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## Wisconsin College Savings Program Board

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### College Savings Program Board Investment Advisory Committee Meeting

State Treasurer's Conference Room  
1 S. Pinckney Street, Third Floor; Madison, Wisconsin

**August 8, 2011**  
**1:00 p.m.**

#### Minutes

- I. **Call to Order and Roll Call** at 1:05 p.m. (Ken Johnson, Chair)  
Present: Ken Johnson, Bill Oemichen, Debbie Durcan, Pat Sheehy (by phone), Michael Wolff, Sarah Henriksen (Wells Fargo by phone), and Jim DiUlio.
- II. **Agenda Approval and Public Posting Report** (Chair, staff) Meeting has been posted properly. Agenda approved by unanimous voice vote.
- III. **Approval of Committee Meeting Minutes for May 9, 2011** Motion by Wolff, second by Johnson to approve the minutes. Carried.
- IV. **Public Presentations** - none
- V. **Old Business**
  - A. **Report on July 8 EdVest portfolio changes** [Wells Fargo, staff]  
Henriksen reported that the process has worked smoothly, with no problems as the fund lineup changed. She added that as the Credit Union CD portfolio has been added to the Bank CD portfolio, Bankers Bank has generously reduced their fee from 25 bps to 15 bps through the end of October. This will help maintain a stable NAV while absorbing the CU CD money.
  - B. **Second Quarter 2011 Investment Performance Reports** [staff]  
In the absence of an outside investment consultant report, DiUlio prepared a spreadsheet listing the portfolios' and underlying funds' performance and benchmarks for the quarter and usual reporting periods. Comparison numbers for peer group funds were not included because they were not freely available. He reported that markets were generally flat for the quarter, following exceptional numbers for the preceding two quarters. Nothing appears to be significantly out of line, with the exception of the Legg Mason fund that was replaced last month. With just five weeks experience, Johnson predicted an ugly third quarter.



C. **Watch List Update, Review, Recommendations to Board** [staff]

With regard to the three funds on the informal watch warning list, no outlying changes to performance or management took place. Recommendation by DiUlio and consensus of Committee to make no changes to the formal Watch List (currently none are listed) or the informal warning list.

D. **Recommended changes, additions, or deletions** – None.

**VI. New Business**

A. **Morningstar interviews** [Chair, Wells Fargo, staff]

Johnson thanked the Wells Fargo team for their preparation for Morningstar call and also their work implementing the EdVest fund changes

B. **Investment Consultant resignation, status report** [staff]

Some members of the committee met with Annoesjka West and Karen McKechnie of Callan Associates on July 25 as potential replacements for Evaluation Associates. In discussion, the group felt comfortable with the research materials available and their brief presentation. One interesting feature was a red-yellow-green dashboard on some numerical reports. No negative comments have been found regarding their work with other 529 plans. Callan has indicated they would continue with quarterly in-person visits as did EAI. The group asked DOA to work on Callan's request to assume EAI's contract with the program, including the 30-day notice to leave the relationship.

**VII. Committee Discussion Items for Future Agendas**

Johnson suggested continuing the visits by portfolio managers, starting with the larger assets. He found last year's visits helpful. Another item for attention will be the form and amount of data the Committee and Board needs from the investment consultant. Durcan liked the dashboard format. Henriksen said that there were some glitches at first with EAI and Wells Fargo exchanging databases, but they were worked out. Sheehy suggested a review by Callan of our Investment Policy Statement materials in light of the program's changes regarding State Treasurer and DOA.

**VIII. Announcements**

In Ken's absence from next week's Board meeting, Bill will report today's activity.

**IX. Adjournment**

Motion by Wolff, second by Durcan to adjourn. Unanimous voice vote. Meeting adjourned at 2:00 p.m.

**NOTE: *The Committee may recess into closed session, pursuant to the exemptions contained in s. 19.85, Wis. Stats. for deliberation of investment of public funds or other business where competitive reasons are an issue.***