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Correspondence Memorandum

Date: May 21, 2021

To: Employee Trust Funds Board
 Teachers Retirement Board
 Wisconsin Retirement Board

From: Laura Patterson, Policy Advisor, Office of Policy, Privacy & Compliance

Subject: Non-Substantive Changes to Existing Board Policies

This memorandum is for informational purposes only. No Board action is required.

The Department of Employee Trust Funds (ETF) has made minor updates to the attached Board policies after a recent review for compliance, errors, and consistency. Changes include: 1) text changes that do not impact the intent of the policy, 2) formatting, and; 3) updates to hyperlinks and cited statutes. ETF will continue to periodically review Board policies and will apprise the Boards of any changes. The amended policies include:

Board Member Compensation and Reimbursement Policy (Attachment 1)

This policy describes the allowable compensation and expenses related to attending Board meetings. The policy outlines covered expenses and submission of expenses to ETF.

Board Member Qualification Policy (Attachment 2)

The Qualification Policy requires Board members to promptly notify their respective Board and ETF if they no longer meet their seat qualifications. We made no changes that impact the intent and character of the policy.

Board Public Notice Protocol (Attachment 3)


The Board Meeting Public Notice Protocol outlines ETF's procedures to maintain compliance with the law. Board Chairs are required to give the public, media, and the official state newspaper notice of Board meetings under Wisconsin's open meetings laws. ETF traditionally performs these duties on behalf of the Board Chair.

Conflict of Interest Policy (Attachment 4)

The Conflict of Interest Policy outlines the legal requirements Board members must abide by to ensure that their private interests do not conflict with their fiduciary duty to

Reviewed and approved by Steve Hurley, Director, Office of Policy,
 Privacy & Compliance

Electronically Signed 6/3/21



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the Wisconsin Retirement System. "Conflicts of Interest" are explained in the attached policy, along with the procedure for Board members to disclose such conflicts and requirement of recusal from Board activity conflicting with a personal interest. Resignation from the Board may be required if a Board member fails to disclose a conflict or has a significant ongoing conflict. The Board may decide if a conflict of interest exists, and whether a Board member may participate in discussion or vote on the issue.

Attachment 1: Board Member Compensation and Reimbursement Policy

Attachment 2: Board Member Qualification Policy

Attachment 3: Board Public Notice Protocol

Attachment 4: Conflict of Interest Policy

Staff will be at the Board meeting to answer any questions.



**EMPLOYEE TRUST FUNDS BOARD,
TEACHERS RETIREMENT BOARD,
WISCONSIN RETIREMENT BOARD**

*Adopted: December 11, 2014
Updated: September 20, 2018*

BOARD MEMBER COMPENSATION AND REIMBURSEMENT POLICY

Purpose

This compensation and reimbursement policy is intended to ensure that Board members understand the compensation and expenses that will be allowed for attending Board meetings. This policy pertains to members of the Employee Trust Funds Board, Wisconsin Retirement Board, Teachers Retirement Board, the Group Insurance Board and the Deferred Compensation Board.

Applicable Law

General

[Wis. Stat. § 15.07 \(5\)](#) provides: “. . . the members of each board shall be reimbursed for their actual and necessary expenses incurred in the performance of their duties, such reimbursement in the case of an officer or employee of this state who represents an agency as a member of a board to be paid by the agency which pays the member’s salary. The members shall receive no compensation for their services, except that the following members of boards, except full-time state officers or employees, also shall be paid the per diem stated below for each day on which they were actually and necessarily engaged in the performance of their duties[.]”

Per Diem

[Wis. Stat. § 15.07 \(5\) \(f\)](#) provides: “Members of the teachers retirement board, appointive members of the Wisconsin retirement board, appointive members of the group insurance board, members of the deferred compensation board and members of the employee trust funds board, \$25 per day.”

