

Chairperson: Steve Cady, 278-4347

Clerk: Carol Mueller, 278-4228

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, February 11, 2013 – 9:00 a.m.
Milwaukee County Courthouse - Room 203-P

MINUTES

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

Member Excused: Grady

The Chair introduced Ms. Jennifer Collins, as the new representative for the County Board. Ms. Collins is serving as the designee of Supervisor Cullen, Co-Chair of the Committee on Finance, Personnel and Audit.

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. 13-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. 13-DC3 Financial Update on Administration of Milwaukee's County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

The Chair explained the format of the report for the new committee members and went into details on the fee reconciliation. He further explained that all mutual fund revenue sharing with Great West Financial flows back into the Plan to offset plan expenses. This has assisted in the extension of the administrative fee holiday, which is currently authorized through the end of 2013.

3. 13-DC4 From Great-West Financial, Fourth Quarter Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Appearance:

Sue Oelke, Great-West Financial

Charmaine Martin, Account Executive, Great West Financial

SCHEDULED ITEMS (CONTINUED):

Ms. Oelke gave an overview for the two newest members of the Committee. The report gave a Plan review for 2012 and new proposed initiatives for 2013.

The “Did You Know” campaign has been very effective. After three years Great-West will roll out a new communication campaign. There has been significant focus with retirees on roll over monies into the Plan. This year Great-West continued to create partnerships and relationships with departments that haven’t been previously targeted. The new website has received good feedback and is a work in progress with the latest technology that can be customized to the needs of the Plan. Another goal this year was to reach out to participants with larger account balances to ensure diversification in the Plan between asset classes and multiple investing options. The quantities of retirement meetings have remained steady but enrollments into the Plan are less. In force accounts remain at almost 94% and emergency withdrawals have leveled out.

Ms. Oelke informed the Committee of the comparisons from 2010 through 2012 on Plan Assets, Cash Flow, Participants and Plan Utilization along with details on Plan contributions and distributions.

As noted in previous meetings the fee disclosure for Plan participants is still being investigated with clarification from the IRS anticipated on the specific details of the contents of the disclosure statements. At this time the Plan is receiving Plan level fee disclosures from Great-West Financial with the expectation that participant level fee disclosures will be available to Plan sponsors later this year or early in 2014.

To assist participants with retirement readiness a new tool will soon be available online, the “Retirement Readiness Center”. This tool will allow participants to see what their asset balance will “convert” to as far as annual income for their expected retirement years. Participants will also be able to add other sources of expected income (e.g. Social Security and defined benefit pension) to get a clearer picture of their financial future for retirement.

The Committee took no action on this informational report.

4. 13-DC5 From Great-West Financial, 2013 Strategic Marketing Plan.

Appearance:

Sue Oelke, Great-West Financial

The Strategic Market Plan will evaluate services on measurable improvements in four key areas: Participation, (Contribution levels and number of eligible employees contributing to the Program); Asset Allocation (Diversification of Program assets); Education/Department Outreach (Behavioral learning) and

SCHEDULED ITEMS (CONTINUED):

Retention/Retiree Outreach (Retiree education and retention of Program assets).

This plan will be offered quarterly throughout 2013 by the key areas listed above.

ACTION BY: (Ceschin) Approve the Strategic Market Plan set forth by Great-West Financial for 2013. 4-0

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

NOES: 0

5. 13-DC6 From Hewitt Ennis Knupp, Fourth Quarter Performance Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

Appearance:

Laurel Nicholson, Hewitt Ennis Knupp and Associates (HEK)

The fourth quarter had mixed results. Equity markets around the world posted positive returns with Europe as the best performing due to lessening debt crisis worries and the worst performing is the US, resulting from concerns of the “fiscal cliff” and super storm Sandy.

Mid cap equity markets outperformed both small and large cap during the fourth quarter. In the US fixed income markets corporate bonds and commercial mortgaged-backed securities were the strongest performing sectors. Lower quality bonds outperformed higher quality bonds for the full year of 2012. Unemployment was the lowest in years and bond returns were moderate. The outlook is alright and hopefully the hard times of 07-08 are behind us.

