

DRAFT

MINUTES

September 21, 2017

Employee Trust Funds Board
State of Wisconsin

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



ETF BOARD MEMBERS PRESENT:

Wayne Koessl, Chair
John David, Vice Chair
Robert Niendorf, Secretary
William Ford
Michael Langyel

Leilani Paul
Roberta Rasmus
Victor Shier
Mary Von Ruden
Bob Ziegelbauer

BOARD MEMBERS NOT PRESENT:

Stacey Rolston

David Wiltgen

PARTICIPATING EMPLOYEE TRUST FUNDS STAFF:

Office of the Secretary:

Bob Conlin, Secretary
John Voelker, Deputy Secretary
Tarna Hunter, Director of Strategic
Engagement and Government
Relations
Cherylynn Wilkins, Board Liaison

Division of Retirement Services:

Matt Stohr, Administrator
Deb Roemer, Director, Benefits
Services Bureau

Office of Strategic Health Policy (OSHP):

Jessica Rossner, Employee Benefit
Plan Advisor
Sara Brockman, Employee Benefit Plan
Advisor

OTHERS PRESENT:

ETF Division of Management Services:

Stacie Meyer, Ryan Perkins

ETF Division of Retirement Services:

Anne Boudreau, Jim Guidry

ETF Office of Legal Services:

Diana Felsmann, Dan Hayes, David
Nispel, Mary Richardson

ETF Office of the Secretary: Jennie

Bauernhuber, Pam Henning

University of Wisconsin System:

Zova Vang

Board	Mtg Date	Item #
ETF	12.14.17	1

Wayne Koessl, Chair, called the meeting of the Employee Trust Funds Board (Board) to order at 12:45 p.m.

CONSIDERATION OF MEETING MINUTES

MOTION: Ms. Von Ruden moved to approve the open and closed session minutes of the June 22, 2017, 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.

COMMITTEE REPORTS

Executive Committee

Mr. Koessl noted the Executive Committee met on September 20, 2017. The Committee approved the June 21, 2017, minutes. In addition, the Committee reviewed and discussed:

- today's Joint Meeting and ETF Board meeting agenda covering the various educational topics heard this morning, the request for delegation oversight of the Employee Reimbursement Accounts (ERA) program to the Group Insurance Board (GIB), an update on the Disability Program Redesign, the recent biennial budget action and other operational updates;
- reviewed and approved the Executive Committee Charter;
- some of ETF's objectives and accomplishments from the past quarter;
- ETF's quarterly Human Resources Report, including current key vacancies and recruitment efforts of the agency; and
- the ETF Secretary's compensation for discussion with the full Board today in closed session.

Audit Committee

Mr. Ford indicated the Audit Committee approved the June 22, 2017, minutes. In addition, the Committee:

- reviewed an external audit of Navitis, the pharmacy benefit manager provider for the state group health insurance program.
- discussed a Total Administrative Services Corporation (TASC) audit, which was conducted jointly by ETF and an outside firm. The audit revealed many deficiencies related to TASC.;
- reviewed the Audit Committee Charter and the Office of Internal Audit Charter and approved a number of minor and substantive changes;
- discussed the Office of Internal Audit (OIA) Death Benefits audit. Calculations are accurate, beneficiaries are identified and payments are being made in a timely manner; and
- reviewed the FY2018-FY2019 Audit Plan and open issues report.

Budget and Operations Committee

Ms. Von Ruden reported the Budget and Operations Committee approved the June 22, 2017, minutes. The committee also:

- reviewed the operations update on call volume as well as the number of retirements and requests for retirement estimates in the second quarter of 2017;
- discussed the 2017-2019 state budget; and
- discussed the status of the Benefit Administration System (BAS) project and an overview of the next steps in the project.

