

**COUNCIL ACTION FORM**

**SUBJECT: REPORT ON THE AMES MUNICIPAL UTILITY RETIREMENT PLAN  
FROM THE UTILITY RETIREMENT ADVISORY BOARD**

**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 August 2016, the Board met with Manny Tytler, Relationship Manager from Vanguard. Manny presented a brief overview of the company, and provided information demonstrating that the fee structure and investment return performance are highly competitive.

Manny Tytler also presented a plan and participant overview. The Plan has a total balance of over \$29.5 million with 119 participant accounts. 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.

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.
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 continue the relationship with Vanguard.

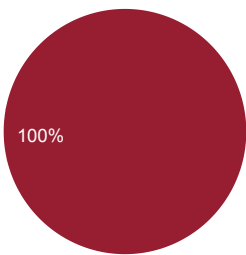

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby accepting the report from the Utility Retirement Advisory Board.



# Summary fee report

408(b)(2) disclosure for CITY OF AMES MUNICIPAL UTILITY RETIREMENT SYSTEM PLAN

Calculated as of June 30 2016

Plan Assets	Total all-in fees	
\$29,567,612	\$82,662	0.28%
	Asset - based fees by provider	
<ul style="list-style-type: none"> <li>■ Vanguard \$29,567,612</li> <li>■ Non-Vanguard \$0</li> <li>■ Other investments \$0</li> </ul>	<ul style="list-style-type: none"> <li>■ Vanguard \$76,662</li> <li>■ Non-Vanguard \$0</li> <li>■ Other investments \$0</li> </ul>	
Participant accounts	Total fees by service	
119		
	Asset-based fees net of recordkeeping	0.17% \$50,817
	<ul style="list-style-type: none"> <li>■ Vanguard (less recordkeeping credit) \$50,817</li> <li>■ Non-Vanguard (less payment for recordkeeping) \$0</li> <li>■ Other investments \$0</li> </ul>	
	Recordkeeping compensation by source	0.11% \$31,845
	Total direct compensation: Fee paid directly from plan	\$6,000
	Total indirect compensation: Payment for recordkeeping from non-Vanguard funds	\$0
	Total recordkeeping compensation from plan sponsor	\$0
	Vanguard current recordkeeping credit	\$25,845
	■ Additional fees	\$0
	Total all-in fees	\$82,662



# All-in fee report

408(b)(2) disclosure for CITY OF AMES MUNICIPAL UTILITY RETIREMENT SYSTEM PLAN Calculated as of June 30 2016

