

MINUTES OF MEETING
STATE OF WISCONSIN
EMPLOYEE TRUST FUNDS BOARD

Friday, September 17, 2004

Sheraton Madison Hotel
706 John Nolen Drive
Madison, Wisconsin

BOARD PRESENT: Marilyn Wigdahl, Chair
Theron Fisher
Rick Gale
Wayne Koessler, Vice-Chair
Kathleen Kreul
Irena Macek
Wayne McCaffery
Robert Niendorf, Secretary
Nancy Thompson
Cynthia Van Bogaert
Durell Vieau (*Representing Karen Timberlake*)

BOARD NOT PRESENT: John Brown

PARTICIPATING ETF STAFF: Eric Stanchfield, Secretary
Dave Stella, Deputy Secretary
Julie Reneau, Administrator, Division of Retirement Services
Christina Licari, Board Liaison
Robert Weber, Chief Legal Counsel
Bob Willett, Controller

OTHERS PRESENT: Brian Fusie, Office of State Employment Relations
Jane Hamblen, Department of Justice
Brian Murphy, Gabriel, Roeder, Smith & Company
James Palmer, Wisconsin Professional Police Association

Marilyn Wigdahl, Chair, called the meeting to order at 8:30 a.m.

CONSIDERATION OF PREVIOUS MEETING MINUTES

Ms. Licari noted that the closed session minutes had been updated to correctly reflect the vote on appeal #2003-047-ETF.

Motion: Mr. Koessler moved approval of the minutes of the June 18, 2004, meeting as submitted by the Board Liaison. Ms. Kreul seconded the motion, which passed without objection on a voice vote.

2005 MEETING DATES

Ms. Licari presented the proposed 2005 meeting dates. She noted that dates were determined by the timing requirements of the quarterly Board meetings, executive staff availability and conference center and lodging availability.

The proposed dates for the 2005 meetings are:

Thursday, Friday	March 17-18, 2005
Thursday, Friday	June 23-24, 2005
Thursday, Friday	September 22-23, 2005
Thursday, Friday	December 15-16, 2005

***Motion: Ms. Thompson moved approval of the proposed 2005 meeting dates.
Mr. Koessl seconded the motion, which passed without objection on a voice vote.***

RETIREMENT STATISTICS SUMMARY REPORT

Ms. Reneau reviewed the *WRS Retirement Benefit Annuity Statistical Report*.

ADMINISTRATIVE RULE

Mr. Weber presented draft language for amending the rule regarding the acceptance by the Department of documents received via facsimile and electronic mail. The draft language identifies electronic documents as functionally the same as original documents and allows electronic documents to be accepted with no requirement of also submitting an original.

Motion: Mr. Niendorf moved to approve the proposed rule and notice of public hearing for publication. Ms. Thompson seconded the motion, which passed without objection on a voice vote.

Note: Ms. Van Bogaert abstained from this discussion and the related motion and vote, as the discussion pertained to rulemaking.

GROUP INSURANCE BOARD UPDATE

Mr. Korpady announced that the Group Insurance Board made no significant changes to the group health insurance program for 2005. He noted that the three-tier system for the group health plans for state employees and the Pharmacy Benefit Manager (PBM) program (both implemented January 1, 2004) had proven to be very successful in saving money and controlling rising health insurance premiums. Secretary Stanchfield noted that other states have expressed interest in learning from the Department's PBM model for use in their own programs.

Mr. Korpady noted that the Department is making amendments to the Income Continuation Insurance program in order to align the program with the state's new military leave provisions. He also noted that there were no changes to the group life insurance programs for 2005.

LONG-TERM DISABILITY INSURANCE RATES REPORT

Mr. Korpady discussed the *Long-Term Disability Insurance Plan 2005 Premium Development as of December 31, 2003*, which was provided to the Board for review. He noted that due to continued high reserve levels and favorable experience in the program, the Department's actuary has recommended continuing the premium holiday through 2005. Mr. Korpady noted that the item only required action if the Board did not agree with continuing the premium holiday. He added that the Group Insurance Board had approved the continued holiday at their meeting in August.

