

Chairperson: Steve Cady, 278-4347
Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, February 9, 2009 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Jackie Russell, and Steve Cady (Chair)

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

The Committee did not go into closed session.

1. 09DC01 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

There were no appeals.

2. 09DC02 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:12 The Chair explained this quarter's report (copy attached to original minutes) by stating it contains the standard information reflecting expenditures, revenues, reconciliation of the administrative accounts, and the reconciliation of 2008 mutual fund re-allowances that were received by Great-West. Both the 2008 and 2009 Budgets are included.

Questions and comments ensued regarding extending the fee holiday.

ACTION BY: (Grady) Extend the Administrative Fee Plan Holiday an additional quarter through the second quarter of 2009. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

3. 09DC03 From Reinhart Boerner Van Deuren, recommending administrative procedures relating to Plan Approved Domestic Relations Orders (PADRO).

APPEARANCE:

Darryl Collier, Great-West Retirement Services

- 00:13 The Chair stated last year Mr. Choice put together provisions to the Plan document that recognizes and addresses domestic relations orders. The process was set up in a way where these orders would be reviewed by the Plan's attorney to make sure they were done appropriately. The orders were then forwarded to Great-West who would also review and process them. After participating in this process, it was found to not only be difficult because of the paperwork, but it also created more of an administrative burden. Great-West provides this service and has the ability to process these orders internally with their own legal team.

By working within the existing Plan document which allows for domestic relations orders, procedures can be set which allows Great-West to facilitate the entire process including the issuance of charges to the participant for this service. In addition, this will reduce costs to the Plan. It is expected that under the new service agreement with Great-West, PADRO's will be reviewed and approved by Great-West, and participants will be charged \$250 (\$125 per spouse) to perform this service.

Questions and comments ensued.

ACTION BY: (Ceschin) Approve Internal Administrative Procedures relating to how the Plan will handle Plan Approved Domestic Relations Orders (PADROS). 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

4. 09DC04 From Ennis Knupp and Associates, 2008 Capital Market Review.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Maritza Martinez, Ennis Knupp and Associates

- 00:13 Ms. Nicholson stated that markets have been very difficult for investors. There was no safety anywhere in the equity markets. Even the bond markets, which ended the year in positive territory driven mainly by strong returns of treasury and agency bonds, proved to be a very difficult place for bond managers and active investors in the bond markets to navigate. There was a lot of underperformance

SCHEDULED ITEMS (CONTINUED):

and even negative returns from bond funds in 2008. However, the PIMCO fund did pretty well in 2008.

Ms. Nicholson went on to state January of this year was not much better. There were negative returns during the month of January. However, the first few days of February have looked a little better. The markets are actually in positive territory for February. It is hard to know what to expect looking forward into 2009. The general consensus is that 2009 will not necessarily be a great year. Hopefully, there will be some recovery and movement towards normalcy in the market. Bad news that comes out in the media everyday has already been priced into the market due to that expectation, which contributes to fear in the market.

Ms. Nicholson continued her presentation by discussing loss of consumer confidence, international markets, market observers' opinions, U.S. equity style results, non U.S. equity sector returns, sector returns in fixed income, the dangers of market timing, and capital market assumptions.

Ennis Knupp's recommendation is not to change portfolio positioning. Given that the market has been terrible and the outlook for 2009 is questionable, participants should not change what they are doing. It can be hard to encourage participants to hold tight, continue to review the Plan's investment policy, and explain that this is a long term investment. By changing that approach right now would be to lock in the losses suffered over the last year taking the portfolio into a weak position to benefit from the recovery of the market. Ennis Knupp continues to have confidence that the best protection in this market is diversification and sticking to the investment policy.

The Committee took no action regarding this informational report.

5. 09DC05 Fourth Quarter 2008 Performance Report from Ennis Knupp and Associates.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Maritza Martinez, Ennis Knupp and Associates

- 00:31 Ms. Martinez stated that the market showed a lot of double digit negative returns, at least on the equity side. The North Shore, Stable Value Fund, and PIMCO were the only funds that produced positive returns for the fourth quarter. The Plan continues to benefit from the Stable Value Fund due to the fact that more than half of the Plan's assets are invested in this fund. PIMCO performed well on a relative and absolute basis. It rebounded nicely from its underperformance in the third quarter and benefited from overweight allocations of bonds and financial

SCHEDULED ITEMS (CONTINUED):

companies, which sounds kind of counterintuitive, but it was because of the government's policy assistance and more specifically, exposures to the high yield.

