

Chairperson: Steve Cady, 278-4347
Clerk: Carol Mueller, 278-4228

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, February 6, 2012 – 9:00 a.m.
Milwaukee County Courthouse - Room 203-P

MINUTES

Present: Grady, Walker, Ceschin, Russell and Cady (Chair)

SCHEDULED ITEMS:

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. 12-DC1 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 to the Select Committee.

The Committee took no action on this informational report.

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2. 12-DC2 Financial Update on Administration of Milwaukee's County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Appearance:

Steve Cady, Fiscal and Budget Analyst, County Board

The administrative fee holiday resulted in a plan deficit last year of approximately \$186,000. The administrative fee holiday was previously authorized through the fourth quarter of 2012. Any possible extension of the administrative fee holiday will be considered at an upcoming meeting later this year. A proposed budget for 2012 has been put together that reflects anticipated expenditures and revenues. The Plan had 4,865 participants at the end of the 4th quarter based on the "high water" mark of participants with an account balance. It is expected that this number will decrease as some County positions shifted to State positions, the execution of the deminimus payout initiative and the overall decline in the number of employees.

The Committee took no action on this informational report.

SCHEDULED ITEMS (CONTINUED):

3. 12-DC3 From Hewitt Ennis Knupp, Fourth Quarter Performance Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

Appearances:

Laurel Nicholson, Hewitt Ennis Knupp and Associates (HEK)
Nichole Cain, Hewitt Ennis Knupp and Associates

Ms. Nicholson gave an update of the market trends for the fourth quarter. In 2011 the domestic market closed strong but was not good enough to offset the losses over the previous three quarters. Non US markets were down 13%. 2011 was a very volatile year. Investors are still concerned with the debt crises in Europe.

Unemployment decreased to 8.5%, the lowest in three years. Consumer spending is up and manufacturing is better. The 2012 forecast is moderate.

The Plan and its features are strong and in good shape. The Target Retirement Funds ended the year with about \$12 million invested, the Index Funds \$55 million. This was a tough fourth quarter and year. PIMCOs returns were lower than usual.

The Plan as a whole is strong but HEK suggests the Plan may want to consider adding some kind of global equity fund to reflect a broader global economy. Typically, these funds invest around 45 percent U.S. and about 55 percent non-U.S., although differing funds will vary.

The Committee took no action on this informational report.

4. 12-DC4 From Hewitt Ennis Knupp, a memo on JP Morgan Diversified Mid Cap Growth Fund.

Appearances:

Laurel Nicholson, Hewitt Ennis Knupp and Associates (HEK)
Nichole Cain, Hewitt Ennis Knupp and Associates

Ms. Nicholson noted that the last quarter HEK had a hold status on the JP Morgan Diversified Mid Cap Growth. It is their recommendation that a search be conducted for a replacement fund. Ms. Cain provided background on the process used to reach that conclusion, and went through each of the criteria to justify their recommendation.

The fund has never outperformed the market or met its benchmark. There is very little turnover with their analyst and the mid cap team was not allowed access to large cap funds. Furthermore, most research is done in the office

SCHEDULED ITEMS (CONTINUED):

without visiting off site businesses. In response to a question by the Chairman whether the Committee is following its adopted Investment Policy Statement (IPS) in regards to the process used to evaluate this investment option and seek a replacement, Ms. Nicholson replied affirmatively.

ACTION BY: (Grady) Approve the recommendation from Hewitt Ennis Knupp to do a search for a replacement fund for the JP Morgan Diversified Mid Cap Growth Fund. 5-0

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

NOES: 0

5. 12-DC5 From Hewitt Ennis Knupp, a memo on the Fund Monitoring System.

Appearance:

Laurel Nicholson, Hewitt Ennis Knupp and Associates (HEK)

The current monitoring system monitors all the funds in the Plan and is presented to the Select Committee each quarter as part of the quarterly investment report. The fund monitoring system is also outlined in the adopted Investment Policy Statement (IPS), which outlines the factors by which funds are reviewed. Currently there are five factors. HEK is recommending adding a sixth factor “Reduced Confidence in the Invest Option” that would provide a more qualitative assessment of the investment options. This would allow that even if there have not been major changes but the overall confidence has deteriorated, the fund status would reflect a negative assessment. Discussion ensued as to whether this is too subjective a factor and the issue of timing, when HEK may be aware that a fund status change (i.e. hold to sell) may be pending but not yet finalized.

