

**Finance Review Committee**  
**May 14, 2015**  
**Myrtle Beach Area Chamber of Commerce**  
**Boardroom 2:00 p.m.**

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**Committee Attendees:** Wayne Morris, Billy Huggins (via phone), Lynn Kornita, Terrance Herriott, Jory Taylor, David Meese

**Staff:** Jim Wright, Elaine Morgan Weidman, Susan Giaquinto, Nancy Maloney

**Outside Presenters:** David Barton, SVP First Citizens Bank & Trust

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- I. **Call to Order 2:15 PM** **Wayne Morris**
- II. **Approval of Minutes** – Jory Taylor made a motion to accept the minutes for the March 6, 2015 meeting as presented. That motion was seconded by Lynn Kornita. The motion was approved.
- III. **Old Business – Update regarding MBACC Educational Foundation Investment Account** - Jim Wright updated the Committee on MBACC Educational Foundation funding. As of May 12, 2015, the Edward Jones managed investments were valued at \$59,882.35, with a balance of \$68,000.30 in the Edward Jones Money Market account. Jory Taylor distributed a handout summarizing the portfolio allocation of the managed investments, noting that management of these investments was vested with a team in St. Louis. The current investment allocation approximates 65 percent bonds/treasuries and 35 percent equities, which is marginally different from the 60/40 allocation targeted by the Committee. After discussion a motion was made by Billy Huggins to accept the current 65/35 allocation. Terrence Herriott seconded the motion. The motion passed unanimously with Jory Taylor abstaining from the vote.
- IV. **New Business**
- A. **MBACC 401k Plan Amendments** – Jim Wright advised the Committee that five of the seven 401k amendments approved at the April 11, 2014 FRC meeting and approved by the Board of Directors on April 17, 2014 had not been implemented by Fidelity – the Plan’s Trustee. Jim further reported that although there was no detrimental impact to the participants; four new employees hired between July-September 2014 would have to delay enrolling from October 1, 2015 to January 1, 2016. The approved change to allow employees to enter the plan on a quarterly basis (currently entry is limited to semi-annual) was one of the five amendments that had not been implemented by Fidelity. David Barton, SVP First Citizens’ Bank – the Plan’s Investment Fiduciary Advisor, detailed his actions and communications with Fidelity and an ERISA attorney for advice on the options available to remedy the oversight. Option #1 - Instruct Fidelity to implement the five items remaining effective January 1, 2016. Option #2 - Provide the ERISA attorney with written documentation from the FRC and Board of Directors minutes, along with the email confirmation from Fidelity, for review and feedback on how to proceed and to determine if such documentation by its nature “in substance” constitutes a plan amendment. Option #3 - File a petition with the IRS to make the plan changes retroactive to January 1, 2015. After extensive Committee discussion, it was decided that Option #2 would be the best path to pursue. Jory Taylor made a motion requesting that Mr. Barton work with the ERISA attorney to determine if sufficient documentation exists to support the amendments “in substance” for the 2015 plan year. Lynn Kornita seconded the motion, which was unanimously approved. The research and analysis is expected to take several weeks.

- B. MBACC 401k Investment Update** – In response to a request made by the Committee at its March 6, 2015 meeting, Mr. Barton prepared a comprehensive analysis of the Fidelity Freedom Funds currently utilized by the Chamber’s 401(k) plan. The analysis included a detailed comparison of the Freedom Funds’ historical performance and other attributes, against the JP Morgan Smart Retirement funds and the T. Rowe Price Retirement funds. The analysis and supporting data reflected the underperformance of the Fidelity Freedom funds when compared to JP Morgan and T. Rowe Price. Further, Mr. Barton highlighted his conclusion that the JP Morgan funds were in better alignment with the demographics of plan participants. In concluding, it was Mr. Barton’s recommendation as Investment Fiduciary Advisor for the plan, to move from the Fidelity Freedom Funds to the JP Morgan fund family. After additional discussion, Jory Taylor motioned for the Plan to move out of the Fidelity Advisor target-date funds and into the JP Morgan target-date funds. Terrance Herriott seconded the motion which was unanimously approved.
- C. Update Regarding Renewal of Operating Credit Lines** – Jim Wright updated the Committee with respect to the recent renewal of the Chamber’s lines of credit. Term sheets were distributed for each of the lines, noting a two-year term for each, carrying an interest rate of monthly Libor plus 1.75%, which equates to 1.93% as of May 14<sup>th</sup>.
- D. Review of 4-30-15 Financial Statements** – Jim Wright reviewed the April 30, 2015 financial statements and the associated Management Discussion and Analysis, noting trends and variances.

**V. Adjournment 3:20 PM**

**Wayne Morris**