Expenses

[Wis. Stat. § 20.916 \(1\)](#) provides in pertinent part that “[s]tate officers and employees shall be reimbursed for actual, reasonable, and necessary traveling expenses incurred in the discharge of their duties in accordance with sub. (9).” [Paragraphs 20.916 \(9\) \(b\), \(c\), \(d\) and \(f\)](#) refer to lodging, meals, other allowable travel expenses, and transportation, respectively.

Reimbursing Certain Travel Expenses

This policy adopts the lodging, meals, and mileage (personal vehicle) expense rates for expenses incurred in Wisconsin identified in the Travel Schedule Amounts (TSAs) within the state's Compensation Plan (~~LinkedAttached~~ as a reference is the Pocket Travel Guide July 1, 2015Pocket Travel Guide January 1, 2020, prepared by the Department of Administration Division of Personal Management which outlines state travel guidelines). Expenses incurred to attend Board meetings are limited to allowable in-state travel. Any exceptions must first be approved by the Secretary, upon consultation with the Board Chairperson.

Lodging Expenses

Single occupancy hotel rooms are reserved the night before Board meetings. If a Board member has additional guests, it is the responsibility of the Board member to notify the hotel and pay all amounts more than the State rate. If a Board member pays for the hotel room personally, the State rate can be added to the travel voucher document along with a copy of the hotel receipt for reimbursement. A tax-exempt document can be provided to Board members who make their own hotel arrangements.

Submitting Expenses to ETF

Reimbursement is allowed only when reimbursement has not been, and will not be, received from other sources. Board members shall submit their actual, reasonable and necessary travel expenses to the Board Liaison located at ETF within two weeks of completion of the travel. If circumstances arise that are not specifically covered in this policy, the Board member should discuss the matter with the Board liaison prior to incurring the expense.

For ETF internal use:

Adopted*	Deferred Compensation Board Reviewed or Revised	Group Insurance Board Reviewed or Revised	Retirement Boards (ETF, TR, WR) Reviewed or Revised
12/11/2014	6/14/2018	5/15/2019	9/20/18

*Individual board policies may vary.



EMPLOYEE TRUST FUNDS BOARD, TEACHERS RETIREMENT BOARD, WISCONSIN RETIREMENT BOARD

*Adopted: December 11, 2014
Updated: September 20, 2018*

BOARD MEMBER QUALIFICATION POLICY

Purpose

This policy is intended to ensure that Board members understand the requirements applicable to membership on the Employee Trust Funds Board, Wisconsin Retirement Board and Teachers Retirement Board (Boards) membership requirements.

Applicable Law

Wis. Stat. [§§ 15.07](#), [15.16](#) and [15.165](#) defines the membership and qualifications of boards in the State of Wisconsin, including the Employee Trust Funds Board (ETF Board, [15.16 \(1\)](#)), Teachers Retirement Board (TR Board, [15.165 \(3\) \(a\)](#)), Wisconsin Retirement Board (WR Board, [15.165 \(3\) \(b\)](#)).

Policy Goals

The primary goals of this policy are to ensure that the broad membership required by the foregoing statutes and the purposes of that requirement are maintained for the Boards.

Broad Representation

A careful review of the applicable statutes indicates that a principal emphasis is to provide for broad representation on each of the Boards. It also is evident that a primary purpose of the statutes is to have Boards consisting of persons who bring a wide variety of skill sets, career and life experiences, and viewpoints to their participation on those Boards.

The WR Board has 9 members and the membership is drawn from 9 distinct backgrounds, including members of government bodies with specified skill sets, local and state employees, and a public member who is not a participant or beneficiary of the Wisconsin Retirement System (WRS). The TR Board has 13 members and the membership is comprised of public school teachers in various specified areas, an administrator, a school board member, and an annuitant. The ETF Board has 13 members, including 4 members appointed by the WR Board, 4 members appointed by the TR Board, 1 public member who is not a participant or beneficiary of the WRS, 1 annuitant, 1 participant in the WRS who is a non-teacher, and the Governor and the Director of the Office of State Employment Relations Administrator of the Division of Personnel Management in the Department of Administration -or their designees.

