

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

**Board Legislative Committee Minutes**  
**Tuesday, April 5, 2011**  
**10:30 am**

Committee Members (present via telephone):

Dianna Porter, Chair  
John Nielsen  
Terrence Smith

Other Board Members (present via telephone):

Scott Moore  
Darcy Halpin

Staff:

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

Other Attendees:

Ralph Pomnichowski

**I. Roll Call**

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

**III. Approval of March 29, 2011 Legislative Committee Meeting Minutes**

The minutes of the Board Legislative Committee meeting of March 29, 2011, were presented.

*Motion: Member Terrence Smith moved to approve the minutes of the March 29, 2011, Board Legislative Committee meeting with corrections.*

*Second: Member John Nielsen*

*Vote: 3/0*

**IV. Legislation Requiring Board Position**

There was no legislation requiring Board position.

**V. Legislation Update**

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

This bill missed the deadline for Revenue Bill Transmittal on March 30, 2011.

- B. **HB 317** – *Sunset Statutory Appropriations Over Certain Periods – Rep Rob Cook*  
This bill was heard this morning in Senate Finance and Claims. The sections addressing retirement appropriations were amended out; therefore, Ms. Minnehan did not have to appear in opposition of HB 317.
- C. **HB 508** – *Require Payment of Partial Salary to Injured Rural Firefighter – Rep Mary McNally*  
This bill has been signed by the President and is on its way to the Governor.
- D. **HB 585** – *Require public disclosure of contracts with outside counsel for state agencies – Rep Gerald (Jerry) Bennett*  
House Bill 585 had a hearing this morning in which Ms. Melanie Symons, Chief Legal Counsel, attended. She reported that the bill was heard in Senate Taxation. There were a lot of proponents that testified. Ms. Symons explained to the Committee about how we currently present our contracts to the Board for consideration. She mentioned that over the years she has sat on a lot of SAVA Committees and has also sat in on a lot of Board meetings. The Board’s meeting agendas are posted and attended by the public. Ms. Symons stated that the public was probably very well aware of contracts acted on by the Board. The original bill applied to contracts over \$500,000; it has been amended to apply to contracts over \$250,000. Also, the \$500 per hour fee was amended down to \$400. A lot of the discussion centered on whether or not that \$400 fee limit applied to *any* contract or only to the contracts that were over \$250,000. There was a lot of testimony on record regarding Legislative intent stating that the bill applies only to contracts that are over \$250,000. The attorney for TRS is drafting an amendment to clarify the \$400 fee limit. Ms. Symons indicated that she was going to submit an amendment, as well, and she thought that either Representative Bennett or Senator Arthun would carry it. The Attorney General’s Office and DNRC were also submitting amendments.
- E. **HB 587** – *Provide option for associate water court judge*  
This bill was heard in Natural Resources on April 1, 2011.
- F. **HB603** – *Provide for Public Charter Schools – Rep Mark Blasdel*  
This bill has a hearing scheduled for April 6, 2011, in Senate Education and Cultural Resources. Ms. Minnehan indicated that per the direction of this Committee we will be opposing this bill.
- G. **HB 632** – *Use spendable portion of coal severance tax to pay down UAL in the PERS, TRS and SRS – Rep Janna Taylor*  
This bill will be heard in Senate State Administration on April 8, 2011.
- H. **SB 120** – *Publishing of Appointed Members to all State Agency Boards – Rep John Brenden*  
This bill was sent to Enrolling on April 4, 2011.
- I. **SB 223** – *Revise Volunteer Firefighter Pensions – Sen Ryan Zinke*  
This bill was returned from Enrolling on April 4, 2011.
- J. **SB 229** – *Revise Laws Relating to State-Tribal Coop Agreements Act and PERS – Jon Sonju*  
Senate Bill 229 was returned from Enrolling on April 4, 2011. Member Darcy Halpin asked what “Enrolling” was. Mr. Mike O’Connor explained that it is a technical term that basically means the bills are sent to review grammar and to ensure the bills were properly formatted for the Governor to sign.
- K. **SB 328** – *Require PERS new hires to be in DC Plan – Sen Lewis*  
Ms. Minnehan reported that Senate Bill 328 had a hearing on March 30, 2011,

