

# Public Employees' Retirement Board

## Travel Authorization

**Name:** Fallon Stanton

**Position:** Legal Counsel

**Purpose:** Institutional Investment Forum – February 10, 2015  
NAPPA Winter Seminar, February 11-12, 2015  
Tempe, AZ

**Itinerary:** Helena to Tempe, February 9, 2015  
Tempe to Helena, February 13, 2015

### Estimated Costs:

Transportation	\$350
Baggage (\$25*2)	50
Meals (\$41/day less meals provided)	162
Registration	475
Lodging and tax (\$227*4)	908
Other	0
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	\$1945
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### Supervisor Approval

Fallon Stanton      12/4/14      Melanie A. Symons      12/4/14  
Employee's Signature      Date      Supervisor's Signature      Date

### Board Approval for out-of-state travel

\_\_\_\_\_  
Board President's Signature

\_\_\_\_\_  
Date



Wednesday, November 19, 2014

Melanie Symons  
Legal Counsel  
Montana Public Employees Retirement Administration  
100 N Park Ave Ste 200  
Helena, MT 59601-6216

Dear Ms. Symons,

You are cordially invited to attend *Institutional Investor's* 6<sup>th</sup> Annual, **The Evolving Fiduciary Obligations of Pension Plans**, to be held **February 10, 2015** at the **Tempe Mission Palms** in **Tempe, AZ**. This year's keynote speaker is **Mary Schapiro**, *Former Chairman, United States Securities and Exchange Commission*.

Now in its sixth year, The Evolving Fiduciary Obligations of Pension Plans roundtable will provide a comprehensive examination of the vital issues that plan sponsors and their legal advisors must understand in order to properly fulfill their roles as fiduciaries and as shareholders. Co-hosted by Kessler Topaz Meltzer & Check, LLP, the conference agenda is has been developed under the guidance of an esteemed advisory board of your peer including:

- James D. Love, *General Counsel, City of Birmingham Retirement and Relief System*
- Margaret M. Fahrenbach, *Legal Advisor, Cook County Pension Fund*
- Victoria Hale, *General Counsel, Denver Employees Retirement Plan*
- Mary E. Schaaf, *Controller, Erie County Employees' Retirement System*
- Carol Nolan Drake, *Chief External Affairs Officer, Ohio Public Employees Retirement System*
- Michael D. Herrera, *Senior Staff Counsel, Los Angeles County Employees Retirement Association*
- Elaine W. Reagan, *Deputy CEO, Compliance and Legal Operations, San Diego City Employees' Retirement System*
- Amanda York Ellis Jenkins, *Administrator, Compliance and Corporate Governance, Michigan Department of the Treasury*
- Erie F. Sampson, *General Counsel, District of Columbia Retirement Board*
- R. Paul Edmonds, *Chief Legal and Governance Officer, Ontario Pension Board*

Attendance is limited to advisors and senior executives of pension plans and unions. **Only qualified representatives of these organizations can be registered to attend this meeting**, but there is **NO REGISTRATION FEE** for those who are invited. If you would like to ensure your place at this exclusive gathering, please complete the enclosed response form. For further information, please contact Ann Cornish at (212) 224-3877 or [acornish@iiforums.com](mailto:acornish@iiforums.com).

We are certain you will find attending the meeting a worthwhile investment of your time and look forward to seeing you in Tempe in February.

Sincerely,



Steven Olson

*Managing Director*

**Institutional Investor Forums**

Institutional Investor, Inc.

Institutional  
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LLP

6TH ANNUAL

# 2015 Topaz Meltzer LLP Forum on Fiduciary Obligations of Pension Plans

FEBRUARY 10, 2015 | TEMPE MISSION PALMS | TEMPE, AZ



Featured Speaker

MARY L. SCHAPIRO

# Tuesday, February 10, 2015

7:45 am

## *Registration and Continental Breakfast*

8:30 am

### *Welcome Remarks & App Tutorial*

Darren Check, Esq., *Partner, Kessler Topaz Meltzer & Check, LLP*

Kip Miller, *Director, Client Services, Institutional Investor Forums*

8:35 am

### *Panel Discussion*

#### *Mapping Priorities for Governance Practices and Policies*

What practices and policies are fiduciaries considering as they implement a more strategic approach to conducting plan due diligence? Whether considering organizational reputation or leveraging available resources (human and financial), how are legal advisors formulating a "best course" for governance practices? Topics for discussion include:

