

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

Board Legislative Committee Minutes
Tuesday, April 12, 2011
10:30 am

Committee Members (present via telephone):

Dianna Porter, Chair
John Nielsen

Excused: Terrence Smith

Other Board Members (present via telephone):

Scott Moore

Staff:

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

Other Attendees: Ralph Pomnichowski

I. Roll Call

II. Public/Member Comment – No public comment.

III. Approval of April 5, 2011 Legislative Committee Meeting Minutes

The minutes of the Board Legislative Committee meeting of April 5, 2011, were presented.

Motion: Member John Nielsen moved to approve the minutes of the April 5, 2011, Board Legislative Committee.

Second: Chairwoman Dianna Porter

Vote: 2/0

IV. Legislation Requiring Board Position

A. **HJ 38** – *Interim study of local fire protection, firefighters, and EMTs – Rep Kris Hansen*

This bill is a joint resolution of the Senate and the House of Representatives, requesting an interim study of local fire protection and emergency service entities

and firefighter and emergency medical technician benefits. MPERA has been listed in this resolution as an entity to provide input. It was introduced by Representative Kris Hansen and went before the House Local Government Committee on April 11, 2011, it was voted on and approved 14 to 6. The Legislative Council requested to designate an appropriate interim or statutory committee, pursuant to section 5-5-217, MCA, to conduct a comprehensive study of local fire protection and emergency services, how those services are paid for, and benefits provided to paid and volunteer firefighters and emergency medical technicians, including workers' compensation, disability, and retirement. The study sets forth the following requirements:

- 1) Review the current structure and function of local fire protection agencies and emergency services, including municipal fire departments, rural fire districts, fire service areas, fire companies, and emergency medical technician services;
- 2) Examine how local governments pay for the various fire protection and emergency services in their jurisdictions;
- 3) Review the current benefits provided to paid and volunteer firefighters and emergency medical technicians by local governments and the financial capacity of the local governments to provide those benefits;
- 4) Review legislation introduced during the 62nd Legislature intended to modify local fire protection and emergency services and firefighter and emergency medical technician duties, qualifications, and benefits, the reasons for the legislation, and the outcome of the legislation;
- 5) Examine the Department of Natural Resources and Conservation's State-County Cooperative Fire Protection Program, the agreements entered into between the state and counties, and the coordination between the state and local governments for wildland fire protection;
- 6) Examine the services that local government firefighters and emergency medical technicians provide and how those services are reimbursed by citizens, insurance companies, and state and federal agencies;
- 7) Examine the viability, necessity, and jurisdiction of the various local government fire protection entities provided for in state statute; and
- 8) Determine whether modifications to statutes or state or local policies are warranted to achieve adequacy, consistency, and coordination in local government fire protection and emergency services and in the benefits provided to paid and volunteer firefighters and emergency medical technicians.

Chairwoman Dianna Porter asked why this bill was written. Ms. Minnehan responded that the section about the viability, necessity, and jurisdiction of the various local government fire protection entities provided for in state statute might be aimed towards Representative Brodehl's House Bill 231. Mr. Mike O'Connor further stated that Worker's Comp has been a big issue this Legislative session and there have been questions raised about how career and volunteer firefighters are paid under it. When they brought up the issue of Worker's Comp with the firefighters they started questioning what other benefits they have and because there are so many various facets of their benefits it prompted the request for this study to be done. Member Scott Moore mentioned that several of the firefighter's bills had been tabled with the promise that there would be an interim study done but it has

now expanded way beyond its original intent. Mr. O'Connor felt our input would be very helpful because we are the only agency that has a fairly good grasp the different classes of firefighters. Ms. Minnehan mentioned that she did not feel the Committee needed to take a stance on this bill at this time and that she was presenting it at today's meeting for informational purposes only.

V. Legislation Update

- A. **HB 317** – *Sunset Statutory Appropriations Over Certain Periods – Rep Rob Cook*
This bill no longer addresses the retirement plans. Those specific statutory appropriations have been amended out. The bill has been returned to the House with amendments as of April 11, 2011.
- B. **HB 508** – *Require Payment of Partial Salary to Injured Rural Firefighter – Rep Mary McNally*
This bill was transmitted to the Governor on April 4, 2011.
- C. **HB 585** – *Require public disclosure of contracts with outside counsel for state agencies – Rep Gerald (Jerry) Bennett*
Ms. Melanie Symons attended this hearing on April 6, 2011. She stated that there were a lot of people who appeared in opposition of this bill, citing the burden that it would put on state agencies. The committee chair asked for information from all of the state agencies on outside counsel contracts for the past five years. Ms. Barbara Quinn, Fiscal Services Bureau Chief, helped compile MPERA information for the committee. Staff thought the Committee was going to wait for the information before taking action; however executive action took place the very next day. The bill passed out of the Committee by two votes. House Bill 585 had its second reading on the Senate Floor this morning.
- D. **HB 587** – *Provide option for associate water court judge*
This bill was returned to the House with amendments as of April 8, 2011. The amendments addressed the funding for the “Chief Water Court Judge” and associate.
- E. **HB603** – *Provide for Public Charter Schools – Rep Mark Blasdel*
There was a hearing on April 6, 2011. The bill was tabled on April 12, 2011. Prior to tabling, though, they took out everything involving retirement.
- F. **HB 632** – *Use spendable portion of coal severance tax to pay down UAL in the PERS, TRS and SRS – Rep Janna Taylor*
House Bill 632 was heard in Senate State Administration on April 8, 2011. Senator Balyeat proposed a contingency amendment that this bill would be void unless House Bill 122 and Senate Bill 54 passed specifically stating that all three bills need to pass in order for any system to receive money. Senator Balyeat stated that he felt blindsided by this bill and he did not want to throw money at the retirement systems without any reform. He mentioned that he had heard that his bill, Senate Bill 54, was going to be vetoed by the Governor. He wanted to ensure that his bill passed if the retirement plans were going to get this money. The amendment and the bill passed 5 to 3. The bill is now scheduled for a second reading today in the Senate.
- G. **SB 120** – *Publishing of Appointed Members to all State Agency Boards – Rep John Brenden*
This bill was transmitted to the Governor on April 11, 2011.

