



City of Madison

City of Madison
Madison, WI 53703
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Meeting Minutes - Approved DEFERRED COMPENSATION COMMITTEE

Tuesday, June 11, 2013

11:00 AM

CCB, 210 Martin Luther King, Jr. Blvd. Rm 501
HR Conference Room

CALL TO ORDER / ROLL CALL

Others present- Tim True, ICMA-RC; Tyge Olson, ICMA-RC

Present: 5 -

Brad Wirtz; David M. Gawenda; Mike Lipski; Lucia Nunez and Mark Hanson

Excused: 2 -

David Schmiedicke and Roger Allen

APPROVAL OF MINUTES

A motion was made by Lipski, seconded by Hanson, to Approve the Minutes of the April 23, 2013 meeting. The motion passed by voice vote/other.

PUBLIC COMMENT

No public comment.

DISCLOSURES AND RECUSALS

No recusals or disclosures.

NEW BUSINESS

A motion was made by Hanson, seconded by Nunez to go into closed session to consider item #1 pursuant to Section 19.85(1)(f), Wisconsin Statutes, which reads as follows:

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.

If the Deferred Compensation Committee does convene in closed session as described above, upon completion of the closed session, notice is hereby given that it may reconvene in open session to consider the following items without waiting 12 hours, pursuant to Wis. Stats. Sec.19.85(2).

Roll Call: Aye: 5-0; Schmiedicke and Allen absent.

A motion was made by Lipski, seconded by Wirtz to come out of closed session. Motion passed by voice vote/other.

Ayes: 5 -

David M. Gawenda; Mike Lipski; Lucia Nunez; Mark Hanson and Brad Wirtz

Excused: 2 -

David Schmiedicke and Roger Allen

1 [30449](#) Request for emergency withdrawal 2013-04.

A motion was made by Nunez, seconded by Wirtz, to Deny the request for emergency withdrawal 2013-04. The motion passed by voice vote/other.

2 [30433](#) Review of 457 Plan trends and investments as of 1st Quarter 2013. Investment and Plan information review including a discussion of fund performance and consideration/selection of alternative funds.

Fund Performance information was presented by Tim True based on attachment titled "Amended Plan Investments Report March 2013.pdf". Information on returns was based on performance through March 31, 2013 (Quarter 1) and 1 year returns were based on performance from April 1, 2012-March 31, 2013. Tim indicated that the new custom reporting tool still had some kinks that were being worked out. For instance, in the document, all the Vantagepoint funds are showing that they failed the criterion for assets under management being over \$200 million, but that is in error. The only one that would possibly fail that criterion would be the 2050 target date fund. In addition, the comparisons are against Morningstar, which is the entire universe of investments. Because of this, it would appear certain index funds are failing to meet expectations, but that only means that actively managed funds performed better in this period.

During the Committee's December, 2012, meeting, the following funds were placed under scrutiny:

- VT Royce Premier
- VT Vantagepoint Aggressive Ops Fund
- VT American Funds Fundamental Investors
- VT Royce Value Plus

The Committee reviewed the funds that had been under scrutiny and other funds that were not meeting benchmarks.

The Committee reviewed the model portfolios held by ICMA-RC, including the Vantagepoint Conservative Growth, Traditional Growth, Long Term Growth, and All Equity Growth funds. These funds appear to performing as designed, but their performance in the short term appears negative compared to their peers. The Committee discussed again the difficulty of trying to benchmark these funds against others, but decided that keeping the funds under scrutiny and then discussing at every meeting would meet our due diligence.

Gawenda moved to keep the funds under scrutiny, Nunez seconded. Motion passed by voice vote/other.

American Funds Fundamental Inv.: Performance is improving to the point the Committee determined it was not necessary to keep this fund under scrutiny.

Lipski moved to remove the American funds Fundamental Investors from under scrutiny, Gawenda seconded. The motion passed by voice vote/other.

Royce Premier: This fund performance continues to be poor compared to peers. It failed in both the 1 year and 3 year measurement, with its 1 year performance in the 85th percentile. The Committee agreed to keep this fund under scrutiny.

Lipski moved to keep the Royce Premier fund under scrutiny, Gawenda seconded. The motion passed by voice vote/other.

Vantagepoint Aggressive Ops Fund: The recent changes to the fund, including change in management, shows increased performance, in the top 20% for the 1 year performance. The Committee determined it was not necessary to keep this fund under scrutiny.

Gawenda moved to remove the Vantagepoint Aggressive Ops Fund from under scrutiny, Lipski seconded. Motion passed by voice vote/other.

Royce Value Plus: This fund is under scrutiny. This fund was in the 74% for 1 year, 91% for 3 year, and 92% for 5 year. ICMA-RC is closely watching this fund's performance. The Committee determined this fund should be put on the Watchlist with alternatives brought to the next meeting.

Lipski moved to place the Royce Value Plus fund on the Watchlist with alternatives brought to the next meeting, Nunez seconded. Motion passed by voice vote/other.

Vantagepoint Core Bond: This fund is not currently under scrutiny, but is performing poorly against both Morningstar and the more relevant Barclays index. The Committee determined the fund should be placed under scrutiny.

Gawenda moved to place the Vantagepoint Core Bond fund under scrutiny, Lipski seconded. Motion passed by voice vote/other.

Columbia Mid-Cap Value: This fund is not currently under scrutiny, but suffered poorly in 08-09, and is still trying to recover. There was a managerial shake-up in 2012. The Committee determined the fund should be placed under scrutiny.

Gawenda moved to place the Columbia Mid-Cap Value fund under scrutiny, Nunez seconded. Motion passed by voice vote/other.

The performance of the remaining funds in the lineup was adequate.

3 DISCUSSION ITEMS

ICMA-RC had 864 active participants in 2010 and only 800 now. Tyge Olson has been conducting many meetings with City employees. He is in Madison for the first and third Wednesdays of every month, oftentimes staying overnight until Thursday. He has been meeting with employees at City HR, at fire stations, and other various City agencies. He has arranged for a Certified Financial Planner to be available for participants.

Tyge and Tim went over enhancements to the ICMA-RC website.

ADJOURNMENT

A motion was made by Lipski, seconded by Wirtz, to Adjourn. The motion passed by voice vote/other.