

**CITY OF MILWAUKEE
DEFERRED COMPENSATION PLAN
ADMINISTRATIVE RULES**

MISSION STATEMENT:

To facilitate and help City of Milwaukee employees save assets adequate and appropriate to enable City employees to retire at the desired time, to retire with dignity, and to enjoy sufficient income throughout retirement.

DEFINITIONS:

AAII: Administrative Assistant II

AC: Appeal Committee

AWA: Alternative Working Arrangement Policy

Board: Board for the City of Milwaukee 457(b) Deferred Compensation Plan for Governmental Employees

CEC: Communication and Education Committee

Chair: Board or Committee Chair, unless otherwise specified

City: City of Milwaukee

ED: Plan's Executive Director

DCPC: Deferred Compensation Plan Coordinator

EFC: Executive Finance Committee

PC: Personnel Committee

Plan: City of Milwaukee 457(b) Deferred Compensation Plan for Governmental Employees

Trustee: Any Board member

I. GENERAL

- A. Priority of Documents. In the case of any conflict between these Administrative Rules, the Plan's Master Agreement, Operating Procedures, Investment Policy Statement, and/or Investment Management or other Plan vendor contracts, the documents shall have the following order of precedence:
1. Master Agreement
 2. Investment Policy Statement
 3. Investment Manager and Plan vendor contracts
 4. Operating Procedures
 5. Administrative Rules
- B. Robert's Rules. Except as otherwise noted herein, Robert's Rules of Order shall apply to and govern all Board and Committee procedures, administration, meetings, and other operations. Such Rules may be suspended for any reason by a vote of three-quarters of the Board or Committee in session.

- C. Board Composition. The Board shall be comprised of members according to City Ordinance Section 320-17.
- D. Elections. The Board shall conduct an election at the first meeting of each year to elect a Chairperson and Vice-Chairperson of the Board to serve for a calendar year.
- E. Secretary. The ED shall serve as Secretary to the Board and is responsible for the preparation and distribution of Board meeting agendas and meeting minutes.
- F. Public Records Law. Wisconsin's Public Records Law, Wisconsin Stat. §§ 19.31-19.39, applies to Board and Plan records, including the records of Board and Plan vendors.
- G. Meetings.
 - 1. Scheduling Board Meetings. Regular meetings of the Board shall be scheduled by the ED quarterly, on the third Thursday of the second month following the end of each quarter. Regular meetings of the Board shall not be rescheduled, unless a majority of the Board votes to reschedule a specific meeting or if a quorum cannot be met. Special meetings of the Board may be held at the call of the Board Chairperson as deemed appropriate and necessary. In addition, a special meeting of the Board may be called at the request of any three Board members. The ED shall be responsible for coordinating the scheduling of all special meetings of the Board.
 - 2. Agendas. Agendas for Board and Committee meetings shall be established by the Board or Committee Chair and in their absence or unavailability, by the Board or Committee Vice-Chair. Any Board member, Plan participant, or other party must submit any item, document, or issue for consideration for inclusion on any Board or Committee agenda at least five business days prior to such Board or Committee meeting, unless such meeting has been noticed for less than five business days, in which case the Board or Committee Chair in his/her sole discretion shall determine whether to consider any item, document, or issue for inclusion on any agenda. Agendas and accompanying documents shall be submitted to Trustees as practicable at least three business days in advance of a meeting.
 - 3. Wisconsin's Open Meetings Law, Wis. Stat. §§ 19.81-19.98, applies to Board and Committee meetings, as well as Plan business generally.
 - 4. Recordation of Meetings. All open session meetings shall be recorded and the recordings maintained in accordance with the Plan's records retention schedules. Closed sessions shall be presumptively recorded, unless, once the meeting is in closed session, a Board or committee member objects. If such objection is made, discussion may proceed at the Chair's discretion while the recording continues. At the conclusion of the discussion, a vote as to whether to continue recording the closed session shall be taken and a

majority vote will prevail. When the meeting reconvenes in open session, the meeting shall again be recorded.

5. Minutes. Meeting minutes shall be in summary form and shall note precisely motions, seconds, final votes, objections, and roll call votes (identifying the identity of the moving, seconding, and objecting parties, as well as each member's vote in a roll call vote). The minutes shall include general descriptions of instructions to staff and vendors and summaries of critical discussion at the discretion of the ED. The minutes shall include time stamps (from the recording) for all agenda items, motions, votes, instructions, and critical discussions.
6. Appearance and Voting by Phone. Trustees may appear at any meeting by conference call or other electronic real-time method and any Trustee so appearing shall be counted for quorum purposes and shall be permitted to vote.
7. Proxy Board and Committee Voting. Trustees may not vote in absentia by proxy.

