

**Teachers' Retirement Board Meeting  
Board of Investment Conference Room  
2401 Colonial Drive  
Helena, Montana  
December 7, 2012**

**BOARD MEMBERS PRESENT**

Jeff Greenfield - Chair  
Robert Pancich  
Kari Peiffer  
Marilyn Ryan  
James Turcotte  
Scott Dubbs

**STAFF PRESENT**

David Senn, Executive Director  
Tammy Rau, Deputy Executive Director  
Denise Pizzini, Legal Counsel  
Karla Scharf, Retired Payroll Supervisor  
Rex Merrick, Information Technology Specialist  
Dan Gaughan, Accounting/Fiscal Manager  
Emma MacKenzie, Public Information Officer

**OTHERS PRESENT**

Diane Fladmo, MEA-MFT  
Charlene Suckow, MREA  
Marilyn Hamer, NCMRE  
David Ewer, Budget Director Montana State  
Cliff Sheets, Board of Investments  
Edward Zabrocki, TRS Member  
Scott Svee, Attorney for Edward Zabrocki  
Laurence Martin, Attorney for Yellowstone Boys & Girls Ranch via telephone conference  
Michael Sullivan, Public School Superintendent via telephone conference

**CALL TO ORDER**

Chairperson Jeff Greenfield called the meeting to order at 8:30 AM, in the Montana Teachers' Retirement Board Room 1500 E 6<sup>th</sup> Ave Helena MT.

**Adopt Agenda**

Chairperson Greenfield asked for additions or changes to the Agenda for December 7, 2012. Mr. David Senn explained the exclusion of an item for Board consideration of pending motions in the Ennis/Walsh matter as it has been set back and therefore the item should be rescheduled for January or February of 2013.

Chairperson Greenfield requested a motion to adopt the Revised Amended Agenda.

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**MOTION/VOTE:** Member Robert Pancich moved that the TRS Board adopt the Agenda for December 7, 2012. Seconded by Member James Turcotte, the motion passed unanimously.

#### Approval of Minutes

Chairperson Greenfield called for changes to the September 28, 2012 Board Meeting Minutes. Finding none, Chairperson Greenfield requested a motion to adopt the September 28, 2012 Board Minutes.

**MOTION/VOTE:** Member Scott Dubbs moved that the TRS Board adopt the September 28, 2012, Board Meeting Minutes. Seconded by Member Kari Peiffer, the motion passed unanimously.

#### Public Comment on Board Related Items

Chairperson Greenfield called for public comment on Board related items. No public comments were made.

### **BOARD OF INVESTMENTS**

#### Annual BOI Presentation

Cliff Sheets, CFA, CIO presented the annual Board of Investments report to the TRS Board. The asset allocation breakdown over the fiscal year showing the end of fiscal year 2011 and the end of fiscal year 2012 and the change from last year of all the state pension funds was presented. A comparison of the TRS plan to larger defined benefit plans showed equities investments being at the median of the range, and fixed income allocations were very similar to peers and actually slightly above the median at 25% with the median being 23.43%. Real estate and private equity allocations were a little on the high side in comparison to peers.

Mr. Sheets went on to explain that performance for the 2012 fiscal year end showed a gain of 2.42%, with performance starting to see improvement in the longer time periods. The three year number is at 12.08%, keeping in mind that that three year period begins in the middle of 2009. We are through the worst of the bear market and are seeing a rally in the stocks. The 10 year performance shows a return of almost 6% which is a significant improvement over time. The five year mark is still weak and may remain weak given the dramatic bear market in the timeframe. The relatively good performance was helped by maintaining a heavier weight on the domestic side. Fixed income is fairly healthy and private equity and real estate doing well. For the first time real estate was the best performing asset.

The comparison using 47 other defined benefit plans compiled by State Street was presented by Mr. Sheets. If you look at the relative ranks for both TRS and MPERS benefit plans as you go from the longer periods to recent periods the relative improvement is notable. The one year and three year periods both reflect a high percentile and as you move out it increases. The TRS relative ranking in regards to the comparative performance median is improving over the five to ten year time period.

The fiscal year to date performance shows the October performance at 4% return. This is a good start and reflects the recovery in public equity that was up 5.5%. Bonds did well at 3.2%, and real estate continued to perform well with a strong 2.8% return. Private equity was

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depressed but still positive. Again, the three year ranking and longer term rankings helped plan returns and it has been beneficial to be weighted toward the domestic stock.

In summary, asset allocation mix changes have been relatively minor. Real estate allocation has increased to a little over 8%, which is still an improving market. Real estate provides good diversification, in particular of the equity component. Mr. Sheets feels that it is important to maintain real estate at a pro-growth bias which means keeping the total equity in the upper half of the band. The cash flow problem with TRS may have long term implications for returns and may prompt a shift in the asset allocation mix because private equity is no longer the contributor it once was. The Legislature needs to work to improve the cash flow.

Looking at the future, the 2012 GDP is going to be at a 2% growth rate which is good, but not robust, based on past business cycles. The fourth quarter may decline in growth. The "fiscal cliff" is a big variable going forward into 2013. Most observers expect some resolution before calendar year end. The capital markets are looking beyond the phenomenon and assuming that there will be some compromise before year end. Payroll tax reduction may expire. In combination the compromise is expected to end up having about a -1.5% effect on 2013 GDP. The worst outcome would be no resolution which creates a real problem likely to hurt economy which could equate to a negative 4% to 5% effect to GDP. The consensus outlook for 2013 is GDP growth of about 2% which is similar to 2012 with stable relative growth going forward.

Member Pancich inquired about possible problems with FHA and about the outlook for the foreclosure world. Mr. Sheets responded that he believes enough damage was done in the housing recession that it is still flowing through the pipeline. The banking system was chastised for the procedures used to foreclose and so it has slowed the process. Likely to see foreclosures continue at an uncommonly high rate but they have recently lessened as compared to last 2 years. On-going losses will need infusion. Housing equity has been destroyed and is still being absorbed in the accounting process but housing is picking up and on the margin there is a dramatic change from a feeling of great loss to one that equity is holding.

Mr. Sheets stated that inflation is not a problem as nothing suggests an uptick in the future. Forecasts for next year remain at about the 2% level.

Mr. Sheets summarized his report saying that 2013 looks good. The asset allocation and investment strategy should be to continue to build real estate exposure, maintain exposure to risk assets given long-term return prospects and gradually re-balance during any periods of weakness. Cash flow will remain a problem and may affect the allocations mix if necessary to bolster the fund.

Chair Greenfield, thanked Mr. Sheets for his report.

## **EXECUTIVE DIRECTOR'S REPORT**

### **2013 TRS Board Legislation**

Funding Bill

Mr. David Senn noted that neither the SAVA nor the Legislative Finance committee agreed to pick up the TRS/Governor Schweitzer's funding bill (LCsa06). Mr. Senn recommended that the Board request legislation to fund TRS that is very similar to LCsa06, but replaces the provision in LCsa06 that would reduce the cap on school district retirement reserves with an employer contribution rate increase of 1.0%. The original bill draft provided one time only money of about \$14.7 million. The 1% employer contribution increase will generate about \$7.8 million annually.

Mr. Senn reported he met with Speaker of the House, Rep. Mark Blasdel, and discussed the various funding proposals and the Legislature's plan to have all funding bills addressed by a Select Committee on Retirement.

Public comment: Diane Fladmo, MEA-MFT said they would support the funding proposal. She thanked the TRS Board for moving ahead.

**MOTION/VOTE:** Member Dubbs moved the Board adopt the proposed funding bill recommended by staff. Seconded by Member Pancich, the motion passed unanimously.

University System Supplemental Employer Contribution Rate Increase

The Optional Retirement Plan (ORP) was created for faculty and administrators of the Montana University System (MUS) effective January 1, 1988. Initially, MUS employees could elect to join ORP or TRS. Since 1993, because of selection against the Teachers' Retirement System (TRS), new MUS employees are required to join the ORP. When the ORP was created, each employer within the MUS was required to contribute to TRS a supplemental contribution to cover their share of TRS unfunded liabilities. The supplemental contribution rate was established as a percentage of the earned compensation of MUS employees who participate in the ORP. The supplemental rate has varied over the years from an initial rate of 4.503%, decreasing to 2.93% in 1993, and today is 4.72%. This cost is totally paid by MUS employers; employees who participate in the ORP do not contribute to TRS. Because of the 2009 market losses, the supplemental rate must increase to 9.04% in order to pay MUS' share of TRS' unfunded liabilities by July 1, 2033. If this bill passes, the increase in the supplemental contributions would reduce the TRS total contribution shortfall from 4.89% to 3.94% of total compensation. Representative Jesse O'Hara agreed to sponsor this proposal.

Public Comment: Diane Fladmo, MEA-MFT supports the bill.

**MOTION/VOTE:** Member Turcotte moved the Board approve the proposal to increase the MUS supplemental employer contribution rate. Seconded by Member Peiffer, the motion passed unanimously.

Break in Service

Mr. Senn presented the proposal recommended by tax counsel to require a retired member have at least a 180 day break in service before they could return to work in a position reportable to TRS. TRS members who terminate employment on or after January 1, 2014, would be

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required to have a 180 day break in service before they are eligible to return to work. Members who are currently retired, or who retire based on a termination date before January 1, 2014, will not be affected. Substitute teachers would be excepted as long as they work no more than 30 days during the break in service period. This bill has no actuarial impact, as it does not affect funding. Representative Keith Regier agreed to sponsor this proposal.

Chair Greenfield asked for public comment. There was none.

**MOTION/VOTE:** Member Peiffer moved approval of the 180 day break in service proposal. Seconded by Member Pancich, motion passed unanimously.

Housekeeping

House Bill 54 clarifies the terms "position reportable to the retirement system" and "termination of employment." It clarifies when a member is in retired member status and eligible for post-retirement employment. The Bill also amends the definition of normal retirement age and provides for non-forfeitability of benefits upon attainment of normal retirement age in conformity with IRS qualification standards and provides for jurisdiction and venue for judicial review in the first judicial district court. Representative Pat Ingraham has introduced the bill on behalf of TRS.

Chair Greenfield asked for public comment. There was none.

**MOTION/VOTE:** Member Peiffer moved that the TRS Board support House Bill 54. Seconded by Member Turcotte, the motion passed unanimously.

Other Legislative Proposals

MEA-MFT will again request legislation creating a Professional Retirement Option for members first hired after July 1, 2013. The proposal would provide a higher multiplier (2.0%) for members hired after July 1, 2013, who are age 60 or greater at the time of retirement and have 30 years or more of creditable service in TRS. The proposal will include an employee contribution rate increase, an increase in early retirement age from age 50 to 55 years of age, and the calculation of average final compensation would increase to 5 years from 3 years.

Diane Fladmo, MEA-MET, stated that she hoped the TRS Board would support the bill as they have in the past. Representative Bennett has agreed to carry this bill.

Mr. Senn reviewed other proposals that can be found in the LAWS bill tracking system.

SAVA & LFC Interim Committee Meetings

Mr. Senn expressed his disappointment that the SAVA and LFC Interim Committees were unable to reach a consensus on any funding proposals and neither committee voted to support the Governor's funding proposal.

Diane Fladmo, MEA-MFT commented that they will be working with TRS and on setting up contacts and information for members who need education on the issue of pensions to be able to advocate for themselves. She feels it is going to be a challenging time and there is a great

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need to give the public and legislature information. Ms. Fladmo anticipates a more concerted effort working together and looks forward to working with TRS. She thanked Emma MacKenzie and Mr. Senn for all their work.

Mr. Senn discussed the use of Facebook. Use will be limited to TRS putting information out to prevent personal information being posted by members.

Change of Beneficiary Designation Process

Denise Pizzini has previously reported regarding a MT Supreme Court ruling for a contested case matter from MPERA finding that a beneficiary designation change removing a spouse as the beneficiary during the pendency of a divorce was void. Administratively, TRS is working to protect against any adverse outcome. TRS may be changing forms to require notary signature of the spouse if the spouse is being removed as the beneficiary. TRS will keep the Board informed of any changes to processes implemented.

Tammy Rau informed the board that TRS has been tracking the changes for the last five weeks and currently, TRS is averaging 7 forms a week changing the designated beneficiary from the spouse. That number is significant and right now the form does not require any acknowledgement from the spouse that a change is being made.

Chair Greenfield asked if there is any way to search for restraining orders? Ms. Pizzini responded that the court has worked on a plan to link all the State District courts for years but at this time a court by court search must be done.

Public Participation Memo

Mr. Senn shared Governor Schweitzer's memo reminding all Boards that they need to engage the public in agency decisions and provide for open meetings.

Multiple Public Employment Disclosure Form

Mr. Senn explained to the Board Members that the per diem form should be on file and requested the members to please fill out the form and get it to Dan Gaughan or Ms. Rau.

Board members who are also public employees (teachers and administrators) may not receive both the \$50 per diem while serving as a Board member and their regular salary for an overlapping period. To ensure compliance with law, each Board member must return TRS' Multiple Public Employment Disclosure Form by December 15.

