

**DRAFT**

# MINUTES

June 20, 2013

Employee Trust Funds Board  
State of Wisconsin

Location:  
State Revenue Building – Events Room  
2135 Rimrock Road, Madison, WI



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## BOARD MEMBERS PRESENT:

Wayne Koessler, Chair	Jon Litscher
John David, Vice-Chair	Roberta Rasmus
William Ford	Vic Shier
Kimberly Hall	Mary Von Ruden
Michael Langyel	

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## BOARD MEMBERS ABSENT:

Jessica O'Donnell	David Wiltgen
Robert Niendorf, Secretary	

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## PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary	Office of Communications and Legislation:
Rob Marchant, Deputy Secretary	Tarna Hunter, Legislative Liaison
Cheryllynn Mullins, Board Liaison	Office of Enterprise Initiatives:
Division of Management Services:	Bob Martin
Pam Henning, Administrator	Office of Policy, Privacy and Compliance:
Stacie Meyer, Human Resources Manager	Mary Alice McGreevy, Policy Analyst
Division of Retirement Services:	
Matt Stohr, Administrator	

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## OTHERS PRESENT:

ETF Division of Insurance Services:	ETF Office of Budget and Trust Finance:
Deb Roemer	Bob Willett
ETF Division of Management Services:	ETF Office of Communications and
Liz Jones-Queensland, Jack Loman,	Legislation: Mark Lamkins, Kathryn
Stacie Meyer	Fields
ETF Division of Retirement Services:	ETF Office of Internal Audit: John Vincent
Anne Boudreau	ETF Office of Policy, Privacy and
	Compliance: Steve Hurley

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Deloitte: Michael De Leon  
Gabriel Roeder Smith & Company: Jim  
Anderson, Mark Buis, Brian Murphy

ETF Legal Services: David Nispel  
Legislative Audit Bureau: Brian Geib  
LRWL Inc: Peter Cole, Ben Lott  
TR Board: Susan Harrison  
Terri Palm

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Wayne Koessl, Chair, called the meeting of the Employee Trust Funds (ETF) Board (Board) to order at 1:28 p.m.

## CONSIDERATION OF MEETING MINUTES

***MOTION: Ms. Von Ruden moved to approve the March 7, 2013, minutes of the ETF Board as submitted by the Board Liaison. Ms. Hall seconded the motion, which passed unanimously on a voice vote.***

## COMMITTEE REPORTS

### Executive Committee

Mr. Koessl noted the Executive Committee met on June 19, 2013. The Committee approved the March 6, 2013, minutes. In addition, the Committee:

- reviewed today's ETF Board meeting agenda;
- discussed ETF's Transformation, Integration and Modernization (TIM) effort and budget;
- discussed various ETF vacancies and recruitment efforts; and
- discussed the process for Secretary Conlin's annual evaluation.

### Audit Committee

Mr. Ford indicated the Audit Committee approved the March 7, 2013, minutes. The Committee:

- received the final status update on the 2011-2013 Audit Plan;
- reviewed and discussed the 2013-2015 Audit Plan;
- received an update on the status of the 2011 and 2012 CAFRs; and
- was presented with the results of the Lump Sum Payments Audit.

### Budget and Operations Committee

Ms. Von Ruden reported the Budget and Operations Committee approved the March 7, 2013, minutes.

The Committee reviewed and discussed:

- an update on the current version of the 2013-2015 biennial budget bill and the items that affect ETF;
- an operations update about the number of retirements and request for retirement estimates in the first quarter of 2013; and
- information about the TIM initiative and an overview of the open projects.

## **DISCUSSION AND CONSIDERATION**

### Wisconsin Retirement System 32<sup>nd</sup> Annual Valuation of Active Lives and Gain/Loss Analysis – December 31, 2012

Brian Murphy, Mark Buis, and Jim Anderson of Gabriel, Roeder & Smith (GRS) (Ref. ETF | 6.20.13 | 4A) presented the Wisconsin Retirement System 32<sup>nd</sup> Annual Valuation of Active Lives and the Gain/Loss Analysis to the Boards. They discussed the increased contribution rates for 2014, which were primarily due to the large asset losses in 2008 that were smoothed over five years in order to mitigate large changes in rates from year to year.

