

**Public Employees' Retirement Board
EMPLOYEE INVESTMENT ADVISORY COUNCIL**

100 North Park Avenue, Room 201

Helena MT 59601

Thursday January 26, 2017

1:00 PM

ATTENDANCE

Council Members

Patricia Davis, Chair

Tom Schneider, Member

Paul Spengler, Member

Tim House, Member

Amy Berry, Member

Barb Wagner, Member-Phone

Steve Hagen, Member

Jim Penner, Member

Diane Fladmo, Member

Jeff Bollman, Member

James Helgeson, Member

Malissa Williams, Member

MPERA Staff

Beth Long, Administrative Clerk

Public

Anne Cappel, Empower Retirement

Joe Cullen, MBOI

Presenters

Donald Eibson and Tyler Barondeau, Conduent HR Services Investment Counseling

II. Roll Call (0:33-2:35)

- Ms. Davis introduced Malissa Williams as a new member of the EIAC committee. Malissa is the Senior Budget Analyst at the Governor's Budget office.

III. Public/Member Comment (2:35-10:43)

- Ms. Davis had Anne Cappel from Empower Retirement give a short summary of the meeting that was held on Wednesday, January 25th with the MPERA Education staff and Empower Retirement staff. She presented the new marketing materials that they will be using such as; flyers, monthly campaigns and E-Learning seminars. There will also be a new enhancement coming to the website later this year.

ACTIONS

IV. **Approval of EIAC meeting minutes-October 27, 2016 (10:45-11:02:59)**

- Tom Schneider moved to approve the meeting minutes for October 27, 2016. Paul Spengler seconded the motion, which passed unanimously.

V. **Fund Performance Review-Don Eibson & Tyler Barondeau, Conduent HR Services Investment Counseling (formerly Buck Associates) (11:15:01-1:57:08)**

a. **Market Review (11:15-33:15)**

Mr. Eibson reviewed current standings and highlights of the Market in General. U.S stocks produced positive numbers in the fourth quarter. Mr. Eibson discussed the US Economy, unemployment rate drop along with the current standings of Bonds, Equities and Fixed income. No Action Taken.

b. **457(b) Deferred Compensation Plan (33:17-57:48)**

Mr. Barondeau discussed the performance of the funds in the 457(b). He went over the range of investments available with the plan, Fund Overview and the current Asset Allocation as December 31, 2016. The plan assets increased by 5.7 million. Janus Enterprise N replaced Victory Munder Mid-Cap Core Growth A in October. Morningstar ratings for the funds were also discussed. No Action Taken.

c. **401(a) Defined Contribution Plan (57:50-1:08:02)**

Mr. Eibson and Mr. Barondeau discussed the performance of the funds in the 401(a). Janus Enterprise N replaced Victory Munder Mid-Cap Core Growth A in October. Mr. Barondeau reviewed the Range of Options and Asset Allocation of the funds in the plan. The plan assets increased by 8.5 million. Morningstar ratings were also discussed for the funds in the plan. No Action Taken.

d. **Target Date Fund Review (1:08:04-1:57:08)**

Mr. Eibson and Mr. Barondeau presented a comparison on both plans current T Rowe Price Target date funds with the Vanguard Target funds and American Funds. Net of Fee Returns, Calendar year returns, Peer Rankings and the Asset Allocation comparison were also explained. No Action Taken.

DISCUSSION

VI. **Plan membership review as of June 30, 2016 (1:57:44-2:34:23)**

- a. Ms. Davis presented a spreadsheet showing the participation rate currently, there will be a more in-depth report at the next meeting. Anne Cappel stated that nationwide the participation rate is approximately 58%. The goal is to build a better 457 plan and increase participation. Ms. Davis mentioned that it would be helpful to find the groups that have a good participation rate to see if they would advocate for more participation in the 457.
- b. The minimum deferral amount is currently \$10.00 per month, which it has been since 1977 when Tom Schneider brought it before the Board for adoption. Ms. Davis mentioned that Wyoming's plan is very similar to ours, and also has Empower Retirement as their record keeper. Wyoming's employer also matches a certain percentage of the employees contribution, they're minimum contribution is \$ 20.00 per pay period. Great Falls Transit has a fairly good participation rate and they match the employees first 5 percent. Topics for the next meeting in April will include; Stable Value

participation rate, mapping out of Stable Value fund and into Target Date Funds, Conduent will do their investment review, the investment policies for both plans will be reviewed, Anne Cappel will present the 2016 401(a) and 457(b) Plan Summary, a discussion on the T Rowe Price share class issue, and continue the minimum deferral amount for the 457 Plan. It was decided that the meeting on April 27th will run from 12:00 to 5:00 PM to cover all the topics.

Meeting Adjourned at 3:50 PM.