

**Teachers' Retirement Board Meeting
Teachers' Retirement Board Room
1500 East 6th Avenue
Helena, MT
February 8, 2013**

BOARD MEMBERS PRESENT

Jeff Greenfield, Chair
Robert Pancich
Kari Peiffer
Marilyn Ryan
Scott Dubbs

STAFF PRESENT

David Senn, Executive Director
Denise Pizzini, Legal Counsel
Tammy Rau, Deputy Executive Director
Rick Bush, Information Technology Manager
Dan Gaughan, Accounting/Fiscal Manager
Emma MacKenzie, Public Information Officer
Johnelle Sedlock, Benefits Officer
Karla Scharf, Retired Payroll Supervisor

OTHERS PRESENT

Curt Drake, Drake Law Firm
Diane Fladmo, MEA-MFT
Craig George, Ennis School Board
Elizabeth Kaleva, Legal Counsel, Ennis School District
Michael Kauffman, Drake Law Firm
Dave Kelley
Cheryl Romsa, Romsa Court Reporting

Call to Order

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

Adoption of Agenda

Chairperson Greenfield asked for any additions or changes to the agenda. Finding none, the chair requested a motion to adopt the agenda.

Motion/Vote: Member Kari Peiffer moved to adopt the agenda and Member Scott Dubbs seconded it. The motion passed unanimously.

Adoption of Minutes

Chairperson Greenfield asked for any changes or corrections to the minutes of December 7, 2012. Finding none, the chair requested a motion to adopt the minutes as presented.

Motion/Vote: Member Bob Pancich moved to adopt the minutes and Member Peiffer seconded it. The motion passed unanimously.

Public Comment on Board Related Items

Chairperson Greenfield asked for public comment on any matter that was not on the agenda and within the jurisdiction of the Teachers' Retirement Board. There was no public comment.

Contested Case – Ennis/Walsh

Board Consideration of Pending Motions – Statute of Limitations

A hearing was held on the Ennis/Walsh contested matter regarding the motions by all parties for partial summary judgment on the issue of the applicable statute of limitations. Curt Drake, Presiding Officer and Legal Counsel to the Board for the contested case briefly described the legal standard applicable to the motions for summary judgment and the primary points of the proposed order. The Board members voted unanimously to adopt the proposed order as the Board's final determination on the pending motions.

Executive Director's Report

2013 Legislation

TRS Executive Director David Senn reported on pending legislation impacting TRS in the 2013 Legislature. He stated HB 54 (the TRS housekeeping bill) passed the House and has been referred to the Joint Select Committee on Pensions. Director Senn reported the School Board Association testified against HB 78, which would require a 180-day break in service before a retired member would be eligible for postretirement employment in a TRS eligible position. The Association suggested the bill be changes to require only a 30-day to 90-day break in service. We countered with a reduction to 150-day break in service, and the committee agreed. The amended bill passed, and the House passed 98 to 0 on the third reading. Representative Jean Price is sponsoring HB 112, which is the TRS funding bill and plan design for new hires.

HB 329, by Representative Randy Brodehl, would prohibit state employees from lobbying on matters before the Legislature. The bill was tabled in committee. HB 338, by Representative Keith Regier, would close all state defined benefit plans including TRS to new hires and require any public employee hired after July 1, 2013 participate in a statewide defined contribution plan. Mr. Senn stated that Denise Pizzini was going to give information testimony on SB 227, which would eliminate pension eligibility for legislators. Mr. Senn discussed HB 382, which would use 45 percent of the coal severance tax to fund TRS.

Chairperson Greenfield asked how much the actuarial analysis of the legislative bills are costing TRS. Director Senn said it costs TRS approximately \$3,000 to \$5,000 per bill.

Other Business

Out of State Authorization

Director Senn presented three requests for out of state travel: Denise Pizzini to attend the 2013 National Association of Public Pension Attorneys conference in Santa Fe, New Mexico; Rick Bush to attend the Public Retirement Information Systems Management annual conference in New Orleans, Louisiana; and Emma MacKenzie to attend the National Conference on Teacher Retirement communication manager workshop in New York City, New York. Mr. Senn said the conferences were extremely helpful as the staff who attended the conferences in the past and that the conferences gave staff a chance to network with peers and vendors. Chairperson Greenfield requested a motion to approve sending the three staff members to the respective conferences.

