

Montana Teachers' Retirement System Board Meeting
Teachers' Retirement Board Room, 100 North Park Avenue, Helena, MT
August 1, 2019

BOARD MEMBERS PRESENT

Kari Peiffer, Chair
Scott Dubbs, Vice Chair
Janice Muller, Member
Daniel Trost, Member
Jeff Greenfield, Member
Daniel Chamberlin, Member

STAFF PRESENT

Shawn Graham, Executive Director
Tammy Rau, Deputy Director
Denise Pizzini, Legal Counsel
Nolan Brilz, Accounting/Fiscal Manager
Darla Fitzpatrick, Communication Manager
John Noble, IT Manager

OTHERS PRESENT

Jim Kerins, Communication and Management Services, LLC
Diane Fladmo, Montana Federation of Public Employees
Elizabeth Kaleva, Kaleva Law Office
Mark Thane, Retired Member

Call to Order

Chairperson Kari Peiffer called the meeting to order at 8:39 a.m. in the Teachers' Retirement Board Room at 100 North Park Avenue in Helena, Montana.

Adoption of the Agenda

Chairperson Peiffer requested a motion to adopt the agenda.

Motion/Vote: Member Janice Muller moved to adopt the agenda. Member Daniel Chamberlin seconded the motion and it was approved by all members.

Adoption of Minutes

Chairperson Peiffer requested a motion to approve the meeting minutes from May 10, 2019.

Motion/Vote: Vice Chair Scott Dubbs made a motion to adopt the minutes as written. Member Daniel Trost seconded the motion, which was approved unanimously.

Public Comment on Board Related Items

Chairperson Peiffer provided an opportunity for members of the public to comment on any public matter not on the agenda and within the jurisdiction of the Board. There were no comments.

Strategic Planning

Long-Range Planning

Jim Kerins of Communication and Management Services (CMS) reviewed the process by which the Board and staff would review and update the TRS strategic plan. His firm recently conducted stakeholder and staff surveys and summarized that feedback in a Strategic Planning Primer, which was distributed to Board members prior to the meeting. By establishing measurable goals and making consistent progress toward them, TRS can demonstrate how it proactively addresses issues that sometimes cause concern for lawmakers and members, such as funding status and changing demographics.

The TRS mission statement is to promote long-term financial security for our members while maintaining the stability of the fund. Members of the Board discussed the current statement and agreed it remains applicable and meaningful. The vision statement, which represents where the Board wants TRS to be in the future, also was discussed and refined.

Mr. Kerins then reviewed progress on organizational objectives and goals established in 2017, many of which are ongoing. For example, while TRS successfully obtained better office space for staff, TRS still owns the building on 6th Avenue and will need to determine what to do with it. As for workplace efficiency, Deputy Director Tammy Rau would like to prioritize a future workflow project to streamline internal business processes and convert certain paper application forms to a secure online data collection process. The TRS communication manager also will continue to improve the website and expand outreach efforts to members, employers and others.

The TRS Board and leadership continually monitor proposed changes to IRS rules and other federal legislation that could affect pension plans, as they are actively involved in legislative changes and initiatives at the state level. These require staff time to address and may also involve changes to the M-Trust system.

Another important tool in the strategic planning process is the SWOT analysis (strengths, weaknesses, opportunities and threats). Members of the Board and staff reviewed the existing list and recommended several revisions. The group also reviewed comments received in staff and stakeholder surveys and will take these into consideration when setting goals for 2019-2021. Overall, the Board is pleased with TRS's ability to achieve important goals and provide consistently good service to members while keeping administrative costs low.

Public Comment

Diane Fladmo of MFPE encouraged the Board and staff to continue their good work.

Member Dan Trost left the meeting at 12:00 p.m.

Informal Board Review

Mark Thane – Earned Compensation

Mark Thane, former Missoula County Public Schools (MCPS) superintendent and recent retiree, and Elizabeth Kaleva, legal counsel for Mr. Thane, requested Board review of the June 6, 2019 TRS staff decision to exclude some pay from the calculation of Mr. Thane's retirement benefit.

Mr. Thane's employment contract for the position of Superintendent included a provision allowing an annual choice between an employer contribution to a tax-sheltered annuity (TSA) or payment of an equivalent amount as cash compensation. In the first two years he elected the contribution to a tax-sheltered annuity; in the following years he elected the latter option and MCPS included those amounts in compensation reported to TRS. When Mr. Thane applied for a retirement allowance, TRS notified him that cash paid in lieu of a fringe benefit is not earned compensation and would not be included in determining his average final compensation.

Ms. Kaleva stated the law is not clear on how TRS must treat compensation paid in lieu of a benefit, and Mr. Thane indicated that he and members of the MCPS governing board were unaware that the payments would not be considered by TRS to be earned compensation. Although members of the TRS Board were sympathetic to Mr. Thane's situation, they noted the final staff determination was consistent with long-standing TRS practice and interpretation of law.

Motion/Vote: Member Greenfield moved to uphold the final staff determination. Member Chamberlin seconded the motion, and it was carried by all members present.

Member Greenfield then left the meeting. Three members constitute a quorum and four members remained in attendance.

Disability Applications

Closed Meeting

Executive Session to Discuss Disability Applications

At 2:00 p.m. the meeting was closed to the public for review of applications for disability retirement benefits. The applicants' right to privacy clearly exceeds the merits of public disclosure. Deputy Director Rau presented two submissions for review, and the meeting was reopened at 2:10 p.m.

Open Meeting

Applications for Disability Retirement Benefits

Chairperson Peiffer requested a motion on the disability application for C. A.

Motion/Vote: Member Muller moved to approve the application. Member Chamberlin seconded the motion and it was approved by the four members present.

Chairperson Peiffer requested a motion on the disability application for S. H.

Motion/Vote: Vice Chair Dubbs made a motion to approve the application, and Member Chamberlin seconded it. The motion was approved by the four members present.

Public Comment

There was no comment.

Strategic Planning – Wrap-up

Long-Range Planning

Mr. Kerins asked the Board and staff to review the broad organizational goals once again to ensure that specific objectives added to the commitment worksheet tie back to the organizational goals, which in turn support the stated mission and vision. One output of this meeting will be a strategic planning summary posted on the TRS website.

The group engaged in more discussion and brainstorming on specific objectives. Mr. Kerins agreed to consolidate these ideas and meet with Mr. Graham and the management team to refine it further. The Strategic Planning Summary and 2019-2021 Commitment Worksheet then will be presented to the Board for final approval at the next meeting on October 11th.

Public Comment

Diane Fladmo, MFPE, thanked the Board and staff for inviting stakeholder participation in the TRS strategic planning process.

Adjournment

With no other business before the Board, Chairperson Peiffer requested a motion to adjourn.

Motion/Vote: Member Muller moved to adjourn the meeting and Member Chamberlin seconded it. The motion passed and the meeting was adjourned at 3:10 p.m.

Chairperson _____ /s/ Kari Peiffer

Executive Director _____ /s/ Shawn Graham