Candidates for Board membership are encouraged to consider whether they will be able to maintain that qualification during their entire term of office. Only those candidates who believe they will be able to maintain the qualifications for a particular seat on the Board for the entire length of the specified term are encouraged to seek election or appointment to the Board.

Maintaining Such Broad Representation

To comply with the above statutory requirements and the goals of broad representation on each Board, this policy directs candidates for membership on a Board to consider which of the specified qualifications they satisfy at the time they seek election or appointment. In addition, this policy encourages candidates to consider whether they will be able to maintain that qualification during their entire term of office. Only those candidates who believe they will be able to maintain the qualifications for a particular seat on the Board for the entire length of the specified term are encouraged to seek election or appointment to the Board.

Member Ceases to Meet the Applicable Qualifications

There is no law specifying that a vacancy is created if a Board member, during ~~their~~~~his~~~~or her~~ term of office, ceases to meet the qualifications applicable at the time of appointment or election. [Wis. Stat. § 15.165 \(1\) \(a\)](#) specifies that a member who ceases to meet the qualifications applicable at the time of appointment or election ceases to be a member of the Board upon election or appointment of a qualified successor.

However, if a member no longer meets the qualifications for ~~his or her~~~~their~~ specific seat the member shall notify the applicable Board Chairperson, or the highest-ranking Board member, and the Secretary of ETF of such fact, in writing. In doing so, the member shall indicate whether ~~he or she~~~~they~~ can continue to meet ~~their~~~~his or her~~ fiduciary duty and whether ~~their~~~~his or her~~ continued service on the Board is inconsistent with the qualifications for ~~their~~~~his or her~~ specific seat. If such member determines that ~~he or she~~~~they~~ ~~are~~~~is~~ unable to fulfill ~~his or her~~~~their~~ fiduciary duty or that ~~their~~~~his or her~~ continued service on the Board is inconsistent with the qualification for ~~their~~~~his or her~~ specific seat, the member is encouraged to resign from the Board (See [Board Member Resignation Procedure](#)). Such action by a member will ensure the Board will be able to meet the goals of broad representation.

If a term expires for a member that no longer meets the applicable qualifications and a call for nominations returns no candidates, then the seat must be filled via another election or remain vacant until an election may be held.

Oath of Office

[Wis. Stat. § 15.07 \(7\)](#) requires each member of a Board to take and file the official oath prior to assuming office. The language of the official oath is prescribed in [Wis. Stat. § 19.01 \(1\)](#). That language includes the name of the specific office to which the person is being appointed. Accordingly, members of the TR Board and the WR Board appointed to the ETF Board, must take and file an oath of office for the ETF Board. The oath of office is filed with the Secretary of State ([Wis. Stat. § 19.01 \(4\) \(a\) 9.](#)). Past practice has been for ETF to file the oaths for elected and ex officio members and for the Governor's office to file the oaths for Governor appointees.

ETF Board, TR Board, WR Board
Board Member Qualification Policy
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Effective date and Applicability

~~This policy is effective on the date it is adopted by the Boards.~~

For ETF internal use:

Adopted*	Deferred Compensation Board Reviewed or Revised	Group Insurance Board Reviewed or Revised	Retirement Boards (ETF, TR, WR) Reviewed or Revised
12/11/2014	N/A	5/16/2018	9/20/18

*Individual board policies may vary.



ETF GOVERNING BOARDS

BOARD MEETING PUBLIC NOTICE PROTOCOL

Open Meetings Law requires that the board chair of a governmental body, or the officer's designee, give notice of each meeting of the body to: (1) the public, (2) any members of the media who have submitted a written request for notice and (3) the official state newspaper. [Wis. Stat. § 19.84 \(1\)](#).

