

PUBLIC EMPLOYEES' RETIREMENT BOARD

100 North Park Avenue, Room 201
Helena MT 59601

AGENDA

Thursday, September 08, 2011

REGULAR MEETING

President John Nielsen called the regular PERB Meeting to order at 8:35 a.m. on Thursday, September 8, 2011. Roll call was taken and six members of the Board were present. Member Patrick McKittrick was excused. Board members and staff present were:

John Nielsen, President
Terry Smith, Vice President
Darcy Halpin, Member
Scott Moore, Member
Dianna Porter, Member
Timm Twardoski, Member
Roxanne Minnehan, Executive Director
Melanie Symons, Chief Legal Counsel
Flora Sebens, Executive Assistant

Others present: Don Kinman and Jill Hindoien, AFSCME; Beth Long, GWRS; Dax Fraser, Ed Cleary, George Richards, Kevin Bentz, and Doug Neill, MSFA; Mike O'Connor, AMRPE; Tom Schneider, MPEA; Diane Fladmo, MEA-MFT; *MPEA staff*: Barbara Quinn, Fiscal Services Bureau Chief; Patricia Davis, Member Services Bureau Chief; June Dosier, Information Systems Manager, Kate Talley, Legal Counsel; Diann Levandowski, Assistant Fiscal Services Bureau Chief, Jenny Weigand, Education Supervisor; and Renae Justice, Internal Auditor, joined the meeting.

OPEN MEETING

- I. Roll Call** – Six PERB Board members were present. Member Patrick McKittrick was absent.
- II. Public/Member Comment** - No comments were given.

Action items

III. Approval of Meeting Minutes

A. August 11, 2011 Regular Board Meeting

The minutes of the August 11, 2011, PERB regular open meeting were presented.

Motion: Member Darcy Halpin moved to approve the minutes of the August 11, 2011, PERB Regular Open Meeting.

Second: Member Scott Moore

No public comment.

Vote: 6/0

B. August 11, 2011 Audit Committee Meeting

The minutes of the August 11, 2011, Audit Committee meeting were presented.

Motion: Member Timm Twardoski moved to approve the minutes of the August 11, 2011, Audit Committee Meeting.

Second: Vice President Terrence Smith

No public comment.

Vote: 2/0 (Only Audit Committee Members present voted.)

Presentation item

IV. Board of Investments Annual Presentation to PERB – Clifford Sheets, CIO, CFA

Mr. Clifford Sheets, CIO, Montana Board of Investments, presented the Board of Investments' Annual Report to the Board. Please see the attached handout for more information.

Action Items

V. Executive Director's Report – Roxanne Minnehan, Executive Director

A. Proposed New Administrative Rules and Rule Amendments – Working Retirees – Melanie Symons

The proposed new rules address changes implemented by the 2011 Legislature for PERS retirees returning to work and crossing retirement systems, including an increase in break of service from 30 to 90 days. The proposed rules clarify this requirement, return-to-work earnings, limitations and reporting requirements.

Motion: Member Dianna Porter moved to approve the proposed new rule amendment to ARM 2.43.2608 in order to implement changes to PERS working retiree limitations enacted by the 2011 Legislature.

Second: Member Darcy Halpin

No public comment.

Vote: 6/0

B. Deferred Compensation Plan – Discontinue Asset Allocation Funds – Patricia Davis

The Employee Investment Advisory Council (EIAC) recommends discontinuing the use of the asset allocation options in the 457(b) Plan effective December 30, 2011. EIAC further recommends that current participants in the asset allocation funds will remain invested in the underlying funds of their chosen allocation unless otherwise moved by the participant.

Motion: Vice President Terrence Smith moved to accept EIAC's recommendation to remove the asset allocation funds from the 457 Plan.

Second: Member Scott Moore

No public comment.

