

DRAFT

MINUTES

December 12, 2019

**JOINT MEETING OF THE
Employee Trust Funds (ETF),
Teachers Retirement (TR),
and Wisconsin Retirement (WR) Boards**
State of Wisconsin



Location:

Hill Farms State Office Building – Room N108
4822 Madison Yards Way, Madison WI 53705

ETF BOARD MEMBERS PRESENT:

Wayne Koessler, Chair
John David, Vice Chair
Robert Niendorf, Secretary
Stephen Arnold
Malika Evanco
William Ford

Michael Langyel
Katy Lounsbury
Leilani Paul
Roberta Rasmus
Steve Wilding

TR BOARD MEMBERS PRESENT:

Brent Grochowski, Chair
Esther Ancel, Secretary
Adam Balz
Amy Mizialko

Allison Pratt
Anton Przybylski Jr.
David Schalow

WR BOARD MEMBERS PRESENT:

John David, Chair
Steven Wilding, Vice Chair
Julie Wathke, Secretary
Mark Afable

Wayne Koessler
Herb Stinski
Mary Von Ruden

BOARD MEMBERS NOT PRESENT:

Chris Heller, ETF and TR Board
James Langkamp, TR Board

David Wiltgen, TR Board

Board	Mtg Date	Item #
JM	3.26.20	2

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
Anne Boudreau, Deputy Administrator

Office of Communications: Mark
Lamkins, Director

Office of Legal Services (OLS):
Dan Hayes, Attorney

Office of Policy, Privacy & Compliance:
Laura Patterson, Policy Analyst

OTHERS PRESENT:

ETF Division of Management Services:
Patrick Hughes

ETF Division of Retirement Services:
Roger Fletcher, Jim Guidry, Doug
Johnson, Julie Keal, Kyle Kundert,
Michele Ouellette, Racheal Rolli

ETF Office of Communications:
Nancy Ketterhagen

ETF Office of Enterprise Initiatives:
Monica Vertz

ETF Office of Internal Audit:
Michelle Hoehne, Rick Onasch,
Yikchau Sze, Amanda Williams

ETF Office of Legal Services (OLS):
Monica Anderson, David Nispel

ETF Office of Policy, Privacy &
Compliance: Steve Hurley

ETF Office of the Secretary: Lisa
Gurley, Pam Henning, Sharon Walk

Pew Charitable Trusts: Ben Henken
State of Wisconsin Investment Board

(SWIB): Jay Risch

Others: Jeff Koessl

Wayne Koessl, Chair, ETF Board, called the Joint Meeting of the ETF Board, TR Board and WR Board to order at 9:30 a.m.

ANNOUNCEMENTS

Mr. Stohr provided the following announcements:

- the Joint Meeting started later than normal due to an extensive agenda for the ETF Board's Audit Committee;
- there will not be an election for the Milwaukee Public School District Teacher Member Seat on the TR Board as there was only candidate. Amy Mizialko wins the seat and her new term will expire in 2025; and
- ETF's employee excellence award is an opportunity for staff to recognize their co-workers for their achievements. At the recent ETF Townhall meeting, two employees received recognition: Rachael Rolli, who works in the call center, and Monica Vertz, who works in the Office of Enterprise Initiatives.

CONSIDERATION OF MINUTES OF PREVIOUS MEETING

MOTION: Mr. David moved to approve the September 19, 2019, minutes of the Joint Meeting of the ETF, WR, and TR Boards, as submitted by the Board Liaison. Ms. Paul seconded the motion, which passed unanimously on a voice vote.

EDUCATIONAL TOPICS

Structure of the Retirement Boards

Ms. Patterson (Ref. JM | 12.12.19 | 3A) continued the discussion from the September meeting regarding the structure of retirement boards. She explained the history of the boards, primary functions, member composition and type (i.e., ex officio, elected), representation, and, more recently, the declines in the volume of appeals and frequency of administrative rule changes. Ms. Patterson explained that the current number of members on the WRS governing boards is beyond the typical 9-member board utilized by peer pension systems. She also pointed out that over time benefits have evolved to a point where they are now generally uniform, regardless of WRS position.

Ms. Patterson also discussed the fiduciary responsibilities of board members and the importance of diversity in terms of board members' personal and professional backgrounds.

She shared that a 1989 study by Governor Thompson's administration recommended consolidation of the boards in addition to having the ETF Secretary sit on the State of Wisconsin Investment Board (SWIB) of Trustees, and the Executive Director of SWIB sit on ETF's governing board.

Ms. Patterson said that while there is no single model for a governing board structure, research suggests the consideration of the following criteria : a single board of 9-13 members; a balance of ex-officio, elected and appointed members; elected seats based on member demographics; and board member experience requirements aligned with the needed skill set.

Board members had a variety of questions and comments regarding any potential reduction/consolidation of the governing boards and future board make up. These included administrative efficiencies and cost savings; the importance of diversity and representation; and the need for legislative approval for any changes and the associated timeframes. Several board members also were interested in what Ms. Peterson found when researching various governing boards, including meeting frequency, compensation, and specific roles and responsibilities.

