

Teachers' Retirement Board
Board Meeting
100 North Park Avenue, Suite 110
Helena, Montana

AGENDA
May 5, 2023

OPEN MEETING:

All Times Are Tentative

8:30 I. Call to Order

Action Items

- A. Adopt Agenda
- B. Approval of Minutes – February 24, 2023

8:35 II. Public Comment

8:40 III. Executive Director's Report

Discussion Items

- A. 2023 Legislation Summary
- B. Executive Summary
 - 1. Operations Update
- C. Public Comment

9:00 IV. Administrative Business

Discussion Items

- A. Investment Report – Dan Trost
- B. YTD Financial Statements and Budget Reports – Nolan Brilz
- C. Personnel Committee Report – Kari Elliott and Scott Dubbs
- D. Budget Committee Report and Budget Justification – Dan Chamberlin and Scott Dubbs
- E. Tentative 2023 Meeting Dates – Aug 4, Oct 6, Dec 1
- F. Public Comment

Action Items

- G. Interest Rate Credited to Member Accounts
- H. Renew Ice Miller Contract (Tax Counsel)
- I. TRS Pay Plan Policy 2024 - 2025
- J. FY 2024 TRS Budget Request
- K. Out of State Travel Request
 - 1. NCTR Trustee Workshop

Information Item

- L. Next Meeting – Aug 4, 2023

10:00 BREAK

10:15 V. Board Training

Discussion Items

- A. Non-Discrimination in Employment and Provision of Services

10:30 VI. Communication Manager's Report

Discussion Item

- A. Communication Items
- B. Public Comment

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11:00 VII. Legal Counsel's Report

Information Item A. Summary of Legal Issues

11:10 VIII. Applications and Benefit Adjustments

Information Item A. Regular, Survivorship, Adjustment & Corrections

11:15 IX. Long Range Planning

Discussion Item A. Strategic Planning Worksheet Updates
 B. Public Comment

CLOSED MEETING

11:30 X. Disability Applications

Discussion Item A. Executive Session to Discuss Disability Applications

OPEN MEETING

Action Item B. Applications for Disability Retirement Benefits

Discussion Item C. Public Comment

11:45 XI. Adjournment

NOTE:

- This will be an in-person board meeting with an option for virtual attendance. Limited seating is available in the board room. To join virtually, members of the public can request meeting login information by calling TRS at 406-444-0139 or by sending an email to: TrsOutreach@mt.gov.

The Teachers' Retirement Board is pleased to make reasonable accommodations for any known disability that may interfere with a person's ability to participate in public meetings. If you need an accommodation you must notify the Board (call 444-3134, e-mail Tina.West@mt.gov, or write to P.O. Box 200139, Helena, Montana 59620) no later than 5 working days prior to the meeting to advise of the nature of the accommodation you need.

OPEN MEETING

I. Call to Order

Action Items

A. Adopt Agenda - Upon recognition of a quorum, a motion must be made to adopt the agenda. If any Board member wishes to add new items or make any changes to the agenda, they must do so at this time.

B. Approval of Minutes - Attached are the minutes from the February 24, 2023 board meeting.

Montana Teachers' Retirement System Board Meeting February 24, 2023

BOARD MEMBERS PRESENT

Kari Elliott, Chair
 Scott Dubbs, Member
 Daniel Trost, Member
 Daniel Chamberlin, Member (*virtual*)
 Dee Brown, Member (*virtual*)

STAFF PRESENT

Shawn Graham, Executive Director
 Tammy Rau, Deputy Executive Director
 Denise Pizzini, Chief Legal Counsel
 Nolan Brilz, Accounting/Fiscal Manager
 Darla Fitzpatrick, Communication Manager
 John Noble, Information Systems Manager

OTHERS PRESENT

Sarah Piper, Montana Federation of Public Employees (*virtual*)
 Dan Villa, Montana Board of Investments
 Kathy Milodragovich, Montana Retired Educators Association (*virtual*)
 Lindsay Trenary, State Human Resources (*virtual*)

Call to Order

Chairperson Kari Elliott called the meeting to order at 8:30 a.m. TRS Deputy Director Tammy Rau announced a change to the agenda as there were no disability retirement applications to review.

Adoption of the Agenda

Chairperson Elliott requested a motion to adopt the meeting agenda.

Motion/Vote: Member Daniel Trost moved to adopt the agenda, with Member Scott Dubbs seconding. The motion was approved by all members.

Approval of Minutes

Chairperson Elliott requested a motion to approve the minutes from the December 2, 2022 meeting.

Motion/Vote: Member Trost moved that the December 2, 2022 minutes be approved. Member Dubbs seconded the motion and it was approved by all members.

Public Comment on Board Related Items

This is an opportunity for members of the public to comment on any public matter not on the agenda and within the jurisdiction of the Board.

Sarah Piper of the Montana Federation of Public Employees (MFPE) stated she was pleased to be able to join the meeting virtually.

Administrative Business

Investment Report

Member Daniel Trost reviewed the Montana Board of Investments (BOI) investment report for TRS, which showed higher investment returns in January. He provided updates from their most recent board meeting and said he continues to be impressed by the BOI's leadership and staff.

FY 2022 Annual Comprehensive Financial Report

Nolan Brilz, TRS Accounting/Fiscal Manager, provided a copy of the TRS Annual Comprehensive Financial Report to each member of the Board. He noted that TRS had received an unmodified audit opinion with no recommendations.

FY 2023 Financial Statements and Budget Reports

Mr. Brilz reviewed TRS financial statements for the period ending January 31, 2023 as compared to January 31, 2022, the month in which the TRS fund balance reached its highest point (nearly \$5.3 billion). Market declines began in February 2022 and persisted for much of the year, so the current fund balance is somewhat lower. However, investment returns were up in January 2023, as noted in Member Trost's report. In response to questions about returns over the last few years, Member Trost reminded the Board that pension fund assets are managed for growth over a very long timeline and that short-term fluctuations are to be expected.

Mr. Brilz then reviewed the TRS operating budget, which shows administrative expenses well in line with the budgeted amounts. The fiscal year is only 58% complete but Mr. Brilz expects TRS to end the year with a surplus, mostly due to salaries for vacant positions.

Personnel Committee Report

Chairperson Kari Elliott and Member Dubbs met with Executive Director Shawn Graham to conduct his performance evaluation, which was based on aggregate results from surveys sent to Board members, external stakeholders, and staff. Feedback about his performance over the past year was overwhelmingly positive from all groups. Member Dubbs and Member Dee Brown commended Mr. Graham for his skill in communicating with the Board and external groups, such as when testifying in front of Legislative committees.

Tentative 2023 Meeting Dates

Chairperson Elliott asked members of the Board to review the remaining tentative meeting dates for 2023 (May 5, August 4, October 6, and December 1). No conflicts were reported.

Out of State Travel

Mr. Graham presented four requests for members of the TRS management team to attend industry-specific conferences in May and June, 2023. He noted that the cost of attending such events was included in the FY 2023 budget approved last May.

Motion/Vote: Member Trost moved to approve the out-of-state travel requests, with Member Daniel Chamberlin seconding. The motion was approved by all members.

Public Comment

Sarah Piper commented that she and MFPE staff appreciate Mr. Graham's ability to explain pension-related issues and advocate for educators in legislative hearings and other settings.

Next Meeting Date

The next Board meeting will be held on Friday, May 5, 2023.

Executive Director's Report

Executive Summary – Operations and Staff Updates

Mr. Graham reported that the Remote Office Work Space (ROWS) initiative, now in its sixth month, seems to be working well. The program allows staff in certain positions to work remotely one or two days per week on a schedule that ensures full coverage is maintained in the office.

One staff member, Amber Mullen, resigned earlier this month to accept a higher-paying position with another State agency. Her position on the Active Membership team has been posted and TRS will begin reviewing applications soon.

Legislative Update

Two TRS bills, HB 117 and HB 135, were passed by the House and are currently awaiting committee hearings in the Senate. The third TRS bill, SB 25 (MUS-RP supplemental contribution bill), was heard in the Senate State Administration committee but was tabled with little discussion. Mr. Graham thinks the bill is unlikely to be revived before the transmittal break. A joint resolution, SJ 4, requests another interim study of TRS and PERS defined benefit plans and has passed with support from both retirement systems. A recently introduced bill, SB 348, would eliminate the Guaranteed Annual Benefit Adjustment for new hires in defined benefit pension plans. A committee hearing has been scheduled and Mr. Graham will testify as an informational witness.

Public Comment

There was no comment.

IT Manager's Report

John Noble, TRS IT Manager, provided a status report on TRS's IT infrastructure, expenditures, and upcoming projects. Eighteen of 22 staff have been assigned laptops and have the capability to work remotely. One staff member will be assigned a new laptop in FY 2024. The remaining three staff members are not assigned laptops as they perform work that must be done onsite.

Mr. Noble reported on several software upgrades and upcoming changes, including a project to achieve an improvement in M-Trust system performance by installing a separate server to run large reports. He reviewed IT expenditures for the current fiscal year as well as the prior two fiscal years and answered questions from Board members.

Public Comment

There was no comment.

Legal Counsel's Report

Denise Pizzini, TRS Chief Legal Counsel, reported there are no contested cases at this time.

During each legislative session, she monitors proposed legislation to identify any amendments or new provisions that would affect TRS operations. A number of bills have been introduced that may impact state procurement processes, data breach response and reporting, and other state agency operations.

A more detailed update on final legislation impacting TRS administration will be provided at a future Board meeting.

Applications and Retirement Benefits

Ms. Rau reported that 60 retirement applications and adjustments were processed by the TRS Active and Retired Payroll teams between November 1, 2022 and January 31, 2023. She also noted that February is typically the month in which TRS mails retirement application packets to members who are considering retirement at the end of the school year. Over 300 packets were mailed this month, the largest number to date. This may be an indicator of a busy retirement season to come.

BOI Annual Report

Dan Villa, Executive Director of the Montana Board of Investments (BOI), provided a report on asset allocation and overall investment performance, the Board's investment goals and strategies, and TRS's performance compared to public retirement systems of similar size.

For calendar year 2023, the BOI has proposed that investments be reduced slightly in domestic and international equities in favor of higher-yielding, illiquid real assets and real estate. For the first time in three decades, the bond market is producing favorable returns and the BOI has kept more assets in fixed income than it has in the past. Mr. Villa noted that, contrary to what some would believe, Montana's public pensions are doing well; the trusts are still accumulating assets, paying benefits, and reducing liabilities over time.

Mr. Villa reviewed past and expected investment performance for TRS and answered questions from the Board. For the current fiscal year to date, returns are just under 5%; however, when viewed over time, the highs and lows average out and returns since inception continue to exceed TRS's actuarially assumed rate of return of 7.30%. The BOI does a biennial comparison of performance compared to peer plans and TRS continues to be above the median.

Chairperson Elliott commended Mr. Villa for the BOI's skill in managing TRS assets on behalf of Montana's teachers.

Public Comment

There was no comment.

Long-Range Planning

2021-2023 Strategic Planning Commitment Worksheet – Update

Mr. Graham reviewed the status of each objective listed on the commitment worksheet. Many objectives have been completed while others are in progress. TRS also has postponed or shifted the focus of a few objectives; for example, TRS has determined that an online retirement application will not be developed until TRS has determined the most appropriate means of verifying an applicant's identity. TRS successfully implemented an online withdrawal application for terminated members last fall, but to ensure their identity has been verified, each online applicant must print a summary page and mail it to TRS with their notarized signature.

The final objective on the commitment worksheet was to explore changes to working retiree provisions. This objective was achieved in the form of HB 117, which is currently making its way through the Legislature with broad support.

Mr. Graham reminded Board members that the August 2023 meeting will be largely dedicated to strategic planning for 2023-2025.

Public Comment

There was no comment.

Board Training

Privacy and Security of Personal Information

Ms. Pizzini described the types of data that constitute personally identifiable information (PII) and reviewed the TRS Policy entitled "Privacy and Security of Personal Information and Notification of Breach of the Security of a Data System."

TRS is legally entitled to collect social security numbers and other personal information to confirm members' and beneficiaries' identity and to pay benefits. This data is accessible only by staff and authorized contractors as required for normal TRS business operations. The state's proposed legislation to revise certain data security provisions may necessitate a future revision to this policy and Ms. Pizzini will keep the Board apprised.

Public Comment

There was no comment.

Election of Officers

Mr. Graham previously had notified the Board that Member Sarah Hitchcock resigned to take a position out of state. Chairperson Elliott requested a motion to elect a new Vice Chair.

Motion/Vote: Member Trost moved to nominate Member Chamberlin to serve as Vice Chair. Member Dubbs seconded the motion, which was approved by all members.

