

**CITY OF MILWAUKEE  
MINUTES OF THE DEFERRED COMPENSATION BOARD  
MEETING OF THURSDAY, NOVEMBER 7, 2013  
2:00 P.M. - ROOM 405, CITY HALL**

**MEMBERS/DESIGNEES PRESENT:**

Mr. W. Martin Morics, Plan Member, Chairman  
Mr. Jerry Allen, Vice Chair  
Ms. Margaret Daun, Assistant City Attorney  
Mr. James Klajbor, Deputy City Treasurer  
Ms. Beth Conradson Cleary, Assistant City Attorney  
Ms. Renee Joos, Fiscal & Risk Manager  
Mr. Martin Matson, Comptroller  
Mr. Michael J. Murphy, Alderman  
Mr. Mark Nicolini, Budget Director  
Mr. Joe Davis, Sr., Alderman  
Mr. Steven L. Mahan, Community Development Grants Administration

**EXCUSED/ABSENT:**

**OTHERS PRESENT:**

Ms. Brian Andrew, Cleary Gull Advisors  
Mr. Levi Lathen, Nationwide Retirement Solutions  
Ms. Sharon Hoppel, Morley Financial Services, Inc.  
Mr. Dziadowicz, Executive Director, Deferred Compensation

PLEASE, NOTE THAT A DETAILED TRANSCRIPT OF THE MEETING MINUTES IS NOT AVAILABLE DUE TO MALFUNCTION OF THE RECORDING DEVICE. ENCLOSED IS THE SUMMARY OF MOTIONS.

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

**1. Approval of the July 30, 2013 Board Meeting Minutes and Special Meeting of September 13, 2013 and October 18, 2013**

Mr. Morics stated that copies of the above minutes had been distributed to the Board members.

Motion was made to approve the meeting minutes as submitted. Hearing no objections so ordered.

**2. Plan Participant Benefit Approvals and Denials for the period of July, August and September 2013**

It was moved to approve initial payout benefits and rollover payments for participants who have left City employment and are commencing benefits since the last Deferred Compensation Board Meeting. Report accepted as submitted. Hearing no objections so ordered. It was moved to approve the hardship withdrawal requests. Hearing no objections so ordered.

\*Motion was made to convene in closed session at 2:15 p.m. for Item #3, on proper motion and action pursuant to Section 19.85(1)(c) and (f), Wisconsin State Statutes to discuss a request from a specific employee for a hardship withdrawal and from the Deferred Compensation Plan. The Board may reconvene in open session following the closed session for the continuation of the Agenda.

**3. \*Unforeseeable Emergency Withdrawal re Appeal Request**

Motion was made to reconvene in open session at 2:40 p.m. Roll call taken and hearing no objections so ordered.

**4. Executive Finance Committee Report**

a. Loan Program

**Motion** to approve an "off-the-shelf" loan program at zero cost to the Plan with the following terms: repayment by ACH, minimum loan amount \$1,000, maximum loan amount \$50,000 or 50% of overall balance, number of outstanding loans 2 (1 general purpose and 1 primary residence), minimum loan term - 6 months for general purpose and 12 months for primary residence, maximum loan term - 5 years for general purpose and 15 years for primary residence, maximum number of loans in a 12 month period - 2, eligibility - any currently employed, on leave of absence, terminated or retired participant, loan source - drawn pro rata across all of the participant's investments, loan application - exclusively on line, interest rate - prime (WSJ) + 100 bps, loan origination fee - \$50 (Nationwide collects and retains), overnight check delivery service - \$25, no annual fee for each loan outstanding as of 12/31, refinancing allowed for a \$50 fee (collected by Nationwide to offset other fees owed to NRS by the plan), no partial

prepayment allowed – only prepayment in full via ACH, no prepayment fee, insufficient funds fee - \$35 (collected by Nationwide to offset other fees owed to NRS by the plan), default – after 90 days (maximum allowable under IRC), for occurrence of insufficient funds – NRS will wait until the next month and then attempt to collect double the payment and repeat this process the following month, until 3 consecutive missed payments result in default, no fee charged at default, when loan 1 enters default, participant cannot take out another loan until loan 1 is brought current and participant will be forever barred from obtaining additional loans after 2 defaults, no fee annual fee charged for loans in default; to be implemented only after Common Council approval and after NRS contract amendments and the participant loan agreement have been executed.

**Motion** to refer negotiation and finalization and execution for Board approval of (a) NRS contract amendments (including, if confirmed by NRS, the reduction of any amounts owed to NRS for standard recordkeeping services on a quarterly basis by the amount of fees collected under the loan program) and (b) a participant loan agreement, required to institute an "off-the-shelf" loan program at zero cost to the Plan with the advice, counsel, and approval of the City Attorney, the EFC, and Executive Director, according to the agreed-upon terms summarized previously (see above).

**Motion** to approve Master Agreement and Administrative Rules amendments proposed by the City Attorney necessary to allow for a loan program.