Executive Summary

Mr. Senn informed the Board that the Legislative Auditor's Office is in the final stages of completing the annual financial and biennial compliance audit of the Teachers' Retirement System for the fiscal years ending June 30, 2012. TRS expects the auditors will issue an unqualified opinion on the financial statements with one audit recommendation that the board continue to seek legislation to actuarially fund the System.

Other Business

2013 Meeting Dates – The proposed Board meeting dates of February 8, May 10, September 27, and November 29 were discussed and new dates of February 8, May 10, October 4, and December 6 were suggested.

**MOTION/VOTE:** Member Pancich moved that the TRS Board meeting dates for 2013 be set as February 8, May 10, October 4, and December 6. Seconded by Member Dubbs, being no further comment the motion passed unanimously.

Financial Statements, Budget, Delinquent Agency Reports

Mr. Gaughan presented the financial statements. The budget status report shows savings in the operating expenses mostly because SABRS lowered their annual costs for this fiscal year. There is a projected savings in communications as postage costs are lower than expected. The statewide cost allocation plan was originally estimated at \$46,000 but has been revised down to \$11,000 for a significant savings. Mr. Gaughan reported that there are no school districts delinquent in their reporting at this time.

P2F2 Annual Conference

Mr. Gaughan reported on the P2F2 Conference which is a public pension financial forum he attended for the second year. The conference is geared toward financial divisions of pension plans and financial accounting. The hot topic was GASB's two new accounting standards. David Bean from GASB gave a perspective on the standards. GASB will issue a guide to answer questions. First change to affect TRS will be June 2014 and the second June 2015.

On a state wide basis the State Accounting Division has a working group which includes staff from Board of Investments, the Local Government Services Division, and OPI to look at the GASB changes.

Mr. Gaughan stated he appreciates being able to go to the conference and found it very helpful.

Member Turcotte questioned in regards to GASB whether they are still going forward with funding liability over each district. Mr. Gaughan answered yes.

Mr. Senn commented that perhaps because the P2F2 Conference concentrates on the pension plans that TRS should send staff to it rather than the GFOA conference.

NCTR Conference Report

Member Turcotte thanked the Board for sending him to the conference. He felt the conference was light and there were no real in-depth sessions. He had hoped there would be discussion of the current problems because of the deficits suffered with the investment returns and challenges being faced with the media and political rumblings regarding changing retirement plans. They covered things like globalization and health care premiums. Immigration issues were a hot topic. Mr. Turcotte stated that he would have liked to heard more on how other pensions are handling the funding problems. The meetings are recorded and available on the NCTR website.

### Personnel Committee Report

Member Peiffer reported that the personnel committee completed Mr. Senn's performance evaluation the evening before the board meeting. The Board is pleased with Mr. Senn's performance with very high performance ratings. Member Marilyn Ryan stated that she has worked with many evaluation systems and she liked this system because it was effective. The process was simple, the work was done, and the Board could discuss the results and get things done.

Mr. Senn inquired if the Board had any objectives or goals to add that they would like to see covered in the next year. It was suggested to meet after the legislative session to discuss the legislature and create a reaction plan such as sharing information for outreach.

### Update on IT Conversion

Rick Bush reported that the IT conversion testing is progressing and should be done by the end of the month. Processes were not straightforward but are now resolved.

## **LEGAL COUNSEL'S REPORT**

### Summary of Legal Issues

Ms. Pizzini informed the Board that there is no determination in the Mavencamp matter. The proposed motions for statute of limitations in the pending Ennis/Walsh matter are being prepared for Board consideration.

## **APPLICATIONS AND BENEFIT ADJUSTMENTS**

### Regular, Survivorship, Adjustment, and Corrections

Ms. Rau presented the list of members who have retired since the last board meeting for Board review. Ms. Rau informed the Board that there are no disability applications to be reviewed at this board meeting. The one individual who had been scheduled has postponed the application until the February board meeting and TRS will start an early retirement benefit for her.

## **BOARD TRAINING**

### Review Use of Citrix

Mr. Bush asked for the return of the User Responsibility Electronic Mail Privacy and Security Policy acknowledgment. Mr. Bush presented Citrix training to the Board members.

## **INFORMAL BOARD REVIEW**

### Retirement Eligibility Edward Zabrocki



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Laurence Martin, Attorney for Yellowstone Boys & Girls Ranch and Yellowstone Elementary School District and Michael Sullivan, Public School Superintendent joined the board meeting via telephone conference.

