

**Teachers' Retirement Board Meeting  
Teachers' Retirement Board Room  
1500 East 6<sup>th</sup> Avenue  
Helena, MT  
May 15, 2015**

**BOARD MEMBERS PRESENT**

Kari Peiffer, Chairperson  
Daniel Trost  
Janice Muller  
Marilyn Ryan  
Scott Dubbs  
Lisa Cordingley

**STAFF PRESENT**

Shawn Graham, Executive Director  
Tammy Rau, Deputy Executive Director  
Denise Pizzini, Legal Counsel  
Nolan Brilz, Accounting/Fiscal Manager  
Rick Bush, Information Technology Manager  
Emma MacKenzie, Public Information Officer

**OTHERS PRESENT**

Diane Fladmo, MEA-MFT  
Todd Green, Cavanaugh Macdonald  
Ed Macdonald, Cavanaugh Macdonald  
Ryan Falls, Gabriel Roeder Smith & Company

**Call to Order**

Chairperson Kari Peiffer called the meeting to order at 8:30 a.m. in the Montana Teachers' Retirement Board Room 1500 E 6<sup>th</sup> Ave Helena MT

**Adoption of Agenda**

Chairperson Peiffer asked for any additions or changes to the agenda. Since there were no changes, the chair requested a motion to adopt the agenda as written.

*Motion/Vote:* Member Marilyn Ryan moved to adopt the agenda and Member Daniel Trost seconded it. The motion passed unanimously.

**Adoption of Minutes**

Chairperson Peiffer asked for any changes or corrections to the meeting minutes of February 13, 2015.

*Motion/Vote:* Member Dubbs moved to adopt the minutes as amended and Member Muller seconded it. The motion passed unanimously.

## **Public Comment on Board Related Items**

Chairperson Peiffer asked for public comment on any public matter not on the agenda and within the jurisdiction of the Board. There was no public comment.

## **Actuarial Audit**

### **Gabriel Roeder Smith (GRS) Actuarial Audit Report**

Ryan Falls with GRS presented the actuarial audit results and as well as recommendations to improve the actuarial valuation of the Teachers' Retirement System conducted by Cavanaugh Macdonald. Mr. Falls concluded the actuarial valuation of TRS is reasonable, and complies with Actuarial Standards of Practice. His report made a number of recommendations to clarify the assumptions applied and information provided in TRS's actuarial valuation.

### **Cavanaugh Macdonald Response to Actuarial Audit Report**

Ed Macdonald discussed Cavanaugh Macdonald's written response to GRS's recommendations. Most of the recommendations will be implemented or will be further considered, as appropriate, in future experience studies. Some of the recommended changes represent professional actuarial differences in accepted approaches, not that one is correct and the other is incorrect. For accuracy and consistency of TRS's actuarial valuations, Cavanaugh Macdonald recommends continuing preparation of TRS's actuarial valuation using the current methodology.

## **Board Discussion and Direction**

Board member Dubbs complimented both GRS and Cavanaugh Macdonald on their good work explaining and summarizing actuarial costs.

Chairperson Peiffer asked for additional comments. Finding none, the chair asked for a motion to accept the actuarial audit report.

*Motion/Vote:* Member Janice Muller made a motion to accept the audit report and Member Lisa Cordingley seconded it. The motion passed unanimously. There was no public comment.

## **Executive Director's Report**

### **2015 Legislative Session Update**

TRS Executive Director, Mr. Shawn Graham discussed the three bills from the 2015 Legislative session that directly impact the Teacher's Retirement System.