Vanguard fund asset-based fees				
Fund Name	Assets	Expense ratio	Morningstar average	Current recordkeeping credit
Vanguard 500 Index Fund Investor Shares	\$4,453,175	0.16%	1.02%	0.11%
Vanguard Wellington Fund Investor Shares	\$3,804,319	0.26%	0.86%	0.08%
Vanguard Prime Money Market Fund	\$2,380,216	0.16%	N/A	0.00%
Vanguard Windsor II Fund Investor Shares	\$2,335,699	0.34%	1.08%	0.08%
Vanguard Total Stock Market Index Fund Investor Shares	\$2,114,968	0.16%	1.02%	0.11%
Vanguard Equity Income Fund Investor Shares	\$2,109,820	0.26%	1.08%	0.09%
Vanguard U.S. Growth Fund Investor Shares	\$1,884,920	0.47%	1.16%	0.14%
Vanguard Total Bond Market Index Fund Investor Shares	\$1,526,875	0.16%	0.79%	0.10%
Vanguard Morgan Growth Fund Investor Shares	\$1,462,965	0.40%	1.16%	0.13%
Vanguard Retirement Savings Trust**	\$1,431,278	0.52%	N/A	0.15%
Vanguard International Growth Fund Investor Shares	\$1,050,167	0.47%	1.28%	0.13%
Vanguard Target Retirement 2020 Fund	\$802,901	0.14%	0.43%	0.04%
Vanguard Explorer Fund Investor Shares	\$689,262	0.49%	1.30%	0.14%
Vanguard Target Retirement 2025 Fund	\$615,222	0.15%	0.39%	0.05%
Vanguard LifeStrategy Conservative Growth Fund	\$607,422	0.13%	0.81%	0.00%
Vanguard Target Retirement 2015 Fund	\$510,607	0.14%	0.36%	0.04%
Vanguard LifeStrategy Growth Fund	\$459,586	0.15%	0.88%	0.00%
Vanguard Target Retirement 2035 Fund	\$449,738	0.15%	0.39%	0.05%
Vanguard LifeStrategy Income Fund	\$394,230	0.12%	0.69%	0.00%
Vanguard Target Retirement 2045 Fund	\$120,168	0.16%	0.40%	0.06%
Vanguard Target Retirement Income Fund	\$111,307	0.14%	0.44%	0.04%
Vanguard LifeStrategy Moderate Growth Fund	\$93,193	0.14%	0.86%	0.00%
Vanguard Target Retirement 2040 Fund	\$64,562	0.16%	0.43%	0.06%
Vanguard Target Retirement 2030 Fund	\$53,333	0.15%	0.43%	0.05%
Vanguard Target Retirement 2050 Fund	\$29,096	0.16%	0.41%	0.06%
Vanguard Target Retirement 2060 Fund	\$9,451	0.16%	0.34%	0.06%
Vanguard Target Retirement 2055 Fund	\$3,133	0.16%	0.39%	0.06%
<b>Vanguard total</b>	<b>\$29,567,612</b>	<b>0.26%</b>	<b>0.95%</b>	<b>0.09%</b>
<b>Vanguard total asset-based fees</b>		<b>\$76,662</b>	<b>\$244,595</b>	<b>\$25,845</b>

\*\* The expense ratio includes a .21% fee (\$2.1 per \$1,000 invested) paid to the issuers of synthetic investment contracts (also known as "wrap agreements"). The fund performance results are net of these benefit responsive contract costs.

\*The current recordkeeping payment is paid by the fund, fund company, or its advisor to Vanguard for recordkeeping and shareholder servicing. For more information on these payments, please refer to the fund's prospectus. Additional fees may be described below.

Recordkeeping fees		
Fee description	Paid by	Total fee
Total recordkeeping compensation from plan sponsor		\$0
Annual Administrative Fee (Paid By Participant Gross Per Capita)	Participants	\$6,000
Total direct compensation*		\$6,000
Total indirect compensation (Current recordkeeping payment from non-Vanguard funds)		\$0
Vanguard current recordkeeping credit		\$25,845
Total recordkeeping compensation		\$31,845

\* Direct compensation includes fees paid out of the plan. Plan sponsors may pay appropriate fees from the plan forfeiture account if permitted in the plan document.