II. EXECUTIVE FINANCE COMMITTEE (EFC)

- A. The EFC shall be a permanent committee, comprised of the City Attorney (or his/her designee), City Comptroller (or his/her designee), City Treasurer (or his/her designee), and two Board members appointed by the Board Chairperson. Only permanent and officially-appointed members may vote.
- B. The EFC shall conduct an election at its first meeting subsequent to the first Board meeting of the year to elect a Chairperson and Vice-Chairperson of the EFC to serve a calendar year.
- C. The EFC shall meet at least once each quarter no later than five business days prior to the quarterly Board meeting. A schedule of meetings for the next calendar year shall be adopted by the EFC at its last meeting of the calendar year. Regular meetings of the EFC shall not be rescheduled, unless a majority of the EFC votes to reschedule a specific meeting. Additional meetings of the EFC may be held at the call of the EFC Chairperson as deemed appropriate and necessary. The ED shall be responsible for coordinating the scheduling of all meetings of the EFC.
- D. The EFC shall serve as the working committee of the Board, making recommendations to the Board on those matters referred to it by the Board, or brought to its attention. The Board may delegate full authority to the EFC to complete tasks, without bringing such matters back to the Board. This authority extends to matters of administrative execution and not matters of Plan policy. For example, the EFC may negotiate contracts or review and approve investment selections and/or investment manager selections, as limited by the Guidelines.

- E. The EFC Chair or Vice-Chair shall report to the Board quarterly on the Committee's activities.
- F. The ED shall provide each Board member with an EFC meeting agenda and all relevant materials related to the EFC agenda no later than three working days prior to a scheduled meeting of the EFC.

III. COMMUNICATION AND EDUCATION COMMITTEE (CEC)

- A. The CEC shall be an ad hoc committee, comprised of five Board members appointed by the Board Chair. Only officially appointed members may vote.
- B. The CEC may conduct an election at its first meeting subsequent to the first Board meeting of the year to elect a Chairperson and Vice-Chairperson of the CEC to serve a calendar year.
- C. The CEC may meet at least once each quarter no later than five business days prior to the quarterly Board meeting or otherwise as appropriate and necessary. A schedule of meetings for the next calendar year may be adopted by the CEC at its last meeting of the calendar year. The ED shall be responsible for coordinating the scheduling of all meetings of the CEC.
- D. The CEC may be delegated with tasks and issues by the Board, may report to the Board, and may make recommendations regarding Plan communication and education strategies that support and forward's the Plan's mission statement, which may include initiatives that:
 - 1. Ensure participants understand the Plan and its investment options;
 - 2. Provide participants with education regarding financial topics independently or in conjunction with similar efforts by other City departments, City programs, or the City of Milwaukee Employees' Retirement System, if any.
 - 3. Assist Board members to understand and fulfill their fiduciary responsibilities.

IV. APPEAL COMMITTEE (AC)

- A. The AC shall be a permanent committee, comprised of five Board members, elected by the Board at the Board's first meeting of the calendar year by a simple majority. The members of the Appeal Committee may be proposed and elected by slate or individually, at the Board's preference.

- B. A three-person subgroup of the AC shall meet as necessary; when hardship appeals are received by the ED (see Operating Procedures).

V. **PERSONNEL COMMITTEE (PC)**

- A. The PC shall be a permanent committee, comprised of the following five Board members: Board Chair, Director of Employee Relations (or his/her designee), Chairperson of the Common Council's Finance and Personnel Committee (or his/her designee), the City Attorney (or his/her designee), and the EFC Chair. If necessary, one or additional Board members shall be appointed to the PC by the Board Chairperson (i.e., if an *ex officio* PC member elects not to serve on the PC or if an *ex officio* member is also the EFC Chair), so that total number of PC members equals five. Only permanent and officially appointed members may vote.
- B. The PC shall conduct an election at its first meeting subsequent to the first Board meeting of the year to elect a Chairperson and Vice-Chairperson of the PC to serve a calendar year. The Chair of the PC shall appoint a Secretary to serve a calendar year.
- C. The PC shall meet at least twice per year at the call of the PC Chairperson. The ED shall be responsible for coordinating the scheduling of all meetings of the PC.
- D. The PC shall report to the Board and shall be responsible for:
 - 1. Setting staff performance standards.
 - 2. Monitoring staff performance by, for example, collecting information from relevant sources, including Board members and Plan vendors.
 - 3. Providing staff members with a performance review and the opportunity to provide feedback regarding that review.
 - 4. Documenting staff performance reviews and maintaining the records and files of the PC.
 - 5. Recommending taking disciplinary action to the Board when necessary.
 - 6. Addressing any other personnel management issues that may arise.

