2:00 p.m. A quorum being present, Mr. Klajbor, Vice Chair of the Deferred Compensation Board, called the meeting to order.

1. Meeting Minutes of February 18, 2016 [00:57]

[01:21] Small correction noted. With that correction, motion by Mr. Buetow to approve the minutes for February 18, 2015. Seconded by Ms. Rotar. No objections.

2. Plan Participant Benefit Approvals and Denials for period January, February and March 2016

A question was raised regarding whether the Plan must list participant names on these
approval/denial lists. Discussion ensued. Ms. Daun will follow up and report back to the Board.

[04:27] Motion made by Mr. Buetow to approve or ratify the three reports. Seconded by Ms. Rotar. No objections.

3. Retirement Age Selection for Target Date Funds [04:42]

Mr. Taylor summarized the Callan analysis which concluded and recommended that the Board select the age of 65 as the expected age of retirement for the TDFs. Discussion ensued.

[08:03] Motion made by Ms. Rotar to approve Callan’s recommendation. Seconded by Mr. Buetow. No objections. Ms. Rotar also cautioned to ensure that communications clearly explain that TDFs use 65 as age of retirement and that participants may need to carefully consider which TDF to select if they will not, in fact, retire at age 65.


a. John Nixon contract [34:04]

John Nixon’s existing contract has been extended with a not to exceed amount of $10,000 so that Mr. Nixon’s work may continue for the Schwab contract negotiation.

[14:14] Motion made by Mr. Buetow to execute a new extension of the Nixon contract. Seconded by Mr. Mukamal. No objections.

[11:34] Mr. Klajbor informed the Board he will be giving a status report on the items below which were delegated to the EFC.

b. Ratification of:
   - Spend-down Plan [12:29]
     The recommendation is to spend-down the Reserve Account which is about $1.9 million beginning with 2016 and then rations down through 2022.
   - Northern Trust has agreed to have a zero basis point fee for the STIF which will apply at the point of transition and on a-go forward basis.
   - Cleary Gull Contract Extension, Assignment Letter [14:35]
     Cleary’s contract will be extended.
   - K&L Gates Contract, Engagement Letter, Conflict Waiver [15:01]
     K&L Gates’ contract, engagement letter and the conflict waiver has been executed.
   - Baker Tilly Audit Contract, Engagement Letter [15:43]
     Baker Tilly was selected to prepare the financial and do the audit. The agreement and engagement letter have been negotiated.
   - Voya Letter of Intent (LOI) [15:54]
Voya was selected to be our new third party administrator recordkeeper; the letter of intent has been negotiated.

- CliftonLarsonAllen Letter [16:04]
  CliftonLarsonAllen were our auditors and they have been reminded of their continuing obligations under the Wisconsin Public Records Law and then their continuing obligation to provide the necessary insurance coverage.

- NRS and Voya Confidentiality Agreements re Fund House Agreements [16:20]
  Confidentiality and non-disclosure agreements with both Nationwide and Voya have been negotiated which enable the Executive Director to oversee all of the fees that are being charged or reimbursed. Also to ensure there is no soft dollars or affiliate reimbursements that we would be unaware of.


c. Administrative Rule Amendments [17:57]
   - Qualified Domestic Relations Order (QDRO) [18:01]
     Ms. Tangen and Ms. Daun reported that participant inquiries were the catalyst for the amendments. This amendment makes more options available for immediate distribution regardless of your date of divorce and provides more (and clearer) distribution options.
     [19:31] Ms. Daun explained that the amendments will also provide increased clarity for the recordkeeper with respect to calculation, which should better coincide with the participant’s and alternate payee’s intent/expectations.

   - Reserve Account [20:41]
     The Spend-Down Plan was ratified earlier in this meeting. This amendment formalizes the administration of the Reserve Account.


d. Investment Guideline Changes [21:51]
   - Reserve Account
   - SVA liquidity cash buffer

Mr. Klajbor and Ms. Daun explained the changes. First, an informational point: with the addition of target date funds, a larger liquidity buffer is needed in the SVA (no substantive change required). Second, the format of the Investment Guidelines was improved. Third, Ms. Daun and representatives from Cleary Gull and Callan worked together to update the Guidelines, making small substantive changes, which the EFC reviewed in detail and approved.

[23:37] Motion by Mr. Buetow to accept those changes. Seconded by Mr. Nicolini. No
objections.

e. Disclosure to Invesco [24:04]

Informational. Mr. Klajbor stated that the Plan has provided formal notice to Invesco of the new investment structure. The enclosed memorandum from Callan was sent to the Executive Director and Invesco. Invesco’s response is included in the meeting packets (increase in liquidity/cash buffer). Additional discussion ensued.

f. Approval of Executive Director’s attendance at NAPPA Legal Education Conference

June 21-24, 2016 in New Orleans, LA [25:56]

Motion by Mr. Buetow to approve Ms. Daun’s attendance. Seconded by Ms. Joos. No objections.

[28:03] Motion by Mr. Nicolini to convene in closed session for all or part of Item 5, pursuant to Section 19.85(1)(e) and (g). Seconded by Mr. Buetow. Roll call vote taken. No objections. No objections to continue recording closed session.