Mr. Graham reported that he contacted the Lieutenant Governor's office to inquire about the appointment of a new board member but he has not received an update yet.

Adjournment

With no other business before the Board, Chairperson Elliott requested a motion to adjourn.

Motion/Vote: Member Dubbs moved to adjourn the meeting and Member Trost seconded. The meeting was adjourned at 11:15 a.m.

Chairperson _____

Executive Director _____

II. Public Comment

Information Item **A. Public comment on Board Related Items.** This is an opportunity for the public to comment on any public matter that is not on the agenda of the meeting and is within the jurisdiction of the Teachers' Retirement Board. However, the Board may not take action on any issues raised unless it is included on the agenda and public comment has been allowed. If issues are raised that would require Board action, the issue would need to be included on the agenda for a future meeting. "Public Matter" does not include disability applications or contested cases and other adjudicative proceedings.

III. Executive Director's Report

Information Items **A. 2023 Legislation Summary:** I have attached an updated copy of the 2023 Legislative Session Summary for your reference.

It was a relatively quiet but successful session for TRS. In short, two of the three bills introduced at our request passed the legislature and we weren't included in any other legislation requiring substantive changes for TRS.

Here is a short synopsis of how things went for our three bills:

Our working retiree bill was supported by the Education Coalition and MFPE and it passed both houses with flying colors. It is worth noting that our bill was the only one introduced the entire session dealing with TRS working retirees. We usually play defense on at least a couple of external working retiree bills, so I think our proactive approach to address this issue leading up to the session was a success.

Our housekeeping bill took a similar path and was only amended in House State Administration at the request of the Education Coalition to soften the independent contractor language; the result still requires documented analysis of the individual's status as an employee or an independent contractor so we considered this a friendly amendment that we could support.

Predictably, our bill to increase the Montana University Supplemental Contribution was tabled in first committee and garnered little to no discussion from the legislature.

B. Executive Summary:

1. **Operations Update:** Jaxon Simonson was hired to fill our Benefit Specialist position previously held by Amber Mullen. Jaxon relocated to Helena from Havre where he most recently worked as a manager for the Havre Day Activity Center. Please join me in welcoming Jaxon to TRS when you get the chance to meet him. Melissa Goodman, TRS Imaging Technician accepted a position with Montana State Fund since our last board meeting. We are in the process of recruiting for the newly vacant imaging tech position.

C. Public Comment - This is an opportunity for any member of the public to comment on the Executive Director's report.



2023 Legislative Update

You may read the full text of any bill (pdf) by clicking the bill number.

TRS Board Legislation

[HB 117](#)

Generally Revise Working Retiree Laws Under TRS

Sponsor:	Representative Marta Bertoglio (R) HD 75
Effective:	July 1, 2023 or January 1, 2024 as described below
Status:	Passed Legislature – awaiting Governor Gianforte’s signature
TRS Position:	Proponent

HB 117, which was introduced at the request of the Teacher’s Retirement Board with support from stakeholder groups, provides greater flexibility for TRS employers to fill vacant positions with retired members by increasing the allowable earnings limitation from 1/3 to 49% and by reducing the break-in-service requirement from 150 to 120 calendar days. It also reinserts Superintendent as a position eligible to return to work under the existing “emergency hire” provision.

Each provision in HB 117 carries a delayed effective date, as noted below.

Working retiree provisions in §19-20-731, MCA are amended as follows:

- **Effective July 1, 2023:** The annual earnings limitation for working retirees will increase from one-third to 49% of their average final compensation (AFC) or 49% of the median AFC for all members who retired in the previous year, whichever is higher.

Working retiree provisions in §19-20-734, MCA are amended as follows:

- **Effective January 1, 2024:** A TRS member who both terminates employment and retires on or after that date may return to TRS-reportable employment after a 120-calendar-day break in service. (Any member whose termination date and/or retirement date is *prior to* January 1, 2024 remains subject to the existing 150-calendar-day break in service requirement.)

“Emergency hire” provisions in §19-20-732, MCA are amended as follows:

- **Effective July 1, 2023,** Superintendent is reinstated as an administrator position eligible for reemployment with no limit on earnings and no loss of retirement benefits, provided all other requirements are met.

While employing retired TRS members is not viewed as a long-term solution to the teacher shortage, HB 117 should provide some short-term relief for TRS employers. TRS’s actuarial consultants do not believe these changes will have a measurable impact on the funded status of the system; however, the bill provides a sunset date of June 30, 2027 requiring the TRS Board and Legislature to reevaluate these provisions during the 2027 Legislative session and determine whether member behavior has been affected in a way that harms the system.

HB 135**Revise Administrative Provisions of TRS**

Sponsor:	Representative Marta Bertoglio (R) HD 75
Effective:	Various effective dates as described below
Status:	Passed Legislature – awaiting Governor Gianforte’s signature
TRS Position:	Proponent

This TRS “housekeeping bill” was introduced at the request of the Teachers’ Retirement Board to provide a process for TRS employers to establish Independent Contractor status and to clarify and provide technical fixes in several other sections of statute. Below is a summary of changes enacted by HB 135 and their effective dates.

Establishing Independent Contractor status • §19-20-307, MCA

- This new section of TRS law provides a more stringent process for TRS employers to establish that an individual is an independent contractor. The employer must report the individual to TRS as an active member or working retiree, as appropriate, until independent contractor (IC) status is conclusively established for that specific individual and position. TRS will accept IRS form SS-8, a court order, or a written determination prepared by a qualified individual (such as an attorney or employment professional) that comprehensively describes how IRS criteria were applied in making the determination. **This change has a delayed effective date of July 1, 2024.**

Direct Transfers from TRS to PERS • §19-20-409, MCA

- The bill clarifies that a member who requests a direct transfer from PERS to TRS will receive the same service credit with TRS as they had with PERS. Reciprocating language was included in the PERS housekeeping bill, eliminating the need for conversion of PERS service to TRS and vice versa.
- The bill also clarifies that, after the death of an active TRS member who had service credit on account with PERS, the member’s beneficiary is responsible for requesting a transfer of that service credit to TRS if the additional service credit would result in vesting of a death benefit.
- **These changes have a delayed effective date of July 1, 2024.**

Redeposit of Contributions Previously Withdrawn from PERS • §19-20-427, MCA

- Clarify that the interest rate charged on a transfer of previously withdrawn service and contributions from PERS to TRS is the actuarially assumed interest rate in effect on the date the application is signed. Reciprocating language was included in the PERS housekeeping bill. **This change has a delayed effective date of July 1, 2024.**

Clean up Guaranteed Annual Benefit Adjustment (GABA) Language • §19-20-719, MCA

- This change cleans up language that was challenged and found to be unconstitutional following the 2013 legislative session. It clarifies that the minimum GABA increase is 1.5% for Tier 1 members and 0.5% for Tier 2 members. TRS has never paid less than these minimum GABA amounts for eligible Tier 1 and Tier 2 members, and **the effective date of this provision is retroactive to July 1, 2013.**

TRS has statutory authority to require payroll records • §19-20-208, MCA

- This section of statute is clarified to state that TRS has the authority to require that TRS employers provide payroll, personal service, and other records for all employees, independent contractors, or employees of a third party to aid in the completion of TRS participation audits. (Effective July 1, 2023)

Purchase of first 30 days or 210 hours of service • §19-20-417, MCA

- This provision clarifies that an individual may purchase the first 30 days or 210 hours of service only if that service was provided in the same fiscal year in which the individual first became an active member. The member must pay both the employer and employee contributions for the first 210 hours, plus interest at the actuarially assumed rate. (Effective July 1, 2023)

Earned Compensation and 110% Cap on Earnings • §19-20-715, §19-20-805, and §19-20-1001, MCA

- Existing language describing the 110% cap on earnings is removed from "Earned Compensation – Limitations" (19-20-715) and inserted in "Calculation of Average Final Compensation" (19-20-805), with a corresponding change to an internal reference in 19-20-1001. This change should help members understand how the cap could affect their AFC calculation if their earnings increase more than 10% from one AFC year to the next. (Effective July 1, 2023)

Use of "Physician" in TRS Disability Statutes • §19-20-901 and §19-20-903, MCA

- In compliance with an HB 495 Task Force objective regarding the types of medical professionals included in the term "Physician," TRS has revised language to clarify that the TRS Board will decide which health care providers and related professionals are qualified to conduct medical examinations to assist the board in making disability retirement determinations. (Effective July 1, 2023)

Statutory Renunciation of Multiple \$500 Death Benefit Beneficiaries • §19-20-1002, MCA

- This section of the bill provides for a statutory time limit for payment of the \$500 death benefit when there are multiple beneficiaries and one or more of the beneficiaries cannot be located or fails to respond to TRS mailings about the death benefit. Once the statutory time limit has been reached, TRS will pay the \$500 death benefit in equal shares to the beneficiaries who responded. (Effective July 1, 2023)

SB 25**Increase University System Supplemental Contribution to TRS**

Sponsor: Senator Ryan Lynch (D) SD 37

Effective:

Status: *Failed to Pass Legislature*

TRS Position: Proponent

SB 25 was introduced at the request of the Teachers' Retirement Board.

Background: In 1987, the Montana University System established an optional Defined Contribution retirement plan for faculty and administrators. In 1993, that plan, now called MUS-RP, was made mandatory and TRS was closed to all new hires, creating an unfunded liability for the University System's existing TRS members. To cover their share of the liability, each MUS employer was required to make supplemental contributions to TRS, calculated as a percentage of the earned compensation of all MUS employees who participate in the MUS-RP. (Employees who participate in the MUS-RP do not contribute to TRS.)

§19-20-621, MCA requires that MUS employers continue to make supplemental contributions at a rate sufficient to amortize the unfunded liability of their TRS members by July 1, 2033. The current rate of 4.72% was set by the 2007 Legislature. The TRS Board also must periodically review the supplemental contribution rate and recommend adjustments to the Legislature as needed. However, because no Legislature since 2007 has acted on the TRS Board's recommendations, a supplemental employer contribution rate of 13.53% now would be required to amortize the University System's unfunded liability by 2033.

Other Legislation Not Requested by TRS

[SB 18](#)

Add Benefit Policy Statement to Pension Systems

Sponsor:	Senator Mike Cuffe (R) SD 1
Effective:	Upon passage
Status:	Passed Legislature and Became Law
TRS Position:	Proponent

This bill adds a benefit policy statement to each pension system preventing the addition of new benefits unless the system amortizes in 30 years or less and the additional benefit is projected to be fully funded in perpetuity. TRS supported this legislation, which essentially mirrors the TRS Board's existing Funding and Benefits Policy.

[SJ 4](#)

Conduct an Interim Study of PERS and TRS

Sponsor:	Senator Wendy McKamey (R) SD 12
Effective:	Interim Study
Status:	Passed Legislature and Became Law
TRS Position:	Proponent

This Joint Resolution of the Senate and House requests another interim study of TRS and the PERS defined benefit plan to develop recommendations for a long-term strategic approach to funding. TRS supported this resolution as an opportunity for ongoing education about the defined benefit pensions and the potential consequences of changes the Legislature may consider in the future.

[SB 348](#)

Revise Pension Laws to Eliminate GABA for New Hires

Sponsor:	Senator Tom McGillvray (R) SD 23
Effective:	
Status:	<i>Failed to Pass Legislature</i>
TRS Position:	Informational

This legislation would have created a new tier of membership in TRS (Tier 3), eliminating the Guaranteed Annual Benefit Adjustment (GABA) for TRS members hired on or after July 1, 2023. TRS provided only informational testimony about the potential for a gradual reduction in long-term costs as Tier 3 entrants replaced retired Tier 1 and Tier 2 members.

Call TRS at (406) 444-3134 or (866) 600-4045 if you have any questions about this legislative summary.

IV. Administrative Business

Discussion Items

A. Investment Report – Dan Trost will report on the recent activities of the BOI. The attached report from BOI shows our investment returns through March 31, 2023. TRS posted a 1.26% return for the month of March and our FYTD return is now 5.23%. Our current inception to date return is 7.68% and we still have a fair chance of hitting our assumed rate of 7.3% for the fiscal year.

B. YTD Financial Statements and Budget Reports – Attached for the Board's information are the fiscal reports thru March 31, 2023. Nolan Brilz, Accounting Manager for TRS, will present the financial statements and budget reports and answer questions from the Board.

C. Personnel Committee Report: – Kari Elliott and Scott Dubbs will provide a verbal report on the Personnel Committee meeting held on April 27th to review changes to the TRS Pay Plan Policy and pay plan adjustment recommendations effective for upcoming fiscal year. The total pay plan adjustment request for FY 2024 is \$2,900. These adjustments are necessary to bring 3 positions up to 80% of the new 2022 Broad Band 25 market.

D. Budget Committee Report – Dan Chamberlin and Scott Dubbs will provide a verbal report on the Budget Committee conference call held on April 21st to review the TRS budget request and justification for fiscal year 2024.

E. Tentative 2023 Meeting Dates – Tentative 2023 meeting dates: August 4, October 6, December 1.

Please check your calendar prior to the meeting and bring up any schedule conflicts that you are aware of.

F. Public Comment – Opportunity for any member of the public to comment on the administrative business of the Board.

Action Items

G. Set the Interest Rate Credited to Member Accounts - Each year the Board is required to set the rate of interest that is credited to active member accounts. Historically, the interest rate has been set close to the short-term investment rate earned by the Board of Investments. The current rate is 0.25% which was set last May. Attached are charts compiled by the accounting staff showing the year to date short-term returns. The Board of Investment's short-term interest year-to-date rate as of March 31, 2023, was 3.31%; however, you can see that it has been trending upward and the yield for the month of March was 4.54%; the trailing 6 month average is 3.93%.

Staff recommends the interest rate credited to member accounts for the period July 1, 2023 thru June 30, 2024, be increased to 4.00% which is 3.75% higher than the current rate of 0.25%.

Action Item: Set the interest rate credited to member accounts for FY 2024.

H. Renewal of Ice Miller Contracted Services Agreement: Ice Miller has been our tax counsel for IRS compliance and other federal issues since 1997. Ice Miller is one of a few firms in the country with attorneys who specialize in the area of public pension plan compliance with IRS regulations.

Ice Miller keeps the retirement system apprised of impending and actual modifications to tax law/regulation and modifications to regulatory processes that have an impact on the retirement system, and ensures competent, ready representation of the retirement system with the IRS.

Staff recommends the Board approve the attached legal services agreement addendum with Ice Miller for FY 2024. Ice Miller's hourly rates are included as addendum A.

Action Item: Staff recommends approval of the Ice Miller contracted services agreement renewal.

I. TRS Pay Plan Policy – Attached you will find the updated TRS Pay Plan Policy for the two year period 2024-2025. The Agency Pay Schedule (Appendix A) incorporates the 2022 Broad Band 25 Market rates which is the only recommended change to our policy.

Action Item: Staff recommends approval of the 2024-2025 TRS Pay Plan Policy.

J. FY 2024 Budget Justification/Request – The TRS budget subcommittee met via conference call on April 21st to review the attached budget justification/request for FY 2024. The spreadsheet includes the approved budget and the actual expenditures YTD for FY 2023. A brief explanation/justification has been provided for most of the line item amounts requested for FY 2024. Nolan Brilz, Accounting Manager for TRS will lead the Board through the budget justification discussion and provide additional detail or explanation for any of the listed items at the Board's request.

The proposed FY 2024 budget request of \$3,817,892 is 6.75% greater than the approved budget for FY 2023 of \$3,576,447. The major increases or decreases are as follows:

- Personal Services increased by 4.91% from \$2,121,710 to \$2,225,900. Approximately 78% of this increase is due to the statutory pay increase in HB 13 which is the greater of \$1.50 per hour or 4% for each position effective July 1, 2023.
- Contracted services increased by 0.76% from \$863,704 to \$870,298 primarily attributable SITSD fixed costs. We held M-Trust development for enhancements flat at \$95,000 and project management/test lead services flat at \$120,000.
- Supplies/Materials increase by 39.61% from \$49,100 to \$68,550. \$8,000 of this increase is attributable to a one-time purchase for two sets of cubicles with built in desks and storage for the two large offices on the interior of the building. The remainder of the increase is for computer hardware ~ \$3,000, software \$5,000 and Asset Broker \$5,000.

- Our travel budget increased by 16.95% from \$29,500 to \$34,500. We budgeted an additional \$2,000 for employee travel (E.D. will travel to MASS meetings spring of 2024) and an additional \$3,000 for Board travel.
- Software maintenance increased by 42.09% from \$22,710 to \$32,269. The increase is primarily for new Windows Server Datacenter license at \$8,400 and a \$7,000 placeholder for DocuSign which may be utilized to replace physical notarization for some online TRS processes.
- Total operating costs for TRS increased by \$137,255 or 9.44% from \$1,454,737 in FY 2023 to \$1,591,992 in the FY 2024 request; \$82,677 of this increase is associated with our biennial Legislative Audit costs.

It is worth noting at the bottom of the Budget Justification spreadsheet that our Administrative Expenses as a Percentage of Benefits Paid in FY 22 was 0.85%. TRS typically hovers around 0.75% and if we were to remove the amortization expenses related to M-Trust Phase 3 and the depreciation expenses for our lease improvements, our percentage of administrative costs to benefits paid in FY 2022 would be 0.75%. The amortization expense for M-Trust Phase 3 of \$34,326.63 per month will be exhausted in November 2023 and our depreciation expense of \$2,903.34 for lease-hold improvements will be exhausted in December 2026.

Action Item: Staff recommends approval of the FY 2024 TRS Budget Request and/or provide instructions to staff for any revisions as necessary.

K. Out-of-State Travel – In past years, either in lieu of, or in addition to the NCTR Annual Conference, board members have attended the NCTR Summer Trustee Workshop. The Board will need to discuss which members would be available to attend trustee workshop and decide whether to authorize out-of-state travel for this purpose.

NCTR Summer Trustee Workshop – This workshop will be held in conjunction with the Raymond A. Mason School of Business at William & Mary in Williamsburg, Virginia on July 16-19th.

Unfortunately, there isn't any detailed information available on the NCTR website as of this writing other than the conference location, dates (July 16-19th), registration fee of \$2,630 per attendee and the hotel rate of \$219 per night.

Estimated cost – NCTR Summer Trustee Workshop: \$4,600 per Board member including a registration fee of \$2,630 for each participant.

Action Item: Approve out of state travel for up to ___? Board members to attend the NCTR Trustee Workshop.

TEACHERS RETIREMENT PLAN

SUMMARY OF POSITIONS AND RETURNS

March 31, 2023

	Units Outstanding	Unit Value	Market Value \$(000)*	Allocation (%)
Allocation				
TEACHERS RETIREMENT			4,786,227	100.00
SHORT TERM INVESTMENT POOL	48,894,687.27	100.00000	48,895	1.02
CAPP CONS ASSET PENSION POOL	3,006,995,856.91	157.54370	4,737,333	98.98

	Return	Date
Longest Measurable Plan Return	7.68	07/01/1994

	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	Plan Benchmark ITD	Benchmark Inception Date
Returns										
TEACHERS RETIREMENT	1.26	3.69	5.23	-2.21	12.04	7.24	7.95	7.79	8.16	
TEACHERS RETIREMENT CUSTOM BENCHMARK	0.44	3.88	6.94	-4.34	12.97	6.37	7.73		8.03	01/01/2011
SHORT TERM INVESTMENT POOL (STIP) ¹	0.39	1.09	2.51	2.73	1.07	1.49	1.00	1.52	2.29	
SHORT TERM CUSTOM BENCHMARK	0.38	1.13	2.65	2.81	0.98	1.37	0.95	1.47	2.21	04/01/1997
CONSOLIDATED ASSET PENSION POOL (CAPP)	1.28	3.72	5.28	-2.25	12.19	7.34			7.88	
CAPP CUSTOM BENCHMARK	0.45	3.91	7.00	-4.41	13.12	6.43			6.92	04/01/2017

TEACHERS RETIREMENT PLAN

SUMMARY OF POSITIONS AND RETURNS

March 31, 2023

	Plan Market Value \$(000)#	Allocation (%)
Allocation - Asset Class		
TEACHERS RETIREMENT	4,786,227	100.00
DOMESTIC EQUITY - PAC	1,339,672	27.99
INTERNATIONAL EQUITY - PAC	742,655	15.52
PRIVATE INVESTMENTS - PAC	806,118	16.84
REAL ASSETS - PAC	281,904	5.89
REAL ESTATE - PAC	569,906	11.91
CORE FIXED INCOME - PAC	617,037	12.89
NON-CORE FIXED INCOME - PAC	308,201	6.44
CASH EQUIVALENTS - PAC	71,839	1.50
PENSION CASH - STIP	48,895	1.02

	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	Inception To Date	Inception Date
Returns										
DOMESTIC EQUITY - PAC	2.27	7.11	9.91	-8.44	18.91	10.08	11.46		9.39	05/01/2003
<i>Domestic Equity - PAC Custom Blend</i>	2.73	7.35	9.97	-8.45	18.77	10.62	11.91		10.05	05/01/2003
INTERNATIONAL EQUITY - PAC ²	2.38	6.98	10.04	-5.44	12.24	2.50	4.57	6.92	4.59	04/01/1997
<i>International Equity - PAC Custom Blend</i>	2.13	6.56	9.85	-5.84	12.20	2.35	4.26	7.40	4.84	04/01/1997
PRIVATE INVESTMENTS - PAC	0.49	1.15	0.19	5.31	18.18	15.15	13.62	13.34	12.97	05/01/2002
<i>Private Equity PAC Custom</i>	-3.27	3.75	9.63	-6.18	21.69	7.37	12.26	12.09	10.34	05/01/2002
REAL ASSETS - PAC	0.22	2.39	8.66	12.06	14.17	5.24			5.31	04/01/2017
<i>Real Assets - PAC Custom Blend</i>	2.00	1.46	5.17	-3.62	18.64	0.97			2.76	04/01/2017

TEACHERS RETIREMENT PLAN

SUMMARY OF POSITIONS AND RETURNS

March 31, 2023

	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	Inception To Date	Inception Date
REAL ESTATE - PAC	-1.22	-2.33	-0.14	6.50	10.36	8.41	9.70		4.99	06/01/2006
<i>Real Estate - PAC Custom Blend</i>	-5.17	-5.17	-0.55	6.55	12.78	6.47	7.30		5.39	06/01/2006
Core Fixed Income Pre and Post CAPP ³	2.55	2.97	-0.06	-4.20	-2.14	1.02	1.49	3.79	5.13	04/01/1995
Core Fixed Income Custom Benchmark	2.54	2.96	-0.09	-4.78	-2.77	0.50	1.12	3.05	4.48	04/01/1995
Non-Core Fixed Income Pre and Post CAPP ⁴	-0.15	2.32	5.88	-4.44	4.10	2.33	3.41		6.30	06/01/2009
Bloomberg U.S. HY - 2% Issuer Cap	1.06	3.57	7.19	-3.35	5.88	3.19	4.09		7.39	06/01/2009
CASH EQUIVALENTS - PAC	0.29	1.06	2.71	3.12	1.18	1.57			1.53	05/01/2017
<i>SHORT TERM CUSTOM BENCHMARK</i>	0.38	1.13	2.65	2.81	0.98	1.37			1.38	05/01/2017

Performance shown on this report is net of all fees.

1,2 Inception Date shown is earliest date of Net All performance. Actual inception date, respectively is 4/1/1990 (1), 1/1/1997 (2).

* Totals may not sum due to rounding differences.

Allocation of Plan Market Values is an approximation. Plans do not own specific Asset Classes. Values represented are allocated pro rata based on the Plans % ownership of CAPP.

3 Core Fixed Income Pre and Post CAPP:

The Core Fixed Income composite is the result of a consolidation completed on 11/29/2019. Inclusive of the Broad Fixed Income PAC prior to 3/31/2017. Inclusive of the Broad Fixed Income, Intermediate TIPS, Intermediate US Treasury & Agency, Intermediate Investment Grade Credit, Mortgage Backed, and Diversified Strategies PACs from 4/1/2017 through 11/29/2019.

4 Non-Core Fixed Income Pre and Post CAPP:

The composite is inclusive of the following portfolios: MU3N Post Advisory Group – PP from 6/1/2009 to present, MU3M Neuberger Berman – PP from 1/1/2010 to present, MU8R Shenhman Capital Management – PP from 12/1/2017 to present, and MU8P Oaktree Capital Management – PP from 12/5/2017 to present

SHORT TERM CUSTOM BENCHMARK is composed of:

From inception to 4/30/2018: LIBOR 1 Month

5/1/2018 to present: Federal Reserve US Treasury 1M Constant Maturity Index

TEACHERS RETIREMENT CUSTOM BENCHMARK is composed of:

From inception to 3/31/2017: The portfolio weighted average of S&P 1500 Super Composite, MSCI ACWI ex US IMI Net, S&P 1500 + 4% Qtr Lag, LIBOR 1 Month, BBG BARC US Agg, and NCREIF ODCE 1 Qtr Lag (Net).

From 4/1/2017 to present: Equity and Cash Equivalents weighted average of CAPP Custom Benchmark and Short Term Custom Benchmark.

DOMESTIC EQUITY - PAC CUSTOM BLEND is composed of:

From inception to 4/30/2017: S&P 1500 Super Composite

5/1/2017 to present: MSCI US IMI Gross

INTERNATIONAL EQUITY - PAC CUSTOM BLEND is composed of:

From inception to 10/31/2006: MSCI EAFE Net

11/1/2006 to 6/30/2007: MSCI ACWI ex US Net

7/1/2007 to 2/28/2014: 92.5% ACWI ex US + 7.5% ACWI ex US SC IMI

3/1/2014 to present: 100% MSCI ACWI ex US IMI Net

PRIVATE EQUITY PAC CUSTOM is composed of:

From inception to 3/31/2017: S&P 1500 + 4% Qtr Lag

4/1/2017 to 12/31/2020: MSCI USA Small Cap Gross

1/1/2021 to present: The portfolio weighted average of MSCI USA Small Gap Gross and S&P LSTA US Leveraged Loan 100 Index

TEACHERS RETIREMENT PLAN

ENDNOTES

March 31, 2023

REAL ASSETS - PAC CUSTOM BLEND is composed of:

From inception to 12/31/2020: MSCI AC World Commodity Prod Net Index

1/1/2021 to present: 33.33% MSCI AC World Commodity Prod Net Index, 33.33% MSCI ACWI Infrastructure Total Return, 33.34% BBG Gbl Inf-Lk US TIPS (Dly)

REAL ESTATE - PAC CUSTOM BLEND is composed of:

From inception to 3/31/2017: NCREIF ODCE 1 Qtr Lag (Net)

4/1/2017 to 6/30/2020: MSCI US REIT INDEX GROSS

7/1/2020 to present: NCREIF ODCE 1 QTR LAG (NET)

Core Fixed Income Custom Benchmark is composed of:

From inception 3/31/2017: BBG BARC Agg (Dly)

4/1/2017 to 11/30/2019: The portfolio weighted average of Broad Fixed Income - PAC Custom Blend, BBG BARC US Corp Int Inv Grd Idx, BBG BARC US MBS Idx, BBG Barclays US Intermediate TIPS, BBG BARC Tsy Int

12/1/2019 to present: BBG Agg (Dly)

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THE TEACHERS' RETIREMENT SYSTEM
CONSOLIDATED BALANCE SHEET
as of March 31, 2023

	3/31/2023	3/31/2022
	AGENCY ACCOUNT	AGENCY ACCOUNT
ASSETS		
Current Assets		
Cash	1,560,606	1,496,018
Accounts Receivable	6,539	20,470
Interest Receivable	0	0
Total Current Assets	1,567,144	1,516,487
Investments		
Short-term Investment Pool	48,894,687	52,237,832
Consolidated Asset Pension Pool (net)	4,683,516,400	4,992,180,441
Security Lending Collateral	0	0
Total Investments	4,732,411,087	5,044,418,273
Other Assets		
Equipment	16,286	16,286
Accumulated Depreciation Equip	(16,286)	(16,286)
Leashold Improvements	243,881	243,881
Accumulated Dep Leasehold Imp	(113,230)	(78,390)
Intangible Assets	274,613	686,533
Intangible Right to Use Bldg	2,810,123	2,810,123
Accumulated Amort Right to Use Bldg	(289,277)	(123,976)
Total Other Assets	2,926,109	3,538,170
Deferred Outflows - Pension and OPEB	619,530	643,984
TOTAL ASSETS	4,737,523,871	5,050,116,914
LIABILITIES & FUND BAL.		
Liabilities		
Accounts Payable	13,750	8,306
Standard Lease	2,619,291	2,732,033
Uncleared Collections	1,182,489	15,111
Compensated Absenses	216,437	224,318
Security Lending	0	0
OPEB Implicit Rate Subsidy	235,221	280,653
Net Pension Liability - PERS	1,394,112	1,885,625
Total Liabilities	5,661,300	5,146,046
Fund Balances		
Pension Accumulation Fund	3,937,042,219	4,341,679,374
Annuity Savings Fund	787,407,264	775,169,734
Year-to-date Income/(Loss)	6,707,767	(72,062,241)
Adj Fund Bal	0	0
Total Fund Balance	4,731,157,250	5,044,786,866
Deferred Inflows - Pension and OPEB	705,321	184,002
TOTAL LIABILITIES & FUND BAL.	4,737,523,871	5,050,116,914

THE TEACHERS' RETIREMENT SYSTEM
FUND BALANCE STATEMENT
as of March 31, 2023

	3/31/2023	3/31/2022
	AGENCY ACCOUNT	AGENCY ACCOUNT
REVENUE		
Contributions	146,459,356	145,279,036
Misc Revenue	0	0
Investment Revenue	188,822,609	102,938,706
TOTAL REVENUE	335,281,965	248,217,742
EXPENSES		
Benefits Paid	319,892,239	309,030,896
Withdrawals	5,910,331	8,597,863
Admin. Exp	2,266,866	2,257,794
Depreciation Exp.	26,130	26,130
Amortization Exp.	308,940	308,940
Lease Amortization Exp.	123,976	123,976
Lease Principal & Interest	45,716	(65,615)
OPEB Expense	0	0
Pension Expense - PERS	0	0
TOTAL EXPENSES	328,574,198	320,279,983
REV OVER EXP	6,707,767	(72,062,241)
REV OVER EXP	6,707,767	(72,062,241)
BEG FUND BAL	3,937,042,219	5,116,849,108
Adj Fund Bal	0	0
END FUND BAL	3,943,749,986	5,044,786,866

THE TEACHERS' RETIREMENT SYSTEM
INVESTMENT REVENUE BY SOURCE & ADMINISTRATIVE EXPENSES BY TYPE
as of March 31, 2023

	3/31/2023	3/31/2022
	AGENCY ACCOUNT	AGENCY ACCOUNT
Investment Revenue:		
Short-term Investment Pool	1,201,624	54,343
Consolidated Asset Pension Pool		0
Securities Gains/(Losses)	61,159,707	81,197,230
Investment Appreciation/(Depreciation)	126,461,278	21,687,133
Securities Lending Activity	0	0
Administrative Investment Exp.	0	0
Total Investment Rev.	188,822,609	102,938,706
Administrative Expense:		
Personal Services	1,405,598	1,318,623
Contracted Services	635,326	615,688
Supplies & Material	38,222	34,125
Communications	94,030	82,542
Travel	17,164	8,036
Rent	2,183	113,782
Repairs & Maintenance	8,361	11,777
Other Expenses	65,983	73,220
Depreciation Exp.	26,130	26,130
Amortization Exp.	308,940	308,940
Lease Amortization Exp.	123,976	123,976
Lease Principal & Interest	45,716	(65,615)
OPEB Expense	0	0
Pension Expense - PERS	0	0
Total Administrative Exp.	2,771,628	2,651,225

**Teachers' Retirement System
Operating Budget Status Report
as of March 31, 2023**

ACCOUNT LEVEL	ACCOUNT CATEGORY	EXPENSE FY 2022	BUDGET FY 2023	EXPENDITURE YEAR TO DATE	% BUDGET SPENT	TOTAL PROJECTED	BUDGET SURPLUS/(DEFICIT)
	PERSONAL SERVICES:						
61100	Salaries	1,426,135	1,563,210	1,027,289	65.7%	1,515,726	47,484
61300	Per Diem	2,900	3,500	3,750	107.1%	4,350	(850)
61403	Health Insurance	220,022	280,000	199,206	71.1%	278,256	1,744
61400	Benefits	240,842	275,000	177,480	64.5%	260,534	14,466
	Total Personal Services	1,889,899	2,121,710	1,407,725	66.3%	2,058,865	62,845
	OPERATING EXPENSES:						
62100	Contract Services	787,583	863,704	575,841	66.7%	779,182	84,522
62200	Supplies/Materials	44,128	49,100	38,222	77.8%	42,909	6,191
62300	Communications	98,218	124,275	94,030	75.7%	124,315	(40)
62400	Travel	17,304	29,500	17,164	58.2%	22,885	6,615
62500	Rent	2,268	4,000	2,183	54.6%	3,263	737
62700	Repairs/Maintenance	17,889	22,710	8,361	36.8%	22,210	500
62800	Other Expenses	102,581	111,635	65,983	59.1%	86,076	25,559
	Total Operating Expense	1,069,972	1,204,924	801,784	66.5%	1,080,841	124,083
62122	Audit Fees - Biennial Amount	73,644	95,610	59,485	62.2%	95,610	-
	Total Operating and Personal Services	3,033,515	3,422,244	2,268,993	66.3%	3,235,316	186,928
69501	Capital Lease	149,711	154,203	110,189	0.0%	154,203	-
	Subtotal Capital Lease	149,711	154,203	110,189	0.0%	154,203	-
	Totals	3,183,225	3,576,447	2,379,182	66.5%	3,389,519	186,928

Percent of FY Complete 75%
Percent of Payroll Complete 69%

Teachers' Retirement System
Budget Analysis - Contracted Services
as of March 31, 2023

ACCOUNT CODE	ACCOUNT NAME	EXPENSE FY 2022	BUDGET FY 2023	ACTUAL EXP TO DATE	% OF BUDGET
62102	Consulting & Professional	147,651	153,230	114,886	75.0%
62104	Insurance & Bonds	6,397	6,396	6,238	97.5%
62104A	INS & Bonds - Non fixed	169	100	129	129.0%
62108	Legal Fees/Court Costs	1,780	37,500	1,721	4.6%
62113	Warrant Writing Fees	34,287	30,940	22,084	71.4%
62114	Payroll Service Fees	5,455	5,455	4,091	75.0%
62114A	Workers Comp Mgmt	215	530	530	100.0%
62115	Photographic Services	30	45	20	44.4%
62116	Medical Services	683	1,000	1,495	149.5%
62136	IT Consult & Prof Servs	336,721	359,000	244,930	68.2%
62145	Food Services Expense	0	500	766	153.2%
62148	SABHRS Costs/DOA	132,419	125,923	94,442	75.0%
62186A	Recycling	745	785	520	66.3%
62187	Records Storage	2,580	3,000	2,065	68.8%
62190	Printing, Pub & Graphics	31,403	45,000	22,704	50.5%
62191	Printing, Other Provider	2,523	3,750	2,367	63.1%
621B1	SITSD Storage Hosting	13,103	14,000	8,696	62.1%
621B2	SITSD Server Hosting Services	28,970	29,000	18,995	65.5%
621B4	SITSD Application Services	576	550	227	41.3%
621B5	SITSD Email	2,676	3,000	1,792	59.7%
621B6	SITSD Imaging Services	0	0	0	#DIV/0!
621B8	SITSD Operations Support	6,263	7,500	4,176	55.7%
621B9	SITSD Database Hosting	1,674	2,500	1,569	62.8%
621C5	SITSD Enterprise Services	31,264	32,000	20,843	65.1%
621C6	SITSD Professional Services	0	1,000	554	55.4%
621C8	SITSD Email Restore	0	1,000	0	0.0%
	SUBTOTAL	787,583	863,704	575,841	66.7%
62122	Audit Fees - Current	73,644	95,610	59,485	62.2%
	TOTAL CONTRACTED SERVICES	861,227	959,314	635,326	66.2%