- ❖ Stated governance/investment policies—if your plan has a policy, how often is it reviewed, and by whom?
- ❖ Board members: role and extent of involvement
- ❖ Organizational ethics programs for investments, plan administration, vendor procurement, travel policies
- ❖ Aligning communication channels: annual reports, email updates and social media efforts

#### PANELISTS:

Paul Matson, *Director, Arizona State Retirement System*

Elaine W. Reagan, *Deputy CEO, Compliance and Legal Operations, San Diego City Employees' Retirement System*

Amanda York Ellis Jenkins, *Administrator, Compliance and Corporate Governance, Michigan Department of the Treasury*

Additional Panelists to Be Invited

9:20 am

### *Panel Discussion*

#### *Critical Due Diligence and Monitoring Considerations for Investing in Foreign Markets*

What are the critical "do's and don'ts" of investing in foreign markets? From determining whose responsibility it is to monitor compliance contracts (Legal, Investment or Consultant?) to conducting due diligence, this session will

explore the broad spectrum of issues that fiduciaries must consider when their investment committee looks to invest abroad.

- ❖ Defining criteria for monitoring investment managers or other providers
- ❖ What efforts are being made towards standardizing global corporate governance practices?
- ❖ Conducting periodic site visits to managers
- ❖ Proxy voting in emerging and frontier markets
- ❖ Can the pension plan rely entirely on due diligence results carried out by the fund manager or is it obligated to conduct its own independent review?

#### PANELISTS:

G.Blair Cowper-Smith, *EVP-Corporate Affairs and Chief Legal Officer, Ontario Municipal Employees Retirement System*

R. Paul Edmonds, *Chief Legal and Governance Officer, Ontario Pension Board*

Additional Panelists to Be Invited

10:05 am

### *Coffee Break*

10:30 am

### *Case Study and Panel Discussion*

#### *Selecting and Monitoring Plan Consultants and Service Providers*

Whether it's aligning investment policies with compliance guidelines or mitigating conflicts of interest with new managers, to what extent and how should fiduciaries conduct due diligence of investment manager activities? This case study will explore due diligence strategies and a range of issues that fiduciaries need to consider in order to adequately select and subsequently monitor service providers. Specific focus will be made to unveiling and introducing the NCPERS Code of Conduct for public plan service providers.

#### PRESENTED BY:

Hank H. Kim, *Executive Director and Counsel, National Conference on Public Employee Retirement*

10:40 am

### *Panel Discussion*

Panel topics for discussion include:

- ❖ Establishing policies and procedures to identify potential conflicts of interest
- ❖ Monitoring compliance with investment policy/guidelines

- ❖ Addressing special issues like pay to play
- ❖ How often should managers be reviewed and by whom?

#### PANELISTS:

James D. Love, *General Counsel, City of Birmingham Retirement and Relief System*

Mary E. Schaaf, *Controller, Erie County Employees' Retirement System*

Hank H. Kim, *Executive Director and Counsel, National Conference on Public Employee Retirement*

11:15 am

### *Workshop Series*

#### *Workshop A*

##### *Increased Scrutiny of PE Firms: What Does this Mean for Potential Engagement?*

As the SEC steps up efforts to monitor private equity firms, what questions do pension funds need to raise with PE managers? As one example, if the DOJ comes knocking on your manager's door, what kind of obligation does that trigger on your part as a fiduciary? This workshop will explore reporting requirements on fees, examples of current litigation and the (potential) winners and losers from increased SEC scrutiny.

#### WORKSHOP LEADERS:

Georgette A. Schaefer, *Partner, Morgan, Lewis & Bockius*

Yuliya A. Oryol, *Attorney, Nossaman LLP*

#### *Workshop B*

##### *Managing Technological and Enterprise Risks*

Following a recent series of high profile hacking cases at Michael's, Target, Home Depot and Neiman Marcus, more companies may be assessing their own preparedness for future technological breaches or cyber fraud. How are engaged shareholders ensuring that both they and their fund managers have protections in place to manage such risks? What kinds of disaster planning scenarios are being considered to address these issues? How do fiduciaries manage the responsibilities of service providers to protect confidential information? How do funds educate members when they receive requests to help "manage" their personal financial information? Other topics for discussion:

- ❖ Cyber-insurance and coverage
- ❖ Are you or your fund managers accessing confidential information from remote locations?
- ❖ Mitigating/managing risks from data breaches
- ❖ Legal protection for plan fiduciaries

WORKSHOP LEADERS:

Victoria Hale, *General Counsel, Denver*

**Employees Retirement Plan**

Thomas S. Gray, *General Counsel, Teachers' Retirement System of Illinois*

12:00 pm

*Lunch*

1:30 pm

*Case Study*

*Living to Tell the Tale of Pension Reform*

The city of Lexington, KY underwent a comprehensive pension reform over the past two years that is now widely considered a model for the rest of the country. This case study will walk through the specifics of the reform, from cutting the city's unfunded liability by 40% to instituting comprehensive benefits changes—all while gaining wide support from plan beneficiaries.