ACTION BY: (Grady) Amend the recommendation from Hewitt Ennis Knupp on the proposed sixth factor “Reduced Confidence in the Investment Option” that an affirmative response to this factor would only result in a red level status if there are two consecutive quarters when there are four or more affirmative responses in the six factors. Additionally, update this information in the Plan Investment Policy Statement (IPS). 5-0

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

NOES: 0

6. 12-DC6 From Advised Assets Group, Fourth Quarter Stable Value Fund Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Appearances:

Steve Cady, Fiscal and Budget Analyst, County Board

Darryl Collier, Assistant Vice President National Accounts Government

SCHEDULED ITEMS (CONTINUED):

Markets

Al Cunningham, Director, Advised Asset Group, LLC

(Note: Messrs. Collier and Cunningham appeared by speakerphone from their Denver, CO headquarters.)

Mr. Cunningham noted the fourth quarter rate in the Stable Value Fund was 3.65%. The 2012 first quarter credited rate is 3.4%. The Advised Asset Group doesn't want to lock into a rate for too long as securities are regularly being bought and sold and participant redemptions are fulfilled. The interest rates are down on holdings backed by mortgage securities. This is not the bottom of the rates. The rates could go lower due to new money being invested at a 2.5% to 2.75% rate which will drive down the interest rates again. Overall, the Stable Value Fund has outperformed its benchmark and has been the most popular investment option in the Plan.

The Committee took no action on this informational report.

7. 12-DC7 From Advised Assets Group, a presentation on the Stable Value Fund. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE) (Please note: AAG representatives will be joining the meeting via teleconference at approximately 10:15 a.m.)**

Appearance:

Al Cunningham, Director, Advised Asset Group, LLC

Darryl Collier, Assistant Vice President National Accounts Government

Markets

(Note: Messrs. Collier and Cunningham appeared by speakerphone from their Denver, CO headquarters.)

Mr. Cunningham provided the following review of the Stable Value Fund (SVF).

Great-West has a separate exclusive account held for Milwaukee County participants. The fund receives all investment performance less fees of .33% with .15% of that amount returned to the Plan to cover administrative expenses. The Plan is audited annually and participant accounts are valued at book value.

The overall objective is to preserve principal and interest, liquidity for participants and interest rates that move toward prevailing rates. The fund is operated in partnership with the Milwaukee County Select Committee on Deferred Compensation.

Great-West Stable Value Fund Management manages approximately \$9 billion in custom SVF over 20 years including seven state plans and many city and county plans. There are a total of 23 professionals on the management team.

SCHEDULED ITEMS (CONTINUED):

The investment policy provides guidelines for securities issued by the U.S. government, guaranteed mortgage back securities, investment grade corporate bonds at time of purchase and an A+ or better quality. As of December 31, 2011, the fund portfolio contained 316 long term securities, with 60% mortgage backed and 29% corporate bonds backed. The average quality of the securities in the plan are rated AA which includes almost 68% rated AAA. The current market to book value is 104%. New money is being invested at 2.67% on average that is 1.15% less than the current yield. The prediction is that the current portfolio yield a year from now could be approximately .43% lower than the current yield if several assumptions were to hold true, based on the modeling by Advised Assets Group.

Chairman Cady asked about the “Wrap” and Mr. Cunningham explained that the wrapper helps ensure that participants get the book value of their investment back. Great-West Retirement Services provides the wrap for the Milwaukee County Stable Value Fund.

Mr. Grady said this report on the Stable Value Fund was very informative and suggested the SVF should be reviewed annually.

The Committee took no action on this informational report.

8. 12-DC8 From Great-West Retirement Services, Fourth Quarter Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

Appearance:

Sue Oelke, Great-West Retirement Services

Ms. Oelke reviewed the last quarter of 2011. In November of 2011 the Roth 457 option became available with 114 employees electing to contribute to that fund. There were approximately 38 seminars on the Roth plan at various County facilities.

