

DRAFT

MINUTES

March 24, 2016

Employee Trust Funds Board
State of Wisconsin

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



ETF BOARD MEMBERS PRESENT:

Wayne Koessler, Chair
John David, Vice Chair
Robert Niendorf, Secretary
William Ford
Michael Langyel
Paul Ostrowski

Leilani Paul
Roberta Rasmus
Victor Shier
Mary Von Ruden
David Wiltgen

ETF BOARD MEMBERS NOT PRESENT:

Jon Litscher

PARTICIPATING EMPLOYEE TRUST FUNDS STAFF:

Office of the Secretary:

John Voelker, Deputy Secretary
Cherylynn Wilkins, Board Liaison

Division of Management Services:

Stacie Meyer, Deputy Administrator

Division of Retirement Services:

Matt Stohr, Administrator

Office of Policy, Privacy and

Compliance: Steve Hurley, Director

Office of Strategic Health Policy:

Jessica Rossner, Employee Benefit
Plan Policy Advisor

OTHERS PRESENT:

ETF Division of Management Services:

Ryan Perkins

ETF Division of Retirement Services:

Anne Boudreau

ETF Office of Legal Services:

David Nispel, Diana Felsmann

ETF Office of Communications:

Mark Lamkins

ETF Office of Policy, Privacy and

Compliance: Steve Hurley

ETF Office of the Secretary: Sara

Brockman, Pam Henning, Tarna
Hunter

WR Board Members: Ted Nickel, Julie

Wathke, Steve Wilding

Department of Justice: Charlotte Gibson

Gabriel Roeder Smith & Company

(GRS): Jim Anderson, Brian Murphy

Board	Mtg Date	Item #
ETF	6.23.16	1

Wayne Koessler, Chair, called the meeting of the Employee Trust Funds Board (Board) to order at 12:26 p.m.

CONSIDERATION OF MEETING MINUTES

MOTION: Ms. Von Ruden moved to approve the open session minutes of the December 10, 2015 meeting of the Employee Trust Funds Board, as submitted by the Board Liaison. Ms. Paul seconded the motion, which passed unanimously on a voice vote.

ELECTION OF OFFICERS

MOTION: Ms. Von Ruden moved to nominate Wayne Koessler as Chair, John David as Vice Chair and Robert Niendorf as Secretary. Mr. Langyel seconded the motion, which passed unanimously on a voice vote.

COMMITTEE REPORTS

Executive Committee

Mr. Koessler noted the Executive Committee met on March 23, 2016. The Committee approved the December 9, 2015 minutes. In addition, the Committee reviewed and discussed:

- today's Joint Meeting and ETF Board meeting agendas;
- ETF's objectives and accomplishments from the past quarter highlighting:
 - the state's enterprise STAR Rollout 2, including HR, payroll and benefits were implemented in December with continued coordination efforts occurring between ETF and the Department of Administration (DOA) to resolve payment issues;
 - ETF's Office of Strategic Health Policy is moving forward on recommendations by the Group Insurance Board and its benefit consultant, Segal, to solicit bids on four Requests for Proposal in the coming months;
 - ETF's Benefit Administration System (BAS) Rollout 2 implementation date was moved from January 1, 2017 to January 1, 2018, due to delay in Rollout 1 and to provide more testing and training with the nearly 1,500 employers; and
 - ETF Staff reviewed floor plans for the new building at Hill Farms and the parking structure currently under development.
- the quarterly Human Resources Report, including current ETF key vacancies, recruitment efforts of the agency and a new leadership training opportunity for managers and eventually staff.

Secretary's Evaluation and Timetable

Ms. Meyer provided a history on the Secretary's evaluation process (Ref. ETF | 3.24.16 | 4A1), which will include feedback via a survey from ETF managers and supervisors. The

Board will also complete a survey which will be sent in mid-May and needs to be returned by June 3. Changes to the Secretary's Annual Performance Review document include eliminating the "Superior" rating choice in 2015 and adding an explanation to the "Developing" rating for 2016.