PRESENTED BY:

Scott Shapiro, *Senior Advisor to the Mayor, City of Lexington*

1:50 pm

*Case Study*

*Exploring the Delaware Legislative Proposal to Restrict Fee Shifting*

- ❖ Fee Shifting
- ❖ "Loser pays" issue to derivatives and takeovers
- ❖ Efforts to get proxy voters involved

PRESENTED BY:

Michael Hanrahan, *Kessler Topaz Meltzer & Check LLP*

Lee Rudy, *Partner, Kessler Topaz Meltzer & Check LLP*

2:40 pm

*Panel Discussion*

*Current State of Securities Litigation: The Cases Driving Fiduciary Decision-Making Forward*

This panel will provide a snapshot of the biggest, most impactful securities litigation cases

over the past 12 months and how those rulings are altering plans' investment decisions and options. From Halliburton to IndyMac and BP, how are plans responding in their roles as fiduciaries? Has the Supreme Court killed federal securities claims or made them stronger? How have pension funds amended their securities litigation policies in response to these rulings? Other possible points for discussion include:

- ❖ SEC v. State of Illinois
- ❖ CTS Corporation v. Waldburger

PANELISTS:

Brian J. Bartow, *General Counsel, CalSTRS*

Michael D. Herrera, *Senior Staff Counsel, Los Angeles County Employees Retirement Association*

Jeffrey M. Padwa, *City Solicitor, Providence Board of Investment Commissioner*

3:25 pm

*Coffee Break*

4:00 pm

*Panel Discussion*

*Combatting Increased Shareholder Constraints*

- ❖ US Chamber of Commerce petition to limit shareholder proposals
- ❖ Outcomes of Halliburton and IndyMac Supreme Court Decisions on investors' ability to file suits
- ❖ Challenges to regulatory agencies, such as SEC's regulatory rule-making authority
- ❖ Access to annual meetings and boards of directors

PANELISTS:

Ann Yerger, *Executive Director, Council of Institutional Investors*

Carol Nolan Drake, *Chief External Affairs Officer, Ohio Public Employees Retirement System*

Ryan S. Stippich, *Attorney, Reinhart Boerner Van Deuren s.c.*

4:45 pm

*Case Study*

*Arizona State Retirement System—Governance and a Replicable Model for Sustainability*

The Arizona State Retirement System has performed quite well year upon year over the past

several years. What are some of the keys to this success that other plan fiduciaries can replicate at their own funds? Points for discussion will include:

- ❖ The advantages of starting early to close funding gaps
- ❖ The importance of having a probabilistic and priority based plan action
- ❖ Making sure the overall structure of your DB plan is the right one
- ❖ Ensuring that you have the right decision-making model in place
- ❖ Thoughts on Health Insurance Funding

PRESENTED BY:

Paul Matson, *Director, Arizona State Retirement System*

5:00 pm

*Keynote Presentation*

Mary Schapiro was Chairperson of the SEC during some of that organization's—and our nation's economy's—most critical times. During her years there, the SEC became a power to be reckoned with by corporate America: Respect it or resent it, you couldn't ignore the Commission. Ms. Schapiro will offer her unparalleled insights into one of the most vexing and complex issues facing US business—regulation and oversight.

INTERVIEWER:

Darren Check, Esq., *Partner, Kessler Topaz Meltzer & Check, LLP*

INTERVIEWEE:

Mary Schapiro, *Former Chairman, United States Securities and Exchange Commission*

