



# STATE OF WISCONSIN Assembly Journal

## Ninety-Fourth Regular Session

1:00 P.M.

THURSDAY, May 27, 1999

The Assembly met in the Assembly Chamber located in the State Capitol.

Representative Underheim in the chair.

The Assembly dispensed with the call of the roll.

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### AMENDMENTS OFFERED

Assembly amendment 1 to **Assembly Bill 305** offered by committee on **Health**.

Assembly amendment 1 to **Assembly Bill 335** offered by Representatives Vrakas and Staskunas.

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### COMMITTEE REPORTS

The committee on **Criminal Justice** reports and recommends:

#### **Assembly Bill 205**

Relating to: possession of a dangerous weapon by a minor and providing a penalty.

Passage:

Ayes: 14 – Representatives Goetsch, Walker, Stone, Owens, F. Lasee, Jeskewitz, Gundrum, Gunderson, Colon, Berceau, Huber, Richards, Wood and Young.

Noes: 0.

To committee on **Rules**.

*ROBERT GOETSCH*  
Chairperson  
Committee on Criminal Justice

The committee on **Education Reform** reports and recommends:

#### **Assembly Bill 100**

Relating to: criminal liability of school personnel for corporal punishment.

Passage:

Ayes: 8 – Representatives Nass, Olsen, Underheim, Stone, Grothman, Gundrum, Cullen and Sinicki.

Noes: 0.

To committee on **Rules**.

*STEPHEN NASS*  
Chairperson  
Committee on Education Reform

The committee on **Health** reports and recommends:

#### **Assembly Bill 305**

Relating to: adopting the nurse licensure compact and granting rule-making authority.

Assembly amendment 1 adoption:

Ayes: 18 – Representatives Underheim, Urban, Handrick, Walker, F. Lasee, Johnsrud, Olsen, Wieckert, Hundertmark, Owens, Wasserman, Carpenter, Krusick, La Fave, Meyer, Miller, Schooff and Waukau.

Noes: 0.

Passage as amended:

Ayes: 17 – Representatives Underheim, Handrick, Walker, F. Lasee, Johnsrud, Olsen, Wieckert, Hundertmark, Owens, Wasserman, Carpenter, Krusick, La Fave, Meyer, Miller, Schooff and Waukau.

Noes: 1 – Representative Urban.

To committee on **Rules**.

*GREGG UNDERHEIM*  
Chairperson  
Committee on Health

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### REFERENCE BUREAU CORRECTIONS

#### **Assembly Bill 70**

1. Page 2, line 8: delete “includes” and substitute “include”.

## SPEAKER'S APPOINTMENTS

May 25, 1999

Representative Phil Montgomery  
115 West, State Capitol  
Madison, WI 53703

Dear Representative Montgomery:

As Assembly Speaker, it is my privilege to appoint you to the Assembly Committee on Information Policy. You will be replacing Representative Kaufert and your appointment is effective immediately. Thank you in advance for your service.

If you have any questions, please contact Brett in my office. Thank you again for your work on behalf of the people of Wisconsin and the State Assembly.

Sincerely,  
*SCOTT R. JENSEN*  
Assembly Speaker

May 25, 1999

Representative Jeff Stone  
306 North, State Capitol  
Madison, WI 53703

Dear Representative Stone:

As Assembly Speaker, it is my privilege to appoint you to the Joint Legislative Council Committee. This appointment is effective immediately. Thank you in advance for your service.

If you have any questions, please contact Brett in my office. Thank you again for your work on behalf of the people of Wisconsin and the State Assembly.

Sincerely,  
*SCOTT R. JENSEN*  
Assembly Speaker

## AGENCY REPORTS

State of Wisconsin  
Legislative Audit Bureau  
Madison

May 18, 1999

To the Honorable, the Legislature:

We have completed an evaluation of the Kickapoo Reserve Management Board, as directed by [1993 Wisconsin Act 349](#). The Board was created in 1994 to manage the Kickapoo Valley Reserve, which encompasses nearly 8,600 acres in Vernon County. The Board is responsible for day-to-day management of the reserve under a lease agreement with the U.S. Army Corps of Engineers, which purchased the land in

the early 1970s as part of a large flood control and dam-building effort.

The federal Water Resources Development Act of 1996 deauthorizes the Kickapoo dam project and provides for ownership of approximately 7,400 acres to be transferred to the State. The remaining 1,200 acres of tribally significant land is to be held in federal trust for the Ho-Chunk Nation. Federal legislation sets forth several conditions the Corps and the State must meet to effect the transfer. While the State has met most of its requirements, the Corps is in the process of cleaning up solid and potentially hazardous waste sites on the property and determining how it will reconstruct the state and county highways that cross the reserve. In addition, the Corps and the State must sign an agreement that holds the federal government harmless from any future claims related to the Corps' past ownership of the property. Transfer of the land is anticipated for spring 2000; however, any of these unresolved issues could postpone the transfer.