VI. PERSONNEL POLICIES

- A. City Ordinances and Policies Apply. Except as expressly stated below, the Executive Director (“ED”) position, the Deferred Compensation Plan Coordinator (“DCPC”) position, and the Administrative Assistant II (“AAII”) position are governed by applicable City ordinances, including but not limited to the positions ordinance, Chapter 350, salary ordinance, and policies promulgated by the Department of Employee Relations (“DER”). The ED, DCPC, and AAII are City employees and accordingly, are subject to all applicable terms and employment conditions authorized in such ordinances and policies.
- B. ED Position.
1. Hiring, Discharge, and Compensation. At any time that the ED position becomes vacant, the Board may request that the position be made exempt by action of the City Service Commission (CSC). If the City Service Commission exempts the position, then the Board shall select and appoint an ED who will serve at the pleasure of the Board. The compensation for the ED is determined by the applicable provisions of the salary ordinance. The Board or PC may request or recommend changes to the pay range or other pay practices for the ED position. Such changes are subject to review and approval by the DER, the CSC, and the Common Council, as applicable under CSC rules and City ordinances.
 2. Job Duties.
 - The ED is a fiduciary to the Plan and serves as the Plan’s key administrative officer and Board secretary.
 - The ED is the public face of the Plan and oversees all key Plan operations and vendor relationships.
 - The ED is responsible for reporting to the Board and its Committees on important Plan developments and issues.
 - The ED is responsible for finalizing all Board and committee agendas, preparing Plan operating budgets, overseeing the preparation of financial statements, overseeing an annual audit, implementing and overseeing Plan project management, requesting and synthesizing legal opinions (whether provided by the City Attorney’s Office or outside counsel), oversight of all Plan vendors (including all consultants, investment managers, custodial bank, record-keeper/third-party administrator, outside legal counsel, insurance providers, etc.), oversight of participant education and communications in conjunction with other Board committees, oversight of the processing of participant contributions through payroll deductions, distributions at separation from service, and assisting participants with enrollment, distribution and deferral elections, and Qualified Domestic Relations Order (QDRO)/loan/hardship application processing.

- In addition, the ED is responsible for assisting the Board with the establishment of Board governance best practices and fiduciary training.
- The ED also oversees and implements Plan investment line-up reviews, investment performance analysis, fee analysis and regular fee disclosures to participants, and Plan administration policy changes.
- The ED is also responsible for staying abreast of key regulatory and investment product developments, for both ERISA qualified and non-qualified plans.
- The ED shall also oversee the maintenance and gathering of relevant participant participation, savings, and demographic data, as well as overseeing participant financial educational programming.
- The ED responds to unusual or particularly complex participant complaints or inquiries as required.
- The ED is also responsible for overseeing the maintenance of Plan records in conformance with applicable state and local public records law, as well as responding to records requests and other press inquiries.
- The ED reviews and approves all vendor invoices, and oversees vendor contract compliance with the assistance of the City Attorney's Office.
- The ED may make contract extension or amendment recommendations to the Board. The ED may also make Plan organizational document amendment recommendations to the Board.
- The ED will develop and implement, with the assistance of a consultant where appropriate, all Plan vendor searches, whether via Requests For Proposals (RFP), Requests For Information (RFI), Requests For Quotes (RFQ) or via another process, and will assist the Board's evaluation of responses.
- The ED supervises, assigns, and reviews the work of the DCPC and AAIL.

C. Deferred Compensation Plan Coordinator (DCPC) Position.

1. Hiring, Firing, and Compensation. The DCPC position is a civil service position and subject to CSC rules. The ED serves as the appointing authority. The compensation for the DCPC is determined by the applicable provisions of the salary ordinance. Changes to the pay range or other pay-related practices for the DCPC may be requested by the Board or the PC. Such changes are subject to review and approval by DER and the Common Council.
2. Job Duties.
 - The DCPC is a fiduciary to the Plan and executes numerous complex administrative functions in support of and at the direction of the ED and the Board.
 - The DCPC develops and maintains detailed procedures for all key Plan functions and operations; ~~helps~~ ensures vendors operate in compliance

with Plan governance documents; ~~helps~~ ensures highest levels of day-to-day participant service and serves as a key liaison between participants and appropriate Plan vendors.

- The DCPC manages participant payroll contribution processing management and monitors catch-up payment eligibility and separation from service distributions.
- The DCPC also assists participants with enrollment, distribution and deferral elections.
- The DCPC is responsible for payroll processing for Plan staff.
- The DCPC reviews and maintains vendor invoices and executes payment processing.
- The DCPC assists with Plan budget oversight and coordination.
- The DCPC oversees updates to and compliance with records retention policies, and respond to open records requests.
- The DCPC assists with oversight and administration of all Plan governance documents (Master Agreement, Administrative Rules, and Operating Procedures).
- The DCPC responds to participant (i.e., customer) phone call and in-person inquiries, assists participants with hardship and QDRO and loan applications, and vendor follow-up in response to participant inquiries.
- The DCPC reviews and summarizes vendor contracts, alerting the ED to near-term contract expirations, and oversees full execution of contracts and amendments.
- The DCPC assists with financial statement and annual audit coordination.
- The DCPC coordinates and assists with trustee and third-party communications.
- The DCPC is primarily responsible for the City-maintained Plan website.
- The DCPC, on occasion, will liaise with the record-keeper as to information system compatibility and upgrades.
- The DCPC will compile, at the ED's direction, educational materials for Board Trustees.
- The DCPC assists with oversight and planning of participant enrollment, retirement readiness and other educational sessions with record-keeper.
- The DCPC maintains familiarity with regulatory developments both for ERISA and non-ERISA plans as well as make suggestions related to plan governance.

