

COUNCIL ACTION FORM

SUBJECT: REPORT ON AMES MUNICIPAL UTILITY PLAN

BACKGROUND:

The Municipal Code of the City of Ames, Iowa, Section 28.403, established a participant review board elected from various utility departments that have members of the Ames Municipal Utility Retirement Plan. Duties of the Board are to monitor, review, and evaluate, on a continuing basis, the performance of the Ames Municipal Utility Retirement Plan and report annually to the City Council.

The City of Ames is the plan sponsor for a **401(a) defined contribution retirement plan**. This plan is available to employees who receive at least ten percent of their salary funding from City of Ames utilities. Vanguard serves as plan administrator for the City.

In March 2011, the Board met with Kevin Wheatley, Relationship Manager, and Evan Wolf, Investment Analyst, from Vanguard. Mr. Wheatley presented a brief overview of the company and provided information demonstrating that the fee structure and investment return performance are highly competitive.

Mr. Wheatley also presented a plan and participant overview. The plan has a total balance of over \$25.8 million with 140 active participants and 152 total participants. The Plan balance was then broken down by investment fund type, including beginning and ending balances, total number of participants, and percentage of total assets. Summary information for the plan is attached.

The Vanguard representatives and the Board discussed the possibility of moving our current plan document to the prototype plan document developed by Vanguard. This move would be an advantage because the plan would automatically update as new rules and regulations on retirement plans are passed. The updates would be at little or no cost to the plan as compared to the cost of updating our current customized plan document. The board passed a motion to investigate moving from our customized plan document to Vanguard's prototype plan document.

After discussion, the Board passed a motion to accept the review and contents of the Vanguard presentation and to recommend that the relationship with Vanguard as plan administrator be continued.

ALTERNATIVES:

1. Accept the report from the Utility Retirement Advisory Board and approve the recommendation to continue with Vanguard as plan administrator.

2. Refer the report back to the Utility Retirement Advisory Board for further information.

MANAGER'S RECOMMENDED ACTION:

After review and discussion of the material presented by Vanguard, the Board has voted to recommend continuing the relationship with Vanguard.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby accepting the report from the Utility Retirement Advisory Board and approving the recommendation to continue with Vanguard as plan administrator.