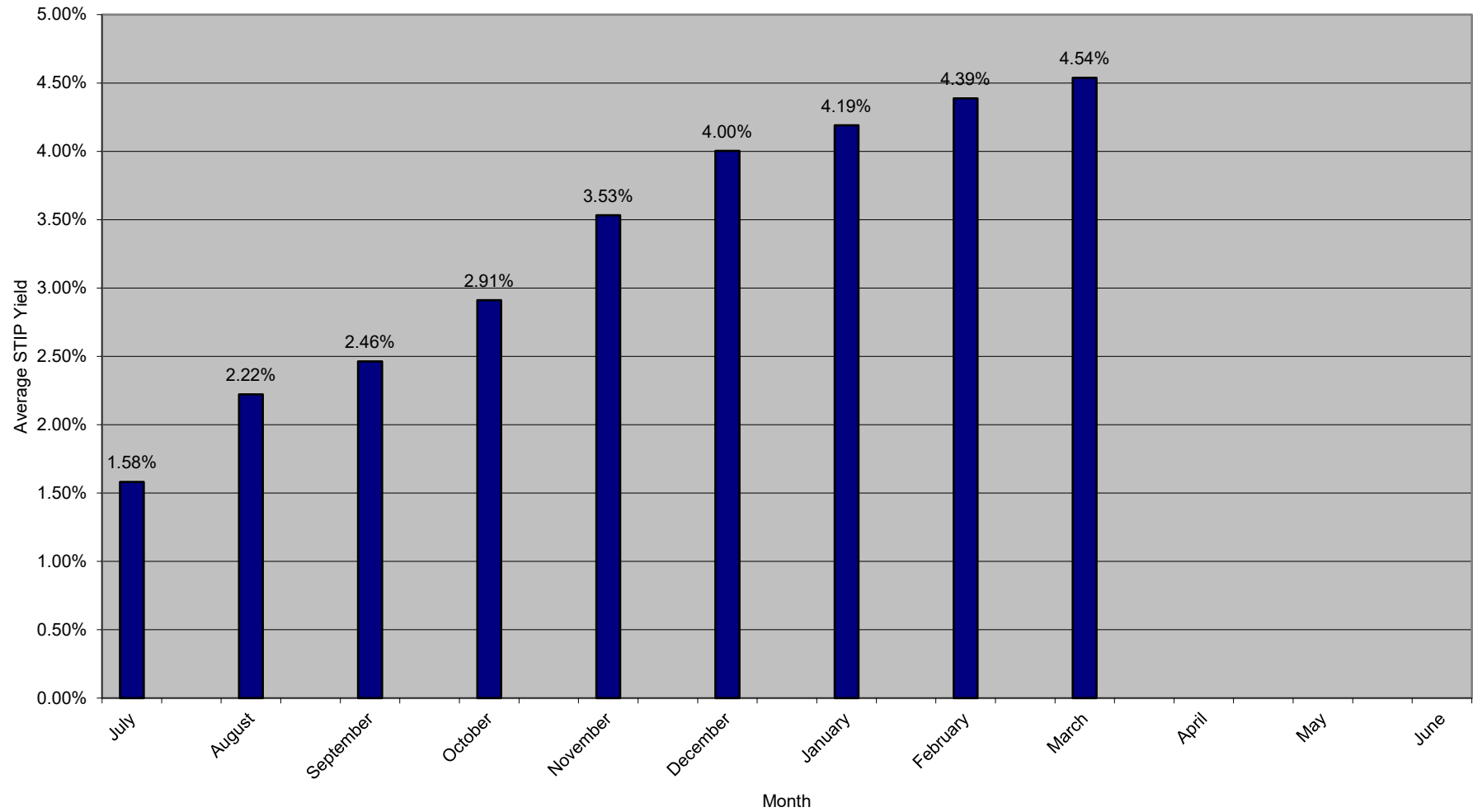
Percent of FY Complete: 75%

**Teachers' Retirement System
Delinquent Agency Report
4/4/2023**

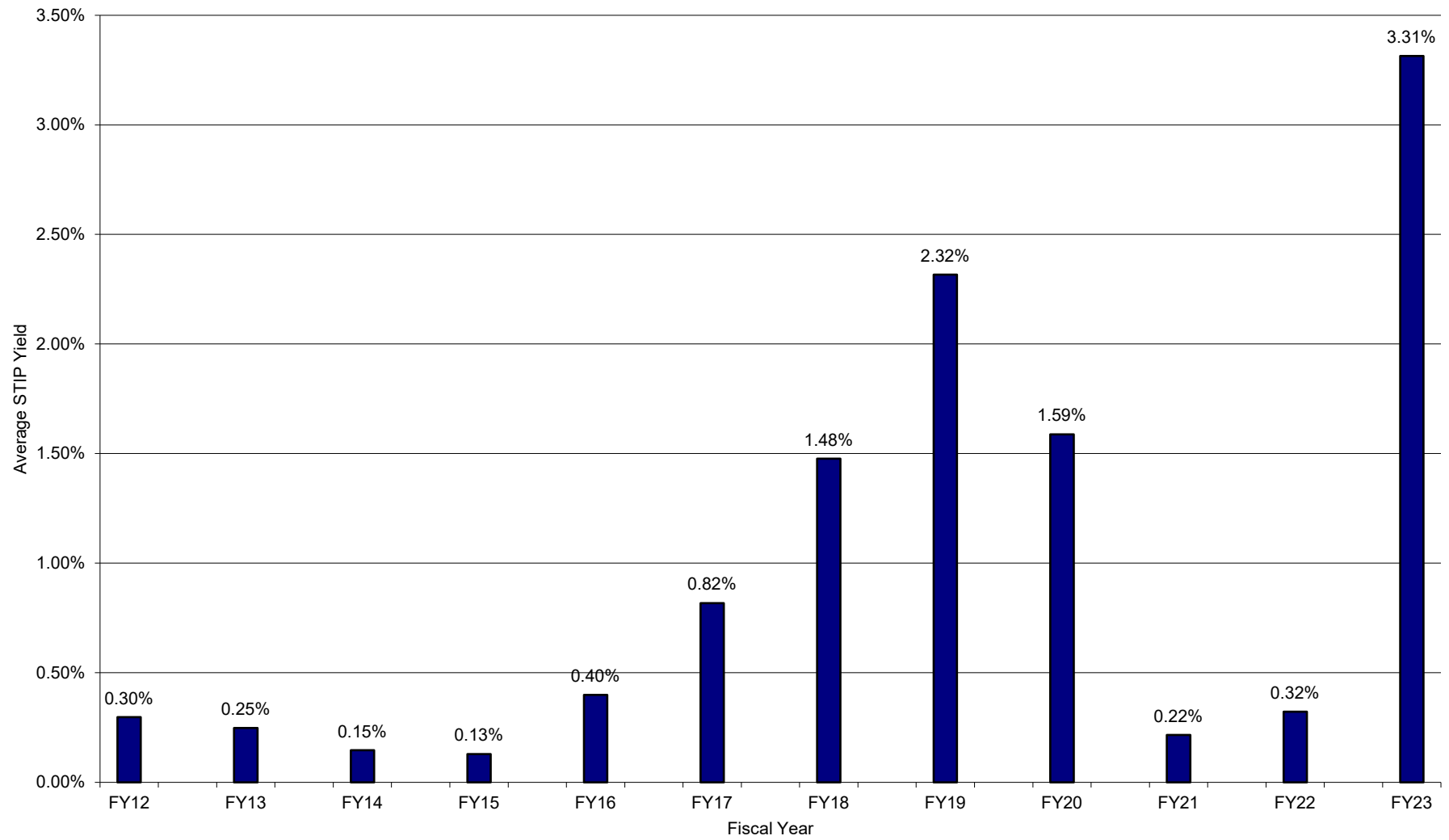
Employer Number	Employer Name	Reports Outstanding	Estimated Employee Contributions	Estimated Employer Contributions
		Total	0	0
		Total Due	0	

All monthly reports are due by the 15th of the following month.

STIP Yield
FY2023



STIP YIELD
Average per Fiscal Year



FY 2024 ADDENDUM TO RENEW CONTRACT FOR TAX COUNSEL SERVICES

This addendum is entered into by and between ICE MILLER, LLP (“Ice Miller”), and the BOARD OF THE TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF MONTANA (“TRS”). This addendum amends the agreement entered into between the parties effective July 1, 2022 (“Agreement”), and is incorporated therewith. The contact information for the parties is as follows:

Audra Ferguson-Allen
ICE MILLER
One American Square
Box 82001
Indianapolis, IN 46282-0002

Montana Teachers’ Retirement Board
c/o Shawn Graham, Executive Director
Montana Teachers’ Retirement System
100 N Park Ave, Ste 110
PO Box 200139
Helena, MT 59620-0139

The Parties Agree as follows:

1. The Agreement is renewed for an additional term of one year, effective July 1, 2023 and terminating June 30, 2024.
2. Ice Miller will provide services as requested by TRS.
3. Services provided by Ice Miller will be billed and paid at the discounted rates specified in Exhibit A to this addendum.
4. Except as expressly amended by this addendum, all other terms of the Agreement remain in full force and effect.

Each person signing this addendum represents that he/she is authorized and empowered to legally bind the party he/she represents, and further acknowledges that he/she has read this addendum, understands it, and agrees to its conditions.

ICE MILLER

MONTANA TEACHERS’ RETIREMENT

Audra Ferguson-Allen,
Legal Counsel

Shawn Graham
Executive Director

Date

Date

/

/

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/

/

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/

EXHIBIT A

FY 2024 TRS/Ice Miller Contract Renewal

Attorney	Current 2023 Standard Hourly Rate	2023 15% Discount
Gary Blachman, Partner	\$690	\$586.50
Audra Ferguson-Allen, Partner	\$600	\$510.00
Robert Gauss, Partner	\$690	\$586.50
Melissa Proffitt, Partner	\$755	\$641.75
Kathleen Sheil Scheidt, Partner	\$690	\$586.50
Tara Sciscoe, Partner	\$690	\$586.50
Chris Sears, Partner	\$690	\$586.50
Eric Dawes, Actuary	\$730	\$620.50
Lisa Erb Harrison, Senior Counsel	\$650	\$552.50
Shalina Schaefer, Senior Counsel	\$550	\$467.50
Lindsay Knowles, Of Counsel	\$460	\$391.00
Raven Merlau, Of Counsel	\$460	\$391.00
Stan Prybe, Of Counsel	\$520	\$442.00
Maria Montero, Associate	\$475	\$403.75
Taretta Shine, Paralegal	\$390	\$331.50
Greg Wolf, Paralegal	\$375	\$318.75

Note: The standard hourly rates for these personnel are subject to change from time to time.

Teacher's Retirement System (TRS)

Agency Pay Plan Policy

I. Mission and Pay Philosophy

The mission of the Teacher's Retirement System is "to promote long-term financial security for our members while maintaining the stability of the fund." Our employees are essential to achieving the mission and TRS will strive to recruit and retain the best employees through a competitive and fiscally responsible compensation strategy. The main objectives of the TRS Pay Plan Policy are to be internally comparable, externally competitive, and sufficiently motivating to more closely reflect employees' true value to the organization that ultimately contributes to agency effectiveness to serve our members.

II. Scope

This policy applies to all broadband employees in the Teacher's Retirement System. It does not apply to employees specifically excluded under sections 2-18-103 and 104, MCA. TRS will review this pay policy at least every two years and submit its pay policy for approval no later than October 1st in odd-numbered years following the legislative session to ensure it complies with state law and the approved budget.

III. Agency Pay Schedule

The TRS agency pay schedule, Appendix A, is reviewed at least every two years taking into consideration: changes to the State HR biennial market salary survey for existing occupations, agency business needs, internal pay relationships, and documented external market factors. Where it is deemed necessary, the Executive Director may recommend revisions to occupational pay ranges in consultation with members of DOA Human Resources. Recommended revisions to occupational pay ranges must be approved by the Board of TRS and State Human Resources.

IV. Establishing Base Pay

Management, in consultation with members of the DOA Human Resources Office, shall establish base pay rates within the pay ranges listed in the agency's pay schedule using strategies contained in this section, except as provided in Section VII. – Pay Exceptions.

A. New Hires – The hiring rate for a newly hired employee is set by the Executive Director in consultation with members of the DOA Human Resources Office within the pay ranges contained in the agency pay schedule and taking into consideration:

- The candidate's relevant qualifications compared to the minimum qualifications of the position;
- The agency's ability to pay; and
- Base-pay rates of existing employees in similar jobs with similar skill sets.

B. Training Assignment – Employees new to a job may be placed in a training assignment if they do not meet minimum qualifications. Pay for an employee in a training assignment may be set below the pay range listed in the agency pay schedule. The training assignment will:

- Be documented;
- Be signed by the employee, manager, and designated HR representative;
- Include the base-pay rate at the beginning of the training assignment, any pay increases allowed during the training assignment, and the base-pay rate at the end of the training assignment;
- Provide the length of the training assignment (not to exceed one year);
- Describe the training, experience, and development goals that will be provided for successful completion of the assignment; and
- Include performance review requirements.

Training assignments may be extended for up to one additional year, at management's discretion, if the employee has not successfully completed the requirement by the prescribed length of time.

C. Supervisory and Lead Worker Pay – An employee who is in a non-supervisory classification may be eligible for additional pay when performing supervisory or lead-work duties in the following amounts:

- 4% for lead-worker duties; or
- 8% for supervisory duties.

If lead or supervisory duties end, any pay added to an employee's base rate for supervisory duties or lead work also ends, effective the first day of the pay period after the elimination of lead or supervisory duties.

D. Promotion – At the discretion of the Executive Director, a promoted employee may receive a pay increase when advancing to a higher-level job. A promoted employee's pay shall be established within the TRS pay schedule for the job code by considering:

- The employee's job-related qualifications and competencies;
- The agency's ability to pay; and
- Comparison to employees in similar jobs who have similar qualifications and competencies.

E. Demotion – Demotions may occur for reasons including, but not limited to, inability to perform the duties of a position, voluntarily assuming a lower-level position, or as the result of disciplinary action. A demoted employee's pay shall be established within the TRS pay schedule for the job code by considering: job related qualifications and competencies related to the new position and comparison to employees in similar jobs with similar qualifications and competencies. An involuntarily demoted employee's pay

may be protected up to 90 days at the discretion of the Executive Director. Demoted employees receive statutorily required pay increases.

