Public Employees’ Retirement Board  
EMPLOYEE INVESTMENT ADVISORY COUNCIL  
100 North Park Avenue, Room 201  
Helena MT 59601  
Thursday, July 25, 2019  
1:00 PM

ATTENDANCE

Council Members
Patricia Davis, 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  
Kim Stout, Member- excused

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

Public
Paul Spengler, Retired Public Employee  
Gary Whitney, Empower Retirement  
Mary Tuttle, MPERA Board Member  
John Hess, Empower Retirement

Presenters
Tom Coughlin, Buck Consulting, LLC

II. Roll Call (1:01-1.03)

III. Public/Member Comment/Introductions (1:04-1:06)
IV. Approval of EIAC meeting minutes - April 25, 2019 (1:06-1:07)
- There are 2 errors for page 2, correction was made
- Barb Wagner moved to approve the meeting minutes for April 25, 2019
  Diane Fladmo seconded the motion, which passed unanimously.

V. Fund Performance Tom Coughlin, Buck Consulting, LLC (1:07:01-1:44:01)
  a. Market Review
     Mr. Coughlin reviewed current standings and highlights of the Market, emphasizing the
     3 month to 3 year cluster, going over the Large, Medium, Small cap funds and the
     International funds. U.S stocks continued with positive returns from the previous
     quarter. The unemployment rate decreased to 3.7%, down from 3.8% in March. The U.S.
     economy added 224,000 jobs in June. No Action Taken
  b. 457(b) Deferred Compensation Plan
     Mr. Coughlin discussed the Overview of the 457(b) plan. The plan assets totaled $529.01
     million as of June 30, 2019, up from $516.90 million in March 2019. The allocation of
     the plan assets are 44% to the Stable Value fund, 2% to the Bond funds, 14% 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 0.71%. Mr. Coughlin presented on the overall range of
     investment options, Peer group ratings, three year risk/return profile, the stable value
     performance.
  c. 401(a) Defined Contribution Plan
     Mr. Coughlin discussed the performance of the funds in the 401(a). The assets total
     $261.29 million which up from March 31, 2019 from $247.22 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 0.90%
     No recommendations at this time. Buck Consulting recommended that PGIM Total
     Return Bond R6 be put on the watch list, but the committee decided to wait until the
     rest of the presentation for the 401(a) had been presented. Mr. Coughlin went over the
     Asset Allocations available, the range of investment options, Peer Group rankings. When
     returning to the discussion of the PGIM Total Return Bond R6, to put it on probation due
     to risk and bad performance. Barb Wagner moved to put the fund on probation and
     Diane Fladmo seconded the motion which passed unanimously.

VI. Global Equity Manager Search - Thomas Coughlin, Buck Consulting, LLC (1:44:08-2:22:10)
Mr. Coughlin went over the findings that Buck Consulting researched for a replacement
of Franklin Mutual Global Discovery Fund. There are currently 786 members invested in
the fund. They looked at several different characterizes. They looked at funds that are
open to new investors, actively managed fund, not an exchange-traded fund, expense
ratio of 1.14% or lower. They came up with 5 options where the Franklin Mutual Global
Discovery fund could map to. Jeff Bollman moved to eliminate Franklin Mutual Global
Discovery and map it to American Funds perspective R6, Steve Hagen seconded the
motion which passed unanimously. Communication to members will go out as soon as
possible.
VII. Social Responsible Investing concern-University System employee (2:23:00-2:36:10)
Amy Berry went over the communication that’s been received regarding the fact that there are not more socially responsible funds available to invest in within the plans available to the University System employees. Ms. Davis had responded to the concerns in an email dated April 23, 2019 that any funds added to the plans must meet the standard outline of the Board’s Investment Policy Statement, she also mentioned the many discussions with committee have happened in the past regarding socially responsible funds, but the plan does not support unlimited fund options. There will be further discussion on this matter.

VIII. RFP Update (2:36:50-2:40:35)
Ms. Davis announced that the RFP submission had closed as of 2:00 P.M. on July 25, 2019 and they would be looking at all those that applied.

Meeting Adjourned at 4:08 PM.
Next Meeting is scheduled for October 24, 2019