Ms. Martinez distributed a Preliminary Return Summary document (copy attached to original minutes) and provided the Committee with an update as it relates to the Fourth Quarter 2008 Performance Report (copy attached to original minutes). Areas of the report highlighted included the Market Environment (U.S. Market, International Market, and Bond Market), Fixed Income Funds, the investment outlook, and Ennis Knupp's view on current markets.

- 15:10 Ms. Nicholson reviewed two additional attachments that were included in this item by stating the Committee wished to be kept apprised of the performance of the socially conscious funds that were presented in the search last fall. An updated performance table (copy attached to original minutes) through the end of the year has been attached for the Committee's information. The second document included is a report on opportunistic strategies group put together entitled "A Top Ten Checklist for Alternative Asset Investors: Madoff Securities, a Predictable Catastrophe" (copy attached to original minutes). She indicated that this was also included just for the Committee's information.

Questions and comments ensued.

The Committee took no action regarding this informational report.

6. 09DC06 From Ennis Knupp and Associates, Initial Report on Lifecycle Fund Search. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- 00:02 Ms. Nicholson explained the memo before the Committee relates to the lifecycle fund search Ennis Knupp is currently working on. They have a unique proprietary model that will take in data such as average starting salary, average ending Plan balance, average age of participants, average retirement age, and other factors. This enables them to analyze how the glidepath, which is how these asset allocation funds move from equity oriented to fixed income oriented investment strategies, match participant demographic. They were hoping to have a completed search for the Committee, but it has been a slow process getting that specific information set up in order to do the analysis. They are planning to submit a report for the next meeting. The purpose will be to look at these asset allocation funds and determine how they match or do not match the Plan's demographic.

SCHEDULED ITEMS (CONTINUED):

Questions and comments ensued.

The Committee took no action regarding this informational report.

7. 09DC07 Review of draft Third Party Administrator Contract.

00:26 **ACTION BY:** *(Ceschin) Adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing Item #7. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the aforesaid items. 5-0*

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

The Committee convened into closed session at approximately 9:56 a.m. and reconvened in open session at approximately 10:51 a.m. The roll call was taken, and all Committee Members were present.

00:30 **ACTION BY:** *(Grady) Approve the Contract. 5-0*

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

8. 09DC08 From Advised Assets Group, Fourth Quarter Stable Value Fund Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:11 The Chairman explained that this report (copy attached to original minutes) is sent to him quarterly. The summary page of the report appears to be the most helpful. It reflects what the Stable Value Fund is crediting going forward and what its holdings are. He discussed the first quarter rates of the Stable Value Fund on an annualized basis.

The Committee took no action regarding this informational report.

9. 09DC09 Fourth Quarter Report from Great-West Retirement Services. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Sue Oelke, Great-West Retirement Services

00:10 Ms. Oelke provided an overview of the quarterly report (copy attached to original minutes) and began by stating although the markets were extremely challenging in 2008, the Plan, as a whole, had its best year ever. She highlighted retiree/retirement outreach efforts, the joint retirement workshop held this past

SCHEDULED ITEMS (CONTINUED):

December, 2008's focus of maintaining Plan assets by minimizing withdrawals and increasing assets, and just a general review of past efforts to reach employees.

Ms. Oelke discussed Great-West's initiative to reduce the number of full distributions, enrollment and contributions, inforce accounts, rollovers into the Plan, website activity, service center calls, and emergency withdrawals.

Ms. Oelke reviewed Great-West's 2009 marketing strategy topics, which include electronic deferral file feed, beneficiary record keeping, the 2009 marketing campaign, the marketing division report, and cleaning up the department database.

Questions and comments ensued.

The Committee took no action regarding this informational report.

10. 09DC10 From NAGDCA Executive Board proposing an amendment to the NAGDCA Constitution.

00:10 The Chair stated he received this memo by email and wanted to present it to the Committee. Because Committee members are all members of NAGDCA, he thought it would be a good idea to weigh in on the proposed amendment. A response also ensures a connection to NAGDCA throughout the year.

ACTION BY: (Ceschin) Approve the proposed NAGDCA Constitution amendment recommended as outlined in the memo from the NAGDCA Executive Board dated January 30, 2009. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

11. 09DC11 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- May 18, 2009
- August 3, 2009
- November 16, 2009

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

00:02 The Chairman indicated that the next regularly scheduled meeting is May 18, 2009.

SCHEDULED ITEMS (CONTINUED):

This meeting was recorded. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes, along with the audio recording of this meeting, is available in the County Board Committee Services Division.

Length of meeting: 9:02 a.m. to 11:25 a.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347
Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, May 18, 2009 – 1:00 p.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Jackie Russell, and Steve Cady (Chair)

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

The Committee did not go into closed session.

