

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

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, May 19, 2008 – 1:00 p.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. 08DC12 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.

00:33 **There were no appeals.**

2. 08DC13 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan.

00:12 The Chairman reviewed the budget report (copy attached to original minutes) highlighting the fee reconciliation details.

Questions and comments ensued.

ACTION BY: (Grady) Extend the Administrative Fee Plan Holiday an additional quarter through the third quarter of 2008. 5-0

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

NOES: 0

SCHEDULED ITEMS (CONTINUED):

3. 08DC14 First Quarter 2008 Performance Report from Ennis Knupp and Associates.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

00:12 Ms. Nicholson began her presentation by distributing a report titled "Update on Current Market Challenges – May 2008" (copy attached to original minutes). She stated when 2008 started, it was a very difficult time for investors. There were widespread losses across all the major market segments. In fact, eight of the nine major market segments registered losses during the first quarter with the only exception being transportation stocks, which have a 3% gain and represent only about 2% of the overall market. She indicated the market began to look better for the months of April and May. Areas of the report highlighted included the 2008 investment environment (U.S. Market, International Market, and Bond Market), the Chicago Board Option Exchange (CBOE) volatility index, historical periods, the Non-U.S. Stocks currency effect, emerging markets, U.S. Bonds yield curve, the credit market crisis, the subprime market crisis, the action taken by the Federal Reserve, stagflation, the investment outlook, and Ennis Knupp's view on current markets.

Ms. Nicholson provided the Committee with an update as it relates to the First Quarter 2008 Performance Report (copy attached to original minutes). She distributed Preliminary Return Summaries ending April 30, 2008, to the Committee (copy attached to original minutes) and gave an overview summary of fund performance for Milwaukee County's Plan. She detailed all the funds that returned negative performance during the first quarter and under performed their benchmarks.

Questions and comments ensued.

The Committee took no action regarding this informational report.

4. 08DC15 From Advised Assets Group, quarterly report on the Stable Value Fund.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

00:11 The Chairman explained the report stating it is the quarterly report on the Stable Value Fund (copy attached to original minutes). He reviewed the summary page which covered the rates being applied and credited to participants and included an itemized listing of all the underlying holdings.

The Committee took no action regarding this informational report.

SCHEDULED ITEMS (CONTINUED):

5. 08DC16 Memo from Ennis Knupp and Associates, regarding Institutional Class share offering from Heartland Value Fund investment fund.

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- 00:16 Ms. Nicholson indicated that on May 1, 2008, Heartland Funds launched a new share class of the Heartland Value Fund. It is an institutional version of the fund Milwaukee County currently offers. The difference between the two is the lower expense ratio that is applied to the institutional share class, which effects the revenue sharing that is made available to the Plan.

Questions and comments ensued.

ACTION BY: (Ceschin) Approve the recommendation by Ennis Knupp and Associates as set forth in their memo dated May 12, 2008, to change the share class for the Heartland Value Fund to the newly offered institutional share class. 5-0

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

NOES: 0

6. 08DC17 From Great-West Retirement Services, first quarter summary activity report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Sue Oelke, Great-West Retirement Services

- 00:12 Ms. Oelke introduced Great-West's new marketing initiative campaign by distributing piggy banks to the Committee as part of a new overall strategy for Milwaukee County. The reason for the marketing campaign is to peak participant's interest and to try to get people to attend benefits fairs. She reviewed the quarterly report (copy attached to original minutes) discussing in detail Great-West's new outreach initiatives, enforce accounts, contributions vs. distributions, and roll-ins. Ms. Oelke also distributed a meeting schedule (copy attached to original minutes). She explained the meeting schedule is something new and has already gone live on the website. There is now an icon on the homepage that says "Upcoming Meeting Schedule" that will enable employees to see where meetings are going to be held. The web team has agreed to update this document weekly, so these schedules will post every week. Ms. Oelke indicated that it is Great-West's hope that if they use the web more as a resource, it will encourage employees to use the website a little bit more.

Questions and comments ensued.

SCHEDULED ITEMS (CONTINUED):

The Committee took no action regarding this informational report.

7. 08DC18 From Great-West Retirement Services, update on web site enhancements for enrollment and deferral changes. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Sue Oelke, Great-West Retirement Services

00:03 Ms. Oelke made reference to the project that involved going to a paperless deferral change environment. This project was previously approved pending the interface with Ceridian, which is now complete. She also discussed the future dated deferral project, which is an initiative the corporate office is working on. It will allow participants to change their deferral amounts online, using the voice recognition system, or through calling the call-center. That information will go into the database and filed electronically to Ceridian. Ceridian will then make the change, and the file will come back and be uploaded onto Great-West's system. A test file has been sent to Ceridian with programming changes to meet their specifications. It is now a matter of Ceridian approving the file as clean. Great-West does not anticipate any problems with the file. Once it is fully tested, the goal is to introduce the enhancement in the newsletter.