6:00 pm

*Cocktail Reception*

7:00 pm

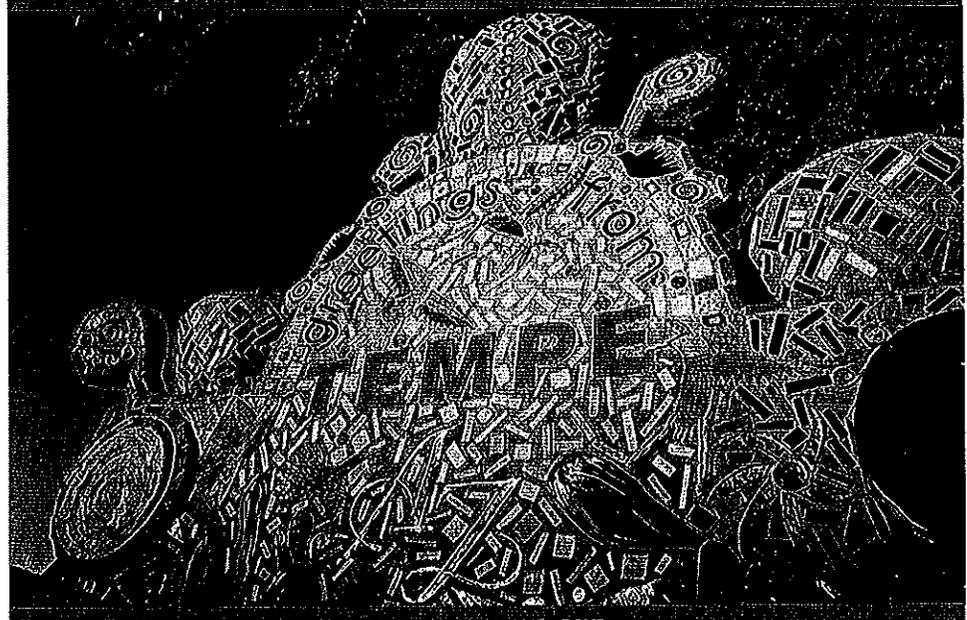
*Conference Concludes*



Tempe, AZ

# 2015 Winter Seminar

Tempe Mission Palms Hotel and Conference Center



[www.nappa.org](http://www.nappa.org)

February 11-13, 2015  
Tempe Mission Palms Hotel and Conference Center

## Wednesday, February 11

7:00 a.m. - 5:00 p.m.      Registration

7:30 a.m. - 8:15 a.m.      Breakfast

### Investment Section Meeting

(8:30 a.m. - 11:30 a.m.)

8:30 a.m. - 9:45 a.m.      **Diligence and Current Trends in Private Equity –  
Top Matters**

This session identifies and discusses timely issues and latest developments that are on the radar of private equity investors, consultants, and fund managers. The panel will explore developments including the following current topics: fees to sponsor affiliates, transparency and the SEC's focus; the role of the Limited Partner Advisory Committee; subscription documents (What's New Inside); limited partner access to books and records and disclosure matters; side letter developments; and consultant roles and responsibilities.

9:45 a.m. - 10:15 a.m.      Break

10:15 a.m. - 11:30 a.m.      **Exit Strategies Across Private Market Asset  
Classes**

This session will explore the various exit strategies available to investors across private market asset classes. The panel will identify and discuss the types of exit options and termination rights an investor needs to consider before making an investment. The panel will address the trends and developments related to exits from commingled funds, investment management agreements, funds of one, and other types of investment vehicles.

12:00 noon - 1:15 p.m.      Lunch

### Fiduciary and Plan Governance Section Meeting

(1:30 p.m. - 4:30 p.m.)

1:30 p.m. - 2:20 p.m.      **Can We Talk? Fiduciary Risks When  
Communicating With Plan Members**

This panel will explore the potential fiduciary issues that arise when communicating with plan members. What exposure is there for the public pension plan if misinformation is presented at a retirement counseling session? What happens if something is posted on social media that isn't true or exposes confidential information? How can you protect your public pension plan from those risks?

## Wednesday, February 11

2:20 p.m. - 3:10 p.m.

**Oversight Challenges Posed by Alternative Investments: What Issues do Alternative Investments Pose to Trustees/Board Members?**

As public pension funds continue to move increasing percentages of their assets into private equity funds, hedge funds, and other alternative investments, trustees/board members must take particular care to ensure their pension funds have comprehensive oversight policies and practices in place. These oversight mechanisms should be crafted to reflect the particular challenges posed by investing in alternative asset classes. This panel discussion addresses challenges such as: conflicts of interests, management fees, transparency issues, sharing information with board members, and discussing these investments in open meetings to make sure the pension fund's interests are adequately protected.

3:10 p.m. - 3:40 p.m.

**Break**

3:40 p.m. - 4:30 p.m.