According to the Attorney General, the board chair may give notice of a meeting to the public by posting the notice in one or more places likely to be seen by the public. The Attorney General has recommended posting notices at three different locations within the jurisdiction of the governmental body. Alternatively, the board chair may give notice to the public by paid publication in a news medium likely to give notice in the jurisdiction area the body serves. [Wisconsin Open Meeting Laws: A Compliance Guide, Pg.10 \(August 2007\)](#); [Wisconsin Open Meeting Laws: A Compliance Guide, Pg.10 \(May 2019\)](#).

ETF will comply with the Open Meetings Law in the following ways:

- 1) ETF will post notice in the following places: the Hill Farms bulletin board; the State Capitol bulletin board; on ETF's website; and on the Wisconsin Public Notice Website, if available.
- 2) ETF will provide the notice to members of the media who submit a written request for the notice through the online email and notice system utilized by the State of Wisconsin.
- 3) ETF will provide copies of the notice to the Wisconsin State Journal, which is the official state newspaper. The Wisconsin State Journal will post the notice at their discretion. *Martin v. Wray*, [473 F. Supp. 1131](#) (1979).

For ETF internal use:

Approved by Board Chair*	Deferred Compensation Board Chair Reviewed or Revised	Group Insurance Board Chair Reviewed or Revised	Retirement Board Chairs (ETF, TR, WR) Reviewed or Revised
9/2/2009	6/14/2018	5/15/2019	9/20/18



EMPLOYEE TRUST FUNDS BOARD, TEACHERS RETIREMENT BOARD, WISCONSIN RETIREMENT BOARD

Adopted: March 18, 2010

Revised: June 21, 2018

CONFLICT OF INTEREST POLICY

An Employee Trust Funds Board, Teachers Retirement Board, or Wisconsin Retirement Board (Boards) member shall not let ~~his or her~~their private interests interfere with the Board member's fiduciary duty to the public employee trust fund.

Conflict of Interest

A conflict of interest can arise when a Board member has a direct personal, an or indirect personal, or a financial interest in a matter that interferes with the Board member's fiduciary duty to the beneficiaries of the public employee trust funds. Board members have a fiduciary interest to act in good faith on behalf of the fund, and not for ~~the Board member's~~their own interests or for the interests of others.

Disclosure of Actual and Potential Conflicts

All Board members have a duty to promptly report any actual or potential conflict of interest of which the Board member becomes aware, whether such conflict resides with the Board member or with another Board member.

~~All actual and potential conflicts of interest must be promptly disclosed.~~

~~A conflict can exist, but the nature of the conflict can be such that, in the Board member's estimation, the conflict does not interfere with the Board member's fiduciary duty and would not require disclosure, recusal or other measures. However, it is the Board's policy that proactive disclosure of all potential conflicts will support and promote the welfare of the public employee trust funds.~~

~~Therefore, a Board member~~Board members shall promptly disclose to the Board Chairperson any personal or outside interest, relationship or responsibility (financial, professional, or otherwise) held by the Board member regarding any matter that is or will be presented for the Board's discussion or consideration. The Board Chairperson will obtain advice from the Board's legal counsel regarding the potential conflict.

A conflict can exist, but the nature of the conflict can be such that, in the Board member's estimation, the conflict does not interfere with the Board member's fiduciary duty and would not require disclosure, recusal or other measures. However, it is the Board's policy that proactive disclosure of all potential conflicts will support and promote the welfare of the public employee trust funds.

~~All Board members have a duty to promptly report any actual or potential conflict of interest of which the Board member becomes aware, whether such conflict resides with the Board member or with another Board member.~~

If the Board Chairperson has an actual or potential conflict of interest, the Chairperson shall promptly disclose the matter to the Secretary of the Department of Employee Trust Funds. The Secretary will obtain advice from the Board's legal counsel regarding the potential conflict.

All disclosures shall be made in writing and as soon as possible after the conflict is known to the Board member.

