

DRAFT

MINUTES

September 16, 2021

Employee Trust Funds Board

State of Wisconsin

Location:

Department of Employee Trust Funds
This meeting was held via teleconference.



ETF BOARD MEMBERS PRESENT:

Wayne Koesl, Chair
John David, Vice Chair
Steven Arnold
Malika Evanco
William Ford
Chris Heller

Amy Mizialko
Katy Lounsbury
Leilani Paul
Roberta Rasmus
David Schalow
Steve Wilding

PARTICIPATING ETF STAFF:

Office of the Secretary:
John Voelker, Secretary
Shirley Eckes, Deputy Secretary
Pam Henning, Assistant Deputy
Secretary
Kristin Gunther, Administrative Policy
Advisor
Tarna Hunter, Director of Strategic
Engagement and Government
Relations
Cheryllynn Wilkins, Board Liaison

Division of Retirement Services:
Matt Stohr, Administrator
Anne Boudreau, Deputy Administrator

Office of Legal Services (OLS):
David Nispel, General Counsel
Dan Hayes, Attorney

OTHERS PRESENT:

ETF Budget, Contract Administration &
Procurement: Tim Steiner
ETF Division of Management Services:
Lisa Dally, Patrick Hughes, Kadi
Mbanefo
ETF Division of Retirement Services:
Jim Guidry
ETF Office of Communications:
Brittney Kruchten, Mark Lamkins

ETF Office of Internal Audit (OIA):
Michelle Hoehne, Kim Richmond,
Yikchau Sze, Amanda Williams
ETF Office of Legal Services (OLS):
Monica Anderson, Diana Felsmann
ETF Office of Policy, Privacy, and
Compliance: Steve Hurley, Laura
Patterson

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ETF Office of the Secretary: Kimberly
Schnurr, Kathryn Young
Legislative Audit Bureau (LAB):
Bridget Wieser

Other Guests: Bob Niendorf, Carol
Niendorf, Jamie Rook, four
unidentified guests connected via
Microsoft Teams

Mr. Koessler, Chair, called the meeting of the Employee Trust Funds Board (Board) to order at 12:30 p.m.

ANNOUNCEMENTS

Mr. Stohr provided the following announcements:

- The decision against meeting in person was due to the delta-variant of COVID-19.
- Committees met yesterday and this morning and the Teachers Retirement (TR) and Wisconsin Retirement Boards will not be meeting separately.
- Audit Committee members are needed. If you are willing to serve, please reach out to ETF.
- ETF has issued a call for nominations for two available teacher member seats on the TR Board.
- A survey has been sent to gain feedback regarding the Board's actuaries, Gabriel, Roeder, Smith & Company (GRS) and Milliman. The results of this survey will be used to determine if the contracts should continue, and if so, whether to provide an annual increase.
- Board members who receive direct contacts from members should follow the Board's Communications Policy in the Board Governance Manual.

Mr. Voelker announced the upcoming retirement of ETF's General Counsel, David Nispel, saying that David has been with ETF for 24 years, has always believed in the mission of ETF. Mr. Voelker thanked Mr. Nispel for his service.

RECOGNITION OF YEARS OF SERVICE FOR ROBERT NIENDORF AND MICHAEL LANGYEL

Mr. Stohr thanked Mr. Niendorf and Mr. Langyel for their many years of service on ETF's governing boards and read the resolution that will be mailed to each of them.

Mr. Niendorf made comments regarding his tenure on the boards. Several board members thanked him for his service and acknowledged all they learned from him.

Mr. Stohr shared a message from Mr. Langyel who sent his regrets.

CONSIDERATION OF MEETING MINUTES

MOTION: Mr. David moved to approve the open session minutes of the June 17, 2021, meeting of the Employee Trust Funds Board, as submitted by the Board Liaison. Ms. Paul seconded the motion, which passed unanimously on a voice vote.

COMMITTEE REPORTS

Executive Committee

Mr. Koessl noted that the Executive Committee met via teleconference on September 15, 2021. The committee discussed the ETF Board agenda, including presentations on the biennial budget, open meetings law training, ETF's strategic plan, and customer service improvements and trends.

The committee also reviewed some of ETF's objectives and accomplishments from the past quarter, key staff vacancies, recruitments, and required training on security and public records.