1. 09DC12 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

There were no appeals.

2. 09DC13 Election of Chairperson of Select Committee on Deferred Compensation.

00:02 The Chair introduced this item stating based on reading past administrative rules, the chairperson should be elected every four years to a four-year term. Looking back on the minutes, the last election was held in the spring of 2005. He went on to state that it would be in order to elect a chairperson at this time.

ACTION BY: (Ceschin) Nominate Steve Cady as Chairperson of the Select Committee on Deferred Compensation. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

3. 09DC14 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

SCHEDULED ITEMS (CONTINUED):

00:31 The Chair stated the first quarter report for 2009 contains the standard information. He added that it also represents the end of the previous pricing structure with the record keeper. Beginning the second quarter, there will be a slightly different pricing structure and fee arrangement to reflect the new contract that was effective April 1, 2009.

Questions and comments ensued.

ACTION BY: (Grady) Extend the Administrative Fee Plan Holiday an additional quarter through the third quarter of 2009. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

4. 09DC15 From Ennis Knupp and Associates, Capital Market Review and Update.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Maritza Martinez, Ennis Knupp and Associates

00:21 Ms. Nicholson provided the Committee with a market recap presentation. She stated that 2008 officially closed and the books are done. The fourth quarter of 2008 has gone down as one of the worse quarters and 2008, as a whole, as one of the worse years in history. Unfortunately, the first few months of 2009 were not completely positive. There was mixed news and mixed results. The U.S. and non-U.S. markets were both down in aggregate around 10% for the first three months of the year. This was due to the continued negative impact of inflation, unemployment, housing, and other factors that were not positive indicators for the market. The government continues to be active in trying to help the recovery. When listing out some of the notable first quarter market events, a lot of them relate directly to what the government is doing by again putting a lot of money into struggling banks. The government has numerous different ongoing programs.

Ms. Nicholson went on to state that not everything was negative in the first quarter. March actually ended up being a very strong month. The equity market was up about 8%. April was also very strong for both the U.S. and non-U.S. stock markets, which were up over 10%. Market observers are still being very cautious about the outlook for the rest of the year.

Ms. Nicholson continued her presentation by discussing the investment environment, U.S. and non U.S. equity sector returns, the bond sector, and notable periods of stock market decline.

SCHEDULED ITEMS (CONTINUED):

Questions and comments ensued.

The Committee took no action regarding this informational report.

5. 09DC16 From Ennis Knupp and Associates, proposed Fund Monitoring System.

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Maritza Martinez, Ennis Knupp and Associates

00:07 Ms. Nicholson recommended the Committee adopt formalized fund monitoring framework. This will help ensure the process is documented and that issues of concern are elevated to the Committee's attention when appropriate. It will better document the routine monitoring that is currently being done as it relates to looking at funds on a quarter-to-quarter basis. It can be included in the investment policy statement that would address the monitoring efforts and due diligence work that are collectively being done.

The monitoring framework suggested has five different factors: 1) short term performance; 2) long term performance; 3) investment strategy concerns; 4) portfolio management concerns; and 5) organizational concerns. Each fund would be formally looked at in the context of those five factors. Status indicators are green, yellow, and red. Green indicates no concerns, yellow indicates a review is in order, and red triggers a formal memo or report be compiled stating concerns with the fund.

Questions and comments ensued.

The Committee took no action regarding this item.

6. 09DC17 First Quarter 2009 Performance Report from Ennis Knupp and Associates.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Maritza Martinez, Ennis Knupp and Associates

00:05 Ms. Martinez stated that the North Shore Stable Value Fund and PIMCO were the only funds that produced positive returns for the first quarter. T. Rowe Price Income, Balanced, and Growth funds although negative, they significantly outperformed their benchmarks for the quarter. They are getting closer to longer trailing periods approximating their respective benchmarks. In terms of PIMCO, the interest rate strategies that were implemented helped their first quarter

SCHEDULED ITEMS (CONTINUED):

performance. Additionally, they benefited from an overweight allocation to agency mortgage securities, and they outperformed their benchmark.

Ms. Martinez continued reviewing the First Quarter 2009 Performance Report highlighting the Market Environment (U.S. Market, International Market, and Bond Market), Fixed Income Funds, the investment outlook, and Ennis Knupp's view on current markets.

Questions and comments ensued.

The Committee took no action regarding this informational report.

7. 09DC18 From Ennis Knupp and Associates, Final Report on Lifecycle Fund Search.

