

Public Employees' Retirement Board Executive Director's Report

May 2014
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The May Board meeting is scheduled for **Thursday, May 08, 2014** in the Board's conference room at 100 North Park, room 201. The regular Board meeting will begin at **8:30 am**. Projected adjournment is 3:15 pm.

As of Thursday, May 1, 2014, we do not have Board member appointments for the positions currently held by Terrence Smith and Bob Bugni. Mr. Smith and Mr. Bugni will continue to serve until replacements are appointed.

Patricia Davis will present an educational item on Stable Value.

The Policy Committee will meet upon adjournment of the regular Board meeting.

Lunch with staff and guests will be catered. It is scheduled for 11:30-1:15.

Executive Director's Report

A. Consent Agenda

There are five items on the consent agenda. Any item may be removed from the consent agenda for full discussion, upon request.

1. Board Meeting Minutes, April 10, 2014
2. Lehman Brothers Settlement Check
We have another settlement check from our Lehman Brothers bankruptcy Claim. Staff recommends the same action taken in the past.
3. 457 Adoption Agreement – City of Poplar
4. Out-of-state Travel Authorization – NASRA Conference, Aug 1-6, Asheville, NC
The Executive Director has regularly attended the National Association of State Retirement Administrators (NASRA) Conference. This conference is invaluable for education and networking. For continuity, education, and exposure I started taking one of the Bureau Chiefs along. Last year the Member Services Bureau Chief attended. I am recommending the Fiscal Services Bureau Chief attend this year. Because this conference is in August, travel arrangements, registration and travel expenses cross fiscal years; therefore, some but not all of the expense is included in the FY 2014 Budget.
5. Board Meeting Schedule for July, August and September

B. Actuarial Valuation Assumptions – Bond Index

GASB 67 requires use of a bond index to calculate a discount rate for plans where the assumed rate of return does not supply the necessary present value of assets to cover projected future cash flows. In this situation, it is necessary to calculate a discounted rate of return using a blending of the actuarial assumed rate and the selected bond index. Staff seeks Board approval on the recommended Bond Index.

C. DC/457 Plans Administration

1. Addition of Advisory Services

At no cost to the plan sponsor or plan participants we can add Advisory Services. There will be a 20 minute presentation by Ben Hoecheri, Great-West Financial followed by a 10 minute question and answer period. The Board will then decide whether to include this service in both the 401(a) and 457(b) plans.

2. Plan Documents Amendments

Periodically, the 401(a) and 457(b) Plan Documents should be reviewed due to law changes and clarification. Staff has provided recommended changes to these plan documents.

3. Investment Policy Statements

EIAC annually reviews the Investment Policy Statements (IPS) and makes recommendations to the Board. There are no suggested changes to the 457(b) Deferred Compensation Plan IPS. There is one recommendation to the 401(a) PERS-DCRP – to add a socially responsible fund to the investment options. A socially responsible fund currently exists in the 457(b) Plan.

4. Administrative Fund Policies

These policies address the participant fee structure to ensure sufficient revenue to pay administrative expenses and maintain an adequate reserve. Staff has reviewed and recommends changes to these policies in both the 401(a) and the 457(b).

5. Fee Review

The Board annually reviews the fee charged to participants in both the 401(a) and the 457(b) plans. Fees must cover all plan expenses while maintaining a reserve. Staff recommends no changes to the current fee structure in the 457(b) plan. Staff is recommending changes to the fee structure in the 401(a) plan.

D. Policy Amendments

The Board's Policy Committee met April 10. They will meet again on May 8 immediately following the Board meeting. The Committee is revamping the Governance Principles. The Committee recommends changes for Board consideration before moving ahead with additional changes.

E. Board Committee Appointments

President Moore has reviewed membership on the Board committees. When making this decision he gives consideration of individual "expressed desires" and "the value of periodic rotation of committee members". President Moore is scheduled to make appointments at this Board meeting. If you have not done so already, please review the committees and let the President know where you would like to serve. The current committees and membership is included in your packet. (Reference the Board Committees Policy #BOARD Proc 03 located on the MPERA website: <http://mpera.mt.gov/docs/BdPolicyProc03.pdf>).