All of the above motions hearing no objections so ordered.

b. Emergency Hardship Withdrawals

**Motion** to approve Master Agreement and Administrative Rules amendments proposed by the City Attorney necessary to clarify and redefine process for emergency hardship withdrawal applications and appeals, to be implemented only after Common Council approval and after the necessary Hardship Application and Appeal Guidelines and forms for application, appeals, and decision and other documentation have been finalized by the EFC and approved by the Board. Hearing no objections so ordered.

c. In-Plan Roth conversion

**Motion** to approve Master Agreement and Administrative Rules amendments proposed by the City Attorney necessary to allow for in-plan Roth conversions. Hearing no objections so ordered.

\*Motion was made to convene in closed session at 3:15 p.m. for Item #4 (d and e), on proper motion and action pursuant to Section 19.85(1)(e) and (g), Wisconsin Statutes for deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting the specified public business, whenever competitive or bargaining reasons require a closed session and 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 may reconvene in open session following the closed session for the continuation of the Agenda.

- d. \*Callan Associates, Inc. re Contract
- e. \*Principal Life Wrap Contract

Motion was made to reconvene in open session at 3:45 p.m. Roll call taken and hearing no objections so ordered.

**Motion** to approve the Callan Associates, Inc. contract.

**Motion** to receive and place the City Attorney transmittal letter on file.

**Motion** to refer the negotiation and finalization and execution for Board approval of an amendment to Cleary Gull's contract at earliest but most appropriate time to accommodate transition of advisory services from Cleary to Callan with the advice, counsel, and approval of the City Attorney's Office and the Executive Director.

**Motion** to refer to the EFC the authority to work with Callan to establish the initial work plan and timeline, to report to the Board via special meeting in 1Q2014.

**Motion** to approve the wrap contract with Principal Life.

**Motion** to receive and place the City Attorney transmittal letter on file.

All of the above motions hearing no objections so ordered.

- f. City Attorney transmittal letters on contract renewals previously approved by the Board

Motion was made to receive and place on file the City Attorney transmittal letters regarding the following contracts on file: Nationwide Retirement Solutions, US Bank and Cleary Gull Advisors. Hearing no objections so ordered.

- g. City Attorney Opinion re tax issues in rollover of GPS distributions to Plan by public safety employees

Motion was made to receive and place the City Attorney opinion on file. Hearing no objections so ordered.

\*Motion was made to convene in closed session at 4 p.m. for Item #4(h), on proper motion and action pursuant to Section 19.85(1)(e) and (g), Wisconsin Statutes for deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting the specified public business, whenever competitive or bargaining reasons require a closed session and 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 may reconvene in open session following the closed session for the continuation of the Agenda

h. \*Stable Value Contract

Motion was made to reconvene in open session at 4:15 p.m. Roll call taken and hearing no objections so ordered.

**Motion** to refer contract with selected proposer to EFC to negotiate and finalize a draft to recommend to Board with the advice and counsel of the City Attorney and Executive Director. Hearing no objections so ordered.

i. Financial Literacy Subcommittee

Motion was made to create a Financial Literacy Committee. Members of the Committee are: Mr. Klajbor, Ms. Daun, Ms. Cleary and Mr. Allen. Hearing no objections so ordered.

j. City Attorney Opinion re Walking Quorum

Motion was made to receive and place the City Attorney opinion on file. Hearing no objections so ordered.

**5. Cleary Gull Advisors Inc.**

a. 3<sup>rd</sup> Quarter Investment Performance Report

Copies of the Third Quarter Board Report for 2013 were distributed and are on file in the Office of the Executive Director.

Motion to accept report and place on file. Hearing no objections so ordered.

b. Model Portfolios Benchmark presentation

**Motion** to adopt new model portfolio benchmarks per Cleary Gull's recommendation.

**Motion** to approve Investment Guideline amendments to incorporate new model portfolio benchmarks. Hearing no objections so ordered.

**6. Morley Financial Services, Inc. - Stable Value Account (SVA) 3<sup>rd</sup> Quarter Report**

Copies of the report dated November 7, 2013, received from Morley Financial Services, Inc. regarding the Stable Value Account (SVA) are on file in the Office of the Executive Director.

Motion to accept report and place on file. Hearing no objections so ordered.

**7. Nationwide Retirement Solutions 3<sup>rd</sup> Quarter Report**

Copies of the Third Quarter Board Report for 2013 were distributed and are on file in the Office of the Executive Director. Mr. Lathen gave a brief overview of the Plan as of September 30, 2013.

Motion was made to accept and place on file. Hearing no objections so ordered.

**8. Informational Items**

The following items (except for 2014 Board & EFC Meeting Schedules) were received and placed on file:

- a. Process and procedures for Board member expenses (travel, registration, etc.)
  - b. 2014 Board Meeting Schedule/EFC Proposed Meeting Schedule
  - c. 2013 NAGDCA Conference Summary
  - d. Charles Schwab PCRA: 2<sup>nd</sup> and 3<sup>rd</sup> Quarter Reports
  - e. P&I Conference re custom target-date strategies: November 19, 2013, Chicago, IL
  - f. News Articles
- Informational.

There being no further business, the meeting was adjourned at 5:10 p.m.