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## 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

**May 3, 2010**  
**1:00 p.m.**

#### Minutes

- I. **Call to Order and Roll Call** at 1:08 p.m. (Ken Johnson, Chair)  
Present – Johnson, Durcan, Wolff, Schlissel, Sarah Henriksen (Wells Fargo), Tom Biwer (Wells Fargo), and Jim DiUlio.  
Absent – Oemichen, Sheehy
- II. **Agenda Approval and Public Posting Report** (Chair, staff)  
Approved by voice vote
- III. **Approval of Committee Minutes for February 2, 2010 and March 12, 2010**  
Accepted and approved by voice vote
- IV. **Public Presentations** (none)
- V. **Old Business**
  - A. **First Quarter 2010 Investment Performance** *Schlissel* briefly explained some format changes to her regular report, with additional upgrades to appear with the next quarter report. A significant improvement in Legg Mason's fund performance has brought its value almost back to the start from the recent low points. Additionally, the planned transition of managers at Legg Mason should not have any adverse effect on the funds. Discussing the highlights in this quarter's executive summary of the program's investments, she said that overall, the numbers continue to improve. She added that this quarter has been big for value investments when compared to the previous three quarters.

*Wolff* asked if there is any data calculating the average life of participant accounts. *Henriksen* said that there has not, but the average age of beneficiaries is seven, perhaps inferring thirteen years.



- B. Watch List Update, Review, Recommendations to Board In response to the demonstrated improvement to the Legg Mason portfolio and the managers remaining consistent to style, she recommended that Legg Mason be removed from the Watch List. Discussion followed, including comments that the fund did respond to the concerns of the Committee and Board following the managers meeting here. Additional comments about the managers remaining true to style were discussed. Total accounts in the various classes is now about \$58.3 million.

Motion by *Durcan*, second by *Wolff* to recommend to the Board that because of performance and consistent management, Legg Mason Aggressive and Legg Mason Special Investment Trust be removed from the Watch List. Approved by voice vote.

Discussion then continued on other funds. *Schlissel* said that Baird Bond remains on early warning as it borders the underperformance line. Conversation then moved to Wells Fargo International Equity and its relationship to the three-year rolling benchmark. The review date had been extended one year before and the committee felt that added time was needed.

Motion by *Johnson*, second by *Wolff* to recommend to the Board that Wells Fargo International Equity remain on the Watch List, extending the review to March 31, 2011. Approved by voice vote.

- C. Review of draft Investment Policy Statement by committee, recommended action for May 10 Board meeting The committee reviewed the most recent version, correcting some format and clerical errors. *DiUlio* stated that he has reviewed the IPS and asked some questions from the authors within the group for clarification. *Johnson* expressed his thanks to the committee members and others who have worked together for many months to create this policy and document. He added that the statement incorporates the duties, responsibilities, and relationships in a very clear fashion.

Motion by *Wolff*, second by *Durcan* to recommend to the Board that the Investment Policy Statement be used as a tool to guide the Investment Advisory Committee and the Board's activities. Approved by voice vote.

- D. Continuing discussion of Credit Union CD Investment placement The committee then brought up the continuing concerns with the level of CD placements within the credit union portfolio. The interest rate environment is not helping. Additional outreach may help, *DiUlio* said, indicating that he will visit the Credit Union League's convention in Green Bay next week. Question raised about what comfort level the committee has, perhaps putting the credit union CD on a 'watch list' status. *Henriksen* suggested combining both CD portfolios as the easiest option, but then the commingled money could not be called insured

## **VI. New Business**

There was none

## **VII. Future Committee Discussion Agenda Items**

Work is in progress by *Henriksen* to arrange a fund manager visit to the Committee by Vanguard Funds, tentatively for the September meeting.

## **VIII. Announcements**

Due to the September holidays, the date of the next Committee meeting is not set. *DiUlio* will confer with members and planned visitors to set a date.

**IX. Adjournment**

Motion by *Wolff*, second by *Johnson* to adjourn at 2:35 p.m. Carried.

**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.*