

Chairperson: Steve Cady, 278-4347

Clerk: Carol Mueller 278-4228

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, August 2, 2010 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

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

EXCUSED: Rick Ceschin

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).

The Committee did not go into closed session.

1. 10DC12 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. 10DC13 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE(S):

Laurel Nicholson, Ennis Knupp and Associates

The Chair gave a brief overview of the report noting the number of Plan Participants has been holding steady. Discussion on the fee holiday ensued.

Ms. Nicholson stated that the fee structure would be reviewed as part of the annual review.

ACTION BY: (Grady) Extend the Administrative Fee Holiday through the first quarter of 2011. 4-0

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

NOES: 0

3. 10DC14 From Great-West Retirement Services, Second Quarter Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE

SCHEDULED ITEMS (CONTINUED):

COMMITTEE)

APPEARANCE(S)

Sue Oelke, Great-West Retirement Services

Charmaine Martin, Great-West Retirement Services

Ms. Oelke provided the members with examples of some new marketing initiatives. The Plan had a strong second quarter. The in-house staff has been split into two teams. Charmaine Martin meets with retirees in the office. This allows Beth Anderson to go out into the field for onsite programs. The target areas are Departments that have below average participation in the program. Outreach programs with new hires have produced good results.

There have been numerous retirement meetings along with a joint retirement workshop with the Employee Benefits Division. Great-West will continue to focus on and participate in these meetings.

Backdrop information is being related to potential retirees and the rollover of backdrop money to the 457 Plan is increasing. Great-West is focusing in this area and the results are paying off. Full distributions from the fund have been reduced with more retirees using the fund for rollovers.

Emergency withdrawals have increased in the second quarter and are expected to continue throughout the year. On a percentage basis this is still lower than the national average.

Great-West is focusing on ways to get employees involved in the program. They included the standard new employee orientation, lunch and learn and in the next quarter, the focus will be on investment seminars to inform participants of the options available.

Comments and questions ensued.

The Committee took no action regarding this informational report.

4. 10DC15 From Advised Assets Group, Second Quarter Stable Value Fund Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

The Chair gave a brief overview of the report. He noted the ratings are AA+. The third quarter credited rate was 4.35%, slightly down from 4.50% for the second quarter. In the Stable Value Fund 79% of the portfolio was rated AAA.

The Committee took no action regarding this informational report.

SCHEDULED ITEMS (CONTINUED):

5. 10DC16 From Ennis Knupp and Associates, Second Quarter Market Recap presentation.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCE(S):

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

Items 5 and 6 were discussed together.

Ms. Nicholson stated the global stock market has remained volatile. Housing markets and retail sales were lower than expected. There is still a small growth rate but it has slowed down from previous quarters. Federal economist predictions are unusually uncertain. Inflation expectations continue to increase.

Latest stock results show utilities and telecom stocks doing the best but all are down. Big name stocks are down 2%.

International stock under performed. The U.S. investor's dollar appreciated in July. Non U.S. stocks were about flat with a disappointing fiscal imbalance.

There is concern on Vanguard FTSE performance. The fund will be monitored to ensure that its tracking error versus its benchmark meet expectations.

Long-term results for the Stable Value Fund are pretty good. The portfolio shows approximately 50% of the Plan's assets are invested in the Stable Value Fund.

For next quarter the annual Plan review will included performance and benchmarking.

The Committee took no action regarding this informational report.

6. 10DC17 Second Quarter 2010 Performance Report from Ennis Knupp and Associates.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

See Item 5 for discussion and Committee actions.

7. 10DC18 From Ennis Knupp and Associates, proposed revisions to the Investment Policy Statement guidelines for the Stable Value Fund.

APPEARANCE(S):

Laurel Nicholson, Ennis Knupp and Associates

SCHEDULED ITEMS (CONTINUED):

Based on responses from the last meeting the guidelines for the Stable Value Fund have been clarified, tightened up and expanded. These changes lead to more transparency.

The Chair noted that the IPS references the Stable Value Fund and should be tied in to reflect the changes in the guidelines.

A discussion ensued on transfer restrictions. There is a need to verify that the investment policy statement and the contract documents read the same.

Diversification of the portfolio is limited within different categories of investments.

A report on compliance of the guidelines will be added and presented on a quarterly basis. At this time Moody's and S&P will be recognized as the rating agencies.

ACTION BY: (Grady) Refer the new guidelines to Deferred Compensation outside attorney to review. Staff will review the findings and present them at the next meeting for action. 4-0

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

NOES: 0

8. 10DC19 From Ennis Knupp and Associates, a discussion of its recent acquisition by Hewett Associates. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE(S):

Laurel Nicholson, Ennis Knupp and Associates

As a firm this is big news for Ennis Knupp. The transaction will be completed within the next couple of weeks. There will be no change on how they serve their clients. Hewett will have more investment research abilities. On the defined benefits side, they will offer more pension risk management tools.

Firms that are reviewed and in the investment portfolio receive no compensation. Hewett does offer record keeping services to plan sponsors. This will be noted, but does not relate to compensation.

This may be the first step in the acquisition. Discussions between Hewett regarding becoming part of AON are ongoing. No details can be offered at this time.

SCHEDULED ITEMS (CONTINUED):

It will be up to the Committee to evaluate the performance in the future to ensure it meets the standards needed for the Plan.

The Committee took no action regarding this informational report.

9. 10DC20 From Ennis Knupp and Associates, a proposed contract extension for the period October 1, 2010 through September 30, 2011.

APPEARANCE(S):

Laurel Nicholson, Ennis Knupp and Associates

The current contract expires before the next meeting of November 2010. Ennis Knupp has not been formally evaluated since they have been hired. This may be a good time to go through the bidding process. The proposal is for a fee increase of three percent with a 30-day termination clause. This would stay in effect until the request for proposal process has been completed and a vendor selected.

The Chair asked for the pleasure of the Committee if they would like to proceed with just an RFP, extension of the contract on a month-to-month basis, or both the RFP and contract.

ACTION BY: (Walker) Have staff prepare a request for proposal for a new plan administrator, reviewed by the Committee. Extend the current contract with Ennis Knupp and Associates on a month-to-month basis. 4-0

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

NOES: 0

10. 10DC21 From Ennis Knupp and Associates, Client Conference invitation.

APPEARANCE(S):

Laurel Nicholson, Ennis Knupp and Associates

This packet includes an invitation to their conference that meets every 18 months.

The Chair recommended that Committee members attend the conference if possible. This enables the members to remain current on fiduciary training, education and stay abreast of what is going on in the industry.

ACTION BY: (Grady) Authorize the members to attend the conference in Chicago on September 1 & 2 with associated expenses covered by the Plan. 4-0

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

NOES: 0

11. 10DC22 2010 National Association of Governmental Defined Contribution Administrators

SCHEDULED ITEMS (CONTINUED):

(NAGDCA) Conference.

The Chair informed the Committee that the annual NAGDCA conference starts September 11, 2010, in Philadelphia. A fee break on registration is available if made prior to August 6, 2010. Reservations are necessary if members plan to attend.

ACTION BY: (Grady) Authorize the members to attend the NAGDCA conference with associated expenses covered by the Plan. 4-0

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

NOES: 0

12. 10DC23 Next regularly scheduled meeting of the Select Committee on Deferred Compensation: **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

- November 15, 2010

The Chair indicated that the next meeting would be November 15, 2010. He will prepare a quarterly schedule for 2011. The dates will be on Mondays with the schedule similar to this year. Consideration will be given to holidays. He will send out an email for comments.

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: 9:05 a.m. to 10:45 a.m.

Adjourned,

Carol Mueller

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.