

PUBLIC EMPLOYEES' RETIREMENT BOARD
100 N Park, Rm 218
Helena MT 59620

Board Legislative Committee Minutes
Tuesday, February 8, 2011
10:30 am

Committee Members (present via telephone):

Dianna Porter, Chair
John Nielsen
Terrence Smith

Other Board Members (present via telephone):

Darcy Halpin
Scott Moore
Timm Twardoski

Staff:

Roxanne Minnehan
Melanie Symons
Barbara Quinn
Patricia Davis
Mike O'Connor
Jenny Weigand
Flora Sebens
Ralph Pomnichowski

I. Roll Call

Ms. Minnehan was absent during the first portion of the meeting due to the fact that she was attending the presentation of Mr. Carroll South.

II. Public/Member Comment – No public comment.

III. Approval of Legislative Committee Meeting Minutes

Minutes from the February 1, 2011, meeting was not completed in time for the meeting. It was agreed this set of minutes would be approved at the Board Meeting on Thursday, February 10, 2011.

IV. Legislation Requiring Board Position

A. **SB 229** – *Revise Laws Relating to State-Tribal Coop Agreements Act and PERS (Senator Jon Sonju)*

The hearing for this bill was held yesterday afternoon in front of State Administration. Ms. Symons reported that she appeared at this hearing as an informational witness, but after she received numerous questions from Committee Members it was deemed that she was an oppositional witness. The Committee asked the sponsor to amend the bill to address only the irrigation people in order to not make this bill so broad.

B. **HB 350** – *Revise expiration of state contracts – Rep Wayne Stahl*

This bill states that a contract, lease, or rental agreement for supplies or services may not be made for a period that extends beyond the end of the fiscal biennium in which the contract, lease, or rental agreement is made. Ms. Symons explained that contracts are currently for 7 years and IT contracts are for 10 years. This bill would limit them to 2 years, which means we would always be in an RFP process. It was asked that the Board take a position on this bill in the event that it clears the Committee.

Motion: Board Committee Member Terrence Smith moved to oppose House Bill 350.

Second: Board Committee Member John Nielsen

Vote: 3/0

V. **Legislation Update**

Ms. Minnehan reported that the lobbyists were unable to meet with Representative Reichner because he the House Speaker requested his presence at another meeting. They were able to talk with Representative Hoven and answer some of his questions. Ms. Minnehan, Ms. Symons and Mr. O’Conner had created a schedule that they were hoping to give to Representative Reichner. The schedule was provided to Representative Hoven. Ms. Minnehan will send it to Representative Reichner today. Chairwoman Porter requested that the *Fed Gazette* article that was provided to the Committee Members during the hearing for House Bill 122 be included in the Board Packets for the review by the Board members. Mr. O’Connor mentioned that he had a document that presented the history of the MPERA Board from its inception through today. This was something that Representative Hoven requested. It shows specific legislation that was passed for the last 10 to 15 that changed retirement benefits.

Ms. Minnehan reported that Mr. Carroll South gave a presentation to the House State Administration Committee this morning about investments and the volatility of the stock market for the past 10 years. He showed how much the stock market had dipped from 1997 to 2009 and he also stated that on February 4, 2011, there was an increase in the stock market. Ms. Minnehan will provide the Board a copy of the presentation at the regular Board meeting on Thursday.

White Paper

Ms. Jenny Weigand has started working on a newsletter article for House Bill 197. She is waiting to receive information from Ms. Symons. She and Mr. Ralph Pomnichowski will finalize this article by next week and present it to the Committee for review.

MPERA Board Member, Timm Twardoski, has contacted AFSCME National to find out what legal research has been done in terms of contract rights. Gathering the information will take time and Mr. Twardoski will pass along any information he receives.

HB 197 (LC1361) – *Constitutional amendment allowing legislature to change retirement plans* – Rep Brian Hoven

There has not been executive action taken on this bill yet.

HB 317 - *Sunset statutory appropriations over certain periods* – Rep Rob Cook

There has been no action taken on this bill. The Fiscal Note was posted on January 31, 2011. The hearing was January 26, 2011.

SB 113 – *Transfer Statutory Excess Retirement Funds in Trust by School Districts to TRS/PERS* – Sen Larry Jent

There was no new information to report on this bill. The Committee was reminded that they had voted to support this bill.

SB 223 – *Revise Volunteer Firefighter Pensions* – Sen Ryan Zinke

This bill passed out of Committee with the proposed amendments and it will now move to the State Administration floor.

VI. **PERB Legislation**

A. **HB 70 (LC0160)** – *General Revisions Bill* – Rep Mike Menahan

The House State Administration will take executive action on Thursday, February 10, 2011. Ms. Sheri Scurr gave a presentation on all of the retirement bills that are before the Legislature. Carroll South is giving a presentation on the Board of Investments and how they invest the retirement funds. Tomorrow is a question and answer work session on retirement issues. Thursday and Friday executive action will be taken on retirement bills.