- HB 85 – Provides a statute of limitations on overpaid benefits and unpaid contributions, clarifies the total number of years of creditable service that can be purchased for service in positions not covered by TRS, provides that after benefit payments have begun a member cannot redeposit previously withdrawn service or purchase creditable service (this does not apply to USERRA), and provides Tier Two members with the same survivor benefit as Tier One.
- SB 124 – Requires TRS, among other state agency boards, to post audio or video recordings of board meetings. The August Board meeting will be the first to be posted on the TRS website via a link on the TRS Board page.
- SB 141 – Removes the sunset date on §19-20-732 (passed as HB 363 in 2009). A retired teacher, specialist or administrator may be employed in excess of the 1/3

earnings limitation if they meet specific criteria. Prior to employing a retired member, employers must certify that they advertised their open position with OPI that year and were unable to fill the position. An employer employing a retired member is required to monthly contribute both employer and employee contributions and state supplemental contributions to TRS at the statutory rates.

- HB 68 – Extends state military duty leave and re-employment rights to National Guard preparation/training.
- HB 74 - Expands definition of "personal information" to include medical record information, a taxpayer ID number, and an identity protection personal ID number issued by the IRS.
- HB 123 – Requires designation of a records manager for each agency. The guidance will be issued by SOS, state records committee and the Historical Society. TRS will need to designate a records manager and modify their current Records Management Policy once all of the requirements are known.

### Member Handbooks

Mr. Graham stated that the Member Handbooks are close to being complete. These will be sent to all new members and to members 45 and over with 5 or more years of service. TRS will print and mail 10,465 handbooks.

### Executive Summary

#### Newsletter

Mr. Graham briefly touched on items in the most recent TRS newsletter, including Legislative Session updates, TRS staff changes, information regarding the 150 calendar day break in service, and annual statements. Member Muller suggested we include substitute teacher information in the 150 break in service update.

#### Staffing Updates

Mr. Graham gave updates on staffing. Vicki Taborsky is no longer with TRS, Brynn Dennehy is the new Executive Secretary, and Marjorie O'Rourke was promoted to Benefits Specialist.

#### TRS Alternative Work Schedule

Mr. Graham presented the alternative work schedule for TRS staff for June 1, 2014 through August 31, 2014.

Chairperson Peiffer asked for public comment on any of the items discussed in the Executive Director's Report/Summary. There was no public comment.

### Administrative Business

#### Renewal of Contracted Service Agreements

##### Ice Miller

Mr. Graham presented information on the TRS contract with Ice Miller. Ice Miller has been the TRS tax counsel for eighteen years. Staff recommends the Board approve the legal services agreement for Ice Miller for FY 2016.

Motion/Vote: Member Dubbs made a motion to approve the Ice Miller contract and Member Ryan seconded it. The motion passed unanimously.

#### Interest Rate Credited to Member Accounts

Staff recommends the interest rate credited to member accounts for the period of July 1, 2015 thru June 30, 2016, remain at 0.20 percent. Chair Person Peiffer asked for any recommendations to the interest rate.

Motion/Vote: Member Ryan motioned to approve the interest rate credited to member's accounts for the period of July 1, 2015 thru June 30, 2016 to remain at 0.20 percent. Member Cordingley seconded the motion. The motion passed unanimously.

#### TRS FY 2016 Budget

TRS Accounting/Fiscal Manager, Mr. Nolan Brilz presented the financial statements and budget reports. The proposed FY 2016 budget is 6.58% greater than the FY 2015 budget. Personal Services increased due to adding a new FTE, rent increased by 23.19% primarily due to higher rates from the DOA General Services Division, and contracted services are reduced by 8.18%. Total operating costs increased by 3.17%.

Member Ryan asked about rent. Mr. Graham and Mr. Brilz explained that rent charges consist of general maintenance, gas and utilities for the building. Mr. Brilz also indicated an \$11k increase for Audit fees for GASB 68 work will be necessary.

Motion/Vote: Member Dubbs moved to approve the 2016 FY budget with increase. Member Muller seconded it. The motion passed unanimously.

