

Montana Teachers' Retirement System Board Meeting

December 4, 2020

(Virtual Meeting)

BOARD MEMBERS PRESENT

Kari Elliott (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 Executive Director

Denise Pizzini, Legal Counsel

Nolan Brilz, Accounting/Fiscal Manager

Darla Fitzpatrick, Communication Manager

John Noble, IT Manager

OTHERS PRESENT

Michael Kauffman, Drake Law Firm

Elizabeth Kaleva, Kaleva Law Office

Mark Thane, TRS retiree

Mandy Rambo, Montana Department of Administration

Kathy Milodragovich, Montana Retired Educators Association

Diane Fladmo, Montana Federation of Public Employees

Sarah Piper, Montana Federation of Public Employees

Dennis Parman, Montana Rural Education Association

Call to Order

Chairperson Kari Elliott called the meeting to order at 8:42 a.m.

Adoption of the Agenda

Chairperson Elliott requested a motion to adopt the agenda.

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

Adoption of Minutes

Chairperson Elliott requested a motion to approve the minutes from the October 9, 2020 meeting.

Motion/Vote: Member Daniel Trost moved to adopt the minutes as written and Vice Chair Scott Dubbs seconded it. The motion was approved by all members.

Public Comment on Board Related Items

Chairperson Elliott 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 was no public comment.

Proposed Order – Thane

Board Consideration of Proposed Order, Exceptions and Oral Arguments

Chairperson Elliott read a summary of the case and requested input from members of the Board. Member Greenfield began, saying he finds this to be a difficult case but reluctantly accepts the hearings examiner's proposed order to find in favor of Mr. Thane. After further discussion, other Board members expressed agreement with Member Greenfield's position.

Motion/Vote: Member Greenfield moved to direct Michael Kauffman, legal counsel for the Board, to draft the final order in accordance with the hearings examiner's proposed final agency decision. Member Daniel Chamberlin seconded the motion. Chairperson Elliott took a roll-call vote, with each Board member voting in favor of the motion.

Mr. Kauffman summarized his understanding of the Board's intent. With all in agreement and with no further questions from legal counsel, Mr. Kauffman advised he would draft the final order as directed and would forward it to Chairperson Elliott for her signature.

Administrative Business

Investment Report

Member Greenfield provided a status report on recent activities of the Board of Investments. Montana's public pensions are doing well, as evidenced by the BOI's recent actuarial valuation for fiscal year 2020. Assets have increased steadily over the last 1-year, 5-year and 10-year periods. TRS continues to outperform peer plans of similar size, with less risk and higher returns.

YTD Financial Statements and Budget Reports

Nolan Brilz, TRS Fiscal and Accounting manager, reported that the TRS operating budget currently shows a surplus due to cost savings in various categories. Compared to the same period last year, total assets have increased and the TRS fund balance statement shows a marked increase in total revenue over expenditures. Investment revenue has grown as a result of recent gains in the market and TRS administrative expenses remain low.

NCTR Annual Conference

Vice Chair Dubbs and Executive Director Shawn Graham both attended the National Council on Teacher Retirement virtual conference and provided a report on the topics discussed.

Tentative 2021 Meeting Dates

Tentative meeting dates are: February 5, May 7, August 6, October 8, and December 3, 2021.

Public Comment

There was no comment.

Next Meeting Date

The next meeting will be held Friday, February 5, 2021.

Executive Director's Report

Executive Summary

Mr. Graham reported that TRS offices remain closed to the public as advised by the Department of Administration. Most staff continue to work remotely at least part time but have successfully completed all work, such as processing retirement applications and performing final audits on retiring members' accounts. He confirmed that the sale of the TRS building at 1500 E. Sixth Avenue was completed October 30, 2020.

Staff update: Jeanie Schmidt, who has worked as an imaging technician since 2013, has announced her retirement. TRS will begin interviewing candidates for the vacant position soon.

Legislation Update

Mr. Graham briefly reviewed a list of bill drafts requested by legislators and by the State Administration and Veterans' Affairs (SAVA) interim committee. At this point, only a draft title is available for these bills. After the session convenes on January 4, 2021, only a percentage of them will actually be introduced, at which time the text will be available for viewing.

SAVA Update

On October 20, 2020 Mr. Graham presented the results of the July 1, 2020 TRS actuarial valuation to SAVA and fielded questions from members of that committee.

BOI Update

He presented the July 1, 2020 TRS actuarial valuation to the Board of Investments as well on November 19, 2020. He mentioned he also had reviewed the BOI's proposed changes to investment allocations and had no concerns.

LFC Update

Mr. Graham is scheduled to present the results of the July 1, 2020 TRS actuarial valuation to the Legislative Finance Committee on December 9, 2020.

Public Comment

There was no comment.

Strategic Planning

2020-2021 Commitment Worksheet Update

Mr. Graham provided an update on objectives that have been completed, including activities related to maintaining an actuarially sound qualified plan. Several system enhancements are underway, including additional security measures for the My TRS member portal. Communication and outreach activities are ongoing; for example, TRS successfully adapted its educational presentations for online delivery at MFPE's virtual fall workshops and annual educator conference.

Public Comment

Sarah Piper of MFPE reported positive feedback from attendees at their virtual events and she thanked TRS staff for participating.

Board Training

Ethics/Conflict of Interest

Chief Legal Counsel Denise Pizzini reviewed the TRS Ethical Conduct / Conflict of Interest policy, which mirrors the State of Montana's policy with additional requirements that reflect the Board's role as fiduciaries of the retirement system. She then described the requirement for each Board and staff member to sign an annual disclosure statement denoting any circumstances that could constitute a conflict of interest.

Per Diem Election Form

Ms. Pizzini then reviewed the purpose of the per diem election form and directed each Board member to submit their signed form to TRS.

Applications and Benefit Adjustments

Regular, Survivorship, Adjustments and Corrections

Deputy Executive Director Tammy Rau reported that TRS staff processed 25 applications for retirement in the month of October 2020.

Legal Counsel's Report

Summary of Legal Issues

Ms. Pizzini stated that, other than the Thane matter, the Zabrocki matter remains the only pending case. The appeal with the Montana Supreme Court is moving forward and Mr. Zabrocki's final brief is due soon. The case then will be pending before the Supreme Court.