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Mark Kastory, Ennis Knupp and Associates

Sue Oelke, Great-West Retirement Services

- 00:16 Ms. Nicholson introduced Mr. Kastory to the Committee, who is an investment analyst, deferred compensation team member and expert, and has been intimately involved in conducting this search.

Ms. Nicholson distributed a discussion guide and stated from a peer plan standpoint, having asset allocation funds in the Plan is a great benefit. It helps participants get the asset allocation decision right, which is mainly what is going to affect their long-term portfolio performance over time. Unfortunately, participants do not always do a good job selecting on their own. Target date retirement funds are a one-stop shop solution for employees to get into the Plan and be in an asset allocation strategy that is appropriate for them based on when they expect to retire. This option has been discussed in Committee previously, and there was a consensus that having this type of fund in the Plan is a good change.

- 05:09 Mr. Kastory provided the Committee with an update on the lifecycle fund search, which originally identified eleven fund managers. Through glidepath analysis and review of qualitative factors, the candidate list was narrowed down to four managers that provide a glidepath methodology most appropriate for participants in the Plan. Areas of the discussion guide highlighted include a rolldown comparison, glidepath methodology pros and cons, glidepath match, and key points on finalist funds.

Questions and comments ensued at length.

SCHEDULED ITEMS (CONTINUED):

The Committee agreed that Great-West and/or Ennis Knupp come back next quarter with a timeline plan for rolling out a qualified target date fund process.

The Committee took no action regarding this item.

8. 09DC19 From Advised Assets Group, First Quarter Stable Value Fund Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

00:25 The Chair stated he receives this report from Advised Assets Group. It is a comprehensive, full detailed view of the current Stable Value Fund holdings. He pointed out that the investment management fees will change on the next report and going forward based on the new contract that was effective April 1, 2009.

The Committee took no action regarding this informational report.

9. 09DC20 First Quarter 2009 Report from Great-West Retirement Services.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCE:

Sue Oelke, Great-West Retirement Services

00:08 Ms. Oelke provided staffing updates along with an overview of the quarterly report. She stated the 2009 "Dare to Dream" marketing campaign was a great concept. However, when a test/pilot was done, the response was not as positive as expected. The concept did not resonate with employees as well as had been hoped due to the market challenges currently being experienced. Although it is believed to still be a great concept, it is no longer appropriate. When the market rallies, it will be reintroduced again. She went on by discussing the continued retiree/retirement outreach effort and the launching of the Retiree Crossroads website, how Great-West is reaching employees in the various departments, account executive activity, the initiative to reduce the number of full distributions, enrollment and contributions, inforce accounts, rollovers into the Plan, and future endeavors.

Questions and comments ensued.

The Committee took no action regarding this informational report.

10. 09DC21 2009 National Association of Government Defined Contribution Administrators (NAGDCA) Conference.

SCHEDULED ITEMS (CONTINUED):

00:15 The Chairman stated that as members of NAGDCA, who serve as fiduciaries on the Plan, these conferences are a good opportunity to receive specialized training. The 2009 conference will be held September 12, 2008, through September 16, 2009, in Austin, Texas.

ACTION BY: (Ceschin) Authorize and approve Committee members to attend the 2009 NAGDCA Conference and be reimbursed for travel, lodging, registration fees, and all other related expenses. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

11. 09DC22 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- **August 4, 2009 (NOTE CHANGE)**
- November 16, 2009

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

00:02 The Chairman explained that the next two regularly scheduled meeting dates are listed. He pointed out that the August meeting date has been changed from Monday, August 3, 2009, to **Tuesday, August 4, 2009**. Committee members should reschedule their calendars accordingly. The Chairman also indicated that Virchow Krause will be conducting the 2008 Plan audit. Because some of the preliminary findings alone appear to be rather extensive, this item deserves to have its own meeting date and timeslot outside of the regularly scheduled meetings calendar. This special meeting will probably be held sometime in June. An email will be sent to Committee members to coordinate schedules.

The Committee took no action regarding this informational item.

SCHEDULED ITEMS (CONTINUED):

This meeting was recorded. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes, along with the audio recording of this meeting, is available in the County Board Committee Services Division.

Length of meeting: 1:03 p.m. to 3:37 p.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347
Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Tuesday, August 4, 2009 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Jackie Russell, and Steve Cady (Chair)

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

1. 09DC23 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

A. Christine Beckley

MOTION BY:(Ceschin) Adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing Item #1. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the aforesaid items. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) - 5

NOES: 0

The Committee convened into Closed Session at approximately 9:03 a.m. and reconvened in open session at approximately 9:11 a.m. The roll call was taken, and all Committee Members were present.

