

Montana Teachers' Retirement System Board Meeting
Teachers' Retirement Board Room, 100 North Park Avenue, Helena, MT
December 6, 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
Denise Pizzini, Legal Counsel
Nolan Brilz, Accounting/Fiscal Manager
Darla Fitzpatrick, Communication Manager

OTHERS PRESENT

Diane Fladmo, Montana Federation of Public Employees
Mandy Rambo, Montana Department of Administration

Call to Order

Chairperson Kari Peiffer called the meeting to order at 9:02 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 Daniel Trost moved to adopt the agenda and Member Janice Muller seconded the motion. It was approved by all members.

Adoption of Minutes

Chairperson Peiffer requested a motion to approve the meeting minutes from October 11, 2019.

Motion/Vote: Member Muller moved to adopt the minutes as written. Member Daniel Chamberlin seconded the motion, and it 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.

Mandy Rambo, the Montana Department of Administration's new human resources business partner for TRS, introduced herself to the Board.

M-Trust Phase III Closeout

Final Monthly Status Report

Executive Director Shawn Graham announced the successful completion of the enhancement phase of the M-Trust pension management software project. The development team completed all planned deliverables as of November 8, 2019, nearly a month ahead of schedule. Mr. Graham reviewed the final status report with the Board and explained how TRS intends to manage vendor contracts for ongoing maintenance and planned future enhancements. Some of these enhancements are necessary for regulatory reasons (e.g., Required Minimum Distributions) while others will improve operational efficiency and service to members. For example, TRS would like to allow members to complete withdrawal applications and retirement applications online.

The early closeout of the project created a surplus in the Phase III budget that should cover these contracted services for the remainder of the current fiscal year. Mr. Graham will prepare a budget amendment for the May 2020 board meeting to shift those costs to the regular operating budget.

Mr. Graham stated he is pleased with the quality and functionality of the M-Trust system and he credited Deputy Director Tammy Rau and others on the project team for its success.

Public Comment

Diane Fladmo of the Montana Federation of Public Employees (MFPE) thanked the Board and staff for all the enhancements and other improvements that help TRS serve its members.

Executive Director's Report

Legislative Committee Updates

Mr. Graham presented the TRS valuation results to the State Administration and Veterans' Affairs (SAVA) committee in October and is scheduled to present results to the Legislative Finance Committee in December. He also will participate in Legislative Week, scheduled for January 2020. Pension funding will be a topic of discussion and Mr. Graham will keep a close eye on hearing schedules and agendas to ensure committee members receive accurate information about TRS.

MASS Meeting Updates

Mr. Graham has attended five regional meetings of the Montana Association of School Superintendents and will attend several more in the next few months. He delivers a 30-minute presentation encouraging superintendents to promote the value of a defined benefit pension when recruiting and retaining teachers. Feedback at these meetings generally has been positive.

Some superintendents in rural districts report they sometimes receive no applications despite heavy advertising for open positions, and some have brought in foreign teachers as part of an exchange program. Mr. Graham encourages superintendents to speak with local legislators as well about the importance of a pension as a component of any public employee's compensation.

Public Comment

Ms. Fladmo appreciates Mr. Graham's efforts to promote TRS among superintendents. She commented that low salaries, fewer college students majoring in education, and other factors such as health care costs contribute to the shortage of qualified teachers.

Administrative Business

Investment Report

Member Jeff Greenfield provided an update on activities of the Board of Investments (BOI) and summarized some of the recent changes to investment strategies, such to reduce the amount held in cash in each asset class. The BOI has not yet hired a new Chief Investment Officer, so Executive Director Dan Villa has established a "cabinet" that applies a consensus model to ensure everyone can agree on investment decisions in the absence of a CIO. Member Greenfield said he is pleased with this approach, as it is collaborative and transparent. He also expressed high confidence in RVK, the BOI's investment consulting firm.

Financial Statements and Budget Reports

TRS Fiscal Manager Nolan Brilz reviewed the latest financial statements and commented that fund balances have moved in a positive direction since the October meeting, and benefit payouts have remained consistent. He then answered questions from Board members about the budget items reviewed during the M-Trust Phase III Project Closeout discussion. There were no concerns.

NCTR Annual Conference Report

Mr. Graham, Chairperson Peiffer and Member Muller attended the NCTR Annual Conference in Nashville in October. Chairperson Peiffer had attended the Trustees' Conference in the past and she was impressed by the additional focus placed on the teaching profession at the annual conference. Mr. Graham participated in a panel discussion on actuarial audits and Member Muller found that session, as well as sessions on cybersecurity, to be very informative.

Tentative 2020 Meeting Dates

Members of the Board confirmed the next three meetings will be held February 21, May 8 and August 7, 2020. Other tentative dates are October 9 and December 4, 2020.

Public Comment

There was no comment.

Next Meeting Date

The next regular meeting of the TRS Board will be held on February 21, 2020.

Applications and Benefit Adjustments

TRS staff processed 33 applications for retirement for the period September 1 – October 31, 2019. The average age was 62.6 years and applicants had an average of 15.5 years of service. A few of these mid-year applicants were early retirees, but many were “terminated-vested” members who had not been employed in a TRS-reportable position for some time.

Legal Counsel’s Report

Legal Issues

TRS Chief Legal Counsel Denise Pizzini provided an update on the two contested case matters involving retired members.

A hearings examiner has been appointed in the Thane matter and the case is in the discovery process. In the Zabrocki matter, it was reported at the last meeting that the district court had granted TRS’s motion to dismiss a constitutional claim. The timeframe in which Mr. Zabrocki could have appealed that action now has passed, so TRS has filed a motion requesting an overall briefing schedule on the underlying issues in the case.

Board Training

Per Diem Election

Ms. Pizzini reviewed State law regarding compensation to Board members for the time they spend preparing for and attending Board meetings. Those members of the Board who are also public employees were asked to complete an annual Per Diem Election form.

Ethics/Conflict of Interest Training

Ms. Pizzini led Board members through a review of the TRS Ethical Conduct / Conflict of Interest policy, which complies with and enhances the State of Montana’s ethics policy. As fiduciaries of the retirement system, TRS Board members have a heightened responsibility to ensure they avoid any conflict of interest, or the appearance of a conflict of interest, in performing their duties as Board members. Various examples of potential conflicts were discussed, and each member was given an annual disclosure form to complete.

Long Range Planning

Strategic Planning Commitment Worksheet

Mr. Graham reported that no updates had been made to the worksheet since its recent approval.