Ms. Oelke indicated the future dated deferral project actually encompasses several different components that participants will have the ability to control. The first component is future dated ongoing deferrals. This means a participant can go into the website, use the voice recognition system, or call the customer service line and change their deferral amount effective a certain date up to six months in advance. That information will be put into the cue, and when they send the file for that particular date for deferral changes, it will be picked up and moved on to Ceridian. The second component is a single payroll change. It will enable a participant to designate a specific amount to be deducted from a specific paycheck. This information will be stored in the database and shipped to Ceridian. The only paycheck that will be affected is the paycheck specified. The third component involves scheduling. It allows participants to schedule to have their deferrals increased by any percent at a certain time every year. Every year the date selected comes around, the deferrals will increase by the percentage designated. Participants themselves would have to go in and actively choose to stop it. The last component is the ability to be able to cancel whatever the participant chooses on their account. The goal is to go live with these enhancements sometime in July or August, which would be the third quarter.

Questions and comments ensued.

The Committee took no action regarding this informational report.

SCHEDULED ITEMS (CONTINUED):

8. 08DC19 From Great-West Retirement Services, update on recordkeeping beneficiary project. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Sue Oelke, Great-West Retirement Services

- 00:01 Ms. Oelke stated participants received a beneficiary change form with the last newsletter informing them to re-submit their beneficiaries. As of May 13, 2008, approximately 1,100 people responded and returned their forms. This effort will continue. Beneficiaries will now be displayed on quarterly statements. All forms received before June 13, 2008, will be entered into the database and beneficiaries selected will appear on the July 2008 statements. The second quarter newsletter will include another article to encourage people to complete their beneficiary forms. In November, a special letter with a form will be sent to participants who have not responded. If someone dies in the interim, beneficiary information will be confirmed from hard copy files that are kept in the on-site office to process death claims. This is an effort to move to a more electronic system to allow the corporate office to take over the responsibility of processing death claims rather than having the local office handle them.

Questions and comments ensued.

The Committee took no action regarding this informational report.

9. 08DC20 From Reinhart Boerner Van Deuren, recommending a change to the Milwaukee County Plan of Compensation Governing Document related to distributions.

APPEARANCE:

Ben Choice, Reinhart Boerner Van Deuren

- 00:30 Mr. Choice stated he would be addressing the question as to whether there was an excise tax applied to in-service distributions taken by participants from their rollover accounts. Rollover accounts are comprised from monies rolled over from a participant's prior employer or from their Milwaukee County Pension Plan into Milwaukee County's 457 Plan. This is a totally separate account from the amount contributed through payroll deduction. Money taken out of that rollover account early is subject to an excise tax. Under the Internal Revenue Code, there is an excise tax that applies to early distributions from certain retirement plans. It is a 10% excise tax. This tax normally does not apply to 457 plans. Mr. Choice indicated his firm concluded it does apply to amounts that are rolled in from another pension plan and then are distributed early. Early is defined as before age 55, if they have terminated employment, or age 59 and ½, if they haven't terminated employment. Mr. Choice stated there are various exceptions, but the

SCHEDULED ITEMS (CONTINUED):

bottom line is this tax would apply to distributions from that rollover account if they are taken early.

Mr. Choice went on to explain that there was also a question as to whether Milwaukee County's Plan did allow in-service distributions from a rollover account at any time. With a normal account, which is comprised of deductions through payroll, you generally have to wait until you retire or terminate employment. With rollover accounts, distributions are allowed at any time including while you are still employed and regardless of the amount. The amendments submitted (copy attached to original minutes) will specifically address that practice because it was not expressed in the Plan document.

Mr. Choice reviewed a series of six amendments submitted and indicated they are all related to IRAs and distributions.

Questions and comments ensued.

ACTION BY: (Grady) Approve Plan Amendments as outlined in the document submitted by Reinhart Boerner Van Deuren. 5-0

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

NOES: 0

10. 08DC21 2008 National Association of Governmental Defined Contribution Administrators (NAGDCA) Conference.

00:09 The Chairman indicated he sent the Committee members an e-mail regarding this year's NAGDCA Conference. He stated that as members of NAGDCA who serve as fiduciaries on the Plan, the conference is a good opportunity to receive specialized training. The 2008 conference will be held September 13, 2008, through September 17, 2008, in Baltimore, Maryland.

ACTION BY: (Grady) Authorize and approve Committee members to attend the 2008 NAGDCA Conference and be reimbursed for travel, lodging, registration fees, and all other related expenses. 5-0

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

NOES: 0

11. 08DC22 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- July 28, 2008
- November 17, 2008

SCHEDULED ITEMS (CONTINUED):

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

00:02 The Chairman indicated that the next two regularly scheduled meeting dates of the year for the Committee are listed. He indicated he would be contacting Committee members regarding the 2009 meeting schedule to assist in planning ahead, which makes it easier for the out of town consultants.

The Committee took no action regarding this informational item.

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 the meeting, is available in the County Board Committee Services Division.

Length of meeting: 1:01 p.m. to 3:00 p.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation