

MINUTES OF MEETING

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

Thursday, March 25, 2004

**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
Jefferson Davis, Secretary, WR Board
Reginald Delwiche, TR Board
Suzanne Doemel, TR Board
Theron Fisher, ETF Board
Rick Gale, WR Board
Barbara Ermeling, WR Board
Kathleen Kreul, ETF Board
Irena Macek, ETF Board and TR Board
Wayne McCaffery, Chair, ETF Board and TR Board
Lon Mishler, TR Board
Robert Niendorf, Secretary, Vice-Chair, TR Board and ETF Board
Gerald Pahl, TR Board
Tom Pedersen, TR Board
Dennis Pratt, TR Board
Nancy Thompson, ETF Board and Secretary, TR Board
James Tripp, TR Board
Cynthia Van Bogaert, ETF Board
John Vincent (*representing Karen Timberlake, ETF Board*)
Marilyn Wigdahl, Chair, ETF Board and Chair, WR Board
David Wiltgen, TR Board

BOARD NOT PRESENT:

Jorge Gomez, WR Board
Wayne Koessl, Vice-Chair, ETF Board and WR Board

PARTICIPATING ETF STAFF:

Eric Stanchfield, Secretary
Dave Stella, Deputy Secretary
Julie Reneau, Administrator, Division of Retirement Services
Christina Licari, Board Liaison
Robert Weber, Chief Legal Counsel

OTHERS PRESENT:

Mary Anglim, University of Wisconsin
Mark Bengry, University of Wisconsin System Administration
Michael Blumenfeld, Blumenfeld & Associates
Sue Chamberlain, University of Wisconsin System Administration
Jane Elmer, Wisconsin Retired Educators Association
Bill Ford, Legislative Council
Alain Hung, State of Wisconsin Investment Board

Ken Johnson, State of Wisconsin Investment Board
Norm Jones, Gabriel, Roeder, Smith & Company
Jean Ledford, State of Wisconsin Investment Board
Tony Mason, Legislative Fiscal Bureau
Ron Mensink, State of Wisconsin Investment Board
Dave Mills, State of Wisconsin Investment Board
Brian Murphy, Gabriel, Roeder, Smith & Company
Mel Sensenbrenner, State Engineering Association
Ken Stelzig, Wisconsin Education Association Council – Retired
Tilly Steinbeck, State of Wisconsin Investment Board
Steve Werner, Wisconsin Professional Police Association
Art Zimmerman, Legislative Fiscal Bureau

Marilyn Wigdahl, Chair, Wisconsin Retirement Board, called the meeting to order at 9:10 a.m.

CONSIDERATION OF MINUTES

Motion: Mr. Niendorf moved approval of the minutes of the December 11, 2003, meeting with one change as noted by the Board Liaison. Mr. Bauer seconded the motion, which passed without objection on a voice vote.

LEGISLATIVE REPORT AND BUDGET UPDATE

Legislative Report. Ms. Reneau reviewed the memorandum that was provided for the Board's information. Ms. Reneau noted that Wisconsin Act 153 (formerly Senate Bill 344) had been signed into law and will become effective on March 30, 2004. A handout was provided to Board members that projected hypothetical future dividends with the new dividend threshold in effect.

MISCELLANEOUS

Benefit Payment System. Ms. Reneau presented an update on the development of the Benefit Payments System (BPS). Ms. Reneau noted since the last Board meeting, the Department of Employee Trust Funds (ETF) had issued official notices of termination to both contract vendors, Covansys and MAXIMUS. A Request for Services was issued in late January to begin the procurement process to hire an independent third-party consultant to assess the past BPS project scope, goals, planning, achievements and management. In conjunction with the independent analysis of the past project, the third-party consultant will develop an analysis and recommendation of potential options for the Department to consider as we proceed with the development of a new payments system.

Member Services Bureau 2003 Customer Service Survey. Ms. Reneau discussed the results of the Member Services Bureau 2003 customer services survey. She noted that the overall results of the survey indicate that visitors to ETF (Milwaukee or Madison offices) have been very satisfied and that the responses received provided a great deal of valuable and positive qualitative information.

Group Counseling Update. Ms. Reneau provided an update on the Department's on-site group counseling sessions, noting the program is a success. Interest in participating in the group sessions has increased, as has staff interest in conducting the sessions. Currently the sessions are offered twice per week, but a third weekly session will be added in April 2004.

Joint Finance Request. Ms. Reneau provided a brief update on the Department's request for funding from Joint Finance, noting that three project positions have been requested for the Division of Retirement Services. A copy of the request was distributed to Board members.

2002 Comparative Study of Major Public Employee Retirement Systems. Included for the Board's information. Ms. Reneau noted that the 2002 Comparative Study of Major Public Employee Retirement Systems is available on the Department's website. Mr. Stella added that this study has become a valuable and highly anticipated reference, used by many retirement systems around the country.

Physician Certification Rule. Ms. Reneau noted that the physician certification rule changes discussed at previous Board meetings were still in discussion stages at the Department. Work on the rule changes is still underway and the proposed changes will be presented at a future Board meeting.

WISCONSIN RETIREMENT SYSTEM 21st ANNUAL ACTUARIAL VALUATION OF RETIRED LIVES – DECEMBER 31, 2003

Ms. Reneau introduced Norm Jones and Brian Murphy of Gabriel, Roeder, Smith & Company, actuaries for the DETF. They presented a slide presentation in conjunction with the report, *Wisconsin Retirement System 21st Annual Actuarial Valuation of Retired Lives – December 31, 2003*. The report represents a comparison of reserve balances of the fixed and variable reserves with the present value of annuities being paid within each fund, as well as the methodology used to calculate the annual dividend. Ms. Reneau noted that the Employee Trust Funds Board would be asked to accept this report at their meeting on Friday, March 26, 2004.

The Board took a break at 10:15 a.m and reconvened at 10:40 a.m.

RECOGNITION OF DAVE MILLS

Secretary Stanchfield recognized Dave Mills' achievements during his tenure at ETF and presented a plaque of appreciation on behalf of the Boards.

STATE OF WISCONSIN INVESTMENT BOARD UPDATE

Dave Mills, Executive Director, provided members with an update on the State of Wisconsin Investment Board (SWIB) including the search process for an Executive Director, SWIB's best-practice governance workshop, and the recently approved bonuses for top executives. Mr. Mills remarked on the importance of the bonus structure to recruiting and retaining quality staff.

Mr. Mills introduced Jean Ledford, Chief Investment Officer – Equities and Alain Hung, Portfolio Manager – Global Fixed Income. Ms. Ledford conducted a slide presentation on equities for the year 2003 (year in review) as well as projections for the year 2004. Mr. Hung conducted a slide presentation on global investments, discussing expectations and planning for the year 2004.

ADJOURNMENT

Motion: Mr. Davis moved adjournment. Mr. Gale seconded the motion, which passed without objection on a voice vote.

The Joint Informational Meeting adjourned at 11:58 a.m.

Date Approved: _____

Signed: _____

Jefferson Davis, Secretary
Wisconsin Retirement Board