

MINUTES OF MEETING

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

Thursday, December 13, 2007

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

BOARD PRESENT:

Wayne McCaffery, ETF Board and Chair, TR Board
Ted Bratanow, TR Board
John Brown, ETF Board
John David, WR Board
Sean Dilweg, WR Board
Rosemary Finora, ETF Board
Theron Fisher, ETF Board
Rick Gale, Secretary, WR Board and ETF Board
Wayne Koessler, Vice-Chair, WR Board and Vice-Chair, ETF Board
Kathy Kreul, ETF Board
Mike Langyel, TR Board
Irena Macek, ETF Board
Dennis McBride, WR Board
Lon Mishler, Vice-Chair, TR Board
Dan Nerad, TR Board
Robert Niendorf, Secretary, ETF Board
Dennis Panicucci, Secretary, TR Board
Patrick Phair, TR Board
Tom Pedersen, TR Board
Roberta Rasmus, TR Board
Steve Scheible, TR Board
Robert Shaw, TR Board
Gary Sherman, ETF Board
Robin Starck, TR Board
Nancy Thompson, ETF Board
Mary VonRuden, WR Board

BOARD NOT PRESENT:

Jennifer Donnelly, ETF Board
Nan Kottke, WR Board
Herbert Stinski, WR Board

PARTICIPATING ETF STAFF:

Dave Stella, Secretary
Bob Conlin, Deputy Secretary

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Michelle Baxter, Division of Trust Finance and Employer Services
Anne Boudreau, Division of Retirement Services
Sari King, Administrator, Division of Retirement Services
John Vincent, Administrator, Division of Trust Finance and Employer Services
Ann McCarthy, Board Liaison

OTHERS PRESENT:

Keith Bozarth, State of Wisconsin Investment Board
Bonnie Cyganek, Division of Retirement Services
Sandy Drew, State of Wisconsin Investment Board
Rhonda Dunn, Office of the Secretary
William Ford, Legislative Council
Jean Gilding, Division of Retirement Services
Gail Hanson, State of Wisconsin Investment Board
Dan Hayes, Wisconsin Law Enforcement Officers Association
Pam Henning, Division of Management Services
Lynn Jarzombeck, Division of Retirement Services
Ed Kehl, Wisconsin Coalition of Annuitants
Nancy Ketterhagen, Office of the Secretary
Audrey Koehn, Division of Retirement Services
Tom Korpady, Division of Insurance Services
Jon Kranz, Office of Internal Audit and Budget
Linda Owen, Division of Retirement Services
Diane Poole, Division of Insurance Services
Deb Roemer, Division of Insurance Services
Ken Stelzig, Wisconsin Education Association Council, Retired
Sharon Walk, Office of the Secretary
Rob Weber, Legal Services
Art Zimmerman, Legislative Fiscal Bureau

Wayne McCaffery, Chair, Teachers Retirement Board, called the meeting to order at 9:32 a.m.

ANNOUNCEMENTS

New Management Team Mr. McCaffery introduced and welcomed the new management team for the Department. Dave Stella was appointed as Secretary of the Department of Employee Trust Funds. Once appointed, Mr. Stella asked Bob Conlin to serve in the position of Deputy Secretary and Rhonda Dunn to continue serving as the Executive Assistant.

New Meeting Location Ms. King reported that the new meeting location for the 2008 Retirement Board meetings is the Holiday Inn Hotel and Suites on Fourier Drive. She referred the Board members to a memo that included a map and driving directions for the new location.

2009 Proposed Meeting Dates Ms. King advised Board members to review the proposed meeting dates for 2009 and contact the Board Liaison with any concerns. The dates are:

Thursday, Friday	March 19 and 20, 2009
Thursday, Friday	June 18 and 19, 2009
Thursday, Friday	September 17 and 18, 2009
Thursday, Friday	December 3 and 4, 2009

Recent Department Awards Ms. King apprised the Board members on recent Department awards. She announced the first award, from the National Association of Government Defined Contribution Administrators, was a 2007 leadership recognition award for the *Stepping Stones for Retirement* presentation. Ms. King also reported that the Department received a 2007 Public Pension Coordinating Council award, for meeting public pension standards.

CONSIDERATION OF MINUTES OF PREVIOUS MEETING

Motion: Ms. Macek moved approval of the minutes of the September 13, 2007, meeting as submitted by the Board Liaison. Mr. Koessl seconded the motion, which passed without objection on a voice vote.

EMPLOYER PROGRAM PARTICIPATION

John Vincent and Michelle Baxter referred the Board members to a memo regarding employer program participation. Mr. Vincent explained that the document reflects employers within the Wisconsin Retirement System (WRS) that have joined, obtained additional, or withdrawn certain coverage from Department-sponsored benefit programs. He clarified that only public employers that abide by certain state and federal standards may add coverage under the WRS.

BENEFICIARY DESIGNATIONS

Mr. Vincent discussed beneficiary designations with the Board members. He clarified that the effective date of beneficiary designation forms is the date that the Department receives them, as long as the forms meet Department completion requirements. Mr. Vincent noted that this "received date" system has helped the Department to process these forms efficiently and effectively. He explained that the Department accepts signed beneficiary designation forms by fax, e-mail (scanned document), hand delivery, and postal mail.