The Plan funds are \$283 million which reflects an increase of \$27 million over the last twelve months.

Vanguard is in the process of changing its index data provider which will lower cost benefits to Plan participants. Ms. Nicholson will provide a report to the chair regarding this change.

The status of the Heartland Value fund in is a “red” status which HEK has some concerns about. Ms. Nicolson will provide a formal review of this fund for the next quarterly meeting. The long term returns of Heartland are still strong.

So far this year the market looks good. The US markets are up 6% with Non US markets up 3%.

The Committee took no action on this informational report.

SCHEDULED ITEMS (CONTINUED):

6. 13-DC7 From Advised Assets Group, Fourth 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 credited rate for the Stable Value Fund is 2.85% annualized a reduction of 5 basis points from the fourth quarter of 2012. It is expected that the annualized returns on this fund will continue to decline as investments mature in the Stable Fund portfolio and are replaced with lower interest earning securities in the current market environment.

The Committee took no action on this informational report.

7. 13-DC2 Next regularly scheduled meeting of the Select Committee on Deferred Compensation: **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

- May 6, 2013
- August 5, 2013
- November 13, 2013

The meeting was moved to Room 201 B and noted at both locations. There were some equipment difficulties so the first two items of the meeting weren't taped and Item 3 began midway through the presentation. The meeting was called to order approximately at 9:05 a.m. and adjourned at 10:18 a.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.

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

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, May 6, 2013 - 9:00 a.m.
Milwaukee County Courthouse - Room 203-P

MINUTES

PRESENT: Kelly Solomon, *Jennifer Collins, Rick Ceschin, and Steve Cady (Chair)
EXCUSED: Mark Grady

*Ms. Collins was not present at the time the roll was called but appeared shortly thereafter.

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. 13-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.

2. 13-DC8 Financial Update on Administration of Milwaukee's County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:17 The Chairman presented an update on the quarterly report in which he discussed plan participation, record keeping fees, mutual fund reallocations, revenue sharing, and the 2013 Projected Budget. He also referenced how the Committee previously extended the administrative fee holiday through the end of 2013.

Questions and comments ensued.

The Committee took no action regarding this informational report.

SCHEDULED ITEMS (CONTINUED):

3. 13-DC9 Election of Chairperson of Select Committee on Deferred Compensation.
- 00:10 The Chair introduced this item stating based on administrative rules and in keeping with best past practice, the chairperson should be elected every four years to a four-year term. The last election was held in the Spring of 2009. He went on to state that it would be in order to elect a chairperson at this time.

ACTION BY: (Collins) Nominate Steve Cady as Chairperson of the Select Committee on Deferred Compensation. 4-0

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

NOES: 0

4. 13-DC10 From Hewitt Ennis Knupp, First Quarter Performance Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- 00:13 Ms. Nicholson indicated that the market has done well in the equity areas during the first quarter. She went on to state that most of the numbers over the first quarter were positive and that nearly all numbers over the one-year period were positive. 2013 opened up very strong for the stock market. US stocks and non-US stocks were up. She stated there are continued concerns about how the economy will react to the federal sequestration. The fixed income markets were down and therefore struggled a bit during the first quarter. Small cap funds outperformed large cap funds both during the quarter and the year. Overall, markets continue to improve through April and May, which continues to represent strong gains for 2013 thus far.

Ms. Nicholson suggested that when doing the annual review in November, the focus should be on whether custom funds would be a better fit for the Plan than the off-the-shelf funds. Building a custom target date fund based on funds already in the Plan may be feasible, cost effective, and just a better overall fit for participants.

Questions and comments ensued.

The Committee took no action regarding this informational report.

SCHEDULED ITEMS (CONTINUED):

5. 13-DC11 From Hewitt Ennis Knupp, Heartland Value Fund Review.

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

00:05 Ms. Nicholson stated this fund has been in the Plan for approximately 10-12 years and is based here in Milwaukee. Heartland is currently on red status due strictly to performance. This is not the first time because of the fund's volatile nature. After meetings with Heartland and a reassessment of the fund, it is recommended that the Heartland Value Fund remains maintained within the Plan.

