

DRAFT

MINUTES

September 20, 2018

**JOINT MEETING OF THE
Employee Trust Funds (ETF),
Teachers Retirement (TR),
and Wisconsin Retirement (WR) Boards**
State of Wisconsin



Location:

State Hill Farms Building – Room N108
4822 Madison Yards Way, Madison WI 53705

ETF BOARD MEMBERS PRESENT:

Wayne Koessler, Chair	Roberta Rasmus
John David, Vice Chair	Stacey Rolston
Robert Niendorf, Secretary	Victor Shier
William Ford	Mary Von Ruden
Michael Langley	Bob Ziegelbauer
Leilani Paul	

TR BOARD MEMBERS PRESENT:

Robin Starck, Chair	James Langkamp
Brent Grochowski, Secretary	Allison Pratt
Esther Ancel	Anton Przybylski Jr.
Sandra Clafin-Chalton	David Schalow
Chris Heller	

WR BOARD MEMBERS PRESENT:

Wayne Koessler, Chair	Elizabeth Hizmi (designee for Ted Nickel)
John David, Vice Chair	Herb Stinski
Steven Wilding, Secretary	Mary Von Ruden

BOARD MEMBERS NOT PRESENT:

Gary Epping, TR Board	Julie Wathke, WR Board
Craig Hubbell, TR Board	David Wiltgen, TR and ETF Board

Board	Mtg Date	Item #
JM	12.13.18	2

PARTICIPATING EMPLOYEE TRUST FUNDS STAFF:

Office of the Secretary:

Bob Conlin, Secretary
John Voelker, Deputy Secretary
Pam Henning, Assistant Deputy Secretary
Cheryllynn Wilkins, Board Liaison

Division of Retirement Services:

Matt Stohr, Administrator
Anne Boudreau, Deputy Administrator
Office of Communications: Mark Lamkins, Director

OTHERS PRESENT:

ETF Division of Management Services:

Bonnie Cyganek, Patrick Hughes,
Anthony Lindsey, Lori Pierick, Will Wallo

ETF Division of Retirement Services:

Erin Esser, Roger Fletcher, Jim Guidry, Julie Keal, Gene Janke

ETF Division of Trust Finance: Gamze

Ligler, Cindy Klimke-Armatoski, Marilyn Lim, Caroline Marsh, Matt Martinelli, Amelia Slaney, Laura Vang, Yu Zheng

ETF Office of Communications:

Nancy Ketterhagen

ETF Office of Internal Audit:

Michelle Hoehne, Rick Onasch, Yikchau Sze, Ramona Yee

ETF Office of Legal Services (OLS):

Monica Anderson, Diana Felsmann, Dan Hayes, David Nispel

ETF Office of Policy, Privacy &

Compliance: Steve Hurley,

ETF Office of the Secretary: Lisa

Gurley, Tarna Hunter

CEM Benchmarking: Sandy Halim

Department of Administration (DOA):

Derek Sherwin

DOA/Division of Personnel Management

(DPM): Rachel Martin

Wayne Koessler, Chair, ETF and WR Board, called the Joint Meeting of the ETF Board, TR Board and WR Board to order at 9:02 a.m.

CONSIDERATION OF MINUTES OF PREVIOUS MEETING

MOTION: Mr. David moved to approve the June 21, 2018, minutes of the Joint Meeting of the ETF, WR, and TR Boards, as submitted by the Board Liaison. Ms. Rasmus seconded the motion, which passed unanimously on a voice vote.

ANNOUNCEMENTS

Mr. Stohr provided meeting logistics for the day. Mr. Stohr also announced that ETF is currently accepting nominations through October 26 for open seats on both the TR Board and ETF Board. More information regarding these seats is available on ETF's website.

EDUCATIONAL TOPICS

Services and Cost Benchmarking Analysis

Bonnie Cyganek introduced Sandy Halim, of CEM Benchmarking, who presented their benchmarking analysis. (Ref. JM | 9.20.18| 3A). The purpose of the report is to learn best practices and to compare the costs and services ETF offers to the costs and services of a custom-selected peer group.

Compared to its peers, ETF is a very low cost and provides a lower level of service to participants with both areas trending upward. Ms. Halim highlighted changes between 2016 and 2017 and the main drivers that affected the variation. The overall low-cost drivers are a result of being low cost in each of the following areas: higher transactions per FTE, lower costs per FTE, third-party and front-office activities.

The service cost score is highly influenced by weighting. ETF could increase its service score by making improvements with the website and looking at the customer satisfaction survey. Last year, by making improvements in the call center, ETF's overall service score increased by three points, which is significant.

