

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

**SPECIAL
SELECT COMMITTEE ON DEFERRED COMPENSATION**

Thursday, August 27, 2009 – 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:

1. 09DC33 From Baker Tilly, (formerly Virchow Krause) Milwaukee County Deferred Compensation Plan Review.

APPEARANCES:

Wayne Morgan, Partner, Baker Tilly
Chris Tait, Baker Tilly
Thad Rolling, Baker Tilly
Marc Mcdowell, Baker Tilly

- 00:01 The Chairman indicated that this is a special meeting to evaluate and assess the 2008 Milwaukee County Deferred Compensation Review that was put together by Baker Tilly formerly Virchow Krause.
- 00:27 Mr. Morgan stated Baker Tilly is contracted for three years for consulting services. This project is intended to be flexible in order to analyze the technical adherence to policy procedure controls and to look for value points mutually. The Baker Tilly team, along with the Chair, came up with a work plan that looks at both the technical in areas from a fiduciary standpoint and also mutually agreed value points. From a fiduciary standpoint, the Committee can be given information that will help them to discharge their responsibilities. Mr. Morgan emphasized that this was not an audit of the financial statements or an audit of the system of internal control. Those audits can be somewhat narrow in scope, very focused, and large engagements. This project falls under the consulting standards and looks for key processes and procedures that are very vital to the day-to-day operations of the Plan. Once the key areas have been identified, they look at the processes and procedures under those areas, make observations and recommendations, and report on material weaknesses, although they are not auditing for them. In addition, they look for more non-traditional value added areas. The first year was very tactical. They took a hard look at the processes,

SCHEDULED ITEMS (CONTINUED):

procedures, and compliance. The second year (this year) they looked at three macro-scope areas: compliance review, payroll process review, and fiduciary assessment, which are fiduciary best practices around investment stewardship. Mr. Morgan concluded by stating overall, the control environment and governance is adequate and well structured for this Plan.

Questions and comments ensued.

- 06:01 Mr. Tait briefly discussed three distinct areas (compliance review, payroll process review, and fiduciary assessment), the objectives, and the points of emphasis for these areas. He detailed the findings of the compliance review, the 20 tests that were applied, and the scope of the review. Out of the 20 tests, three had reportable results. They include (Section) County Fiduciary Responsibility/(Subsection) IRS 457(b) Compliance, (Section) Great-West Plan Compliance/(Subsection) Record Keeping, and (Section) Withdrawals/(Subsection) Timeliness.

Questions and comments ensued.

- 20:10 Mr. Rolling highlighted the payroll process review performed and broke that review down into three categories. They are data flow, the processes themselves, and reporting. He discussed changes in the processes including most notably, the online deferral changes and beneficiary recordkeeping. Based upon the procedures performed, the review identified improvement opportunities in the areas of online deferral, online enrollment, and special catch-up process, which Mr. Rolling discussed in detail.

Questions and comments ensued.

- 45:35 Mr. Mcdowell presented the fiduciary assessment portion of the report and explained the purpose of the assessment was to assist the Committee and the County in analyzing how well the investment management process is overseen. He discussed guidelines (and the establishment of those guidelines) and prudent practices. There are 22 practices 18 of which apply to a defined contribution participant directed plan. Their executive summary determined that the Committee is doing an excellent job of overseeing the Plan. Their overall opinion was very positive. The review did, however, determine six different areas where they saw opportunities for improvement. They include identified plan fiduciaries, defined policies and procedures to manage potential conflicts of interest, the existing investment policy statement is lacking coverage and/or sufficient detail in several important areas, formal due diligence procedures for selecting investment options do not currently exist within the investment policy statement, the current program providing advice to participants does not meet the requirements to receive fiduciary adviser "safe harbor" protection, and evidence of insurance

SCHEDULED ITEMS (CONTINUED):

coverage is not available in writing. They found no areas where there was non-conformance. Mr. McDowell continued by discussing the areas of impact where they found full satisfaction.

Questions and comments ensued.

The Committee took no action regarding this informational report.

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

- November 16, 2009
- February 8, 2010
- May 10, 2010
- August 2, 2010
- November 15, 2010

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

The Chairman reminded the Committee that the next regularly scheduled meeting is November 16, 2009.

The Committee took no action regarding this informational item.

This meeting was recorded. 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: 9:04 a.m. to 11:00 a.m.

Adjourned,

Jodi Kapp

Committee Clerk
Select Committee on Deferred Compensation