WISCONSIN RETIREMENT SYSTEM GAIN/LOSS ANALYSIS OF EXPERIENCE AMONG ACTIVE MEMBERS DURING CALENDAR YEAR 2003

Brian Murphy of Gabriel, Roeder, Smith & Company (GRS); actuary for the Department, reviewed the report, *Wisconsin Retirement System Gain/Loss Analysis of Experience Among Active Members During Calendar Year 2003*. The report is an analysis of decrement and economic risk and a comparison between expected and actual gains and/or losses.

***Motion: Ms. Thompson moved acceptance of the WRS Gain/Loss Analysis of Experience Among Active Members During Calendar Year 2003 report.
Mr. McCaffery seconded the motion, which carried without objection on a voice vote.***

EFFECTIVE DATES OF LUMP SUM BENEFITS

Ms. Reneau reviewed her memorandum to the Board regarding the pros and cons of establishing a date certain for application and payment of lump sum benefits. The Board discussed with staff the background, current administrative code, pros and cons of possible alternatives and the need for statutory change if the Board decides to change current process.

Ms. Wigdahl called for volunteers to serve on a committee to study possible alternatives and work with Department staff to develop a recommendation to be presented to the Board at the December 2004 meeting. The following members will serve on the committee: Wayne McCaffery, Nancy Thompson, Bob Niendorf and Cynthia Van Bogaert. Ms. Reneau noted that Linda Owen and Rob Weber will work with the committee to provide historical information and conduct other necessary research support. Ms. Licari will contact committee members for scheduling.

MISCELLANEOUS

Employee Reimbursement Account (ERA) Program Update. (Included for the Board's information.) Ms. Reneau presented an update on the ERA program. She noted that the administrative fee of \$0.60 per state health insurance contract per month remains the same for 2005. Ms. Reneau noted that the open enrollment period for the program is scheduled for October 11, 2004 through November 12, 2004.

Audit Report. (Provided for the Board's information.) Ms. Reneau reviewed the audit report *Review of Stale Dated Checks – Phase II*. Internal Audit staff were available to answer questions.

MOTION TO CONVENE IN CLOSED SESSION

Ms. Wigdahl announced that the Employee Trust Funds Board would convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (a) for quasi-judicial deliberations. Department of Employee Trust Funds staff and Mr. Fusie were invited to remain during actuarial contract discussions. Ms. Licari was invited to remain during the entire closed session.

***Motion: Mr. Koessl moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (a) for quasi-judicial deliberations.
Mr. Gale seconded the motion, which passed on a roll call vote.***

**Members voting aye: T. Fisher, R. Gale, W. Koessl, K. Kreul, I. Macek,
W. McCaffery, R. Niendorf, N. Thompson, D. Vieau, C. Van Bogaert, M. Wigdahl**

Members voting nay: none

The Employee Trust Funds Board convened in closed session at 9:50 a.m. and reconvened in open session at 10:35 a.m.

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

Ms. Wigdahl announced that the Board took the following actions during the closed session:

- The Board authorized the Department to request one-, two- and three-year contract extension bids from the Department's current actuarial firms.
- **Appeal 2002-016-ETF.** The Board adopted the hearing examiner's proposed decision with regard to the question of timeliness of the appeal and adopted the hearing examiner's conclusions that no benefits are payable with regard to the merits of the appeal.
- **Appeal 2003-021-ETF.** The Board rejected the hearing examiner's proposed decision and adopted an alternate decision that the employee should have been reported under the Wisconsin Retirement System at the beginning of the period in question.

ADJOURNMENT

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

The meeting of the Employee Trust Funds Board adjourned at 10:39 a.m.

Date Approved: _____

Signed: _____

Robert Niendorf, Secretary
Employee Trust Funds Board