**Trustees Gone Wild**

How should legal counsel handle trustees/board members who don't follow proper protocols set up by the board? What if a trustee/board member goes to the press or discloses confidential information? What if a trustee/board member is also the union president and is making statements to the press on pension issues? What do you do if a trustee/board member is proposing potential investments to the board? This panel will discuss the legal issues presented by these actions and how legal counsel should address these touchy topics. The panel will also address what can be done to control these trustees/board members, if anything.

4:30 p.m. - 6:00 p.m.

**Reception provided by NAPPA**

## Thursday, February 12

7:00 a.m. - 5:00 p.m.

**Registration**

7:30 a.m. - 8:15 a.m.

**Breakfast**

### **Benefit Section Meeting**

(8:30 a.m. - 11:30 a.m.)

8:30 a.m. - 9:45 a.m.

**Pension Spiking: What is the Problem and Why Should Your Board Be Concerned?**

A discussion on pension spiking and what your board should know, including: actuarial funding issues; the board's fiduciary duty to prevent spiking, where possible; and how to educate your board about these issues.

## Thursday, February 12

**9:45 a.m. - 10:15 a.m.            Break**

**10:15 a.m. - 11:30 a.m.            Litigation With Plan Sponsors and Members, Part II -  
Settlements and Appeals**

A discussion on settlement and appeal issues impacting benefit administration, such as: where plan sponsors settle separate litigation with employees, without consulting the retirement system, which affects administration of pension benefits; potential tax consequences of correcting benefits based on a settlement; when it's appropriate to settle or appeal adverse rulings in litigation between the system and its plan sponsor or members; and due process requirements for administrative hearings regarding member appeals of benefit decisions.

**12:00 noon - 1:15 p.m.            Lunch**

### **Tax Section Meeting**

**(1:30 p.m. - 4:30 p.m.)**

**1:30 p.m. - 2:25 p.m.            The Second Time Around: What You Need to Know  
to Prepare for "Cycle E"**

The second "Cycle E" determination letter filing period begins in February, 2015. For many funds, this process will entail not only the filing but also necessary corrections of plan documentation and operation. This session provides a refresher on the IRS determination letter process and the updated Employee Plans Compliance Resolution System ("EPCRS").

**2:25 p.m. - 3:15 p.m.            Developments from DC**

With the flip of the Senate, there will be plenty of activity on the Hill. This session outlines the pension and retirement legislative agenda of the new Congress. We will also discuss the compliance (and politics) of the Foreign Account Tax Compliance Act.

**3:15 p.m. - 3:45 p.m.            Break**

**3:45 p.m. - 4:30 p.m.            The IRS Speaks!**

As the IRS wraps up the second "Cycle C" and prepares for the second "Cycle E," we will have a moderated discussion with an IRS representative on some of the unique issues it has faced with public pension plans. The representative will answer questions solicited from NAPPA members.

## Friday, February 13

**7:00 a.m. - 11:30 a.m.**      **Registration**

**7:30 a.m. - 8:15 a.m.**      **Breakfast**

### **Senior Counsel Seminar\***

**(8:30 a.m. - 11:30 a.m.)**

**8:30 a.m. - 9:30 a.m.**      **New Attacks on Public Pension Plans**

A discussion of the most recent attacks on the defined benefit plans offered by public funds and the proposals to replace such plans with defined contribution plans, cash balance plans, hybrid plans, cost sharing plans, etc., as a means to remedy what is alleged as the longstanding underfunding of those defined benefit plans. The discussion will include the arguments made for replacement of the plans, the strategies used to advance those arguments, and ways that public funds can meet and address these challenges.

**9:30 a.m. - 10:00 a.m.**      **Break**

**10:00 a.m. - 10:45 a.m.**      **Insider Trading Policies**

A discussion of the range and depth of insider trading policies that are in place among public pension funds and an evaluation of the effectiveness of those policies. There will be different approaches among funds based on their governance in the area of investments, and this session will provide an opportunity to explore different perspectives, which may aid in future policy development.

**10:45 a.m. - 11:30 a.m.**      **Organization of the Legal Department**

A discussion of the organization of the legal department at various funds, including: how work is assigned to the department, the internal assignment of work in the department, and how the department interacts with other parts of the organization. The discussion will also cover the role of outside counsel in that process and management of outside counsel by the department. A free exchange of many different approaches to department organization may generate new ideas to incorporate into your own fund.

*\*The Senior Counsel Seminar is limited to members with 10 years of public fund experience and/or members serving as general counsel of a fund.*