Vote: 6/0

C. Out of State Travel Authorizations – Roxanne Minnehan

- 1. Public Pension Financial Forum (P2F2) – P2F2 is a relatively new organization. It is organized for education, pension advocacy and networking purposes to promote excellence in public pension plan financial operations, provide education, create a medium for exchanging ideas and information, fostering sound principles, procedures and practices. An MPERA employee has not attended this conference before. It was not included the Board's FY 2012 Budget. Staff is recommending that the Board approve the travel authorization for Ms. Barbara Quinn, Fiscal Services Bureau Chief, to attend the conference in Portland, Oregon, October 2-5, 2011.***

Motion: Member Scott Moore moved to uphold staff recommendation to approve the travel authorization for Barbara Quinn to attend the P2F2 Conference in Portland, Oregon, October 2-5, 2011.

Second: Member Darcy Halpin

No public comment.

Vote: 6/0

- 2. Association of Public Pension Fund Auditors (APPFA) – APPFA is established to unify and encourage cooperation among public pension fund auditors, provide professional development, and promote high professional standards. Staff is recommending that the Board approve the travel authorization for Ms. Renae Justice, Internal Auditor, to attend the conference in Austin, Texas, November 6-9, 2011. This conference was included in the Fiscal Year 2012 budget.***

Motion: Vice President Terrence Smith moved to approve the travel authorization for Renae Justice to attend the APPFA Conference in Austin, Texas, November 6-9, 2011.

Second: Member Timm Twardoski

No public comment.

Vote: 6/0

Education items

D. Board Education

1. Attorney/Client Privilege – Kate Talley

The Fiduciary Exception to the Attorney/Client Privilege was discussed at the NAPPA Conference and was reported to the Board at the August 11, 2011 meeting. At that time the Board requested more information. Ms. Kate Talley, Legal Counsel, gave a power point presentation and provided the Board with a handout. Please see attached document for more information.

2. Target Date Funds – “to” vs “through” – Michael Schlachter, CFA, Wilshire

Mr. Michael Schlachter from Wilshire gave a presentation via telephone on the difference between “to” Retirement Target Funds and “through” Retirement Target Date Funds, as well as Wilshire’s philosophy. A power point presentation was shown to the Board while Mr. Schlachter was presenting. Please see attached document for more information.

Discussion Items

E. MPERAtiv Program Update – June Dosier

Ms. June Dosier, Information Systems Manager, gave a status report on the MPERAtiv Program. The program and all the projects remain in “green status”. The Data Cleansing Vendor will be on site September 6th and will be introduced to the Board at the October 13, 2011, meeting. The Imaging RFP responses are due September 7th. Staff is busy in meetings producing “commitments” that will be used in the Line of Business (LOB) RFP, scheduled to be released in November.

F. E-Readers Update – Dave Swenson

Mr. Dave Swenson, IT Systems Supervisor, gave an update on his research into the use of e-readers. He gave a brief demonstration of an I-Pad that he had purchased at the Board’s request and discussed various options he was researching to be able to make the Board packet material easy to read, simple to retrieve and annotate on the I-Pad.

G. NASRA Conference Report – Roxanne Minnehan

Roxanne Minnehan, Executive Director, attended the NASRA Conference on August 5-10, 2011, in Lake Geneva, Wisconsin. There were various issues and trends identified at the conference, including GASB’s exposure drafts that will affect the public pension industry. There were also suggested sharing strategies to get out in

front of these trends to lead and change the change, rather than responding to, and putting out, fires. Please see attached handout for more information.

H. Committee Reports – Committee Chairs

Legislative Committee – Based on the advice of the Board Retreat’s facilitator and recent information it was agreed that the Legislative Committee will start meeting again. The Committee agreed to schedule a teleconference meeting near the end of October, after the SAVVA Committee meeting, which is October 20, 2011. Member Dianna Porter felt it would be good for someone from the Board to attend the Legislative Finance Committee meeting on September 30, 2011. Member Porter volunteered and Board President authorized her travel.