D. Administrative Assistant II (AAII) Position.

1. Hiring, Firing, and Compensation. The AAII position is a civil service position and subject to CSC rules. The ED serves as the appointing authority. The compensation for the AAII is determined by the applicable provisions of the salary ordinance. Changes to the pay range or other pay-

related practices for the AAI may be requested by the Board or the PC. Such changes are subject to review and approval by DER and the Common Council.

2. Job Duties.

- The AAI provides sophisticated clerical and administrative support to the ED, DCPC and the Deferred Compensation Plan Board including, but not limited to, maintaining calendars, receiving and screening visitors, telephone calls, correspondence, and e-mails, routing and handling mail and correspondence, and composing routine correspondence.
- The AAI coordinates all administrative aspects of regular and special Board, EFC, and other committee meetings; schedules and arranges for meetings, prepares, publishes and posts agendas and meeting minutes; follows up on projects and assembles and distributes Board and Committee meeting packets.
- The AAI ensures operation of required office equipment by completing preventative maintenance requirements, troubleshooting malfunctions, calling for repairs, and maintaining equipment inventories. Orders supplies and evaluates new equipment needs. Prepares requisitions and creates vouchers for office supplies, equipment, and services with the City's Financial Management Information System (FMIS).
- The AAI manages department and Plan records by organizing and maintaining the filing system for all correspondence, contracts and plan documentation, including, but limited to, participant files from the Third Party Administrator. Creates and maintains record retention schedules and procedures. Provides historical reference by developing and utilizing filing, record retention, and database systems when a request is made by the ED, Board members, participants or outside agencies.
- The AAI assists with circulating Request for Proposals. Responsible for circulation and final execution of all service provider contacts.
- The AAI assists with scheduling and planning of participant education sessions.
- The AAI prepares all travel planning and expense submissions for the ED, DCPC, and the Board as well as all expense submissions related to continuing education for the ED, DCPC and the Board.

E. Hours of Work. The Deferred Compensation Plan office shall maintain office hours of 8:00 a.m. to 4:45 p.m.

1. Executive Director. As an FLSA-exempt position, the ED may elect to work schedules that differ from normal office hours at his/her discretion so long as appropriate to fulfill his/her assigned duties and responsibilities. These adjustments may include starting and quitting times that are earlier or later than the normal schedule and may include hours that are more or less than 8 hours in any particular day. The ED is responsible for tracking

his/her vacation and sick days, which shall be approved by the Board Chair, or in his/her absence, the Board Vice-Chair.

2. **Deferred Compensation Plan Coordinator.** Hours of work shall be consistent with regular office hours. Notwithstanding the foregoing, the ED exercises exclusive discretion to permit the DCPC to work hours that differ from normal office hours and in accordance with the City's Alternative Working Arrangement Policy ("AWA"). The ED shall approve all absences for medical and dental appointments, all vacation requests, and use of sick leave.
3. **Administrative Assistant II.** Hours of work shall be consistent with regular office hours. Notwithstanding the foregoing, the ED exercises exclusive discretion to permit the AAI to work hours that differ from normal office hours and in accordance with the City's Alternative Working Arrangement Policy ("AWA"). The ED shall approve all absences for medical and dental appointments, all vacation requests, and use of sick leave. Overtime (hours worked in excess of forty (40) hours in one week) shall be approved by the ED in advance. The AAI must take a lunch break between 11:30 a.m. and 2 p.m. and it must be at least 30 minutes, but no more than 45 minutes in length. The AAI must also take one 15-minute break in the morning and another 15 minute break in the afternoon. Breaks may not be combined.
4. **Working from Home.** The ED exercises exclusive discretion to approve requests from the DCPC to work from home as needed during emergency situations. Work schedules that allow a set number of days per week or pay period to work from home are prohibited. The ED may, on a case-by-case basis, request approval from the Board Chair, or in his/her absence, the Board Vice-Chair, to work from home as long as the office and members of the Board are able to reach the ED. Working from home may also be permitted according to the City's AWA.
5. **Outside Employment.** Outside employment by any Plan employee is at the discretion of the employee. If either the ED or the DCPC engages in outside employment, the employee must be able to meet the staffing needs of the Plan. Further, at no time should there be any conflict of interest between the employee's position with the Plan and his/her outside employment. Any outside employment should be disclosed to the PC, the PC Chair, and the Board Chair, and either the PC Chair or the Board Chair may elect to report same to the full Board at their sole discretion. All Plan employees engaging in outside employment must at all times comply with the City's Ethics Code and are prohibited from engaging in outside employment during the hours the Plan office is open, unless the employee uses his/her own time (not including flexible time for FLSA-exempt positions) to engage in outside employment during Plan office hours.

