

DRAFT

MINUTES

September 26, 2013

Employee Trust Funds Board
State of Wisconsin

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



BOARD MEMBERS PRESENT:

John David, Vice-Chair
Robert Niendorf, Secretary
William Ford
Kimberly Hall
Michael Langyel

Jon Litscher
Roberta Rasmus
Mary Von Ruden
David Wiltgen

BOARD MEMBERS ABSENT:

Wayne Koessler, Chair
Jessica O'Donnell

Vic Shier

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary
Rob Marchant, Deputy Secretary
Cheryllynn Mullins, Board Liaison
Division of Insurance Services:
Lisa Ellinger, Administrator
Bill Kox, Deputy Administrator

Division of Retirement Services:
Matt Stohr, Administrator
Office of Enterprise Initiatives:
Jovy Swanton, Project Management
Office Supervisor

OTHERS PRESENT:

ETF Division of Insurance Services:
Deb Roemer
ETF Division of Management Services:
Pam Henning, Jack Loman
ETF Division of Retirement Services:
Anne Boudreau

ETF Office of Communications and
Legislation: Mark Lamkins, Tarna Hunter
ETF Office of Internal Audit: John Vincent
ETF Legal Services: David Nispel, Mark
Bender
Department of Administration:
Mickie Waterman

John David, Vice Chair, called the meeting of the Employee Trust Funds (ETF) Board (Board) to order at 12:45 p.m.

Board	Mtg Date	Item #
ETF	12.5.13	1

CONSIDERATION OF MEETING MINUTES

MOTION: Ms. Von Ruden moved to approve the June 20, 2013, minutes of the ETF Board as submitted by the Board Liaison. Ms. Hall seconded the motion, which passed unanimously on a voice vote.

COMMITTEE REPORTS

Executive Committee

Mr. David noted the Executive Committee met on September 25, 2013. The Committee approved the June 19, 2013, minutes. In addition, the Committee:

- reviewed today's ETF Board meeting agenda;
- received an update on actuarial studies that are being conducted at the request of State of Wisconsin Investment Board (SWIB); and
- discussed various ETF vacancies and recruitment efforts.

Audit Committee

Mr. Ford indicated the Audit Committee approved the June 20, 2013, minutes. The Committee:

- received the final status update on the 2013-2015 Audit Plan; and
- discussed the Quality Assurance Review underway on ETF's internal audit function.

Budget and Operations Committee

Ms. Von Ruden reported the Budget and Operations Committee approved the June 20, 2013, minutes. The Committee reviewed and discussed:

- an operations update about the number of retirements and requests for retirement estimates in the second quarter of 2013; and
- information about the Transformation, Integration and Modernization (TIM) initiative and an overview of all the open projects.

EDUCATIONAL TOPICS

Health Insurance Negotiation Process

Ms. Ellinger and Mr. Kox presented (Ref. ETF | 9.26.13 | 4) an overview on the health insurance program and annual negotiation cycle, which will help provide a foundation for the Board's approval of the actuarial contract in the spring. Ms. Ellinger briefly discussed the health insurance program structure, detailing the governance of the

Group Insurance Board, the administration of health insurance benefits through the different plans, and the three-tier system for plans and employee contributions. She also explained the drug coverage program through Navitus and the four-level co-pay benefit structure. Mr. Kox described the risk adjustment and negotiation methodology that has resulted in 10 years of single-digit premium rate increases, which is several percentage points below other state programs and national averages, without lowering benefits.

DISCUSSION AND CONSIDERATION

Long-Term Disability Insurance (LTDI) Review

Ms. Roemer presented the LTDI actuarial valuation (Ref. ETF | 9.26.13 | 5A). She discussed the recommended changes effective January 2014.

MOTION: Mr. Litscher moved to accept the contribution rates developed by the actuary and approved by the Group Insurance Board for the Long-Term Disability Insurance (LTDI) Program for 2014. Mr. Niendorf seconded the motion, which passed unanimously on a voice vote.

OPERATIONAL UPDATES

Secretary's Report

Mr. Conlin provided the Board his monthly Secretary's Report on September 6. Highlights include the following:

- ETF vacancies were down to 12 at the beginning of the month and at 14 today.
- Human Resources staff is currently analyzing the long- and short-term workforce needs of ETF as it proceeds into the implementation phase of the Benefits Administration System (BAS).
- Mr. Conlin is planning to attend a two-day SWIB workshop in October. The focus will be on long term investment strategies, asset allocations, and the cash flow needs based on demographic changes. The Wisconsin Retirement System (WRS) actuaries will be discussing their 50-year study of the WRS. After the 50-year study is reviewed by SWIB, it will be presented to the Board in December.
- ETF staff will continue to apprise the Board about the TIM and BAS projects.

Transformation, Integration, and Modernization Initiative

Mr. Swanton introduced himself and explained his role in ETF's TIM initiative (Ref. ETF | 9.26.13 | 6B). He explained the terminology of the Office of Enterprise Initiatives (OEI), Project Management Office (PMO), and TIM and how each office supports the TIM initiative. Mr. Swanton detailed the governance of the project to include the ETF Board, TIM Steering Team, advisory groups, contract administration, and other ETF

management and leadership teams. The Board was updated on the status of the Data Integrity (DI), Financial Management Information System (FMIS), and BAS projects.

Mr. Conlin mentioned the checking of the potential vendor references via site visits.

ADJOURNMENT

Motion: Ms. Von Ruden moved to adjourn the meeting. Ms. Rasmus seconded the motion, which passed unanimously on a voice vote.

The Board adjourned at 1:43 p.m.

Date Approved: _____

Signed: _____

Robert Niendorf, Secretary
Employee Trust Funds Board