

DRAFT

# MINUTES

**March 24, 2022**

## Employee Trust Funds Board

State of Wisconsin



**Location:**

Hill Farms State Office Building – Room N134  
4822 Madison Yards Way, Madison WI 53705

**ETF BOARD MEMBERS PRESENT:**

- Wayne Koesl, Chair
- John David, Vice Chair
- William Ford, Secretary
- Steven Arnold
- Chris Heller
- Katy Lounsbury
- Leilani Paul
- Roberta Rasmus
- David Schalow
- Steve Wilding

**BOARD MEMBERS NOT PRESENT:**

- Malika Evanco
- Amy Mizialko

**PARTICIPATING EMPLOYEE TRUST FUNDS STAFF:**

- Office of the Secretary:
  - John Voelker, Secretary
  - Shirley Eckes, Deputy Secretary
  - Pam Henning, Assistant Deputy Secretary
  - Cheryllynn Wilkins, Board Liaison
- Division of Management Services:
  - Bonnie Cyganek, Deputy Administrator
  - Lisa Dally, Director, Human Resources
- Division of Retirement Services:
  - Matt Stohr, Administrator
  - Anne Boudreau, Deputy Administrator
- Office of Enterprise Initiatives:
  - Nate Johnson, Business Analyst
- Office of Policy, Privacy & Compliance:
  - Steve Hurley, Director

**OTHERS PRESENT:**

- ETF Division of Management Services:
  - Patrick Hughes, Jim Kasombo
- ETF Division of Retirement Services:
  - Jim Guidry
- ETF Division of Trust Finance:
  - Cindy Klimke
- ETF Office of Internal Audit (OIA):
  - Shellee Bauknecht, Michelle Hoehne, Yikchau Sze, Amanda Williams
- ETF Office of Legal Services (OLS):
  - Diana Felsmann
- Office of Policy, Privacy & Compliance:
  - Laura Patterson
- ETF Office of the Secretary: Tarna Hunter, Kimberly Schnurr, Kathryn Young
- Department of Justice (DOJ):

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Brian Keenan  
Gabriel, Roeder, Smith & Company  
(GRS): Jim Anderson, Mark Buis,  
Rich Koch, Brian Murphy

Others: Jeff Koessler

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Wayne Koessler, Chair, called the meeting of the Employee Trust Funds Board (Board) to order at 12:33 p.m.

### CONSIDERATION OF MEETING MINUTES

***MOTION: Ms. Rasmus moved to approve the open and closed session minutes of the December 9, 2021, meeting of the Employee Trust Funds Board, as submitted by the Board Liaison. Ms. Lounsbury seconded the motion, which passed unanimously on a voice vote.***

***MOTION: Mr. Heller moved to approve the open and closed session minutes of the January 6, 2022, meeting of the Employee Trust Funds Board, as submitted by the Board Liaison. Mr. Wilding seconded the motion, which passed unanimously on a voice vote.***

### ELECTION OF OFFICERS

***MOTION 1: Mr. Wilding moved to nominate the current slate of officers, Wayne Koessler as Chair, John David as Vice Chair, and William Ford as Secretary of the Employee Trust Funds Board. There was no seconded to the motion.***

Mr. Koessler stated that he has enjoyed his tenure as Board Chair but would like to step down as Board Chair.

***MOTION 2: Mr. David moved to nominate the following slate of officers, William Ford as Chair, John David as Vice Chair, and Steve Wilding as Secretary of the Employee Trust Funds Board. Mr. Heller seconded the motion, which passed unanimously on a voice vote.***

### COMMITTEE REPORTS

#### Executive Committee

Mr. Koessler noted that the Executive Committee met via teleconference on March 23, 2022. The committee discussed the various presentations by State of Wisconsin Board (SWIB) staff on investment updates, GRS on the Annual Valuation of Retired Lives, and by ETF staff on the member engagement survey and the newly implemented

Enterprise Content Management (ECM) system. The committee reviewed some of the Department's objectives and accomplishments from the past quarter, key staff vacancies, and other workforce related activities. The committee also discussed the proposed template, process, and timetable for this year's evaluation of the Secretary.

Lisa Dally reviewed the secretary's evaluation and timeline dates (Ref. ETF | 3.24.22 | 4A1). She informed the Board that survey responses from ETF managers are anonymous and encourages 100% participation.