Globally, peers have been focusing on cybersecurity, improving cost effectiveness, enhanced focus on member communication and engagement, targeting more online delivery and making system upgrades. IT and major project costs was the biggest reason why funds were high or low-cost relative to their peer average.

CEM's Pension Administration Benchmarking model is being updated for fiscal year 2018. These changes may greatly affect ETF's service score. ETF has been actively looking at ways that ETF can improve its score.

ETF's Process for Locating and Verifying Members/Beneficiaries: Lost Contacts

Ms. Boudreau (Ref. JM | 9.20.18 | 3B) discussed the various ways ETF tries to stay in touch with its members and the reasons why ETF spends resources on locating missing members. ETF has staff dedicated to this initiative that utilize different database systems and subscriptions services to assist with locating members. ETF also publishes a list of members that ETF has been unsuccessful in locating. Ms. Boudreau explained that due to the aging of baby boomers and limited staff resources to go through the list of members turning ages 65-69 prior to publication, this task continually becomes more challenging.

The Board members commended ETF on its efforts in this area.

ETF's Strategic Plan Annual Update

Pam Henning and Mark Lamkins (Ref. JM | 9.20.18 | 3C) shared ETF's mission, vision statement and the four strategic focus areas of ETF. They shared ETF's accomplishments over the last year highlighting, the implementation of a security incident response plan, ALEX - a new online virtual benefits counselor, new-revamped workforce orientation and the move to the Hill Farms State Office building with little to no interruption of services.

To achieve ETF's current mission, ETF has set four top priorities:

- Stabilize and optimize legacy systems
- Improve the customers' website experience
- Capture and improve business processes
- Identify and enhance training opportunities for staff

ETF has been working with the leadership team to develop a new Strategic Plan for 2019 and beyond which is anticipated to be rolled out in the spring of 2019.

State of Wisconsin Investment Board (SWIB) Update

Secretary Conlin provided an update on the Executive Director position at SWIB. The next search meeting will be in early October. The search team would like to have a decision made as soon as possible and before the end of the year. Until the new Executive Director is hired, SWIB is in good-hands with the interim director Rochelle Klaskin and David Villa as the Chief Investment Officer who has been with SWIB for many years.

Mr. Conlin also discussed the opportunity of a TR Board appointment to SWIB. Sandra Claflin-Chalton's term will be up May 1, 2019.

OPERATIONAL UPDATES

ETF's Modernization Efforts

Mr. Lamkins presented on the importance of why ETF is looking to redesign its website. Currently, ETF's website is outdated, it is difficult for customers to easily find what they are looking for and the back-end technology makes it difficult for staff to manage. ETF has been evaluating different software options and vendors that would be best for assisting ETF through its website redesign. Ultimately, ETF selected Palantir.net out of Chicago.

The scope of the website redesign includes content management, branding and design. Mr. Lamkins also discussed what was not in scope and the timeline of the project. ETF wants the project team to create a customer-centric website that will be released in phases. There will be opportunities for ETF to engage its members including the members who may have difficulties with the new and more advanced technology.

Phase one is expected to be rolled out in late May or early June 2019. Members will not be able to access their individual information online in this phase. However, the goal is to make this possible in future phases.

Retirement and Customer Service Trends

Mr. Stohr presented changes to the retirement services update report (Ref. JM | 9.20.18 | 4B) and the reasons for the changes. The goal was to consolidate reports and reduce duplication of what is presented to the Boards. ETF data and metrics will be in the ETF Metrics Report on the ETF Board agenda. At the Joint Meeting, Division of Retirement Services staff will share a revised presentation focused on the customer service trends at ETF. The presentation will be more than just data. It will concentrate on customer feedback, as well as how ETF will be more customer focused in the future.

ETF has launched three different videos on the sick leave credit conversion program. These videos are persona based to make it easier for members to understand their sick leave benefit. ETF also streamlined the process to onboard new agents for employers. The Board thanked staff for these improvements.

Mr. Koessl referred the Board to the remaining operational update items (Ref. JM | 9.20.18 | 4C, 4D, 4E, 4F, 4G).

Recognize Outgoing Board Member

Mr. Koessl and Mr. Conlin thanked Victor Shier for his service on the ETF Board and presented him a plaque. Mr. Shier made comments regarding his tenure on the board.

FUTURE ITEMS FOR DISCUSSION

Mr. Stohr noted that GRS will be here for the December meetings to review the three-year experience study. The full report will be analyzed, and the ETF Board will be asked to take action, even if there are no changes from the current assumptions.

Logistical information regarding the tour of the ETF office space was presented.

Robin Starck read a thank you letter received from Tom Pederson, a former Board member.

ADJOURNMENT

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

The meeting adjourned at 11:03 a.m.

Date Approved: _____

Signed: _____

Robert Niendorf, Secretary
Employee Trust Funds Board