Multiple open enrollment meetings for both active employees and retirees were held, resulting in 15 new enrollments. 115 individual retirement meetings were held last quarter with 50 individuals investing approximately \$7 million into the Plan. This is mostly backdrop monies that employees (now retirees) are rolling over into the Plan (mostly into the Stable Value Fund) because of the attractive interest rates and the very low fees due to the administrative fee holiday that is in effect.

For the first time, deminimis distributions were authorized by the Plan. This is for inactive (no deferrals or distributions within the past 24 months) accounts with a balance below \$1,000. Thirteen participants elected the full

SCHEDULED ITEMS (CONTINUED):

distribution and three participants' restarted contributions prior to the automatic deminimus payout. Another review of deminimus accounts will most likely be done in 12-18 months. This helps ensure that the Plan is not paying for accounts that are offering little benefit to the participant, but costing other active participants to maintain.

The last quarter saw enrollments increase by 54 equaling \$2.3 million in contributions while 99 distributions for \$2.5 million were made. There are approximately 4,760 in force accounts. The website activity for the quarter increased 3%.

In February 2012, the Vanguard Target Retirement 2005 will be merged with the Vanguard Target Retirement Income. This evolution was expected as part of the addition of the Target Date Funds and the timing is determined by Vanguard and not the Plan.

The Committee took no action on this informational report.

9. 12-DC9 From Great-West Retirement Services, 2011 Annual Plan Review.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

Appearance:

Sue Oelke, Great-West Retirement Services

The Plan has about 4,760 participants with an average age of 50.19 which is 5.01 years older than the national average. The average participant has approximately \$56,000 invested in the Plan. The average deferral percentage is 4.46%, and the average deferral amount is just over \$113. Participants hold an average of 4.35 different investment options.

Mr. Grady observed that there were 600 retirements in 2011 that should have some effect on the median age and suggested Great-West start to focus on younger participants.

Mr. Cady stated that even with participants contributing more towards their overall benefits, including their pensions, there was no big reduction in contributions to the Plan. Also, any flyers posted in County facilities that encourage rollovers to other retirement plans are not authorized by Milwaukee County, and certainly have not been reviewed by the Select Committee.

Clarity was made regarding contributions to the Roth 457 and a pretax regular contribution. Both are done on a flat dollar amount basis.

The Committee took no action on this informational report.

SCHEDULED ITEMS (CONTINUED):

10. 12-DC10 From Great-West Retirement Services, 2012 Strategic Marketing Plan.

Appearance:

Sue Oelke, Great-West Retirement Services

The proposed strategic plan will focus on employee and participant education and Plan design and governance. It will be broken down using a program calendar focusing on different areas each quarter. Great-West will evaluate their services on four key areas that include:

- 1) Participation
- 2) Asset Allocation
- 3) Education/Department Outreach
- 4) Retention/Retiree Outreach

The focus in the first quarter will be on direct mail, Do You Know Campaign, informational kits distributed on different shifts, target date funds with another investment that could be all encompassing, only one fund (diversification) and the Stable Value Fund. The second quarter will focus on retiree specific issues and Great-West will partner with the State 457 Plan to have a meeting in the evening hours. The third quarter will target enrollment, retiree/retention outreach along with a participant fee breakdown handout. The fourth quarter will focus on changes to the website, which are being designed to resemble a smart-phone interface look along with additional online web tools.

ACTION BY: (Ceschin) *Approve the 2012 Strategic Market Plan as presented. 5-0*

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

NOES: 0

11. 12-DC11 Performance of a periodic Due Diligence review of Great-West recordkeeping and retentions systems.

Mr. Cady suggested as fiduciary overseers of the Plan, an onsite visit to Great-West Retirement Services (GWRS) corporate headquarters should be done sometime in 2012. This will allow the Plan trustees to periodically review data security, Plan features and possibly receive on-site fiduciary training by GWRS legal staff. This conforms to published best practices for fiduciary oversight.

ACTION BY: (Ceschin) *Authorize a due diligence trip to Great West headquarters. Approve trip expenses for committee members to be paid from the plan. 5-0*

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

NOES: 0

SCHEDULED ITEMS (CONTINUED):

12. 12-DC12 Next regularly scheduled meetings of the Select Committee on Deferred Compensation: **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

The next meeting will be May 7, 2012 at 9:00 a.m.