LEGISLATIVE UPDATE

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Mr. Conlin reported that the Department is in the process of interviewing candidates for the position of Director of Legislation, Communications and Planning.

Mr. Conlin referred the Board members to his legislative report. He noted that one of the substantive provisions of the budget affecting the Department was the provision authorizing the state to pay a portion of health insurance premiums on behalf of employees after two months of employment, effective as of July 1, 2008. The state currently pays a portion after six months of employment.

Mr. Conlin discussed Senate Bill (SB) 336. This bill would change the membership of the Group Insurance Board to include representation from different state congressional districts. He noted that no hearings or legislative activities have been scheduled on SB 336 to date.

Mr. Conlin also briefed the Board members on Assembly Bill (AB) 354, regarding "protective occupation" status. AB 354 extends this status to include a number of Department of Corrections staff and Department of Health and Family Services staff who are exposed to dangerous persons. He reported that this bill would reclassify approximately 5,000 state employees, if passed. Mr. Conlin clarified that AB 354 has been approved by the Assembly Committee and may be referred to the Joint Survey Committee on Retirement Systems in the coming days.

Mr. Conlin briefly discussed Senate Bill 351 and Assembly Bill 623, concerning the State of Wisconsin Investment Board (SWIB). This proposed legislation would allow SWIB more freedom to manage the core trust fund, through different types of investments.

Mr. Stella noted that legislation is being considered to change the required knowledge standards to which SWIB members are held.

EDUCATIONAL TOPIC

Call Center Overview Ms. King introduced Anne Boudreau and Jaymee Meier, from the Division of Retirement Services. Ms. Boudreau is the Member Services Director and Ms. Meier is the Call Management Section Supervisor. Ms. Boudreau and Ms. Meier presented information to the Boards regarding the Department Call Center. Ms. Boudreau explained the history of the Call Center including workload statistics and improvements that have been made. She reported that changes will continue to occur to help the Department better serve WRS members.

Ms. Meier discussed the services provided by the Call Center. She noted that the Call Center is often the first point of contact for members calling the Department. Ms. Meier reported that 75% of caller questions are answered within the Call Center. The other 25% of questions are sent to other areas within the Department. Ms. Meier clarified that e-mail correspondence has increased significantly for the Call Center in the last few years. She indicated they continue to improve customer service through technology by promoting the Department website and the online video library.

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Ms. Boudreau discussed some possible future challenges. She noted a few issues include keeping up with changing laws and technology and serving the increase in the retiree population.

MISCELLANEOUS

Department Contact Information Ms. King presented Department contact cards to the Board members. She noted that more cards were available upon request. Ms. King presented a sample of a new folder which is used to mail retirement forms and brochures, and noted that these folders provide more Department contact information with less cost as compared to the previous folders.

Backlog/Wait-time Report Ms. King referred to a document prepared by Linda Owen and Audrey Koehn regarding Department backlog and processing wait-times for critical/direct service functions. She announced that a glossary of terms has been added to the report to assist reader understanding. Ms. King stated that the number of annuity deaths is slightly higher in this report, however, this increase is a typical trend during the winter months.

Pending Appeals Report Ms. King referred to the Pending Appeals Report distributed to the Board members. The total number of appeals is 23.

Video Library Ms. King reported that new video library presentations continue to be created. She explained that the most recent presentation topics are additional contributions and benefits. The benefits presentation was also broadcast live on the Internet, for members who were unable to attend in-person.

Comprehensive Annual Financial Report (CAFR) Update Ms. King reported that the 2005 CAFR had been distributed. She clarified that the 2006 CAFR is currently being prepared and should be available in late 2008.

Future Items for Discussion Ms. King requested future topics for discussion. The Boards expressed interest in post-retirement employment information, including rules and statistics.

EDUCATIONAL TOPIC

State of Wisconsin Investment Board – Variable Fund Asset Allocation Mr. Stella introduced Keith Bozarth, Executive Director for the State of Wisconsin Investment Board (SWIB). Mr. Bozarth updated the Board members on the trust fund performance numbers. He reported that as of November 2007, the core fund return was 9.3% and the variable fund return was 6.5%. More information on returns will be available in 2008.

Mr. Bozarth stated that some problems have occurred with Florida's Short Term Investment Fund, and that these problems would not be an issue for the WRS Short Term Investment Fund (SIF), due to differences in the types of investments within the funds.

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Mr. Bozarth and Mr. Stella discussed the performance of the variable trust fund with the Boards. Mr. Stella reported that after a uniform audit, the Legislative Audit Bureau (LAB) recommended that SWIB reevaluate policies and procedures for making allocation and investment decisions regarding the variable fund. This recommendation was due to continual lower than expected performance returns of the variable fund and the investment limitations included in the Wisconsin statutes. Mr. Stella asked the Board members to begin thinking about the variable fund and to discuss concerns and suggestions about the issue. The Board members discussed the issue.

Mr. Stella noted that the variable fund topic will be discussed again at future Board meetings.

ADJOURNMENT

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

The Joint Informational Meeting adjourned at 11:55 a.m.

Date Approved: _____

Signed: _____

Dennis Panicucci, Secretary
Teachers Retirement Board

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