- F. Professionalism and Ethics. Given the fiduciary nature of the ED and DCPC positions, each is expected to act in accordance with the highest standards of professionalism, ethics, and fiduciary best practices and as explained in greater detail below in Section VII. Plan staff should seek, in all instances, to avoid the appearance of any conflict of interest as would be judged by a reasonable person and engage in good faith best efforts to comply with Chapter 303 of the City's Code of Ordinances at all times. Interactions with Plan vendors, potential vendors to the Plan, Trustees, stakeholders, and participants should be conducted at all times with courtesy and respect and according to the highest standards of professionalism. Significant or material ethical lapses, fiduciary breaches, or professional failures may subject the ED or DCPC to discharge as further limited by applicable ordinances and rules.
- G. Training and Professional Associations. The ED and DCPC are encouraged to engage in training and continuing education programs to enhance the level of service they provide to the Board and the Plan. Board approval shall be required for any training and continuing education expenses in excess of \$500 per instance and/or when the training is required by the Board. The ED is encouraged to maintain professional certifications and memberships appropriate to their functions and/or which may directly or indirectly benefit participants and/or the Plan. Board approval shall be required for any professional certification or membership expenses in excess of \$500 per instance. For expenses less than \$500 per instance, the Board Chair's approval shall be required for requests from the ED. If the Board requires the DCPC to participate in any training or to obtain any certificate, the Board shall approve such expenses.
- H. Performance Reviews.

The City's Pay Progression Policy shall apply to all Plan employees.

1. Executive Director. Each year, the PC shall review the performance of the ED, or, at its sole discretion, delegate such review to an individual member(s) of the PC and the Board Chair or refer such review to the Board in full. The performance review must be provided to the ED in writing. The PC may informally review the performance of the ED and/or otherwise address personnel matters at any time at its sole discretion and may refer any personnel matter related to the ED to the Board for its consideration, although referral to the Board is not required except as to hiring and discharge recommendations, as well as compensation recommendations. The PC shall inform the ED no less than 2 weeks in advance of any performance review and shall permit the ED to submit a written performance self-evaluation no less than 3 days in advance of that review. The PC may request input from any Plan vendor as to the performance of the ED either orally or in writing.
2. DCPC and AAIL. Performance evaluations for the DCPC and AAIL shall be conducted by the ED and governed by applicable City ordinances and

policies, including but not limited to the salary ordinance. In addition, removal, discharge, or reduction in salary range for the DCPC and AAI are also governed by City ordinances and policies, as well as Wisconsin Statute section 63.44. The ED shall report the evaluation results to the PC.

VII. FIDUCIARY DUTIES

1. In General. All Trustees are fiduciaries. As such, each Trustee is expected to act in accordance with the highest standards of professionalism, ethics, and fiduciary best practices. Trustees should seek, in all instances, to avoid the appearance of any Conflict of Interest (defined below) as would be judged by a reasonable person and to engage in good faith best efforts to comply with Chapter 303 of the City's Code of Ordinances at all times. Interactions with Plan vendors, potential vendors to the Plan, Plan staff, other Trustees, stakeholders, and Plan participants should be conducted at all times with courtesy and respect and according to the highest standards of professionalism.

Each year, all Trustees shall sign a written acknowledgement of their ethical, professional, and fiduciary obligations as a Trustee and shall attend at least one educational session related to fiduciary obligations.

SIGNIFICANT OR MATERIAL ETHICAL LAPSES, FIDUCIARY BREACHES, OR PROFESSIONAL FAILURES MAY SUBJECT A TRUSTEE TO WRITTEN PRIVATE OR PUBLIC CENSURE, AS DETERMINED BY A MAJORITY OF THE BOARD.

As a fiduciary, a Board Trustee must always act solely in the best interests of all members and beneficiaries, without placing the interests of any one member or group of members above any other; for the exclusive purpose of providing benefits and defraying reasonable expenses in administration of the plan; exercising the care, skill, prudence, caution, and diligence that a prudent person acting in a like capacity and familiar with similar matters would use in the conduct of an enterprise of like character with like aims; by diversifying the investments of the plan, so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and in accordance with the documents and instruments governing the plan.

See 29 USC § 1104(a)(1); Wis. Stats. Chapter 881; Charter § 36-09-1; 2A A. Scott & W. Fatcher, *Trusts* 170, 311 (4th ed. 1987); G. Bogert & G. Bogert, *Law of Trusts and Trustees* § 543 (rev.2d ed. 1980).

The duty of loyalty requires Trustees to act without any regard to their own interests or the interests of third-parties and to instead consider only the interests of all Plan participants. The duty of care (also known as the prudent person standard) requires Trustees to act as a prudent person would with similar information in similar circumstances. *See id.*

As stated above, fiduciaries must also conduct themselves with the highest levels of professionalism and ethics, including the avoidance of even the appearance of any Conflict of Interest.¹ Because these concepts have many facets, below follows a non-exclusive listing of some of the fundamental dos and don'ts of fiduciary duties, which incorporate related professional and ethical standards of conduct, and which must be applied and understood in context of the particular facts and circumstances of a given situation.

