

MINUTES OF MEETING

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

Thursday, September 16, 2004

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

BOARD PRESENT:

Ted Bratanow, TR Board
Jefferson Davis, Secretary, WR Board
Reginald Delwiche, TR Board
Suzanne Doemel, TR Board
Barbara Ermeling, WR Board
Theron Fisher, ETF Board
Rick Gale, WR Board
Wayne Koessl, Vice-Chair, ETF Board and WR Board
Kathleen Kreul, ETF Board
Irena Macek, ETF Board and TR Board
Wayne McCaffery, Chair, ETF Board and TR Board
Lon Mishler, TR Board
Robert Niendorf, Secretary, Vice-Chair, TR Board and ETF Board
Dennis Panicucci, TR Board
Tom Pedersen, TR Board
Dennis Pratt, TR Board
Nancy Thompson, ETF Board and Secretary, TR Board
James Tripp, TR Board
Cynthia Van Bogaert, ETF Board
Marilyn Wigdahl, Chair, ETF Board and Chair, WR Board
David Wiltgen, TR Board

BOARD NOT PRESENT:

Ted Bauer, WR Board
John Brown, ETF Board and Vice-Chair, WR Board
Jorge Gomez, WR Board
Karen Timberlake, ETF Board

PARTICIPATING ETF STAFF:

Eric Stanchfield, Secretary
Dave Stella, Deputy Secretary
Julie Reneau, Administrator, Division of Retirement Services
Christina Licari, Board Liaison
Pamela Henning, Director, Office of Strategic Services
Robert Weber, Chief Legal Counsel

OTHERS PRESENT:

Harry Abendrott, Madison Area Retired Educators Association
Mary Anglim, University of Wisconsin System
Mark Buis, Gabriel, Roeder, Smith & Company
Bill Ford, Legislative Council
Sally Lee, State of Wisconsin Investment Board
Ron Mensink, State of Wisconsin Investment Board

Dave Mills, State of Wisconsin Investment Board
Brian Murphy, Gabriel, Roeder, Smith & Company
Chad Neumann, State of Wisconsin Investment Board
Trish Roepelle, State of Wisconsin Investment Board
Mel Sensenbrenner, State Engineering Association
Anne Spurley, Blumenfeld & Associates
Ken Stelzig, Wisconsin Education Association Council – Retired
Tilly Steinbeck, State of Wisconsin Investment Board
Steve Werner, Wisconsin Professional Police Association
Art Zimmerman, Legislative Fiscal Bureau

Marilyn Wigdahl, Chair, Wisconsin Retirement Board, called the meeting to order at 9:35 a.m.

CONSIDERATION OF MINUTES

Motion: Ms. Thompson moved approval of the minutes of the June 17, 2004, meeting. Mr. Davis 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. Staff will request the Boards' approval during their respective meetings. 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

ANNOUNCEMENTS

Secretary Stanchfield announced that Julie Reneau, Administrator of the Division of Retirement Services is leaving the Department to join the Ohio Public Employees Retirement System in Columbus, Ohio, as the Director of Benefits. Secretary Stanchfield presented Ms. Reneau with a plaque and resolution, signed by Wayne McCaffery, Chair of the Teachers Retirement Board and Marilyn Wigdahl, Chair of the Wisconsin Retirement and Employee Trust Funds Boards, honoring Ms. Reneau and her service to the Department of Employee Trust Funds (ETF).

BUDGET UPDATE

Ms. Henning presented an update on the recent budget proposal submitted by ETF. The proposal requests an overall budget increase of only 1.6%, which is based on minimum needs to meet existing Department goals and objectives. Increases in positions were requested in the Call Management Bureau, Member Services Bureau as well as a change to make the Health Insurance Portability and Accountability Act privacy officer position a permanent position.

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.

The draft rule will be presented for action in the Boards' individual meetings.

Note: Ms. Van Bogaert recused herself from this discussion, as the discussion pertained to rulemaking.

MISCELLANEOUS

Fact Sheets. Ms. Reneau noted that four updated fact sheets were included in the mailing packet. The following fact sheets were included: Wisconsin Retirement System, Group Health Insurance, State Income Continuation Insurance and Accumulated Sick Leave Conversion Credit Program.

Comprehensive Annual Financial Report. Ms. Reneau noted that the 2002 Comprehensive Annual Financial Report (CAFR) has been completed and distributed for Board members. The 2003 CAFR is expected to be completed in late 2004.

Appeals Summary. An update on pending appeals was provided for the Board's information.

Benefit Payment System. Ms. Reneau updated the Boards on the development of the Benefit Payments System (BPS). She noted that since the last Board meeting, ETF's contractor, Virchow-Krause had completed the post-mortem evaluation of the project and provided feedback regarding changes in approach to the project. A request for proposals was issued and responses are currently being reviewed. The Department plans to select a vendor shortly for a project effective date of January 1, 2005.

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

Ms. Reneau introduced Brian Murphy and Mark Buis of Gabriel, Roeder, Smith & Company, actuaries for the Department. They conducted a slide presentation in conjunction with the report, *Wisconsin Retirement System Gain/Loss Analysis of Experience Among Active Members During Calendar Year 2003*. The objectives of the gain/loss analysis are to determine when economic and decrement assumption changes are required and to gain an understanding of reasons for contribution rate changes. This report looks at actual member experience and is used to identify the sources of favorable or unfavorable fluctuations.

This analysis is the first in a regular three-year experience cycle. A three-year study will be conducted following the gain/loss analysis for the calendar year ending 2005. Ms. Reneau noted that the Employee Trust Funds Board would be asked to take action regarding the gain/loss analysis at their meeting on Friday, September 17, 2004.

The Board took a break at 10:53 a.m.

EDUCATIONAL TOPIC: STATE OF WISCONSIN INVESTMENT BOARD UPDATE

Ms. Reneau introduced State of Wisconsin Investment Board (SWIB) staff, who participated in a presentation to the Board. Dave Mills, Executive Director, provided updates on strategic issues, reported on newly appointed SWIB trustees and announced that Gale Hansen has been selected to join SWIB as Deputy Executive Director. Sally Lee, Portfolio Manager, provided an update on

the fixed income outlook; Trish Roepelle, Portfolio Manager, reported on the Large Cap Diversified Portfolio and Chad Neumann, Portfolio Manager, reported on the Small Cap Diversified Portfolio.

ADJOURNMENT

Motion: Ms. Doemel moved adjournment. Mr. Pedersen seconded the motion, which passed without objection on a voice vote.

The Joint Informational Meeting adjourned at 12:00 p.m.

Date Approved: _____

Signed: _____

Jefferson Davis, Secretary
Wisconsin Retirement Board