

DRAFT

MINUTES

December 11, 2014

Teachers Retirement Board
State of Wisconsin



Location:

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

BOARD MEMBERS PRESENT:

Robin Starck, Chair
Tom Pedersen, Vice Chair
Sandra Claflin-Chalton
Gary Epping
Susan Harrison
Craig Hubbell

Jon Joslin
Michael Langyel
Dennis Murphy
Patrick Phair
Jeffrey Zore

BOARD MEMBERS ABSENT:

Brent Grochowski, Secretary
David Wiltgen

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary
John Voelker, Deputy Secretary
Cheryllynn Wilkins, Board Liaison
Division of Retirement Services:
Matt Stohr, Administrator

Legal Services:
David Nispel, General Counsel
Daniel Hayes, Attorney
Office of Policy, Privacy and
Compliance: Steve Hurley, Director

OTHERS PRESENT:

ETF Division of Insurance Services:
Deb Roemer, Mary Statz
ETF Division of Management
Services: Sherry Etes
ETF Division of Retirement Services:
Anne Boudreau

ETF Office of the Secretary: Pam
Henning
ETF Board Members: Kimberly Hall,
Roberta Rasmus

Board	Mtg Date	Item #
TR	4.2.15	1

Robin Starck, Chair, called the meeting of the Teachers Retirement Board (Board) to order at 1:18 p.m.

ANNOUNCEMENTS

Mr. Stohr discussed the upcoming elections. The Milwaukee Public School Teacher seat received one qualified individual's nomination papers. An election will not be necessary.

CONSIDERATION OF MINUTES

MOTION: Mr. Epping moved approval of the June 26, 2014, minutes as submitted by the Board Liaison. Mr. Pederson seconded the motion, which passed unanimously on a voice vote.

DISCUSSION/CONSIDERATION

Clearinghouse Rule # 14-055: Technical and Minor Substantive Changes in Existing ETF Administrative Rules

Mr. Hayes reminded Board members about his presentation at the Joint Meeting of the Boards this morning and the memo (Ref. TR | 12.11.14 | 3A) regarding the changes proposed. The changes to the rule are designed to conform to statutes and give ETF the administrative ability to implement the statutes. There was explanation on the process of the rule, including the governor's approval, with an approximate effective date of May 2015. Mr. Hayes responded to questions from the Board.

MOTION: Ms. Harrison moved to accept the final version of proposed Clearinghouse Rule # 14-055. Mr. Langyel seconded the motion, which passed unanimously on a voice vote.

Board Member Reimbursement Policy

Mr. Nispel reminded Board members about his presentation at the Joint Meeting of the Boards this morning and the memo (Ref. TR | 12.11.14 | 3B) regarding the Board Member Compensation and Reimbursement Policy for Attending Board Meetings. Mr. Nispel responded to questions from the Board. Upon approval, this policy will be added to the governance manual.

MOTION: Mr. Murphy moved to adopt the Board Member Compensation and Reimbursement Policy for Attending Board Meetings. Mr. Phair seconded the motion, which passed unanimously on a voice vote.

Board Member Qualification Policy

Mr. Nispel reminded Board members about his presentation at the Joint Meeting of the Boards this morning and the memo (Ref. TR | 12.11.14 | 3C) regarding the Board Member Qualification Policy.

This policy was proposed to offer guidance to individuals considering board membership or current members who are questioning whether they can effectively serve the board. When a board member has a status change, they should notify the ETF Secretary and consider if the status change affects their ability to fulfill their fiduciary obligations. Whether the board member can fulfill responsibilities and continue on the board is a personal decision. With discussion from the TR Board members, there was support for this policy.

MOTION: Mr. Langyel moved to adopt the Board Member Qualification Policy as presented. Ms. Harrison seconded the motion, which passed by a majority voice vote. Mr. Phair opposed.

OPERATIONAL UPDATES

State of Wisconsin Investment Board (SWIB) Update

Ms. Claflin-Chalton discussed her involvement and observations as a TR Board appointee to the State of Wisconsin Investment Board (SWIB). She provided insight on how the Board of Trustees of SWIB operate. Much of the preliminary work done by the SWIB Board of Trustees is by committee. Each committee has an independent charter that outlines the duties, scope and responsibilities of the specific committee. Depending on the scope of a committee's responsibility, outside consultants can be retained to assist with the responsibilities.

Each committee is made up of at least three, but not more than four trustees. Most Trustees sit on two of the following committees: Audit Committee, Benchmark Committee, Compensation Committee and Strategic Planning and Corporate Governance Committee. Mr. Conlin, WR Board delegate, serves on the Audit and Compensation committees and Ms. Claflin-Chalton serves on the Benchmark and Strategic Planning and Corporate Governance committees.

The Benchmark Committee is tasked with setting minimum goals of investment returns for the various asset classes and portfolios. These goals are used to evaluate staff performance and tied directly to incentive compensation. Where possible, the benchmark should provide for risk and return characteristics of the asset class or portfolio.

The Strategic Planning and Corporate Governance Committee, in conjunction with the executive director of SWIB, conducts a review of all programs and how each program fits into the long-term strategy of SWIB. This committee is responsible for asset allocation, liability trends, risk control, organizational structure, staffing levels and

budgeting. The committee conducts an annual review of all external investment consultants hired by SWIB.

ADJOURNMENT

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

The Board meeting adjourned at 1:56 p.m.

Date Approved: _____

Signed: _____

Brent Grochowski, Secretary
Teachers Retirement Board