Audit Committee

Mr. Ford noted that the Audit Committee met via teleconference on September 16, 2021. The committee approved the minutes. In addition, the committee:

- Discussed the variable fund transfer audit, which evaluates the design of internal controls when members want to move monies from the variable to the core.
- Reviewed the results of the annuitant health insurance premium deduction setup audit which evaluates the process of annuitants having health insurance premiums directly deducted from their annuity.
- Discussed the Medicare split contract invoice audit, that provides retirees with the option to divide their family health insurance contract into a Medicare plan and a non-Medicare plan. The split contract option provides members with more flexibility, cost savings, and a wider selection of health care providers.
- Reviewed the internal audit results of employer call center services, which assessed the quality of employer calls for accuracy and timeliness and identified areas for improvement.
- Reviewed the FY2020 - FY2021 Audit Plan final status report.
- Reviewed the FY2022 – FY2023 Audit Plan and completed engagements.

Budget and Operations Committee

Ms. Rasmus noted that the Budget and Operations Committee met on September 16, 2021 via teleconference. The committee discussed the following matters:

- Ms. Henning and Mr. Stohr provided an operations update. Some members have been meeting with staff in person for retirement appointments starting in July, but many members have preferred to have their retirement appointment virtually. The plan is to start bringing more staff back in November using a hybrid model of in office and work from home staff schedules. The COVID situation is fluid and plans and procedures are continuously reviewed and subject to change.

- Ms. Baxter provided an update on ETF's modernization projects, including:
 - The enterprise content management system (ECM) scheduled to go live late November.
 - The Insurance Administration System (IAS). ETF entered into a contract with BenefitFocus. The project kicked off in September and is expected to be a two-year implementation. Upon completion, members will be able to view and change insurance information online.
- Ms. Hunter reviewed the final version of the 2021-2023 state budget and items affecting ETF. Ms. Hunter also explained the bills that impact ETF programs.
- Ms. Henning went through the organizational metrics report, current Strategic Plan accomplishments and the FY22 initiatives.

ELECTION OF OFFICERS

Mr. Ford stated his interest to be the ETF Board Secretary. The Secretary of the ETF Board also serves on the Executive Committee per the Executive Committee Charter.

MOTION: Mr. Wilding moved to nominate Mr. Ford as Secretary of the Employee Trust Funds Board. Ms. Evanco seconded the motion, which passed unanimously on a voice vote.

Mr. Voelker informed the Board that there are now two vacancies on the Audit Committee because Mr. Ford is serving on the Executive Committee. With a three-person Committee, it is imperative to have these seats filled. Board members interested in serving on the Audit Committee should notify Mr. Stohr or the Board liaison.

DISCUSSION/CONSIDERATION

State 2021-2023 Biennial Budget and Legislative Update

Ms. Hunter (Ref. ETF | 9.16.21 | 6A1) provided a summary of the final status of ETF's biennial budget. The governor signed the 2021-23 biennial budget into law in early July. Mr. Voelker has met with almost all of the Joint Committee on Finance (JCF) members to talk about the resource needs and the future of ETF. Overall, ETF is pleased with the budget but will need future resources for modernization.

Ms. Hunter (Ref. ETF | 9.16.21 | 6A1) highlighted one bill that affects members, but not ETF directly. It provides an income tax exemption for WRS protective occupation participants. There is continued focus on the return-to-work requirements, especially for teachers.

Open Meetings Law Training Planning

Mr. Nispel reviewed the key principles and concepts of the Open Meetings Law and the various definitions to help clarify the law.

Mr. Hayes (Ref. ETF | 9.16.21 | 6B) provided several hypothetical scenarios and requested interactive responses by the Board regarding the answers. There is a two-part requirement of the law — numbers and purpose — requiring public notice and compliance with other open meeting law requirements.

- Be cautious and know to whom you are talking and about how many you are talking to.
- There is no court guidance on electronic communications, but the court could consider communications similar to an in-person discussion.
- Be careful when discussing any board business with the purpose and numbers requirements satisfied.
- The primary focus on the Open Meetings Law is that the public is entitled to the fullest and most complete information regarding the affairs of government as is compatible with the conduct of governmental business.

Mr. Hayes discussed walking quorums. The essential feature of a walking quorum is the element of agreement among members of a body to act uniformly in sufficient numbers to reach quorum. Mr. Hayes suggested members should avoid engaging in discussions with active board members to explicitly attempt to influence a vote.

