

**Teachers' Retirement Board Meeting
Teachers' Retirement Board Room
1500 East 6th Avenue
Helena, MT
August 12, 2015**

BOARD MEMBERS PRESENT

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

STAFF PRESENT

Shawn Graham, Executive Director
Tammy Rau, Deputy Executive Director
Denise Pizzini, Legal Counsel
Rick Bush, Information Technology Manager
Emma MacKenzie, Public Information Officer
Karla Scharf, Retired Payroll Supervisor
Sandy Donahue, Benefit Specialist

OTHERS PRESENT

Diane Fladmo, MEA-MFT

Call to Order

Chairperson Kari Peiffer called the meeting to order at 9:00 a.m., in the Montana Teachers' Retirement Board Room 1500 E 6th 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 Janice Muller seconded it. The motion passed unanimously.

Adoption of Minutes

Chairperson Peiffer asked for any changes or corrections to the meeting minutes of May 15, 2015. A misspelling and correction of names was made to the minutes.

Motion/Vote: Member Daniel Trost moved to adopt the minutes as amended, and Member Marilyn Ryan 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. Diane Fladmo with MEA/MFT stated that she would like to work

closely with the board on the definition of “salary matrix” to ensure interpretations of the term for purposes of applying the 10% cap are fair to members.

Executive Director’s Report

Draft Policy – Tuition Reimbursement

Following the Board’s expression of interest at the May, 2015, board meeting, Mr. Graham presented an outline of proposed terms for a tuition reimbursement program for TRS employees. The Board expressed a preference to include a requirement for continuing employment, and inquired about the practical and legal issues involved in such a requirement. Mr. Graham will research more options and present an updated draft at the October 1, 2015 board meeting.

Withdrawals

Mr. Graham proposed updating our withdrawal applications to include the withdrawing member’s certification that there is no divorce pending, like the certification currently required for beneficiary changes. This change would help assure TRS that a member’s election to withdraw would not be subsequently voided by a court as a violation of a temporary restraining order applicable to divorcing spouses. This change could result in a slightly longer timeframe for processing an application to withdraw.

Administrative Rule Notice – Exceptions to 10% Cap

Mr. Graham presented a proposed administrative rule notice to repeal ARM 2.44.518. The repeal would remove legal reference to exceptions to the 10% cap, which are no longer allowed under statutes passed in 2011. Mr. Graham indicated that approximately 300 members could still be eligible to have the exceptions applied, but that leaving the rule in place is confusing to all other TRS members, who would not be eligible for application of any of the exceptions. Mr. Graham presented a letter written by a member as an example. Mr. Graham indicated an alternative approach may be to amend the current rule to clearly identify the effective date of retirement before which and after which a member would or would not be eligible for the exceptions. Members Dubbs and Peiffer requested a more specific estimate of scope of the impact on the 300 members possibly affected by the 10% cap issue before moving forward. The Board also directed staff to draft a proposed revised rule notice related to amending the rule in lieu of repealing it.

Motion/Vote: Member Dubbs moved to table the item pending additional requested information from staff. Member Muller seconded the motion. The motion passed unanimously.

Request for Information

A request for information of TRS retirees’ and active members’ names, employers working for or retired from, years of service, date of retirement and monthly pension amount was submitted by Amy Leitch, an attorney in Colorado. Mr. Graham provided excerpts from previous board meetings related to a very similar request for information in 2011. At that time, TRS requested and received an Attorney General opinion on the issue; the AG determined that TRS members did not have individual rights of privacy in the requested information that outweighed the public’s right to know. In November, 2011, the TRS Board indicated TRS would seek judicial review of the AG’s opinion regarding public information if a future request for benefit amounts was received. Because an agreement was reached with the 2011 requestor for TRS to provide

information that did not include the benefit amount, TRS did not have standing to seek judicial review of the AG opinion at that time.

The Board inquired regarding changes to law or additional legal precedent that might relate to this request. The Board instructed TRS staff to notify TRS members and retirees of the request for information.

Motion/Vote: Member Dubbs moved to table the item until the next board meeting on October 1, 2015. Member Trost seconded the motion. The motion passed unanimously.

Video Equipment

SB 124 from the 2015 legislative session requires “all good faith efforts to record meetings in a video format.” Mr. Graham provided the board with an estimate for purchase of video equipment, which would connect to the existing audio equipment. In lieu of TRS purchasing video equipment, Mr. Graham indicated that future meetings could be held off-site where video equipment is available. Member Peiffer suggested each board member should have a separate microphone for sound quality.

Motion/Vote: Member Ryan made a motion to approve the purchase of video equipment and Member Trost seconded it. The motion passed unanimously.

Staffing Updates

Emma MacKenzie is leaving TRS; her last day is August 21, 2015. Karin Janssen has accepted the Technical Writer/Communications Specialist position and will begin training with Emma on August 20, 2015. Brynn Dennehy accepted the Benefit Officer position and will begin training upon hiring her replacement. Rick Bush has announced his retirement for December 2015. Mr. Graham will be working with Mr. Bush, Alfred Munksgard and Associates, and others to assess TRS’s needs for internal IT management and services going forward.

