

**CITY OF MILWAUKEE
MINUTES OF THE DEFERRED COMPENSATION BOARD
MEETING OF THURSDAY, FEBRUARY 15, 2018
2:00 P.M. - ROOM 405, CITY HALL**

MEMBERS/DESIGNEES PRESENT:

Mr. Jerry Allen, Board Chair
Mr. Mark Buetow
Ms. Renee Joos
Ms. Paula Kiely
Mr. James Klajbor, Vice Chair
Mr. Steven L. Mahan
Mr. Stuart Mukamal
Ms. Sandra Rotar – arrived 2:07 p.m.

EXCUSED/ABSENT:

Alderwoman Milele Coggs – excused

OTHER PLAN PROVIDERS and STAFF PRESENT:

Ms. Elaine Bieszk, Plan Coordinator, Deferred Compensation
Mr. Harold Bjornson, J.P. Morgan
Ms. Dawn Conlin, Voya Financial
Ms. Beth Conradson Cleary, Executive Director
Mr. Jeff Deetsch, Invesco
Mr. Chas Duval, Invesco
Ms. Kimberly Kuehn, Administrative Assistant II, Deferred Compensation
Mr. Brian Merrick, Voya Financial
Mr. Joshua Lieberman, J.P. Morgan
Ms. Ellen Tangen, Assistant City Attorney
Mr. Ben Taylor, Callan Associates Inc.

OTHERS PRESENT:

02:03 p.m. A quorum being present, Mr. Allen, Chair of the Deferred Compensation Board, called the meeting to order.

1. Roll call and Introductions [00:02]

2. Election of Board Officers – Chairperson and Vice Chairperson [00:35]

Election of Chair. Mr. Allen asked for nominations for Board Chairperson. It was moved by Mr. Klajbor to nominate Mr. Allen for Chair. There being no further nominations, nominations were closed and a unanimous vote was cast for Mr. Allen as Chair of the Milwaukee Deferred Compensation Board.

Election of Vice-Chair. Mr. Allen asked for nominations for Board Vice Chairperson. It was moved by Mr. Allen to nominate Mr. Klajbor for Vice-Chair. There being no further nominations, nominations were closed and a unanimous vote was cast for Mr. Klajbor as Vice-Chair of the Milwaukee Deferred Compensation Board.

3. Election of Hardship Appeal Committee [01:41]

Mr. Allen explained that for this Committee there was a pool of five people. Mr. Allen stated for the record that the current Hardship Appeals Committee consists of Mr. Buetow, Ms. Joos, Mr. Klajbor, Mr. Mahan and Ms. Rotar. With no further nominations, Mr. Allen moved unanimous consent to leave the roster the same.

4. Appointment of Executive Finance Committee [02:35]

This Committee consists of three members that are by *ex officio* appointments – City Attorney, Treasurer and Comptroller offices. Those designees are Mr. Mukamal, Mr. Klajbor and Mr. Buetow. Mr. Allen appointed Mr. Bell and Ms. Rotar to serve on the EFC. No objections.

5. Appointment of Personnel Committee Members [03:58]

This Committee consists of all *ex officio* members – the Board Chair, City Attorney, Department of Employee Relations, EFC Chair and the Finance & Personnel Chair. This panel will be reappointed the same as it was due to its *ex officio* membership.

6. Approval of Meeting Minutes of November 16, 2017 [04:51]

[04:58] Motion by Mr. Klajbor to approve the meeting minutes of November 16, 2017. Seconded by Mr. Mukamal. No objections.

[06:17] Motion by Mr. Klajbor to convene in closed session for Items 7, (a, b and c) pursuant to Section 19.85(1)(e), Wisconsin Statute. Seconded by Ms. Buetow. Roll call taken. No objections.

02:11p.m. Board enters into closed session.

[07:03] Motion by Mr. Klajbor not to record closed session. Seconded by Mr. Allen. No objections.

