

CITY OF MILWAUKEE
MINUTES OF THE DEFERRED COMPENSATION BOARD
SPECIAL MEETING OF TUESDAY, FEBRUARY 3, 2015
2:00 P.M. - ROOM 405, CITY HALL

MEMBERS/DESIGNEES PRESENT:

Mr. W. Martin Morics, Plan Member, Chairman
Mr. Jerry Allen, ERS Director
Mr. Mark Buetow, Milwaukee Police Association
Ms. Margaret Daun, Assistant City Attorney
Mr. Joe Davis, Sr., Alderman – arrived at 2:15 p.m.
Ms. Renee Joos, Fiscal & Risk Manager
Mr. James Klajbor, Deputy City Treasurer
Mr. Nicholas Kovac, Alderman – arrived 2:15 p.m.
Mr. Steven L. Mahan, Community Development Grants Admin.
Mr. Mark Nicolini, Budget Director
Ms. Sandra Rotar, Plan Member

EXCUSED/ABSENT:

OTHERS PRESENT:

Mr. Mike Joecken, Callan Associates Inc.
Mr. Levi Lathen, Nationwide Retirement Solutions
Ms. Wendy Stojadinovic, Cleary Gull Advisors, Inc.
Mr. Gary Guibert, Northern Trust – conference line
Ms. Lisa Jakimczyk, Northern Trust – conference line
Mr. Tom Lauer, Northern Trust – conference line
Mr. Paul Egan, Northern Trust – conference line
Ms. Dyice Beckham, Invesco – conference line
Mr. Grant Langley, City Attorney
Ms. Ellen Tangen, Assistant City Attorney
Ms. Miriam Horwitz, Assistant City Attorney
Ms. Elaine Bieszk, Administrative Assistant IV

A quorum being present, Mr. Morics, Chairman of the Board called the meeting to order at 2:07 p.m.

Motion was made to convene in closed session for Items 1 and 2, on proper motion and action pursuant to Section 19.85(1)(c), (f) and (g), Wisconsin Statute for considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility, and (f) Considering financial,

medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations, and (g) for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Board will vote to reconvene in open session following the closed session to act on Item 2. Hearing no objections so ordered.

The Board convened in closed session at 2:18 p.m.. The Board reconvened in open session at 3:34 p.m.

1. Matters related to transition to Northern Trust as Custodial Bank

Item held.

2. Resignation of Executive Director and appointment of Interim Executive Director

Motion was made to hold this item until the next Board meeting. Hearing no objections so ordered.

3. Communication and Education Committee proposed change to Administrative Rules

(Item taken out of order as first item of business.) A proposed amendment to the Administrative Rules was distributed. Mr. Klajbor informed the Board we need to establish a clear line of how participant inquiries should be handled. He stated we would just be adding Item #10 under Section 6 - Enrollment and Customer Service essentially saying that the first point of contact for all participant inquiries should be the TPA. Ms. Daun voiced her concerns. Discussion ensued.

Ms. Daun stated as part of parliamentary procedure there may be additional closed session items which may bear upon this item so she would move at this time to table this item pending the advice of the City Attorney's office under Items 1 and 2. Mr. Morics stated that takes precedence, is there any discussion on the motion to table this item to a later point in the meeting. Hearing none so ordered.

Return back to item from closed session. Ms. Daun suggests that Item 3 be held pending further advice from the City Attorney's office. Mr. Morics stated hearing no objections the item will be held.

4. Revisions to the Investment Guidelines

Ms. Tangen stated this was presented to the Board at the last consideration of revisions to

the Investment Guidelines they changed to provide for the 3% cash liquidity necessary for the Vanguard funds that did not participate in the SunGard platform. This is a compliance change so the Investment Guidelines reflect what you are going to need to do to keep the cash available. It was moved by Ms. Daun to adopt the revisions to the Investment Guidelines as proposed. Hearing no objections so ordered.

5. Cleary Gull Advisors, Inc. Contract Extension

Ms. Tangen informed the Board there had been some discussion about revising the provision in Section 4 to address the issue of revenue sharing which was done, the other change was to add a reference in consultation with Callan Associates the Plan's consultant on Page 3 in Section 2B those are the only changes to the draft they saw and approved.

Mr. Allen suggested on Page 2, Section 2A, Duties of Advisor, Item 3 the second line in it says "any mutual fund selected by the Advisor" maybe it would be appropriate to say investment vehicle. Ms. Tangen stated she can make that change subject to Cleary's agreement. Ms. Stojadinovic agreed. Ms. Tangen will insert "investment product". Ms. Daun moved to accept the changes with the friendly amendment of Mr. Allen. Hearing no objections so ordered.

6. Loans: Roth Source Calculation: Revisions to Administrative Rules, Term Sheet, Nationwide's Contract Addendum and Loan Packet - Loan Default Letters – Informational

Ms. Tangen stated the changes were drafted by Nationwide, they accurately reflect the Board's decision to increase the maximum allowable loan amount to reflect a participant's Roth balance that there are also qualifications in the language to make sure that the loan would be funded exclusively from pre-tax sources so that in the event of the default we wouldn't have the Roth account implicated. Ms. Daun moved to approve. Hearing no objections so ordered.

7. Engagement Letter with Duane Morris LLP re Investment advice to participants

Ms. Tangen stated they had telephone conferences with Mr. John Nixon of Duane Morris about an outside counsel engagement for the complicated inquiry that had been formulated with respect to using Registered Investment Advisers in this Plan. The letter sets forth their maximum hourly rates which reflect a government discount any changes in those they would be conferring with the City Attorney's office. She stated it is a pretty standard engagement letter and verbally they did get a ballpark figure that they thought they could bring this engagement in for around \$25,000. The City Attorney's office will need to layer over the engagement letter a formal contract that includes required municipal provisions by law, they would include a not to exceed amount and a specific service description that included that

previously submitted letter so they can corral the scope properly.

Mr. Klajbor moved approval of the engagement letter with Duane Morris LLP. Hearing no objections so ordered.

8. Timetable for 2015

Ms. Daun informed the Board we are still going to move forward with the TPA RFP, we are scheduled for all of the investment managers. Ms. Daun stated the Recordkeeping RFP is now going to move forward at a great clip which is a different timeframe. There will be a Recordkeeping RFP going on at the same time when you are having numerous investment manager interviews for all the underlying mutual funds. Mr. Klajbor stated which is a change from what they shared at the last regular Board meeting so we wanted to make sure all of the Board members were aware of that.

There being no further comments or questions the meeting adjourned at 3:42 p.m.