

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

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, February 8, 2010 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

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

SCHEDULED ITEMS:

**** CLOSED SESSION ****

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

The Committee did not go into closed session.

1. 10DC01 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. 10DC02 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:10 The Chair gave an update on the quarterly report by providing projected expenses and revenues for 2010. He also pointed out that expenditures exceeded revenues due to the fee holiday. A 2010 budget plan was reviewed by the Committee.

Questions and comments ensued.

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

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

NOES: 0

SCHEDULED ITEMS (CONTINUED):

3. 10DC03 Fourth Quarter 2009 Performance Report from Ennis Knupp and Associates. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

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

00:06 Ms. Martinez stated that the fourth quarter was a good quarter. Positive returns were seen for bonds as well as equities. PIMCO continued to do well during the fourth quarter outperforming their benchmark, which was a result of an overweight allocation to mortgage backed securities as well as their continued focus on high-grade financials. T. Rowe Price Personal Strategy Funds also outperformed during the quarter. This was a result of their exposure to high-yield bonds as well as their positive securities selection and large cap value stocks. Four of the six active managers outperformed during the quarter.

Ms. Martinez continued to provide the Committee with an update as it relates to the Fourth Quarter 2009 Performance Report (copy attached to original minutes) by highlighting the following areas: the Market Environment (U.S. Market, International Market, and Bond Market), Fixed Income Funds, the investment outlook, and Ennis Knupp's view on current markets.

Questions and comments ensued.

The Committee took no action regarding this informational report.

4. 10DC04 From Ennis Knupp and Associates, Decade in Review. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

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

00:34 Ms. Nicholson stated that fortunately, 2009 ended the decade on a high note. There were very strong returns in the equity markets with tempered results in the bond market. When the decade opened, the first three years were very tough with significant double-digit negatives. Several positive years followed. The four annual negative returns seen this past decade, served to bring the ten-year U.S. Stock Market return into slightly negative territory. The only asset classes that really achieved strong returns were those that typically represent a pretty small portion of an investment portfolio, either in a retirement plan or unidentified benefit plan. Signs have been seen that imply the stock market is on its way to recovery. Those signs include the replenishing of inventory, fiscal and monetary policy, stabilization in the investment market,

SCHEDULED ITEMS (CONTINUED):

and increases in business confidence and investment confidence. The prognosis for 2010 is looking better.

The Committee took no action regarding this informational report.

5. 10DC05 From Ennis Knupp and Associates, U.S. Bond Index Fund Search report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

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

00:35 Ms. Nicholson stated Ennis Knupp feels a good way to structure a plan is to have different tiers or buckets available to participants. The first would be to help those participants that really do not want to make an asset allocation decision or are not sure of what to do. Target date retirement funds meet that need. The Plan currently has Reality Investing, which further helps those “do it for me” types of participants. The second tier would have a pretty plain index option. Participants that are concerned about fees or do not want to deal with the possibility of underperformance would benefit from an index tier or bucket. Being able to construct an asset allocation with index funds is a good thing. The recommendation is to complete the Plan’s index bucket by including a bond index fund. Great-West has six bond index funds available on their platform. Ms. Nicholson continued by explaining the three major components used in their evaluation process. The fund with the lowest expense ratio was Vanguard.

Questions and comments ensued.

ACTION BY: (Grady) Add Vanguard Bond Index Fund to Milwaukee County’s Deferred Compensation Plan. 5-0

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

NOES: 0

6. 10DC06 From Ennis Knupp and Associates, Investment Policy Statement Revisions.

APPEARANCES:

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

01:02 The Chairman stated last year, Baker Tilly/Virchow Krause did an outside review of the Plan. One of the items focused on was fiduciary best practices. That included a recommendation that the Investment Policy Statement be revised to reflect several changes. That effort has been lead by Ennis Knupp and that draft was also shared with Baker Tilly/Virchow Krause, who thought it

SCHEDULED ITEMS (CONTINUED):

was an excellent revision.

01:52 Ms. Nicholson walked the Committee through the changes, revisions, additions, and strikethroughs of the Plan Statement.

Questions and comments ensued.

ACTION BY: (Ceschin) *Accept revisions to the Milwaukee County Deferred Compensation Plan Statement of Investment Policy.*
5-0

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

NOES: 0

7. 10DC07 From Advised Assets Group, Fourth Quarter Stable Value Fund Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:11 The Chairman stated this is the quarterly summary on the Stable Value Fund including all of its holdings. The first quarter rate that is being credited to the Stable Value Fund holdings is 4.55%. A large portion of their holdings is due to mature in less than one year.

Discussion amongst the Committee ensued.

The Committee took no action regarding this informational report.

8. 10DC08 From Great-West Retirement Services, Fourth Quarter Report, 2009 Annual Plan Review, and 2010 Plan Enhancement Program. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Sue Oelke, Great-West Retirement Services

00:15 Ms. Oelke began by introducing new staff member Beth Anderson, who joined the local office in December. She reviewed the Fourth Quarter Report by discussing the retirement workshops held and survey results received on the retirement workshops. In addition, Great-West also held meetings with employees subject to involuntary separation (layoff) from County Service. Highlights of the report included enrollments, full distributions, inforce accounts, and rollovers into the Plan.

Questions and comments ensued.

12:10 Ms. Oelke continued with the 2009 Plan Review by summarizing Plan participation, account balance by participants, the number of investment option

SCHEDULED ITEMS (CONTINUED):

allocations and contributions, asset allocation and diversification, asset retention, and reality investing.

Questions and comments ensued.

- 18:21 Ms. Oelke wrapped up her presentation with the 2010 Plan Enhancement Program, which focuses on four main objectives that an education strategy will be built: participation, asset allocation, education and learning, and retiree outreach. This initiative encompasses a four-step process that includes create the Plan Enhancement Program, determine target initiatives, implement strategy, and an annual report card. Ms. Oelke reviewed each step of the process in detail.

Questions and comments ensued.

The Committee took no action regarding this informational report.

9. 10DC09 From Great-West Retirement Services, update on Target Date Fund rollout and participant communications.

APPEARANCE:

Sue Oelke, Great-West Retirement Services

- 00:12 Ms. Oelkie stated that Great-West wanted to extend the fund addition and elimination timeline further than initially proposed to give them more time to do a communication effort to ensure participants are informed and understand the difference between the two types of funds before they are defaulted. Everything is set and ready to go to bring the funds aboard. The communication effort will start with the first launch to be in the newsletter. The funds will be up on the website, but the official marketing campaign will be part of the first quarter newsletter. Individuals who are going to be defaulted will also receive a personal letter. The full communication effort entails placing this information in three newsletters and a personal letter sent to affected participants. Two of the newsletters will be prior to the transition and then one after. This information will also be displayed in a call-out box located on the websites' homepage letting participants know what is going on. Great-West is also exploring possible target messaging.

Questions and comments ensued.

The Committee took no action regarding this informational report.

10. 10DC10 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:
- May 10, 2010
 - August 2, 2010

SCHEDULED ITEMS (CONTINUED):

- November 15, 2010

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

00:04 The Chairman indicated that the next regularly scheduled meeting is May 10, 2010. He asked that anybody that has vacation plans that conflict with the August meeting date, please let him know in an effort to accommodate Committee Members' schedules.

The Committee took no action regarding this informational report.

This meeting was recorded. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes, along with the audio recording of this meeting, is available in the County Board Committee Services Division.

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

Adjourned,

Jodi Mapp

Committee Clerk

Select Committee on Deferred Compensation