2. Duty of Loyalty (General).

- Always act *solely* in the interests of *all* members and beneficiaries (a.k.a, the exclusive benefit rule).
 - “A trustee bears an unwavering duty of complete loyalty to all beneficiaries of the trustee to the exclusion of the interests of all other parties. To deter the trustee from all temptation, to prevent any possible injury to the beneficiary, the rule against the trustee dividing his loyalty is enforced with the utmost rigidity.” City Attorney Opinion, Sept. 5, 1995.
- Do not put the interests of any one member, group of members, or other constituency above the interests of *all* members collectively, regardless of how you came to hold your Board seat (i.e., you must ignore the fact that an elected official or department head may have selected or appointed you to serve on the Board).
 - The “duty to the trust beneficiaries must overcome any loyalty to the interest of the party that appointed the trustee” or any interest of the constituency that elected the trustee. *Nat'l Labor Relations Bd. v. Amax Coal Co.*, 453 U.S. 322, 331-32 (1981); ERISA § 404(a)(1)(B).
- Even though the Plan includes constituents that may have competing interests (i.e., young employees and retirees), you must fairly and impartially balance the interests of all beneficiaries and members. Restatement of Trusts 3d, Comments to § 79(1); § 183 (duty of impartiality).
- Never allow your own personal interests to impact your conduct, judgment, or decisions.

¹ A “Conflict of Interest” means any situation in which a reasonable person might perceive a Trustee to have an incentive to make any decision (including how to resolve any dispute, to grant or deny a benefit, such as hardship withdrawal request, to select a particular vendor or investment, or to make any recommendation) based upon anything other than the interests of *all* members and beneficiaries (i.e., because the Trustee accepted a Gift, *see infra*, from a vendor, because the Trustee has a relationship with a particular group or individual, or because the Trustee has a direct or indirect outside business interest that may benefit from a particular Board decision).

- Never allow the interests of third-parties or the interests of family, friends, or other personal relationships to influence your conduct, judgment, or decisions.
 - Do not communicate on behalf of the Board/Plan or hold yourself out to any third-party as a representative of the Board/Plan unless expressly authorized by the Board to do so. Do not use any letterhead, signature block, or other designation in any written communication that might expressly or implicitly indicate that you are a representative of the Board/Plan unless expressly authorized by the Board to do so (this includes email signature blocks). Only the Board Chair, EFC Chair, and Executive Director shall communicate with third-parties and/or the press regarding matters related to the Plan, unless the Board specifically authorizes another party to do so on behalf of the Board/Plan. Notwithstanding the foregoing, incidental communications or communication necessary to conduct Plan business between Trustees and internal City personnel and stakeholders, such as the Department of Employee Relations, the Common Council, Plan vendors, etc. is permitted, so long as such does not violate applicable Open Meetings laws.
 - If you do choose to speak publicly about any Board/Plan matter without prior Board authorization, you must preface any such communication, whether written or oral, with the following disclaimer: “These remarks are my own and do not reflect the views of the City of Milwaukee, the City of Milwaukee Deferred Compensation Plan, Plan staff, or Plan Board Trustees.”
3. Duty of Loyalty (Conflicts of Interest).
- Do not directly or indirectly seek or accept gifts, money, property, bonuses, fees, commissions, gratuities, honoraria, entertainment, meals, hospitality, travel accommodations, tickets, use of vacation facilities, personal or professional services at anything less than market rates, favorable access or treatment in connection with investment opportunities, promises of future employment or investment opportunities, or any other form of consideration (collectively, “Gifts”) from any person, agent, firm, corporation, or association that to your knowledge does or seeks to do business with Plan, and that might be reasonably perceived to influence your conduct, judgment, or decisions **unless** you (a) request and obtain Board approval before accepting such a Gift; and (b) disclose any such Gift with a fair market value equal to or greater than \$50.00 on your annual statement of economic interests as required by the City (MCO Chapter 303).
 - “No official or other City employee may use his/her public position or office to obtain financial gain or anything of substantial value for the official’s or other City employee’s private benefit or that of his or her immediate family, or for an organization with which he or she is associated.” City Ordinance § 303-5-2.
 - Avoid, if possible, any Conflict of Interest and if such is unavoidable, (a) disclose the Conflict of Interest to the Board; and (b) recuse yourself from any

Board or committee vote (whether in closed or open session) and/or any discussion (whether in closed or open session) where the Conflict is relevant. Any such disclosures and recusals should be recorded in the Board or committee minutes.²

- Do not engage in or conduct outside activities of financial or personal interest that may conflict with the impartial and objective execution of Plan business.
- Do not sell or provide goods or services, directly or through any third-party, to the Plan without prior disclosure to the Board and Board approval.
- Do not solicit campaign or charitable contributions from Plan staff. (Of course, Plan staff is free to make contributions as they independently see fit, regardless of a particular candidate's or charity's affiliation with any Trustee.)
- Do not solicit campaign or charitable contributions from any individual working for any firm, corporation, or association with which Plan does or seeks to do business. (Of course, any individual is free to make contributions as they independently see fit, regardless of a particular candidate's or charity's affiliation with any Trustee.)³
- Do not engage in employment with any providers of goods or services to the Plan.
- Do not use your position to influence your own future employment opportunities or the employment of any family member or other personal associate by the Plan or by any firm, corporation, or association with which the Plan does or seeks to do business.
- Do not lend the prestige of your Board position to advance your own personal interests or the private interests of others, nor convey or permit to convey the impression that you hold any special position of influence.
- Do not use any property, information, or resources of the Plan for personal gain.