Ms. Pizzini gave a synopsis of the facts. Initially TRS received inquiry from the Yellowstone Academy, Elementary School District #58 around September 1, 2011, regarding Mr. Zabrocki's continuing provision of service as Superintendent for the school district after his retirement and whether or not Mr. Zabrocki should have been reported to TRS, notwithstanding his change of title to Director of Education for Yellowstone Boys & Girls Ranch (YBGR). In the process of investigating the matter TRS, for the first time, became aware that YBGR has within its boundaries two legally distinct educational entities. One is the Yellowstone Academy Elementary School District #58, which is a public elementary school district in Montana; the other is a private high school that is separately accredited and is not a public school district in Montana. All individuals working in what would otherwise be TRS reportable positions were being reported to TRS for all of the service time they provided on behalf of both educational entities. TRS provided a preliminary determination based on the information provided to TRS indicating that it did not appear that Mr. Zabrocki had ever terminated his employment from a TRS reportable position and in addition he had been employed after his purported retirement date in excess of the applicable limitations under TRS law. Both Mr. Zabrocki and the school district provided a response to the preliminary determination. On July 12, 2012, TRS staff issued its final determination in this matter finding that Mr. Zabrocki had not terminated employment as required to be eligible to receive retirement benefits and that Mr. Zabrocki's compensation is in excess of his earnings limitation. Either of those circumstances would make Mr. Zabrocki ineligible for retirement benefits retroactive to his purported date of retirement.

Scott Svee, Attorney for Mr. Zabrocki, addressed the importance of recognizing the public and private entities and the distinction between the two. Mr. Zabrocki provided material that shows the private school as a separate entity from the public school and Mr. Svee indicated the distinction is clear and important. Documents were submitted to TRS establishing that Mr. Zabrocki was Superintendent with the public school up to July 2007. As of August 2007 Mr. Zabrocki had to apply to the private school, his application was accepted, his W-2's show he was paid from August 2007 by the private school with private money. The issue with other employees is very different and needs to be noted that if the other staff members for the private school or public school were providing teaching services that they were receiving payment by the public school. Mr. Zabrocki was receiving his salary from the private entity with private money. That is not true for any of the other employees. That is a very large distinction. There was no public money going into pay for Mr. Zabrocki's salary.

Ms. Pizzini responded to Mr. Svee's point that it is important to point out that Mr. Zabrocki continued to be reported to OPI as the Superintendent for the public school district. The school district is legally required to have a full or part-time Superintendent. With respect to how Mr. Zabrocki was paid, there was an agreement after he went to work purportedly for YBGR for full reimbursement of Mr. Zabrocki's salary and benefits by the public school district. TRS has been told that the school district paid the costs and fees through reimbursement to YBGR so the assertion that there was no payment from public funds is inaccurate. They did put all the documentation in place to make it appear that Mr. Zabrocki was no longer working as the Superintendent of the public school district and now was employed by YBGR, but the facts

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establish that he continued to perform the same job duties and functions after his purported date of retirement for which he was previously reported to TRS, and he should have continued to be reported to TRS.

Mr. Svee spoke again to the issue of recognizing the two legal entities. Any reporting done regarding an FTE and any reporting obligation to TRS was a reporting obligation under law of the school district. We have the public school, private school and a third entity which is Mr. Zabrocki. If you look at the requirements and services of the school Superintendent and the performance evaluations they are totally different, not to mention the fact that one is serving a school board and one is serving a private entity. Those services were not the same. They were different and changed upon his employment by the private entity.

Mr. Greenfield asked if Mr. Martin would like to say anything. Mr. Martin responded no, they are here just to listen to the Board review; they would be happy to answer any questions but do not have anything to add other than what was provided to TRS by the various responses to inquiries that were made and which are in the packets.

Mr. Greenfield asked Mr. Martin if, prior to August 2007, there was any compensation from the private entity to the public entity for any of the services that Mr. Zabrocki provided for the private entity?

Mr. Martin stated that as he understands it the private entity provided funds to the public school district on a regular, annual basis to help support its programs. Mr. Martin stated that he does not believe from his understanding that anything was earmarked for one thing or another, it was just to support the funds available to the public entity to provide services.

Member Dubbs asked if it is the perception of the public school that the duties and tasks of Mr. Zabrocki before and after this arrangement was made remained essentially the same?

Mr. Martin responded that the information provided from the public school to TRS would indicate that there was no substantial change in services provided to the public school of any kind after the date of retirement.

Ms. Pizzini clarified that Mr. Zabrocki had also served in the role of Educational Director for the private high school prior to his purported retirement, and had been reported to TRS for that service. That information from the school district is Document 7 in the information packets.

