

## MINUTES OF DECEMBER 3, 2009, MEETING

### STATE OF WISCONSIN EMPLOYEE TRUST FUNDS BOARD

Holiday Inn Hotel and Suites, Conference Rooms A & B  
1109 Fourier Drive, Madison, WI

**DRAFT**

#### BOARD PRESENT:

Wayne Koessl, Vice-Chair Robert Niendorf, Secretary John David Jennifer Donnelly Theron Fisher	Kathleen Kreul Michael Langyel Dan Nerad Mary Von Ruden
--	--

#### BOARD NOT PRESENT:

Marilyn Wigdahl, Chair Rosemary Finora	Wayne McCaffery Gary Sherman
---	---------------------------------

#### PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Dave Stella, Secretary Bob Conlin, Deputy Secretary Cindy Gilles, Board Liaison David Nispel, Office of the Secretary	Steve Hurley, Office of Policy, Privacy, and Compliance Matt Stohr, Office of Legislative Affairs, Communications and Quality Assurance
--	--

#### OTHERS PRESENT:

ETF Office of the Secretary: Rhonda Dunn, Sharon Walk ETF Division of Retirement Services: Jean Gilding ETF Office of Budget and Trust Finance: Jon Kranz ETF Office of Internal Audit: John Vincent ETF Office of Legislative Affairs, Communications and Quality Assurance: Nancy Ketterhagen, Sari King	ETF Office of Policy, Privacy and Compliance: Linda Owen Gabriel, Roeder, Smith, and Company: Norm Jones Office of State Employment Relations: Paul Ostrowski State Engineering Association: Bob Schaefer Teachers Retirement Board Member: Steven Scheible
--	--

Wayne Koessl, Vice-Chair, called the meeting of the Employee Trust Funds Board (Board) to order at 1:03 p.m.

Board	Mtg Date	Item #
ETF	3.18.10	1

## CONSIDERATION OF PREVIOUS MEETING MINUTES

***MOTION: Mr. Nerad moved to approve the minutes of the September 17, 2009, Employee Trust Funds Board meeting as submitted by the Board Liaison. Ms. Kreul seconded the motion, which passed without objection on a voice vote.***

## COMMITTEE REPORTS

**Executive Committee** Mr. Koessler, Vice-Chair of the Executive Committee, reported the Committee reviewed and discussed the Department's Quarterly Progress Report and Quarterly Human Resources Report; received an update on the 2010-2015 strategic plan; considered the draft Board Communications Policy; and, reviewed the agenda for the ETF Board meeting.

**Budget and Operations Committee** John David, Chair of the Budget and Operations Committee, reported the Committee approved the minutes for the September 17, 2009, meeting; received an update on the 2010-2015 strategic plan; approved the motion in support of a supplemental funding request; and received an overview of the operating budget.

## DISCUSSION AND CONSIDERATION

**Wisconsin Retirement Systems (WRS) Three-Year Experience Study: January 1, 2006 – December 31, 2008** Mr. Koessler introduced Norm Jones of Gabriel, Roeder, Smith & Company. Mr. Jones presented a brief overview of the report, *Wisconsin Retirement System Three-Year Experience Study: January 1, 2006 – December 31, 2008*, as it was discussed at length this morning at the Joint Informational meeting. The objective of a three-year experience study is to review the experience of the fund and update the actuarial assumptions used in valuing the actuarial liabilities of the WRS in compliance with Section 40.03(5)(b) of the Wisconsin Statutes.

***MOTION: Ms. Von Ruden moved to accept the "Three-Year Experience Study: January 1, 2006 – December 31, 2008." Ms. Kreul seconded the motion, which passed without objection on a voice vote.***

## **Administrative Code Revisions**

**Clearinghouse Rule 09-057** David Nispel, ETF General Counsel, asked the Board to approve the final version of the proposed administrative rule that made technical and minor substantive changes to existing administrative rules (Clearinghouse Rule 09-057). He noted the proposed changes were discussed, in detail, at the Joint Informational meeting this morning. The Teachers Retirement (TR) and Wisconsin Retirement (WR) Boards approved the final version of the proposed rule at their meetings today.

***MOTION: Ms. Von Ruden moved to approve the final version of the proposed administrative rule. Mr. Nerad seconded the motion, which passed without objection on a voice vote.***

**Emergency Rule** Steve Hurley, Director of the Office of Policy, Privacy and Compliance, discussed the emergency rule relating to changes made to Chapter 40, Stats., by 2009 Wisconsin Act 28 regarding benefits for domestic partners and health insurance for adult children to the age of 27. Mr. Hurley asked for the Board's approval to promulgate this administrative rule utilizing the emergency rule process. He noted that this rule was discussed at the Joint Informational meeting this morning.