² A Plan Board member must recuse him/herself from any meeting, discussion, or vote when an actual or perceived Conflict of Interest exists. If the Board member fails to recuse him/herself, and other Trustees are aware of the Conflict, they have an affirmative duty to ask the conflicted member to recuse him/herself voluntarily, or to take additional procedural actions necessary to make sure that a breach of the public trust does not occur. *See generally*, City of Milwaukee Code of Ordinances, Code of Ethics, Ch. 303; City Attorney Opinion, Sept. 12, 2002; Restatement of the Law of Trusts, 3d §§ 224, 184; Comment e to § 183.

³ However, under Securities and Exchange Commission ("SEC") Rule 206(4)-5, investment advisors that make campaign contributions above specified *de minimis* amounts are ***prohibited*** from providing compensated services to the Plan for a period of two years, and such investment advisers are required to disclose such contributions to the SEC.

- Do not endorse or otherwise insure any money loaned by or borrowed from the Plan.
- Do not use Board or committee meetings to promote or advocate positions averse to the Plan in pending or threatened litigation. Notwithstanding the foregoing, a Trustee may pursue a review of his/her own Plan benefits through standard Plan administrative review processes and/or subsequent adjudications.
- Do not attempt to influence any Plan staff member, any entity doing business with or seeking to business with the Plan, or any other Trustee to take a certain position or certain action through improper or wrongful pressure, scheme, threat, or other improper inducement (such as a Gift), so as to cause a person to act in a way that they would not otherwise act if left to act freely.
- Do not engage in insider trading, which is an illegal activity in which a person makes trades for their own personal pecuniary gain, whether directly or through an intermediary, based upon proprietary and confidential information received about a security that is not generally available to all investors.
- Do not engage in front running, which is an illegal activity in which a person, knowing an institution or a firm is about to make a market-moving trade in a security, takes or sells a position in that security “in front” of the trade for their own personal pecuniary gain, whether directly or through an intermediary.

4. Duty of Care

- Invest and manage assets as a prudent investor would, by considering the purposes, terms, distributions, and other circumstances of the fund and evaluate investments in consideration of the overall trust portfolio, with investment strategy and objectives reasonably suited to the trust. (Prudent Investor Rule, § 36-09-1-d-1). How?
 - Conduct a thorough investigation and diligence process before acting.
 - Consider benchmarks and other investor practices as reference points.
 - Consult with experts before engaging complex or unfamiliar transactions.
 - Question experts to understand their advice.
 - Seek second opinions if necessary.
- Use any relevant special skills or expertise you may have.
- Hire experts and/or delegate responsibility when appropriate (§ 36-09-1-d-5). Hire investment managers (§ 36-09-1-c). When responsibility is delegated, Trustees must:

- Conduct a thorough investigation and diligence potential contractors before making a selection.
 - Seek expert assistance where necessary in the selection, contracting, benchmarking, and/or assessment process.
 - Develop written policies to govern the contractor's actions.
 - Develop written benchmarks to evaluate the contractor's performance.
 - Independently monitor and formally assess the contractor's performance at regular intervals to ensure compliance with policies and results relative to benchmarks.
 - Require indemnification of the Plan for contractor's bad acts and negligence.
 - Follow the expert contractor's reasonable advice or carefully document why that advice is rejected.
 - Do not micromanage the expert contractor.
- Seek to ensure that the operation and administration of the Plan complies with all governing laws and regulations, as well the Plan's Investment Policy, other plan documents, Plan contracts, etc.
 - Understand, to a reasonable degree, the laws and regulations governing the Plan, including relevant Plan documents and the Plan's Investment Policy.
 - Ensure that benefits are paid in the correct amount, on time, and to the right person.
 - Ensure that all reasonable efforts are made to cease improperly paid benefits and to recoup any such benefits whenever legally and practically possible.
 - Ensure that payroll deductions are collected from the appropriate Plan participants.
 - Manage the expenses of administering the Plan in a reasonable manner.
 - Ensure that Plan participants are sufficiently informed, have reasonable access to all necessary information and forms, and that participant inquiries are handled in a timely and accurate manner.
 - Ensure that the Plan maintains its qualified status under section 457(b) of the Internal Revenue Code, so that participants and beneficiaries continue to enjoy favorable tax treatment.