# All-in fee report

408(b)(2) disclosure for CITY OF AMES MUNICIPAL UTILITY RETIREMENT SYSTEM PLAN

Calculated as of June 30 2016

<b>Additional fees</b>		
<b>Fee description</b>	<b>Paid by</b>	<b>Fee</b>
Ad Hoc Reporting (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	As Agreed Upon
Additional Processing (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	As Agreed Upon
Annual Administrative Fee For Each Loan (Paid By Participant Fixed Per Capita)	Participants	\$25 Per Loan Maintenance
Client Requested Account Adjustments (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	As Agreed Upon
Conversion - Asset Transfer (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	As Agreed Upon
Conversion - Divisional Transfers (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	As Agreed Upon
Conversion - Plan To Plan Transfers (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	As Agreed Upon
Conversion - Start Up Plans (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	As Agreed Upon
Fee Disclosure Change Notice(s) (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	\$.50 Per Mailed Notification
Loan Origination Fee Non Self-Provisioned (Paid By Participant Fixed Per Capita)	Participants	\$90 Per Loan Origination
Loan Origination Fee Self-Provisioned (Paid By Participant Fixed Per Capita)	Participants	\$40 Per Loan Origination
Miscellaneous Fees (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	As Agreed Upon
Mistake of Fact Processing (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	\$50 per occurrence
Participant Education Retirement Service (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	As Agreed Upon
Participant Fee Disclosure Notice(s) (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	\$1.50 Per Mailed Notification
Plan Consulting Services (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	As Agreed Upon
QDRO Processing (Paid By Participant Fixed Per Capita)	Participants	\$50
Requested Statement Enclosures (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	As Agreed Upon
Return of Excess (Paid By Participant Gross Per Capita)	Participant Gross Per Capita	\$50 per occurrence
<b>Termination related compensation*</b>		<b>\$10,000</b>

\*Vanguard charges a fee for the conversion services that it will perform to transfer a plan to a subsequent provider. The standard conversion services fee above will apply unless otherwise outlined in the recordkeeping fee agreement. Early termination fees also outlined in your recordkeeping fee agreement may apply if the arrangement is terminated in the first three years.

Fees charged by Vanguard generally are billed in arrears. As such, plans are not charged amounts to pre pay for services. If such arrangements are made with a plan, the calculation and refund of any such pre-paid amounts upon transfer or termination of the plan is detailed in a separate agreement with the plan governing those services.

<b>All-in fee summary</b>	
Vanguard total asset-based fees	\$76,662
Non-Vanguard total asset-based fees	\$0
Other investment total asset-based fees	\$0
Total direct compensation	\$6,000
Total recordkeeping compensation from plan sponsor	\$0
Included additional fees	\$0
Other additional fees	Variable
<b>Total all-in fees</b>	<b>\$82,662</b>
<b>Total assets</b>	<b>\$29,567,612</b>
<b>Total expense ratio</b>	<b>0.28%</b>

# City Of Ames Municipal Utility Retirement System Plan

## Summary statistics

City Of Ames Municipal Utility Retirement System Plan	Plan	Vanguard	Same client size
Summary statistics 6/30/2016			
Plan assets (Net of loans)	\$29,567,613	—	—
Average balance	\$248,467	\$101,913	\$127,498
Equity allocation	71%	70%	68%
Equity contribution	78%	74%	72%
Professionally managed allocations	11%	54%	43%
Internet access	80%	69%	54%
Participants with a loan outstanding	1%	—	—

