

Chairperson: Matthew M. Janes, 278-4570  
Clerk: Lauri Henning, 278-4227

## SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, December 16, 2002 – 10:00 a.m.

Milwaukee County Courthouse - Room 201-B

### MINUTES

CASSETTE #5: Side A, #4-END; Side B, #1-#667

PRESENT: Mary Ann Grimes, Deputy Corporation Counsel; Rob Henken, Director of County Board Research; Terry D. Kocourek, Fiscal and Budget Administrator; Robert Murphy, County Board Senior Research Analyst; and Matthew Janes, Employee Benefits and Compensation Manager (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 convene into open session to take whatever action(s) it may deem necessary on the said matter(s).

1. 02DC1 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-16 **APPEARANCE:**  
N'Kenza Whitlow, Great West BenefitsCorp

There was one appeal.

***ACTION BY: (Grimes) adjourn into closed session pursuant to Section 19.85(1)(f) of the Wisconsin Statutes to discuss the hardship withdrawal request. NO OBJECTION, SO ORDERED.***

The Committee met in closed session and then reconvened in open session. A roll call was taken to determine a quorum. The following Committee members were present: Grimes, Henken, Kocourek, Murphy and Janes (Chair).

***ACTION BY: (Kocourek) uphold the recommendation of the deferred compensation Administrator to deny this appeal. 5-0***

**SCHEDULED ITEMS (CONTINUED):**

**AYES:** Grimes, Henken, Kocourek, Murphy and Janes (Chair) – 5  
**NOES:** 0

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**ENNIS KNUPP & ASSOCIATES**

2. 02DC2 Second and Third Quarter 2002 Performance Reports of the Milwaukee County Deferred Compensation Plan by the Plan's Investment Consultant, Ennis Knupp & Associates. **(PRESENTATION BY ENNIS, KNUPP & ASSOCIATES)**  
**(INFORMATIONAL)**

A-48

**APPEARANCES:**

Russell K. Ivinjack and Laurel Nicholson, Ennis Knupp & Associates

Mr. Ivinjack and Ms. Nicholson gave overviews of the second and third quarter 2002 performance reports, copies of which are attached to the original of these minutes. They also provided Committee members with a sheet showing a preliminary return summary through the period ending November 30, 2002, a copy of which is also attached to the original of these minutes.

Questions and comments ensued.

3. 02DC3 From Ennis Knupp & Associates, regarding renewal of service and fee arrangements with Milwaukee County.

A-515

**APPEARANCES:**

Russell K. Ivinjack and Laurel Nicholson, Ennis Knupp & Associates

Mr. Ivinjack explained that the increase in the retainer fee is an inflationary increase, which reflects an increased cost of doing business.

***ACTION BY: (Murphy) approve. 5-0***

**AYES:** Grimes, Henken, Kocourek, Murphy and Janes (Chair) – 5  
**NOES:** 0

4. 02DC4 From Ennis Knupp & Associates, regarding change in portfolio management for the J.P. Morgan Capital Growth Fund. **(INFORMATIONAL)**

A-536

**APPEARANCES:**

Russell K. Ivinjack and Laurel Nicholson, Ennis Knupp & Associates  
Jeff Fossier, Great West BenefitsCorp

**SCHEDULED ITEMS (CONTINUED):**

Ms. Nicholson indicated that the subject change fits very well into the County's overall plan. She noted that it is important that participants are made aware of the implications of this portfolio management change.

Questions and comments ensued.

Chairman Janes asked what sort of communication to participants would be appropriate. Mr. Ivinjack replied that it could be part of an overall education campaign or the memo prepared for the committee could be made more participant friendly and provided to Plan participants.

In response to a query by Chairman Janes, Mr. Fossier indicated that if it is deemed by the Committee that a communication should be sent, it should be sent to all participants and/or all individuals in the County's Deferred Compensation Plan. Great West can easily supply assistance to prepare a statement or paycheck stuffer, which could also mention that there is more in-depth information available on the Plan's participant website. In fact, some of the information is already there.

Mr. Ivinjack confirmed that some summary information has been posted on Investigate about the portfolio management change for the J.P. Morgan Capital Growth Fund. He advised that a communication may be necessary regarding Item 5 on the agenda and, if that is the case, information on the J.P. Morgan Capital Growth Fund portfolio management change could be incorporated in such communication.

Chairman Janes asked Mr. Fossier if he had a recommendation on how to proceed in this regard. Mr. Fossier deferred back to the investment advisor. Mr. Ivinjack stated his recommendation would be that the Committee support Ennis Knupp & Associates' recommendation relating to the Strong Fund (Item 5) and to then include information on the change with the J.P. Morgan Capital Growth Fund as an informational item. If the Strong recommendation is approved, one mailing could be done advising of both pieces of information.

As there were no more questions regarding Item 4, the Committee proceeded to Item 5.

- 5. 02DC5 From Ennis Knupp & Associates, regarding change in portfolio management for the Strong Corporate Bond Fund. **(INFORMATIONAL)**

A-712

**APPEARANCES:**

Russell K. Ivinjack and Laurel Nicholson, Ennis Knupp & Associates  
Jeff Fossier, Great West BenefitsCorp

**SCHEDULED ITEMS (CONTINUED):**

Mr. Ivinjack reviewed the subject report, a copy of which is attached to the original of these minutes.

