

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

**MEMBERS/DESIGNEES PRESENT:**

Mr. Jerry Allen, Board Chair  
Mr. Thomas Bell  
Ms. Renee Joos  
Ms. Paula Kiely  
Ms. Molly King  
Mr. James Klajbor, Vice Chair  
Mr. Shawn Lauda  
Mr. Stuart Mukamal

**EXCUSED/ABSENT:**

Mr. Steven L. Mahan – Excused  
Alderman Milele Coggs – Excused

**OTHER PLAN PROVIDERS and STAFF PRESENT:**

Mr. John Angliss, J.P. Morgan Asset Management  
Ms. Elaine Bieszk, Plan Coordinator, Deferred Compensation  
Ms. Beth Conradson Cleary, Executive Director  
Ms. Dawn Conlin, Voya Financial  
Mr. Jeff Deetsch, Invesco  
Mr. Mike Joecken, Callan Associates Inc.  
Ms. Kimberly Kuehn, Administrative Asst. II, Deferred Compensation  
Mr. Patrick McClain, Assistant City Attorney  
Mr. Brian Merrick, Voya Financial  
Mr. Matthew Peterson, NAGDCA Board Advisor  
Mr. Jacob Recker, J.P. Morgan Asset Management  
Ms. Ellen Tangen, Assistant City Attorney  
Mr. Ben Taylor, Callan Associates Inc.

**OTHERS PRESENT:**

2:02 p.m. A quorum being present, Mr. Allen, Chair of the Deferred Compensation Board, called the meeting to order.

Roll call and Introductions

**1. Approval of Meeting Minutes of August 16, 2018 [2:42]**

[02:49] Motion by Mr. Klajbor to approve the meeting minutes of August 16, 2018. Seconded by Mr. Bell. No objections.

**2. Investment Manager Presentation by J.P. Morgan SmartRetirement [02:57]**

Mr. Angliss provided an update on staff dedicated to the Plan. The SmartRetirement Group is comprised of over 80 investment professionals responsible for about \$260 billion in client assets with a 45-year history as a fiduciary to U.S. retirement plans. About \$117 billion of the \$260 billion is in the SmartRetirement platform. Mr. Recker provided a high-level overview on how data is gathered and used to assist with modeling of the glidepaths. Mr. Klajbor asked if Voya uses similar information with participants. Discussion ensued. Mr. Recker provided information regarding the risks that are associated with the glidepath. Mr. Klajbor asked if real estate would be safer investment than stocks. Discussion ensued. Mr. Recker provided a detailed overview of the portfolio's performance as reported in the presentation materials.

**3. Approval of 2019 Proposed Meeting Schedule [37:49]**

[38:32] Motion by Mr. Klajbor to approve 2019 Meeting Schedule. Seconded by Mr. Bell. No objections.

**4. Approval of Groom Law Group contract [38:47]**

Ms. Tangen stated that the existing relationship with outside counsel has recently evolved, primarily due to a recently retired attorney. Ms. Tangen reported that she, as well as the Executive Director, have had experience with the representatives of Groom Law Group at various conferences over the years where they have given exemplary presentations and served as subject matter experts. Groom Law Group is based in Washington D.C. Ms. Tangen stated that she and Ms. Cleary had an extensive phone conversation regarding the Plan amendments and they were very impressed and encouraged by the responses and information they received, and they recommended this engagement to the EFC. Mr. Klajbor stated that the EFC is recommending a three-year contract with a not to exceed \$20,000 per year.

[40:54] Motion by Mr. Klajbor to approve the Groom Law Contract. Seconded by Mr. Mukamal. No objections.

**5. Executive Finance Committee Report [41:31]**

- a. Update regarding Federal tax compliance and Master Agreement revisions [41:38]

Mr. Klajbor reported that there has been limited progress because of the discussion in Item 4 of the agenda. Now that the Groom Law Group contract has been approved this should move along at a much faster pace. At this time, there is nothing new to report.