- F. Reclassification** – Pay for employees reclassified into a new occupation and level is set within the TRS pay schedule for the newly established job code and comparison to employees in similar jobs with similar qualifications and competencies. Pay for reclassification is effective the first day of the pay period in which the reclassification request was received by the DOA Human Resources Office. Requests to review the classification of a position must be approved by the Executive Director.

V. Pay Adjustments

When fiscally able, the Teacher's Retirement System may award pay adjustments to its employees. Pay increases are not guaranteed. The following pay adjustments may be provided contingent on review and approval by the Board of TRS.

- A. Performance** – Pay for performance may be awarded to an employee based on job performance. Performance measures may include but are not limited to competency; productivity; quality of work; quantity of work; or effectiveness levels. Pay for performance as a practice may be suspended based on fiscal constraints or by Board mandate.
- B. Retention** – The Executive Director may award a pay increase to retain a business-critical employee who has received a written job offer for a position outside of the agency. A retention pay adjustment shall consider: the employee's work performance as documented, competency to perform business critical functions, and the agency's ability to pay.

Before awarding a retention pay adjustment, the DOA Human Resources Office shall analyze the existing workforce to determine pay comparison considerations for similarly situated employees. Additional pay increases may be awarded between similarly high-performing and competent employees in similar positions based on the pay comparisons. Retention adjustments which are in excess of State Human Resource Division's (SHRD) currently effective occupational wage range must be approved through the Governor's Office of Budget and Program Planning (OBPP).

- C. Market Adjustment** – Pay for employees whose base pay falls below midpoint for their occupational code within the current agency pay schedule. A market pay adjustment will typically be awarded based on:
- The adoption of new occupational wage ranges in the agency's pay schedule where the employee's market ratio has declined;
 - A documented need to increase base pay to remain competitive in identified labor markets.

Market pay may only be awarded if the agency has the ability to pay and with approval of the Board. Adoption of new occupational wage ranges in the agency pay schedule,

and subsequent change to an employee's market ratio, cannot require a market pay adjustment be granted to an employee. Market adjustments will not be made in excess of SHRD's currently effective occupational wage range.

- D. Temporary Duties Assignment** – An employee's base pay may be adjusted to a different pay rate due to a temporary assignment. Temporary assignments can be no longer than two years in duration. The agency may alternatively provide lump-sum amounts to the employee during the temporary assignment. Upon returning the employee's regular assignment, the employee's pay is set as if the employee was not temporarily reassigned and includes any pay adjustments that would have occurred absent the temporary assignment.

All Board approved pay adjustments shall be submitted to DOA Human Resources for review and processing into payroll.

VI. Lump Sum Payments

At the discretion of the Executive Director, employees may receive lump-sum payments for the following reasons:

- A. Performance Payments** – Employees who meet predetermined performance objectives established through written agreements. Performance lump-sum agreements include, but are not limited to:

- Temporary assignments or special projects;
- Completing a project beyond established expectations;
- An exceptional performance rating;
- Exceeding production goals by an established amount; or
- Achieving specified milestones established by agreement.

Performance lump-sum payments are contingent on funding. Established agreements may be discontinued upon 30-day notification to affected employees.

VII. Pay Exceptions

An employee's pay rate may be adjusted above maximum of the employee's occupational pay range established in the pay schedule for the agency's strategic needs based upon, but not limited to, the following reasons:

- Pay protection associated with a demotion as outlined in section IV, E – Demotions;
- Attracting or retaining specific skill sets in support of critical agency operations;
- An employee is assigned to a unique, hybrid position; or
- Statutory increases place employee base-pay above established maximum.

An employee's base-pay rate may only be adjusted above the maximum of the employee's occupational pay range at the review and approval of the Executive Director, the Board of TRS,

and the Office of Budget and Program Planning (OBPP) using the form and procedures established by OBPP.

VIII. Record Keeping

Employee pay is public information. An employee, manager, auditor, or members of the public may request information about an employee's pay rate and can be provided relevant documentation about an employee's pay adjustments. All pay documentation is maintained in a written or electronic record at the DOA Human Resources Office.

Signatures

TRS Board Chair

Kari Elliott

Date

Executive Director

Shawn Graham

Date

DOA HR

Chris Bacon, HR Manager

Date

State HR

Bonnie Shoemaker

Date

Appendix A - Agency Pay Schedule, 2022 Broadband 25

Job Code	Job Title	Hourly			Salary		
		Beginning	Mid	Ending	Beginning	Mid	Ending
A3101E	Business Executive	\$58,357.100	\$75,886.996	\$93,416.892	\$121,383	\$157,845	\$194,307
A3101B	Business Manager	\$48,302.885	\$62,812.500	\$77,322.115	\$100,470	\$130,650	\$160,830
G11012	Lawyer 2	\$42,404.500	\$55,142.393	\$67,880.286	\$88,201	\$114,696	\$141,191
C1C01M	IT Systems Analyst Supervisor	\$30,965.555	\$42,625.491	\$54,285.427	\$64,408	\$88,661	\$112,914
B2101M	Accounting Supervisor	\$20,335.895	\$34,564.340	\$48,792.785	\$42,299	\$71,894	\$101,489
B1E02M	Benefits Supervisor	\$26,138.454	\$35,032.647	\$43,926.840	\$54,368	\$72,868	\$91,368
C1C011	IT Systems Analyst 1	\$28,150.504	\$35,188.130	\$42,225.756	\$58,553	\$73,191	\$87,830
I33012	Public Relations Specialist 2	\$30,553.389	\$38,191.736	\$45,830.084	\$63,551	\$79,439	\$95,327
B1E022	Benefits Specialist 2	\$28,504.368	\$34,218.930	\$39,933.491	\$59,289	\$71,175	\$83,062
B21022	Auditor 2	\$26,154.571	\$32,693.214	\$39,231.857	\$54,402	\$68,002	\$81,602
B1E021	Benefits Specialist 1	\$23,762.231	\$28,526.088	\$33,289.944	\$49,425	\$59,334	\$69,243
B21011	Accountant 1	\$18,487.177	\$23,108.972	\$27,730.766	\$38,453	\$48,067	\$57,680
Q4G021	Benefits Technician 1	\$19,538.322	\$23,455.368	\$27,372.415	\$40,640	\$48,787	\$56,935
Q33022	Accounting Technician 2	\$16,908.198	\$20,297.956	\$23,687.715	\$35,169	\$42,220	\$49,270
Q61022	Administrative Assistant 2	\$15,123.042	\$18,154.912	\$21,186.783	\$31,456	\$37,762	\$44,069
Q97021	Document Imaging Operator 1	\$14,059.370	\$16,877.995	\$19,696.620	\$29,243	\$35,106	\$40,969

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 23 Budget Board Approved	FY 23 Expensed thru 3/31/2023	FY 24 Request	Percent Change From FY 23 Budget	Description
Personal Services					
Full time equivalent employees	22.0		22.0		
Salaries	1,524,000	1,027,289	1,645,000		Includes Legislative Increases - greater of \$1.50 or 4.00% (July 2023)
Termination payouts	-		-		No Planned Retirements
Training Assignments	-		-		No Training Assignments
Pay Plan	39,210		2,900		Personnel Committee proposed pay adjustments
61301 - Per Diem	3,500	3,750	8,000		5 Board Meetings, possible NCTR Meetings, Increase Per Diem to \$100
Health insurance	280,000	199,206	280,000		No increase in State Share
Other benefits	275,000	177,480	290,000		17.5% of Salaries
Additional Position	-		-		No New Positions in FY 2023
Total Personal Services	2,121,710	1,407,725	2,225,900	4.91%	Salary increases of 5.87% on average from Legislative Increase

Contract Services					
62102 - Consulting & Professional Services	44,300	44,300	44,300		Valuation - Actuary (FY2024 is last year of contract)
	20,000	28,192	15,000		Consulting/Cost Estimates - Non- Legislative Year
	1,980	990	1,980		Travel - Actuary
	-	-	-		Experience Study - Every 4 yrs. (last one in FY22) for years FY17-FY21 (next in FY 2026)
	17,300	17,300	17,300		GASB 67 - Actuary
	37,800	15,190	37,800		GASB 68 - Actuary
	4,300	4,300	-		MUS Valuation - Actuary -Every other year - Odd years
	-	-	-		Peer Review - Full Audit - Every 5 yrs. (last one in FY20) Valuation 7/1/19 (next in FY25)
	12,500	-	12,500		PBI - Death Search Service - Annual CertiDeath Service
	4,000	2,835	4,000		PBI - Address Search Service
	8,000	178	8,000		Carahsoft - Twilio SMS Services and SendGrid Services
	2,500	1,444	7,500		CMS - HR Consulting (Substantial Strategic Planning Every 2 years, Next in FY 2024 ~ \$5k)
	550	158	550		Shredding Service/ Box Pickup

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 23 Budget Board Approved	FY 23 Expensed thru 3/31/2023	FY 24 Request	Percent Change From FY 23 Budget	Description
62104A - Insurance & Bonds - Non-Fixed cost	100	129	150		
62104 - Insurance & Bonds - Fixed cost	6,396	6,238	-		Fixed
62108 - Legal Fees & Court Costs	12,500	-	12,500		Drake Law Firm - 2 Cases per year
	25,000	1,721	25,000		Ice Miller
62113 - Warrant Writing Fees	30,940	22,084	37,193		Fixed
62114 - Payroll Service Fees	5,455	4,091	5,791		Fixed
62114A - Workers Comp Management	530	530	529		Fixed
62115 - Photographic Services	45	20	45		
62116 - Medical Services	1,000	1,495	1,500		Medical Evaluations
62136 - System Development	144,000	108,000	144,000		Fixed fee - Alfred - Through June 30, 2024
	120,000	61,730	120,000		Rising Star Inc. - M-Trust Project Management / Testing
	95,000	75,200	95,000		M-Trust enhancement development AMA
62145- Food Services	500	766	800		Board Lunch with staff, X-Mas Party
62148 - SABHRS Operation Costs	125,923	94,442	145,660		Fixed
62186A - Recycling	785	520	800		
62187 - Records Storage	3,000	2,065	3,000		
62190 - Printing/Publications & Graphics	45,000	22,704	35,000		2 Newsletters in Odd years 1 Newsletter in Even years, Annual report, Monthly letters and forms, statements
62191 - Printing/Other Provider	3,750	2,367	4,000		HomeTown Leasing - Office Printers
621B1 - SITSD Storage Hosting	14,000	8,696	16,500		DOA - SITSD - Backup service, Live Storage

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 23 Budget Board Approved	FY 23 Expensed thru 3/31/2023	FY 24 Request	Percent Change From FY 23 Budget	Description
621B2 - SITSD Server Hosting Services	29,000	18,995	28,000		DOA - SITSD - Virtual Server, Virtual Server Platform Base
621B4 - SITSD Application Services	550	227	200		DOA - SITSD - App Hosting - Citrix
621B5 - SITSD Email	3,000	1,792	3,000		DOA - SITSD - O365 PSTN, O365 Rate
621B8 - SITSD Operations Support	7,500	4,176	8,200		DOA - SITSD - SCCM Service
621B9 - SITSD Database Hosting	2,500	1,569	2,500		DOA - SITSD - Database Hosting - SQL Licensing
621C5 - SITSD Enterprise Services	32,000	20,843	30,000		DOA - SITSD - Cybersecurity Rate, Enterprise Services Allocation
621C6 - SITSD Professional Services	1,000	554	1,000		DOA - SITSD
621C8 - SITSD Email Restore	1,000	-	1,000		DOA - SITSD
Total Contract Services	863,704	575,841	870,298	0.76%	

Supplies/Materials.					
62205 - Food	500	318	500		Includes Costco Supplies & Board Treats
62218 - Carpentry	1,000	-	1,000		
62225 - Books and Reference Materials	300	-	300		
62232 - Safety Supplies	100	223	250		
62236 - Office Supplies / E-Market	8,000	5,552	8,500		
62238 - Minor Equipment	1,500	842	9,500		Potentially purchase cubicles to split two offices
62241 - Office Supplies / Minor Equip	5,000	1,239	3,000		

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 23 Budget Board Approved	FY 23 Expensed thru 3/31/2023	FY 24 Request	Percent Change From FY 23 Budget	Description
62245 - Computer Hardware	7,700	5,888	10,500		2 laptops + docks, 4 monitors, battery backup units and batteries, printers, Panasonic Scanner
62249 - Computer Software	5,000	-	10,000		Misc. Software, Windows Server Data Center (one-time purchase)
622B1 - Asset Broker	20,000	24,160	25,000		DOA - SITSD - Microsoft Direct Pass-Through, Microsoft Enterprise Agreement, ServiceNow Enterprise Agreement, Hyland Pass-Through
Total Supplies/Materials	49,100	38,222	68,550	39.61%	

Communications					
62304 - Postage & Mailing	85,000	69,752	85,000		2 Newsletters in Odd years 1 in Even Years, Monthly Letters and Forms, etc.
62307 - Messenger Services	3,175	3,175	3,225		Fixed
62319 - Cellular Phones	200	81	200		Active Membership - Internet Access
62322 - Teleconferences	300	71	300		
623B0 - SITSD Voice Services	7,600	4,890	7,000		DOA - SITSD - Additional Line, VoIP Phone Service
623B1 - SITSD Video Services	500	307	500		DOA - SITSD - Video Conference Pro License
623B2 - SITSD Network Services	22,000	13,893	32,000		DOA - SITSD - Helena Campus Network Access, Remote Network Access, VPN Client
623B4 - SITSD Long Distance	5,500	1,861	5,500		DOA - SITSD
Total Communications	124,275	94,030	133,725	7.60%	

Travel					
Employee Travel	3,500	998	3,500		in-state (Every other year E.D. travel to MASS next in FY 2024)

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 23 Budget Board Approved	FY 23 Expensed thru 3/31/2023	FY 24 Request	Percent Change From FY 23 Budget	Description
Employee Travel	12,000	2,420	14,000		out-of-state
Board Member Travel	14,000	13,746	17,000		Trustee Workshop (2) Annual Conference (2) (\$2,500/each) Includes \$7,000 for normal board meeting (travel and lodging)
Total Travel	29,500	17,164	34,500	16.95%	

Rent					
62519 - Photocopy Equipment	4,000	2,183	3,500		Copier Rent
Total Rent	4,000	2,183	3,500	-12.50%	

Repairs/Maintenance					
62750 - Software Maintenance					
	1,950	1,937	2,200		IVOXY - VMware
	6,000	-	7,000		Adobe – Cold Fusion
	4,000	3,760	4,000		Gurock - Test Rails Support
			8,400		Windows Server Datacenter w/SA 7/31/23-4/30/26
	-	-	-		Twilio - See Carahsoft above 62102
	-	-	7,000		DocuSign - ID Verification
	7,500	-	-		Hyland Perceptive - Paid through ITSD in 622B1
	-	-	800		Atlassian Pty Ltd - JIRA Server (Contract good through June 2023)
	910	867	910		Active PDF - DocConverter - payment under M-Trust in FY2016
	135	-	65		Domain.com - domain name registration (3) and Email hosting
	385	468	-		SurveyMonkey - No need in FY 2024 - check with Darla for FY 2025
	56	56	56		Techsmith - Camtasia/Snagit Government Bundle
	585	649	649		Vyond Premium single-user plan - Go Animate
	40	40	40		The Noun Project
	49	-	49		Shutterstock.com 5-image license
	600	584	600		Lexis - RMTD - Denise
62777 - Carpentry Repairs	500	-	500		
Total Repairs/Maintenance	22,710	8,361	32,269	42.09%	

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 23 Budget Board Approved	FY 23 Expensed thru 3/31/2023	FY 24 Request	Percent Change From FY 23 Budget	Description
Other Expenses					
62801 - Dues	6,500	5,450	7,500		
62802 - Subscriptions	800	-	500		
62807B Notary Application Fees	50	25	50		
62809/62817/62876 - Education & Training	14,500	5,915	22,500		Staff and Board Registration Fees for Conferences - Git Training - John and Rex - \$8,000
??? State Management Training Center	-	-	733		Fixed Cost - New in FY 2024
62822 - Freight & Express	100	-	100		
62827 - Indirect/Admin Costs	23,980	17,985	27,830		Fixed Cost
62878 - Parking Fees	6,480	5,706	6,480		Eight Spaces - City Parking Commission
62888 - Statewide Cost Allocation Plan	59,225	30,902	46,342		Fixed Cost
Total Other Expenses	111,635	65,983	112,035	0.36%	
Audit Fees					
62122 - Fixed Cost - Financial audit	76,181	59,485	147,787		\$147,787 for 24/25 biennium
62122 - Fixed Cost - GASB 68 Audit	19,429	-	30,500		\$27,000 for 22/23 biennium - GASB 67 & 68
Capital Lease					
69000 - Capital Assets	154,203	110,189	158,828		Fixed Lease Contract 3% inflater
Total Operating	1,454,737	971,458	1,591,992	9.44%	
Total Administrative Expenses	3,576,447	2,379,182	3,817,892	6.75%	

BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE

Retirement Benefits Paid FY 2022	414,346,628
Admin Expenses FY 2022	3,555,107
Admin Expenses as Percent of Benefits FY 2022	0.8580%

M-Trust Amortization Expenses FY2022	411,920
Depreciation Expense FY2022	34,840

Admin Expenses Without Amt/Depr FY 2022	3,108,347
Admin Expense Percentage without Amt/Depr FY 2022	0.7502%

* Admin Expenses may not exceed 1.5% of
Benefits Paid

4 years	Phase 2 - \$54,993.14/month through January 2021 - COMPLETE
4 years	Phase 3 - \$34,326.63/month through November 2023
7 years	Lease Improvements - \$2,903.34/month through December 2026

V. Board Training

Discussion Items **A. Non-Discrimination in Employment and Provision of Services** - Denise Pizzini will conduct Board training related to non-discrimination in employment and provision of services. The training will include a review of the TRS Non-Discrimination policy which is attached for your reference ahead of the meeting.



MONTANA TEACHERS' RETIREMENT SYSTEM

POLICY 1-0700-002

POLICY OF NON DISCRIMINATION IN EMPLOYMENT AND PROVISION OF SERVICES

Section: Governance
Implementer: TRS Legal

Effective Date: February 11, 2011
Revision Date: February 13, 2015

Purpose

As a public employer, TRS is committed to providing equal opportunity in all aspects of its employment practices. As a provider of retirement services and benefits on behalf of those persons employed in public education in the state of Montana and eligible to participate in the retirement system, TRS is committed to providing such services and benefits based solely on the participant's qualification for services and benefits as set forth in law. This policy governs the conduct of all TRS Personnel and requires compliance with applicable law prohibiting discrimination in employment and in the provision of the services and benefits of the retirement system.

Adoption of Statewide Policy

By adoption of this policy, TRS adopts the statewide *EEO, Nondiscrimination, and Harassment Prevention Policy*. This policy does not supersede or replace the statewide policy except to the extent that this policy provides greater protection.

Definitions

Board – the TRS Board of Trustees.

Organizational Policies – policies that pertain to functioning of the TRS staff and the day to day management of TRS operations.

Plan Operations – the day-to-day and periodic functions performed by and processes followed by TRS personnel in administering the retirement system, including, but not limited to: drafting of legislation, administrative rules, plan forms and letters; enrollment of members; determination of eligibility for benefits; drafting and executing agreements with third-party contractors; conducting contested case proceedings; and conducting meetings subject to the public right to participate.

Protected Class Status – an individual's actual or perceived status as having a characteristic based upon which discrimination is prohibited, including: race; color; national origin; age; physical or mental disability; marital status; religion; creed; sex; sexual orientation; political beliefs; genetic information; veteran's status; culture; social origin or condition; or ancestry.

TRS Personnel – all members of the TRS board of trustees and all employees of TRS.

Policy

1. TRS will not tolerate discrimination or harassment based on an individual's protected class status, either in the hiring or employment of TRS staff or in the provision of TRS services.
2. TRS will recruit, appoint, assign, train, evaluate, and promote personnel on the basis of merit and qualifications without regard to an individual's protected class status.
3. TRS will provide services and benefits as a public retirement system with regard only for an individual's qualifications for services and benefits, and without regard for the individual's protected class status, except to the extent that age, marital status, or physical or mental disability is appropriately considered as a qualification for services or benefits.
4. TRS will not retaliate against an individual because the individual has opposed any discriminatory practice or because the individual has filed a complaint or participated in any manner in an investigation or proceeding related to an allegation of discriminatory conduct.
5. TRS will include a provision in any contract with a third party contractor to ensure the third party contractor complies with this policy.
6. TRS will develop and implement a program for nondiscrimination training of all TRS personnel. The nondiscrimination training, at a minimum, will include education and training regarding sexual harassment, other discriminatory conduct, nondiscrimination requirements under the Americans with Disabilities Act, and retaliation, and will include specific training on TRS policies and procedures regarding nondiscrimination. The program for nondiscrimination training may utilize policies, procedures, and/or training provided by the Department of Administration, the Department of Labor and Industry and/or the Human Rights Bureau, or other state or private entities that provide training services related to Montana nondiscrimination law. Nondiscrimination training will be provided to an employee, initially, within 90 days of employment with TRS and refresher training will be provided periodically or as needed to incorporate changes to law and/or policy. The nondiscrimination training provided to each TRS employee and Board member will be documented.
7. TRS will conduct an initial review of its employment practices and plan operations to identify any discriminatory conduct that may be occurring. If discriminatory conduct is identified, a remediation process will be developed and implemented to correct the discriminatory conduct. A follow-up general review of employment practices and plan operations for compliance with nondiscrimination requirements will be conducted periodically or as needed to incorporate changes to law and/or policy. As well, any substantial modification of plan employment practices or plan operations processes must include consideration of the potential for discriminatory conduct arising therefrom, and development and implementation of a remediation process if the potential for discriminatory conduct is identified. The initial review of employment practices and plan operations, as well as the periodic follow-up reviews must be documented.

Initiating a Complaint

1. TRS personnel or any other individual may make an internal complaint to the Human Resources Manager of the Montana Department of Administration, or her/his designee, Room 102, Mitchell Building, 125 N. Roberts Street, PO Box 200108, Helena, MT 59620-0102, 406-444-0588.
2. In addition to the internal complaint process, external complaints may be filed with the following agencies:
 - a. Montana Human Rights Bureau, 1625 11th Avenue, P.O. Box 1728, Helena, MT 59624-1728, (406) 444-2884, (800) 542-0807, TTY (406) 444-0532; or
 - b. United States Equal Employment Opportunity Commission (EEOC) San Francisco District Office, 350 The Embarcadero, Suite 500, San Francisco, CA 94105-1260, (800) 669-4000, TTY (800)-669-6820.
3. Jurisdiction may vary based on the nature of the complaint. For example, neither the Human Rights Bureau nor the EEOC considers complaints based on sexual orientation, culture, social origin or condition, or ancestry.
4. The Human Rights Bureau must receive the complaint within 180 days of when the alleged discriminatory practice occurred or was discovered unless the person has filed an internal complaint. A person who files an internal complaint under these rules has 180 days from the conclusion of the internal investigation to file a complaint with the Human Rights Bureau if management completes the investigation within 120 days of when the alleged discriminatory practice occurred or was discovered. If management does not complete the investigation within 120 days, the person must file a complaint with the Human Rights Bureau within 300 days of when the alleged discriminatory practice occurred or was discovered.
5. The EEOC must receive the complaint within 300 calendar days from the date the discrimination took place if the Human Rights Bureau enforces a law prohibiting employment discrimination against the same protected class. Otherwise, the complaint must be filed with the EEOC in 180 days.

Cross References

- Montana Operations Manual (MOM) *EEO, Nondiscrimination, and Harassment Prevention Policy*, implementing Rules 2.21.4001 through 2.21.4029 of the Administrative Rules of Montana and establishing minimum standards for compliance with:
 - federal laws and regulations prohibiting illegal discrimination, including the Genetic Information Nondiscrimination Act of 2008
 - the Montana Human Rights Act (§49-2-101, et seq., MCA)
 - the Montana Governmental Code of Fair Practices (§49-3-101, et seq., MCA)
 - the Governor's Executive Order 41-2008 (Equal Employment Opportunity, Non-Discrimination, and Harassment Prevention)
- Website links as of date of policy revision:
 - [Montana Operations Manual](#)
 - [EEO, Nondiscrimination, and Harassment Prevention Policy](#)

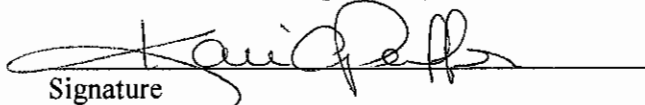
Signature

By Board action taken on **February 13, 2015**, and by my signature below, the TRS Board has authorized implementation of this original or modified policy. The effective date of this policy is:

 x the date of the Board action set forth above

 (date) February 13, 2015

BY: Board Chair: Kari A. Peiffer
(print name)


Signature

TRS policies may be amended or revoked from time to time, with amendments and revocations effective from the date of board action or later date as specified in the policy. The official version of any TRS policy is the version posted on the TRS website, which may be accessed at <https://trs.mt.gov>. Any deviation between the official version of a policy and a printed version will be resolved in favor of the official version. Hardcopy prints of policies will be dated as of the date of printing. Please make certain to review the material online prior to placing reliance on a printed version.