- May 7, 2012
- August 6, 2012

The previous items were not necessarily heard in the order listed.

This meeting was recorded. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the 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: 9:05 a.m. to 11:12 a.m.

Adjourned,

Carol Mueller

Chief Committee Clerk

Select Committee on Deferred Compensation

ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTY), upon receipt of this notice.

Chairperson: Steve Cady, 278-4347

Clerk: Carol Mueller, 278-4228

SELECT COMMITTEE ON DEFERRED COMPENSATION
Monday, May 7, 2012 – 9:00 a.m.
Milwaukee County Courthouse - Room 203-P
MINUTES

Present: Grady, Walker, Russell and Cady (Chair)

SCHEDULED ITEMS:

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. 12-DC1 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 to the Select Committee.

The Committee took no action on this informational report.

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2. 12-DC2 Financial Update on Administration of Milwaukee's County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Appearance:

Steve Cady, Fiscal and Budget Analyst, County Board

The number of participants dropped to 4,792, which is mostly related to diminimus accounts being cashed-out of the plan.

The Committee has previously approved an administrative fee holiday through December 2012. The fee holiday issue will be revisited in the August 2012 meeting.

The Committee took no action on this informational report.

3. 12-DC13 From Hewitt Ennis Knupp, First Quarter Performance Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Appearance:

SCHEDULED ITEMS (CONTINUED):

Laurel Nicholson, Hewitt Ennis Knupp and Associates (HEK)

Ms. Nicholson provided the Committee with an overview noting that the first quarter of 2012 was strong in the equity markets. The concerns regarding the European financial sector has curbed due to some cash infusion.

Investor confidence has increased in the US equity markets for the first quarter. All sectors within the total stock market except for utilities had strong gains. Large cap stocks outperformed small cap, and bonds were more tempered. Non US Equities continue to build on last quarter's gains. 2012 is starting out less volatile than 2011 proved to be. Unemployment declined to the lowest level in the last three years. It is still best for investors to take a long term strategy on investments.

Target Date Funds comprise only 4% of the Fund's asset allocations along with 20% Index Funds and 51% Stable Value Fund assets. Year-end allocations show some movement but nothing material. The Fund Monitoring System has been updated to include the six factors approved by the Committee. The Investment Policy Statement (IPS) needs to be reviewed to insure it reflects the changes in the monitoring report.

The Committee took no action on this informational report.

4. 12-DC14 From Hewitt Ennis Knupp, a memo on Mid Cap Growth Fund Manager Search.

Appearances:

Laurel Nicholson, Hewitt Ennis Knupp and Associates (HEK)

Chris Riley, Global Head of Equity Manager Research, Hewitt Ennis Knupp and Associates

Mr. Riley provided the Committee with a review of the three recommendations for replacing the underperforming JP Morgan Mid Cap Growth fund. He went into details regarding the management teams, the asset sizes, the expense ratios along with the strengths and weaknesses of each fund. The committee members asked questions and concurred with selecting William Blair. The selection is consistent with the Investment Policy Statement (IPS) approved by the Committee. The other two mid cap growth manager finalists recommended by HEK included Artisan and Jennison. The assets in the JP Morgan Diversified Mid Cap Growth Fund will be mapped to the new investment offering as soon as feasible by the recordkeeper.

ACTION BY: (Grady) Approve the replacement of the JP Morgan Diversified Mid Cap Growth Fund with the William Blair Mid Cap Growth

SCHEDULED ITEMS (CONTINUED):

Fund. 4-0

AYES: Grady, Walker, Russell and Cady (Chair) – 4

NOES: 0

5. 12-DC15 From Hewitt Ennis Knupp, a memo on Client Education Meeting.

Appearance:

Laurel Nicholson, Hewitt Ennis Knupp and Associates (HEK)

The Hewitt Ennis Knupp Client Conference will be held in Chicago, Illinois, on May 30 and 31, 2012. The conference is free to clients and is included as part of our contract related to continued fiduciary training.

ACTION BY: *(Grady) Approve reimbursement for expenses to members that attend the conference. 4-0*

AYES: Grady, Walker, Russell and Cady (Chair) – 4

NOES: 0

6. 12-DC16 Review of proposed Committee Charter for the Select Committee on Deferred Compensation.

