

TEACHERS' RETIREMENT BOARD MEETING

September 11, 2008

CALL TO ORDER

Chairman Tim Ryan called the meeting to order at 3:30 a.m., in the Teachers Retirement System Conference Room, 1500 E. 6th Ave, Helena, Montana

BOARD MEMBERS PRESENT:

Tim Ryan, Chairman
Scott Dubbs via Conference Call
James Turcotte
Darrell Layman

ABSENT

Mona Bilden
Kari Peiffer

STAFF PRESENT:

David Senn, Executive Director
Tammy Rau, Deputy Executive Director
Dan Gaughan, Accounting/Fiscal Manager
Bill Hallinan, IT Manager

ADOPT AGENDA - Chairman Ryan asked for additions or changes to the Agenda. Finding none, Chairman Ryan requested a motion to adopt the Agenda.

MOTION/VOTE: Member Scott Dubbs moved that the agenda be approved. Seconded by Member James Turcotte, the motion passed unanimously.

PUBLIC COMMENT – Chairman Ryan noted that no one from the public was present.

RFP FOR ACTUARIAL SERVICES -- Executive Director David Senn recommended that a Joint Request for Proposals (RFP) with PERS be issued for actuarial services. Mr. Senn explained that PERS will be issuing an RFP in February 2009 and recommended a RFP be issued jointly with PERS.

MOTION/VOTE: Mr. Dubbs moved that TRS issue an RFP for actuarial services in conjunction with PERS. Seconded by Mr. Turcotte, the motion passed unanimously.

NATIONAL INSTITUTE ON RETIREMENT SECURITY (NIRS) MEMBERSHIP

Mr. Senn recommended the Board purchase a charter membership in the National Institute on Retirement Security (NIRS). Mr. Senn described the not-for-profit organization and its intent to contribute to informed policymaking by fostering a deeper understanding of the value of retirement security to employees, employers, and the economy through national research and education programs. Membership through December 2009 will cost \$1000.

MOTION/VOTE: Mr. Dubbs moved that TRS purchase a Charter Membership in the NIRS for \$1000 which will be good through December 2009. Seconded by Mr. Turcotte, the motion passed unanimously.

FINANCIAL STATEMENTS, BUDGET, DELINQUENT AGENCY & TRAVEL REPORTS

Dan Gaughan, Accounting/Fiscal Manager presented the financial statements.

Balance Sheet -- Mr. Gaughan pointed out that accounts receivable were about \$4 million higher due to the employer contribution rate increase that went into effect July 1, 2007. The difference also includes the increase in the ORP supplemental contribution rate. The Due from Primary Government account is the 2% supplemental that TRS receives from the General Fund to cover the contribution rate increase for school districts. Both the Optional Retirement Plan (ORP) and the General Fund supplement rate increases were effective July 1, 2007.

Mr. Turcotte questioned why the amounts in the Miscellaneous Settlements account under the Revenue category were the same for both years. Mr. Gaughan explained the amount is reimbursement for a restitution amount that TRS receives each year from a settlement in a fraud case where benefits were overpaid.

Fund Balance Statement Mr. Gaughan noted that the Fund Balance Statement shows TRS investment earnings as negative in comparison to last year.

Mr. Gaughan noted that on the Investment Sheet under Administrative Expenses the contracted services is nearly double what it was the year before. Several items make that difference because of rate increases such as those by Milliman, Alfred and Associates, and SABHRS as well as, the Department of Administration. He also explained that in 2007 TRS capitalized the work that Alfred and Associates had completed so it was recorded as an intangible asset rather than an administrative expense.

Chairman Ryan questioned a \$10,000 increase in rent. Mr. Gaughan explained the rent cost went up, and that until recently, TRS was subsidized a bit and was not charged the full amount. The rent also includes utilities and grounds maintenance.

Chairman Ryan pointed out the increase in Other Expenses. Mr. Gaughan explained the increase was caused by a billing for the Statewide Cost Allocation Plan which TRS had not been billed before. There had been a problem getting the plan approved by the Federal Government and so they had been operating on an old plan that showed a credit for TRS. This is the first bill in three years. The charge was approximately \$22,000 this year, and it's going to be approximately \$39,000 for next year.

Mr. Turcotte asked about the depreciation category. Mr. Gaughan noted that it is about \$15,000 higher and explained TRS disposed of some older equipment and the amount was the remaining depreciation on that equipment.

Budget Status Reports Mr. Gaughan explained the report covers only the first two months of this fiscal year so there is not much identified that is different from the budgeted amounts.

Chairman Ryan asked if the Other Services is going to continue to go on increasing. Mr. Gaughan explained HR and legal expenses are in there and they bill TRS on a quarterly basis so some of the payments have actually covered 3 months of expense but the report is through August 2008.

Travel Reports -- There was nothing to report.

3:50 p.m. Chairman Ryan acknowledged the arrival of Member Darrell Layman to the meeting.

GFOA CERTIFICATE: Mr. Gaughan reported TRS had once again received the GFOA Certificate of Achievement for Excellence in Financial Reporting. Mr. Gaughan commented that on TRS's first submission we had about six pages of suggestions and this year we were down to two pages. Mr. Senn pointed out that this year's comments contained no areas that were critical. Mr. Gaughan stated that this year all areas were marked as proficient.

Chairman Ryan and Board members congratulated Mr. Gaughan on receiving the GFOA Certificate again this year.

APPLICATIONS AND BENEFIT ADJUSTMENTS: Mr. Senn stated that there were 634 retirees this last fiscal year of which approximately 524 were effective in June and July. For the Year, this was about 100 more retirees than TRS had last fiscal year but yet 100 or so less than what had been expected on actuarial projections. Mr. Senn explained the process of estimating benefits when retired

members were entered into the system and then balancing the accounts as the final information was received from the employers. He stated the process usually has taken into late October or early November to complete. Mr. Senn was pleased to report that this year staff changed the process, taking out one step, and spent one week dedicated to completing the entire process. All retirees' benefits have been audited, recalculated and closed out except for a small handful of problem children.

Mr. Senn complimented the staff and credited Janet Cooper with taking the lead role in suggesting the change and making it happen.

CLOSED MEETING

Chairman Ryan directed the meeting be closed at 4:10 p.m. to review disability applications since the individual's right to privacy of information pertaining to benefits clearly exceeds the merits of public disclosure.

OPEN MEETING

Application for Disability Retirement Benefits – The meeting was reopened to the public at 4:45 p.m.

MOTION/VOTE: Mr. Turcotte moved to approve the disability application for Bernadette Horn. Seconded by Mr. Layman, the motion carried unanimously.

MOTION/VOTE: Mr. Layman moved to approve the disability application for Wendy Eley-Riener. Seconded by Mr. Turcotte, the motion carried unanimously.

MOTION/VOTE: Mr. Turcotte moved to table the disability application for Katherine Martin pending receipt of additional information. Seconded by Mr. Layman, the motion carried unanimously.

ADJOURNMENT

There being no further business, the meeting was adjourned at 5:00 p.m.

Chairperson _____

Executive Director _____