MOTION BY:(Grady) Deny the appeal with a request that Great-West schedule a follow-up meeting with Ms. Beckley to examine her case further for additional qualifying factors that meet the guidelines under the Plan document and the IRS code for hardship. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) - 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

2. 09DC24 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:10 The Chair walked the Committee through the second quarter report for 2009 and explained beginning April 1, 2009, the new record keeping contract with Great-West went into effect. The agreement changed the contractual fee relationship in several areas. The per participant fee went up, however, it is offset by mutual fund re-allowances or revenue share to the Plan. Under the new agreement, all revenue sharing will remain with the Plan sponsor. Also, the investment management fee for the Stable Value Fund was reduced. In addition to the reduction, 15 basis points will be considered revenue share, which will then be deposited into the Plan to offset Plan expenses. He continued to review the report discussing expenditures, revenues, and reconciliation of the administrative accounts.

Questions and comments ensued.

ACTION BY: (Grady) Extend the Administrative Fee Plan Holiday an additional quarter through the fourth quarter of 2009. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

3. 09DC25 From Ennis Knupp and Associates, Capital Market Review and Update. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Maritza Martinez, Ennis Knupp and Associates

00:12 Ms. Nicholson stated as far as the recession is concerned, the deceleration has slowed. There are some economic indicators that make market participants think that perhaps the recovery will pick up speed and hopefully put the economy in better shape by the end of 2009 or early 2010. There has been strength seen overseas. Especially, in some of the emerging markets. Unemployment is seeing one of its highest rates ever. Historically, when a recession ends or recovery begins, employment continues to expand before it begins to pull back. That is another major concern. Unemployment makes it hard for consumer confidence and consumer activity to increase, which, in turn, would help pick up the markets. Ms. Nicholson went on to state high yield bonds did very well this quarter. This is a big turnaround from what was seen in past quarters. She reviewed the Global Markets performance detailing the second quarter and one-year investment environment for the U.S. Stock Market, the non-U.S. Stock

SCHEDULED ITEMS (CONTINUED):

Market, and the Bond Markets; and also, historical returns on the non-U.S. Stock Market. Overall, Ms. Nicholson indicated the markets are looking better.

Questions and comments ensued.

The Committee took no action regarding this informational report.

4. 09DC26 Second Quarter 2009 Performance Report from Ennis Knupp and Associates.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Maritza Martinez, Ennis Knupp and Associates

00:47 Ms. Martinez stated all the funds in the Plan produced positive returns. The North Shore Bank and Stable Value Fund continues to produce positive fixed rate returns, and PIMCO outperformed its index.

01:58 Ms. Nicholson added that PIMCO is a pretty complex fund. There are a lot of different strategies going on in the PIMCO Total Return Fund as far as derivatives, what they are doing with cash, and how they are doing sector rotation. This is not the fund for investors that want a plain fund. It is a complex concept for a Deferred Compensation Plan. However, having actively and passively managed tiers in the Plan, including a Bond Index Fund which compliments the PIMCO Total Return Fund, gives participants the option of going all passive if they so choose. Overall, Ennis Knupp feels that PIMCO is very skilled and has done an excellent job of managing the portfolio in the way it has been done.

04:47 Ms. Martinez continued by stating the T. Rowe Price personal strategy funds, Income, Balanced, and Growth, significantly outperformed their benchmarks for the quarter. She reviewed the Second Quarter 2009 Performance Report highlighting the Market Environment (U.S. Market, International Market, and Bond Market), Fixed Income Funds, the investment outlook, and the fund monitoring system.

Ms. Martinez addressed Capital Group layoffs indicating approximately 10% of the organization's workforce was laid off in recent weeks. Over the past eight months, a total of 15% of the organization's workforce was laid off. The firm has had to reduce costs as revenues have declined. The layoffs are concerning, however, investment professionals were not affected. No action is recommended at this time.

Questions and comments ensued.

SCHEDULED ITEMS (CONTINUED):

The Committee took no action regarding this informational report.

5. 09DC27 From Ennis Knupp and Associates, memo regarding Capital Group. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Maritza Martinez, Ennis Knupp and Associates

00:09 Ms. Nicholson indicated this issue was addressed in Item #4.

Questions and comments ensued.

The Committee took no action regarding this informational report.

6. 09DC28 From Ennis Knupp and Associates, memo regarding PIMCO. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Maritza Martinez, Ennis Knupp and Associates

00:22 Ms. Nicholson indicated this issue was addressed in Item #4.

Questions and comments ensued.

The Committee took no action regarding this informational report.

