

MINUTES OF MEETING
STATE OF WISCONSIN
JOINT INFORMATIONAL MEETING
TEACHERS RETIREMENT, WISCONSIN RETIREMENT,
AND EMPLOYEE TRUST FUNDS BOARDS

Thursday, June 26, 2008

Holiday Inn Hotel and Suites
1109 Fourier Drive
Madison, Wisconsin

BOARD PRESENT:

Jamie Aulik, WR Board
Ted Bratanow, TR Board
John Brown, ETF Board
John David, WR Board
Jennifer Donnelly, ETF Board
Rosemary Finora, ETF Board
Theron Fisher, ETF Board
Rick Gale, Chair, WR Board and ETF Board
Wayne Koessl, Vice-Chair, WR Board and Vice-Chair, ETF Board
Kathy Kreul, ETF Board
Irena Macek, ETF Board
Eileen Mallow (for Sean Dilweg), WR Board
Lon Mishler, Chair, TR Board
Robert Niendorf, Secretary, ETF Board
Dennis Panicucci, Vice-Chair, TR Board
Patrick Phair, TR Board
Tom Pedersen, TR Board
Roberta Rasmus, TR Board
Steve Scheible, TR Board
Robert Shaw, TR Board
Gary Sherman, ETF Board
Robin Starck, Secretary, TR Board
Herbert Stinski, WR Board
Nancy Thompson, ETF Board
Mary VonRuden, Secretary, WR Board
Marilyn Wigdahl, WR Board and Chair, ETF Board

BOARD NOT PRESENT:

Sean Dilweg, WR Board
Mike Langyel, TR Board
Wayne McCaffery, ETF Board and TR Board
Dan Nerad, TR Board
David Wiltgen, TR Board

PARTICIPATING ETF STAFF:

Dave Stella, Secretary

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Bob Conlin, Deputy Secretary
Sari King, Administrator, Division of Retirement Services
Matt Stohr, Director, Legislation, Communications, and
Planning
John Vincent, Administrator, Division of Trust Finance and
Employer Services
Ann McCarthy, Board Liaison

OTHERS PRESENT:

Michelle Baxter, Division of Trust Finance and Employer Services
Mark Buis, Gabriel, Roeder, Smith, and Company
Jerry Dietzel, Division of Trust Finance and Employer Services
Sandy Drew, State of Wisconsin Investment Board
Rhonda Dunn, Office of the Secretary
William Ford, Wisconsin Legislative Council
Jean Gilding, Division of Retirement Services
Gail Hanson, State of Wisconsin Investment Board
Dan Hayes, Wisconsin Law Enforcement Officers
Association
Pam Henning, Division of Management Services
Lynn Jarzombek, Division of Retirement Services
Norm Jones, Gabriel, Roeder, Smith, and Company
Dan Joyce, State Engineering Association
Nancy Ketterhagen, Office of the Secretary
Jon Kranz, Office of Internal Audit and Budget
Steve Macek
Dennis McBride, former WR Board member
Linda Owen, Division of Retirement Services
Mel Sensenbrenner, State Engineering Association
Katie Schultz, State of Wisconsin Investment Board
Ken Stelzig, WEAC Retired
Sharon Walk, Office of the Secretary
Bob Willett, Division of Trust Finance and Employer Services
Art Zimmerman, Legislative Fiscal Bureau

Rick Gale, Chair, Wisconsin Retirement Board, called the meeting to order at 9:33 a.m.

CONSIDERATION OF MINUTES OF PREVIOUS MEETING

Motion: Ms. Thompson moved approval of the minutes of the March 13, 2008, meeting as submitted by the Board Liaison. Ms. Rasmus seconded the motion, which passed without objection on a voice vote.

ANNOUNCEMENTS

Teachers Retirement (TR) Board Member Election Results Sari King, Administrator, Division of Retirement Services, reported that incumbents Lon Mishler and Tom Pedersen were both re-elected to the TR Board in the March elections and congratulated them on their victories.