02:29 p.m. Board enters closed session. [28:03]

5. Personnel Committee Report [28:44]

a. Administrative Rule Amendments [28:48]

Ms. Joos stated that the amendments align our policies with the pay for performance guidelines promulgated by DER this year. Other minor changes were made regarding outside employment, working from home, and points.

[29:47] Motion by Mr. Buetow to approve the amendments. Seconded by Mr. Mukamal. No objections.

b. Personnel Evaluations [30:00]

Ms. Joos explained the specific pay progression amounts that would apply to Group A and Group B, as well as the evaluation documents. Ms. Rotar asked who will be doing Ms. Daun’s evaluation. Ms. Joos answered Mr. Allen and Mr. Klajbor; Ms. Bieszk’s performance evaluation will take place in December which will be done by Ms. Daun.

c. Reclassification / New Position [32:14]

Ms. Daun explained the rationale for both Ms. Bieszk’s reclassification and the request to approve a new administrative position as follows: (a) Ms. Bieszk and the ED typically work over 40 hours a week; (b) Ms. Bieszk also has run the Plan on her own for two different periods of time in the past 7-8 years; (c) Ms. Bieszk does work that vastly exceeds what her current classification as an Administrative Assistant IV specifies. Ms. Bieszk’s reclass is easily warranted because the work she does no longer fits her current job classification in any way. Ms. Joos interjected that Ms. Bieszk’s job was reclassified
at the end of December 2014 however at the time that happened the reclassification didn’t really accurately represent the scope of her work. Ms. Daun agreed; (d) the new reclassed position would be focused on the day-to-day operations, participant concerns, some vendor management, invoice payment, records management, contract management, meeting coordination, handling confidential information, and elevating issues to the Executive Director level where appropriate; and (e) the discussion about the new position is a starting point. If, after the transition, the work still exceeds 40/week for the ED and Ms. Bieszk, we will have already begun the process to create and fill a new position; if we wait, then it will be an unreasonable delay; we need not fill the position until we have reevaluated Plan workload/needs.

Mr. Mukamal emphasized that a new position will require additional participant funding.

Ms. Joos explained the process: Ms. Knickerbocker’s team would review Ms. Daun’s reclass submission and compare it with various other positions to determine the reclass position and pay range. This will be fast tracked.

Ms. Rotar thinks the proposal right now looks fine but recalls an earlier discussion to potentially hire someone to provide some accounting assistance, fee reconciliations, etc. Ms. Daun explained that much of that need has been obviated with the new industry standard custodial banking relationship. Fee analysis and fee management is the ED’s job. Discussion ensued.

Mr. Klajbor stated that the PC recommends the reclassification of Ms. Bieszk’s position to a professional position and the authority to create a new support position, with a determination to be made later as to whether or not to fill that new position based on the Plan’s needs after the transition.

[45:55] Motion by Ms. Rotar to move forward with Ms. Bieszk’s reclassification and to seek creation of a new support staff position. Seconded by Mr. Buetow. No objections.

[46:42] Motion by Mr. Buetow to reconvene in open session. Seconded by Mr. Nicolini. Roll call vote was taken. No objections.

02:47 p.m. Open session.

6. Vendor Reports [53:54]

a. Northern Trust Performance Report [54:01]

   Mr. Taylor explained a small difference in the SVA calculations. A small calculation error by Northern Trust in SVA benchmarks has been corrected.

   [54:57] Motion by Mr. Buetow to receive and place on file. Seconded by Ms. Joos. No
objections.

b. Callan Associates Inc. Performance Report


Ms. Stojadinovic distributed a memorandum informing the Board of personnel changes within Cleary Gull and that on May 31, 2016, Cleary Gull Advisors Inc. will become a wholly-owned subsidiary of Johnson Financial Group.


d. Invesco Advisers, Inc. (SVA) Performance Report [01:32:25]

Mr. Apostol summarized Invesco’s quarterly performance report.

[01:35:15] The crediting rate net of Invesco’s management fee was 1.56% at the end of April. Participants in the Stable Value Fund are earning about 0.43% for the quarter on their stable value investment. Discussion ensued.

[01:40:06] Mr. Taylor stated Callan is working in parallel with Invesco and with Ms. Daun to propose a Guideline amendment to better align with Invesco’s management strategy, including loosening sub-manager exposure restrictions to lower fees. Callan will run portfolio simulations and evaluations; after that evaluation, Callan will make a recommendation to the ED, EFC and Board.


e. Nationwide Retirement Solutions – Plan Report [01:41:52]

[01:42:01] Motion by Mr. Buetow to receive and place on file. Seconded by Mr. Mukamal. No objections.


7. Executive Director Report

a. Select Date for Fiduciary Training [46:22]

Fiduciary training is required under our Administrative Rules. Discussion ensued.

[51:35] Fiduciary Training will be Tuesday, August 2nd at 9 a.m. (location TBD).

Ms. Daun reported that the requested budget for 2017 has been submitted to the Budget Office on May 10, 2016. Ms. Daun went on to explain the requested amounts.

8. Informational

a. Invesco Communication

b. Articles

Mr. Klajbor reminded the Board members that there is a Special Board Meeting on Wednesday, June 15, 2016 starting at 12:30 p.m. to make critical decisions regarding all the Plan’s major operational features. Ms. Daun noted that these decisions will be reflected in the Master Agreement and must go through Council cycle before August to hit the transition deadline.

03:48 p.m. Meeting adjourned. [01:48:13]