7. 09DC29 From Ennis Knupp and Associates, Final Report on Lifecycle Fund Search **(Laid over from the 5/18/09 meeting pending more information on the rollout of the funds.)**

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Maritza Martinez, Ennis Knupp and Associates

00:11 Ms. Nicholson stated after the May meeting, Great-West informed Ennis Knupp of the recently released set of asset allocation funds, which are the Maxim Lifetime Asset Allocation Funds Series. These funds are actively managed and have slightly higher fees. She continued by stating Lifecycle Funds, which are the Target Date Retirement Funds, are a superior offering in the Plan because they do allow participants to get into that dynamic asset allocation structure that will

SCHEDULED ITEMS (CONTINUED):

change as their time horizon changes. Asset allocation is, by far, the largest impact it is going to have on overall returns over time. As you go through your cycle of life, that time horizon changes. There have been studies that show that participants are not actively updating their investments based on their cycle of life. This addresses that. These funds do some really interesting things. It would be up to the Committee to determine if the Maxim funds are worth examining further.

01:54

The Chair stated the Maxim funds have incorporated a little bit of both the target date retirement fund and risk, which is unique.

Ennis Knupp provided a communication that, based on their review of the Maxim Funds, they do not recommend they be selected as the Plan's target date offering.

The Chairman outlined the process in which the Committee used to narrow the search for a target date fund option. Ennis Knupp greatly assisted that process which included an analysis of the demographics of County employees.

Questions and comments ensued.

ACTION BY: (Grady) Select Vanguard Target Date Retirement Funds. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

45:10

Mr. Grady requested that the Chairman solicit advice from legal counsel on whether or not it is a wise fiduciary decision to deviate from the matter in which Vanguard defaults participants into the Target Date Funds, specifically, the age 65 retirement guideline.

8. 09DC30 From Advised Assets Group, Second Quarter Stable Value Fund Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

01:42

The Chairman summarized the report by reviewing the fund's holdings and returns/credited rates. The returns/credited rates number still reflects the old investment management fee. This will be adjusted and retroactively credited in the future to reflect the reduction in basis points. The credit rate to participants will be positively impacted in future quarters.

The Committee took no action regarding this informational report.

9. 09DC31 Second Quarter 2009 Report from Great-West Retirement Services.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

SCHEDULED ITEMS (CONTINUED):

APPEARANCE:

Sue Oelke, Great-West Retirement Services

00:13 Ms. Oelke provided the Committee with an overview of the quarterly report and stated the second quarter proved to be uneventful. She indicated that they are now fully staffed and licensed and will establish monthly office hours. Ms. Oelke went on by discussing joint retirement workshops, distributions, enrollment and contributions, inforce accounts, rollovers into the Plan, emergency withdrawals, the beneficiary project, and the launch of on-line enrollment.

Questions and comments ensued.

The Committee took no action regarding this informational report.

10. 09DC32 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- November 16, 2009
- February 8, 2010
- May 10, 2010
- August 2, 2010
- November 15, 2010

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

The Chairman indicated that the next regularly scheduled meeting is November 16, 2009. There will be a special meeting held prior to that date to give the Committee an opportunity to review the 2008 Plan Audit with Virchow Krause. Committee members will be contacted in the near future for their availability.

The Committee took no action regarding this informational report.

SCHEDULED ITEMS (CONTINUED):

This meeting was recorded. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes, along with the audio recording of this meeting, is available in the County Board Committee Services Division.

Length of meeting: 9:01 a.m. to 11:03 a.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347
Clerk: Jodi Mapp, 278-4073

**SPECIAL
SELECT COMMITTEE ON DEFERRED COMPENSATION**

Thursday, August 27, 2009 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Jackie Russell, and Steve Cady (Chair)

SCHEDULED ITEMS:

1. 09DC33 From Baker Tilly, (formerly Virchow Krause) Milwaukee County Deferred Compensation Plan Review.

APPEARANCES:

Wayne Morgan, Partner, Baker Tilly
Chris Tait, Baker Tilly
Thad Rolling, Baker Tilly
Marc Mcdowell, Baker Tilly

