

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

**Board Legislative Committee Minutes**  
**Tuesday, February 1, 2011**  
**1:30 am**

Committee Members (present via telephone):

Dianna Porter, Chair  
John Nielsen  
Terrence Smith

Other Board Members (present via telephone):

Darcy Halpin  
Patrick McKittrick  
Scott Moore  
Timm Twardoski

Staff:

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

**I. Roll Call**

**II. Public/Member Comment** – No public comment.

**III. Approval of Legislative Committee Meeting Minutes**

The minutes of the Board Legislative Committee meeting of February 1, 2011 were presented.

Motion: Committee Board Member John Nielsen moved to approve the minutes of the February 1, 2011, Board Legislative Committee meeting with noted corrections.

Second: Committee Board Member Terrence Smith

Vote: 3/0

**IV. Legislation Requiring Board Position**

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

Ms. Symons explained that at the last Legislative Session there was a bill introduced that requested Native American Tribal Police become members into systems that we administer. MPERA tax consultant, Ice Miller, was of the opinion that if we allowed Indian reservations and other tribal governments to join our retirement systems that it

would be difficult to monitor the accuracy of exactly how much tribal government work was being reported to us because they also engage in private work such as casinos. The bill is not scheduled for a hearing yet at this time. It's just been referred to the State Administration Committee. It was suggested that for the time being the staff assume the position of being an information witness.

Motion: Committee Board Member John Nielsen moved that staff is to be an informational witness for Senate Bill 229.

Second: Committee Board Member Terrence Smith

Vote: 3/0

**B. HB 328** – *Include dispatchers in sheriffs' retirement system – Representative Franke Wilmer*

Ms. Minnehan reminded the Board that in April, 2010, they supported this Legislation and she wanted to confirm that they were still of the same mindset. She further noted that the fiscal note has been finished and that it increases the shortfall in the statutory funding of the sheriff retirement system by 0.75% and it decreases the shortfall funding in the PERS by 0.04%. The impact to normal cost is minimal in both systems.

Motion: Committee Board Member John Nielsen moved to support House Bill 328.

Second: Committee Board Member Terrence Smith

Vote: 3/0

**V. Legislation Update**

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

This bill was heard and there were a number of opponents to the bill. There were no proponents.

*White Paper*

Committee Member, John Nielsen, felt this was a very informative document and commended Ms. Symons for her and her staff's work. It was agreed that a summary of the White Paper would be prepared for the public and posted on the website.

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

This hearing was well attended. There was a lot of opposition to the bill and only one proponent. Ms. Minnehan asked for the Board to note for the record that they supported her decision in opposing this bill.

Motion: Committee Board Member Terrence Smith moved to support Ms. Minnehan's position on House Bill 317.

Second: Committee Board Chairwoman Dianna Porter

Vote: 3/0

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

This bill has not had executive action taken on it yet. More information was requested by the Committee from the School Administrators and Ms. Minnehan was unsure if this information had been received yet.

**SB 223** – *Revise Volunteer Firefighter Pensions (Senator Ryan Zinke)*

At the Board's request, Mr. O'Connor appeared at this hearing to testify in opposition of this bill. He discussed an amendment with Senator Zinke that stated if the pensions do not amortize over a certain length of time then the extra benefit proposed in this bill will be eliminated. Because of this amendment Mr. O'Connor changed his testimony and appeared as an information witness instead. Ms. Symons and Mr. O'Connor are continuing to work with Senator Zinke on the wording for the amendment.

**VI. PERB Legislation**

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

Ms. Minnehan stated that she had talked with the Chair of this Committee, who indicated that she is going to put this bill on the agenda for executive action next Thursday, February 10, 2011. This Committee had requested to hear from the Board of Investments. The Chair invited Carol South to give a presentation on Tuesday, February 8, 2011, on the Board of Investments and how they invest the retirement funds. On Wednesday there will be a retirement education session. The Committee requested MPERA and TRS staff present to answer general retirement questions and questions regarding retirement bills.

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

No new information to report at this time.