#### Out-of-State Travel Requests

##### NCTR Annual Conference/NCTR Summer Trustee Workshop

Mr. Graham presented out-of-state travel requests for trustees to attend the NCTR 15<sup>th</sup> Annual Trustee Workshop in Cambridge, MA July 26-29, 2015 and for trustees and the Executive Director to attend the NCTR 93<sup>rd</sup> Annual Conference in La Jolla, CA October 10-15, 2015. There was a discussion about which board members could attend which conference and how many members of the board to send to each. Five members indicated they would likely be able to attend the trustee workshop, and 2 members and the Executive Director are available to attend the annual conference. Chairperson Peiffer asked for a motion regarding the conferences.

Motion/Vote: Member Dubbs moved to send up to 5 board members to the NCTR Workshop. Member Ryan seconded it. The motion passed unanimously.

Motion/Vote: Member Cordingley moved to send 2 board members and the Executive Director to the NCTR Annual Conference. Member Trost seconded the motion. The motion passed unanimously.

#### Investment Report

Member Ryan reported on the recent activities of the Board of Investments. She said the BOI consistently estimates on the conservative side. She indicated investment returns are expected to be lower in fiscal year 2015 than they were in fiscal year 2014 which isn't a surprise given that the market rate of return in FY 2015 was slightly higher than 17%.

#### Financial Statements and Budget Reports

Mr. Brilz presented the financial statements and a breakdown of the budget report. He stated that in regards to the M-Trust project, we have eleven of the twenty two modules done. Mr. Graham said that an in-depth update on M-Trust will be given in the August report.

#### Next Meeting Dates

The next Teacher's Retirement Board Meetings will be held August 12, 2015 and October 1, 2015. There was no public comment.

#### Legal Counsel's Report

TRS Legal Counsel, Ms. Denise Pizzini stated there has been no order from Judge Menahan on the GABA lawsuit, and there are no other updates to be given on legal issues.

Chairperson Peiffer asked for any comments from the public before the meeting broke.

The meeting broke for lunch at 11:50 a.m. The meeting reconvened and Chairperson Peiffer called the meeting to order at 1:00 p.m.

#### Disability Applications

##### Closed Meeting

##### Executive Session to Discuss Disability Applications

The meeting remained closed to the public so the Board could 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 1:10 p.m.

##### Open Meeting

##### Applications for Disability Retirement Benefits

Chairperson Peiffer requested motions on the disability applications.

*Motion/Vote:* Member Trost made a motion to discontinue the board review of James Ehlers' disability file. Member Ryan seconded the motion. The motion passed unanimously.

*Motion/Vote:* Member Dubbs made a motion to approve the disability application of Darcene L. Butler. Member Muller seconded the motion. The motion passed unanimously.

*Motion/Vote:* Member Ryan made a motion to approve the disability application of Tony Christensen. Member Trost seconded the motion. The motion passed unanimously.

*Motion/Vote:* Member Dubbs made a motion to approve the disability application of Connie Fetter. Member Muller seconded the motion. The motion passed unanimously.

Motion/Vote: Member Muller made a motion to approve the disability application of Cheryl Klunder. Member Dubbs seconded the motion. The motion passed unanimously.

Motion/Vote: Member Ryan made a motion to disapprove the disability application of John J. Miller. Member Cordingley seconded the motion. The motion passed unanimously.

Motion/Vote: Member Trost made a motion to disapprove the disability application of Charlene Seder. Member Ryan seconded the motion. The motion passed unanimously.

Motion/Vote: Member Muller made a motion to approve the disability application of Theresa Waite. Member Cordingley seconded the motion. The motion passed unanimously.

### **Long Range Planning**

Mr. Graham proposed a tuition reimbursement program for employee retention. Several members of the board showed interest in hearing more about this. . Mr. Graham will present more details at the August board meeting.

### **Adjournment**

Having no more business before them, Chairperson Peiffer requested a motion to adjourn the meeting.

Motion/Vote: Member Cordingley moved to adjourn. Member Trost seconded the motion. The motion passed unanimously. The meeting adjourned at 3:18 p.m.

Chairperson



Executive Director