Questions and comments ensued.

The Committee took no action regarding this informational report.

6. 13-DC12 From Great-West Financial, First Quarter Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Sue Oelke, Great-West Financial

00:22 Ms. Oelke reviewed the First Quarter Report by discussing seminars, which are being held throughout the County, and campaigns currently running. She also provided information on retirement workshops being held that focus on retention and survey results received from the retirement workshops. Highlights of the report included enrollment, federal tax savers credit, contributions, investment options, inforce accounts, rollover into the Plan, and emergency withdrawals.

The Committee took no action regarding this informational report.

7. 13-DC13 From Advised Assets Group, First Quarter Stable Value Fund Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:10 The Chairman stated this is the quarterly summary on the Stable Value Fund, including all of its holdings. The second quarter annualized rate of return being credited to Stable Value Fund holdings is 2.75%. This is down slightly from the first quarter.

The Committee took no action regarding this informational report.

SCHEDULED ITEMS (CONTINUED):

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), 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.

8. 13-DC14 Discussion of the issuance of Request for Proposals (RFP) for recordkeeping services.

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Sue Oelke, Great-West Financial

00:12 The Chairman indicated that the issue before the Committee is the record keeping contract with Great-West Financial. It is a five-year agreement that will expire approximately April 1, 2014. Due to the Request for Proposals (RFP) process, it was thought best to begin discussions now. This will be done with the assistance of Ennis Knupp and Associates.

01:35 Ms. Nicholson stated that this process should begin no later than six to eight months prior to expiration of the current contract. The record keeper search itself should take approximately two to three months, but if there is going to be a record keeper change, then implementing and going live with that new record keeper would take some time.

Questions and comments ensued.

04:19 Committee Members expressed interest in revisiting this topic at the next meeting. The Chairman laid the item over without objection.

9. 13-DC15 2013 National Association of Governmental Defined Contribution Administrators (NAGDCA) Conference.

00:17 **ACTION BY: (Ceschin) Approve attendance for members with reasonable expenses covered by the Plan. 4-0**

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

NOES: 0

SCHEDULED ITEMS (CONTINUED):

10. 13-DC2 Next regularly scheduled meeting of the Select Committee on Deferred Compensation: **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

- August 5, 2013
- November 13, 2013

00:15 The Chairman indicated that the next regularly scheduled meeting is August 5, 2013.

This meeting was recorded. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of the subject reports and communications, which may be reviewed upon request. 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 10:00 a.m.

Adjourned,

Jodi Mapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347
Clerk: Janelle M. Jensen, 278-4228

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, August 5, 2013 - 9:00 a.m.
Milwaukee County Courthouse - Room 203-P

MINUTES

PRESENT: Jennifer Collins, Kelly Solomon, and Steve Cady (Chair)
EXCUSED: Rick Ceschin and Mark Grady

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. 13-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.

2. 13-DC16 Financial Update on Administration of Milwaukee's County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:12 The Chairman presented an update on the quarterly report in which he indicated there were 4,524 participants at the end of last quarter. He stated we are on target for the projected spending plan and the administrative fee holiday has been authorized through the end of 2013.

The Chairman suggested that any extension of the administrative fee holiday be revisited at the November meeting when the full committee is anticipated to be present.

The Committee took no action regarding this informational report.

SCHEDULED ITEMS (CONTINUED):

3. 13-DC17 From Great-West Financial, Second Quarter Report **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Sue Oelke, Great-West Financial
Charmaine Smith, Great-West Financial
Laurel Nicholson, Hewitt Ennis Knupp and Associates

- 00:11 Ms. Oelke reviewed the Second Quarter Report by providing a summary of what has been done, discussing goals compared to the strategic marketing plan and giving an overview of projections for the next quarter.