Public Comment

Chairperson Peiffer asked for public comment on any of the matters discussed. There was no public comment.

GASB 68 Reports

The GASB 68 system-wide report will be posted on the TRS website by August 5, 2015. The report has been provided electronically, by mail and online.

Board and TRS Staff Training

Same Sex Marriage

Mrs. Pizzini addressed the board and staff regarding the United States Supreme Court’s decision in *Obergefell v. Hodges* and how the decision would affect TRS and its members. The June 26, 2015 decision requires public pension plans like TRS to treat same-sex spouses the same as opposite-sex spouses. Practically, the decision will have little impact as current TRS law and processes already do not base benefit eligibility or amount on spousal status. TRS will provide educational information to members regarding the legal requirements and the impact of the *Obergefell* decision.

Public Right to Know

Mrs. Pizzini presented a draft of a proposed Public Right to Know Policy. The policy is intended to describe the internal requirements and process for responding to public information requests and to identify how fees will be determined for such requests. The board discussed a number of questions and issues related to the proposed policy. TRS staff will revise the draft policy for further Board review at the October 1, 2015, board meeting.

The meeting broke for lunch at 12:15 p.m. The meeting reconvened, and Chairperson Peiffer called the meeting to order at 1:20 p.m.

Disability Applications

Closed Meeting

Executive Session to Discuss Disability Applications

The meeting was closed 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 1:30 p.m.

Open Meeting

Applications for Disability Retirement Benefits

Motion/Vote: Member Muller made a motion to table the review of John Miller's disability file pending receipt of additional medical documentation. Member Ryan seconded the motion. The motion passed unanimously.

Board Training

Board Member Per Diem

State law prohibits payment by two public employers for the same service, and TRS Board members are periodically required to complete an election form to indicate whether they are employed by more than one public employer and if so, if/how they are being paid by each employer for the time during which they are providing service on behalf of TRS.

Board Communication Policy

Denise Pizzini distributed the current board communication policy and reviewed it with the TRS Board Members. She also distributed and explained draft provisions proposed as amendments to the existing policy. Following Board discussion, the Board directed Ms. Pizzini to draft the amended policy for the Board's review at the next board meeting in October.

Basics of Contested Cases

Ms. Pizzini reviewed TRS's current process for contested cases and discussed the basics of the legal/procedural requirements related to contested case matters before the Board.

As a continuation of prior Board consideration of contested case processes and the Board's prior decision to continue to utilize the Drake Law Firm as the Board's legal advisor in contested case matters, Ms. Pizzini proposed that she and Curt Drake would present recommendations to the Board at a future meeting regarding possible changes to current contested case processes and rules in order to clarify and formalize TRS's contested case processes.

Administrative Business

NCTR Trustee Workshop

Member Peiffer said the NCTR workshop was very informative with panel discussions and a lot of investment material. Member Muller said that fees were a huge part of the investment discussions. Member Ryan agreed that the panels were good and the speakers proved that the Montana Board of Investments is on the right road.

NCTR Annual Conference

The Annual NCTR Conference will be held in La Jolla California October 10-15, 2015. Member Ryan will be attending and Member Trost is giving it thought.

Investment Report

Member Ryan said TRS is doing well compared to peers. Economic growth is still happening, but at a slower pace. Cliff Sheets of the Board of Investments is retiring and the search is underway for a new CIO. They are searching two different ways; a head hunter, and themselves. There have been over 130 applicants from around the world.

FY 2015 Financial Statements and Budget Reports

Nolan Brilz reviewed the final FY 2015 Financial Statements and Budget Reports. The final numbers show a net increase in funds, but not as much as in FY 2014. Contributions are down slightly due to the one-time-only receipt of retirement reserve funding in FY 2014. Ninety-one percent of the operating budget was spent last year. The Public Pension Financial Forum will be October 25-28, 2015 in San Diego, and Mr. Brilz would like to attend.

Motion/Vote: Member Muller motioned to approve Mr. Brilz attending the P2F2. Member Dubbs seconded the motion. The motion passed unanimously.

Next Meeting Dates

The next TRS Board Meeting will be held Thursday October 1, 2015 from 8:30am to 3:15pm.

Public Comment

There was no public comment.

Legal Counsel Report

Legal Issues

Denise Pizzini reported that the Zabrocki matter is still pending in district court. She also reported that the status of the TRS GABA litigation, the *Byrne* case, remains as last reported to the Board via privileged communication from the AG's office.

NAPPA Update

Ms. Pizzini reported that the NAPPA conference was, again, very helpful with timely information pertaining to current public pension issues and concerns. She provided detail regarding some of the more interesting issues, including the recent IRS notice that there will be no additional qualification letter filing periods for public pension plans.

Long Range Planning

2014-15 Strategic Planning Commitment Worksheet Updates

Mr. Graham reviewed the Strategic Planning Commitment Worksheet including timelines and resources required.

Emma MacKenzie gave a presentation on the new Storytime 2 software that will be used to create tutorials for our website and presentations.


Public Comment

There was no public comment at this time.

Adjournment

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

Motion/Vote: Member Muller moved to adjourn. Member Ryan seconded the motion. The motion passed unanimously. The meeting adjourned at 3:40.

Chairperson 
Executive Director 