

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)**

SCHEDULED ITEMS (CONTINUED):

Appearance:

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.

SCHEDULED ITEMS (CONTINUED):

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

SCHEDULED ITEMS (CONTINUED):

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.

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.

SCHEDULED ITEMS (CONTINUED):

The Committee took no action on this informational report.

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