Highlights of the report included information on participation in enrollment seminars, the "Did You Know?" direct mail campaign, Federal Taxpayers Credit, Retirement Income Control Panel, retiree outreach efforts, enrollment and contributions, investment options and new enrollment participant asset allocations, distributions, rollovers into the plan, website activity and service center calls, emergency withdrawals, managed account information, e-learning seminars, direct mail piece for account reviews, the partnership with ERS in providing the Joint Retirement Workshop in September and an update on the beneficiary project.

- 07:42 Ms. Collins requested a snapshot of the current plan participants and how many have managed accounts, how many have selected Target Date Funds as well as utilization of other investment options. The said report will be provided by Great-West Financial at the November meeting.

The Committee took no action regarding this informational report.

4. 13-DC18 From Hewitt Ennis Knupp, Second Quarter Performance Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Laurel Nicholson, Hewitt Ennis Knupp and Associates

- 00:13 Ms. Nicholson indicated the market was strong in the first quarter and the second quarter was quite temperate in the United States and negative overseas. US stocks were up 2.8% and, non-US stocks declined 3%. The Quantitative Easing Program may possibly end in 2014. She stated there are continued concerns in Europe and that Greece and other emerging markets cause investors concern and hesitation. She went on to state the best performing markets were Financials and Consumer Discretionaries and the worst performing markets were Energies, Utilities and Materials.

SCHEDULED ITEMS (CONTINUED):

Ms. Nicholson relayed that a diversified portfolio offering managed accounts, investment advice, Target Date Funds and low cost investment options is what should continue to be offered. She stated the plan has assets as of the second quarter of \$297.7 million which is an increase of \$1.0 million since the close of the first quarter and an increase of \$22.0 million from about a year ago.

Ms. Nicholson indicated the Heartland Value Fund is still on red status and has underperformed for the last several quarters. Long-term results are historically positive and they continue to have confidence in the fund. Hewitt Ennis Knupp reviewed Heartland Value Fund in May and recommended to "hold." The firm will do another review in six months if the investment option stays on red status. Ms. Nicholson stated that the Investment Policy Statement (IPS) is reviewed annually as part of the Annual Plan Review in November and any recommendations to modify the IPS will be made at that time.

The Committee took no action regarding this informational report.

5. 13-DC19 From Hewitt Ennis Knupp, an Investment Governance Report
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCE:

Laurel Nicholson, Hewitt Ennis Knupp and Associates

00:13 Ms. Nicholson reviewed the Summary Presentation and Research Paper. Defined Contribution plans have underperformed Defined Benefit plans primarily due to not achieving sufficient diversified portfolios and the higher costs associated with them. Recommendations included focusing on plans that are the primary investment vehicle and that have company matching. The three main concerns are Inadequate Savings, Poor Diversification and High Cost, and Not Enough Return. The solutions are to focus on efficiency and income adequacy, move DC investment option structure forward to manage key risks, and broaden investment mandates.

Ms. Nicholson provided an overview of an asset class driven menu and an objective based driven menu. She went over a sample of menu consolidation options with Tiers 1, 2, 3 and 4. She indicated that offering pre-bundled options is a new way of thinking and a brokerage window would still be available to members who want to "construct their own."

Ms. Nicholson recommended that the Committee think about adding a Treasury Inflation-Protected Securities (TIPS) fund as there are active and passive options available and it is something that is currently not offered. Mr. Cady questioned the blending of the Capital Preservation fund.

SCHEDULED ITEMS (CONTINUED):

Ms. Nicholson indicated that it is a guaranteed investment option (FDIC insured) and if it weren't part of the plan governance document, it is something that would not be recommended.

Mr. Cady would like to revisit this item in November when the full committee is present. He anticipates there will be questions.

The Committee took no action on this informational report.

6. 13-DC20 From Advised Assets Group, Second Quarter Stable Value Fund Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:14 The Chairman provided the third quarter report on the holdings in the Stable Value Fund. The third quarter credited rate on an annualized basis is 2.55%. It is slipping as projected by Advised Assets staff as the higher earning investments are being replaced by investments with lower yields. The Market Value Assets to Book Value of Liabilities is 101.4%. The average rating is AA+ and the Stable Value Fund has consistently outperformed its benchmark.