- 00:01 The Chairman indicated that this is a special meeting to evaluate and assess the 2008 Milwaukee County Deferred Compensation Review that was put together by Baker Tilly formerly Virchow Krause.
- 00:27 Mr. Morgan stated Baker Tilly is contracted for three years for consulting services. This project is intended to be flexible in order to analyze the technical adherence to policy procedure controls and to look for value points mutually. The Baker Tilly team, along with the Chair, came up with a work plan that looks at both the technical in areas from a fiduciary standpoint and also mutually agreed value points. From a fiduciary standpoint, the Committee can be given information that will help them to discharge their responsibilities. Mr. Morgan emphasized that this was not an audit of the financial statements or an audit of the system of internal control. Those audits can be somewhat narrow in scope, very focused, and large engagements. This project falls under the consulting standards and looks for key processes and procedures that are very vital to the day-to-day operations of the Plan. Once the key areas have been identified, they look at the processes and procedures under those areas, make observations and recommendations, and report on material weaknesses, although they are not auditing for them. In addition, they look for more non-traditional value added areas. The first year was very tactical. They took a hard look at the processes,

SCHEDULED ITEMS (CONTINUED):

procedures, and compliance. The second year (this year) they looked at three macro-scope areas: compliance review, payroll process review, and fiduciary assessment, which are fiduciary best practices around investment stewardship. Mr. Morgan concluded by stating overall, the control environment and governance is adequate and well structured for this Plan.

Questions and comments ensued.

- 06:01 Mr. Tait briefly discussed three distinct areas (compliance review, payroll process review, and fiduciary assessment), the objectives, and the points of emphasis for these areas. He detailed the findings of the compliance review, the 20 tests that were applied, and the scope of the review. Out of the 20 tests, three had reportable results. They include (Section) County Fiduciary Responsibility/(Subsection) IRS 457(b) Compliance, (Section) Great-West Plan Compliance/(Subsection) Record Keeping, and (Section) Withdrawals/(Subsection) Timeliness.

Questions and comments ensued.

- 20:10 Mr. Rolling highlighted the payroll process review performed and broke that review down into three categories. They are data flow, the processes themselves, and reporting. He discussed changes in the processes including most notably, the online deferral changes and beneficiary recordkeeping. Based upon the procedures performed, the review identified improvement opportunities in the areas of online deferral, online enrollment, and special catch-up process, which Mr. Rolling discussed in detail.

Questions and comments ensued.

- 45:35 Mr. Mcdowell presented the fiduciary assessment portion of the report and explained the purpose of the assessment was to assist the Committee and the County in analyzing how well the investment management process is overseen. He discussed guidelines (and the establishment of those guidelines) and prudent practices. There are 22 practices 18 of which apply to a defined contribution participant directed plan. Their executive summary determined that the Committee is doing an excellent job of overseeing the Plan. Their overall opinion was very positive. The review did, however, determine six different areas where they saw opportunities for improvement. They include identified plan fiduciaries, defined policies and procedures to manage potential conflicts of interest, the existing investment policy statement is lacking coverage and/or sufficient detail in several important areas, formal due diligence procedures for selecting investment options do not currently exist within the investment policy statement, the current program providing advice to participants does not meet the requirements to receive fiduciary adviser "safe harbor" protection, and evidence of insurance

SCHEDULED ITEMS (CONTINUED):

coverage is not available in writing. They found no areas where there was non-conformance. Mr. McDowell continued by discussing the areas of impact where they found full satisfaction.

Questions and comments ensued.

The Committee took no action regarding this informational report.

Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- November 16, 2009
- February 8, 2010
- May 10, 2010
- August 2, 2010
- November 15, 2010

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

The Chairman reminded the Committee that the next regularly scheduled meeting is November 16, 2009.

The Committee took no action regarding this informational item.

This meeting was recorded. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes, along with the audio recording of this meeting, is available in the County Board Committee Services Division.

Length of meeting: 9:04 a.m. to 11:00 a.m.

Adjourned,

Jodi Kapp

Committee Clerk
Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347
Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, November 16, 2009 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Jackie Russell, and Steve Cady (Chair)

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

The Committee did not go into closed session.

1. 09DC33 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

There were no appeals.

2. 09DC34 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:10 The Chair provided an update on the quarterly report pointing out that it reflects the new revenue sharing agreement for the entire Plan, but specifically, for the Stable Value Fund. At the end of the second quarter, it still had not been reconciled. This report includes second and third quarter revenue share of the Stable Value Fund, which explains the larger dollar amount. The Chair continued by stating the rest of the report contains the standard information.

Questions and comments ensued.

ACTION BY: (Ceschin) Extend the Administrative Fee Plan Holiday through the second quarter of 2010. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

3. 09DC35 From Ennis Knupp and Associates, Third Quarter Capital Market Review and Update. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Maritza Martinez, Ennis Knupp and Associates

00:30 Ms. Nicholson stated the third quarter was very positive. October was a little weak with negative returns, but so far, November has been strong. The third quarter was up about 16%, so this would make two quarters in a row of double-digit returns. The non-U.S. Stock Market was also very strong during the third quarter. Year-to-date numbers reflect the U.S. Stock Market was up about 25%, which includes the negative returns in October. The non-U.S. Stock Market has continued to outperform and was up about 40% with bonds at about 6.8%.