### Audit Committee

Ms. Paul noted that the Audit Committee met this morning. The committee approved the minutes and Ms. Sze introduced the new OIA auditor. In addition, the committee:

- Conducted its annual election of officers for the committee;
- Discussed the Wisconsin Retirement System (WRS) Account Closure audit;
- Heard the results of an OIA audit requested by ETF for the new Enterprise Content Management (ECM) system to ensure procedures and controls were appropriate and adequate;
- Discussed the WRS annuity benefits periodic review; and
- Provided an overview of the Income Continuation Insurance (ICI) Third-Party Administrator (TPA) Contract Compliance audit results.

### Budget and Operations Committee

Ms. Rasmus noted that the Budget and Operations Committee met this morning. The committee discussed the following matters:

- Ms. Henning and Mr. Stohr provided an operations update. More employees continue returning to the office using the hybrid model, meaning some employees spend a couple of days a week working in the office and a couple of days at home. The hybrid work plan is going well, and employees appreciate the flexibility. Year-end retirement estimates were down slightly in 2021 compared to 2020. So far, 2022 has been a busy year for ETF operations.
- Ms. Baxter provided an update on ETF's modernization projects, including:
  - The Enterprise Content Management system (ECM) which went live in November. This is the IT system staff use for workflow and member documents.
  - The Insurance Administration System (IAS) project that kicked off in September. The IAS is scheduled to be a two-year project. Once fully implemented, members will be able to view and change insurance information with ETF online.
- Ms. Hunter provided a legislative update and that most of the session wrapped up in early March. There were multiple bills introduced that would have a significant impact on ETF, but those bills did not pass this session.
- Ms. Henning reported on ETF's Organizational North Star Metrics report.

Wisconsin Retirement System 39<sup>th</sup> Annual Valuation of Retired Lives—December 31, 2021

Mr. Murphy, Mr. Anderson, and Mr. Buis from Gabriel, Roeder, Smith Company (GRS) (Ref. ETF | 3.24.22 | 5A) highlighted key points from their presentation.

They discussed the Summary of Results table, with 228,161 annuitants in the Core Fund and 42,251 in the Variable Fund; annual dollar amount of annuities paid, fund balance and actuarial reserve; and the annual valuation of the system.

***MOTION: Mr. Schalow moved to accept the Actuaries report, 39<sup>th</sup> Annual Actuarial Valuation of Retired Lives as of December 31, 2021, and adopt the recommendations. Mr. Arnold seconded the motion, which passed unanimously on a voice vote.***

Revised Wisconsin Retirement System (WRS) Funding Policy

Mr. Hurley (Ref. ETF | 3.24.22 | 5B) reviewed the changes as a matter of review and in conjunction with the triennial experience study that the Board approved in December 2021. The changes were immaterial, except for the change to reflect the updated assumed rate of return from 7.0% to 6.8% approved by the Board.

***MOTION: Ms. Rasmus moved to accept the revised WRS Funding Policy. Mr. Arnold seconded the motion, which passed unanimously on a voice vote.***

Secretary's Report

Mr. Voelker announced that his one-year anniversary as Secretary was approaching and thanked senior staff and everyone at ETF, and said it was a great year. Mr. Voelker discussed why he added a self-evaluation into the process as part of his upcoming Board evaluation.

Mr. Voelker provided additional insight on where he sees ETF going in the future to drive change and serve our customers as they prefer. Currently, ETF has 40-year-old IT systems.

We are trying to perform as we transform, which can be difficult with stress on workloads and resources. We need to manage resources, manage change, manage stress, and manage setbacks without being overwhelmed. Mr. Voelker emphasized that our people (staff) are our most valuable asset. As ETF transforms, our staff will need new skills and competencies, the right tools and an end-to-end business process mindset to execute processes with an eye on better serving our customers.

To provide the right tools, ETF made progress with the recent implementation of an enterprise content management system (ECM). Staff have real time access to member records, including correspondence, and this has proven useful when interacting with

members to provide a positive customer experience. The Insurance Administration System (IAS) is the next modern system being implemented and will affect 1,500 employers and 18 vendors that will interact with the system. ETF is taking a wave approach in the first half of 2023, starting with the 3 largest state employers. Employer readiness to effectively communicate with the system is key and one of our biggest implementation risks.

To prepare our staff, Human Resources have been holding various focus groups throughout ETF to develop agency core competencies, leadership competencies, and position/functional competencies. Organization-wide succession planning has also begun to ensure leadership continuity during and post-transformation.