Officer Election Results Ms. King announced the slate of officers for each Board following each Boards' elections in March.

Introductions of New Board Members Ms. King welcomed and introduced new Wisconsin Retirement (WR) Board member Jamie Aulik and re-appointed WR Board member Mary Von Ruden.

Recognition of Outgoing Board Member - Dennis McBride Ms. King announced that Mr. McBride, former member of the WR Board, had resigned due to his newly elected position as Alderman for the 4th District of the City of Wauwatosa. As Alderman, he will now participate in the Wisconsin Retirement System (WRS) and therefore, can no longer hold his seat as the "public member" on the WR Board. Ms. King thanked Mr. McBride for his service and presented him with a plaque.

OPERATIONAL UPDATES

Ms. King referred members to the informational reports in their binders.

Legislative Update Matt Stohr, Director, Legislation, Communications, and Planning, updated the Boards on legislation relevant to the Department and the WRS. Mr. Stohr discussed Wisconsin Act 131. He reported that the Department has begun work on implementation of this Act.

Mr. Stohr also discussed Act 226 and noted that it passed in May 2008. Act 226 allows public safety officers to have money deducted from their WRS annuity and their Deferred Compensation Program account for payment of health insurance and long-term care insurance premiums. He reported that this would go into effect on January 1, 2009 and that the Department was awarded additional resources to implement the Act. Mr. Stohr stated that he would continue to update the Boards on the progress of the implementation of the Act at future meetings.

Mr. Stohr also noted that the President recently signed federal legislation called the Heroes Earnings Assistance and Relief Tax Act (HEART) of 2008. This Act affects WRS death benefits for persons who die while actively serving in the military. The persons who meet the criteria will receive death benefits as if they were current WRS participants. These provisions are retroactive to January 1, 2007.

WISCONSIN RETIREMENT SYSTEM TWENTY-SEVENTH ANNUAL ACTUARIAL VALUATION AS OF DECEMBER 31, 2007

Mr. Gale introduced Norm Jones and Mark Buis of Gabriel, Roeder, Smith and Company (GRS), actuaries for the Board. Mr. Jones gave a PowerPoint presentation in conjunction with the report, *Wisconsin Retirement System Twenty-Seventh Annual Actuarial Valuation as of December 31, 2007*. The valuations reflect the actuarial experience, trends and projections for non-retired participants covered by the Wisconsin Retirement Systems (WRS). The valuation establishes

contribution rates for the 2009 calendar year in conformance with Chapter 40 of the Wisconsin Statutes.

Mr. Buis discussed the historical trends of the contribution rates. He explained that rates have remained fairly steady due to smoothing mechanisms and favorable investment returns and noted that the WRS continues to be in excellent financial condition in accordance with actuarial principles of level percent-of-payroll financing. He noted that total normal cost, reflected in contribution rates, for most employment categories will decline for 2009.

The Board took a break from 10:30 a.m. to 10:45 a.m.

Mr. McBride left at the break.

EDUCATIONAL TOPIC

Ms. King introduced William Ford from the Wisconsin Legislative Council and noted that Mr. Ford was the 2008 recipient of the Blair Testin Award.

Mr. Ford presented information on the *2006 Comprehensive Study of Major Public Employee Retirement Systems*. This study has been prepared every two years since 1982. The data in the report contains information from the same 85 public employee retirement systems that have been compared in each of the previous reports. This report can be used to determine long-term trends in public employee retirement systems because the same systems are compared each time.

Information contained in the report includes the number of active employees and retirees. The study also describes the percentage level at which each of the systems is funded and compares the employee and employer contribution rates.

ADJOURNMENT

Motion: Ms. Von Ruden moved adjournment. Mr. Panicucci seconded the motion, which passed without objection on a voice vote.

The Joint Informational Meeting adjourned at 11:46 a.m.

Date Approved: _____

Signed: _____

Mary Von Ruden, Secretary
Wisconsin Retirement Board