B. **HB 85 (LC0162)** – *Working Retiree Bill – PERS, SRS, FURS* – Rep Franke Wilmer

This bill is not listed for executive action this week.

C. **HB 119 (LC0161)** – *VFCA Revision Bill (Revise laws related to volunteer firefighters compensation)* – Rep Gordon Hendrick

This bill has passed the floor and is now in the Senate side waiting to be scheduled for hearing.

D. **HB 122 (LC0407)** – *PERS Funding Bill (Provide for benefit and funding changes to public employees retirement system)* – Rep Sue Malek

This bill is not listed for executive action this week.

E. **HB 134 (LC0405)** – *GWPORS Funding Bill* – Rep Carolyn Squires

No new information to report at this time. This bill is scheduled for executive on Friday, February 11, 2011.

F. **HB 135 (LC0406)** – *SRS Funding Bill* – Rep Carolyn Squires

No new information to report at this time. This bill is scheduled for executive on Friday, February 11, 2011.

VII. Other Retirement Legislation

A. *Utah Hybrid Plan*

Ms. Symons mentioned that she had spoken with Mr. Dave Senn yesterday. He stated Representative Reichner has taken one of Representative Stahl's LC's to draft a bill similar to HB 122 that will be very similar to the Utah Hybrid Plan.

B. **LC1242** – *Generally Revise Retirement System Laws (Rep Wayne Stahl)*

This bill is on hold right now.

C. **LC2049** – *Cap Defined Benefit Plan and Transfer Credit to Defined Contribution Plan (Senator Dave Lewis)*

This bill is now available to print. It has not been assigned a bill number yet. Ms. Symons noted that the title includes the wording "requiring the governor to include in the executive budget the funding necessary to amortize the unfunded liability of the defined benefit plan." She did not feel it was time to take action on this bill yet, but she wanted to bring it to the Board's attention.

Chairwoman Porter asked if all of the motions made to date for this Legislative Session should be brought before the entire Board at Thursday's Board meeting. Ms. Symons mentioned that in the past the Board has deferred the authority to the Legislative Committee. Board President John Nielsen felt that due to the numerous motions that have been made by the Legislative Committee it would be best to review all of them with the Board and seek final approval from the Board as a whole.

VIII. Other Related Legislation

A. **SB 54** – *Establish a hybrid tier in TRS for new hires only – Joe Balyeat*

This bill addresses the Teachers' Retirement System. It is sitting in Senate State Admin. The Committee tried to take executive action last Friday but the amendments were not done. This bill had originally stated that a member's investment return would average 7% over the course of their career. They amended the bill to take out the 7%. The bill also originally stated a 15 year graduated vesting and it has since been amended to read that if the IRS will not approve the 15 year graduate vesting then they will revert to a 10 year cliff vesting. They passed these amendments but chose not to vote on the bill because some of the Committee members were absent. They will take executive action Friday afternoon at 3:00 p.m.

B. **HB 192** – *Adjust Exempt Retirement Amounts for Individual Income Tax – Rep Jerry O'Neil*

This bill has been tabled in Committee.

C. **HB 231** – *Repeal Requirements for municipalities to Hire Career Paid Firefighters*

No new information to report at this time.

D. **HB 238** – *Revise Membership of Public Employees' Retirement Board*

House State Administration will be taking executive action on this bill on Thursday, February 10, 2011.

E. **HB 313** – *Increase Game Warden Salaries – Ted Washburn*

There was a hearing on this bill February 2, 2011. No executive action has been taken.

- F. **SB 120** – *Publishing of Appointed Members to all State Agency Boards* – Rep. John Brenden
This bill has been moved to the House but has not been assigned to a Committee yet.
 - G. **SB 150** – *Provide for protection of rights through actions against public officials* – Rep Art Wittich
This bill has been tabled in Committee.
 - H. **LC 1103** – *Revise MAPA Relating to Decisions in Contested Case Proceedings* (Rep Steve Fitzpatrick)
The bill has been drafted but has not been introduced yet.
 - I. **LC2018** – *Require Payment of Partial Salary to Injured Rural Firefighter* (Rep Mary McNally)
The bill has been drafted but has not been introduced yet.
 - J. **LC1103** – *Revise MAPA relating to decisions in contested case proceedings*
No new information to report at this time.
 - K. **LC2085** – *Revise optional PERS membership for legislators*
The bill is not available yet but Ms. Minnehan wanted to bring it to the Committee's attention.
- IX. The meeting was adjourned at 11:30 a.m. by Ms. Dianna Porter, Chair. The next meeting will be on Tuesday, February 15, 2011, at 10:30 a.m.**