Appearance:

Laurel Nicholson, Hewitt Ennis Knupp and Associates (HEK)

The Charter puts into writing the responsibilities, authority, composition, leadership, oversight, voting, reporting and how business meetings are conducted. A draft was offered by HEK in the 2011 Annual Plan Review. The adoption of a committee charter is considered a best practice for fiduciary oversight of the Plan.

ACTION BY: *(Russell) Approve the Select Committee on Deferred Compensation Committee Charter. 4-0*

AYES: Grady, Walker, Russell and Cady (Chair) – 4

NOES: 0

7. 12-DC17 From Advised Assets Group, First Quarter Stable Value Fund Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

Appearance:

Steve Cady, Fiscal and Budget Analyst, County Board

The first quarter annualized Stable Value Fund rate was 3.4%. The rate for the second quarter is 3.35% which is a reduction as anticipated. The market value of the Stable Value Fund assets as of March 31, 2012, exceeded the book value of the assets by approximately \$5.5 million.

SCHEDULED ITEMS (CONTINUED):

The Committee took no action on this informational report.

8. 12-DC18 From Great-West Retirement Services, First Quarter Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

Appearance:

Sue Oelke, Great-West Retirement Services

Ms. Oelke stated that the first quarter was devoted to issues involving the MECCA and MILES employees transferred to the State of Wisconsin that were laid off and now possibly being recalled to work for Milwaukee County. Additionally, Great-West has been evaluating distributions that may have occurred due to separation from Milwaukee County that may result in enrollments if the employees are rehired.

Another point of focus for Great-West was seminars on the Roth 457 option along with new enrollments. Joint State and County seminars were held for MECCA and MILES employees entailing options available to them

Great-West Employee Retirement Services are partnering with Employee Retiree Services to include information on rollover options at retirement meetings. Individual employee meetings have increased and there are fewer group meetings being scheduled to allow staff to be available on sight. The first quarter had 29 new enrollments compared with 67 for the same quarter in 2011.

Full distributions increased sharply as a result of diminimus account payouts and the change in status of Milwaukee County employees becoming State employees.

Rollovers into the Plan were more than \$7 million, as a result of retirees contributing back drop funds into their accounts.

The Great-West website will be re-launched in the last quarter of 2012. It will have a new look and have a link to the Committee website that is maintained in the County Board section of the County website. Some examples of the new look will be provided at the August 2012 meeting.

A new campaign was launched to enlighten participants over the age of 50 about the ability to save additional dollars for retirement.

The Committee took no action on this informational report.

9. 12-DC12 Next regularly scheduled meetings of the Select Committee on Deferred

SCHEDULED ITEMS (CONTINUED):

Compensation: **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

- August 6, 2012

ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTY), upon receipt of this notice.

Chairperson: Steve Cady, 278-4347
Clerk: Carol Mueller, 278-4228

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, August 6, 2012 – 9:00 a.m.
Milwaukee County Courthouse - Room 203-P

Minutes

PRESENT: Grady, Russell, Walker and Cady (Chair)

SCHEDULED ITEMS:

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. 12-DC1 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.

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2. 12-DC2 Financial Update on Administration of Milwaukee's County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

ACTION BY: (Grady) Approve the extension of the administrative fee holiday through December 2013. 4-0

AYES: Grady, Walker, Russell and Cady (Chair) – 4

NOES: 0

3. 12-DC19 From Great-West Retirement Services, Second Quarter Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Appearance:

Sue Oelke, Great-West Retirement Services

Ms. Oelke introduced the newest member of the in-house team, Ms. Cathy Croak.

The second quarter focused heavily on retirees with a custom presentation on backdrops. A new retirement seminar was offered in conjunction with the State regarding feelings and emotions involved in retiring. The feedback has

SCHEDULED ITEMS (CONTINUED):

been very positive.

Chairman Cady explained due to a new administrative change, when employees retire they no longer stay on the payroll for extra time until their accrued balances are paid out. Now, the policy is for a lump sum payout upon retirement. How do we inform the Plan participants that a change in the deferral amount for that lump sum would be needed? Ms. Oelke stated there is a letter in the retirement kit that is provided to participants, and Retirement Services encourages planned retirees to make an appointment at the same time with Great West to explain their options. The meeting with a deferred compensation representative is included and encouraged in the retirement workshops. There is an approximate month delay to change lump sum deferral rates. Ms. Oelke will review the letter contained in the kit to ensure this is clearly explained.

