

DRAFT

MINUTES

December 12, 2019

Teachers Retirement Board

State of Wisconsin



Location:

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

BOARD MEMBERS PRESENT:

Brent Grochowski, Chair
Esther Ancel, Secretary
Adam Balz
James Langkamp

Amy Mizialko
Allison Pratt
Tony Przybylski, Jr.
David Schalow

BOARD MEMBERS ABSENT:

Chris Heller, Vice Chair
David Wiltgen

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

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

Office of Legal Services:
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:
Anne Boudreau, Jim Guidry
ETF Office of Legal Services: Monica
Anderson, David Nispel

ETF Office of Policy, Privacy &
Compliance: Steve Hurley
ETF Office of the Secretary: Lisa
Gurley, Pam Henning, Tarna Hunter
ETF Board Member: Robert Niendorf,
Roberta Rasmus
Pew Charitable Trusts: Ben Henken

Brent Grochowski, Chair, called the meeting of the Teachers Retirement Board (Board) to order at 11:42 a.m.

Board	Mtg Date	Item #
TR	6.18.20	1

CONSIDERATION OF MINUTES

MOTION: Mr. Przybylski moved approval of the June 20, 2019, open and closed session minutes as submitted by the Board Liaison. Ms. Pratt seconded the motion, which passed unanimously on a voice vote.

DISCUSSION AND CONSIDERATION

Clearinghouse Rules

Mr. Hayes reminded the Board of the presentation (Ref. JM | 12.12.19 | 3C) at the Joint Meeting of the Retirement Boards.

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

MOTION: Mr. Schalow moved to approve the Clearinghouse Rule # 19-097 that reflects the closure of the Long-Term Disability Insurance Program and the technical changes to the Duty Disability Program as proposed. Ms. Ancel seconded the motion, which passed on a voice vote.

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

MOTION: Mr. Przybylski moved to approve the final revision of the Clearinghouse Rule # 19-126 as proposed. Ms. Pratt seconded the motion, which passed on a voice vote.

State of Wisconsin Investment Board (SWIB) Appointee Annual Update

Mr. Schalow presented an update as the Board appointee on SWIB. The target return for the Wisconsin Retirement System (WRS) Core Fund is 7%. As of the end of September the investment performance of the Core Fund is 14% and 17% for the Variable Fund. This information is available on SWIB's website. Mr. Schalow explained the asset allocation of the Core Fund. There were some personnel changes at SWIB; Julia Valentine is the new Chief Technology and Operations Officer. A recent hire is Anne-Marie Fink who is the Private Markets/Alpha Director. There are also three new trustees on the board: Esther Ancel, Joel Brennan and David Schalow. Mr. Schalow has been very impressed with all the people he has met and worked with at SWIB.

Finally, the SWIB board of trustees received an Allocator's Choice award from Institutional Investor Magazine. The award recognizes the best industry leaders for their outstanding work. Winners are selected by investment industry peers. The Board was nominated for its role in SWIB's ability to successfully manage the investments of the WRS. Specifically, it noted the continued commitment to a strong governance structure, active internal management and sophisticated investment strategy, building out technology, and hiring the best talent to manage the trust funds.

Structure of the Retirement Boards

Ms. Patterson reminded the Board of the presentation (Ref. JM | 12.12.19 | 3A) at the Joint Meeting (JM) of the Retirement Boards.

Board members had a variety of questions and comments regarding any potential board structure changes. These included logistical issues such as how SWIB board representation would be decided, how teacher related appeals would be handled, how administrative rule changes would be approved. It was noted that these issues could be addressed as more details of what a potential new structure would look like is developed. One concern identified as part of the discussion included ensuring teacher representation as they are in the best position to decide teacher related issues such as during appeals. Another concern included avoiding moving toward more political influence of appointments as opposed to elections despite the challenge of find people willing to run.

On a broader perspective, there was interest on what prompted the discussion of potential board structure changes. ETF staff pointed to a variety of factors that prompted the ETF Board to request additional analysis be completed. These factors include:

- The current structure of the boards was not intended to be a long-term solution. It is a byproduct of political considerations present during the merger in 1982.
- Over time, benefits have evolved to the point where they are now generally uniform regardless of WRS position.
- Workload related to the number of appeals and administrative rules has decreased.
- Administratively, there is duplication of work and expense of having multiple boards.

Staff will present a more detailed proposal at the next meeting, including potential changes to the board structure. Any changes to board structure will require statutory changes.

ADJOURNMENT

MOTION: Ms. Pratt moved to adjourn the meeting. Mr. Balz seconded the motion, which passed unanimously on a voice vote.

The Board meeting adjourned at 12:16 p.m.

Date Approved: _____

Signed: _____

Esther Ancel, Secretary
Teachers Retirement Board