# State of the plan

## Investments

**Total participants** (with a balance as of 6/30/2016): **119**

**Total assets: \$29,567,613** (as of 6/30/2016)

**Total contributions** (prior 12 months): **\$972,618**

	Percentage of participants using	Total assets	Total contribution percentage 12 months	Total gross exchange in percentage 12 months	Total gross exchange out percentage 12 months	Average annual performance for period ended 6/30/2016						
						One year	Five year	Ten year	Since inception	Inception date	Expense ratio *	
<b>Money market</b>												
Vanguard Prime Money Market Fund	32%	\$2,380,216	3.6%	42.9%	0.2%	0.25%	0.07%	1.13%	5.19%	06/1975	0.16%	
The 7-day SEC yield, as of (6/30/2016), is .45%												
<i>Money Market Funds Average</i>						0.02	0.01	0.89	—	—		
<b>Subtotal</b>		<b>\$2,380,216</b>										
<b>Stable value</b>												
Vanguard Retirement Savings Trust	16%	\$1,431,278	2.4%	0.9%	1.1%	1.87%	2.04%	2.86%	4.89%	01/1989	0.52%	
Citigroup 3-Month US T-Bill Index						0.14	0.05	0.95	3.18	12/1926		
<b>Subtotal</b>		<b>\$1,431,278</b>										
<b>Bond funds</b>												
Vanguard Total Bond Market Index Fund Investor Shares	29%	\$1,526,875	4.6%	28.4%	18.8%	6.02%	3.61%	5.01%	6.23%	12/1986	0.16%	
<i>Spliced Barclays USAgg Float Adj Ix</i>						6.12	3.81	5.16	6.52	12/1975		
<b>Subtotal</b>		<b>\$1,526,875</b>										
<b>Balanced funds</b>												
Vanguard LifeStrategy Conservative Growth Fund	3%	\$607,422	0.6%	12.3%	0.0%	3.25%	5.43%	5.09%	6.95%	09/1994	0.13%	
<i>Conservative Growth Composite Index</i>						3.41	5.77	5.59	6.83	12/1977		
Vanguard LifeStrategy Growth Fund	8	459,586	3.2	0.0	0.7	-0.45	7.06	5.31	7.75	09/1994	0.15	
<i>Growth Composite Index</i>						-0.36	7.54	5.85	7.89	12/1977		
Vanguard LifeStrategy Income Fund	8	394,230	2.0	0.4	0.0	4.88	4.50	4.86	6.46	09/1994	0.12	
<i>Income Composite Index</i>						5.16	4.89	5.43	6.37	12/1977		
Vanguard LifeStrategy Moderate Growth Fund	3	93,193	0.0	0.0	0.0	1.47	6.36	5.39	7.50	09/1994	0.14	
<i>Moderate Growth Composite Index</i>						1.57	6.83	5.92	7.63	12/1977		
Vanguard Wellington Fund Investor Shares	49	3,804,319	13.4	1.1	18.8	4.75	8.96	7.40	8.23	07/1929	0.26	
<i>Wellington Composite Index</i>						5.59	9.73	7.08	—	—		
<b>Subtotal</b>		<b>\$5,358,750</b>										
<b>Target-date funds</b>												
Vanguard Target Retirement 2015 Fund	2%	\$510,607	0.0%	0.0%	0.0%	1.98%	6.17%	5.62%	6.03%	10/2003	0.14%	
<i>Target Retirement 2015 Composite Ix</i>						2.13	6.32	5.65	6.07	10/2003		

