
      Date/Balanced funds, 32% to U.S. Equities and 7% to International Equity funds. The
      funds’ expense ratios remain competitive, the average expense ratio is 0.44% compared
      to similar plans that are 0.70%. Mr. Coughlin recommended to the committee to drop
      Franklin Mutual Discovery since it’s been on probation since October 2017 and
      suggested that American Funds New Perspective R6 would be fine as a standalone global
      fund, or there could be a search done to find another Global fund to replace it. He also
      presented additional information for the group regarding the statistics they used in
      regards to Franklin Mutual Discovery and the factors and comparisons to MSCI which
      also showed the 5 year rolling returns. Buck Consulting reaches out periodically to
      managers and they have not received a lot of feedback from Franklin, regardless of good
      or bad performance. Barb Weston made the motion to put out a search for a new Global
      Value/Growth fund to evaluate the options, Tim House Second the motion, which passed
      unanimously. Diane Fladmo motioned to switch Fidelity Contra Fund to Fidelity Contra
      Fund R6 class to decrease participants expense ratio and along with that to also switch
      the Neuberger Berman Genesis Trust Class to the Neuberger Berman Genesis class R6,
      which also reduces participants expense ratio, Barb Wagner seconded the motion, which
      passed unanimously.
   c. 401(a) Defined Contribution Plan
      Mr. Coughlin discussed the performance of the funds in the 401(a). The assets total
      $247.22 million which up from September 2018 from $ 218.61 million. The assets are
      allocated with 7% to the Stable Value Fund, 2% to the Bonds funds, 56% to Target Date/
      Balanced funds, 28% to U.S. Equities, and 7% to International Equity funds. The
      average expense ratio is 0.33% compared to other similar plans that are at 0.91%
      No recommendations at this time. No Action Taken.

• Ms. Rice presented the expense report regarding both the 457(b and 401(a plans. The
  committee was shown the number of participants in the plans, the asset based points,
  STIP earnings, administrative expenses, Empower Retirement Expenses. There was then
  a projection going out three (3) more years. There were no suggested changes for the
  457(b plans, but Patty had recommended that for the 401(a plan that the 17 basis points
  change to 14 basis points. Tim House motioned to change the basis points on the 401(a
  plan to 14 basis points from 17 basis points, Jeff Bollman seconded the motion, which
  passed unanimously.

- Ms. Davidsen discussed the activity of Empower Retirements Representatives and field office. Individual counseling sessions, local office foot traffic, a breakdown of forms processed, detailed information regarding group meetings and travel. Ms. Davidsen showed the amount of new enrollments year to date as well as roll ins. The one takeaway from what they are seeing is that participants need to be more diversified in their portfolio of investment.


- Mr. Hess went into greater detail on how the three representatives break out their locations to hit all sections of the state, by visiting State, City and County offices., for the year 32 employers had been visited, there were 35 group meetings with 233 attendees compared to 85 in 2018. Individual appointments were also up from 163 in 2018 to 285 for 2019. These numbers are up to March 2019. Empower is looking at new training opportunities to help with the diversification issue. Mr. Hess mentioned that they are also working on new software to track the field appointments and the topics that are discussed for reporting to the committee the full scope of what Empower is accomplishing. Diane Fladmo mentioned that she was concerned that the participants may not be getting that is required to invest, and hopes the reporting is accurate. Jenny Weigand addressed the statement explaining that the three representatives travel extensively and that many time they are teaming up with the Educators at MPERA. They then can insure members are getting the information they need for all their retirement plans.

Meeting Adjourned at 4:10 PM.
Next Meeting is scheduled for July 25, 2019