Information dissemination is okay but trying to hold discussions and engineer a vote prior to an open meeting may violate the open meetings law.

OPERATIONAL UPDATES

Secretary's Report

Mr. Voelker shared feedback about some ETF staff's workload concerns. ETF needs to continually assess and match day to day operational and strategic project demands with resource capacity. Senior leaders are having discussions focused on identifying ETF priorities and guiding staff on where to spend their time while maintaining a work/life balance.

With the new ECM, ETF set some tight deadlines. Staff were trained and are ready, but a change by the software company required a decision — stay with the Labor Day implementation or delay it until after health insurance open enrollment, one of the busiest times for ETF. The new EMC implementation date is late November. This delay showed that business, project and vendor staff can be agile and co-author a viable solution and implementation schedule that meets ETF's needs as a whole.

Mr. Voelker explained that the collaborative approach to determine an alternative ECM production date is something ETF will build on with the Insurance Administration System (IAS), a solution that will be implemented in phases over the next two years. The IAS implementation and post-implementation maintenance crosses significantly more internal business areas and directly affects members, employers and third-party administrators compared to ECM. It will further drive ETF to unify when making modernization decisions.

Other updates provided by Mr. Voelker included ETF asking for an attorney general opinion on a workers compensation bill that included eligibility changes for members with PTSD and that if the Milwaukee County and City were to join the WRS, it will require ETF resources who are the same resources to work on ETF's strategic plan initiatives.

Strategic Plan Update and ETF Organizational North Star Metrics

Ms. Henning and Ms. Gunther (Ref. ETF |9 16.21 | 7B) discussed the ETF Operational North Star Metrics report ending June 2021. They highlighted the following:

- FY21 Q4 Scorecard Review
- ETF's Strategic Plan 2021 Accomplishments
- ETF's Strategic Plan Framework for 2022

ETF's Strategic Plan is a living document and required significant effort. ETF plans to continue to mature its planning effort.

Of the 11 measurements on the 2021 scorecard, two are "significantly off track." The first metric, customer self-service, was determined to be of limited value until the related self-service technologies were implemented under modernization. Once modernization efforts are further along, the self-service score will return to the scorecard to assess the level of improvements. The second metric, tracking of process improvements, requires more process documentation and resources than currently available. ETF is reporting successful process improvements in other ways.

Competency-based performance measurement is a new staff performance rating scale. Core and leadership competencies have been rolled out agency wide and will be incorporated into the existing evaluation process in June 2022 for annual performance reviews.

ETF's strategic plan accomplishments are based on four goals: 1) Create an effortless customer experience; 2) Implement outcome-driven performance measurement and process management; 3) Build a talented and agile workforce; and 4) Implement modern, secure, and resilient information technologies to support an effortless customer experience. ETF's goals provide strategic direction, objectives support goal outcomes, and the initiatives drive change.

Great efforts have been made in the alignment of resource priorities, establishing a governance process, and sharing ETF's top priorities with all ETF staff. Leadership has been defining roles and responsibilities of all staff to ensure the prioritizations of resource demands.

Customer Service Improvements and Trends

Mr. Stohr and Ms. Boudreau provided an overview of the trends within retirement and customer service areas (Ref. ETF |9.16.21 | 7C). ETF is transforming to better serve its customers, which are members, beneficiaries, and employers. In the past, ETF was internally-focused on what we were able to provide customers. As we modernize, ETF wants its systems, processes and services to be consolidated and customer focused. A

key strategic goal is to provide an effortless customer experience — building capabilities to support customers as the customer *prefers*.

Before customers can have an improved experience, ETF needs to complete the foundational work of building its internal capabilities, eliminating siloed processes, and using integrated data to expand the different customer touchpoints, referred to as channels. The goal is to have continuity in ETF's customer service standards and services across ETF's core benefit programs, insurance, retirement and deferred compensation, regardless whether such programs are internally or externally administered.

As ETF strategically builds for the future, Mr. Stohr noted that ETF is making incremental operational improvements to better serve its customers, largely in support of the WRS program. The annuitant population is growing. Mr. Stohr stated that our customers prefer online services evidenced that they utilize such services when made available. For example, with online appointment capability, over 50% of WRS appointments are scheduled by members online. Mr. Stohr emphasized that ETF is not trying to replace its current service channels, like the internal call center, but wants to offer multiple, integrated channels to serve customers as they prefer while meeting the demands of increasing membership with the same limited resources.