Participants that are turning 50 or older are receiving letters that they are eligible to increase their deferral for an additional \$5,500 per year. Direct mail postcards are continuing at a rate of 40 per week.

The projection for 2012 is no new growth, but the goal is to keep 85% of the inforce accounts.

Mr. Grady noted that as 2012 continues there may be a fair amount of new hires to fill some of the recent retiree vacancies.

Next quarter the focus will be on Did You Know (DYK) direct rollover postcard outreach regarding roll overs into the Plan from outside IRA's and 401K's. Additionally, a DYK effort will be to inform participants of salary deferral increases that will help them reach their retirement goals. Invitations will be sent to large account balances holders for a review of their plan for diversification.

An ERISA rule regarding fee disclosures will result in a release of the employer portion within the next 60 days and near the end of the year Great West will release the participant fee disclosure plan document. Great West would like to include Hewitt Ennis Knupp on any training regarding the fee disclosure.

The Committee took no action on this informational report.

4. 12-DC20 From Great-West Retirement Services, a demonstration of the proposed changes to the County Deferred Compensation website. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**
Appearances:
Sue Oelke, Great West Retirement Services
Charmaine Martin, Great West Retirement Services

SCHEDULED ITEMS (CONTINUED):

Evelyn Calhoun, Great West Retirement Services (via teleconference)

Ms. Oelke explained that Great West hired outside consultants to work on the upgrade to the website which will allow participants to reach areas of interest within two clicks of a mouse. Ms. Calhoun gave a webinar presentation of the areas of interest that can be accessed pre-login. They include learning seminars, tools, in-depth calculators, rates of return, my account section and statements from the last four years. The post sign in areas contain transfers, financial planning, my profile (address changes feed automatically from the payroll system and cannot be changed) forms section and various others.

The launch date will be at the discretion of the Committee with yearly updates. The Committee would like to see the upgraded website go live as soon as available.

The Committee took no action on this informational report.

5. 12-DC21 From Hewitt Ennis Knupp, Second Quarter Performance Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

Appearance:

Laurel Nicholson, Hewitt Ennis Knupp and Associates

Ms. Nicholson stated that the market was very mixed in the second quarter. The funds within the Plan had mixed results but holding up well. There was a mixed bag in Equity Markets but gains in Fixed Income. A sluggish growth of key economies in China, many parts of Europe, particularly Spain, and Germany affected the market. The US had falling consumer spending. There were fewer jobs created and unemployment was at 8.2%. Contributing to the mix was a drop in energy prices, declining inflation with the drop in oil prices to \$91 per barrel and continued depressed housing markets. However, the US economy has continued to post slow moderate growth.

US stock markets were down 3% for the second quarter and the bond market up 2% with PIMCO the best performer in the Plan. Internationally, Europe continues to struggle. Emerging markets were weak. Large cap performed the strongest. Mid cap was the weakest during the quarter. Even though the stock market was down in May, the US markets for the first six months of the year were up 9% and the International markets were up about 3% for the same timeframe.

US Treasury continued to be viewed as a safe haven in the Bond market. Corporate bonds slightly outperformed Government bonds over the year-to-date. At the Federal Open Market Committee meeting they expressed the fund rate (0.0 to 0.25) would stay in place through 2014. There is still some

SCHEDULED ITEMS (CONTINUED):

uncertainty in the market. Managers see a lot of value to be had in the Equity markets. Through the end of the quarter almost 70% of the companies beat their earnings and revenue expectations.

The Target Date Retirement funds move from aggressive to conservative as they near the titled dates. PIMCO still is the best performing fund. The Hartland Value Fund has underperformed in the last few quarters and has moved to yellow status. Over the 10 years it has outperformed one of every two quarters. The one, three and five year performance is disappointing, although its benchmark (Russell 2000 Value Index) may not accurately represent the holdings of the fund.

It may be helpful if the Plan would include a description on the website of the Target Date, Index and Actively Managed funds on the risk and return. At this time there is not a big difference of return on your risk in the fund selections offered in the Plan. As a reminder the William Blair fund will replace the JP Morgan fund at the end of this month.