and the same opponents that testified at the Senate hearing on March 15, 2011 were present. Senator Lewis continued to describe the bill as a “Ponzi” scheme. He also stated that it was a good thing for the Governor to address the retirement funding every two years. He was asked how that process would work. He responded that the Legislature will have to deal with a lot of the same issues they have seen this session such as increasing employee contributions, reducing benefits, looking at the constitutionality issue of contract rights, etc. Ms. Minnehan felt that question, combined with his answer, probably helped our case for not passing the bill. She indicated that the Committee asked a lot of questions and she thinks overall a number of Committee Members like the concept of this bill; if it weren’t for the funding issues of closing the DB Plan. Ms. Minnehan was hopeful that they will take that into consideration when they take Executive Action on this bill. Executive Action was postponed and will take place this Thursday, April 7, 2011. Chairwoman Porter asked that Ms. Minnehan email the Board with the outcome.

- L. **SR 6** – *Confirm certain Governor's appointees – Rep Jim Shockley*  
This bill will confirm the appointment of Members Scott Moore and Timm Twardoski. Member Terrence Smith’s reappointment was passed last Legislative Session. The hearing was on April 1, 2011, Executive Action has not occurred yet. Ms. Minnehan stated they would have taken immediate action on this bill, but there was some controversy over one particular appointment for another Board, delaying Executive Action.

## **VI. PERB Legislation**

- A. **HB 70** – *General Revisions Bill – Rep Mike Menahan*  
This bill was signed by the Governor on April 1, 2011.
- B. **HB 119** – *VFCA Revision Bill – Rep Gordon Hendrick*  
This bill was assigned a chapter number on March 25, 2011.
- C. **HB 122** – *PERS Funding Bill – Rep Sue Malek*  
House Bill 122 has been returned to the House with Amendments on March 31, 2011. Ms. Minnehan has been in contact with Representative Malek about talking points for the floor for the amendments. One amendment reduced the new hire employee contribution increase to 1%. Other amendments were proposed by Senator Balyeat to reflect similar provisions in House Bill 116, which is a bill to tighten actuarial controls for the Teachers’ Retirement System. His amendments do not necessarily apply to us except one, which states that the early retirement calculations be the actuarially equivalent. Ms. Minnehan indicated that she is working with Senator Balyeat to delay that amendment to October 1, 2011, because we already have July 1, 2011, retirees that have received estimates based on the current provisions. Our actuary performed a sample calculation using the actuarial equivalent; there was a significant reduction in the retirement benefit. Actuarial equivalent is appropriate; but, the way it is written in the current statutes isn’t the “true” actuarial equivalent. The other two amendments proposed by Senator Balyeat are 1) working retirees and their employers are liable if they don’t report to us; and 2) when a person retires and returns to work *all* of their job earnings will have to be reported to the retirement system from which the member retired. This amendment specifically addresses known abuses in the Teachers’ Retirement System – where a member will report limited wages to TRS and the rest of the working retiree wages to PERS. Member John Nielsen asked if Senator

Balyeat was so interested in mirroring the wording with the Teachers Retirement System into the amendment for our system then why he isn't supportive of our retirement bill. Ms. Minnehan stated she did not know the answer to this but stated that Senator Balyeat seems to think that if a provision is good for one system it is good for another. It is difficult to convey that although the systems have similarities they also have different demographics and different issues. This bill has not been assigned to the floor yet.

D. **HB 134** – *GWPORS Funding Bill* – Rep Carolyn Squires

This bill was transmitted to the Governor on March 30, 2011.

E. **HB 135** – *SRS Funding Bill* – Rep Carolyn Squires

This bill was also transmitted to the Governor on March 30, 2011.

**Discussion Items**

**VII. Other Retirement Legislation**

None.

**VIII. The meeting was adjourned at 11:10 a.m. by Chairwoman Dianna Porter. The next meeting will be on Tuesday, April 12, 2011, at 10:30 a.m.**