Audit Committee

Mr. Ford indicated the Audit Committee approved the December 10, 2015 minutes. In addition:

- The Committee elected Audit Committee officers for 2016;
- Carolyn Stittleburg and Lisa Kasel from the Legislative Audit Bureau (LAB) presented on ETF's 2014 Comprehensive Annual Financial Report, the Wisconsin Retirement System (WRS) Financial Statement Report and the WRS Employer Reporting;
- Mr. Willett discussed the 2014 CAFR, and the new GASB accounting standards used in the preparation of the financial statements and answered questions ;
- The financial statements confirmed the WRS is very well-funded, with assets of 102.7% of its liabilities, according to the GASB standards; the other benefit plans administered by ETF are either well-funded or are in the process of being well-funded within a reasonable period of time;
- According to the LAB, none of the errors identified materially affected the financial statements; however, ETF is taking steps to improve the accuracy of the statements, including having an outside consultant suggest improvements.
- The Committee reviewed the progress on the 2015-2017 Audit Plan.

Budget and Operations Committee

Ms. Von Ruden reported the Budget and Operations Committee approved the December 10, 2015 minutes. The Committee also:

- elected Budget and Operations Committee officers for 2016;
- reviewed the operations update on the outreach efforts including the number of retirements and requests for retirement estimates in the fourth quarter of 2015 as well as the entire calendar year; and
- discussed an update on the status of the BAS project. Rollout 2 of the project is scheduled for January 1, 2018.

DISCUSSION AND CONSIDERATION

Wisconsin Retirement System 33rd Annual Valuation of Retired Lives – December 31, 2015

Mr. Murphy summarized the results of the valuation (Ref. ETF | 3.24.16 | 5A) and, based on the results, stated the increase in the Core annuities is 0.5% and Variable annuities will be decreased by 5%.

Motion: Mr. Niendorf moved to accept the actuary's report on the Wisconsin Retirement System 33rd Annual Valuation of Retired Lives –

December 31, 2015 and adopt their recommendation. Mr. Langyel seconded the motion, which passed unanimously on a voice vote.

Employee Reimbursement Accounts/Commuter Benefits Program Contract Extension

Ms. Rossner provided background information (Ref. ETF | 3.24.16 | 5B) on each of the benefit programs, the cost changes and the contract extensions. She also reviewed the revised enhanced performance standards and guarantees to be included in the contract.

Motion: Mr. David moved to approve a one-year extension of the administrative services contract with Total Administrative Services Corporation (TASC), with the proposed fee increase, not to exceed 3% for the Employee Reimbursement Accounts (ERA), Limited Purpose Flexible Spending Account (LPFSA), and Health Savings Account (HSA) programs for the 2017 plan year, January 1, 2017 through December 31, 2017 and to amend the current contract with TASC to include revised performance standards and guarantee enhancements that will be negotiated with TASC and attached to the contract. Ms. Von Ruden seconded the motion, which passed unanimously on a voice vote.

OPERATIONAL UPDATES

Mr. Koessl referred the Board to operational update item (Ref. ETF | 3.24.16 | 6A).

APPEALS 2013-007-ETF, 2013-043-ETF, 2013-049-ETF, 2013-050-ETF and 2013-054-ETF

Mr. Koessl indicated the Board would convene in closed session for the purpose of deliberation on appeals.

MOTION: Mr. Wiltgen moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (a) for the purpose of quasi-judicial deliberations on appeals. Mr. Niendorf seconded the motion, which passed on the following roll call vote:

Members Voting Aye: David, Ford, Koessl, Langyel, Niendorf, Ostrowski, Paul, Rasmus, Shier, Von Ruden, Wiltgen

Members Absent: Litscher

The Board convened in closed session at 1:29 p.m. and reconvened in open session at 2:23 p.m.

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

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

Appeals 2013-007-ETF, 2013-043-ETF and 2013-050-ETF

The Board voted to adopt the Hearing Examiner's proposed decision with modifications.

Appeal 2013-049-ETF

The Board voted to reject the Hearing Examiner's proposed decision and affirm the employer's classification.

Appeal 2013-054-ETF

The Board voted to reject the Hearing Examiner's proposed decision and affirm the employer's classification.

ADJOURNMENT

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

The Board adjourned at 2:26 p.m.

Date Approved: _____

Signed: _____

Robert Niendorf, Secretary
Employee Trust Funds Board