- H. **SB 223** – *Revise Volunteer Firefighter Pensions* – *Sen Ryan Zinke*
This bill was transmitted to the Governor on April 6, 2011.
- I. **SB 229** – *Revise Laws Relating to State-Tribal Coop Agreements Act and PERS* – *Jon Sonju*
This bill was transmitted to the Governor on April 8, 2011.
- J. **SB 328** – *Require PERS new hires to be in DC Plan* – *Sen Lewis*
Senate Bill was tabled on April 7, 2011, in Committee by a 15 to 3 vote.
- K. **SR 6** – *Confirm certain Governor's appointees* – *Rep Jim Shockley*
Senate Resolution 6 was adopted as of April 11, 2011. The appointments of Board members Scott Moore and Timm Twardoski have now been confirmed.

VI. PERB Legislation

- A. **HB 70** – *General Revisions Bill* – *Rep Mike Menahan*
This bill was signed by the Governor on April 1, 2011 and is now law.
- B. **HB 119** – *VFCA Revision Bill* – *Rep Gordon Hendrick*
This bill was signed by the Governor on March 25, 2011 and is now law.
- C. **HB 122** – *PERS Funding Bill* – *Rep Sue Malek*
This bill was returned to the House with amendments as of March 31, 2011. Legal Counsel, Ms. Kate Talley, noticed that the original amendment that eliminated the increase in employer contributions did not go far enough. The amendment removed it from the section of the law where it talks about employer contributions, but it did not amend it where the allocations are identified in the DC plan and the ORP Plan. When we asked the Legislative Services Division if this could be corrected by the Code Commissioner they immediately said it was something that had to be corrected through a committee. Representative Malek will request a do not concur. Then she will request a free conference so that the original amendment can be discussed. Then it will have to go back to both houses to be voted upon. As of today it has not shown up on the House agenda. Ms. Minnehan indicated that she has not been able to contact Representative Malek to discuss this with her. Mr. Mike O'Connor mentioned that they also asked for a revised fiscal note, which was just printed yesterday. There are concerns that we are running out of time to get this corrected. Chairwoman Porter questioned if there could be a certain amount of leeway with the amendments when it was obvious that the intent of the amendment should have included the allocations. Ms. Symons responded that if the change could not be implemented then it might be something that could be changed by the Code Commissioner, but the way the amendments are worded it could still be implemented. It is just that more of the employer contribution would go to the Plan Choice. Chairwoman Porter requested that Ms. Minnehan keep the Committee abreast of what happens with this bill via email.
- D. **HB 134** – *GWPORS Funding Bill* – *Rep Carolyn Squires*
This bill was signed by the Governor on April 8, 2011 and is now law.
- E. **HB 135** – *SRS Funding Bill* – *Rep Carolyn Squires*
This bill was signed by the Governor on April 8, 2011 and is now law.

Discussion Items

VII. Other Retirement Legislation Information

Chairwoman Porter asked when the Legislature was scheduled to be complete. Ms. Minnehan mentioned that the schedule that is posted on LAWS shows them as being on break April 23rd through the 30th. She had heard that they were going to save some days to come back and address the bills vetoed by the Governor. The exact date that the Legislature will be finished is unknown.

Governor Letter to Attorney General

Ms. Minnehan mentioned that she had sent the Board members a copy of the letter from the Governor to Attorney General, Steve Bullock, regarding a government shut-down if he doesn't receive an adequate budget. Chairwoman Porter noticed that the letter cited "essential programs." She asked if we were included in that category. Mr. O'Connor clarified that the Governor is basically stating that departments cannot spend appropriated money; because MPERA does not receive money from the General Fund we should be exempt.

House State Administration/BOI Correspondence

The House State Administration Committee sent a letter to Mr. Carroll South, Board of Investors because Representative Kennedy was confused about some of the information from a presentation given by Mr. South. Mr. South responded to this letter and Ms. Minnehan indicated she will have copies of these letters available at the Board meeting on April 14, 2011.

Governor's Branding Ceremony

The Governor is holding a Veto Branding Ceremony to veto more than a dozen bills on Wednesday, April 13, 2011, at 11:30 a.m. on the north side of the State Capitol building.

Newspaper Article

There was a lengthy newspaper article regarding retirement legislation proposed this session. The article summarized the bills as originally drafted. We have requested a correction explaining that the increased employer contributions were amended out of House Bills 122, 134 and 135.

VIII. The meeting was adjourned at 11:15 a.m. by Chairwoman Dianna Porter. The next meeting will be on Tuesday, April 18, 2011, at 10:30 a.m.