# City Of Ames Municipal Utility Retirement System Plan

	Percentage of participants using	Total assets	Total contribution percentage 12 months	Total gross exchange in percentage 12 months	Total gross exchange out percentage 12 months	One year	Five year	Ten year	Since inception	Inception date	Expense ratio *
<b>Target-date funds (continued)</b>											
Vanguard Target Retirement 2020 Fund	2	802,901	2.9	0.0	0.0	1.45	6.67	5.72	5.83	06/2006	0.14
<i>Target Retirement 2020 Composite Ix</i>						1.58	6.92	5.84	5.95	06/2006	
Vanguard Target Retirement 2025 Fund	6	615,222	4.0	5.0	0.8	0.81	6.95	5.72	6.34	10/2003	0.15
<i>Target Retirement 2025 Composite Ix</i>						0.91	7.20	5.84	6.46	10/2003	
Vanguard Target Retirement 2030 Fund	2	53,333	0.0	0.0	2.5	0.11	7.21	5.68	5.83	06/2006	0.15
<i>Target Retirement 2030 Composite Ix</i>						0.19	7.46	5.81	5.97	06/2006	
Vanguard Target Retirement 2035 Fund	3	449,738	1.6	0.0	0.0	-0.67	7.44	5.74	6.76	10/2003	0.15
<i>Target Retirement 2035 Composite Ix</i>						-0.55	7.70	5.87	6.89	10/2003	
Vanguard Target Retirement 2040 Fund	2	64,562	1.3	0.0	0.0	-1.44	7.57	5.83	5.93	06/2006	0.16
<i>Target Retirement 2040 Composite Ix</i>						-1.30	7.86	5.96	6.06	06/2006	
Vanguard Target Retirement 2045 Fund	4	120,168	4.1	0.0	0.0	-1.51	7.56	5.82	7.07	10/2003	0.16
<i>Target Retirement 2045 Composite Ix</i>						-1.35	7.85	5.95	7.20	10/2003	
Vanguard Target Retirement 2050 Fund	2	29,096	1.1	0.0	0.0	-1.48	7.56	5.82	5.97	06/2006	0.16
<i>Target Retirement 2050 Composite Ix</i>						-1.35	7.85	5.95	6.10	06/2006	
Vanguard Target Retirement 2055 Fund	0.8	3,133	0.2	0.0	0.0	-1.57	7.58	—	9.96	08/2010	0.16
<i>Target Retirement 2055 Composite Ix</i>						-1.35	7.85	—	10.19	06/2010	
Vanguard Target Retirement 2060 Fund	2	9,451	0.9	0.0	0.0	-1.56	—	—	9.34	01/2012	0.16
<i>Target Retirement 2060 Composite Ix</i>						-1.35	—	—	9.60	10/2011	
Vanguard Target Retirement Income Fund	2	111,307	0.2	0.0	0.0	3.28	4.98	5.47	5.29	10/2003	0.14
<i>Target Retirement Income Compos. Ix</i>						3.42	5.13	5.50	5.34	10/2003	
<b>Subtotal</b>		<b>\$2,769,518</b>									
<b>Diversified equity funds</b>											
Vanguard 500 Index Fund Investor Shares	50%	\$4,453,175	12.3%	1.9%	15.4%	3.84%	11.93%	7.30%	10.80%	08/1976	0.16%
<i>S&amp;P 500 Index</i>						3.99	12.10	7.42	—	—	
Vanguard Equity Income Fund Investor Shares	36	2,109,820	4.1	4.6	1.8	8.99	12.62	8.11	10.11	03/1988	0.26
<i>Spliced Equity Income Index</i>						9.74	13.23	7.87	10.84	12/1978	
Vanguard Explorer Fund Investor Shares	18	689,262	3.0	1.6	3.2	-8.80	8.39	6.51	8.94	12/1967	0.49



# State of the plan

	Percentage of participants using	Total assets	Total contribution percentage 12 months	Total gross exchange in percentage 12 months	Total gross exchange out percentage 12 months	One year	Five year	Ten year	Since inception	Inception date	Expense ratio *
<b>Diversified equity funds</b> (continued)											
<i>Russell 2500 Growth Index</i>						-7.69	9.27	7.96	—	—	
Vanguard International Growth Fund Investor Shares	35	1,050,167	4.9	0.0	3.7	-8.31	2.31	3.50	10.05	09/1981	0.47
<i>Spliced International Index</i>						-10.24	0.10	0.71	8.49	08/1981	
Vanguard Morgan Growth Fund Investor Shares	29	1,462,965	5.9	0.0	7.9	-0.99	10.53	7.35	10.10	12/1968	0.40
<i>Russell 3000 Growth Index</i>						1.88	12.04	8.65	—	—	
Vanguard Total Stock Market Index Fund Investor Shares	34	2,114,968	8.0	0.2	8.4	2.01	11.45	7.43	9.17	04/1992	0.16
<i>Spliced Total Stock Market Index</i>						2.14	11.60	7.55	9.31	12/1970	
Vanguard U.S. Growth Fund Investor Shares	37	1,884,920	7.6	0.6	4.6	-0.99	12.05	7.76	10.17	01/1959	0.47
<i>Russell 1000 Growth Index</i>						3.02	12.35	8.78	—	—	
Vanguard Windsor II Fund Investor Shares	35	2,335,699	8.0	0.0	12.0	-1.13	10.20	6.00	10.50	06/1985	0.34
<i>Russell 1000 Value Index</i>						2.86	11.35	6.13	10.74	12/1978	
<b>Subtotal</b>		<b>\$16,100,976</b>									
<b>Total</b>		<b>\$29,567,613</b>									

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance).