

**MINUTES OF MEETING**

**STATE OF WISCONSIN  
JOINT INFORMATIONAL MEETING  
TEACHERS RETIREMENT, WISCONSIN RETIREMENT,  
AND EMPLOYEE TRUST FUNDS BOARDS**

**Thursday, December 11, 2003**

**Sheraton Madison Hotel  
706 John Nolen Drive  
Madison, Wisconsin**

**BOARD PRESENT:**

Ted Bauer, WR Board  
Ted Bratanow, TR Board  
John Brown, ETF Board and Vice-Chair, WR Board  
Theron Fisher, ETF Board  
Rick Gale, WR Board  
Wayne Koessl, Vice-Chair, ETF Board and WR Board  
Kathleen Kreul, ETF Board  
Irena Macek, ETF Board and TR Board  
Wayne McCaffery, Chair, TR Board and ETF Board  
Lon Mishler, TR Board  
Robert Niendorf, Secretary, ETF Board and Vice-Chair, TR Board  
Gerald Pahl, TR Board  
Tom Pedersen, TR Board  
Dennis Pratt, TR Board  
Nancy Thompson, Secretary, TR Board and ETF Board  
James Tripp, TR Board  
Cynthia Van Bogaert, ETF Board  
Marilyn Wigdahl, Chair, WR Board and Chair, ETF Board  
David Wiltgen, TR Board

**BOARD NOT PRESENT:**

Jefferson Davis, Secretary, WR Board  
Reginald Delwiche, TR Board  
Suzanne Doemel, TR Board  
Barbara Ermeling, WR Board  
Jorge Gomez, WR Board  
Karen Timberlake, ETF Board

**PARTICIPATING ETF STAFF:**

Eric Stanchfield, Secretary  
Dave Stella, Executive Assistant  
Julie Reneau, Administrator, Division of Retirement Services  
Pam Henning, Director, Office of Strategic Services  
Audrey Koehn, Director, Disability Programs Bureau  
Christina Licari, Board Liaison  
Vicki Poole, Director, Legislation and Planning  
Sharon Walk, Board Liaison  
Robert Weber, Chief Legal Counsel

**OTHERS PRESENT:**

Mary Anglim, University of Wisconsin  
Michael Blumenfeld, Blumenfeld & Associates  
Mark Buis, Gabriel, Roeder, Smith & Company  
Jason Evin, Blumenfeld and Associates  
Jane Elmer, Wisconsin Retired Educators Association  
Bill Ford, Legislative Council  
Brian Fusie, Office of State Employment Relations  
Norm Jones, Gabriel, Roeder, Smith & Company  
Tony Mason, Legislative Fiscal Bureau  
Ron Mensink, State of Wisconsin Investment Board  
Nancy Nankivil Bennett, Department of Employee Trust Funds  
Mel Sensenbrenner, State Engineering Association  
Ken Stelzig, Wisconsin Education Association Council – Retired  
Steve Werner, Wisconsin Professional Police Association  
Art Zimmerman, Legislative Fiscal Bureau

Wayne McCaffery, Chair, Teachers Retirement Board, called the meeting to order at 9:50 a.m.

**CONSIDERATION OF MINUTES**

***Motion: Mr. Brown moved approval of the minutes of the September 25, 2003, meeting as submitted by the Board Liaison. Mr. Niendorf seconded the motion, which passed without objection on a voice vote.***

**ANNOUNCEMENTS**

Ms. Reneau introduced Dave Stella, the new Executive Assistant. She noted that many Board members remember Mr. Stella as the former Administrator of the Division of Retirement Services.

Ms. Reneau introduced Nancy Nankivil Bennett, recently hired Director of Strategic Health Policy for the Department. Secretary Stanchfield noted that this position was created in response to the Employee Trust Funds (ETF) Board's desire for the Department to take a more active role in public health policy. He added that Ms. Nankivil Bennett fills an important and widely recognized need.

Secretary Stanchfield announced that Dave Mills had resigned as Deputy Secretary of the Department to serve as Interim Director of the State of Wisconsin Investment Board (SWIB). He noted that this is a positive change for Mr. Mills and will continue to strengthen the relationship between ETF and SWIB.

Secretary Stanchfield read a resolution that the Department prepared on behalf of the Retirement Boards in honor of Patricia Lipton, outgoing SWIB director. The resolution will be presented to Ms. Lipton at her upcoming retirement reception.

Ms. Reneau updated members on the reorganization of the Division of Employer Services. The Division has been renamed the "Division of Trust Finance and Employer Services" and the Office of the Controller is now a part of this Division. The Office of the Controller has been renamed the "Office of Trust Finance and Data Analysis."

## **LEGISLATIVE REPORT AND BUDGET UPDATE**

**Legislative Report.** Ms. Poole provided members with an update on current legislative issues, noting that the Department would continue to provide information as new legislation is introduced or approved. Ms. Poole noted that Senate Bill 260 and Assembly Bill 537, which had been discussed at length at the September Board meetings, had seen no further action, adding that at this time it appears that the Department's educational efforts were effective. The Department will continue to closely monitor any activity related to these bills.

Ms. Poole reviewed Senate Bill 285 and Assembly Bill 599 as well as Assembly Bills 638 and 674, as described in the written legislative update. She also commented on two new bills; Assembly Bill 692 and Senate Bill 344, which eliminate the statutory requirement regarding the 2% dividend threshold for fixed annuities. The bills would give the ETF Board the authority to set the threshold. More information on the status of these bills will be provided as soon as it becomes available. If this bill is enacted it would eliminate the need for an emergency rule regarding possible dividend payments of less than 2% for the April 1 annuity pay date. Ms. Reneau noted that the preliminary SWIB returns (end of November data) put the fixed fund at 19.4%, which is not enough to allow a dividend distribution under current law.

## **MISCELLANEOUS**

**Benefit Payment System.** Ms. Reneau presented a status report on the development of the Benefit Payments System (BPS). Ms. Reneau noted that the project has been extended and that a new timeline and new contract are being negotiated. The new timeline will allow for a two-phase approach to implementation. Phase I would implement lump sum payments from BPS and is expected to be complete in 2005. Phase II would implement monthly payment processing and is tentatively expected to be complete in 2007.

**Workload Update.** Ms. Reneau updated members on the current Department workload. She noted that requests for retirement estimates are taking approximately 12 weeks to complete and there are currently 375 death notices pending processing. She added that staff from other work areas have begun cross-training to assist with these functions and that data is being compiled for a possible request to the Joint Finance Committee for emergency funding for project positions for the current biennium.

## **WISCONSIN RETIREMENT SYSTEM THREE-YEAR EXPERIENCE STUDY: JANUARY 1, 2000 – DECEMBER 31, 2002**

Ms. Reneau introduced Norm Jones and Mark Buis of Gabriel, Roeder, Smith & Company, actuaries for the DETF. Mr. Jones gave a slide presentation in conjunction with the report, *Wisconsin Retirement System Three-Year Experience Study: January 1, 2000 – December 31, 2002*. The objective of a three-year experience study is to review the experience of the fund and update the actuarial assumptions used in valuating the actuarial liabilities of the Wisconsin Retirement System in compliance with Section 40.03(5)(b) of the Wisconsin Statutes.

This study analyzed both decrement and economic assumptions. The recommendation includes a decrease in the economic interest assumption from 8% to 7.8% and wage assumption from 4.5% to 4.1%. Ms. Reneau noted that the Employee Trust Funds Board would be asked to take action regarding the study and the actuary's recommendation at their meeting on December 12, 2003.

*The Board took a break at 11:00 a.m and reconvened at 11:15 a.m.*

**EDUCATIONAL TOPIC: FIDUCIARY TRAINING**

Ms. Reneau introduced Department of Employee Trust Funds Chief Legal Counsel, Robert Weber. Mr. Weber conducted a presentation and training in fiduciary responsibility specifically as related to the roles and responsibilities of Retirement Board members. Mr. Weber discussed in detail the following four areas of fiduciary duty: loyalty, impartiality, prudence, and liability of trustees.

**ADJOURNMENT**

***Motion: Ms. Thompson moved adjournment. Ms. Wigdahl seconded the motion, which passed without objection on a voice vote.***

The Joint Informational Meeting adjourned at 12:07 p.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Nancy Thompson, Secretary  
Teachers Retirement Board