

DRAFT

MINUTES

September 17, 2020

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



Location:

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

ETF BOARD MEMBERS PRESENT:

Wayne Koessl, Chair	Chris Heller
John David, Vice Chair	Michael Langyel
Robert Niendorf, Secretary	Katy Lounsbury
Stephen Arnold	Leilani Paul
Malika Evanco	Roberta Rasmus
William Ford	Steve Wilding

TR BOARD MEMBERS PRESENT:

Chris Heller, Vice Chair	Allison Pratt
Esther Ancel, Secretary	Anton Przybylski Jr.
James Langkamp	David Schalow
Amy Mizialko	

WR BOARD MEMBERS PRESENT:

John David, Chair	Wayne Koessl
Steven Wilding, Vice Chair	Herb Stinski
Julie Wathke, Secretary	Mary Von Ruden
Mark Afable	

BOARD MEMBERS NOT PRESENT:

Adam Balz, TR Board	Brent Grochowski, TR Board
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Board	Mtg Date	Item #
JM	3.25.21	2

PARTICIPATING EMPLOYEE TRUST FUNDS STAFF:

Office of the Secretary:

Bob Conlin, Secretary
John Voelker, Deputy Secretary
Cherylynn Wilkins, Board Liaison

Division of Retirement Services:

Matt Stohr, Administrator
Anne Boudreau, Deputy Administrator

Office of Communications:

Mark Lamkins, Director

Office of Policy, Privacy & Compliance:

Laura Patterson, Policy Analyst

OTHERS PRESENT:

ETF Division of Management Services:

Patrick Hughes, Kadi Mbanefo, Tim Steiner

ETF Division of Retirement Services:

Roger Fletcher, Jim Guidry

ETF Division of Trust Finance: Cindy

Klimke

ETF Office of Communications:

Nancy Ketterhagen

ETF Office of Internal Audit:

Kimberly Richmond, Yikchau Sze, Amanda Williams

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, Pam Henning, Tarna Hunter, Kathryn Young

CEM Benchmarking: Sandy Halim

Ethics Commission: Colette Greve

Legislative Audit Bureau (LAB): Lisa Kasel

State Engineering Association:

Bob Schaefer

Others: 3 people connected via telephone

John David Chair, WR Board, called the Joint Meeting of the ETF Board, TR Board and WR Board to order at 8:30 a.m.

ANNOUNCEMENTS

Mr. Stohr provided the following announcements:

- Microsoft Teams is the new platform for board meetings that allows board members to see presenters and each other. ETF has been using Teams for several months and has had success with it;
- Reviewed the meeting logistics of the multiple retirement board meetings;
- Mentioned the online appointment scheduling software project recently went live; and
- Secretary Conlin's announcement that he will be stepping down as Secretary in March. The ETF Board will discuss the Secretary recruitment at its meeting today.

CONSIDERATION OF MINUTES OF PREVIOUS MEETING

MOTION: Ms. Paul moved to approve the December 12, 2019, minutes of the Joint Meeting of the ETF, WR, and TR Boards, as submitted by the Board Liaison. Mr. Koessl seconded the motion, which passed unanimously on a voice vote.

EDUCATIONAL TOPICS

Services and Cost Benchmarking Analysis

Ms. Halim stated that the Department of Employee Trust Funds (ETF) has done a good job providing services to members with the tools and resources at its disposal. Compared to its peer retirement systems, ETF is a low-cost administrator and a lower-service administrator. The cost for ETF to provide services in 2019 was \$40.6 million. ETF spent \$87 per active member and annuitants, which was \$11 below the peer average.

Complexity is also measured into CEM Benchmarking's cost score. ETF has less staff per member and lower third-party costs than its peers. In addition, ETF has the same amount of work and number of transactions as its peers. ETF's cost to support its members is higher than in the past, due to ETF's modernization efforts and the increased IT costs. The largest increase from 2018 to 2019 was information technology costs, but ETF is still below the average of its peers.

In addition, she stated that ETF provides lower performance and service to its members, when compared to peers. Over the years ETF has made service improvements and increased its service score, but peers have also increased service scores. ETF's service improvements are in line or exceed its peers in some key service metric measures. The lower service rating is primarily because ETF does not have a secured website. Secure web visits are becoming the preferred delivery channel for members.