Ms. Pizzini responded to one point Mr. Svee made. If Mr. Zabrocki has a claim against the school district on the assertion that it was the school district's legal obligation to appropriately report him to TRS if he was required to be reported to TRS, that does not change the analysis for this Board. The obligation of this board is to determine whether Mr. Zabrocki was eligible for retirement benefits and to recover them if he wasn't. If there is a basis for a related action between Mr. Zabrocki and the school district, it is not material to this Board's duty.

Member Pancich inquired of Yellowstone Academy if, prior to retirement, Yellowstone Academy issued W-2's for the full amount of Mr. Zabrocki's contract.

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Mr. Martin responded that he did not know. They had not looked into that specifically. There would have been a W-2 provided. Your question is was Mr. Zabrocki paid also from the ranch or solely by the academy.

Mr. Pancich inquired that if you had a W-2 for the full amount of the contract from the school district then did the YBGR reimburse the academy.

Mr. Martin responded no. I don't think there was any reimbursement. There was a general funding provided but as I understand, it was not for anything specific such as reimbursement and that the public school could use it to support its services in whatever way it deemed appropriate. That amount was approximately \$1 million for each academic year or some \$83,000 on a monthly basis. It was a substantial payment to the public school.

Mr. Svee commented that the independent auditors' report of 2011 from OPI showed there was \$1 million provided from YBGR to the public entity. \$752,034 in in-kind payments were made by the private entity to the public entity. \$210,000 was for staffing in 2011.

Member Pancich questioned what it was before retirement 2007. Does it look like the same thing?

Mr. Svee responded that he did not know.

Chair Greenfield commented that the responsibility for hiring and firing lies with the school board and that comes from recommendations of Superintendents. Looking through some of the school board minutes Mr. Greenfield found it a little bit disturbing that Mr. Zabrocki was consistently referred to as Superintendent. In each of those years, hiring and firing recommendations, according to the minutes, came from Mr. Zabrocki. Clearly the function of Superintendent was being discharged by Mr. Zabrocki. Mr. Greenfield stated that he understands the contention about who was sending out the paychecks but also understands by whom the work was being done and that Mr. Zabrocki was considered the Superintendent.

Ms. Pizzini stated that to accept such an argument as determinative – that being employed through any third party to perform job duties and functions that would otherwise be reportable to the retirement system would suffice to avoid application of TRS law – would result in everyone doing that. Anyone can set up a 501(c) and rehire their Superintendent or other staff through a separate entity and thereby avoid participation in the retirement system. Mr. Zabrocki was performing Superintendent functions, was reported to OPI as the Superintendent of the school district, and he was being compensated by the school district for those services.

Member Turcotte said that he was disturbed by the report to OPI, which is a requirement that school districts must submit, that shows him as half-time Superintendent for those years. It cannot be said that he was not a public employee.

Member Dubbs said that his concern is that where the paycheck comes from is not the issue. If I am still doing the functions of the job I am actually doing that job and that is what is reportable. The fact that there is a public and private school in this situation seems messy but straight forward if you look strictly at the job.

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Member Pancich stated he does not see the difference between the two. The job before the retirement and after for the Academy appear the same. I concur with Member Dubbs.

Member Ryan said that looking at the minutes she agrees with Mr. Dubbs and Mr. Pancich that he was doing the Superintendent job.

**MOTION/VOTE:** Member Dubbs moved that the Board concur with the determination of TRS staff that Mr. Zabrocki should have continued to be reported to TRS and that both employer and employee contributions should have been continued. TRS staff was instructed to notify Mr. Zabrocki that he has the right to a contested case hearing and to pursue recovery of overpaid benefits and unpaid contributions from Mr. Zabrocki and the school district as appropriate and to pursue any other remedies available to the system. Seconded by Peiffer, being no further comment the motion passed unanimously

Ms. Pizzini informed the Board that the School District brought the issue to TRS's attention and has been cooperative and forthcoming in their effort to correct the problem. TRS staff appreciates their honesty and willingness to correct the issue. Ms. Pizzini asked Mr. Martin to convey the appreciation of TRS staff to the school district.

**ADJOURNMENT**

**MOTION/VOTE:** Member Peiffer moved to adjourn the meeting. Seconded by Member Turcotte, the motion passed unanimously.

There being no further business, the meeting was adjourned at 2:30 PM.

Chairperson \_\_\_\_\_

Executive Director \_\_\_\_\_