Audit Committee – The Audit Committee met after the Board meeting on August 11th where Ms. Renae Justice reviewed the Employer Audits that she had conducted. She is traveling to Billings in January 2012 and will be working with Jim Reno to address some of his concerns with the City of Billings. She put together a survey for our employers and it was revised and sent out again and so far she has received 23% back. Her audit schedule is very busy and demanding for the upcoming year. The internal control audit is still ongoing and Ms. Justice anticipates some changes once our new system is in place. The next Audit Committee meeting is scheduled after the Board meeting on November 10, 2011.

Personnel Committee – A Union Negotiation meeting was held September 1, 2011, with MPEA. They presented their proposal and the Personnel Committee, along with personnel from the Department of Administration, caucused the meeting. It was determined that more time was needed to research financial information and MPEA agreed to meet again September 23, 2011.

I. Executive Director Update – Roxanne Minnehan

- The DB Accounting Clerk position was reposted again. Candidates that were offered the position turned it down because of the low pay.
- The DC Accountant resigned for personal reasons. Her last day is September 23rd.
- The new IT position job profile has been sent to the Department of Administration Human Resources for classification.
- The new Imaging Clerk was hired and will start on Monday, September 12th.

J. Litigation Update – Melanie Symons/Kate Talley

We are still waiting for an Order from the judges in the Erene Briese and Ober Spear cases.

K. Board Retreat Recap – President John Nielsen

President John Nielsen gave a brief recap of what was discussed at the previous day’s Board Retreat:

- Board felt the facilitator, Beki Brandborg, did a good job.
- Discussed the Board Mission Statement and made a slight change to it.
- Reviewed the Board Conduct policy.

- Reviewed the Board self-assessment results.
- Discussed and reviewed the 2010 goals that were set at last year's Retreat.
 - Legislative funding issues.
 - Maintaining contract rights.
 - Proactive public relations for positive reactions to the DB Plans.
 - Legislative Audit Report.
 - Executive Director's evaluation was completed in a timely manner.
 - New member orientation and changes that are taking place.
 - Continued training and Board education at meetings.
 - Board members attending MPERA's workshops.
 - Opportunity to meet and greet our medical consultants.
 - Posting the Board open meeting packets material on our website.
- Reviewed the staff Vision Statements and Strategic Plans.
- Discussed milestones achieved.
- Views of the future for the DB and 457 Plans.
- Board responsibilities.
- Stable Value Funds.
- Discussed future goals.
- Restructuring the Board agendas so that disability cases will be discussed earlier in the day.

Informational items

L. Future Board Meetings – October 13, November 10 and December 8

CLOSED MEETING

The following portion of the meeting relates to matters of individual privacy. The Board President determined that the demands of individual privacy clearly exceeded the merits of public disclosure. As such, this portion of the meeting was closed as of 1:00 p.m.

Closed Meeting Summary

Meeting Minutes

Motion: Member Dianna Porter moved to approve the minutes of the August 11, 2011, PERB Closed Meeting with corrections.

Second: Member Timm Twardoski

Vote: 6/0

Contested Cases

The Board considered one Informal Reconsideration regarding a disability claim. The Board moved to allow the claimant additional time to obtain more information for review by our medical consultant, postponing consideration until the December 8, 2011, Board meeting, at the latest.

Disability Report (*Patricia Davis*)

- *Initial Claims* – The Board approved two disability claims and denied one.
- *Disability Reviews* – The Board moved to continue two PERS disabilities without annual review and four PERS disabilities with annual review.
- *Disability Conversions* – Four PERS disabilities, one PORS disability, one SRS disability and two HPORS disabilities were converted to service retirement.

Finalized Service Retirements/Death Benefits (*Patricia Davis*)

Motion: Member Dianna Porter moved to approve the finalized service retirements/death benefits with the addendum.

Second: Vice President Terrence Smith

Vote: 6/0

ADJOURNMENT

There being no further business before the Board, President John Nielsen adjourned the regular meeting at approximately 2:40 p.m. The next regular meeting will be Thursday, October 13, 2011, at 8:30 am.

John Nielsen, President

ATTEST:

Roxanne M. Minnehan, Executive Director