DISCUSSION AND CONSIDERATION

Transfer the Oversight of the Employee Reimbursement Accounts, Commuter Benefits, Limited Flexibility Spending Account, and Health Savings Account Programs to the Group Insurance Board (GIB)

Ms. Rossner and Ms. Brockman (Ref. ETF | 9.21.17 | 4A) explained that the reimbursement program is administered by TASC, in partnership with ETF. Approximately 80% of participants in these programs set aside pre-tax dollars to pay for health insurance expenses. These programs closely align with the group health insurance programs; therefore, any changes in the group health programs likely affect the participation and utilization of these programs. In addition, the high deductible health plan (HDHP) has a statutory requirement to also participate in a Health Savings Account (HSA). By statute, the GIB has contractual authority over the HDHP and HSA. Ideally, all health-related programs should be overseen by the same governing board. Based on legal counsel, delegating a board's authority does not require statutory changes.

Mr. Conlin commented that transferring oversight of these programs is another step in the realignment of the programs to the appropriate Wisconsin Retirement System (WRS) governing board.

Motion: Mr. Langyel moved to delegate oversight of the Health Savings Account and Employee Reimbursement Account programs to the Group Insurance Board. Mr. Shier seconded the motion, which passed unanimously on a voice vote.

Disability Program Redesign Update

Ms. Roemer updated the Board (Ref. ETF | 9.21.17 | 4B) on the activities related to the redesign of the disability benefits plan offered to eligible WRS employees. ETF has been developing and testing an in-house Long-Term Disability Insurance (LTDI) database. A communications plan is also being developed. ETF is in contract extension discussions with Aetna for ICI and LTDI plan administration and expects to have the contract for 2018 signed soon.

OPERATIONAL UPDATES

Secretary's Report

Mr. Conlin updated the Board and highlighted the following:

- The BAS project continues, including efforts training and onboard 1,500 employers. Vitech was responsible for two main deliverables. The first, in May – looked good with fewer defects in testing. The second deliverable in July – ETF was disappointed and have been trying to play catch up ever since;
- Milwaukee County's Sustainability Task Force had its first meeting, which was an overview of the issues faced by the Milwaukee County pension system. PEW Charitable Foundation has volunteered to conduct pension research and analysis;
- ETF submitted a formal request to veto legislation providing more legislative control over the GIB;
- the State of Wisconsin Investment Board (SWIB) Executive Director search is under way and there are several good candidates;
- The Council of State Governments has invited Mr. Conlin to participate on a panel discussion, "Public Pension Plans that Work," and wants to hear about our system's shared risk and reward design; and
- The most recent ETF Excellence Award winner was Theron Schultz, a Business Analyst in the Division of Retirement Services-Employer Services.

2017-2019 Biennial Budget Update

Ms. Hunter referred the board to the memo (Ref. ETF | 9.21.17 | 5B) and highlighted a few ETF requests in in the biennial budget, which the Governor is expected to sign today. The budget provides ETF with three BAS project positions and two permanent accounting Governmental Accounting Standards Board (GASB) positions. Among other things, the budget eliminated the Chapter 40 domestic partnership program on the effective date of the bill; however, it grandfathers existing domestic partnerships for purposes of WRS benefits. Ms. Hunter also discussed group health insurance coverage changes for employees' domestic partners.

Mr. Stohr referred the Board to the remaining operational update item (Ref. ETF | 9.21.17 | 5C).

PERSONNEL MATTERS

Mr. Koessl indicated the Board would convene in closed session to discuss the ETF Secretary's evaluation.

MOTION: Ms. Von Ruden moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (c) to discuss

employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility. Ms. Rasmus seconded the motion, which passed on the following roll call vote:

Members Voting Aye: David, Ford, Koessl, Langyel, Niendorf, Paul, Rasmus, Shier, Von Ruden and Ziegelbauer

Members Absent: Rolston, Wiltgen

The Board convened in closed session at 1:36 p.m. and reconvened in open session at 1:47 p.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

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

Personnel Matters

The Board discussed Secretary Conlin's compensation and approved a Discretionary Merit Compensation award and delegated to the Human Resource Director to submit the appropriate documentation after the final approval of the 2017-2019 Compensation Plan.

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 1:49 p.m.

Date Approved: _____

Signed: _____

Robert Niendorf, Secretary
Employee Trust Funds Board