It is the recommendation of Ennis Knupp & Associates that Milwaukee County terminate the Strong Corporate Bond Fund as an option in the program and that the PIMCO Total Return Fund be designated as the replacement option.

Questions ensued.

As the item was listed on the agenda as informational, the Committee was unable to take the recommended action at this time and would need to reschedule the matter for a future meeting.

Mr. Fossier noted that administratively you'd have to wait anyway. By law, you cannot provide a notice to participants of less than 60 days if there is going to be a Plan change.

Mr. Henken suggested that a communication be drafted notifying participants of the changes to take place, which could be approved at the same time formal action is taken by the Committee on the recommendation to terminate the Strong Corporate Bond Fund.

Chairman Janes agreed that was a good idea and asked that such a communication be developed for the Committee's review and approval at a subsequent meeting. Mr. Ivinjack stated he would work with Great West on the appropriate logistics that need to be addressed.

**REINHART BOERNER VAN DEUREN S.C.**

6. 02DC6 Revised Plan Document. **(FOR APPROVAL)**

B-22

**APPEARANCES:**

Bennett E. Choice, Reinhart Boerner Van Deuren S.C.  
Jeff Fossier, Great West BenefitsCorp

Mr. Choice reviewed the proposed changes to the County's 457 Plan, as summarized in a communication dated December 12, 2002, and delineated in a redlined copy of the Plan document, copies of which are attached to the original of these minutes. Also attached to the original of these minutes is a revised Plan document.

Discussion ensued regarding In-Service Distribution (De Minimis Accounts), under which a participant may elect to receive or the Committee may distribute without the consent of the participant the participant's entire account under

## SCHEDULED ITEMS (CONTINUED):

certain conditions, including that the value of the participant's account does not exceed \$3,500.

Mr. Fossier pointed out that he thought federal law now provides for \$5,000 as in-service De Minimis distribution. Mr. Choice confirmed that federal law provides for \$5,000. The County could raise the in-service distribution amount accordingly, but is not required to do so. It is a discretionary change. He noted that most plans have increased to the \$5,000.

Chairman Janes commented that this would largely be an administrative function of Great West and asked how Great West feels about the issue. Mr. Fossier replied that there are two issues. First, it would be a reduction in fees. Second, it works to the advantage of those individuals that may not qualify for an unforeseen emergency withdrawal. For example, individuals that have not contributed for a couple of years and have a balance under \$5,000 and who need money from their account, but who do not qualify for a hardship withdrawal, would have access to their money. It will not impact a great majority of individuals within the Plan, but does allow some relief to those individuals that have the need to take a distribution.

Further questions and comments ensued.

It was agreed that increasing the \$3,500 threshold to \$5,000 would be an advantage and provide more flexibility to both the employee and the Committee.

Mr. Choice stated if the Committee wants to adopt this Plan, it could do so subject to such a change and he could resubmit the revised Plan with the change.

***ACTION BY: (Henken) approve the revised Plan document subject to changing the In-Service Distribution (De Minimis Accounts) from \$3,500 to \$5,000. 5-0***

**AYES:** Grimes, Henken, Kocourek, Murphy & Janes (Chair) – 5

**NOES:** 0

### GREAT WEST BENEFITSCORP

7. 02DC7 Second and Third Quarter Performance Reports regarding the Stable Value Asset Fund. **(INFORMATIONAL)**

B-349

**APPEARANCES:**

N'Kenza Whitlow and Jeff Fossier, Great West BenefitsCorp

Mr. Fossier and Ms. Whitlow reviewed the second and third quarter performance

**SCHEDULED ITEMS (CONTINUED):**

reports, copies of which are attached to the original of these minutes.

8. 02DC8 Participant communication regarding mutual fund short-term redemption fees.

B-590

**APPEARANCES:**

N'Kenza Whitlow and Jeff Fossier, Great West BenefitsCorp

Mr. Fossier wanted the Committee to be aware of the subject matter as all Plan participants will be advised of such information. He proceeded to explain that the reason this practice is being put in place is that mutual fund companies are concerned about the negative impacts of certain trading practices, including market timers and/or excessive traders. There have been renewed efforts by mutual fund companies in current market conditions to discourage these kinds of activities because market timing activities causes a plan to hold more cash than it may want to in order to handle increased redemption activity, and that potentially hurts the long-term results for other plan participants. Frequent trading activity also increases the expenses for the plan, which are passed on to all the participants.

Questions and comments ensued.

***The Committee took no action regarding this item, as it is an administrative function of Great West to notify Plan participants of such information.***

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

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This meeting was recorded on tape. Copies of communications, reports, etc., are attached to the original of these minutes, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 10:10 a.m. to 12:05 p.m.

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Adjourned,

**Lauri Henning**

Lauri Henning, Chief Committee Clerk  
Select Committee on Deferred Compensation

Select Committee on Deferred Compensation  
December 16, 2002

**SCHEDULED ITEMS (CONTINUED):**