We found that the Board has performed its limited duties effectively, balancing the desires of local citizens and other visitors with its statutory requirements to protect the reserve's unique natural and cultural resources. Its management lease with the Corps allows it to collect voluntary user fees, develop land-use policies, and mark trails and boundaries. Currently, the Board is writing a comprehensive master plan for the reserve, planning the construction of pedestrian bridges across the Kickapoo River, and repairing and maintaining trails.

We appreciate the courtesy and cooperation extended to us by the Board and its staff. The response of the Board's Executive Director is Appendix II.

Sincerely,  
*JANICE MUELLER*  
State Auditor

State of Wisconsin  
Investment Board  
Madison

May 15, 1999

To the Honorable, the Legislature:

Section [25.17\(14r\)](#) of the Statutes requires that the State of Wisconsin Investment Board (SWIB) submit a report to the Joint Committee on Audit, Joint Committee on Finance and the Chief Clerks of each House summarizing any change in the Board's investment policies, upon adoption of the change.

On April 8, 1999 the Board approved modifications to the Investment Policy Guidelines for the Global Fixed Income and International Equity portfolios of the Wisconsin Retirement System (WRS) Trust Funds. Attached are revised investment guidelines which replace, in their entirety, the previous guidelines for the Global Fixed Income portfolio. Also attached are the modified guidelines for the International Equities portfolio. Additions to the previous International Equities guidelines are shaded and deletions are the ~~stricken~~ material.

**Global Fixed Income Guideline Changes**

SWIB currently has five portfolios with mandates designed to access developed non-U.S. fixed income markets: one internal Global Opportunistic Fixed Income portfolio and four externally managed International Fixed Income Portfolios. Although all five portfolios had identical mandates at the inception of the international fixed income program, the internal and external managers investment guidelines had been modified over the years, resulting in substantially different mandates.

Prior to the guideline changes adopted at the April Board meeting, the internally managed Global portfolio was primarily a U.S. Treasury portfolio which had been given the authority to invest in non-U.S. government debt markets on an opportunistic basis. Its benchmark was a U.S. Treasury benchmark, reflecting its primary mandate. In contrast, the externally managed International portfolios were 100% non-U.S. in nature, with non-U.S. hedged benchmarks. Comparability and the potential for interaction among internal and external managers regarding portfolio strategies was diminished under this structure.

European bond markets have been undergoing a period of change. Historically, European corporations have had close relations with banks and almost exclusively went to them to borrow money. Today, European companies are increasingly entering the bond market as a source of funds. This creates a new opportunity for international fixed income managers to make attractive investments. In order to keep pace with the growing opportunities in these markets, the external public fixed income portfolios were given the authority to invest in non-U.S. corporate debt in 1998.

Recent strategic planning by SWIB staff and trustees recognized the globalization of financial markets. We expect this trend to intensify. We recognize that it is therefore important to enhance and expand our expertise to follow cross-border events if we are to meet our fiduciary responsibility. We have identified the need to redirect portfolio management philosophies across asset classes to a more global focus in the future.

In order to correct inefficiencies and to enact a global strategy which is more commonly accepted in the investment industry, a uniform global mandate was established for the internal Global and external International Fixed Income portfolios. Fully global developed markets, meaning U.S. and non-U.S., are now accessed at the managers' discretion. Accordingly, global benchmarks, including U.S. and non-U.S. fixed

income assets, have been adopted. All portfolios have been given the authority to hold non-U.S. investment-grade corporate debt instruments, as well as a small allocation to emerging market debt.

In addition to placing an emphasis on global markets, the investment guidelines were modified to clarify the portfolio's allowable currency hedging activity. Industry-standard unhedged international benchmarks were chosen to reflect the global mandate. The use of currency hedging will now be optional and permissible only through traditional forward and exchange-traded instruments. The modified guidelines have the intent to permit the management of currency exposure and to benefit from a potential appreciation of foreign currencies against the U.S. dollar, should that occur.

While each portfolio is expected to shift its investments to a more global focus, with a mix of U.S. and non-U.S. securities, it is anticipated that the aggregate exposure to non-U.S. instruments will not change substantially with these guideline modifications.

**International Equities Guideline Changes**

The International Equities guidelines were modified to include the same language regarding allowable currency hedging activity as adopted for the Global Fixed Income portfolio. The language does not materially modify the previous currency hedging activity for the portfolio. The purpose of the change is to apply consistent hedging policies across asset classes.

Please contact me if you have any questions about this report.

Sincerely,  
*PATRICIA LIPTON*  
Executive Director

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**ADJOURNMENT**

Representative Foti moved that the Assembly stand adjourned until 10:00 A.M. on Tuesday, June 1.

The question was: Shall the Assembly stand adjourned?

Motion carried.

The Assembly stood adjourned.

1:01 P.M.