Recusal

Any Board member with an interest, relationship, or responsibility that conflicts with the Board member's fiduciary responsibility to the public employee trust funds shall recuse himself or herself from any discussions, negotiations, appeal hearings and any votes on the issue that gave rise to the conflict and, if necessary, from the Board meeting or applicable part thereof.

Resignation

If a Board member fails to disclose a substantial conflict of interest, or has a significant continuing and irreconcilable conflict of interest that impedes the Board member's ability to carry out ~~their~~^{his or her} fiduciary responsibility to the public employee trust funds, resignation from the Board or from the conflicting interest may be required by Board action.

Board Action

For any potential conflict, the Board, with the abstention of the interested Board member, may decide whether a conflict of interest exists and whether such Board member may participate in any discussion or vote on the issue that gave rise to the potential conflict. No such decision is necessary if the Board member has already recused himself or herself from the discussions and vote on each issue that gave rise to the conflict.

Avoiding the Appearance of a Conflict of Interest

Board members should be mindful not to put themselves into situations that can be perceived by others as a conflict of interest. Even the perception of a conflict of interest can erode the public's confidence in specific Board decisions.

SELECTED STATUTORY REFERENCES

WIS STAT. § 40.01 (3) COMPATIBILITY OF TRUSTEE RESPONSIBILITIES.

Membership on the employee trust funds board, group insurance board, deferred compensation board, Wisconsin retirement board and the teachers retirement board shall not be incompatible with any other public office. The board members and the employees of the department shall not be deemed to have a conflict of interest in carrying out their responsibilities and duties in administering this chapter, or taking other appropriate actions necessary to achieve the purposes of this chapter, solely by reason of their being eligible for benefits under the benefit plans provided under this chapter. However, any board member or employee of the department is expressly prohibited from participating in decisions directly related to a specific benefit, credit, claim or application of the person and from participating in negotiations or decisions on the selection of actuarial, medical, legal, insurance or other independent contractors if the board member or employee of the department has a direct or indirect financial interest in or is an officer or employee or is otherwise associated with the independent contractor.

WIS. STAT. § 19.46 CONFLICT OF INTEREST PROHIBITED; EXCEPTION. (1)

Except in accordance with the commission's advice under sub. (2) and except as otherwise provided in sub. (3), no state public official may:

- (a) Take any official action substantially affecting a matter in which the official, a member of his or her immediate family, or an organization with which the official is associated has a substantial financial interest.
- (b) Use his or her office or position in a way that produces or assists in the production of a substantial benefit, direct or indirect, for the official, one or more members of the official's immediate family either separately or together, or an organization with which the official is associated.

(3) This section does not prohibit a state public official from taking any action concerning the lawful payment of salaries or employee benefits or reimbursement of actual and necessary expenses, or prohibit a state public official from taking official action with respect to any proposal to modify state law or the state administrative code.

WIS. STAT. § 946.13 PRIVATE INTEREST IN PUBLIC CONTRACT PROHIBITED

(1) Any public officer or public employee who does any of the following is guilty of a Class I felony:

- (a) In the officer's or employee's private capacity, negotiates or bids for or enters into a contract in which the officer or employee has a private pecuniary interest, direct or indirect, if at the same time the officer or employee is authorized or required by

ETF Board, TR Board WR Board
 Conflict of Interest Policy
 June 2018

law to participate in the officer's or employee's capacity as such officer or employee in the making of that contract or to perform in regard to that contract some official function requiring the exercise of discretion on the officer's or employee's part; or

(b) In the officer's or employee's capacity as such officer or employee, participates in the making of a contract in which the officer or employee has a private pecuniary interest, direct or indirect, or performs in regard to that contract some function requiring the exercise of discretion on the officer's or employee's part.

For ETF internal use:

Adopted*	Deferred Compensation Board Reviewed or Revised	Group Insurance Board Reviewed or Revised	Retirement Boards (ETF, TR, WR) Reviewed or Revised
3/18/2010		1/19/2012	3/18/2018

*Individual board policies may vary.