VI. Communication Manager's Report

Discussion Items **A. Communication Items** – Darla Fitzpatrick will lead the board through a discussion of the attached Communications Manager's Report which outlines the various communication and outreach activities that are currently underway.

B. Public Comment - This is an opportunity for any member of the public to comment on Communication Manager's report.



Montana Teachers'
Retirement System

Communication Manager's Report

Darla Fitzpatrick • May 5, 2023

Communication and Outreach Activities

Employer outreach activities

Over the past year, Darla worked closely with Nolan Brilz, TRS Fiscal/Accounting Manager, to update educational presentations for employers and to help coordinate attendance at MASBO virtual and in-person events. Following the MASBO summer conference in June 2022, Darla produced a video of Mr. Brilz's presentation so that all TRS employers, including clerks who are not MASBO members, have access to that training on the TRS website.

Darla writes and distributes employer memos periodically using the Dept. of Administration's bulk email tool (GovDelivery) on topics such as employer contribution rate increases, GASB 68 reports, Wage and Contribution Reporting System enhancements, and more.

Member outreach activities

Each summer, Darla updates the existing "*TRS 101: Retirement System Basics*" and "*Ready, Set, Retire!*" presentations, which are geared to earlier- and later-career members, respectively. Content is revised as needed for legislative/regulatory changes and to address common questions. She helps with planning fall workshops around the state and TRS's participation in the MFPE annual educator conference. Following those events, she also produces two videos (one for each presentation) so that members have year-round access to the latest version online.

Attendance at fall workshops and webinars decreased significantly in 2022 compared to 2021. For comparison, TRS awarded 412 OPI certificates for renewal units after fall/winter 2021 sessions and only 215 certificates in fall/winter 2022. It is unclear whether a "saturation point" has been reached or whether these sessions no longer fit into our busy members' schedules. Our hope is that attendance at these events will trend upward again over the next 1-2 years.

Darla and two benefit officers plan to attend the 2023 MFPE annual educator conference in Billings, where they will deliver *TRS 101* and *Ready, Set, Retire* presentations in person and will interact with members at the TRS booth and in private consultations. However, due to limited capacity, TRS will not produce videos for virtual conference attendees this year.

Social Media

The TRS YouTube channel provides free storage of all TRS videos, including board meetings, employer presentations, and member presentations. Each video is linked from the TRS website. *TRS 101* and *Ready, Set, Retire* videos typically receive 250-400 views over the course of a year.

TRS also maintains a low-key presence on Facebook, with occasional posts on topics such as member surveys, upcoming member presentations, new videos, and the newsletter. The number of followers is small (431 as of April 2023) although it continues to grow slowly.

Member survey

In keeping with the 2021–2023 Strategic Plan and Commitment Worksheet, Darla is preparing to launch another member survey. During the 2023 Legislature, some lawmakers claimed that DB plan participants would prefer a DC plan, so we will attempt to gauge how TRS members feel about their DB pension and whether it was important to them in choosing a career path.

“TRS Horizons” Member Newsletter

A summer newsletter is currently in development. With postage rates continuing to climb, we believe that one issue in even-numbered (non-legislative) years and two issues in odd-numbered years is adequate for communicating legislative changes and other important updates. Each issue is kept to 4 pages (one folded 11x17” sheet) to control printing costs. Distribution remains heavily skewed to regular mail (over 34,000 copies, vs. fewer than 2,000 sent by email), but this is to be expected, given that TRS cannot require or effectively manage up-to-date email addresses from all active members, retired members, and other benefit recipients.

Forms, Fact Sheets, Correspondence, and Web Content

A significant percentage of Darla’s time is spent designing and revising TRS forms, fact sheets, and other documents. This type of work tends to come in waves and/or carries a fixed deadline, such as when an IRS or legislative change affects many forms and documents. She assists Deputy Director Tammy Rau and Chief Legal Counsel Denise Pizzini in revising TRS correspondence templates as well, often suggesting edits for improved readability. Lastly, she manages all content and graphics on the TRS website, including a Legislative Updates page during each session.

Involvement in Technology

Darla is involved with most M-Trust system enhancements including the recent online withdrawal application, for which she provided business analysis and user interface design assistance. Over the past year she also has researched responsive web design principles and collected examples from many other states’ websites, including the range of ways in which other public retirement systems have created online retirement applications.

Recently she participated in an SITSD e-signature workgroup that collected information about current and future adoption across state agencies to determine whether an enterprise agreement would help all agencies, especially smaller ones like TRS, to achieve State digital initiatives at an affordable cost. Proposals from two vendors (DocuSign and Adobe) were considered and, as of this writing, the draft recommendation is to contract with DocuSign. TRS currently does not accept digital signatures but may explore whether some business processes could be adapted to do so. DocuSign also may offer identity verification services at an additional cost per transaction, although more research is needed.

VII. Legal Counsel's Report

Information Items **A. Legal Issues** – Denise Pizzini will report on pending cases, and recent legal issues.

VIII. Applications and Retirement Benefits

Information Item **A. Regular, Survivorship, Adjustments, and Corrections** - Your hard copy board packet will include a list of members who have retired since our February 24th board meeting and any adjustments made since that time.

IX. Long Range Planning

Discussion Items **A. Strategic Planning**– I have attached a copy of the updated 2021-2023 commitment worksheet for Board discussion. As a reminder, we will do a complete review and revision of our strategic plan and commitment worksheet at our upcoming August meeting.

B. Public Comment – Opportunity for any member of the public to comment on the Strategic Plan Commitment Worksheet.

TRS 2021 – 2023 Strategic Planning Commitment Worksheet

Goal/Objective	Outcome (measure)	Priority/Timeline	Responsible party/coordinator	Resources Required
<i>Maintain an actuarially sound qualified retirement plan</i> Conduct periodic tax qualification reviews (every 5 years) to support our goal of maintaining an actuarially sound “qualified” retirement plan using the established process and experts. Discontinue if IRS resumes doing qualification letters.	Documented compliance with the Montana State Constitution and State and Federal laws and regulations.	Every 5 years/begin in FY2021 (next review FY2026)	Executive Director Chief Legal Counsel	Contract legal fees. Tax counsel services.
<i>Maintain an actuarially sound qualified retirement plan</i> Address any issues resulting from Pension Study Group. Actively participate in pension study. Be responsive to Pension Study requests.	Well-informed policy makers.	FY2022 & FY2023	Executive Director Chief Legal Counsel Board	Staff time, actuarial service fees.
<i>Maintain an actuarially sound qualified retirement plan</i> Conduct an experience study for the five-year period ending July 1, 2021.	Updated actuarial assumptions.	Completed May 13, 2022	Executive Director Board	Contracted actuarial service fees.
<i>High-performance work culture and service excellence</i> Identify, catalog, and prioritize potential information technology (IT) enhancements. Conduct periodic IT enhancement planning and budgeting Board sessions to discuss budget parameters for additional IT investment. The Board will provide guidance on the level of investment in the system. TRS will consider system maintenance as an ongoing budget item to keep systems up to date and ensure business continuity.	Automation and improved processes. Specific budgets and defined level of investment in IT systems.	Ongoing	Board, M-Trust Steering Team	Staff time, contractor fees.
<i>High-performance work culture and service excellence</i> Identify metrics for certain enhancements where appropriate (not necessarily for every required enhancement). Metrics can illustrate the return on investment (not all enhancements will be cost effective, but rather necessitated by member convenience or regulatory compliance).	Metrics illustrating return on investment for specific IT enhancements.	Ongoing	M-Trust Steering Team	Staff time.
<i>High-performance work culture and service excellence</i> Implement online retirement application (ORA) functionality.	Member ability to apply for retirement online.	FY2024 planning	M-Trust Steering Team	Staff time, contractor fees.

Goal/Objective	Outcome (measure)	Priority/ Timeline	Responsible party/coordinator	Resources Required
<i>High-performance work culture and service excellence</i> Develop a responsive web design proof of concept in the test environment. Responsive websites dynamically change their appearance depending on the screen size and orientation of the device used (i.e., when the user accesses the website, it determines and renders itself based on the device type).	Responsive web design prototype for review by TRS and Board.	FY2022 – FY2023 (template approved prototype to come)	Information Systems Manager and Communications Manager	Staff time.
<i>High-performance work culture and service excellence.</i> Continue business process improvements and workflow documentation while building online processes to achieve a paperless process with a priority on major business processes e.g., the Online Withdrawal Application (OWA) and Online Retirement Application (ORA).	Automation and improved processes.	Ongoing OWA Completed FY2023 ORA (planning) FY2024	M-Trust Steering Team	Staff time, contractor fees.
<i>High-performance work culture and service excellence.</i> Develop procedural documentation for each team.	Improved internal documentation and business processes.	Ongoing	Management Team (and staff documenting business processes)	Staff time, (possible) contractor fees.
<i>High-performance work culture and service excellence.</i> Continue with a formal strategic planning every 2 years.	Comprehensive and timely strategic goals.	Ongoing	Management Team Board	Staff/Board time, contractor fees.
<i>High-performance work culture and service excellence.</i> Acquire training and remote notary certification for benefit staff to provide an additional service to members and as a time saving measure (projected increase in electronic notarizations).	3 Benefit Officers with Notary Certification.	Deferred – May not be necessary	Deputy Executive Director Active Team Supervisor	Staff time, training fees.
<i>High-performance work culture and service excellence.</i> Explore mandatory Automated Clearing House (ACH) transfers for employers and other business process improvements e.g., direct deposit for members. Research options & provide recommendations.	Recommendation to Board on mandatory ACH (60 ER's use Check)	Recommendation Completed in Aug 2022	TRS Management Team	Staff time.
<i>High-performance work culture and service excellence.</i> Update TRS Pay Plan to fully implement Broadband Pay Plan 025 changes.	Updated pay plan.	Completed May 13, 2022	Executive Director, Deputy Executive Director	Staff time.

Goal/Objective	Outcome (measure)	Timeline	Responsible party/coordinator	Resources Required
<i>Communication and outreach (public relations).</i> Coordinate Executive Director and Board member (contingent on location and availability) attendance at School Superintendent meetings in non-legislative years.	Increased communication to Superintendents.	Fall 2021 Spring 2022 (Completed May 4, 2022)	Executive Director and Board (gauge Board interest/availability)	Executive Director and Board time and travel.
<i>Communication and outreach (public relations).</i> Continue external communications including staff attendance at the annual educator conference, legislator education and outreach, coordination with MFPE, and attendance at MASBO and SAM conferences.	Continued or increased staff attendance at strategic events.	Ongoing	Management Team & Active Team	Staff time and travel expense.
<i>Communication and outreach (member communication).</i> Reach out to members in a manner that is timeline- and status-oriented (e.g., new members, vesting, pre-retirement, etc.). Utilize M-Trust to generate mailings when possible.	Strategic communications informing members about TRS at appropriate stages.	Ongoing	Management Team	Staff time and mailing, printing, and related items.
<i>Communication and outreach (member and employer communication).</i> Continue to promote communication with members and employers about system functions, improvements, processes and transactions.	Strategic promotion of online services.	Ongoing	Communication Manager	Staff time and mailing, printing, and related items.
<i>Communication and outreach (member communication).</i> Continue with Member Surveys to inform our strategic direction, increase retirement awareness, and promote engagement.	An informed and engaged constituency.	At least every two years. June 2023	Communication Manager	Staff time.
<i>Communication and outreach (operational communication).</i> Explore discussion of joint issues on topics relevant to multiple agencies (e.g., a meeting with TRS, MBOI and MPERA).	Determine level of interest and timeframe for discussion.	FY2023	Executive Director	Staff and Board time.
<i>Communication and outreach (operational communication).</i> Research retirement options (e.g., working retirees, phased retirement) to prepare research and recommendations on whether the options will benefit Montana. Prepare to speak to the pros and cons of options to the Legislature. Conduct a study to identify options that might make sense for Montana.	Recommendation to Board.	Completed Aug 2022	Executive Director Chief Legal Counsel	Staff time.

X. Disability Applications

CLOSED MEETING

Discussion Item **A. Executive Session to Discuss Disability Applications and Annual Reviews** – The summary of each disability application along with any supporting documentation will be presented during the meeting.

The chair will close the meeting at this time because the matters of individual privacy clearly exceed the merits of public disclosure.

OPEN MEETING

Action Items **B. Approval/Disapproval of Application for Disability Retirement Benefits** – Board votes to approve or disapprove each application for disability retirement benefits.

Discussion Item **C. Public Comment** - This is an opportunity for any member of the public to comment on the Executive Director's report.

XI. Adjournment

Action Items **A. Motion to Adjourn**