- Attend and be sufficiently prepared for all meetings of the Board and any committees on which you may serve.
- Always make well-informed, thoughtful, and well-reflected upon decisions. If you do not feel you have enough information, ask for it and/or ask questions. You are responsible for making yourself knowledgeable enough to make a reasoned decision.
- Ensure that all key decisions and discussions of the Board are accurately documented, particularly when any Trustee objects to an action.
 - If any objection is lodged based upon fiduciary grounds, the objecting Trustee should insist that his/her objections and the responses to those objections are carefully and specifically noted in the Board minutes.
 - Roll call votes must be recorded in the minutes. If the vote is taken in closed session, the vote should nonetheless be recorded, and its disclosure (if requested) then analyzed under the Public Records Law.
- Conduct all Plan business in a fair and honest manner.
- Conduct yourself in all Plan matters with decorum, integrity, and professionalism.
- Educate yourself regarding Plan matters through educational sessions, conferences, and seminars on an ongoing basis.
- Use care and discretion when handling or discussing confidential information.
- Complete the City's annual statement of economic interests accurately and in a timely manner.
- Do not falsify any document, record, or request for reimbursement or fail to record proper entries on any books or records of the Plan.
- Do not knowingly permit any Plan document or record which contains false or misleading information to stand uncorrected.
- Do not knowingly be a party to, or otherwise condone, any illegal activity.
- Do not engage in activities or otherwise condone dishonesty, fraud, deceit, or misrepresentation.

VIII. TRUSTEE EDUCATION AND CONFERENCES

1. Subject to available funds, each Board member shall be authorized to travel to no more than one convention per year. To be eligible, a convention program shall bear a direct relationship to the operation of the Deferred Compensation Plan.
2. Each Board Member is expected to complete at least one continuing education session annually and shall attend at least one fiduciary training session annually (they may be the same session). To facilitate this expectation, the ED will schedule at least one continuing education session each year. The ED will schedule and notice such education sessions at least two months in advance; the ED will make education session materials available to members electronically and/or will post materials to the Plan's website whenever possible. Education opportunities provided by third-parties (e.g., conferences) may satisfy the annual continuing education expectation. Each Board member will be expected to certify their attendance at an education session (including the length and topic of the session) each year to the ED (this may be done in any format, including via electronic mail).
3. Exceptions to this policy shall be reviewed and evaluated by the Board Chair in consultation with the ED on a case by case basis. Exceptions may be approved if they are in the best interests of Plan participants.
4. Requests for conferences and/or educational programming that exceed one-thousand dollars (\$1,000.00) inclusive of all registration, materials, travel and other expenses, shall be reviewed and approved by the Board as being financially prudent and in the best interests of the Plan participants. Requests for conferences and/or educational programming that are less than one-thousand dollars (\$1,000.00) inclusive of all registration, materials, travel and other expenses, shall be reviewed and approved by the Board Chair as being financially prudent and in the best interests of the Plan participants.

Adopted	08-11-81			
Amended	01-12-82	05-19-93	05-02-96	05-25-00
	10-13-87	08-19-93	08-01-96	08-03-00
	05-18-89	11-18-93	11-21-96	11-15-01
	04-18-91	02-03-94	11-20-97	03-14-02
	11-07-91	05-05-94	02-05-98	02-07-03
	02-04-93	11-17-94	08-06-98	08-05-04
11-10-05	IV. ENROLLMENT AND CUSTOMER SERVICE, Item 5, Separation of Service Payouts			
11-16-06	IV. ENROLLMENT AND CUSTOMER SERVICE, Item 1, Self-Directed Brokerage Option			
08-02-07	VI. PLAN ADMINISTRATION FEES, Item 4, Public Safety health care provider premiums			
10-16-08	II. EFC, Item 4, the Income Account			
02-05-10	VI. PLAN ADMINISTRATION FEES, Item 3, one-time event allocation approved by the Board			
11-17-11	V. DISBURSEMENTS, Item 1, automated model portfolios and hierarchy of withdrawals			
11-17-11	V. DISBURSEMENTS, Item 2, periodic payment interest assumption revised to 4%			
11-17-11	added - VII. DOMESTIC RELATIONS ORDER ACCOUNT DIVISIONS			
08-07-12	I. GENERAL, Item 2, composition of the Board amended to 11 members			
08-07-12	II. EFC, Item 1, composition remove "Non-Management"			
02-12-13	Inclusion of Mission Statement; I. GENERAL, addition of Item 16 requiring continuing education;			
	II. EFC, Item 4, include Board delegation to the EFC.			
11-7-13	added – VIII. UNFORESEEABLE EMERGENCY HARDSHIP WITHDRAWALS and			
	XI. LOANS			
11-19-14	II. EFC, Item 1, Composition; Item 2, Elections			
	III. COMMUNICATION AND EDUCATION COMMITTEE (CEC)			
	IV. PC (PC)			
02-03-15	XI. LOANS Item 8, Loan Program – additional language "The maximum total loan amount..."			
02-19-15	VI. ENROLLMENT AND CUSTOMER SERVICE, addition of Item 10 "first point of contact"			
11-19-15	I. GENERAL revised #13 and added V. PERSONNEL POLICIES 1-7			
02-18-16	XIII. RESERVE ACCOUNT – section added.			
09-30-16	Substantial revision removing operational procedures (contemporaneous amendment to the Operating Procedures to incorporate those provisions) and adding new section VII and VIII regarding fiduciary duties and trustee education/conferences.			
02-16-17	VI. PERSONNEL POLICIES, Section B. ED Position – request the position be made exempt by action of the City Service Commission (CSC)			
08-17-17	VI. PERSONNEL POLICIES, Revisions throughout the policies relating to the reclassification of the AAIV position and the addition of an Administrative Assistant II			