The Committee took no action on this informational report.

6. 12-DC22 From Advised Assets Group, Second Quarter Stable Value Fund Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

The second quarter annualized Stable Value Fund rate was 3.35%. The rate for the third quarter is 3.15%.

The Committee took no action on this informational report.

7. 12-DC23 NAGDCA Conference 2012.

ACTION BY: (Russell) Approve attendance for members with reasonable expenses covered by the plan. 4-0

AYES: Grady, Walker, Russell and Cady (Chair) – 4

NOES: 0

8. 12-DC12 Next regularly scheduled meeting of the Select Committee on Deferred Compensation: **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

November 12, 2012

The meeting was called to order approximately at 9:30 a.m. and adjourned at 10:50 a.m. The meeting started late due to technical issues with the webinar presentation and was moved to Room 201-B.

SCHEDULED ITEMS (CONTINUED):

Submitted by
Carol Mueller
Chief Committee Clerk
Committee on Deferred Compensation

ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTY), upon receipt of this notice.

Chairperson: Steve Cady, 278-4347
Clerk: Carol Mueller, 278-4228

SELECT COMMITTEE ON DEFERRED COMPENSATION

Tuesday, November 13, 2012 – 9:00 a.m.
Milwaukee County Courthouse - Room 203-P

Minutes

Members Present: Ceschin, Grady, Solomon and Cady (Chair)

The Chair introduced Ms. Kelly Solomon, replacing Ms. Susan Walker, as the new representative from the Department of Administrative Services. He also welcomed back Mr. Rick Ceschin who is replacing Ms. Jacqueline Russell, as the representative from the Department of Human Resources.

SCHEDULED ITEMS:

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1. 12-DC1 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.

An appeal from Mr. Christopher J. Pollard

Mr. Pollard was not present for the meeting.

ACTION BY: (Ceschin) Lay the item over to the Call of the Chair.4-0

There was being no objection, it was so ordered.

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2. 12-DC2 Financial Update on Administration of Milwaukee's County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Appearance:

Steve Cady, Fiscal and Budget Analyst, County Board

Mr. Cady explained the report for the committee regarding fees paid and shared revenues. The administrative fee for participants is on a fee holiday through all of 2013.

SCHEDULED ITEMS (CONTINUED):

The Committee took no action on this informational report.

3. 12-DC24 From Great-West Retirement Services, Third Quarter Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

Appearance:

Sue Oelke, Great-West Financial Services

The enhanced participant Website (www.milwaukeecounty457.com) was launched in August. Due to the timing of the furlough pay back no participants were offered an increase in deferrals in order to defer a portion of the payment to their 457 account.

The Department of Labor has an ERISA requirement for fee disclosure. Milwaukee County Deferred Compensation Plan has released the fees at the Plan level. This is a voluntary release not a requirement. The Participant fee level is still being worked on. It will be up to the Select Committee to decide if and how this information will be shared with Plan participants.

Of the 128 new enrollments 25.8% elected managed accounts, 12.5% elected Target Date Funds and 61.7% elected to manage their own funds.

In August, William Blair Mid Cap Growth Fund replaced JP Morgan Diversified Mid Cap Growth which affected 776 participants.

Great-West continues partnering with the Sheriff's Training Academy, Behavioral Health Department and is working with the Parks Department on seminars for new hires.

The partnership's with the Employee Retirement System provides information for retirees on their options to rollover or enroll funds into the Plan upon retirement.

The third quarter had 51 new enrollments with total contributions of \$2,726,604. Full distributions were paid to 72 participants in the amount of \$2,935,647. In force accounts increased to 95% from an 85% goal. Hardship requests continue to increase.

Employees are more focused on enrolling or increasing contributions in the Deferred Compensation Plan during open enrollment. The Plan is available for employees to enroll twenty-four hours a day 365 days a year.

Great-West, as record keeper of the Plan, will start putting old paper documents into an image document so all records can be accessed by them no matter the location of their staff. This will eliminate issues related to

SCHEDULED ITEMS (CONTINUED):

documents that are stored on-site that cannot be readily accessed by Great-West Call Center and other staff and provide necessary backup in case of disaster.