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

This bill was transferred to the Senate floor on January 25<sup>th</sup>. The Chair indicated that she is waiting to take executive action on all retirement bills and expects to schedule them next week.

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

This bill was heard this morning. Ms. Minnehan reported that Board Member, Dianna Porter, read the letter from the MPERA Board to the Committee and Board Member Terrence Smith testified about the necessity for PERS funding. Mr. O'Connor testified as a proponent and did an excellent job. Mr. Tom Schneider from

MPEA testified as a proponent of this bill, as did Mr. Eric Feaver from MEA-MFT, Mr. John Forkan from AFSCME AMRPE. MACO Assistant Executive Director, Sheryl Wood, and the Missoula County lobbyist testified as opponents to the bill.

**E. HB 134 (LC0405) – GWPORS Funding Bill – Representative Carolyn Squires**  
No new information to report at this time.

**F. HB 135 (LC0406) – SRS Funding Bill – Representative Carolyn Squires**  
No new information to report at this time.

## **VII. Other Retirement Legislation**

### **A. Utah Hybrid Plan**

Ms. Minnehan noted that she and Mr. O'Connor are meeting with Representative Reichner and Representative Hoven this afternoon to discuss the Utah Hybrid Plan. Mr. O'Connor had provided the committee members a document that compared the PERS plan with the Utah Hybrid Plan. He explained that the Utah Legislature's goals are to reduce the cost in their non-contributory plan. A new hire will have an option between the DB and the DC, but the DB will be a new hybrid where it will be a defined benefit plan and any excess money over the plan's normal cost will go into a DC account for that hybrid member. It was noted that Utah has had years to design the Hybrid Plan and that it would be important to make sure we bring that point up during the hearing and ask the committee members to take more time before making a decision on this issue.

### **B. LC 1242 – Generally Revise Retirement System Laws (Rep Wayne Stahl)**

This bill was taken off hold on January 21, 2011, but Ms. Minnehan still has not seen a draft of it yet. Representative Wayne Stahl is proposing a 5% annuity, eliminating the Retirement Board and Teacher's Board in favor of privatization.

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

The title of this bill has changed. It used to say "one half of the current plan and transfer the credit to the DC Plan." That has changed now to require new hires for PERS to be in a Defined Contribution Plan. This bill is similar to **LC1359** ("require a defined contribution plan only for new public employees").

Motion: Committee Board Member John Nielsen moved to oppose LC1242, LC2049 and LC1359.

Second: Committee Board Chairwoman Dianna Porter

Vote: 3/0

## **VIII. Other Related Legislation**

**A. HB 192 – Adjust Exempt Retirement Amounts for Individual Income Tax – Rep Jerry O'Neil**  
No new information to report at this time.

- B. HB 231** – Repeal Requirements for municipalities to Hire Career Paid Firefighters  
No new information to report at this time.
- C. HB 238** – Revise Membership of Public Employees’ Retirement Board  
No new information to report at this time.
- D. HB 313** – *Increase Game Warden Salaries – Ted Washburn*  
No new information to report at this time.
- E. SB 120** – *Publishing of Appointed Members to all State Agency Boards – Rep. John Brenden*  
No new information to report at this time.
- F. SB 150** – *Provide for protection of rights through actions against public officials – Representative Art Wittich*  
No new information to report at this time.
- G. LC2018** – *Require Payment of Partial Salary to Injured Rural Firefighter (Rep. Mary McNally)*  
No new information to report at this time.
- H. LC1103** – *Revise MAPA relating to decisions in contested case proceedings*  
Ms. Symons reported to the Board on this bill and explained that if a contested case is transferred to a Hearing Examiner for review, and then is sent to the Board for approval, the Board cannot change any finding of fact that is contrary to its position.
- Motion: Committee Board Member Terrence Smith moved to oppose LC1103 if it changes to a House Bill.
- Second: Committee Board Member John Nielsen
- Vote: 3/0

**IX. The meeting was adjourned at 2:45 p.m. by Ms. Dianna Porter, Chair. The next meeting will be on Tuesday, February 8, 2011, at 10:30 a.m.**