***MOTION: Mr. David moved to approve the emergency rule relating to benefits for domestic partners and health insurance for adult children to the age of 27. Mr. Niendorf seconded the motion, which passed without objection on a voice vote.***

**Board Communication Policy** Bob Conlin, Deputy Secretary, offered the Board members an opportunity to discuss the proposed Board Communication Policy presented at the Joint Informational meeting this morning. He reminded the Board that this policy is one of many policies that will be brought to them for consideration. Mr. Conlin noted the WR and TR Boards approved this policy during their meeting today.

***MOTION: Mr. Nerad moved to approve the Board Communication Policy. Ms. Von Ruden seconded the motion, which passed on a vote of Ayes 8; Nays 1; Absent 4.***

***Members Voting "Aye": Koessl, Niendorf, David, Fisher, Kreul, Langyel, Nerad and Von Ruden***

***Members Voting "Nay": Donnelly***

***Absent: Finora, McCaffery, Sherman and Wigdahl***

**Department Strategic Plan (2010-2015)** Mr. Conlin reviewed the steps the Department will take over the next five years to accomplish the priorities and goals of the 2010-2015 Strategic Plan. The priorities and goals include:

- Offer self-service tools to WRS members and employers.
- Expand outreach to more members and employers in more parts of the state.
- Strengthen internal workforce training programs to maintain a highly skilled and knowledgeable workforce.

To accomplish these goals financially, the Department will:

- Reallocate existing funds.
- Submit a request for supplemental funding.
- Actively compile the biennial budget request in late spring of 2010.

***MOTION: Ms. Von Ruden moved to adopt the Department's Strategic Plan. Ms. Kreul seconded the motion, which passed without objection on a voice vote.***

Mr. Nerad left the meeting at 2:25 p.m.

**Supplemental Funding Request (section 13.10)** Mr. Conlin shared with the Board that the Department recently submitted a Supplemental Funding request to the Joint Committee on Finance. A hearing is scheduled for December 17, 2009. The request is for funding and position increases that will help implement some of the initiatives developed as part of the Strategic Plan.

***MOTION: Mr. David moved to adopt the Department's supplemental funding request. Mr. Fisher seconded the motion, which passed without objection on a voice vote.***

**2009 Senate Bill 390** Mr. Koessl shared with the Board that during the ETF Executive Committee yesterday, they discussed Senate Bill 390 and proposed the Board adopt the following:

"We recommend that the ETF Board oppose 2009 Senate Bill 390 as introduced, especially those portions of the Bill that misappropriate to certain entities the names and addresses of retirees in order to send unsolicited communications to those retirees for purposes wholly unrelated to Chapter 40 benefit programs."

Dave Stella, Secretary, Mr. Conlin and Matt Stohr, Director of the Office of Legislative Affairs, Communications and Quality Assurance, answered questions from the Board.

***MOTION: Ms. Kreul moved to adopt the Executive Committee's recommendation opposing 2009 Senate Bill 390 as introduced, especially those portions of the Bill that misappropriate to certain entities the names and addresses of retirees in order to send unsolicited communications to those retirees for purposes wholly unrelated to Chapter 40 benefit programs. Mr. David seconded the motion, which passed on a vote of Ayes 7; Nays 1; Absent 5.***

***Members Voting "Aye": Koessl, Niendorf, David, Fisher, Kreul, Langyel, and Von Ruden***

***Members Voting "Nay": Donnelly***

***Members Absent: Finora, McCaffery, Nerad, Sherman and Wigdahl***

**OPERATIONAL UPDATES**

**Secretary's Report** Mr. Stella presented a "year-end" review to the Board:

- 2009 turned out to be a good recovery year (almost 20% in the Core Fund) after the losses in 2008.
- Contribution rates for 2010 will be slightly higher. General employees and Executive/Elected employees will be 0.6% higher and 1.0% and 1.4% higher for Protective Occupation Employees with Social Security coverage and Protective Occupation Employees without Social Security coverage respectively. These will probably continue to be slightly higher in 2011.
- Mr. Stella and Keith Bozarth, Executive Director of the State of Wisconsin Investment Board, wrote an article titled "Pension Sustainability – the Wisconsin Example." The article discusses sustainability of public pension plans and some of the features that helped the WRS remain viable during a difficult economic period.

**Member Correspondence** Mr. Conlin referred the Board to the Member Correspondence memo, specifically the letters from Mr. Doug King. Mr. Stohr answered questions from Board members.

Mr. Conlin referred the Board to the remaining informational memos in their Board binders.

**FUTURE ITEMS FOR DISCUSSION**

No future items were mentioned.

**ADJOURNMENT**

***MOTION: Ms. Von Ruden moved to adjourn the meeting. Ms. Kreul seconded the motion, which passed without objection on a voice vote.***

The meeting of the Employee Trust Funds Board adjourned at 2:35 p.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Robert Niendorf, Secretary  
Employee Trust Funds Board