The new name for Great-West Retirement is “Great-West Financial”.

The Committee took no action on this informational report.

4. 12-DC25 From Hewitt Ennis Knupp, Third Quarter Performance Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

Appearance:

Laurel Nicholson, Hewitt Ennis Knupp and Associates (HEK)
Frank Valle, HEK

Ms. Nicholson introduced the newest member to the Milwaukee County team. Mr. Valle has been with HEK for two years.

The third quarter performance in equity markets had fairly positive returns. US markets had a 6% increase with non US markets posting a 7% increase. Job growth increased along with an improvement in the European economy, ten-year US Treasury yields were flat but had volatile intra-quarter changes while energy and telecommunications were the best performing. Large-cap outperformed both small and mid-cap returns. The best advice for participants is diversification. The Plan is structured to take advantage of this. The problem is many participants only stay in the Stable Value Fund and don't use the Plan to its full potential. A study of active verses retired participants might show if younger members are more diversified.

Corporate bonds and commercial mortgaged-backed securities were the strongest performing in the third quarter.

The Plan assets increased to \$28 million from \$24 million from a year ago. The 2020 Target Date Fund has the most assets. Index funds make up one quarter of the Plan assets. PIMCO rates high in its respective area with strong returns. Overall the Plan is in good shape.

The Committee took no action on this informational report.

SCHEDULED ITEMS (CONTINUED):

5. 12-DC26 From Hewitt Ennis Knupp, Annual Plan Review

Appearance:

Laurel Nicholson, Hewitt Ennis Knupp and Associates (HEK)

Key observations show the Plan is well constructed and diversified. The “three tiers” offered are consistent with best practice. Sixteen investment options offer participants sufficient choices that span the risk/return spectrum. Fees within the Plan are competitive. The Plan should consider an automatic deferral escalator feature; ensure that the Target Date Retirement Funds are presented as a reasonable alternative to managed accounts; education and communications materials should be tailored with the three-tier structure; and consider a competitive bid in 2013 or 2014 for a recordkeeper to ensure pricing remains competitive. The addition of a global equity fund to the Plan should be considered. Work with Great-West in disclosing participant fees consistent with guidance by the Department of Labor.

The overall Plan participation looks good. The deferral rate differs between the survey average partly because the Plan is a secondary retirement plan, and a match from the employer often boosts the deferral rates. Over half of the participants are in the 46-65 age range. Milwaukee County participants are more conservative than most investors. Great-West is ranked very high as an organization and is a good fit for Milwaukee County needs. The investment policy statement (IPS) is one of the most important governance documents for a retirement plan. HEK is recommending some minor updates to the Plan’s IPS. Under III Objectives “Control administrative and investment management costs. Under Investment Consultant Responsibilities In general they will include (but not necessarily be limited to). In the monitory system chart under Short and Longer Term Performance Concerns “Has the fund exhibited poor tracking or Under Fund Names Under Mid Cap Growth Equity Fund insert William Blair Mid Cap Growth.

ACTION BY: (Grady) Motion to accept the recommendations to the Investment Plan Statement. In addition, insert the following change regarding Short Term & Longer-Term Performance Concerns - Measurement “Has the Index fund exhibited poor tracking or the Active fund underperformed? 4-0

AYES: Ceschin, Grady, Solomon and Cady (Chair) – 4

NOES: 0

6. 12-DC27 From Advised Assets Group, Third Quarter Stable Value Fund Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

SCHEDULED ITEMS (CONTINUED):

Appearance:

Steve Cady, Fiscal and Budget Analyst, County Board

The fourth quarter rate for the Stable Value Fund is 2.90% annualized, a reduction of 25 basis points from the third quarter.

The Committee took no action on this informational report.

7. 12-DC12 Next regularly scheduled meeting of the Select Committee on Deferred Compensation: **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Appearance:

Steve Cady, Fiscal and Budget Analyst, County Board

Mr. Grady stated a conflict with the February date.

- February 11, 2013
- May 6, 2013

The Committee was called to order at 9:02 a.m. and adjourned at 10:43 p.m.

Respectfully Submitted,

Carol Mueller, Chief Committee Clerk
Select Committee on Deferred Compensation

ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTY), upon receipt of this notice.