This momentum needs to continue, and ETF has been focused on the 2023-25 biennial budget as this will be a much larger ask than in the past. We need the staff and financial resources to expand and transform the agency. In Mr. Voelker's opinion, it is critical that we provide a focused stakeholder message to express ETF's modernization critical needs.

#### ETF Organizational North Star Metrics

Ms. Henning (Ref. ETF | 3.24.22 | 6B) discussed the ETF Organizational North Star Metrics report ending February 2022 and highlighted the following:

- On target for the current nine measurements
- Added a new measurement – Percent of Group Insurance Board-approved projects on schedule
- The Customer Experience Feedback Score – ETF will continue to solicit more feedback as additional projects are completed
- Completed six process improvements – which moves ETF further into modernization
- Goal 3 - Development of competencies – ETF wants a shared system where employees and leadership can participate
- Equity and Inclusion – 15 tasks scheduled and completed for this quarter
- Goal 4 -- Applications exceeded the target from last quarter with several systems being added
- IT Risk Indicators are high – ETF's Bureau of Information Security (BIS) Management is spending a lot of time looking for vulnerabilities – BIS is a dedicated team keeping our systems safe

#### ETF's New Enterprise Content Management System (ECM)

Ms. Cyganek, Mr. Johnson, and Ms. Boudreau (Ref. ETF | 3.24.22 | 6C) presented on the ECM replacement project.

ECM is the system that centrally stores customer records, including customer service correspondence, and provides electronic case management workflow capabilities for

staff to better manage customer transaction requests. It captures, stores, retrieves, shares, manages and integrates information.

The project team did most of the development and implementation virtually, with more than 20 million images migrated from the previous system. Through joint-collaboration with more than 70 ETF staff members across the agency, a contract was negotiated, solution designed and configured, migration and interface plans developed, in addition to testing, training, and work processes updated.

Training was crucial and the team provided 20,000 hours of training preparing ETF staff. There was a one-week transition and ECM was implemented without issues. The ECM is an internal system, but it does have an impact on the quality of how ETF serves its members. Both staff and third-party administrators (TPAs) can add content directly into the system. Ms. Boudreau explained in the past that paper-based processes created time delays for staff serving ETF customers, such as call center staff, to see the most up-to-date customer correspondence when answering member questions. For example, the turnaround time sometimes exceeded more than a few days to acknowledge receipt of a customer document plus several more days for it to be uploaded into the member's electronic file. Now there is a lot less paper, better accessibility to see the document, and more timely verification of receipt of documents all of which impacts the call center staff who can access the members' file directly with less clicks and less time.

Today ETF processes approximately 28,000 retirement estimates a year with one copy going to the member and the other copy to be put into the system. With ECM, it saves time which staff can use to work on higher valued tasks. Overall, ECM provides an improved customer experience for staff and members.

The Board complimented staff for their passion.

Mr. Koessler referred the Board to the additional operational update memos (Ref. ETF | 3.24.22| 6D through 6E) included in the Board packets.

#### **FUTURE ITEMS FOR DISCUSSION**

Mr. Stohr referred the Board to the June 23, 2022 Agenda Topics memo (Ref. ETF | 3.24.22 | 7A)

#### **Consultation with legal counsel on Pending Litigation Involving Former Software Vendor**

Mr. Koessler announced that the Board is going into closed session.

***MOTION: Mr. David moved to convene in closed session, pursuant to the exemption contained in Wis. Stat. § 19.85 (1) (g) to confer with legal counsel for the governmental body concerning strategy to be adopted with respect to litigation in which it is or is likely to become***

***involved. Ms. Rasmus seconded the motion, which passed on the following roll call vote:***

***Members Voting Aye: Arnold, David, Ford, Heller, Koessl, Lounsbury, Paul, Rasmus, Schalow, Wilding***

***Members Absent: Evanco, Mizialko***

The Board convened in closed session from 1:53 p.m. until 2:24 p.m. The Board returned to open session.

### **ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION**

Mr. Koessl announced that the Board met in closed session to consult with legal counsel regarding pending litigation involving a former software vendor. No action was taken.

### **ADJOURNMENT**

***Motion: Mr. Heller moved to adjourn the meeting. Ms. Lounsbury seconded the motion, which passed unanimously on a voice vote.***

The Board adjourned at 2:25 p.m.

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

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

Steve Wilding, Secretary  
Employee Trust Funds Board