

# Wisconsin Coalition of Annuitants

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## Minutes of Meeting November 16, 2015

The meeting was held at the Wisconsin Education Association Council, Media Room, 33 Nob Hill, Madison, and was called to order by Vice Chair Jerald Vreeland at 9:30 a.m.

**DIRECTORS & ALTERNATES PRESENT:** R. Beglinger, WFT-R; D. Chickering, WREA; B. Davis, WFT-R; S. Drew, SWIB; B. Fendel, AFSCME; R. Hoessel, DOT; B. Holmes, ESP; C. Howard, WEAC-R; A. Knop, WEAC-R; R. Kratz, DOC; J. Munro, WARSDA; D. Rohweder, ESP; W. Rowe, ACE; B. Schaefer, SEA; J. Skiles, UW-R; S. Sweet, BARTA; J. Vreeland, Wauwatosa; A. Wallace, UWRA.

**GUESTS:** B. Brooks, K. Davis, A. Fendel, T. Hunter, C. Preisler, R. Wojciak.

**EXCUSED:** D. Bennett, J. Egan, E. Frank, J. Grosklaus, J. Maydak, J. Miller, J. Palmer.

**DIRECTORS:** Dwayne Rohweder introduced Brian Holmes who along with Dwayne will be representing ESP.

**MINUTES** of the October meeting were approved as mailed.

### **GUEST: Tarna Hunter, Legislative Liaison, ETF.**

Ms. Hunter provided a handout listing all of the proposed legislation related to ETF.

AB 156 and SB 134 permits municipalities to join the WRS. This bill was introduced primarily for Sun Prairie who have found recruitment difficult without WRS. The Joint Survey Committee on Retirement Systems concluded that the bill and amendments are good public policy.

AB 233 and SB 183 eliminates sick leave for state representatives and state senators. The Senate Committee on Government Operations and Consumer Protection held a hearing on September 8 and recommended passage 4-1. No further action.

SB 45 and AB 70 creates the Wisconsin Private Retirement Security Board. There have not been any hearings conducted or scheduled. This is the bill that Senator Hanson introduced. Publicly and nationally there has been considerable discussion on private retirement programs.

AB 300 allows WRS participants to receive military service credit for service performed prior to 1974. No hearings have been scheduled.

AB 269 and SB 213 applies to local governments and post-retirement health care benefits. A public hearing was held September 8, and no further action has occurred. This legislation relates to GASB, Government Accounting Standards Board.

AB 361 and SB 278 would require the Group Insurance Board to make optional insurance plans available to local government employers. There are six optional insurance plans that are totally employee paid. One plan is provided by Delta Dental, which also is the provider for the new stand-alone plan.

SB 312 and AB 394 would require the Group Insurance Board to have approval of the Joint Committee on Finance for any health insurance program changes. An amendment modified the bill to require the GIB to notify the JSC, through a 21 day passive review, if it intends to execute a contract for self-insurance. The bill is expected to be approved and signed into law by the Governor.

AB 397 and SB 329 increases the minimum retirement age for all employees by two years. There has been no action on this bill.

AB 398 and SB 328 changes the formula method for WRS retirement benefits from three years to five years. There has been no action on this bill.

After the extra ordinary session of today, November 16, the legislature will not be meeting until January 12 with a closing planned sometime in February.

### **GUEST: Chris Preisler, Communications Specialist, SWIB.**

The preliminary returns for October 31 have good news: we are back in the positive area. The core fund is 1.5% with a benchmark of 1.6%, and the variable is at 1% with the benchmark of

1%. The WRS is \$94 billion with total funds under management just under \$102 billion. As we are well aware, it is going to be a struggle the next few years to make money.

Two articles were shared, “North American pensions, foundations had worst quarter in 4 years - Wilshire” and “Wilshire TUCS funds return median of -4.53% in third-quarter”. We are in a slow and low-return environment. There are many factors influencing investment returns.

A handout was shared listing the bios of the SWIB Board members, including the three newly appointed: Mark Doll, Barbara Nick, and Paul Stewart.

David Villa, SWIB CIO, has again been recognized as an outstanding chief investment officer. Sovereign Wealth Fund Institute lists him as number 14 on their power 100 list. Last month Mr. Villa was honored as number 33 of the 100 most influential world investors, number 8 in the US.

Legislation introduced last Friday by Rep. Dale Kooyenga and Sen. Leah Vukmir proposes that SWIB be prohibited from investing in companies that do business in or with Iran. The authors state that this measure would help blunt President Barack Obama’s nuclear accord with Iran. This is not the first time that the legislature has proposed divestments or investments for SWIB. The last time was legislation introduced in 2007 involving Darfur. Following considerable discussion on the proposed legislation, which the WCOA opposes, and the history of similar legislation with SWIB, the WCOA took the following action.

**MSC The WCOA reaffirms its past support of SWIB having total authority to invest WRS assets according to its fiduciary responsibility.**

There was discussion on the stock market and interest rates affecting the core fund at the end of the year. This year the five-year smoothing provides protection from a market loss. However, a continuing annual low return will have an impact for future adjustments.

**CORRESPONDENCE** - Letter requested at October meeting was written and sent on October 27 to Sen. Nass, Chair of the Senate Committee on Labor and Government Reform.

**OLD BUSINESS** - Annual Conference, we are aiming for May 16, 2016, keeping with our meeting schedule the third Monday of the month.

**NEW BUSINESS** - There was discussion on our bylaws and WRS members or organizations joining WCOA. A copy of the bylaws will be sent to the directors for discussion next month.

**TREASURER'S REPORT** - None

**NEXT MEETING:** December 21, 2015, 9:30 a.m., Wisconsin Education Association Council, Media Room, 33 Nob Hill, Madison, WI.

The meeting adjourned by 11:15 a.m.

Respectfully submitted – Dick Kratz