

**Teachers' Retirement Board Meeting  
Teachers' Retirement Board Room  
1500 East 6<sup>th</sup> Avenue  
Helena, MT  
February 13, 2015**

**BOARD MEMBERS PRESENT**

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

**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

**Call to Order**

Chairperson Kari Peiffer called the meeting to order at 8:35 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 December 5, 2014. Member Janice Muller corrected the spelling of her last name on page 5 of the minutes. The chair requested a motion to adopt the minutes as amended.

*Motion/Vote:* Member Trost moved to adopt the minutes as amended and Member Scott Dubbs 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.

## Teachers' Retirement System Board Meeting

### **Retirement Report**

#### Service Retirements, Adjustments, and Survivor Benefits

Executive Director Shawn Graham reviewed the February 2, 2015 report of Service Retirements, Adjustments, and Survivors Benefits.

### **Executive Director's Report**

#### 2015 TRS Legislation

Mr. Graham stated the TRS bill for increasing the Montana University System contributions to TRS for their employees participating in the Montana University System Retirement Program (MUSRP) (House Bill 59) was tabled by the House State Administration Committee. He said the committee was concerned over possible tuition increases the supplemental contribution could generate.

Mr. Graham stated there would be a hearing today at 3 p.m. on the TRS Housekeeping bill (House Bill 85). He said the bill passed out of the House and is currently in the Senate. Mr. Graham did note that the amendment to strike Section 28 (Tier Two beneficiary benefits) failed in House State Administration Committee.

Mr. Graham reviewed other legislation that may impact TRS. He said he was working with the TRS Legislative Committee regarding House Bill 264 regarding the notification of retirement plan beneficiaries of a change in their status. Mr. Graham said the TRS Legislative Committee recommended that TRS oppose the bill.

Mr. Graham explained the impact of Senate Bill 124, which would require TRS to record board meetings in an audio or video format and post the recording on TRS' website. Mr. Graham said he expects the bill to pass. The Board discussed the bill's impact on TRS.

Mr. Graham explained Senate Bill 141 removes the sunset provision of §19-20-732, MCA (House Bill 363(2009)). The Senate passed the bill, and it is now in the House Education Committee. He said he expects the bill to pass.

Mr. Graham and Legal Counsel Denise Pizzini explained House Bill 408, which states the "contract" for new members of TRS (beginning January 1, 2016) could be changed up until the time of retirement, which would result in those members having no contract rights until they retired. Mr. Graham and Ms. Pizzini believe that if the bill were passed, it would likely violate a number of IRS qualification standards. The Board discussed the impact of the bill on TRS' IRS qualifications and the need to advocate at least for an amendment to allow the bill to be reviewed by the IRS prior to becoming effective.

The Board discussed other bill draft requests that could potentially impact TRS.

### **Administrative Business**

#### Nondiscrimination/Provision of Service Policy

Ms. Pizzini reviewed the revisions made to the policy based on the Board's recommendations following their initial review. Chairperson Peiffer asked for a motion to approve the policy.

*Motion/Vote:* Member Dubbs moved to adopt the policy and Member Trost seconded it. The motion passed unanimously.

#### Revoke Sexual Harassment Policy and Equal Opportunity Policy

## Teachers' Retirement System Board Meeting

Mr. Graham presented the request to revoke TRS's previous Sexual Harassment and Equal Opportunity policies, now that the issues covered by those policies are fully addressed in the Nondiscrimination/Provision of Service Policy.

Motion/Vote: Member Muller moved to revoke the policy and Member Ryan seconded it. The motion passed unanimously.

### Out of State Travel Authorization

Mr. Graham presented the request for Ms. Pizzini to attend the National Association of Public Pension Attorneys conference in Austin, Texas from June 23 through June 26, 2015.

Motion/Vote: Member Ryan moved to approve the travel request and Member Trost seconded it. The motion passed unanimously.

### Investment Report

Member Ryan gave her update on the Board of Investments. She presented the Board of Investments' snapshot report as of December 31, 2014. She said the returns this year so far have not been as good as in the past couple of years due to an inconsistent market. The Board discussed the issues the Board of Investments is facing. Ms. Ryan also presented a report about the management fees the Board of Investments is paying.

### 2014 CAFR Report

Accounting/Fiscal Manager Nolan Brilz presented the completed 2014 CAFR report. Mr. Brilz said TRS received an unmodified opinion from the Legislative Audit Division. There was a delay in receiving the report due to delays from the Legislative Audit Division, likely caused by the Division's implementation of the new GASB 67 requirements. The Board discussed the report and the potential impact on employers of the upcoming apportionment of the net pension liability required by GASB 68.

### Financial Statements and Budget Reports

Accounting Manager, Nolan Brilz presented the financial statements, budget reports, and agency delinquency reports through January 31, 2015. The Board discussed the operating and M-Trust budgets. Mr. Brilz announced that Three Forks Public Schools had caught up their reports since the Delinquent Agency report was printed on February 3, 2015. He said Kalispell Public Schools, South Stacy Elementary, and Whitehall Public Schools have delinquent reports. He stated the new M-Trust system was a big help in tracking delinquent reports.