Ms. Boudreau commented about the difficulties of not having data integrated. If systems were more integrated, ETF could better identify trends and forecast customer needs. Active members and inactive members tend to start contacting ETF when they are near minimum retirement age, and they stay in touch more during and after retirement.

After retirement, members contact ETF for pension verifications, tax withholding changes, and direct deposit changes when ETF functions as a payroll/insurance office. The annuitant population has increased by 30% in the last 10 years.

Ms. Boudreau also indicated that ETF's Outreach program has been evolving with significantly more virtual presentations and videos. While this change was intentional, COVID expedited the transition.

Heath fairs during the annual *It's Your Choice* enrollment went virtual in 2020 out of necessity and again in 2021. As ETF provides training to employers, it will be surveying employer preferred delivery methods as ETF moves to a hybrid training model (in-person plus virtual).

COVID-19 Pandemic Update

Mr. Henning provided an update (Ref. ETF |9.16.21 | 7D) highlighting ETF's current reconstitution efforts since the June board meeting. ETF resumed onsite services with opening the front desk and quick service to members, but only a limited number of members are utilizing these services. ETF tried to open onsite group counseling but canceled them because few people registered. Most people prefer one-on-one counseling, either in person or virtually. The current requirements for people entering the Hill Farms

State Office Building are unvaccinated members must wear masks, vaccinated public are strongly encouraged to wear mask, and all state employees regardless of vaccinated status are required to wear masks. ETF is averaging 20-25 staff onsite and has delayed its hybrid return to work for most staff from September 7 to November 1.

Mr. Koessler referred the Board to the additional operational update memos (Ref. ETF | 9.16.21 | 7E through 7J) included in the Board packets.

Mr. Stohr reminded board members, if a member contacts Board members, refer the member to ETF staff to ensure continuity in servicing members and in addressing appeals.

Mr. Stohr highlighted item 7J, Board Correspondence, and discussed the specific details of the issue proposed by the correspondent. No action was taken by the Board.

FUTURE ITEMS FOR DISCUSSION

Mr. Stohr referred the Board to the December 9, 2021 Agenda Topics memo (Ref. ETF | 9.16.21 | 8A). Gabriel, Roeder, Smith & Company (GRS) will provide its three-year experience study for the WRS, and in addition, for the first time, its study of the sick leave program.

CLOSED SESSION

Mr. Koessler announced that the Board is going into closed session to discuss the following matters:

- A. Secretary's Compensation
- B. Request for an attorney general opinion on the Board's authority under Wis. Stat. §20.923(7).
- C. Request a letter of support from the Wisconsin Technical College System to accompany the ETF Board's request for an attorney general opinion.
- D. Delegate the signing of the request for an attorney general opinion to the ETF Board chair.

MOTION: Mr. David moved to convene in closed session pursuant to the exemptions contained in Wis. Stats. § 19.85 (1) (c) to discuss employment, promotion compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility Ms. Rasmus second the motion, which passed on the following roll call vote:

Members Voting Aye: Arnold, David, Evanco, Ford, Heller, Koessler, Lounsbury, Mizialko, Paul, Rasmus, Schalow, and Wilding

The Board convened in closed session at 3:32 p.m. and adjourned at 4:22 p.m. The Board returned to open session at 4:22 p.m.

DISCUSSION AND VOTE ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Koessler announced the Board took the following action during closed session:

The Board met in closed session and discussed the Board's authority pertaining to and setting the ETF Secretary compensation and legal matters. No action was taken in Closed Session.

MOTION: Mr. Wilding moved to approve a request for an Attorney General opinion on the Board's authority under Wis. Stat. §20.923(7), approve ETF seeking, on the Board's behalf, a letter of support from the Wisconsin Technical College System to accompany the ETF Board's request for an Attorney General opinion, and delegate the signing of the request for an Attorney General opinion to the ETF Board Chair. Mr. Arnold seconded the motion, which passed on a voice vote. Ms. Evanco abstained.

ADJOURNMENT

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

The Board adjourned at 4:27 p.m.

Date Approved: _____

Signed: _____

William Ford, Secretary
Employee Trust Funds Board