Ms. Halim said the customer journey involves prioritizing and defining an excellent customer experience, setting targets and budgets, taking action, and benchmarking. ETF is making improvements in these areas.

Ethics Training

Ms. Greve, of the Ethics Commission provided background on the history of the Wisconsin Ethics Commission, its current state and responsibilities, and jurisdiction. She also explained the lobbying law and code of ethics, including the prohibited practices and exceptions, reiterating with hypothetical examples that Board members cannot use their position for financial gain for themselves, their family, or any organization with which the official is associated, or they are involved.

Structure of the Retirement Boards

Ms. Patterson (Ref. JM | 9.17.20 | 3C) updated board members of the action taken at the TR Board meeting yesterday. The current structure of retirement boards was reviewed. She reminded members that a three-board structure is unique to the WRS, which started from merger of multiple boards. Over time, WRS benefits have evolved to a point where they are now generally uniform, regardless of WRS employee type or position. She explained the details of the appointments of the WR and TR Boards to the ETF Board.

Ms. Patterson said that the best practice is to have a governing board with 9-13 members and with specific experience and diverse requirements for both the appointed and elected members.

Ms. Patterson explained the proposed WRS Board, including the requirements for the appointed, elected, and ex officio members.

In the ensuing discussion, Board members expressed concern about the potential for the board becoming politicized if the legislative process changed the proposed Board makeup.

Mr. Ford said he is comfortable with the proposed membership of the board, stating that most of the topics the ETF Board discusses affect all members equally and are not dependent on whether they are a state or local employee, teacher or general, etc.

Ms. Lounsbury commented regarding the non-participant with five years financial experience seat. Because this is a difficult position to fill, she asked if the Board should consider changing this to an elected position. Mr. Conlin responded that having an election among non-participants creates difficulties because ETF does not have data about non-participants. Ms. Lounsbury proposed separating the seat into two positions – electing the financial person and appointing a non-participant. This topic will be discussed at the separate board meetings today when the boards review, discuss and potentially vote on the composition of the proposed board.

OPERATIONAL UPDATES

Retirement and Customer Service Trends

Ms. Boudreau provided an overview of the trends within retirement and customer service areas, highlighting (Ref. JM | 9.17.20 | 4A) first and second quarter statistics on retirement estimates and applications. Part of the spike in retirement estimates and applications was due to the “Missing Members Project”. The Member Services Bureau is searching for inactive members with whom ETF has lost contact. Ms. Boudreau also showed the call center trend for second quarter member calls and emails.

Ms. Boudreau announced success with a new project providing online appointment scheduling — the first step in several modernization efforts. With this system, members view and book a retirement appointment and reselect their appointment date, time and automatically receive an email or text confirmation.

Member Engagement Survey Results

Mr. Lamkins shared the results from the second annual member engagement survey (Ref. ETF |9.17.20 | 4B). The purpose is to measure and establish benchmarks for members' level of engagement, satisfaction with ETF services, and their financial preparedness for retirement. ETF received a typical 19% response rate. ETF incorporated five core questions developed by CEM Benchmarking to measure engagement, into its survey and compared results to peer public pension systems. ETF has had the highest average member engagement score among peers in both 2018 and 2019.

The survey collects three interrelated metrics that continue to ETF's strategic North Star for achieving an exceptional customer experience. The survey provided insight on members' preferred communication channels, if respondents learned about retirement options from their employers, and the members' knowledge on their own WRS account and financial preparedness for retirement.

ETF's next steps are aligning recommendations with existing strategic initiatives and projects in addition to working with business areas to implement solutions that have the biggest impact.

Mr. David referred the Board to the remaining operational update items (Ref. JM | 9.17.20| 4C and 4H) and offered that staff were available to answer questions.

ADJOURNMENT

MOTION: Mr. Heller moved to adjourn the meeting. Mr. Koessler seconded the motion, which passed unanimously on a voice vote.

The meeting adjourned at 10:36 a.m.

Date Approved: _____

Signed: _____

Robert Niendorf, Secretary
Employee Trust Funds Board