

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

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, May 10, 2010 – 9:00 a.m.
Milwaukee County Courthouse - Room 203-P

MINUTES

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

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).

1. 10DC11 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.

Christopher Pollard, Plan Participant

APPEARANCES:

Chris MacGillis, Attorney
Christopher Pollard, Plan Participant

- 01:20 There was one appeal of the decision by the Plan Administrator to deny a request for hardship withdrawal.

ACTION BY: (Ceschin) Adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing Item #1. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the aforesaid item. 4-0

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

NOES: 0

The Committee convened into closed session at approximately 9:13 a.m. and reconvened in open session at approximately 10:11 a.m. The roll call was taken, and all Committee Members were present, with the exception of Ms. Russell who was excused.

SCHEDULED ITEMS (CONTINUED):

ACTION BY: (Grady) Approve the recommendation of the Plan Administrator to deny the appeal request based on the evidence presented. 4-0

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

NOES: 0

2. 10DC12 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:12 The Chair gave an update on the quarterly report detailing the current financial condition stating what was spent and what was taken in through May 5, 2010. He indicated the report includes the second quarter reconciliation from Great-West. As reflected, the fee holiday has continued from the second quarter of 2007, with the Committee's authorization to extend the fee holiday through the end of 2010. He discussed the mutual fund allowances as well.

Questions and comments ensued.

The Committee took no action regarding this informational report.

3. 10DC13 First Quarter 2010 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

00:22 Ms. Nicholson stated as far as the first quarter was concerned, the new year opened up on a pretty strong note. At the end of March, the U.S. Stock Market was up over 6%. One-year results were up over 50%. There was a nice rally within the U.S. Market. It then took a turn for the worse, which took away most of the results that were seen in the U.S. Stock Market. The non U.S. Markets' results, which had gained 2% over the first quarter of the year, are now negative. The markets rallied again and some of the gains are now offsetting some of the negative results. As far as the books are concerned, the first quarter is still considered a strong quarter. The negative results, though, were attributed to the situation in Greece. She went on to state one of the challenges for economy recovery continues to be unemployment.

Ms. Nicholson ended by comparing the U.S. Market to the non U.S. Market.

09:04 Ms. Martinez continued to update the Committee by providing information on PIMCO and detailing the Market Environment (U.S. Market, International Market,

SCHEDULED ITEMS (CONTINUED):

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. 10DC14 From Ennis Knupp and Associates, review of the Stable Value Fund.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Maritza Martinez, Ennis Knupp and Associates

Al Cunningham, Senior Director, Advised Assets Group

00:10 Ms. Nicholson stated Ennis Knupp, in general, feels that the Stable Value Fund is a pretty unique investment to defined contribution plans. The Stable Value Fund is a preferred alternative compared to a money market fund because the risk return profile is superior. There is a little bit of extra risk there, but the additional return compensates for it. The Stable Value Fund has been a good investment for participants. Historically, Stable Value Funds have been a pretty easy and low-stress investment for participants as well as Plan sponsors. That has continued to be the case for Milwaukee County. The Great-West Stable Value Fund's crediting rate remained stable and the market to book value ratio remained in a very reasonable range. It is currently very strong. The fund is unique because it is a separate account, and Great-West is the wrap provider for the fund. That type of structure actually helped the fund over the last several months.

06:40 Mr. Cunningham stated the strength of any Stable Value Fund is the quality of investments underneath it and recommended Milwaukee County's investment policy be revisited to ensure that the fund is being operated consistent with the Investment Policy Statement.

Questions and comments ensued.

The Committee took no action regarding this informational report.

5. 10DC15 From Ennis Knupp and Associates, a review of Reality Investing and Managed Account Services. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

SCHEDULED ITEMS (CONTINUED):

APPEARANCES:

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

00:10 Ms. Nicholson stated monitoring all service providers is an important fiduciary duty. In November, they reviewed the investment advice tool available to participants. The next step is Reality Investing, which is a managed account tool. Ennis Knupp is comfortable with the methodology for coming up with the advice, portfolios, and fund recommendations for specific participants based on their circumstances. Overall, having a managed account option is a good Plan feature. Having the counterpart product, the Target Date Retirement Fund, is also beneficial because it can be offered at a lower fee. It does not, however, have the same level of customization. A drawback to managed accounts is that extra layer fee. For some participants who really want that customized hands-on level of assistance, it is worth that extra money. The fees are comparative to peers in the industry.

Ennis Knupp continues to encourage Plan sponsors to have discussions with the providers about whether there is a more competitive fee schedule, especially as the utilization rates go up, as they have with Milwaukee County. Continuing to offer this product within the Plan is a benefit and the complimentary option of offering Target Date Retirement Funds round out the Plan options.

Questions and comments ensued.

The Committee took no action regarding this informational report.

6. 10DC16 From Ennis Knupp and Associates, a review of Vanguard Fair Value Pricing practices. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

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

00:09 Ms. Nicholson stated this item was also addressed at the last meeting of the Select Committee. Over the past couple of quarters, the Vanguard FTSE Index Fund experienced some tracking error. This is a result of Vanguard's use of fair value pricing, as well as the impact of fees and construction differences between the fund and the index.

The Committee took no action regarding this informational report.

SCHEDULED ITEMS (CONTINUED):

7. 10DC17 From Ennis Knupp and Associates, a review of Plan Fee Structures. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

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

00:12 Ms. Nicholson stated they looked at fees and investment option expense ratios versus mutual fund averages for those categories annually, which is a very good practice. She continued by reviewing fees, the structure that is in place, and stated that the annual Plan review will include a verification that the Plan is participating in the lowest cost share class possible.

Questions and comments ensued.

ACTION BY: (Ceschin) Explore and implement the five lower share classes for Washington Mutual Investors, Growth Fund of America, JP Morgan Diversified Mid-Cap Growth, Lord Abbett Developing Growth, and EuroPacific Growth. 4-0

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

NOES: 0

8. 10DC18 From Advised Assets Group, First Quarter Stable Value Fund Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Al Cunningham, Senior Director, Advised Assets Group

00:25 Mr. Cunningham stated overall objectives are to preserve principal, interest, and adequate liquidity. He indicated it has been quite a while since the investment policy was reviewed and updated and recommended that be done. Highlights of Mr. Cunningham's presentation included a Stable Value Fund Review, Great-West's management of the Stable Value Fund, key fund policies, current investment strategy, current portfolio structure, and historical results.

Questions and comments ensued.

The Committee took no action regarding this informational report.

9. 10DC19 From Great-West Retirement Services, First Quarter Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

SCHEDULED ITEMS (CONTINUED):

APPEARANCE:

Sue Oelke, Great-West Retirement Services

00:10 Ms. Oelke stated they have now included benchmarks in the report, along with goals set and how they are measuring up to those goals. She indicated there have not been a lot of changes. There have been a significant number of retirees and individual appointments, which has been utilizing the majority of their time. Services that include table outreach and individual appointments have been expanded.

Questions and comments ensued.

The Committee took no action regarding this informational report.

10. 10DC20 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- August 2, 2010
- November 15, 2010

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

00:01 The Chairman indicated that the next regularly scheduled meeting is August 2, 2010.

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: 9:10 a.m. to 11:43 a.m.

Adjourned,

Jodi Mapp

Committee Clerk
Select Committee on Deferred Compensation