Ms. Nicholson continued by reviewing the Global Markets performance detailing the third quarter and one-year investment environment for the U.S. Stock Market, the non-U.S. Stock Market, and the Bond Markets. She stated that overall in the Plan, very strong returns for the quarter were seen. Any options that had equity in them returned between 10 and 22%. On a relative basis, things were not quite as good because there was some underperformance by a lot of funds, but on an absolute basis, the third quarter was very strong for the Plan.

The Committee took no action regarding this informational report.

4. 09DC36 Third Quarter 2009 Performance Report from Ennis Knupp and Associates. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Maritza Martinez, Ennis Knupp and Associates

00:01 Ms. Martinez stated PIMCO continues to do well in the third quarter outperforming the bond index. This is attributed to an overweight allocation to mortgage backed securities as well as their continuous focus on high quality securities. T. Rowe Price Personal Strategy Funds have also had a good third quarter on a relative and absolute basis. Their overweight allocation to stocks relative to their respective benchmarks contributed to their out performance, in addition to their exposure to high yield and emerging markets. Year to date, each of the funds have out performed their respective benchmarks. Although all the equity funds had strong double-digit returns for the third quarter, they trailed their respective benchmarks. Various reasons for underperformance of the equity

SCHEDULED ITEMS (CONTINUED):

funds include allocations to financials as well as tilting toward large cap stocks during a quarter where small cap stocks outperformed large cap stocks and significant allocations to cash, just to name a few. Ms. Martinez closed by stating as far as asset allocation is concerned, the Stable Value Fund still holds the majority of assets in the Plan.

05:03 Ms. Nicholson stated overall, the Plan is in good shape in terms of the investment options. On a relative basis, there was quite a bit of underperformance. However, it was nothing that would change Ennis Knupp's opinion about any of the specific funds.

Questions and comments ensued.

The Committee took no action regarding this informational report.

5. 09DC37 From Ennis Knupp and Associates, Annual Review of the Milwaukee County Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Maritza Martinez, Ennis Knupp and Associates

00:17 Ms. Nicholson provided the Committee with an overview of the Defined Contribution Program Review. She stated that overall, Ennis Knupp thinks the Plan offers a diversified set of investment fund options across asset types, investment styles, and the risk/return spectrum. When looking at overall Plan costs, Ennis Knupp believes they are reasonable if not competitive. She went on to state the Committee should consider making changes to the Investment Policy Statement, which she reviewed in detail. Ms. Nicholson continued by highlighting the Plan's current circumstances, participation rates versus peers and historical transfers, automatic features, investment structure, the number of funds offered, the right investment structure, types of investment options, global equity, participant asset allocation, fees, cost structure, and investment management fees.

Questions and comments ensued.

ACTION BY: (Grady) Authorize Ennis and Knupp to do a fund search for a Bond Index Fund and provide the Committee with a list of candidates. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

6. 09DC38 From Advised Assets Group, Third Quarter Stable Value Fund Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

00:03 The Chair stated this is an informational report from Advised Assets Group regarding the Stable Value Fund. He detailed the holdings and market review, in addition to the rate that is now being credited to participants. He pointed out that the investment management fees are reflective of the new agreement as of April 1. The Chair indicated he is working with Great-West to make sure that the second quarter Stable Value Fund summary also reflects the lower fees to ensure the proper credit per the new agreement.

The Committee took no action regarding this informational report.

7. 09DC39 Third Quarter 2009 Report from Great-West Retirement Services.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCE:

Sue Oelke, Great-West Retirement Services

Ms. Oelke provided the Committee with an overview of the quarterly report emphasizing the fact that the number of emergency withdrawals is rapidly rising. She continued by discussing joint retirement workshops, distributions, enrollment and contributions, inforce accounts, rollovers into the Plan, the beneficiary project, and the launch of on-line enrollment.

Questions and comments ensued.

The Committee took no action regarding this informational report.

8. 09DC40 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- February 8, 2010
- May 10, 2010
- August 2, 2010
- November 15, 2010

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

00:04 The Chairman indicated that the next regularly scheduled meeting is February 8, 2009.

SCHEDULED ITEMS (CONTINUED):

The Committee took no action regarding this informational report.

This meeting was recorded. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes, along with the audio recording of this meeting, is available in the County Board Committee Services Division.

Length of meeting: 9:04 a.m. to 10:45 a.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation