

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

AGENDA
May 17, 2024

OPEN MEETING:

All Times Are Tentative

8:30 I. Call to Order

- Action Items*
- A. Adopt Agenda
 - B. Approval of Minutes – February 21, 2024

8:32 II. Public Comment

8:35 III. Executive Director's Report

- Discussion Items*
- A. Legislative Concepts
 - B. Executive Summary
 - 1. MASS Meetings
 - 2. Staff Update
 - 3. Legislative Interim Committee Update
 - C. Public Comment

8:45 IV. Administrative Business

- Discussion Items*
- A. Investment Report – Dan Trost
 - B. FY 2023 Legislative Audit Report – Nolan Brilz
 - C. YTD Financial Statements and Budget Reports – Nolan Brilz
 - D. Personnel Committee Report – Kari Elliott and Elliott Crump
 - E. Budget Committee Report and Budget Justification – Dan Chamberlin and Brian Youngren
 - F. PRISM Verbal Report – John Noble
 - G. Tentative 2024 Meeting Dates – Aug 2, Oct 4, Dec 6
 - H. Public Comment

- Action Items*
- I. Interest Rate Credited to Member Accounts
 - J. Renew Cavanaugh Macdonald Contract
 - K. Renew Ice Miller Contract
 - L. Renew Drake Law Firm Contract
 - M. Milliman - Actuarial Audit Contract
 - N. FY 2025 TRS Budget Request
 - O. Out of State Travel Request
 - 1. NCTR Trustee Workshop
 - 2. NCTR Customer Service Workshop

- Information Item*
- P. Next Meeting – Aug 2, 2024

10:00 BREAK

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10:15 V. Board Training

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

10:45 VI. Legal Counsel's Report

Information Item A. Summary of Legal Issues

11:00 VII. Applications and Benefit Adjustments

Information Item A. Regular, Survivorship, Adjustment & Corrections

11:05 VIII. Long Range Planning

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

CLOSED MEETING

11:20 IX. 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

11:30 X. 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 Personnel Committee is scheduled to meet at 7:30 AM on May 17, 2024, for the purpose of conducting the Executive Director's annual performance appraisal.

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 21, 2024 board meeting.

Montana Teachers' Retirement System Board Meeting February 21, 2024

BOARD MEMBERS PRESENT

Kari Elliott, Chair

Dee Brown, Member (*virtual*)

Elliott Crump, Member

Brian Youngren, Member

- *A quorum is reached when three members are present.*

BOARD MEMBERS ABSENT

Daniel Chamberlin, Vice Chair

Daniel Trost, Member

STAFF PRESENT

Shawn Graham, Executive Director

Tammy Rau, Deputy Executive Director

Denise Pizzini, Chief Legal Counsel

Nolan Brilz, Accounting/Fiscal Manager

John Noble, Information Systems Manager

Darla Fitzpatrick, Communication Manager

Jennifer Van Syckle, Communication Specialist

OTHERS PRESENT

Kim Popham, Montana Federation of Public Employees

Call to Order

Board members welcomed Brian Youngren, a teacher from Ronan, Montana, who was recently appointed to the Board. Chairperson Kari Elliott then called the meeting to order at 8:30 a.m.

Adoption of the Agenda

Chairperson Elliott requested a motion to adopt the meeting agenda.

Motion/Vote: Member Elliott Crump moved to adopt the agenda. With Member Youngren seconding, the agenda was approved by all members present.

Approval of Minutes

Chairperson Elliott requested a motion to approve the minutes from the meeting held on November 30, 2023.

Motion/Vote: Member Youngren moved to approve the November 30, 2023 minutes as written. Member Crump seconded the motion and it was approved by all members present.

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.

Kim Popham introduced herself as the new Director of Public Policy and Research at MFPE. Jennifer Van Syckle, TRS's newly hired communication specialist, also introduced herself.

Administrative Business

Investment Report

Member Daniel Trost, who represents TRS on the Board of Investments, was unable to attend the meeting. Director Graham and Chairperson Elliott agreed to skip the agenda item as Dan Villa, Executive Director of the Montana Board of Investments, would present his annual investment report to the Board later in the meeting.

FY 2023 Annual Comprehensive Financial Report (ACFR)

TRS Accounting/Fiscal Manager Nolan Brilz provided a printed copy of the TRS ACFR to each Board member and briefly described how the annual report is produced. He noted that the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position, which can be found on Pp. 16-17 of the FY 2023 ACFR, summarize the financial data on which the Legislative Audit Division conducts its audit of TRS each year. TRS received a clean audit with no recommendations and Mr. Brilz has applied for a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) again this year.

FY 2024 YTD Financial Statements and Budget Reports

Mr. Brilz then reviewed the January 31, 2024 fiscal reports, which present the fund's assets, liabilities, revenue and expenses as compared to the same period last year. Mr. Brilz briefly explained how the reports are structured and he answered questions about cash flow management from Members Crump and Youngren.

The Operating Budget Status Report shows budgeted versus actual expenses as of January 31, 2024, with 58% of the fiscal year complete. Mr. Brilz reviewed key sections of the budget report and said he anticipates TRS will have a budget surplus at fiscal year end (June 30, 2024). He noted that TRS prepares its annual budget for the Board's review and approval at the May meeting each year.

Tentative 2024 Meeting Dates

Members of the Board reviewed tentative dates for the remainder of 2024 (May 3, August 2, October 4, and December 6) and agreed to change the next meeting date to May 17.

Out-of-State Travel Requests

Board members reviewed requests for Director Graham, Deputy Director Tammy Rau, IT Manager John Noble, and Chief Legal Counsel Denise Pizzini to attend annual conferences that will occur prior to the end of the fiscal year. Chairperson Elliott explained for new Board members that pension-related conferences provide valuable education and that the associated costs are factored into the TRS operating budget each year.

Motion/Vote: Member Crump made a motion to approve the four out-of-state travel requests. Member Youngren seconded the motion and it was approved by all members present.

Public Comment

There was no comment.

Next Meeting Date

The next Board meeting is tentatively scheduled for Friday, May 17, 2024.

Executive Director's Report

Executive Summary – Operations and Staff Update

Director Graham reported that TRS is making progress toward adding identity verification to certain online processes. TRS had obtained a quote from LexisNexis some months ago, but has since learned that DocuSign, Inc. can include ID verification as part of an e-signature transaction for an additional cost per transaction. He believes this will be a better and more cost-effective solution for TRS and he hopes to confirm the cost and include it in the FY 2025 budget request.

TRS also is considering whether to contract with a Managed Medical Review Organization (MMRO) for case management and medical review of disability retirement applications and for ongoing review as needed. The MMRO arrangement should provide a more efficient information gathering process as well as access to a broader range of medical professionals to conduct reviews. TRS may include MMRO services in the FY 2025 budget request for the Board's consideration.

Director Graham provided a staffing update, starting with Jennifer Van Syckle, who joined TRS on December 18, 2023. She has experience in both health care and communications and most recently held a health education role with the Montana Department of Health and Human Services.

Becca Bremner, who previously held a benefit specialist position on the Retired Payroll team, decided not to return from FMLA leave and TRS is currently recruiting to fill her position.

Legislative Interim Committee Update

Director Graham described the purpose of the Senate Joint Resolution 4 (SJ4) Pension Study Group and provided an update from the January 25, 2024 meeting, at which he gave a presentation to educate committee members on contribution rates, the assumed rate of return on investments, the impact of prior legislative changes, and more. The next meeting is scheduled for March 14, 2024, and Director Graham will attend to answer additional questions as needed.

The Pension Study Group has identified five topics they wish to examine in future meetings, ranging from the role of retirement benefits in employee recruitment and retention to the risks and benefits of changing the existing plan design. By October 2024 the State Administration and Veterans' Affairs (SAVA) committee will decide whether to adopt committee legislation based on the study group's recommendations. Director Graham will work closely with the Board's Legislation and Litigation committee throughout the process.

Public Comment

Kim Popham of MFPE commented that she also attends the interim committee meetings to share MFPE's perspective on the value of public pensions and she fully supports TRS's efforts.

Communication Manager's Report

TRS Communication Manager Darla Fitzpatrick provided a status report on member and employer outreach activities that have occurred since her last report in May 2023. The most significant development has been the hiring of Jennifer Van Syckle to help accomplish the Board's goals related to member communication and outreach. Jennifer is already working on a design for a new TRS website that will be both mobile-friendly and accessible to vision-impaired users.

In addition to ongoing tasks such as maintaining forms, documents, and web content, Ms. Fitzpatrick coordinates member and employer educational activities such as the MFPE Educator Conference and events hosted by the Montana Association of School Business Officials (MASBO).

In 2023 she also participated in the State Information Technology Services Division's "e-signature workgroup," which determined that an enterprise agreement with an e-signature vendor would increase agencies' adoption of digital signatures by making it more affordable. DocuSign, Inc. was selected and TRS obtained access to its e-signature platform in November 2023. Ms. Fitzpatrick will continue to explore ways to modify existing paper-based forms and business processes to allow for electronic distribution and collection of information via DocuSign.

Public Comment

There was no comment.

Applications and Benefit Adjustments

Regular, Survivorship, Adjustments and Corrections

Deputy Director Tammy Rau reported that between November 1, 2023 and January 31, 2024, TRS staff processed 51 applications for retirement. She also provided statistics on applicants' average age, years of service, and monthly benefit amount. Member Crump asked whether applications vary in number throughout the year and Ms. Rau indicated that they do. TRS processes approximately 600 applications each year, although most are received for members retiring in June and July.

BOI Annual Report

Montana Board of Investments (BOI) Executive Director Dan Villa presented his annual report to the TRS Board. As required by statute, the report reflects the state of TRS assets at the end of the last fiscal year, and he also provided a verbal update on investment performance since that time.

He reviewed the BOI's strategic asset allocation, which is the primary driver of returns, and he noted that domestic equities are performing well and the bond market remains strong. He anticipates more movement into illiquid assets such as private investments and real estate to take advantage of that growth. The Short Term Investment Pool (STIP) rate also is favorable, and there is plenty of liquidity in the portfolio to make benefit payments to retirees.

Director Villa commented that legislative interim committees have conducted studies of the pension systems for the last decade, each time expressing doubt that the systems can achieve their assumed rates of return on investments. In his opinion, legislators may simply underestimate the work being done by the governing boards of each system to obtain actuarial valuations each year, monitor the results, and proactively adjust their assumed rates of return as appropriate. This allows the BOI to stay ahead of problems and achieve realistic investment goals for each system. As proof, the BOI annual report shows that TRS's average rate of return since inception is 7.72%, which exceeds the current assumption of 7.30%.

To conclude his report, Director Villa reviewed the performance of Montana's Consolidated Asset Pension Pool (CAPP) compared to similarly sized public employee retirement systems in other states and he indicated TRS compares favorably by most measures. He then reviewed the BOI's investment expenses and fees and answered questions from Director Graham and the Board.

Public Comment

There was no public comment.

Legal Counsel's Report

Chief Legal Counsel Denise Pizzini reported that TRS currently has no contested cases. There are two ongoing issues that have not progressed to the point of informal board review and she will provide updates on those issues at the next meeting.

Long Range Planning

2023-2025 Strategic Planning Commitment Worksheet

Director Graham explained that TRS brings in a local human resources consultant every other year to help the TRS management team and Board develop a new two-year strategic plan. Once approved, the strategic planning summary document is posted on the TRS website and Director Graham reviews the commitment worksheet at each meeting to track progress toward each of the Board's stated goals and objectives. A significant portion of the August 2024 meeting will be set aside for a more thorough review and possible revision of goals and objectives.

He then reviewed each objective listed in the commitment worksheet and provided a status update on items that are in progress or complete. Chairperson Elliott commented that the strategic plan is a valuable tool for evaluating Director Graham's performance and ensuring TRS is on track.

Public Comment

There was no comment.

Board Training

Privacy and Security of Personal Information

Ms. Pizzini reviewed the TRS policy on privacy and security of personal information, which includes a list of the data elements that constitute personally identifiable information. The policy document describes the type of information TRS is required and allowed to collect on members, beneficiaries, and others for the purpose of administering the business operations of TRS.

She noted that personal information is not shared with outside entities except as is necessary and allowed under the policy. The policy also addresses the appropriate storage and disposal of records containing personal information as well as contractual requirements for third-party agents who may need access to personal information for the purpose of conducting business with TRS.

The final section of the policy describes reporting and notification steps that would be required in the event of a breach of a TRS data system. In response to a question from Member Brown, Ms. Pizzini clarified that if a breach were to occur, the insurance coverage provided to all agencies by the State of Montana's Risk Management and Tort Defense Division would include credit monitoring services and other assistance to affected individuals.

Committee Appointments

Chairperson Elliott described the Board committees and the general obligations of each. Currently, two of the three committees have a vacancy and she asked Members Crump and Youngren to state their preferences. Member Crump felt his experience is best suited for the Personnel and Policy committee and Member Youngren agreed to be appointed to the Budget and Audit committee.

Motion/Vote: Member Brown moved to approve the committee appointments as discussed. Member Crump seconded the motion and it was approved by all members present.

Committee appointments are as follows until the next Board election:

- Budget and Audit: Vice Chair Dan Chamberlin, Member Brian Youngren
- Personnel and Policy: Chairperson Kari Elliott, Member Elliott Crump
- Legislation and Litigation: Member Daniel Trost, Member Dee Brown

Disability Applications

Closed Meeting

Executive Session to Discuss Disability Applications

The Board began its executive session at 11:15 a.m. to review one application for disability retirement benefits. This session was closed to the public, as a disability applicant's right to privacy clearly exceeds the merits of public disclosure.

Open Meeting

The meeting was reopened to the public at 11:46 a.m.

Approval/Disapproval of Applications for Disability Retirement Benefits

Motion/Vote: Member Crump moved to approve member L.M.'s request for disability retirement. Member Youngren seconded the motion and it was approved by all members present.

Public Comment

No members of the public were present.

Adjournment

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

Motion/Vote: Member Crump moved to adjourn, with Member Youngren seconding. The meeting was adjourned at 11:47 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

Discussion Items

A. 2025 Legislative Concepts – Two legislative concept/placeholders were submitted to the Governor's Office of Budget and Program Planning on May 2, 2024 in compliance with the attached "Legislation Proposals for the 2025 Legislative Session – Memo 2". I've also attached copies of the placeholders that were submitted to the budget office for your reference. As you can see, these are simply "concepts" at this time; no actual bill drafts have been provided. TRS staff will present our bill drafts to the TRS Board at the August meeting where we will discuss and finalize legislation for the 2025 Legislative Session. The two concepts submitted are summarized as follows:

Housekeeping 610501-001 - Each Session, legislation is necessary to correct and/or clarify different provisions of the TRS act, and/or to make changes required to comply with IRS qualification requirements.

University Supplemental Contribution Rate Increase 610501-002 – Section 19-20-621, MCA, requires each employer within the university system with employees participating in the MUS-Retirement Plan to contribute to TRS a supplemental employer contribution sufficient to amortize, by July 1, 2033, the past service liability of the teachers' retirement system for the university system members who do not participate in TRS. The law also requires that the supplemental rate be periodically reviewed and updated. Based on the 2022 valuation of the university supplemental rate, the current rate needs to be increased from 4.72% to 13.53%; however, the actual rate required will not be known until after the July 1, 2024 valuation has been completed.

B. Executive Summary

1. MASS Meetings – The status of my 2024 MASS meeting attendance is as follows:

Mar 6th	Northeast MASS in Fort Peck - Completed
Mar 7 th	Hi-Line MASS in Havre – Completed
Mar 20 th	4 Rivers MASS in Manhattan – Completed
Apr 4 th	Northcentral MASS in Great Falls - Completed
Apr 9 th	Central MASS in Lewistown – Completed
Apr 10 th	Southeast MASS in Miles City - Completed
May 1 st	Southcentral MASS in Billings - Completed
May 8 th	Northwest MASS in Kalispell – Scheduled

Overall, the Superintendent groups are pleased with the additional flexibility we provided in our working retiree provisions last session where we increased the allowable earnings and decreased the break in service requirement. They are still struggling to recruit new employees to fill vacancies, and, in many cases, they have positions that they are unable to fill. Starting salary for new hires and housing costs seem to be contributing factors as well as a national shortage of qualified candidates. Every region relies on working retirees to help fill staffing holes but they recognize using retirees is a band aid instead of a solution.

- 2. Staff Update** – Hays Bartruff and Brittany Black were hired to fill our vacant Retired Payroll Benefit Specialist positions. Hays has a background in communications, most recently as a sports journalist. Brittany has over 15 years of experience in State government, most of which was earned at the Department of Health and Human Services. Please join me in welcoming Hays and Brittany to TRS when you get the chance to meet them.

Robert Grotzke, TRS Imaging Technician, gave his two week notice on April 29th; he and his family are moving to Minnesota. We are in the process of recruiting for a new Imaging Technician.

- 3. Legislative Interim Committee Update** – A joint meeting of the full State Administration and Veterans' Affairs and Legislative Finance Committee was held on March 14th. The committee heard a "Retirement System Overview for Legislators" presentation from Elizabeth Wiley of Cheiron Consulting Actuaries, "State Pension Funding Models for Success" from David Draine of The Pew Charitable Trusts, Appropriation and Contribution History from Rebecca Power of the Legislative Services Division and they discussed next steps for the SJ 4 Pension Study group.

The SJ 4 Pension Study group is next scheduled to meet on May 23rd where they will hear from David Draine of The Pew Charitable Trusts again to clarify some points from his previous presentation. Director Villa from the Board of Investments will provide a presentation on the Rate of Return and Asset Allocation history of the defined benefit systems. Dan Doonan from NIRS will present on the "No Quick Fix" report published last fall which provides real world examples of systems that closed their DB plans only to find that costs increased to the point some of them had to reopen their plans. On behalf of TRS, I will present a history of the MUS-RP split from TRS and the ongoing unfunded liability associated with that legislation from the late 80's and early 90's. MPERA will provide information about existing defined contribution balances by age and years of service in the existing MPERA DC plan. Finally, we will review the results of our TRS Member Survey as part of the "Pensions as a Public Sector Recruitment and Retention Tool" discussion.

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

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
 STATE OF MONTANA



GREG GIANFORTE
GOVERNOR

PO Box 200802
HELENA, MONTANA 59620-0802

'27B – Memo 2
1 attachment

TO: Agency Directors

FROM: Ryan Osmundson, Budget Director
 Anita Milanovich, Chief Legal Counsel

Date: February 16, 2024

Subject: **Legislation Proposals for the 2025 Legislative Session**

A. Proposed Legislation -- Deadline May 6, 2024

This memo and the accompanying legislation proposal form describe the process for agencies to submit legislative proposals in preparation for the 2025 Legislative Session.

We have forms to help you prepare submissions.

- use "GOV_ADM_001"
- call up "Forms&Memos\Forms"
- copy the "Proposed 2025 Session Legislation" Excel form, named "Memo2 – 2027 Biennium Attach 1 Legform.xls."

Please complete a form for EACH piece of proposed legislation, recognizing that your forms will be public documents used by both the executive and legislative branch.

You should submit *all legislative proposals (concepts)* by May 6. We don't need complete drafts of the legislation at this point. If you do have a draft on any proposal, you may submit it along with the request form. Please note these important points:

1. Prioritize all proposed legislation 1 through XXX for the entire agency, with 001 as the highest priority. These numbers will help us track your proposals throughout planning and bill drafting. We will return any proposals that lack priority numbering.
2. Save your completed legislation forms as Excel documents in the "LEG" folder on the OBPP server. Use this format to name them: \XXXX\YY-ZZZ.xls
 - XXXX is your four-digit agency code
 - YY is the two-digit program code

- ZZZ is the **agency-wide priority number** the agency assigned to the proposed legislation.

E-mail or call Brandy Itzel at x3616 when you have saved your proposals in the file.

Email Brandy Itzel for technical help with retrieving or transmitting documents. To obtain access for additional or new agency personnel, contact your assigned OBPP Budget Analyst.

3. Don't send biennial appropriation bills at this time. Examples include HB 5 for long-range building or HB 9 for cultural and aesthetic grants. Please send final drafts of these bills directly to Amy Sassano as HB XX whenever they are ready.

After OBPP and the Governor's staff review your legislative proposals, we will notify agencies electronically when they are approved to draft specific bills.

The notification will include a listing of those bills that are approved for drafting and those that are not approved. Non-approved bills may fit another category, such as:

- the need for more information
- the need to coordinate with other agencies
- interest of the Governor in requesting the bill
- or other actions

Call Brandy Itzel at x3616 to schedule agency conferences, if needed. The meetings will enable follow-up and final decisions on your proposals.

B. Final Drafts of Legislation -- Deadline September 13, 2024

Whenever your agency completes a final draft of approved legislation,

- **save** the final draft in the "Leg" folder on the OBPP server with the file name "XXXX\YY-ZZZF.doc"
 - XXXX is your four-digit agency code
 - YY is the two-digit program code
 - ZZZ is the *same priority number* assigned May 6th - F indicates final draft.
- **send** an e-mail to Brandy Itzel at OBPP.

[Changing the ZZZ number from the number we have approved will cause confusion and delays in reviewing your legislation. If we combine two requested bills during the summer, the ZZZ number will be the **lower** of the original numbers that the agency assigns in May.]

Note! Agencies MUST identify both the file name described above AND the LSD assigned LC number (if available) on top of the first page of the bill draft for all bill drafts submitted for review and approval.

Note: At the same time the agency submits the final draft of the bill, agencies will be required to submit a draft fiscal note for the bill to OBPP.

We urge all agency staff involved in drafting legislation to attend the LSD “Bill Drafting Workshop.” It likely will be presented several times in June. Call the LSD at 444-3064 for further information.

OBPP and Governor’s policy and legal staff will review your final bill drafts and seek more information as needed.

Most bills from your agency may be requested by the legislative committee that has monitoring responsibility for your agency under 5-5-215(1)(c), MCA, and that will have reviewed your legislative concepts. The appropriate interim committee will be the official requestor of these bills. The LSD will be responsible for this procedure, and it will be copying your final bill drafts directly from the OBPP server for drafting. Since these LSD bill drafting rules may affect executive branch legislation, the Governor’s Office expects you will, at a minimum, keep us informed whenever changes occur that have a legal, programmatic, or budgetary effect. The LSD draft bills won’t need a legislative requestor, but you will be required to secure a bill sponsor and have the sponsor pre-introduce the bill prior to December 15, 2024.

If your agency has legislation that is not requested through your interim legislative committee, OBPP and the Governor’s Office staff will work with you to secure a requester and a sponsor for your legislation. To be pre-introduced, the bill draft must still be finalized and have a sponsor by December 15, 2024. Otherwise, the bill will be introduced in accordance with bill introduction rules of the House or Senate.

Complete Shaded Areas

Form last update 2/16/2024

Proposed 2025 Session Legislation**Agency Name & No:** Teachers' Retirement System 6105**Priority Number:** 1 **Filename:****Short Title:** Revise teacher's retirement system administrative and tax qualification laws**Agency Contact Person/Phone:** Shawn Graham 444-3376**1. Purpose:**

Maintain tax qualification status and for administrative efficiencies.

2. Background:

Housekeeping and/or IRS Qualification bill.

3. Fiscal Impact by Fund Type:*This impact should be as specific as possible including dollar amounts, funding source, and FTE (if known).*

TBD but likely none.

4. Summary Checklist [Check & complete all that apply]--

- ☒ Housekeeping Only
 ☒ Federal Requirement
 ☐ Audit Recommendation (Audit No.)
 ☐ Major Legislation
- ☐ Anticipated to be Controversial Legislation
 ☐ Bill Draft has been included in Legislation Submittal (if available)
- ☐ Supports Submitted EPP Item No:
 ☐ Local Government Fiscal Impact
- ☐ Implements Red Tape Relief Initiative
- ☐ Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no):
- ☐ Legislation would affect other state agencies (list):
- ☐ Special Interest Groups Affected (list):
- ☐ Other:

Complete Shaded Areas

Form last update 2/16/2024

Proposed 2025 Session Legislation

Agency Name & No:	Teachers' Retirement System 6105		
Priority Number:	2	Filename:	
Short Title:	Increase MUS supplemental contributions rate to TRS		
Agency Contact Person/Phone:	Shawn Graham 444-3376		

1. Purpose:

Increase the Montana University supplement contribution rate to comply with section 19-20-621, MCA. The current rate of 4.72% is not sufficient to amortize the unfunded liabilities by July 1, 2033, as required by state law. Based on the July 1, 2022, Actuarial Valuation, the estimated rate increase required would be 8.81% (for a total of 13.53%); however, the actual rate required will not be known until after the July 1, 2024 valuation is completed in October 2024.

2. Background:

When the Optional Retirement Plan (now called MUS-RP) was created in 1987 for University System TRS eligible Members section 19-20-621, MCA, required each employer within the university system with employees participating in the optional retirement program to contribute to the Teachers' Retirement System a supplemental employer contribution sufficient to amortize, by July 1, 2033, the past service liability of the teachers' retirement system for the university system members who participate in TRS. The law also requires that the supplemental rate be periodically reviewed and updated.

3. Fiscal Impact by Fund Type:

This impact should be as specific as possible including dollar amounts, funding source, and FTE (if known).

Based on the July 1, 2022, actuarial valuation, the estimated rate increase required is 8.81%; however, the actual rate required will not be known until after the July 1, 2024 valuation is completed in early October 2024. An increase in the supplemental contribution rate to 13.53% would increase the MUS contributions to TRS by approximately \$46 million over the 2027 biennium.

4. Summary Checklist [Check & complete all that apply]--

<input type="checkbox"/> Housekeeping Only	<input type="checkbox"/> Federal Requirement	<input type="checkbox"/> Audit Recommendation (Audit No.)	<input type="checkbox"/> Major Legislation
<input type="checkbox"/> Anticipated to be Controversial Legislation	<input type="checkbox"/> Bill Draft has been included in Legislation Submittal (if available)		
<input type="checkbox"/> Supports Submitted EPP Item No:	<input type="checkbox"/> Local Government Fiscal Impact		
<input type="checkbox"/> Implements Red Tape Relief Initiative			
<input checked="" type="checkbox"/> Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no):			SB 25
<input checked="" type="checkbox"/> Legislation would affect other state agencies (list):			OCHE, MUS
<input type="checkbox"/> Special Interest Groups Affected (list):			
<input type="checkbox"/> Other:			

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, 2024. TRS posted a 1.66% return for the month of March and our FYTD return is now 7.80%. Our current inception to date return is 7.79% and even though things have been a little more volatile in April, we still have a pretty good chance of meeting or exceeding our assumed rate of 7.3% for the fiscal year.

B. FY 2023 Legislative Audit Report –Nolan Brilz, Accounting Manager for TRS, will present the results of our FY 2023 Legislative Audit. TRS received an unmodified opinion with no recommendations. Each Board Member will receive a hard copy of the blue book at the meeting and you can view the electronic version ahead of time by following this link: [Teachers' Retirement Board](#) (23-09)

C. YTD Financial Statements and Budget Reports – Attached for the Board's information are the fiscal reports thru March 31, 2024. Nolan Brilz, Accounting Manager for TRS, will present the financial statements and budget reports and answer questions from the Board.

D. Personnel Committee Report: – Kari Elliott and Elliott Crump will provide a verbal report on the Personnel Committee meeting held the morning of May 17th to conduct the Executive Director's performance appraisal and to review staff recommendations for FY 2025 pay plan implementation.

E. Budget Committee Report –Dan Chamberlin and Brian Youngren will provide a verbal report on the Budget Committee Zoom meeting held on April 29th to review the TRS budget request and justification for fiscal year 2025.

F. PRISM Report – John Noble will provide a verbal report on his recent PRISM conference.

G. Tentative 2023 Meeting Dates – Tentative 2024 meeting dates: August 2, October 4, December 6.

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

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

Action Items

I. 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 4.00% 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, 2024, was 5.39%;

however, you can see that it has been trending downward since reaching a high of 5.46% in November and the yield for the month of March was 5.36%.

Staff recommends the interest rate credited to member accounts for the period July 1, 2024 thru June 30, 2025, be increased to 4.50% which is 0.50% higher than the current rate of 4.00%.

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

J. Renewal of Cavanaugh Macdonald Contracted Services Agreement: Cavanaugh Macdonald has been our contract actuary since 2009. Cavanaugh Macdonald conducts our annual valuations, experience studies, impact statements for pending legislation as well as our annual GASB 67 & 68 reports.

The attached contract addendum would be for the four-year period beginning July 1, 2024 through June 30, 2028. In addition to the annual valuations, we are scheduled to have an experience study for the five-year period ending July 1, 2025 to be prepared by May 1, 2026.

Staff recommends the Board approve the attached actuarial services addendum with Cavanaugh Macdonald for FY 2024 through FY 2028. A schedule of Cavanaugh Macdonald's fees and hourly rates are included as addendum F.

Action Item: Staff recommends approval of the Cavanaugh Macdonald contracted services agreement renewal.

K. 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 exhibit A. We only incur expenses under this contract if we utilize their services.

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

L. Renewal of Drake Law Firm Contracted Services Agreement: The Drake Law Firm represents the TRS Board in contested case matters. Attached you will find a copy of the contract renewal for our outside legal counsel (Drake Law Firm). The contract is for a three-year period ending June 30, 2024. The hourly rate in the contract for Mike

Kauffman has increased by \$35 per hour to \$225; however, they have been locked into the previous rate since July of 2021 and they will be locked into these new rates thru June 2027. Under the contract, we only pay the Drake Law Firm for services actually provided to the TRS Board in contested case matters. We only incur expenses under this contract if we utilize their services.

Action Item: Staff recommends approval of the Drake Law Firm contracted services agreement renewal.

M. Milliman Actuarial Audit Contract – I have attached a copy of a DRAFT contract between TRS and Milliman Inc to conduct an actuarial audit of our July 1, 2024 valuation. The TRS Funding and Benefit Policy requires an actuarial audit/peer review of our consulting actuary once every five years. The last actuarial audit was performed and presented to the TRS Board in May of 2020. The attached contract mirrors our last engagement with the exception that the amount of the contract has increased from \$35,000 to \$40,000.

Action Item: Approve the Milliman Actuarial Audit contracted services agreement.

N. FY 2025 Budget Justification/Request – The TRS budget subcommittee met via conference call on April 29th to review the attached budget justification/request for FY 2025. The spreadsheet includes the approved budget and the actual expenditures YTD for FY 2024. A brief explanation/justification has been provided for most of the line item amounts requested for FY 2025. 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 2025 budget request of \$4,042,242 is 4.79% greater than the approved budget for FY 2024 of \$3,817,892. The major increases or decreases are as follows:

- Personal Services increased by 5.66% from \$2,280,963 to \$2,410,000. 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, 2024. The statutory increase of \$129,037 in the personal services category accounts for about 70% of the overall increase in our FY 2025 budget request.
- Contracted services increased by 9.38% from \$870,298 to \$951,941. Most of this increase is attributable to additional actuarial services that are necessary during a legislative year as well as an actuarial audit which only happens once every five years. 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 32.65% from \$68,550 to \$84,300. All of this increase is attributable to increased fixed costs associated with information technology enterprise agreements.
- Communications increased by 11.89% which is mostly attributable to additional postage in odd numbered years for a second newsletter. Postage costs have also increased due to more automated mailings to members that hit certain milestones.

- Our travel budget increased by 7.25% from \$34,500 to \$37,000. Airfare and lodging costs have increased across the board for out of state conferences for both board members and TRS staff.
- Total operating costs for TRS only increased by \$55,850 or 3.54% from \$1,576,392 in FY 2024 to \$1,632,242 in the FY 2025 request.

Our Administrative Expenses as a Percentage of Benefits Paid in FY 23 was 0.87%; that percentage of benefits paid will decrease in the current fiscal year as well as next year due to shrinking amortization and depreciation costs associated with previous phases of M-Trust enhancements and lease hold improvements. As a reminder, we our administrative expenses are limited to 1.5% of benefit payments by state law. Our FY 2025 budget request is anticipated to be about 0.75% of benefits paid which is 50% of what we are allowed to spend in statute.

Action Item: Staff recommends approval of the FY 2025 TRS Budget Request and/or provide instructions to staff for any revisions as necessary.

O. 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.

1. ***NCTR Summer Trustee Workshop*** – This workshop will be held in conjunction with the Haas School of Business at UC Berkeley, on July 21-24th. Unfortunately, there isn't any detailed information available on the NCTR website as of this writing other than the conference location, dates (July 21-24th), registration fee of \$2,710 per attendee and the hotel rate of \$259 per night.

Estimated cost – NCTR Summer Trustee Workshop: \$4,600 per Board member including registration, lodging and transportation.

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

2. ***NCTR Customer Service Workshop*** – TRS Communications Manager, Darla Fitzpatrick, will attend the NCTR Customer Service Workshop in New York City on June 8-12th. This conference provides Darla with a valuable opportunity to network with system communication and outreach staff from across the country. The registration cost is \$1,275 and the hotel rate is \$269 per night plus taxes and fees for a total estimated cost of \$3,400 including transportation.

Action Item: Approve out of state travel for Darla Fitzpatrick to attend the NCTR Customer Service Workshop.

	<u>UNITS OUTSTANDING</u>	<u>UNIT VALUE</u>	<u>MARKET VALUES(000)</u>	<u>ALLOCATION (%)</u>
Allocation				
TEACHERS RETIREMENT			5,108,015	100.00
SHORT TERM INVESTMENT POOL (STIP)	55,358,967.06	100.00000	55,359	1.08
Consolidated Asset Pension Pool (CAPP)	2,884,270,829.00	175.17967	5,052,656	98.92

	<u>ITD</u>	<u>INCEPTION DATE</u>
Longest Measurable Plan Return	7.79	7/1/1994

	<u>MONTH</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>20 Years</u>	<u>ITD</u>	<u>INCEPTION DATE</u>
Returns										
TEACHERS RETIREMENT	1.66	3.38	7.80	11.11	6.03	8.59	7.68	7.13	8.38	1/1/2011
TEACHERS RETIREMENT CUSTOM BENCHMARK (YWN2D) - BLDR	1.74	3.70	9.15	12.52	4.48	7.75	7.43		8.37	
SHORT TERM INVESTMENT POOL (STIP) [1]	0.45	1.35	4.13	5.41	2.73	2.12	1.52	1.73	2.40	4/1/1997
SHORT TERM CUSTOM BENCHMARK (MONSTCB) - BLDR	0.47	1.38	4.24	5.55	2.78	2.04	1.47	1.69	2.33	
Consolidated Asset Pension Pool (CAPP)	1.68	3.41	7.86	11.17	6.08	8.69	-	-	8.34	4/1/2017
CAPP CUSTOM BENCHMARK (MONCAPP) - BLDR	1.75	3.73	9.21	12.61	4.51	7.82	-	-	7.72	

	<u>Plan Market Value \$(000)</u>	<u>Allocation (%)</u>
Allocation - Asset Class		
TEACHERS RETIREMENT	5,108,015	100.00
Domestic Equity - PAC	1,402,520	27.47
International Equity - PAC	736,274	14.41
Private Investments - PAC	857,992	16.80
Real Assets - PAC	307,719	6.02
Real Estate - PAC	587,267	11.50
Core Fixed Income - PAC	738,318	14.45
Non-Core Fixed Income - PAC	348,085	6.81
Cash Equivalents - PAC	74,481	1.46
PENSION CASH	55,359	1.08

	<u>MONTH</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>20 Years</u>	<u>ITD</u>	<u>INCEPTION DATE</u>
Returns										
Domestic Equity - PAC	3.28	9.66	18.99	28.69	9.74	14.27	11.98	9.56	10.24	5/1/2003
Domestic Equity - PAC Custom Blend (MONDE) - BLDR	3.24	9.96	19.31	29.31	9.99	14.49	12.56	10.13	10.91	
International Equity - PAC	2.85	4.61	9.94	12.38	1.02	6.03	4.50	5.24	4.87	4/1/1997
International Equity - PAC Custom Blend (MONIE) - E [2]	3.09	4.33	10.56	13.20	1.72	6.00	4.32	5.64	5.14	
Private Investments - PAC	0.28	0.65	2.84	5.55	13.76	14.27	12.45	11.75	12.62	5/1/2002
Private Equity PAC Custom (MONPE) - BLDR	3.08	4.88	13.25	18.74	3.82	10.06	10.71	11.38	10.88	
Real Assets - PAC	1.66	2.89	5.57	9.00	13.93	5.72	-	-	5.85	4/1/2017
Real Assets - PAC Custom Blend (MU7EBM) - BLDR	4.15	2.51	6.52	5.49	5.41	1.49	-	-	3.16	

	<u>MONTH</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>20 Years</u>	<u>ITD</u>	<u>INCEPTION DATE</u>
Returns										
Real Estate - PAC	(0.37)	(1.70)	(3.26)	(5.15)	6.45	5.32	7.92	-	4.39	6/1/2006
Real Estate - PAC Custom Blend (MONRE) - BLDR	(5.00)	(5.00)	(9.68)	(12.73)	4.01	(0.22)	4.57	-	4.28	
Core Fixed Income Pre and Post CAPP [3]	1.02	(0.63)	2.53	1.83	(2.05)	0.53	1.65	3.45	5.01	4/1/1995
Core Fixed Income Custom Benchmark (CFIBM1)	0.92	(0.78)	2.56	1.70	(2.46)	0.06	1.29	2.86	4.38	
Non-Core Fixed Income Pre and Post CAPP [4]	1.46	1.83	8.35	10.52	1.32	3.31	3.62	-	6.56	6/1/2009
Bloomberg U.S. HY - 2% Issuer Cap (WE6D)	1.18	1.47	9.24	11.15	2.19	4.19	4.44	-	7.64	
Cash Equivalents - PAC	0.47	1.54	4.23	6.51	3.21	2.41	-	-	2.21	5/1/2017
SHORT TERM CUSTOM BENCHMARK (MONSTCB) - BLDR	0.47	1.38	4.24	5.55	2.78	2.04	-	-	1.97	

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 Shenkman 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

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)

THE TEACHERS' RETIREMENT SYSTEM
CONSOLIDATED BALANCE SHEET
as of March 31, 2024

	3/31/2024	3/31/2023
	AGENCY ACCOUNT	AGENCY ACCOUNT
ASSETS		
Current Assets		
Cash	157,890	1,560,606
Accounts Receivable	73,454	6,539
Interest Receivable	0	0
Total Current Assets	231,344	1,567,144
Investments		
Short-term Investment Pool	55,358,967	48,894,687
Consolidated Asset Pension Pool (net)	4,977,505,375	4,683,516,400
Security Lending Collateral	0	0
Total Investments	5,032,864,342	4,732,411,087
Other Assets		
Equipment	16,286	16,286
Accumulated Depreciation Equip	(16,286)	(16,286)
Leashold Improvements	243,881	243,881
Accumulated Dep Leasehold Imp	(148,070)	(113,230)
Intangible Assets	0	274,613
Intangible Right to Use Bldg	2,810,123	2,810,123
Accumulated Amort Right to Use Bldg	(454,579)	(289,277)
Total Other Assets	2,451,355	2,926,109
Deferred Outflows - Pension and OPEB	504,594	619,530
TOTAL ASSETS	5,036,051,635	4,737,523,871
LIABILITIES & FUND BAL.		
Liabilities		
Accounts Payable	37,443	13,750
Standard Lease	2,504,091	2,619,291
Uncleared Collections	1,577,550	1,182,489
Compensated Absenses	218,004	216,437
Security Lending	0	0
OPEB Implicit Rate Subsidy	53,547	235,221
Net Pension Liability - PERS	1,851,315	1,394,112
Total Liabilities	6,241,950	5,661,300
Fund Balances		
Pension Accumulation Fund	4,122,195,852	3,937,042,219
Annuity Savings Fund	798,647,262	787,407,264
Year-to-date Income/(Loss)	108,531,546	6,707,767
Adj Fund Bal	0	0
Total Fund Balance	5,029,374,659	4,731,157,250
Deferred Inflows - Pension and OPEB	435,025	705,321
TOTAL LIABILITIES & FUND BAL.	5,036,051,635	4,737,523,871

THE TEACHERS' RETIREMENT SYSTEM
FUND BALANCE STATEMENT
as of March 31, 2024

	3/31/2024	3/31/2023
	AGENCY ACCOUNT	AGENCY ACCOUNT
REVENUE		
Contributions	150,495,099	146,459,356
Misc Revenue	0	0
Investment Revenue	298,829,889	188,822,609
TOTAL REVENUE	449,324,988	335,281,965
EXPENSES		
Benefits Paid	331,462,152	319,892,239
Withdrawals	6,545,066	5,910,331
Admin. Exp	2,436,457	2,266,866
Depreciation Exp.	26,130	26,130
Amortization Exp.	171,633	308,940
Lease Amortization Exp.	123,976	123,976
Lease Principal & Interest	28,028	45,716
OPEB Expense	0	0
Pension Expense - PERS	0	0
TOTAL EXPENSES	340,793,442	328,574,198
REV OVER EXP	108,531,546	6,707,767
REV OVER EXP	108,531,546	6,707,767
BEG FUND BAL	4,920,843,113	3,937,042,219
Adj Fund Bal	0	0
END FUND BAL	5,029,374,659	3,943,749,986

THE TEACHERS' RETIREMENT SYSTEM
INVESTMENT REVENUE BY SOURCE & ADMINISTRATIVE EXPENSES BY TYPE
as of March 31, 2024

	3/31/2024	3/31/2023
	AGENCY ACCOUNT	AGENCY ACCOUNT
Investment Revenue:		
Short-term Investment Pool	2,120,903	1,201,624
Consolidated Asset Pension Pool		
Securities Gains/(Losses)	72,806,963	61,159,707
Investment Appreciation/(Depreciation)	223,902,023	126,461,278
Securities Lending Activity	0	0
Administrative Investment Exp.	0	0
Total Investment Rev.	298,829,889	188,822,609
Administrative Expense:		
Personal Services	1,532,271	1,405,598
Contracted Services	624,371	635,326
Supplies & Material	59,189	38,222
Communications	121,848	94,030
Travel	13,380	17,164
Rent	2,430	2,183
Repairs & Maintenance	11,578	8,361
Other Expenses	71,389	65,983
Depreciation Exp.	26,130	26,130
Amortization Exp.	171,633	308,940
Lease Amortization Exp.	123,976	123,976
Lease Principal & Interest	28,028	45,716
OPEB Expense	0	0
Pension Expense - PERS	0	0
Total Administrative Exp.	2,786,224	2,771,628

**Teachers' Retirement System
Operating Budget Status Report
as of March 31, 2024**

ACCOUNT LEVEL	ACCOUNT CATEGORY	EXPENSE FY 2023	BUDGET FY 2024	EXPENDITURE YEAR TO DATE	% BUDGET SPENT	TOTAL PROJECTED	BUDGET SURPLUS/(DEFICIT)
	PERSONAL SERVICES:						
61100	Salaries	1,512,007	1,688,034	1,128,685	66.9%	1,638,912	49,122
61300	Per Diem	4,250	8,000	3,500	43.8%	3,500	4,500
61403	Health Insurance	265,608	287,905	207,638	72.1%	279,310	8,595
61400	Benefits	261,176	297,023	194,511	65.5%	283,800	13,223
	Total Personal Services	2,043,041	2,280,963	1,534,334	67.3%	2,205,522	75,440
	OPERATING EXPENSES:						
62100	Contract Services	800,328	870,298	557,269	64.0%	757,888	112,410
62200	Supplies/Materials	43,974	63,550	59,189	93.1%	66,546	(2,996)
62300	Communications	113,119	133,725	121,848	91.1%	161,389	(27,664)
62400	Travel	26,547	34,500	13,380	38.8%	32,840	1,660
62500	Rent	2,993	3,500	2,430	69.4%	5,335	(1,835)
62700	Repairs/Maintenance	16,006	21,669	11,578	53.4%	22,293	(624)
62800	Other Expenses	85,793	112,035	71,389	63.7%	92,810	19,225
	Total Operating Expense	1,088,760	1,239,277	837,083	67.5%	1,139,103	100,174
62122	Audit Fees - Biennial Amount	93,579	178,287	67,103	37.6%	89,144	89,144
	Total Operating and Personal Services	3,225,379	3,698,527	2,438,520	65.9%	3,433,769	264,758
69501	Capital Lease	135,889	158,828	119,121	0.0%	158,828	-
	Subtotal Capital Lease	135,889	158,828	119,121	0.0%	158,828	-
	Totals	3,361,268	3,857,355	2,557,641	66.3%	3,592,597	264,758

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

Teachers' Retirement System
Budget Analysis - Contracted Services
as of March 31, 2024

ACCOUNT CODE	ACCOUNT NAME	EXPENSE FY 2022	BUDGET FY 2023	ACTUAL EXP TO DATE	% OF BUDGET
62102	Consulting & Professional	147,651	148,930	103,674	69.6%
62104	Insurance & Bonds	6,397	0	0	#DIV/0!
62104A	INS & Bonds - Non fixed	169	150	115	76.7%
62108	Legal Fees/Court Costs	1,780	37,500	0	0.0%
62113	Warrant Writing Fees	34,287	37,193	23,696	63.7%
62114	Payroll Service Fees	5,455	5,791	5,791	100.0%
62114A	Workers Comp Mgmt	215	529	529	100.0%
62115	Photographic Services	30	45	20	44.4%
62116	Medical Services	683	1,500	7,008	467.2%
62136	IT Consult & Prof Servs	336,721	359,000	201,349	56.1%
62145	Food Services Expense	0	800	431	53.9%
62148	SABHRS Costs/DOA	132,419	145,660	114,211	78.4%
62186A	Recycling	745	800	390	48.8%
62187	Records Storage	2,580	3,000	2,165	72.2%
62190	Printing, Pub & Graphics	31,403	35,000	37,140	106.1%
62191	Printing, Other Provider	2,523	4,000	2,282	57.1%
621B1	SITSD Storage Hosting	13,103	16,500	11,493	69.7%
621B2	SITSD Server Hosting Services	28,970	28,000	18,538	66.2%
621B4	SITSD Application Services	576	200	1,165	582.4%
621B5	SITSD Email	2,676	3,000	1,811	60.4%
621B8	SITSD Operations Support	6,263	8,200	5,395	65.8%
621B9	SITSD Database Hosting	1,674	2,500	1,591	63.6%
621C5	SITSD Enterprise Services	31,264	30,000	18,476	61.6%
621C6	SITSD Professional Services	0	1,000	0	0.0%
621C8	SITSD Email Restore	0	1,000	0	0.0%
	SUBTOTAL	787,583	870,298	557,269	64.0%
62122	Audit Fees - Current	73,644	178,287	67,103	37.6%
	TOTAL CONTRACTED SERVICES	861,227	1,048,585	624,371	59.5%

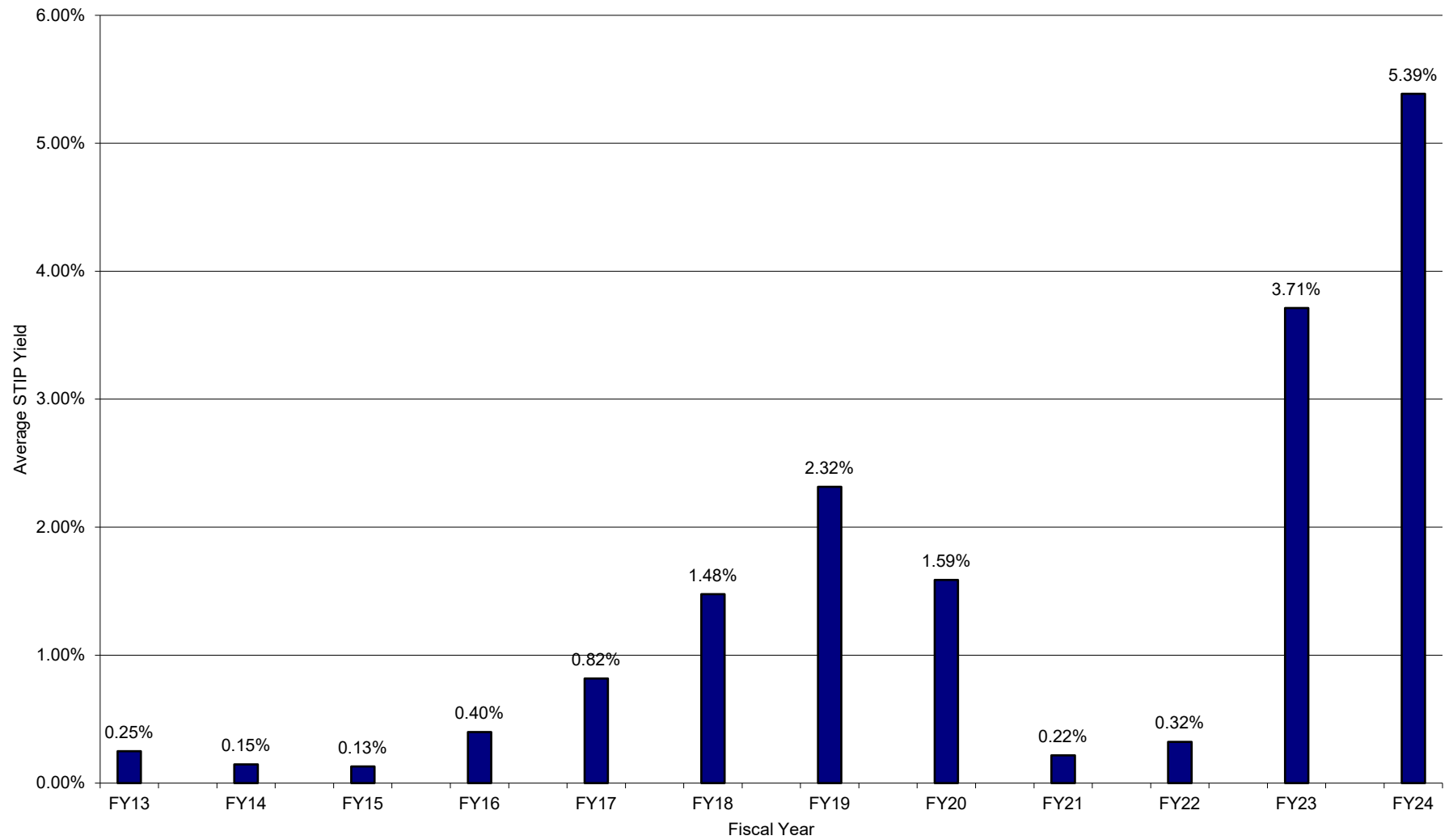
Percent of FY Complete: 75%

**Teachers' Retirement System
Delinquent Agency Report
4/9/2024**

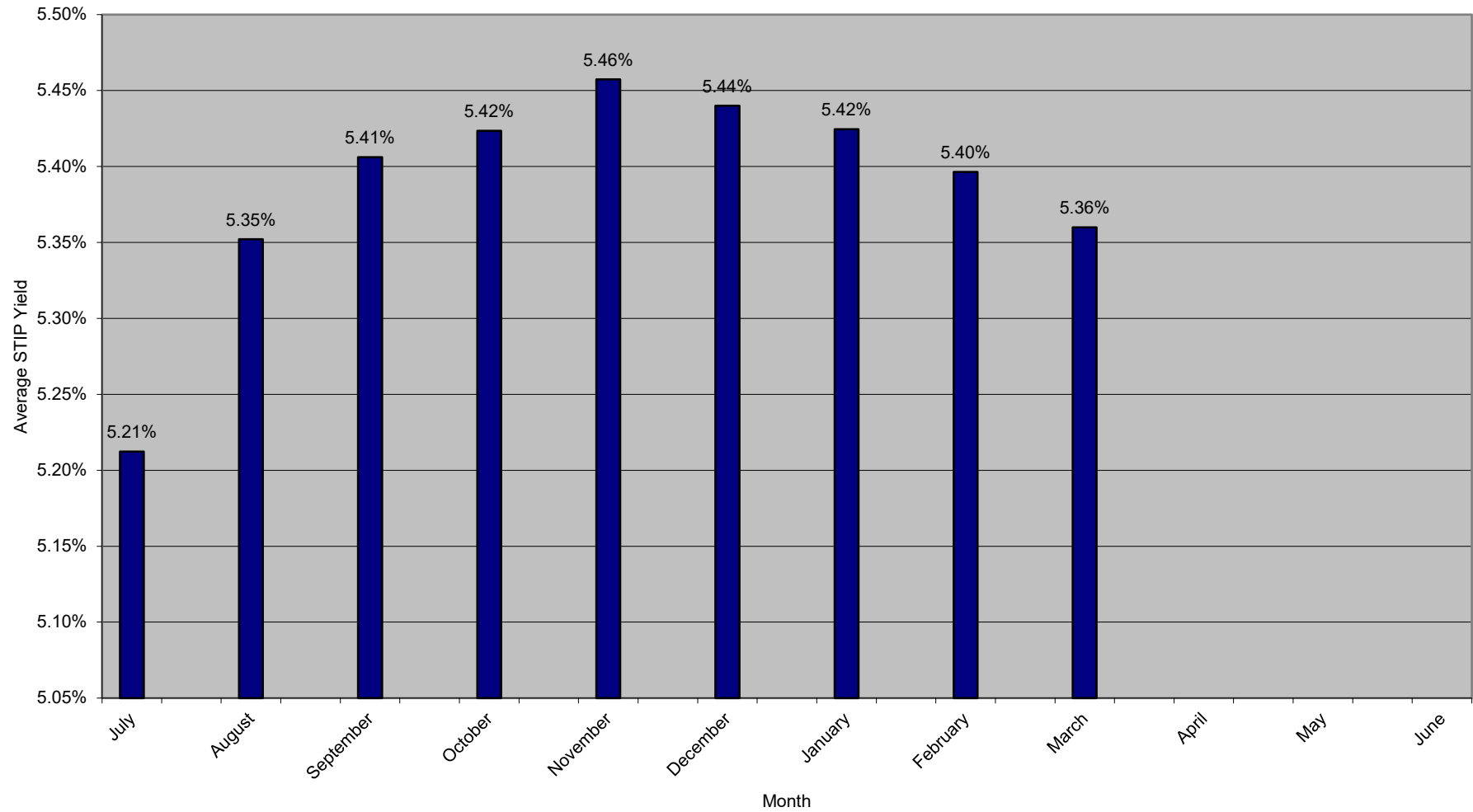
Employer Number	Employer Name	Reports Outstanding	Estimated Employee Contributions	Estimated Employer Contributions
		Total	0	0
		Total Due	0	

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

STIP YIELD
Average per Fiscal Year



STIP Yield
FY2024



**ADDENDUM F – RENEWAL FOR FISCAL YEARS 2025 THRU 2028
CONTRACT NUMBER DOA09-1653L
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MONTANA
ACTUARIAL SERVICES OF CAVANAUGH MACDONALD**

This Addendum F (hereinafter referred to as "Addendum F") to Contract Number DOA09-1653L (hereinafter referred to as the "Contract"), is entered into by and between the State of Montana, Teachers' Retirement System of the State of Montana (hereinafter referred to as "TRS"), 100 N. Park Ave., Suite 110, P.O. Box 200139, Helena, MT 59620-0139, and Cavanaugh Macdonald Consulting, LLC (hereinafter referred to as "Contractor"), 3550 Busbee Parkway, Suite 250, Kennesaw, GA 30144. (TRS and the Contractor may be referred to individually as "Party" or jointly as the "Parties.")

PURPOSE

The purpose of this Addendum F is to renew the Contract for a term of four fiscal years, provide a fee schedule for the services to be provided, and make other modifications of the Contract as set forth herein.

THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Renewal Term / Future Renewals.

The Contract is renewed for a term of four years, beginning July 1, 2024, and terminating June 30, 2028, unless terminated earlier in accordance with the terms of the Contract.

2. Fee Schedule

In consideration for actuarial services provided, TRS will pay Contractor according to the following fee schedule. The assessment and payment of fees will be subject to all terms and conditions as set forth in Section 5 of the Contract and in Amendment 1 to the Contract.

a. Fixed Rate Projects

1. Actuarial Valuation for each FY (2024-2027)	\$47,000.00
2. Determination of MUSRP (formerly ORP) Supplemental Contributions FY 24 & 26	\$ 4,600.00
3. GASB 67 Calculations for each FY (2024-2027)	\$18,400.00
4. GASB 68 Schedules/Exhibits for each FY (2024-2027)	\$40,100.00
5. Experience Study of Prior 5 Fiscal Years to be completed by May 1, 2026	\$40,100.00

b. Travel

1. To Present Actuarial Valuation each FY (2024-2027)	\$ 1,500.00
2. To Present Experience Study (May 2026)	\$ 1,500.00

c. Ad Hoc Projects – Hourly Rate for Professional Services (Not in travel status)

1. Principal/Chief Actuary	\$380 to \$450
2. Consulting Actuary	\$360 to \$420
3. Senior Actuary/Senior Consultant	\$330 to \$380
4. Actuary/Consultant	\$290 to \$350
5. Senior Actuarial Analyst	\$270 to \$330
6. Actuarial Analyst	\$260 to \$300
7. Other	\$130 to \$150

3. Cost Increases by Mutual Agreement.

If TRS seeks a renewal to follow the term of this Addendum F, TRS agrees to consider and the parties may negotiate cost increases at the request of Contractor. Any cost increase must be based on demonstrated industry-wide or regional increases in Contractor's cost. Contractor will provide verification of increased service costs through publications such as the Federal Bureau of Labor Statistics and the Consumer Price Index (CPI) for all Urban Consumers. Contractor will provide its specific requests for cost increases and supporting information to TRS by April 30, 2028, to allow sufficient time for review and negotiation prior to expiration of this Addendum F.

4. Amendment of Contract.

- a. The terms and conditions set forth herein are intended to amend the Contract, are incorporated therewith, and will apply to all future renewals of the Contract except as they, by mutual written agreement of the parties, may be modified or revoked.
- b. Except as expressly amended herein, all terms and conditions of the Contract now in effect shall remain in full force and effect.

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SIGNATURES

Montana Teachers' Retirement System

Cavanaugh Macdonald Consulting, LLC

By: Shawn Graham,
Executive Director

By: Todd Green,
President

Date

Date

**FY 2025 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 LLP
One American Square
Suite 2900
Indianapolis, IN 46282-0200

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, 2024 and terminating June 30, 2025.
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 LLP

MONTANA TEACHERS’ RETIREMENT

Audra Ferguson-Allen,
Legal Counsel

Shawn Graham
Executive Director

Date

Date

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EXHIBIT A

FY 2025 TRS/Ice Miller Contract Renewal

Attorney	Current 2024 Standard Hourly Rate	2024 15% Discount
Gary Blachman, Partner	\$750	\$637.50
Audra Ferguson, Partner	\$650	\$552.50
Robert Gauss, Partner	\$720	\$612.00
Melissa Proffitt, Partner	\$820	\$697.00
Kathleen Sheil Scheidt, Partner	\$750	\$637.50
Tara Sciscoe, Partner	\$750	\$637.50
Eric Dawes, Actuary	\$790	\$671.50
Lisa Erb Harrison, Senior Counsel	\$690	\$586.50
Shalina Schaefer, Senior Counsel	\$590	\$501.50
Chris Sears, Senior Counsel	\$720	\$612.00
Allison De Tal, Of Counsel	\$560	\$476.00
Lindsay Knowles, Of Counsel	\$500	\$425.00
Stan Prybe, Of Counsel	\$560	\$476.00
Maria Montero, Associate	\$510	\$433.50
Taretta Shine, Paralegal	\$400	\$340.00
Greg Wolf, Paralegal	\$385	\$327.25

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

CONTRACT FOR SERVICES OF ATTORNEY ADVISOR TO TRS BOARD IN CONTESTED CASE MATTERS

This contract for services ("Agreement") is entered into by and between the Board of the Teachers' Retirement System of the State of Montana ("Board"), 100 North Park Avenue, Suite 110, PO Box 200139, Helena, MT 59620-0139, 406-444-3134, and Drake Law Firm, PC ("Firm" or "Attorney"), 111 N. Last Chance Gulch, Ste. 3J, PO Box 1181, Helena, MT 59624-1181, 406-495-0556.

The Board and Firm Agree as Follows:

1. Attorney. Primary attorney services under this Agreement are to be performed by Curt Drake, Michael Kauffman, or Patricia Klanke unless the Board Chair agrees in writing that primary attorney services may be provided by another attorney employed by the Firm.
2. Effective Date and Duration/Termination. This Agreement is effective as of July 1, 2024, and will terminate on June 30, 2027, except that the term will be extended automatically until completion of any contested matter pending as of the termination date.

This Agreement may be terminated at any time upon the written mutual consent of the Board and Firm. Either the Board or Firm may unilaterally terminate this Agreement for failure of the other party to perform any of the services, duties, or conditions contained in this Agreement after giving the other party written notice of the stated failure and 30 days to perform the failed service, duty, or condition. The right to terminate is in addition to any other remedy provided by law.

3. Purpose/Attorney Services.
 - a. The Firm is engaged by the Board for the following purposes:
 - i. To provide legal advice to the Board in its capacity as the administrative adjudicator of a contested matter in which contested matter TRS's staff attorney is representing the retirement system; and
 - ii. To provide other legal advice or service as requested by the Board related to contested matters or contested case procedures.
 - b. Attorney will provide legal advice and perform legal services as directed by the Board in contested case matters, which may include but are not necessarily limited to:
 - i. Acting as case manager,
 - ii. Drafting and issuing procedural notices and orders of the Board, as necessary, including for the designation of a hearing examiner and to set dates for contested case proceedings before the Board;

- iii. Assisting the Board in the proper conduct of any proceeding before the Board;
 - iv. Reviewing proposed decisions of hearing examiners, exceptions raised by parties, or other case filings and advising the Board on procedural and legal issues raised for the Board's determination; and
 - v. Drafting and distributing the final determination of the Board, as directed by the Board.
- c. In fulfilling the duties as legal advisor to the Board, Attorney will act in conformity with all law and policy applicable to the conduct of a contested matter by the Board, and with all law and ethical standards applicable to Attorney's practice of the legal profession.
4. Consideration/Reimbursement. In consideration for the services to be provided under this Agreement, the Board will pay for invoiced services based on the following fee schedule:
- | | |
|---|------------|
| Senior Attorneys
(Curt Drake, Mike Kauffman, Patricia Klanke, or
Other Approved by Board) | \$ 225/hr. |
| Associate Attorneys | \$ 190/hr. |
| Paralegal Services | \$125/hr. |
| Legal Assistant | \$100/hr. |
- In addition, the Board will reimburse the Firm actual costs for mailing and pay copying costs at the rate of 20 cents per page. Firm will submit an invoice each month detailing the services provided and the time spent on each service, along with a total time for all services provided in the month, and a total fee for the invoiced services. Firm will not bill the Board for the time of more than one attorney for any invoiced service. The invoice will be submitted both to the Board chairman, via email, for review and approval, and to the Accounting/Fiscal Manager at TRS for payment.
5. Confidential Information. The Firm acknowledges that records, information, and documentation that will be provided by the Board to the Firm for purposes of performing services under this Agreement may include confidential information pertaining to TRS members and retirees. In conformity with Montana law, the Firm has executed and will comply with Attachment A, *Third Party Agent Agreement for Protection of Confidential Information*, which is incorporated as a material part of this Agreement.
6. Status of Attorney. In performing services under this Agreement, Attorney is not an employee of the Board or of TRS. No employment benefits, including unemployment insurance or workers' compensation insurance, will be provided to the Attorney by the Board, TRS, or the state of Montana. The

Firm will be solely and entirely responsible for Attorney's acts and/or the acts of other employees or agents of the Firm.

7. Ownership of Documents and Other Materials. All documents and other materials received, gathered, or created by Firm or Attorney in the performance of services under this Agreement shall be the property of the Board.
8. Access to Records. In addition to and including other specific provisions in this Agreement for production of documents and invoicing of services, Firm will maintain reasonable records of the performance of services under this Agreement and will allow access to those records by the Board and the Montana Legislative Auditor and/or Legislative Fiscal Analyst as may be necessary for audit purposes or for determining compliance with the terms of this Agreement. All records pertaining to this Agreement must be retained by Firm for a minimum period of 8 years from the termination of this Agreement. If any litigation, claim, or audit is started before the expiration of the 8-year retention period, the records must be retained until any pending litigation, claim, or audit has been fully resolved.
9. Non-discrimination. Firm agrees, in the performance of services under this Agreement, to comply with the Montana human rights act and the federal civil rights act, and to take no action which illegally discriminates against any person on the basis of race, color, religion, creed, political ideas, sex, age, marital status, physical or mental handicap, or national origin.
10. Assignment, Transfer, and Subcontracting. This Agreement is expressly for engagement of the services of the Firm and the specified attorneys. Firm/Attorney will be not assign, transfer, or subcontract services or any other interest or obligation under this Agreement.
11. Entire Agreement/Modification. This Agreement is made up of 4 pages, and one attachment (TPAA) of 4 pages, and will be executed as two originals. Either original or any verified copy of either original shall have full legal force and effect for all purposes. This Agreement contains the entire agreement between the Board and Firm. This Agreement may not be modified except by written amendment signed by the Board and Firm.
12. Severability. If any part of this Agreement is held to be illegal, void, or in conflict with any Montana law, all parts not held to be illegal, void, or in conflict with law will remain operative and binding.
13. Choice of Law/Venue. This Agreement will be interpreted according to the laws of the state of Montana. The Board and Firm agree that, in the event of

litigation concerning this Agreement, venue shall be in Lewis and Clark County of the state of Montana.

14. Signatures.

Board

Firm

Kari Elliott, Chairman

Michael A. Kauffman,
Managing Attorney

Date

Date

**THIRD PARTY AGENT AGREEMENT - ADDENDUM
FOR PROTECTION OF CONFIDENTIAL INFORMATION**

This Third Party Agent Agreement ("TPAA") is entered into by and between the Teachers' Retirement System of the State of Montana ("TRS"), 100 North Park Avenue, Suited 110, PO Box 200139, Helena, MT 59620-0139, and third party agent, Drake Law Firm, PC, 111 N. Last Chance Gulch, Ste. 3J, PO Box 1181, Helena, MT 59624-1181, 406-495-0556 ("Agent"), each a "Party" and collectively the "Parties".

THE PARTIES AGREE AS FOLLOWS:

1. **PURPOSE** The Parties have entered into an underlying agreement ("Agreement") for Agent's provision of services in furtherance of TRS's business objectives, the performance of which services necessitate that Agent have access to, receive, acquire, generate, process, maintain, use, disclose, transfer, and/or store confidential information of TRS (hereinafter referred to generally as "use and disclosure" of confidential information). This TPAA provides requirements for proper use and disclosure of confidential information by Agent. It supplements and/or amends the Agreement, including any future amendment or renewal of the Agreement, as required (and only as required) to give effect to the terms of this TPAA. To the extent there is any inconsistency between the Agreement and this TPAA with respect to the subject matter of this TPAA, this TPAA shall govern. Except as supplemented or amended by this TPAA, the Agreement will remain in full force and effect, and will govern the matters addressed in this TPAA.
2. **DEFINITIONS** As used in this TPAA, the following terms are defined as provided:
 - a. "Breach" means any occurrence arising with respect to confidential information in the possession of Agent or Agent's access to TRS/state of Montana data systems that results in or may reasonably be expected to result in the unauthorized acquisition of or access to confidential information., including, but not limited to: improper access to state/TRS data systems, improper access to Agent's data systems or files, loss of portable electronic devices or portable electronic media containing unencrypted confidential information, loss of documents containing confidential information, or other use or disclosure of confidential information other than as provided for by this TPAA.
 - b. "Confidential information" means data held confidentially by TRS pertaining to any individual, that, if compromised, may cause harm to the individual or create liability for TRS. Information is confidential information regardless of the format in which the information exists, i.e., hard copy, electronic data, etc. Confidential information includes:

- i. any of the following data elements combined with a first name or first initial and a last name, when the information is unencrypted or unredacted:
 - 1. a social security number or tax identification number;
 - 2. a driver's license number;
 - 3. a tribal identification number or enrollment number;
 - 4. an identification number issued by any state, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, or American Samoa; or
 - 5. an account number or credit or debit card number in combination with any required security code, access code, or password that would permit access to a person's financial account.
 - 6. confidential employee information;
 - 7. trade secret or confidential business information;
 - 8. medical record information; or
 - 9. other information specifically identified by TRS as confidential.
 - c. "Redact" means to alter personal information contained within data to make all or a significant part of the data unreadable.
 - d. "Truncate" means to redact an identification number so that no more than the last four digits of the identification number are accessible as part of the data.
3. TERM This TPAA will be effective as of the last date of signing and will continue in effect for as long as the Agent has access to or maintains any confidential information, including that this TPAA will survive termination or expiration of the Agreement.
4. JOINT OBLIGATIONS OF THE PARTIES With respect to Agent's access to TRS's electronic data systems, and with respect to all transfers and communications of confidential information between the Parties:
- a. The Parties will work together to determine what confidential information is necessary for appropriate provision of service by Agent and to determine whether redaction or truncation of confidential information is appropriate, and will provide redacted or truncated confidential information when appropriate.
 - b. If confidential information will be communicated through physical transfer of a portable data storage device or media or through email or other web-based transfer, the transferred data must be encrypted.
 - c. If TRS provides Agent access to a TRS data system, TRS will provide access in conformity with state policies for secure access to state data systems and will provide Agent with any necessary instructions regarding required security

parameters for access to the data system. Agent will access state/TRS date systems only in conformity with all requirements as communicated to Agent.

5. OBLIGATIONS OF AGENT With respect to its use and disclosure of confidential information:

- a.** Agent may **use** confidential information only as necessary to perform services under the Agreement and for the proper administration of its business entity. Agent may **disclose** confidential information to a third party only as necessary to perform services under the Agreement, or as required by law.
- b.** Agent will implement and employ reasonable and appropriate administrative, physical, and technical safeguards to protect the confidentiality, integrity, and availability of TRS's data and/or data systems and to prevent use or disclosure of confidential information other than as provided for by this TPAA, including that:
 - i.** Confidential information will be maintained in secured data storage environments and will not be copied or removed from secured data storage environments unless there is a business reason to do so.
 - ii.** Access to confidential information by Agent's employees, subcontractors and other agents will be limited to those individuals needing access for the performance of job functions specifically related to services to be performed under the Agreement.
 - iii.** Confidential information will be taken off of Agent's business premises only if there is a business requirement to do so.
 - iv.** confidential information may be placed/stored on a portable electronic devise or on portable storage media only if encrypted.
- c.** Agent will implement and maintain an information security policy designed to safeguard confidential information, and will make such policy available to TRS upon request.
- d.** Upon discovery of a breach, Agent will immediately notify law enforcement authorities, in appropriate circumstances, and will work with law enforcement as necessary to recover compromised confidential information. Agent will immediately notify TRS of any breach and will work diligently with TRS to remediate any deleterious effects of the breach, including notification of individuals whose confidential information may have been compromised. Agent will be responsible for all costs of notification and remediation.

- e. If Agent must disclose confidential information to subcontractors or other agents in order to provide services under the Agreement, Agent will enter into a written agreement with any such subcontractor or agent binding the subcontractor or agent to the same terms, conditions and limitations on the use and disclosure of confidential information as imposed on Agent through this TPAA. If redacted or truncated confidential information is sufficient for the purpose of any disclosure to an agent or subcontractor, the confidential information must be redacted or truncated to the greatest extent possible. Any electronic transfer of confidential information to an agent or subcontractor may be made only with encrypted data.
- f. Within 30 days of termination of the Agreement, if feasible, Agent will securely destroy all data containing confidential information or will return all data to TRS.
- g. Agent agrees to comply with any additional requirements regarding the security of state/TRS data systems and the appropriate use and disclosure of confidential information as required by applicable law or policy pertaining to TRS as may be communicated to Agent from time to time.

6. VIOLATION OF TPAA/ RIGHT TO CURE / TERMINATION

- a. If Agent or any agent or subcontractor of Agent materially violates this TPAA, TRS will give Agent written notice of the violation. Agent will have 30 days to affect a full cure of the violation.
- b. If, in TRS's sole judgment, the violation is not amenable to cure, or if Agent fails to affect a full cure within 30 days, TRS may, in its sole discretion, terminate the Agreement for cause.

7. SIGNATURES

TRS

Drake Law Firm

Kari Elliott, Chairman

Michael Kaufman, Managing Attorney

Date

Date

**Milliman – Actuarial Audit Services
Contract No. TRS-Audit-2024-01**

THIS CONTRACT is entered into by and between the Teachers' Retirement System of the State of Montana (TRS or State), an agency of the State of Montana, whose address and phone number are 100 N. Park Ave. Suite 110, P.O. Box 200139, Helena, MT 59620-0139, (406) 444-3134 and Milliman, Inc.(Contractor), whose address and phone number are 12790 Merit Drive Suite 800, Dallas, TX 75251, 214-863-5635.

1. EFFECTIVE DATE, DURATION, AND RENEWAL

1.1 Contract Term. The contract's initial term is, upon contract execution, through June 30, 2025 unless terminated earlier as provided in this contract. In no event is this contract binding on TRS unless TRS's authorized representative has signed it.

2. SERVICES

Contractor shall provide TRS actuarial audit services as defined in this Section 2 to review the work of the plan's Consulting Actuary (Cavanaugh Macdonald Consulting, LLC) to provide independent assurance the Consulting Actuary's work is being performed in accordance with actuarial standards of practice; that the procedures used are appropriate and reliable to properly determine the system's actuarial accrued liability; to help plan fiduciaries assess whether the plan is meeting its funding objectives; to increase public trust in how the plan is being governed; to discover errors; and provide recommendations for improving the actuarial valuation process.

2.1 Scope Summary. The audit will include consideration of the TRS plan and all of its members (active and inactive), retirees and beneficiaries. Contractor will not replicate the Consulting Actuary's full valuation process and results. Rather, Contractor should review the primary FY 2024 actuarial valuation completed by the Consulting Actuary and any other documentation and information Contractor believes necessary, review the actuarial methodology employed by the Consulting Actuary, and compare and confirm the Consulting Actuary's valuation results.

2.2 Scope Specifications. Contractor will audit the services of the Consulting Actuary based on the actuarial valuation produced by the Consulting Actuary as of July 1, 2024 (FY 2024 Actuarial Valuation). TRS will provide the FY 2024 Actuarial Valuation to Contractor as soon as reasonably possible following the Consulting Actuary's report of the 2024 Actuarial Valuation to the TRS Board, which should occur between October 1st and 31st, 2024. Along with the Consulting Actuary's report, TRS will provide Contractor with any addition information/documentation Contractor deems necessary to complete the audit services.

Following Contractor's review and sampling or employment of other verification methods as appropriate, Contractor will provide a written opinion and present its findings on the following points:

- a. Determine if the Consulting Actuary's valuation procedures are technically sound and based on generally accepted actuarial standards.
- b. Determine if the methodology used by the Consulting Actuary to validate and "normalize" census data is technically sound and based on generally accepted actuarial standards.
- c. Determine if the Consulting Actuary's determinations of demographic and economic actuarial assumptions are reasonable and are based on generally accepted actuarial standards.
- d. Determine if the actuarial cost method and actuarial asset valuation method used by the Consulting Actuary are reasonable, including whether different methods may be more appropriate.
- e. Determine if the Consulting Actuary's valuations results can be verified, including:
 - i. verification that appropriate mathematical calculations are being made accurately; and
 - ii. verification that plan liabilities and assets are being appropriately valued.

- f. Evaluate the adequacy of the Consulting Actuary's methodology used to establish the actuarial factors provided to TRS to calculate the following: service and disability retirement, early retirement, and survivorships. This evaluation shall include a review of the variables or assumptions used by the Consulting Actuary to establish these factors.

2.3 Report Requirements. Contractor shall write a formal audit report which specifically addresses each item in (a) through (f) above. The report must also include a section summarizing the audit scope, results, and conclusions of Contractor.

2.4 Draft and Final Report/Presentation Timing. Contractor shall provide an electronic copy of its audit report in draft form by March 15, 2025. Contractor will provide consultation and follow-up requested by TRS staff to clarify Contractor's analysis and draft report prior to submission of the final report and presentation to the TRS Board.

Contractor must print and submit 15 copies and one electronic copy of the final report to TRS by April 15, 2025. Contractor will present its final report to the TRS Board, in person, at the Board's regularly scheduled board meeting which will be scheduled between May 1st and 31st, 2025. The date of the Board meeting will be communicated to Contractor at least 60 days in advance.

2.5 Access to Information. Contractor will have access to records and staff in order to perform audit work.

2.6 Standards. The services shall be performed in accordance with the code of professional conduct for actuaries adopted by the five U.S. based actuarial organizations, including the Casualty Actuary Society, the Conference of Consulting Actuaries, the Society of Actuaries, the American Academy of Actuaries, and the American Society of Pension Professionals and Actuaries.

2.7 Confidentiality. Contractor acknowledges the records, information, and documentation that will be provided by TRS and/or its Consulting Actuary and will be received by Contractor for purposes of performing services under this contract or will be accessible to Contractor by virtue of Contractor's necessary access to TRS's data systems will include highly confidential information pertaining to TRS members and retirees. In conformity with Montana law related to confidential information and access to state data systems, TRS must require and Contractor will execute and will comply with the *Third Party Agent Agreement for Protection of Confidential Information*, which is attached as Attachment A.

2.8 Third Party Distribution. Contractor's work is prepared solely for the use and benefit of TRS in accordance with its statutory and regulatory requirements. Contractor recognizes that materials it delivers to TRS may be public records subject to disclosure to third parties, however, Contractor does not intend to benefit and assumes no duty or liability to any third parties who receive Contractor's work and may include disclaimer language on its work product so stating. TRS agrees not to remove any such disclaimer language from Contractor's work. To the extent that Contractor's work is not subject to disclosure under applicable public records laws, TRS agrees that it shall not disclose Contractor's work product to third parties without Contractor's prior written consent; provided, however, that TRS may distribute Contractor's work to: (i) its professional service providers who are subject to a duty of confidentiality and who agree to not use Contractor's work product for any purpose other than to provide services to TRS, or (ii) any applicable regulatory or governmental agency, as required. No third party recipient of Contractor's work product should rely upon Contractor's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs. Notwithstanding anything herein to the contrary, TRS shall not use, nor permit others to use, Contractor's name in connection with any offering, prospectus, securities filing, or solicitation of investment.

3. WARRANTY OF SERVICES.

Contractor warrants that the services provided materially conform to the contract requirements, including all descriptions, specifications and attachments made a part of this contract. TRS's acceptance of services provided by Contractor shall not relieve Contractor from its obligations under this warranty. In addition to its other remedies under this contract, at law, or in equity, TRS may, at Contractor's expense, require prompt correction of any services failing to meet Contractor's warranty herein. Services corrected by Contractor shall be subject to all the provisions of this contract in the manner and to the same extent as services originally furnished.

4. CONSIDERATION/PAYMENT/INVOICES REQUIRED

4.1 Payment Schedule. In consideration of the actuarial services to be provided, TRS shall pay Contractor a total service fee of \$40,000.00. This service fee shall be inclusive of all costs and expenses incurred by Contractor in providing services under this Contract, including for travel, lodging, car rental, per diem, or other costs related to Contractor's attendance at a TRS Board meeting in Helena, MT, to present the final report. No additional fees, costs, or expenses will be invoiced by Contractor or paid by TRS. Incremental payments will be made upon receipt of Contractor's invoices, as follows:

- a. 70% of the fixed cost following submission of the draft report on or before March 15, 2025, and acceptance thereof by TRS; and
- b. 30% of the fixed cost following presentation of Contractor's final report to the TRS Board.

4.2 Withholding of Payment. In addition to its other remedies under this contract, at law, or in equity, TRS may withhold payments to Contractor if Contractor has breached this contract. Such withholding may not be greater than, in the aggregate, 20% of the total value of the subject statement of work or applicable contract.

4.3 Payment Terms. Unless otherwise noted in the solicitation document, TRS has 30 days to pay invoices, as allowed by 17-8-242, MCA. Contractor shall provide banking information at the time of contract execution in order to facilitate electronic funds transfer payments.

4.4 Reference to Contract. The contract number MUST appear on all invoices, packing lists, packages, and correspondence pertaining to the contract. If the number is not provided, TRS is not obligated to pay the invoice.

5. ACCESS AND RETENTION OF RECORDS

5.1 Access to Records. Contractor shall provide TRS or their authorized agents access to any records reasonably necessary to determine contract compliance at a time, place and scope mutually agreed to by the parties. TRS may terminate this contract under Section 13, without incurring liability, for Contractor's refusal to allow access as required by this section. (18-1-118, MCA.)

5.2 Retention Period. Contractor shall create and retain all records supporting the actuarial services for a period of eight years after either the completion date of this contract or termination of the contract.

6. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

Contractor may not assign, transfer, or subcontract any portion of this contract without TRS's prior written consent. (18-4-141, MCA.) Contractor is responsible to TRS for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by Contractor. No contractual relationships exist between any subcontractor and TRS under this contract.

7. HOLD HARMLESS/INDEMNIFICATION

Contractor agrees to protect, defend, and save TRS, the State of Montana, and their elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all third party claims, demands, causes of action of any kind or character, including the cost of defense thereof on account of bodily or personal injuries, death, or damage to property to the extent resulting from any violation of law or intentional or negligent act or omission of Contractor and/or its agents, employees, representatives, assigns, or subcontractors..

8. REQUIRED INSURANCE

8.1 Primary Insurance. Contractor's general liability insurance coverage shall be primary insurance with respect to TRS, its officers, officials, employees, and volunteers. Any general liability insurance or self-insurance maintained by the State, its officers, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it.

8.2 Specific Requirements for Professional Liability. Contractor shall purchase and maintain coverage with combined single limits for each wrongful act of \$1,000,000 per claim and \$2,000,000 aggregate per year to cover such claims as may be caused by any act, omission, negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: If "occurrence" coverage is unavailable or cost prohibitive, Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of this contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years; and (2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

8.3 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to TRS.

8.4 Certificate of Insurance/Endorsements. A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverages, has been received by TRS. Contractor must notify TRS immediately of any material change in insurance coverage, such as changes in limits, coverages, change in status of policy, etc., which would result in non-compliance with this contract.

9. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractor shall comply with the provisions of the Montana Workers' Compensation Act while performing work for TRS of Montana in accordance with 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither Contractor nor its employees are State employees. This insurance/exemption must be valid for the entire contract term and any renewal. Upon expiration, a renewal document must be sent to TRS.

10. COMPLIANCE WITH LAWS

Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including but not limited to, the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by Contractor subjects subcontractors to the same provision. In accordance with 49-3-207, MCA, Contractor agrees that the hiring of persons to perform this contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing this contract.

11. DISABILITY ACCOMMODATIONS

TRS does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals who need aids, alternative document formats, or services for effective communications or other disability related accommodations in the programs and services offered are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

12. REGISTRATION WITH THE SECRETARY OF STATE

Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://sos.mt.gov>.

13. CONTRACT TERMINATION

13.1 Termination for Cause. TRS may, by written notice to Contractor, immediately terminate this contract in whole or in part for Contractor's failure to materially perform any of the services, duties, terms or conditions contained in this contract.

13.2 Termination for Cause with Notice to Cure Requirement. Contractor may terminate this contract for TRS's failure to perform any of its duties under this contract after giving TRS written notice of the failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 30 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

13.3 Reduction of Funding. TRS must by law terminate this contract if funds are not appropriated or otherwise made available to support TRS's continuation of performance of this contract in a subsequent fiscal period. (18-4-313(4), MCA.) If state or federal government funds are not appropriated or otherwise made available through the state budgeting process to support continued performance of this contract (whether at an initial contract payment level or any contract increases to that initial level) in subsequent fiscal periods, TRS shall terminate this contract as required by law. TRS shall provide Contractor the date TRS's termination shall take effect. TRS shall not be liable to Contractor for any payment that would have been payable had the contract not been terminated under this provision. As stated above, TRS shall be liable to Contractor only for the payment, or prorated portion of that payment, owed to Contractor up to the date TRS's termination takes effect. This is Contractor's sole remedy. TRS shall not be liable to Contractor for any other payments or damages arising from termination under this section, including but not limited to general, special, or consequential damages such as lost profits or revenues.

14. EVENT OF BREACH – REMEDIES

14.1 Event of Breach by Contractor. Any one or more of the following Contractor acts or omissions constitute an event of material breach under this contract:

- Products or services furnished fail to conform to any requirement;
- Failure to submit any report required by this contract;

- Failure to perform any of the other terms or conditions of this contract, including but not limited to beginning work under this contract without TRS's prior approval or breaching Section 19.1 obligations; or
- Voluntary or involuntary bankruptcy or receivership.

14.2 Event of Breach by State. TRS's failure to perform any material term or condition of this contract constitutes an event of breach.

14.3 Actions in Event of Breach.

Upon Contractor's material breach, TRS may:

- Terminate this contract under Section 13; or
- Treat this contract as materially breached and pursue any of its remedies under this contract, at law, or in equity.

Upon TRS's material breach, Contractor may:

- Terminate this contract after giving TRS written notice of the stated failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 30 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period; or
- Treat this contract as materially breached and, except as the remedy is limited in this contract, pursue any of its remedies under this contract, at law, or in equity.

15. FORCE MAJEURE

Neither party is responsible for failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts, or any other causes, directly or indirectly beyond the reasonable control of the nonperforming party, so long as such party uses its best efforts to remedy such failure or delays. A party affected by a force majeure condition shall provide written notice to the other party within a reasonable time of the onset of the condition. In no event, however, shall the notice be provided later than five working days after the onset. If the notice is not provided within the five day period, then a party may not claim a force majeure event. A force majeure condition suspends a party's obligations under this contract, unless the parties mutually agree that the obligation is excused because of the condition.

16. WAIVER OF BREACH

Either party's failure to enforce any contract provisions after any event of breach is not a waiver of its right to enforce the provisions and exercise appropriate remedies if the breach occurs again. Neither party may assert the defense of waiver in these situations.

17. CONFORMANCE WITH CONTRACT

No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the contract shall be granted without the State's prior written consent. Product or services provided that do not conform to the contract terms, conditions, and specifications may be rejected and returned at Contractor's expense.

18. LIAISONS AND SERVICE OF NOTICES

18.1 Contract Liaisons. All project management and coordination on TRS's behalf must be through a single point of contact designated as TRS's liaison. Contractor shall designate a liaison that will provide the single point of contact for management and coordination of Contractor's work. All work performed under this contract must be coordinated between TRS's liaison and Contractor's liaison.

Shawn Graham is TRS's liaison.
 100 N. Park Ave, Suite 110
 PO Box 200139
 Helena, MT 59620-0139
 (406) 444-3376
shawngraham@mt.gov

R. Ryan Falls is Contractor's liaison.
 12790 Merit Drive Suite 800
 Dallas, TX 75251
 (214) 863-5635
ryan.falls@gabrielroeder.com

18.2 Notifications. TRS's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints must first be directed to the liaison. Notice may be provided by personal service, mail, or email. If notice is provided by personal service or email, the notice is effective upon receipt; if notice is provided by mail, the notice is effective on the third business days following mailing. A signed and dated acknowledgement of the notice is required of both parties.

18.3 Identification/Substitution of Personnel. Contractor agrees that Contractor's services under this contract will be assigned to and performed by Ryan Falls. Any personnel substituted during the term of this contract must be able to conduct the required work to industry standards and be equally or better qualified than the personnel originally assigned. TRS reserves the right to approve Contractor personnel assigned to work under this contract and any changes or substitutions to such personnel. TRS's approval of a substitution will not be unreasonably withheld. This approval or disapproval shall not relieve Contractor to perform and be responsible for its obligations under this contract. TRS reserves the right to require Contractor personnel replacement. If Contractor personnel become unavailable, Contractor shall provide an equally qualified replacement in time to avoid delays to the work plan.

19. MEETINGS/TECHNICAL OR CONTRACTUAL PROBLEMS

Contractor shall meet with TRS's personnel, or designated representatives, to resolve technical or contractual problems occurring during the contract term or to discuss the progress made by Contractor and TRS in the performance of their respective obligations, at no additional cost to TRS. TRS may request the meetings as problems arise and will be coordinated by TRS. TRS shall provide Contractor a minimum of one full working days' notice of meeting date and time. Meetings will be conducted by conference call. Contractor's consistent failure to participate in problem resolution meetings, Contractor missing or rescheduling two consecutive meetings, or Contractor's failure to make a good faith effort to resolve problems may result in termination of the contract.

20. CHOICE OF LAW AND VENUE

Montana law governs this contract. The parties agree that any litigation concerning this bid, proposal, or this contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. (18-1-401, MCA.)

21. TAX EXEMPTION

The State of Montana is exempt from Federal Excise Taxes (#81-0302402) except as otherwise provided in the federal Patient Protection and Affordable Care Act [P.L. 111-148, 124 Stat. 119].

22. PERSONAL PROPERTY TAX

All personal property taxes will be paid by Contractor.

23. **SEVERABILITY**

A declaration by any court or any other binding legal source that any provision of the contract is illegal and void shall not affect the legality and enforceability of any other provision of the contract, unless the provisions are mutually and materially dependent.

25. **SCOPE, ENTIRE AGREEMENT, AND AMENDMENT**

25.1 Contract. This contract, including Attachment A – Third Party Agent Agreement, consists of eleven (11) numbered pages.

25.2 Entire Agreement. These documents are the entire agreement of the parties. They supersede all prior agreements, representations, and understandings. Any amendment or modification must be in a written agreement signed by the parties.

26. **WAIVER**

TRS's waiver of any Contractor obligation or responsibility in a specific situation is not a waiver in a future similar situation or is not a waiver of any other Contractor obligation or responsibility.

27. **SIGNATURES**

The parties through their authorized agents have executed this contract on the dates set out below.

Montana Teachers' Retirement System
PO Box 200139
Helena, MT 59620-0139

Milliman, Inc.
12790 Merit Drive Suite 800,
Dallas, TX 75251, 214-863-5635

Federal ID #

By: Shawn Graham, Executive Director

By: _____
Name Printed, Title

Signature

Signature

Date

Date

Attachment A

THIRD PARTY AGENT AGREEMENT - ADDENDUM FOR PROTECTION OF CONFIDENTIAL INFORMATION

This Third Party Agent Agreement ("TPAA") is entered into by and between the Teachers' Retirement System of the State of Montana ("TRS"), 1500 E. Sixth Avenue, PO Box 200139, Helena, MT 59620-0139, and third party agent, Milliman, Inc ("Agent"), whose address and phone number are 12790 Merit Drive Suite 800, Dallas, TX 75251, 214-863-5635, (each a "Party" and collectively the "Parties").

THE PARTIES AGREE AS FOLLOWS:

1. **PURPOSE** The Parties have entered into an underlying agreement ("Agreement") for Agent's provision of services in furtherance of TRS's business objectives, the performance of which services necessitate that Agent have access to, receive, acquire, generate, process, maintain, use, disclose, transfer, and/or store confidential information of TRS (hereinafter referred to generally as "use and disclosure" of confidential information). This TPAA provides requirements for proper use and disclosure of confidential information by Agent. It supplements and/or amends the Agreement, including any future amendment or renewal of the Agreement, as required (and only as required) to give effect to the terms of this TPAA. To the extent there is any inconsistency between the Agreement and this TPAA with respect to the subject matter of this TPAA, this TPAA shall govern. Except as supplemented or amended by this TPAA, the Agreement will remain in full force and effect, and will govern the matters addressed in this TPAA.
2. **DEFINITIONS** As used in this TPAA, the following terms are defined as provided:
 - a. "Breach" means any occurrence arising with respect to confidential information in the possession of Agent or Agent's access to TRS/state of Montana data systems that results in or may reasonably be expected to result in the unauthorized acquisition of or access to confidential information, including, but not limited to: improper access to state/TRS data systems, improper access to Agent's data systems or files, loss of portable electronic devices or portable electronic media containing unencrypted confidential information, loss of documents containing confidential information, or other use or disclosure of confidential information other than as provided for by this TPAA.
 - b. "Confidential information" means data held confidentially by TRS pertaining to any individual, that, if compromised, may cause harm to the individual or create liability for TRS. Information is confidential information regardless of the format in which the information exists, i.e., hard copy, electronic data, etc. Confidential information includes:

- i. any of the following data elements combined with a first name or first initial and a last name, when the information is unencrypted or unredacted:
 - 1. a social security number or tax identification number;
 - 2. a driver's license number;
 - 3. a tribal identification number or enrollment number;
 - 4. an identification number issued by any state, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, or American Samoa; or
 - 5. an account number or credit or debit card number in combination with any required security code, access code, or password that would permit access to a person's financial account.
 - 6. confidential employee information;
 - 7. trade secret or confidential business information; or
 - 8. other information specifically identified by TRS as confidential.

c. "Redact" means to alter personal information contained within data to make all or a significant part of the data unreadable.

d. "Truncate" means to redact an identification number so that no more than the last four digits of the identification number are accessible as part of the data.

3. TERM This TPAA will be effective as of the last date of signing and will continue in effect for as long as the Agent has access to or maintains any confidential information, including that this TPAA will survive termination or expiration of the Agreement.

4. JOINT OBLIGATIONS OF THE PARTIES With respect to Agent's access to TRS's electronic data systems, and with respect to all transfers and communications of confidential information between the Parties:

- a. The Parties will work together to determine what confidential information is necessary for appropriate provision of service by Agent and to determine whether redaction or truncation of confidential information is appropriate, and will provide redacted or truncated confidential information when appropriate.
- b. If confidential information will be communicated through physical transfer of a portable data storage device or media or through email or other web-based transfer, the transferred data must be encrypted.
- c. If TRS provides Agent access to a TRS data system, TRS will provide access in conformity with state policies for secure access to state data systems and will provide Agent with any necessary instructions regarding required security parameters for access to the data system. Agent will access state/TRS data systems only in conformity with all requirements as communicated to Agent.

5. OBLIGATIONS OF AGENT With respect to its use and disclosure of confidential information:

- a. Agent may **use** confidential information only as necessary to perform services under the Agreement and for the proper administration of its business entity. Agent may **disclose** confidential information to a third party only as necessary to perform services under the Agreement, or as required by law.
- b. Agent will implement and employ reasonable and appropriate administrative, physical, and technical safeguards to protect the confidentiality, integrity, and availability of TRS's data and/or data systems and to prevent use or disclosure of confidential information other than as provided for by this TPAA, including that:

- i. Confidential information will be maintained in secured data storage environments and will not be copied or removed from secured data storage environments unless there is a business reason to do so.
 - ii. Access to confidential information by Agent's employees, subcontractors and other agents will be limited to those individuals needing access for the performance of job functions specifically related to services to be performed under the Agreement.
 - iii. Confidential information will be taken off of Agent's business premises only if there is a business requirement to do so.
 - iv. Confidential information may be placed/stored on a portable electronic device or on portable storage media only if encrypted.
- c. Agent will implement and maintain an information security policy designed to safeguard confidential information.
- d. Upon discovery of a breach, Agent will promptly notify law enforcement authorities, in appropriate circumstances, and will work with law enforcement as necessary to recover compromised confidential information. Agent will promptly notify TRS of any breach and will work diligently with TRS to remediate any deleterious effects of the breach, including notification of individuals whose confidential information may have been compromised. Agent will be responsible for all costs of notification and remediation.
- e. If Agent must disclose confidential information to subcontractors or other agents in order to provide services under the Agreement, Agent will enter into a written agreement with any such subcontractor or agent binding the subcontractor or agent to the same terms, conditions and limitations on the use and disclosure of confidential information as imposed on Agent through this TPAA. If redacted or truncated confidential information is sufficient for the purpose of any disclosure to an agent or subcontractor, the confidential information must be redacted or truncated to the greatest extent possible. Any electronic transfer of confidential information to an agent or subcontractor may be made only with encrypted data.
- f. Within 30 days of termination of the Agreement, if feasible, Agent will securely destroy all data containing confidential information or will return all data to TRS. TRS hereby acknowledges and agrees that infeasibility includes Agent's need to retain confidential information for purposes of complying with its internal archival and record retention policies and that for such retention no further notice to, or agreement by, TRS is required.
- g. Agent agrees to comply with any additional requirements regarding the security of state/TRS data systems and the appropriate use and disclosure of confidential information as required by applicable law or policy pertaining to TRS as may be communicated to Agent in writing from time to time.

6. VIOLATION OF TPAA/ RIGHT TO CURE / TERMINATION

- a. If Agent or any agent or subcontractor of Agent materially violates this TPAA, TRS will give Agent written notice of the violation. Agent will have 30 days to affect a full cure of the violation.
- b. If, in TRS's sole judgment, the violation is not amenable to cure, or if Agent fails to affect a full cure within 30 days, TRS may, in its sole discretion, terminate the Agreement for cause.

7. SIGNATURES**Montana Teachers' Retirement System**

Po Box 200139

Helena, MT 59620-0139

Milliman, Inc.

12790 Merit Drive Suite 800

Dallas, TX 75251

Federal ID #

By: Shawn Graham, Executive Director

By: _____
Name Printed, Title_____
Signature_____
Signature_____
Date_____
Date

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

	FY 24 Budget Board Approved	FY 24 Expensed thru 3/31/2024	FY 25 Request	Percent Change From FY 23 Budget	Description
Personal Services					
Full time equivalent employees	23.0		23.0		
Salaries	1,645,000	1,128,685	1,795,000		Includes Legislative Increases - greater of \$1.50 or 4.00% (July 2024)
Termination payouts	-		-		No Planned Retirements
Training Assignments	-		-		No Training Assignments
Pay Plan	2,900		-		Personnel Committee proposed pay adjustments
61301 - Per Diem	8,000	3,500	8,000		5 Board Meetings, possible NCTR Meetings
Health insurance	287,905	207,638	292,000		No increase in State Share
Other benefits	297,023	194,511	315,000		17.5% of Salaries
Additional Position	40,134		-		No New Positions in FY 2023
Total Personal Services	2,280,963	1,534,334	2,410,000	5.66%	Salary increases of 5.50% on average from Legislative Increase

Contract Services					
62102 - Consulting & Professional Services	44,300	44,300	47,000		Valuation - Actuary (FY2024 is last year of contract)
	15,000	6,347	25,000		Consulting/Cost Estimates - Legislative Year
	1,980	990	1,500		Travel - Actuary
	-		-		Experience Study - Every 4 yrs. (last one in FY22) for years FY17-FY21 (next in FY 2026)
	17,300	17,298	18,400		GASB 67 - Actuary
	37,800	23,158	40,100		GASB 68 - Actuary
	-	-	4,600		MUS Valuation - Actuary -Every other year - Odd years
	-	-	40,000		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	2,033	4,000		PBI - Address Search Service
	8,000	4,150	4,000		Carahsoft - Twilio SMS Services and SendGrid Services
	7,500	4,384	3,000		CMS - HR Consulting (Substantial Strategic Planning Every 2 years, Next in FY 2026 ~ \$5k)
	550	227	500		Shredding Service/ Box Pickup

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

	FY 24 Budget Board Approved	FY 24 Expensed thru 3/31/2024	FY 25 Request	Percent Change From FY 23 Budget	Description
	-	790	850		Atlassian Pty Ltd - JIRA Server - Software as a Service
62104A - Insurance & Bonds - Non-Fixed cost	150	115	150		
62108 - Legal Fees & Court Costs	12,500	-	12,500		Drake Law Firm - 2 Cases per year
	25,000	-	25,000		Ice Miller
62113 - Warrant Writing Fees	37,193	23,696	37,494		Fixed
62114 - Payroll Service Fees	5,791	5,791	5,780		Fixed
62114A - Workers Comp Management	529	529	548		Fixed
62115 - Photographic Services	45	20	50		
62116 - Medical Services	1,500	7,008	13,000		Medical Evaluations - Moving to MMRO in FY 25. May be moving to 62102 Meeting week of 4/15
62136 - System Development	144,000	108,000	144,000		Fixed fee - Alfred - Through June 30, 2025
	120,000	65,749	120,000		Rising Star Inc. - M-Trust Project Management / Testing-Through June 30, 2026
	95,000	27,600	95,000		M-Trust enhancement development AMA
62145- Food Services	800	431	800		Board Lunch with staff, X-Mas Party
62148 - SABHRS Operation Costs	145,660	114,211	144,919		Fixed
62186A - Recycling	800	390	850		
62187 - Records Storage	3,000	2,165	3,000		
62190 - Printing/Publications & Graphics	35,000	37,140	50,000		2 Newsletters in Odd years 1 Newsletter in Even years, Annual report, Monthly letters and forms, statements
62191 - Printing/Other Provider	4,000	2,282	4,000		HomeTown Leasing - Office Printers

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

	FY 24 Budget Board Approved	FY 24 Expensed thru 3/31/2024	FY 25 Request	Percent Change From FY 23 Budget	Description
621B1 - SITSD Storage Hosting	16,500	11,493	18,000		DOA - SITSD - Backup service, Live Storage
621B2 - SITSD Server Hosting Services	28,000	18,538	31,000		DOA - SITSD - Virtual Server, VDI as a Service
621B4 - SITSD Application Services	200	1,165	700		DOA - SITSD - RSA Soft Token 7 tokens expiring 3/2026
621B5 - SITSD Email	3,000	1,811	3,000		DOA - SITSD - O365 PSTN, O365 Rate
621B8 - SITSD Operations Support	8,200	5,395	8,200		DOA - SITSD - SCCM Service
621B9 - SITSD Database Hosting	2,500	1,591	2,500		DOA - SITSD - Database Hosting - SQL Licensing
621C5 - SITSD Enterprise Services	30,000	18,476	28,000		DOA - SITSD - Cybersecurity Rate, Enterprise Services Allocation
621C6 - SITSD Professional Services	1,000	-	1,000		DOA - SITSD
621C8 - SITSD Email Restore	1,000	-	1,000		DOA - SITSD
Total Contract Services	870,298	557,268.62	951,941	9.38%	

Supplies/Materials.					
62205 - Food	500	595	750		Includes Costco Supplies & Board Treats
62218 - Carpentry	1,000	-	1,000		
62225 - Books and Reference Materials	300	220	300		
62232 - Safety Supplies	250	199	250		
62236 - Office Supplies / E-Market	8,500	4,766	8,000		
62238 - Minor Equipment	9,500	4,124	6,000		
62241 - Office Supplies / Minor Equip	3,000	2,068	3,500		

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

	FY 24 Budget Board Approved	FY 24 Expensed thru 3/31/2024	FY 25 Request	Percent Change From FY 23 Budget	Description
62245 - Computer Hardware	10,500	2,598	6,000		2 laptops + docks, 4 monitors, battery backup units and batteries, printers
62249 - Computer Software	5,000	-	5,000		Misc. Software
622B1 - Asset Broker	25,000	44,617	53,500		DOA - SITSD - Microsoft Direct Pass-Through, Microsoft Enterprise Agreement, ServiceNow Enterprise Agreement, Hyland Pass-Through, Docusign Enterprise Agreement, Adobe Direct Pass-Through
Total Supplies/Materials	63,550	59,189	84,300	32.65%	

Communications					
62304 - Postage & Mailing	85,000	95,634	110,000		2 Newsletters in Odd years 1 in Even Years, Monthly Letters and Forms, etc.
62307 - Messenger Services	3,225	3,225	3,225		Fixed
62319 - Cellular Phones	200	101	200		Active Membership - Internet Access
62322 - Teleconferences	300	0	200		
623B0 - SITSD Voice Services	7,000	4,038	6,500		DOA - SITSD - Additional Line, VoIP Phone Service
623B1 - SITSD Video Services	500	319	500		DOA - SITSD - Video Conference Pro License
623B2 - SITSD Network Services	32,000	16,847	26,000		DOA - SITSD - Helena Campus Network Access, Remote Network Access, VPN Client
623B4 - SITSD Long Distance	5,500	1,684	3,000		DOA - SITSD
Total Communications	133,725	121,848	149,625	11.89%	

Travel					
Employee Travel	3,500	3,162	4,000		in-state (Every other year E.D. travel to MASS next in FY 2026)

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

	FY 24 Budget Board Approved	FY 24 Expensed thru 3/31/2024	FY 25 Request	Percent Change From FY 23 Budget	Description
Employee Travel	14,000	3,062	16,000		out-of-state
Board Member Travel	17,000	7,157	17,000		Trustee Workshop (2) Annual Conference (2) (\$2,500/each) Includes \$7,000 for normal board meeting (travel and lodging)
Total Travel	34,500	13,380	37,000	7.25%	

Rent					
62519 - Photocopy Equipment	3,500	2,430	3,500		Copier Rent
Total Rent	3,500	2,430	3,500	0.00%	

Repairs/Maintenance					
62750 - Software Maintenance					
	7,000		8,250		Adobe – Cold Fusion
	4,000	8,250	9,500		Gurock - Test Rails Support
	7,000		-		DocuSign - moved to Asset Broker 622B1
	800		900		Atlassian Pty Ltd - JIRA Server
	910	997	1,100		Active PDF - DocConverter
	65		200		Domain.com - domain name registration (3) and Email hosting
	-	-	300		SSL Certificate for trs.mt.gov (3-year certificate)
	-	468	468		SurveyMonkey - No need in FY 2024 - check with Darla for FY 2025
	56	62	112		Techsmith - Camtasia/Snagit Government Bundle
	649	879	879		Vyond Premium single-user plan - Go Animate
	40	40	40		The Noun Project
	49		49		Shutterstock.com 5-image license
	-	300	300		Canva
	600	582	600		Lexis - RMTD - Denise
62777 - Carpentry Repairs	500		500		
Total Repairs/Maintenance	21,669	11,578	23,198	7.06%	

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

	FY 24 Budget Board Approved	FY 24 Expensed thru 3/31/2024	FY 25 Request	Percent Change From FY 23 Budget	Description
Other Expenses					
62801 - Dues	7,500	5,125	9,000		Added NIRS membership \$1,400 per year?
62802 - Subscriptions	500	-	100		No subscriptions
62807B Notary Application Fees	50	25	75		
62809B State Management Training Center	733	549	733		Fixed Cost - New in FY 2024
62817 - Meetings and Conference Costs	14,500	5,569	14,500		Staff and Board Registration Fees for Conferences
62876 - Education/Training IT Staff	8,000	7,900	4,000		No planned trainings
62822 - Freight & Express	100	-	100		FedEx
62827 - Indirect/Admin Costs	27,830	20,873	29,095		Fixed Cost
62878 - Parking Fees	6,480	7,125	8,721		Nine Spaces - City Parking Commission increased from \$810 to \$969 each
62888 - Statewide Cost Allocation Plan	46,342	24,223	46,342		Fixed Cost
Total Other Expenses	112,035	71,389	112,666	0.56%	

Audit Fees					
62122 - Fixed Cost - Financial audit	147,787	67,103	80,684		\$147,787 for 24/25 biennium
62122 - Fixed Cost - GASB 68 Audit	30,500		30,500		\$30,500 for 24/25 biennium - GASB 67 & 68
Capital Lease					
69000 - Capital Assets	158,828	119,121	158,828		Fixed Lease Contract 3% inflater

Total Operating	1,576,392	1,023,307	1,632,242	3.54%	
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Total Administrative Expenses	3,857,355	2,557,641	4,042,242	4.79%	
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BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE

	FY 24 Budget Board Approved	FY 24 Expensed thru 3/31/2024	FY 25 Request	Percent Change From FY 23 Budget	Description
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Retirement Benefits Paid FY 2023	429,121,173
Admin Expenses FY 2023	3,745,792
Admin Expenses as Percent of Benefits FY 2023	0.8729%

* Admin Expenses may not exceed 1.5% of
Benefits Paid

M-Trust Amortization Expenses FY2023	411,920
Depreciation Expense FY2023	34,840

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

Admin Expenses Without Amt/Depr FY 2023	3,299,032
Admin Expense Percentage without Amt/Depr FY 2023	0.7688%

STATE OF MONTANA

REQUEST AND JUSTIFICATION
FOR OUT-OF-STATE TRAVEL

1) Agency Number/Name 61050-Teachers' Retirement Board		2) Division Teachers' Retirement System	
3) Org Number 01	4) Name of Person(s) Traveling/Employee ID# Darla Fitzpatrick		
5) Justification Travel to and from NCTR Customer Service workshops in New York City			
6) Itinerary Destination: New York City Travel Dates: June 8 - 12, 2024			
7) Estimated Costs Transportation \$ 700.00 Meals \$ 175.00 Lodging \$ 1255.00 Other \$ 1275.00 Total estimated cost \$ 3405.00			
Provide details to support estimated costs: (Example: registration, taxi, etc. Provide Hotel Name and Phone Number if your Agency requires this information) Airfare + ground transportation estimated at \$700 Conference hotel - The FIDi, \$269 x 4 nights + 178.70 taxes/fees Registration \$1,275			
8) Submitted By Darla Fitzpatrick		Title Communications Manager	Date 4/5/2024
Approval of Authorized Agency Personnel per Department Policy			
Supervisor	Date	Administrator	Date
Dept. Head/Designee	Date		

NOTE: A travel expense voucher form must be filed within three months after incurring the travel expenses, otherwise the right to reimbursement will be waived.

REVISED 11/17

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](#)

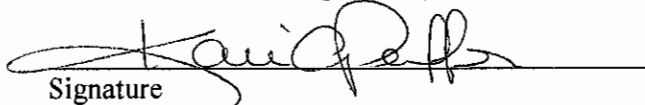
Signature

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. Legal Counsel's Report

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

VII. Applications and Retirement Benefits

Information Item **A. Regular, Survivorship, Adjustments, and Corrections** - Attached are a list of members who have retired since our February 21st board meeting and any adjustments made since that time.

The Quarterly Report is purposefully excluded from your electronic board packet because it includes what could be considered personally identifiable information (PII).

VIII. Long Range Planning

Discussion Items **A. Strategic Planning**– I have attached a copy of the updated 2023-2025 commitment worksheet for Board discussion.

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

TRS 2023 – 2025 Strategic Planning Commitment Worksheet

Goal/Objective	Outcome/Measure	Priority/ Timeline	Responsible party	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 of plan terms with the Montana State Constitution and State and Federal laws and regulations.	Every 5 years. FY2021 complete. Next review FY2026)	Executive Director Chief Legal Counsel	Tax counsel fees.
<i>Maintain an actuarially sound qualified retirement plan.</i> Actively participate in the interim study (Senate Joint Resolution - SJ 4). Be responsive to Pension Study requests. Address any issues resulting from the Pension Study Group.	Well-informed policy makers.	FY2024 & FY2025	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, 2025.	Updated actuarial assumptions.	Next study starts July 1, 2025 with completion in May of 2026	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 including periodic IT enhancement budget and planning Board sessions. The Board will provide guidance on the level of investment in the system. Establish metrics for certain enhancements where appropriate to illustrate the return on investment. <i>Maintain data for cost/benefit analyses of system enhancements and development options (e.g., utilization of online withdrawals, costs of self-provided, contracted, or Information Technology Services Division, services etc.) as needed.</i>	Automation and improved processes. Specific budgets and defined level of investment in IT systems. 2024 – 2025 efforts relate to member convenience and operational efficiency.	Ongoing	Board, M-Trust Steering Team	Staff time, contractor fees.
<i>High-performance work culture and service excellence</i> Implement online retirement application (ORA) functionality.	Member ability to apply for retirement online.	FY2024 planning 2025 – 2026 implementation	M-Trust Steering Team	Staff time, contractor fees.
<i>High-performance work culture and service excellence</i> Implement a responsive web design (i.e., when the user accesses the website, it determines and renders itself based on the device type). Redesign is necessary to remain current with contemporary web expectations and support member convenience.	Mobilize resources to implement a modern website. Position TRS to implement online retirement application (ORA).	FY2024 – FY2025 (Underway - Approximately 50% of redesign is complete with assistance from SITSD)	Information Systems Manager and Communications Manager	Staff time, contracted services (vendor or ITSD) Budget adjustment

TRS 2023 – 2025 Strategic Planning Commitment Worksheet (continued)

Goal/Objective	Outcome/Measure	Priority/ Timeline	Responsible party	Resources Required
<i>High-performance work culture and service excellence.</i> Continue business process and workflow improvements while building online processes to achieve a paperless process with a priority on major business processes.	Automation and improved processes.	Ongoing	M-Trust Steering Team	Staff time, contractor fees.
<i>High-performance work culture and service excellence.</i> Develop procedural documentation for each team (e.g., desk manuals). Documentation will ensure business continuity and support knowledge transfer/succession planning.	Improved internal documentation and business processes.	Ongoing	Management Team (and staff)	Staff time.
<i>High-performance work culture and service excellence.</i> Continue with a formal strategic planning every 2 years.	Comprehensive and timely strategic goals.	Review 2024 Formal Planning August 2025	Management Team Board	Staff/Board time, contractor fees.
<i>High-performance work culture and service excellence.</i> <i>Maintain best practices in system security and proactively assess options.</i> <i>Pursue identity verification and e-signature options to improve member convenience while ensuring continued transaction security.</i> This will affect any online form we use (e.g., OWA).	Improved functionality and member convenience with continued system security.	Would like to implement with OWA and will be part of ORA. Determine system and develop plan in FY24 (Enterprise Contract for DocuSign, ID Verification budgeted FY 2025)	Information Systems Manager and Communication s Manager	Staff time, vendor fees, contractor fees.
<i>High-performance work culture and service excellence.</i> Succession planning – a number of key staff are retirement eligible, and we have limited options for succession planning. Consider internal development, provide experiential opportunities for staff where applicable.	Improved process documentation; knowledge transfer; cross-training.	Ongoing	Executive Director/Deputy Executive Director	Staff Time
<i>High-performance work culture and service excellence.</i> Maintain TRS Pay Plan to keep it current with contemporary practices and markets.	Contemporary pay plan.	Ongoing.	Executive Director, Deputy Executive Director	Staff time.

TRS 2023 – 2025 Strategic Planning Commitment Worksheet (continued)

Goal/Objective	Outcome/Measure	Priority/ Timeline	Responsible party	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. All meetings are scheduled.	Spring of 2024 (ongoing) Completed – May 8, 2024	Executive Director and Board	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, collaboration with MFPE as appropriate, and attendance at MASBO and SAM conferences.	Continued staff attendance at strategic events. (webinars are better attended than in-person).	Ongoing	Management Team & Active Team	Staff time and travel expense.
<i>Communication and outreach (member and employer communication).</i> Continue to promote communication with members and employers about system functions, improvements, processes, and transactions including using timeline and status-oriented system communications (e.g., anniversary, RMD and GABA letters).	Strategic promotion of online services.	Ongoing	Management Team Communications Manager	Staff time, mailing, etc.
<i>Communication and outreach (member communication).</i> Continue with Member Surveys to inform our strategic direction, increase retirement awareness, and promote engagement. Distribute member survey results to legislators and other interested parties (including emphasizing the powerful graphs and comments).	An informed and engaged constituency. Valuable data for interim study	2023 survey completed in October 2023, next survey 2025.	Communications Manager	Staff time.
<i>Communication and outreach (member communication).</i> <i>Promote the system as a benefit to help school districts attract and retain teachers.</i>	Promotional materials and information illustrating the benefits of TRS for use by employers.	Ongoing	Communications Manager	Staff time.
<i>Communication and Outreach</i> <i>Hire an additional 1 FTE Communication Professional to support outreach. Retain contracted services to develop procedural manuals.</i>	Acquire qualified staff and contractors to address communication opportunities. New FTE starts 12/18/23	Fall 2023/Spring 2024 Complete December 18, 2024	Executive Director and Communications Manager	Staff time. FTE funding. Contracted services budget.
<i>Communication and Outreach</i> Research available options for TRS to support or promote a deferred compensation system for teachers.	Provide information and options to Superintendents at MASS Meetings.	Spring 2024 In presentation to MASS with MPERA 457B handout/contact info	Executive Director/Chief Legal Counsel	Staff time.

IX. 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.

X. Adjournment

Action Items **A. Motion to Adjourn**