The Committee took no action on this informational report.

****CLOSED SESSION****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), 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).

ACTION BY: (Collins) A motion was made by Ms. Collins to enter Closed Session to discuss item #7. 3-0

AYES: Collins, Solomon, Cady (Chair) – 3
NOES: 0

The Committee was in Closed Session from 10:16 a.m. to 10:39 a.m.

Upon recovering a roll call was taken and three Committee members were present.

SCHEDULED ITEMS (CONTINUED):

7. 13-DC21 Discussion of the issuance of Request for Proposals (RFP) for recordkeeping services. **(05/06/13: Laid Over to the Next Meeting)**

APPEARANCE:

Laurel Nicholson, Hewitt Ennis Knupp and Associates

00:20 The Chairman relayed that this item was laid over at the last meeting and would like to discuss the issuing of another Request for Proposals (RFP) for recordkeeping services. The current contract goes through April 1, 2014. He stated Ms. Nicholson's firm was retained the last time to help Committee members with the RFP process so she is able to provide background information if desired.

00:02

ACTION BY: (Collins) To begin the process of issuing an RFP for recordkeeping services and to authorize the Chairman to enter into negotiations/agreement for consulting services with Hewitt Ennis Knupp to aid in the development of the RFP and evaluations of vendor responses. 3-0

AYES: Collins, Solomon and Cady (Chair) – 3

NOES: 0

8. 13-DC2 Next regularly scheduled meeting of the Select Committee on Deferred Compensation: **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

- November 13, 2013

00:02 The Chairman indicated that the next regularly scheduled meeting is November 13, 2013. Dates will be assembled for 2014 and be provided at the next meeting.

This meeting was recorded. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of the subject reports and communications, which may be reviewed upon request. 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: 9:09 a.m. to 10:40 a.m.

Adjourned,

Janelle M. Jensen

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347
Clerk: Janelle M. Jensen, 278-4228

SELECT COMMITTEE ON DEFERRED COMPENSATION

Wednesday, November 13, 2013 - 9:00 a.m.
Milwaukee County Courthouse - Room 203-P

M I N U T E S

PRESENT: Rick Ceschin, Jennifer Folliard, Mark Grady, Kelly Solomon, and Steve Cady (Chair)
EXCUSED: 0

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 considering financial, medical, social or personal histories related to 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. 13-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. 13-DC22 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:15 The Chairman presented an update on the third quarter in which he indicated there were 4,529 participants in the Plan and Mutual Fund reallocation fees in the amount of \$66,500 were received. The administrative fee holiday has been in place since the second quarter of 2007 and runs through the end of 2013. Discussion ensued regarding the forfeiture fund and the potential to have lower administrative costs in 2014 with the commencement of a new recordkeeper contract.

ACTION BY: (Ceschin) A motion was made by Mr. Ceschin to extend the current administrative fee holiday through all of 2014. 4-0

SCHEDULED ITEMS (CONTINUED):

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

NOES: 0

EXCUSED: Folliard – 1

3. 13-DC23 From Hewitt Ennis Knupp, Third Quarter Performance Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCES:

Laurel Nicholson, Hewitt Ennis Knupp and Associates

Glenn R. Sapa, Associate Partner, Hewitt Ennis Knupp and Associates

00:45 Ms. Nicholson relayed that her role will be changing as she has accepted another position within her firm. She introduced Mr. Glenn R. Sapa who has 30 years of experience and will be the main contact beginning in 2014.

06:48 Mr. Sapa provided Third Quarter Performance data and relayed there was dislevel in the market due to concerns with the Federal Reserve tapering the bond buy and the Syria scare. Small Caps outperformed Mid Caps and Large Caps, as of October up to almost 25%. Growth stocks continue to outperform Value stocks. Bonds made a small gain of .58% but were overall down 2%. From an international perspective, the third quarter was very strong and the European market saw improvements. The overall market is 50/50; United States versus the rest of the world. Emerging markets are the highest performer on the equity side of the market place.

