

BCC Meeting May 23, 2019

1. Meeting was called to order at 2pm by Lauran Beebe
2. Innovest Plan Report
 - Gordon Tewell from Innovest began the report with retirement plan topics and trends, addressing retirement plan fees. Participants pay three types of fees:
 - Administrative Fees
 - Investment Fees
 - Participant Service Fees
 - Administrative fees are charged to cover everyday costs, including recordkeeping services, accounting, and legal costs. Investment fees cover the management of the investments available in the plan and other investment-related services. Participant Service fees are additional fees for special features and options available to participants such as loans, distributions and managed accounts
 - He discussed the City's fiduciary responsibility to monitor the reasonableness of the fees being paid by participants as this has become an enormous focus in recent litigation. He stated that this is important because managing retirement plan fees is beneficial for both participants and fiduciaries, the less a participant pays in fees, the more they will have in their accounts, thus making the plan sponsor more likely in meeting their responsibilities
 - He provided several best practices for addressing plan fees:
 - Use of RFI's/RFP's to routinely benchmark fees every 3-5 years
 - Separate vendor fees from investment fees, understanding revenue sharing
 - Price fees on a per-participant basis
 - Benchmark and negotiate investment fees regularly, reviewing lower share classes
 - Monitor participant service fees
 - He reviewed the City's structure, breaking fees between, fund managers, Nationwide and Innovest. He finished with the plan's asset allocation at the end of the 1st quarter, with total assets at \$140,693,345.
 - Paul Nacario from Innovest provided an overview of the markets. Looking back at the 1st quarter, the US Domestic Markets, US Bond Market, International Developed Markets and International Emerging Markets were all up, with small cap stocks leading the way. The S&P 500 had its best quarterly return since 2009 and the month of January was one of the best January's since 1987. One driving force behind the market's performance centered on the Fed's comments being patient with future rate hikes, taking a wait-and-see approach. The markets expect the Fed to lower rates because inflation has been relatively contained and the economy is struggling to maintain its momentum. Innovest addressed the growing National

Deficit, however, it is political suicide for politicians to discuss the deficit. For every dollar that the US government spends, they must borrow twenty cents to pay off debt. Innovest also discussed the Yield Curve, it inverted on March 22, 2019. The yield curve has inverted between 1.4 years and 2.6 years prior to the last three recessions. However, the bull market did not end immediately after the yield curve inverted, averaging 1.5 years before the end of the bull market and averaging 38% from inversion to the end of the bull market.

- Gordon Tewell reviewed the Plan's Manager Scorecard, addressing 4 funds, Harbor Capital Appreciation, Vanguard Selected Value, Victory Munder MidCap Core and Harbor Small Cap Growth Opportunities. In down markets, Innovest likes to look at manager performance against their benchmark and peer performance, minor concerns were brought to the BCC's attention on Harbor Capital Appreciation and Harbor Small Cap Growth due to strategy of using single subadvisors. A minor concern with Harbor Small Cap Growth Opportunities' performance, its 3- and 5-year performance warrants additional monitoring and due diligence as the manager has underperformed both the benchmark and peer group over that time. Regarding Victory Munder MidCap Core, major concern with performance was discussed. Due to Munder's conservative position, it has lagged over its peers for the 3- and 5-year periods, minor concerns were brought up regarding outflows from the fund and overall performance. A concern with Vanguard Select Value was brought up regarding performance, the fund has lagged its benchmark and peers for 3- and 5-year periods, recommendation to monitor fund.
- There was no action on any of the funds.

3. Nationwide Report

- Jim Keeler and Andee Gravits discussed Nationwide's Gauging Success Report and Plan Sponsor Dashboard. Nationwide addressed the number of new enrollments for 2019, rollovers into the plan, total deferrals into the plan, managed account usage, plan participation, participants in payout and the plan's demographics against other similar sized plans across the country. Nationwide addressed various marketing campaigns their representative has been involved with to drive higher activity amongst participants and employees. Nationwide discussed a new pilot with online distributions for participants, chat box technology and HSA integration. Nationwide also discussed their ongoing contacts status with their HSA offering to the City.
- Meeting was adjourned at 3:05pm.

Attendance:

Jim Thompson, Luran Beebe, Brian Biesemeyer, Donna Brown, Charles Cabrera, Katie Callaway, Judy Doyle, Joyce Gilbride, Ana Lia Johnson, Bill Murphy, Jeff Nichols, Eric Valliere, Dan Worth, Andee Gravits, Jim Keeler, Paul Nacario, Gordon Tewell