7. EFC Report [05:42]

- a. Approval of Baker Tilly Contract**
- b. Transition Management Services**
- c. Recommendation of Small/Mid Cap Value Investment Manager**

2:35 p.m. Motion by Mr. Klajbor to return to open session. Seconded by Mr. Buetow. No objections.

d. Administrative fees for SDBA accountholders update

Mr. Merrick stated that there are two pieces to the project. The first part is that Voya is starting to assess the administrative fee out of the core funds for participants who have money in SBDA accounts. The other half of this project involves identifying and communicating with individuals who did not have sufficient funds in the core funds to pay for the fees. Mr. Merrick provided an update on the progress of this project. Mr. Klajbor asked if there has been a lot of push back from participants. Mr. Merrick responded that once those participants had a better understanding of how and why the fees are assessed then there is little push back. Mr. Merrick stated that this project followed the plan that was agreed upon last year and it seems to be working.

e. Update on Legal Service requests [11:51]

Ms. Cleary referenced Item 11a under Informational Items. She stated the City Attorney reviewed all of the records related to Schroders CIT. Ms. Cleary stated she is working with Ms. Tangen and outside tax counsel, Ice Miller, and they are still looking at an item related to the two accounts issue as well as the eligibility for people who are serving on Boards, post separation of service. An update is anticipated in May.

f. Final 2016 Financial Audit Statements [13:18]

Mr. Klajbor stated that the Plan received the best possible rating. He reported that, going forward, Baker Tilly will only be conducting the financial audit and an undetermined firm will be completing the financial statements.

g. Summary of Investment Management and Services Presentations [14:31]
-Schroders

-Voya Retirement Advisors

The EFC continues to meet with the Investment Managers; it met with Schroders and Voya this last cycle. All Plan Board members are welcome to attend the presentations, which have proven fruitful. The EFC is provided with advice from Callan and with

information directly from the service providers, which can help the committee make informed decisions down the line.

h. Executive Director's Request to attend P&I DC Conference to accept EDDY award – March 18-20, 2018, Miami FL [15:54]

Mr. Klajbor reported that the Plan is receiving an award from Pensions and Investments. The EFC is recommending that the Executive Director attend the conference to accept the award.

[16:58] Motion by Ms. Kiely to approve the Executive Directors request to attend the P&I conference. Mr. Bell seconded. No objections

8. Executive Director Report [17:10]

a. Update regarding RFP for Preparation of Financial Statements [17:17]

Ms. Cleary reported on the RFP process regarding the selection of a firm to prepare the financial statements. The final proposals will be presented at the March EFC. Once the vendor is selected, the goal is to have them start prepping the financial statements immediately, so that Baker Tilly can then use this information for its financial audit of the Plan.

b. 2019 Budget [18:13]

Ms. Cleary reported that last year, in February, she came to the Board and requested that the budget be deferred to the EFC and brought back to the Board in May for approval; which is what is being proposed for the upcoming budget.

c. Other [18:10]

Ms. Cleary reported that she has been asked to present at the Milwaukee Retiree Association meeting in March, which she will be attending. She continues to work with the City's Wellness Program to offer participants and their spouse ways to receive Healthy Rewards points for financial wellness.

9. J.P. Morgan Smart Retirement Presentation [22:07]

Mr. Lieberman and Mr. Bjornson gave a brief update on the 2018 SmartRetirement glide path changes. The change that drove the revision in their glide path is centered on the changes in their long-term capital market assumption. That is an annual process to review their long-term view of the market. There were no changes to overall equity exposure; rather, the exposure is more aligned to global equity.

10. Vendor Reports [33:21]

a. Callan Associates Inc. Performance Report [33:31]

Mr. Taylor gave a detailed overview of the fourth quarter, capital market summary.

b. Charles Schwab PCRA Report

c. Invesco Advisors, Inc. (SVA) Performance Report [54:26]

Mr. Duval reported that Invesco closed out 2017 with another successful year coming in at \$937 billion in AUM globally. Mr. Deetsch provided a detailed update on the Stable Value portfolio.

d. Northern Trust Performance Report

e. Voya Financial [01:04:24]

Mr. Merrick gave a brief summary of the fourth quarter update. Mr. Merrick reported that there were only seven rollovers out of the Plan to Voya-related accounts over the course of the year, those rollovers were investigated and found to be participants, working for another employer, who were consolidating assets to institutions that Voya is also the record keeper for. Mr. Merrick reported that the local Voya team will have more of a presence throughout the City as opposed to only downtown Milwaukee and Ms. Bieszk has been essential in assisting with scheduling these field presentations. Mr. Merrick gave an update on how the savings rates and contribution rates have been changing over time. The overall contribution rate for the Plan has gone from 6% on average to 7% and a 17% increase over all. This is largely attributed to auto enrollment. Mr. Merrick detailed the participation rates over the different demographic groups.

11. Informational [01:13:58]

a. City Attorney opinions

i. Schroders Asset Management Collective Investment Trust (CIT)

b. 4th Quarter newsletter

[01:14:14] Motion by Mr. Klajbor to accept and receive all reports and place on file. Seconded by Ms. Rotar. No objections

3:42 p.m. Meeting adjourned. [01:14:29]