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Correspondence Memorandum

Date: February 8, 2021

To: Deferred Compensation Board

From: Shelly Schueller, Director
 Wisconsin Deferred Compensation Program

Subject: Deferred Compensation Investment Committee Dissolution Discussion

The Department of Employee Trust Funds (ETF) recommends the Board dissolve the Deferred Compensation Investment Committee, effective immediately.

Since 1990, the Board has had one advisory committee, the Deferred Compensation Investment Committee (DCIC). As stated in the attached charter, the DCIC was established to "...provide investment expertise in the evaluation of investment options..." It is composed of two Board members who are selected by the Board. The DCIC meets two or three times per year and meetings usually last between 60 and 90 minutes. Meetings are currently virtual due to the COVID-19 pandemic.

The DCIC serves as the initial forum for investment-related topics, including reviewing the performance of the Board's investment options and meeting with investment providers. The DCIC also maintains and annually evaluates the Board's Investment Policy Statement. Because the DCIC is advisory only, no action is taken by the DCIC.

Like Board meetings, DCIC meetings open meetings, with notices posted to the public. In recent years, many DCIC meetings were attended by a majority of the Board. To meet Wisconsin's public meeting notice requirements, ETF developed a joint meeting notice. This notice states:

Members of the Deferred Compensation (DC) Board may be in attendance at the DCIC meeting. The DC Board will not be conducting business during the DCIC meeting. However, a quorum of the DC Board will be present at the DCIC meeting for purposes of gathering information or otherwise engaging in governmental business.

Through 2020, the DCIC members were Jason Rothenberg and Ed Main. Mr. Main was replaced on the Board in December 2020. Consequently, in order for the DCIC to function, the Board must select a new member to serve on the DCIC.

Reviewed and approved by Matt Stohr, Administrator, Division of Retirement Services

Matt Stohr Electronically Signed 2/22/21

Board	Mtg Date	Item #
DC	3.11.21	3

ETF believes this is an appropriate time for the Board to evaluate the value of the DCIC and determine if the DCIC should be continued. The DCIC provides an excellent forum for in-depth discussions related to WDC investment options. However, because the DCIC is advisory only, the results of DCIC discussions and recommendations must be repeated to the full Board for decisions and action. Eliminating the DCIC would reduce duplication of recurring agenda items, such as quarterly investment performance reports, but in some cases may then require additional or longer Board meetings as well as more involvement of the Board on investment decisions.

ETF recommends the Board dissolve the Deferred Compensation Investment Committee. If this is approved, ETF further suggests the Board meet quarterly so that the previous quarter's investment performance may be reviewed timely.

Staff will be at the Board meeting to answer any questions.

Attachment: Deferred Compensation Investment Committee Charter

Wisconsin Deferred Compensation Program
Deferred Compensation Board
Investment Committee Charter
Adopted: November 5, 2013
Last Revised: June 8, 2017

General

The Deferred Compensation Board (Board) established the Investment Committee in 1990 to provide investment expertise in the evaluation of investment options offered by the Board to Wisconsin Deferred Compensation Program (WDC) participants.

Membership

Membership shall be composed of two Board members selected by the Board. One member will be selected as Chair and the other as Secretary.

Duties and Responsibilities

In consultation with the Department and other experts as needed, the Investment Committee shall:

- Formulate and propose investment standards and guidelines which will be recommended to the Board for adoption and if adopted, formalized in the Board's *Investment Policy Statement*. These guidelines will reflect the Board's investment objectives related to offering a broad range of investment alternatives with diverse risk and return characteristics appropriate for WDC participants.
- Periodically evaluate the Board's *Investment Policy Statement* for relevancy and appropriateness, making any revision recommendations to the Board.
- Monitor the performance of the Board's investment options (with the exception of any options selected by a participant via the self-directed brokerage account option) in accordance with the Board's *Investment Policy Statement* and recommend any changes that may need to be made from time to time to the full Board.
- Bring to the attention of the Board any investment-related issue it deems significant or otherwise appropriate for the Board's consideration
- Keep minutes of Investment Committee meetings and report all actions at the next meeting of the full Board following an Investment Committee meeting.

Meetings

The committee shall meet at least twice per calendar year, to review mid-year and end of year investment performance reports, and may convene more frequently as circumstances require.

Charter Review

The Board, in consultation with the Investment Committee, shall periodically review this charter for relevancy and appropriateness.

History

The Board adopted this charter on November 5, 2013.