12:14 Ms. Nicholson indicated the Vanguard Index Fund has a large component within the emerging market and market weight is at 21%. The EuroPacific Growth Fund also has a big chunk in emerging markets.

12:56 Mr. Sapa cautioned that the Gross Domestic Product was 2.5% in the second quarter and 2.5% in the third quarter. The fourth quarter projection is 1.75% so there is a tapering down of GDP. Unemployment is at 7.3% and ticked up the last quarter.

17:38 Mr. Sapa provided information on the Vanguard Target Date series. They are performing very well and expense ratios are extremely low with 16 to 18 basis points depending on the fund. 6% of total assets are in the Vanguard Target Date funds.

19:16 Mr. Sapa went over the Index Funds. Most are doing well but the Mid Cap Index is missing the mark and the FTSE is underperforming. They will keep an

SCHEDULED ITEMS (CONTINUED):

eye on both and are not recommending any changes at this time.

21:42 Mr. Sapa went over Active Funds and advised that the Committee may no longer want to continue offering the North Shore Savings option. The Stable Value Fund is doing very well and about 50% of total assets are in the fund. Mr. Sapa provided further updates on Active Funds: PIMCO Total Return, Washington Mutual Investors, T. Rowe Price, William Blair, Lord Abbett, Heartland Value and EuroPacific Growth.

William Blair is on yellow status but no change is recommended.

The Committee took no action on this informational report.

4. 13-DC24 From Hewitt Ennis Knupp, Annual Program Review.

APPEARANCES:

Laurel Nicholson, Hewitt Ennis Knupp and Associates
Glenn R. Sapa, Associate Partner, Hewitt Ennis Knupp and Associates
Sue Oelke, Great-West Financial
Kathy Croak, Great-West Financial

00:30 Ms. Nicholson indicated that the plan is well-constructed and diversified. The current three tier structure is common and good practice. Key recommendations include automatic enrollment and automatic re-enrollment, an automatic deferral escalator, reduction or elimination of the revenue sharing component, offering Target Date Retirement Funds as an alternative to managed accounts, communicating plan fees to participants, considering a change in the resolution that requires an FDIC insured investment option in the plan, the addition of a Treasury Inflation Protected Securities (TIPS) fund to mitigate risk and any necessary changes to the investment policy statement.

07:46 There is currently \$307.6 million in the plan and 4,460 total participants with an average investment of \$67,000. Milwaukee County's participation rate is 53% and the average deferral rate is 7.9%.

22:39 Ms. Oelke relayed that 10-12 plans (not Milwaukee County) have done rebalancing and at re-enrollment participants were moved into Target Date Funds. Participants that were in managed accounts were allowed to stay in those plans if they wanted to.

25:02 Ms. Nicholson's specific recommendations were for the Committee to consider the merits and challenges of auto enrollment and automatic re-enrollment, utilize an automatic deferral escalator feature, review fees and expenses

SCHEDULED ITEMS (CONTINUED):

regularly, understand how fees are structured, consider opportunities to reduce fees, document the due diligence process and increase communication with participants relative to fees.

- 29:23 Mr. Sapa advised that the best practice is to reduce or preferably eliminate revenue sharing down to zero and charge the true cost of record keeping back to participants as a quarterly record keeping fee that is equal or pro rata based on balances.
- 34:50 Ms. Nicholson went over the Investment Option Structure and advised Committee members to consider reducing the number of investment options and change the core fund tiers to offer asset class and objective based menus.
- 59:29 Ms. Nicholson gave an overview of the Investment Policy Statement. There are minor red line changes that make the policy clearer.
- 01:16:24 Mr. Sapa will provide additional information on TIPS prior to the February 2014 meeting.

Ms. Nicholson will provide an updated Investment Policy Statement reflecting the changes on pages 49, 50 and 62.