Motion/Vote: Member Marilyn Ryan made a motion to approve the out-of-state travel requests to send Denise Pizzini, Rick Bush, and Emma MacKenzie to their respective conferences. Member Peiffer seconded the motion. The motion passed unanimously.

Update on IT Status and Obtaining a Project Manager

Information Technology Manager Rick Bush presented his memorandum on the progress to date toward converting the database used by Pension+ to Oracle and staff recommendations for modernizing of the TRS Pension+ system and the request to hire a project manager. Director Senn said that not all the action items listed in the memorandum from Mr. Bush needed board action at this meeting. Mr. Senn explained the hiring of the project manager and the approval to begin work on updating one module within Pension+ as a pilot project were the two items that needed board approval at this time. Member Ryan asked if the project manager might suggest a change in direction in the modernizing project. Mr. Bush resounded that it was possible. Member Pancich said he liked the idea of going to a proven system. Chairperson Greenfield asked for motions to approve the hiring of the project manager and to approve the pilot project.

Motion/Vote: Member Dubbs moved to approve hiring a Project Manager and to begin a pilot project with Alfred Munksgard and Associates for one of the Pension+ modules in ColdFusion. Seconded by Member Ryan, the motion was approved unanimously.

Investment Report

Director Senn reviewed the December 31, 2012 monthly performance report prepared by State Street for the Board of Investments.

2012 Comprehensive Annual Financial Reports

Accounting/Fiscal Manager Dan Gaughan reviewed the January 30, 2013 report of the 2012 Comprehensive Annual Financial Reports.

Financial Statements, Budget, and Delinquent Agency Reports

Mr. Dan Gaughan discussed the reports on the financial statements, budget and delinquent agency reports and noted that \$17,000 of the \$60,000 budgeted for the actuarial costs has been spent. He said there are no delinquent agency reports at this time.

Next Meeting Dates

Chairperson Greenfield announced the next board meeting dates as May 10, 2013, October 4, 2013, and December 6, 2013. No conflicts were identified at this time.

Legal Counsel's Report

Summary of Legal Issues

Legal Counsel Denise Pizzini reported that Edward Zabrocki has requested a contested case hearing in the matter pertaining to his eligibility for retirement benefits based on his purported termination of employment with the Yellowstone Academy Elementary School District and that she is working with Agency Legal Services to have a hearings examiner appointed for the case.

Retirement Report

Service Retirements, Adjustments, and Survivors Benefits

Executive Director David Senn reviewed the January 23, 2013 report of Service Retirements, Adjustments and Survivors Benefits.

Closed Meeting

Executive Session to Discuss Disability Applications

Chairperson Greenfield directed the meeting to be closed at 10:15 a.m. to discuss and review the disability applications since the individual's right to privacy pertaining to an application for disability benefits clearly exceeds the merits of public disclosure. The meeting was reopened to the public at 10:28 a.m.

Notice of Conflict of Interest

Ms. Pizzini reported that Chairperson Greenfield knows both applicants for disability benefits and has independent knowledge of circumstances related to each of their applications for benefits. In view of the potential for an appearance of a conflict of interest, Ms. Pizzini reported that Chairperson Greenfield would not participate in discussion of or voting on either application for disability of benefits.

Open Meeting

Applications for Disability Retirement Benefits

Chairperson Greenfield requested motions to on the disability applications.

Motion/Vote: Member Pancich made a motion to approve the disability application of Marjorie S. Zeedyk. Member Dubbs seconded the motion. The motion passed unanimously, with Chairperson Greenfield abstaining.

Motion/Vote: Member Peiffer made a motion to approve the disability application of Sharon M. Running Wolf. Member Pancich seconded the motion. The motion passed unanimously, with Chairperson Greenfield abstaining.

Adjournment

Chairperson Greenfield requested a motion to adjourn the meeting.

Motion/Vote: Member Dubbs moved to adjourn. Member Peiffer seconded and the motion passed unanimously.

The meeting adjourned at 10:30 a.m.

Chairperson _____

Executive Director _____