- b. Investment Policy Statement amendment – Informational [41:54]

Mr. Klajbor reported that the only change to the Policy Statement is an edit to the chart, which reflects the new Investment Manager, AllianceBernstein. Informational only.

- c. Summary of Investment Management and Services Presentations [42:30]  
- Reams Asset Management  
- Brandywine Global Investment Management

**6. Executive Director Report [43:38]**

- a. Transition Manager Agreement and Investment Manager update [43:44]

Ms. Cleary stated that this update is in reference to transitioning from Geneva Henderson to Alliance Bernstein while utilizing Northern Trust as the Transition Manager. Mr. Taylor gave a brief description of why a transition manager is used and reported that everything went as planned with this transition.

- b. 2018 Annual Account Election and Enrollment Period update [46:17]

Ms. Cleary reported that 661 participants were subject to the annual account and enrollment period this year. That number does not represent sworn police and fire, as well as general city employees hired prior to October 2018. Of the 661 impacted, 229 employees have made an election (which is roughly 35% of the original number), 154 individuals have decided to opt out of the Plan and 75 have decided on other elections.

- c. 2019 Budget [47:53]

Ms. Cleary referenced the materials that were presented in October to the Finance and Personnel Committee at the budget hearing. The materials were in line with those presented at the previous budget hearing. One point, in particular, that Ms. Cleary highlighted in the presentation was that over 1,000 one-on-one meetings took place between participants and local Voya representatives in 2018, which reflects one out of eight participants receiving this level of service.

d. Report of 2018 NAGDCA Conference [49:18]

Ms. Cleary referenced the conference agenda, which outlined the various topics and presentations covered at this year's conference, as well as the email she had previously sent trustees with information about how to access videos of some of the conference presentations. She reported that, once again, attending this conference (as well as receiving the Plan Design Award on behalf of the Plan) left her with confidence that our plan was on the right track regarding its design and how it is being administered.

**7. Vendor Reports [51:48]**

a. Callan Associates Inc. Performance Report [52:18]

Mr. Joecken gave a high-level overview of the 3<sup>rd</sup> quarter report. Mr. Klajbor asked Callan's opinion regarding adding more real estate to the portfolio. Discussion ensued. Mr. Joecken gave a brief report of Investment Manager Performance as referenced in the provided quarterly report.

b. Charles Schwab PCRA Report

c. INVESCO Advisers, Inc. (SVA) Performance Report Voya Financial [01:00:36]

Mr. Deetsch reported that, four weeks ago, Invesco announced the anticipated acquisition of Oppenheimer Funds, which would bring the AUM for Invesco to about \$1.2 trillion dollars. This is not due to close until May of 2019 so there could still be some friction that happens along the way; however, Invesco does not expect this acquisition to impact Stable Value, in particular. Mr. Deetsch provided a high-level overview of the Stable Value 3<sup>rd</sup> quarter performance.

d. JP Morgan SmartRetirement Funds Report

e. Northern Trust Performance Report

f. Voya Financial – Plan Report [01:10:43]

Mr. Merrick reported that Voya has been gathering research to improve the participant experience and some of that information has been included in the report. Mr. Merrick stated that tomorrow is the last day for participants to make any changes to their elections for the annual election period. He stated about 35% have taken action so far. He will report in more detail once the election period has closed. Mr. Merrick reported that Voya had conducted the participant survey over the summer and summarized the results.

All vendor reports received and placed on file.

**8. Informational [01:28:40]**

- 3rd Quarter newsletter
- VFA Update
- 2019 Contribution Limits
- Press Release Invesco acquiring MassMutual's asset management affiliate,
- OppenheimerFunds, Inc.
- Hayes Companies acquired by Brown & Brown Insurance
- Charles Schwab & Co. – fees and compensation changes

Informational only.

3:28 p.m. Meeting adjourned. [01:40:20]