### Information Technology Status Report

Information Technology Manager Rick Bush presented the Information Technology Status report. Mr. Bush gave an update on the M-Trust project and hardware upgrades.

### Actuarial Peer Review

Mr. Graham gave a report on the actuarial peer review of Cavanaugh Macdonald Consulting, LLC. Gabriel, Roeder, Smith & Company was hired to do the peer review. Mr. Graham stated that this was the first peer review of Cavanaugh Macdonald since they were hired five years ago. Cavanaugh Macdonald has since given full test cases to Gabriel Roeder Smith. A conference call on the status of the peer review previously scheduled for this week has been postponed to the week of February 17, 2015.

### Audio Board Minutes

## Teachers' Retirement System Board Meeting

Mr. Graham provided information regarding requirements for audio recordings of Board meetings to serve as the official minutes, if Senate Bill 124 passes. He indicated that current state law requires audio minutes to have a written component to provide certain information and must also include a log or time stamp. The Board discussed the requirements, recording options, and the need for written minutes if the bill passes.

### Estimate for Card Reader Access to the TRS Building

Mr. Graham presented the Board with the estimate to install card readers at the access points of the TRS building. Mr. Graham explained the card reader idea stemmed from a safety review by General Services Division and the access issues found in the safety review. The board discussed the options and voiced concerns about potential power and security issues. Following discussion, the Board directed Mr. Graham to move forward with the project.

### Staffing Update

Mr. Graham gave the board an update on staffing at TRS. Mr. Graham announced that Marjorie O'Rourke accepted the position of benefits specialist. Mr. Graham advised the board that the Executive Secretary position has been posted and the position will close on Monday, February 17, 2015. Mr. Graham announced that Jean Boucher has retired and Joyce Love is the new accounting specialist.

### Personnel Committee Recommendations

Chairperson Peiffer presented the Personnel Committee report on the performance appraisal of Mr. Graham. She said the Personnel Committee was very pleased with the performance of Mr. Graham and highlighted topics for future discussion.

### 2015 Meeting Dates

The Board confirmed the next regular meeting dates of May 15, 2015 and October 2, 2015. Mr. Graham indicated the actuaries will be at the October Board meeting. The Board agreed to have a summer work-session meeting on August 12, 2015. The December Board meeting date is tentatively scheduled for December 4, 2015.

### Long Range Planning

#### Long Range Planning

Mr. Graham and the Board reviewed the updated 2014-2015 Strategic Planning Commitment Worksheet. The Board discussed several of the items on the worksheet and the impact of the new GASB requirements on several of the items.

In conjunction with the strategic planning discussion on information dissemination for members, Communication Manager, Emma MacKenzie, presented a draft of the new video series, TRS Advisor, and a new member handout for the Board's review.

### Legal Counsel's Report

#### Summary of Legal Issues

Ms. Pizzini announced that the district court has not issued an order yet in the Edward Zabrocki matter.

Ms. Pizzini gave an update on the GABA lawsuit. She said oral arguments on cross-motions for summary judgment have been postponed from February 12, 2015 to March 5, 2015 at 2 p.m. as

## Teachers' Retirement System Board Meeting

Judge Mike Menahan will not be available on the February date. Ms. Pizzini indicated that oral arguments for summary judgment in the MPERA GABA lawsuit were heard on January 13, 2015. Ms. Pizzini indicated that the court has not issued a decision in that case yet, she stated that Judge James P. Reynolds indicated he intends to rule in time for the Legislature to "take action" if necessary.

Ms. Pizzini described recently issued IRS guidance regarding the participation of public charter schools in public pension plans, which will be important if a charter school bill is introduced in this legislative session.

### **Closed meeting**

#### **Executive Session to Discuss Disability Applications**

Ms. Pizzini announced that Chairperson Peiffer will abstain from discussion of and voting on the disability application of Carmen Lane due to a professional relationship that could give rise to an appearance of a conflict of interest. Chairperson Peiffer directed the meeting to be closed at 11:10 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 11:33 a.m.

### **Open Meeting**

The board adjourned for lunch at 11:33 a.m. The board meeting reopened at 1:00 p.m.

#### **Application for Disability Retirement Benefits**

Chairperson Peiffer requested motions on the disability applications.

*Motion/Vote:* Member Muller made a motion to approve the disability application of Carmen Lane. Member Ryan seconded it. The motion passed unanimously. Chairperson Peiffer abstained.

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

### **Adjournment**

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

*Motion/Vote:* Member Dubbs moved to adjourn. Member Trost seconded the motion. The motion passed unanimously.

The meeting adjourned at 1:05 p.m.

Chairperson: /s/ Kari Peiffer

Executive Director: /s/ Shawn Graham