ACTION BY: (Grady) A motion was made by Mr. Grady to approve the red line investment policy statement without the changes on pages 49, 50 and 62. 5-0

AYES: Ceschin, Folliard, Grady, Solomon and Cady (Chair) – 5
NOES: 0

5. 13-DC25 From Hewitt Ennis Knupp, 2013 Universe Benchmarks **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Laurel Nicholson, Hewitt Ennis Knupp and Associates

- 00:16 Ms. Nicholson indicated this report is the summary of a very large survey that was taken on plans and participants.

The Committee took no action on this informational report.

6. 13-DC26 From Great-West Financial, Third Quarter Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

SCHEDULED ITEMS (CONTINUED):

APPEARANCES:

Sue Oelke, Great-West Financial

Glenn R. Sapa, Associate Partner, Hewitt Ennis Knupp and Associates

- 00:15 Ms. Oelke relayed that enrollment seminars at the House of Correction have been a great success, Joint Retirement Workshops were held twice in 2013 to explain benefits prior to employees leaving service and there are constant enrollments coming in as part of their ongoing outreach efforts.
- 03:28 Ms. Oelke stated that they are tracking enrollments and 60 participants have chosen the Target Date Funds, 49 have chosen the managed account service, 37 selected the Stable Value Fund and 34 are managing on their own. Great-West meets with almost all new enrollees with only 5-10% of new hires choosing to enroll online.
- 05:41 Ms. Oelke indicated that Inforce is over 100%. The plan has grown even though there have been numerous full distributions. There are a lot of roll overs into the plan as well. The corporate office has taken over emergency withdrawals and there were no unusual withdrawals in the third quarter. During the fourth quarter Great-West focused on "National Save for Retirement Week." Outreach efforts included a new webpage, the launch of mobile web applications, and a direct mail piece to those without beneficiary designations on file.
- 11:24 Ms. Oelke relayed that Great-West is still awaiting clarification from the Department on Labor relative to disclosing fees to participants. Once the document is finalized it will be provided to the Committee for review.
- 13:35 Ms. Oelke will have Darryl Collier and/or Bill Thornton provide information on the Stable Value Fund at the February 2014 meeting.

The Committee took no action on this informational report.

7. 13-DC27 From Advised Assets Group, Third Quarter Stable Value Fund Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCES:

Laurel Nicholson, Hewitt Ennis Knupp and Associates

Glenn R. Sapa, Associate Partner, Hewitt Ennis Knupp and Associates

- 00:17 The Chairman provided a summary on the returns of the Stable Value Fund and

SCHEDULED ITEMS (CONTINUED):

relayed that the actual annualized interest rate holdings in the fourth quarter were 2.45%, and down 10 basis points from the 2.55% third quarter annual credited rate.

The Committee took no action on this informational report.

****CLOSED SESSION****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of deliberating the investing of public funds or conducting the specified business whenever competitive or bargaining reasons require closed session. The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

ACTION BY: (Ceschin) A motion was made by Mr. Ceschin to enter Closed Session to discuss item #8. 5-0

AYES: Ceschin, Folliard, Grady, Solomon and Cady (Chair) – 5

NOES: 0

The Committee was in Closed Session from 11:37 a.m. to 11:56 a.m.

The Committee adjourned directly from Closed Session.

8. 12-DC28 Discussion of Request for Proposals (RFP) for Recordkeeping Services.

This item was discussed in Closed Session.

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9. 13-DC2 Next regularly scheduled meeting of the Select Committee on Deferred Compensation. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

- Monday, February 10, 2014

00:15 The Chairman will provide meeting dates for 2014 at a future date.

SCHEDULED ITEMS (CONTINUED):

The foregoing items were not necessarily considered in agenda order.

This meeting was recorded. Committee files contain copies of any subject reports and communications, which may be reviewed upon request to the Committee Clerk. The official copy of these minutes, along with the audio recording of this meeting are available in the Office of the County Clerk.

Length of meeting: 9:04 a.m. to 11:56 a.m.

Adjourned,

Janelle M. Jensen

Committee Clerk

Select Committee on Deferred Compensation

ADA accommodation requests should be filed with the Milwaukee County Office for Persons with Disabilities, 278-3932 (voice) or 711 (TRS), upon receipt of this notice.