Ms. Patterson stated there would be time for a more in-depth discussion at the individual meetings. The Boards requested that ETF present more information on a potential structure for discussion at the next meeting.

Administrative Rule Training

Mr. Hayes (Ref. JM | 12.12.19 | 3B) reviewed the required steps for changing an administrative rule. Chapter 40 of Wis. Stats. confers rulemaking authority to the ETF Secretary, with approval from the relevant boards. The scope statement informs the public of ETF's intent and objectives in promulgating the rule. After the scope statement is approved, the administrative rule is drafted. This is the longest part of the process and has specific formatting and writing guidelines. An Economic Impact Analysis must be added to each drafted rule. All rules need a Clearinghouse review and a public hearing. After the public hearing on a proposed rule, it is presented to the board or boards that have jurisdiction over the rule. The ETF Board approves or rejects all rules. If the proposed rule receives board approval, it requires Governor and legislative review before publication.

Clearinghouse Rules

CR 19-097: Changes to Reflect Closure of the Long-Term Disability Insurance (LTDI) Program and Technical Changes to the Duty Disability Program

Mr. Hayes (Ref. JM | 12.12.19 | 3C1) explained the proposed changes necessary to reflect the closure of the LTDI program effective January 1, 2018, and the technical changes to the Duty Disability program. It is projected that the runout period of this program is 30 years. It removed provisions for enrollment and eligibility. This rule makes minor clarification in the 40.65 Duty Disability program. Mr. Hayes detailed these clarifications. Mr. Hayes will be requesting approval for these changes at the separate TR Board, WR Board and ETF Board meetings later today.

CR 19-126: Technical Changes in Existing ETF Administrative Rules

Mr. Hayes explained the reason for the proposed changes. (Ref. JM | 12.12.19 | 3C2) Several suggestions were received for different areas within ETF. Mr. Hayes detailed the proposed changes that he will be requesting approval for at the separate board meetings. When the boards are approving this rule, they are not approving to change the law; rather, they are approving making the code consistent with current law.

OPERATIONAL UPDATES

Retirement and Customer Service Trends

Ms. Boudreau provided an overview of the trends seen within retirement and customer service areas, highlighting (Ref. JM | 12.12.19 | 4A) third quarter statistics on retirement estimates and call center services.

With the new call routing system in the call center, several bugs were identified and have already been repaired. In addition, several process enhancements have been made including single sign-on, messages, employer and member e-mail, screen-pop to the assist lines, and callback number validation. The new system has improved the customer experience, with its pre-authentication process, the estimated wait time and position in

queue notifications, callback option, and after-call surveys for both members and employers.

Legislative Update

Ms. Hunter referred the board to the memo (Ref. ETF |12.12.19 | 4B). Ms. Hunter highlighted a few of the legislative proposals which ETF is monitoring, including the county jailer classification bill and the Governor's Task Force on Retirement Security.

The restitution bill referenced in the memo authorizes a court to direct ETF to withhold money from a member's account, if the member is found guilty of both felony theft and misconduct in public office. ETF worked with legislators in writing the bill to ensure it was possible for ETF to administer.

2019 SB 612 raises the minimum retirement age for general employees from 55 to 59½ for members who are under the age of 40 on the bill's effective date. It also makes changes to the 2013 return to work law. It says a member can work for 36 months without having their annuity suspended. She stated that, if passed, this legislation would cause administrative difficulties for ETF, particularly the provision to reduce the break in service from 75 days to 45 days. Mr. Ford commented that there is a lot of misinformation regarding the WRS in this bill and does not reflect the complexity of the system. Ms. Pratt requested to be informed via email if changes are made to the return to work law that will affect teachers.

Ms. Hunter also highlighted the attached article regarding the Milwaukee Pension System. The WRS is a model system and some Milwaukee officials have talked about making their municipal system more like the WRS.

Communication Update

Mr. Lamkins shared an update on the website (Ref. ETF |12.12.19 | 4C). He updated board members on post-launch (July 1, 2019) fixes and real-time changes. Improvements are being made to connect members to be able to access information they want. To date, ETF has received two awards for its website.

Standard Metrics are provided in the ETF metrics report to the ETF Board. Mr. Lamkins provided metrics for the time period of July 1 through September 30. He detailed user engagement of the website. Chrome is the preferred browser for accessing ETF's website. However, ETF's website supports multiple browsers.

The new website has a survey to determine user satisfaction. It is a Yes/No survey with the availability to leave comments. Site performance is being tracked. ETF will be expanding its metrics, expanding functionality and the key word dictionary.

Mr. Koessler referred the Board to the remaining operational update items (Ref. JM | 12.12.19 | 4D and 4E) and offered that staff were available to answer questions.

ADJOURNMENT

MOTION: Mr. Langyel moved to adjourn the meeting. Mr. Ford seconded the motion, which passed unanimously on a voice vote.

The meeting adjourned at 11:38 a.m.

Date Approved: _____

Signed: _____
Robert Niendorf, Secretary
Employee Trust Funds Board