The contribution rates for 2014 are as follows:

General	14.0%
Executive & Elected	15.5%
Protective with Social Security	17.1%
Protective without Social Security	21.0%

***MOTION: Ms. Von Ruden moved to accept the actuary's report on the Wisconsin Retirement System (WRS) 32<sup>nd</sup> Annual Valuation of Active Lives and Gain/Loss Analysis – December 31, 2012 and adopt their recommendations. Mr. Langyel seconded the motion, which passed unanimously on a voice vote.***

### Accumulated Sick Leave Conversion Credit Program Annual Review

Brian Murphy, Mark Buis, and Jim Anderson of Gabriel, Roeder & Smith (GRS) (Ref. ETF | 6.20.13 | 4B) presented the Accumulated Sick Leave Conversion Credit Program Annual Review. The rate increased from 1.3% to 1.4% with the main reason being the asset performance of 2008.

***MOTION: Mr. David moved to accept the actuary's report on Accumulated Sick Leave Conversion Credit Program and adopt their recommendations. Mr. Ford seconded the motion, which passed unanimously on a voice vote.***

Clearinghouse Rule # 13-029: Clarification for Administration of the Duty Disability Program

Ms. McGreevy referred the Board to the memo in their binders (Ref. ETF | 6.20.13 | 4C) regarding Clearinghouse Rule #13-029. The proposed rule clarifies current administrative practices in the duty disability program and brings the rule in line with the statutes and practices of the Disability Bureau.

***MOTION: Ms. Rasmus moved to accept the final version of proposed Clearinghouse Rule # 13-029. Mr. Litscher seconded the motion, which passed unanimously on a voice vote.***

40.65 Duty Disability Actuarial Review

Mr. De Leon of Deloitte presented the State of Wisconsin Duty Disability Program actuarial review to the Board (Ref. ETF | 6.20.13 | 4D). He discussed the January 1, 2013, actuarial valuation results and the employer contribution policy changes for 2014.

***MOTION: Mr. Litscher moved to accept the January 1, 2013, Actuarial Valuation of the Duty Disability Program and accept the recommendation for the new employer contribution rates for 2014. Ms. Von Ruden seconded the motion, which passed unanimously on a voice vote.***

**OPERATIONAL UPDATES**

Secretary's Report

Mr. Conlin provided the Board his monthly Secretary's Report on June 7. Highlights include the following:

- The Chief Financial Officer recruitment is down to a short list of finalists. He is optimistic that ETF will determine how best to proceed before the September Board meeting.
- ETF vacancies are down to 18.

Benefits Administration System – Request for Proposal (RFP) Update

Mr. Martin introduced ETF's strategic partner, LRWL, Inc. Mr. Lott and Mr. Cole of LRWL Inc. explained their roll in ETF's TIM initiative. This includes working with ETF staff in gathering high-level requirements, creating a Request for Proposals, assistance with the vendor evaluation process and project oversight management during implementation.

Personnel Matters

***MOTION: Ms. Hall moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (c) to discuss the Secretary's performance evaluation. Ms. Von Ruden seconded the motion, which passed on the following roll call vote:***

***Members Voting Aye: David, Ford, Hall, Koessl, Langyel, Litscher, Rasmus, Shier, and Von Ruden***

***Members Absent: O'Donnell, Niendorf, Wiltgen***

The Board convened in closed session at 2:30 p.m. and reconvened in open session at 3:41 p.m.

**ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION**

Mr. Koessl announced the Board took the following action during closed session:

The Board discussed the Secretary's salary structure and gave views on how it could be improved. The Board reviewed the Secretary's evaluation completed by staff and the Board. Mr. Conlin appeared before the Board and each member was given an opportunity to share their view of Mr. Conlin's performance and the job he has done.

Mr. Litscher stated that the job performance, energy and activity Mr. Conlin has brought to ETF are outstanding and the Board deeply respects his service on behalf of Board members, retirees, and current workers.

**ADJOURNMENT**

***Motion: Mr. Litscher moved to adjourn the meeting. Ms. Von Ruden seconded the motion, which passed unanimously on a voice vote.***

The Board adjourned at 3:43 p.m.

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

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

Robert Niendorf, Secretary  
Employee Trust Funds Board