

PUBLIC EMPLOYEES' RETIREMENT BOARD

100 N Park, Rm 201 ~ Helena MT 59601

Board Legislative Committee

Tuesday, April 9, 2013

MINUTES

Chairman Terrence Smith called the PERB Legislative Committee meeting to order at 1:05 p.m. on Tuesday, April 9, 2013. Board Members that participated in the meeting:

Terrence Smith, Chairperson
Scott Moore
Bob Bugni
Melissa Strecker
Timm Twardoski
Mike McGinley
Sheena Wilson

Staff:

Roxanne Minnehan, Executive Director
Melanie Symons, Chief Legal Counsel
Barbara Quinn, Fiscal Services Bureau Chief
Patricia Davis, Member Services Bureau Chief
Kate Talley, Legal Counsel
Jenny Weigand, Education Supervisor
Hollie Koehler, Internal Auditor
Kris Vlastic, Program Specialist

Public:

Mike O'Connor, MPERA
Tom Schneider, AFSCME, MPEA
Diane Fladmo, MEA-MFT
Doug Neil, MSFA
Jerry Williams, MPPA
Kurt Bushnell, MSFA

I. Roll Call

Roll call was taken. Chairman Terrence Smith, Members Bob Bugni and Sheena Wilson were present. Members Timm Twardoski, Scott Moore, Melissa Strecker, and Mike McGinley participated by telephone.

II. Public / Member Comment

There was no public comment.

III. Approve Minutes – April 2, 2013

The minutes of the April 2, 2013 Legislative Committee were presented. Bob Bugni made comments regarding some changes to the minutes. On page 2, second paragraph change the word "just" to "use". He requested more information regarding the discussion on HB 97. On page 4, 1st paragraph, add \$ before 14 million and 11 million.

Motion: *Bob Bugni made a motion to approve the April 2, 2013 Legislative Committee minutes with requested amendments.*

Second: *Sheena Wilson*

No public comment.

Vote: *5/0, Scott Moore and Timm Twardoski abstained as they were not present at the previous*

meeting.

IV. Executive Director Report

a. Legislative Action Items

HB 97 – Cap highest/final average compensation in MPERA retirement systems as amended

Roxanne Minnehan reported that there were several amendments to HB 97. One of the amendments is to reduce the highest compensation cap from 115% to 110%. There are amendments to the compensation definition as to what is not considered compensation: 1) to remove bonuses as a part of base pay for current members and 2) contributions to 125 plans for new hires.

Melanie Symons explained the goal is to have these amendments removed and have the bill go to conference committee. The 3rd reading of the bill is April 9, 2013.

Bob Bugni inquired if there was still discussion regarding having the 125 contributions removed as compensation effective to all employees and not just the new hires. Melanie Symons reported the bonuses would be effective for all employees on July 1, 2013.

Mike O'Conner reported that there was an attempt in the House to include all members to be affected by the removal of 125 contributions. However, that attempt failed.

Senator Arthun has asked the Board to assist with the 125 issue. With the current wording there could be collective bargaining issues. The request is to either assist in the wording or have the amendment regarding 125 plans removed. Mr. Smith asked Ms. Symons when she would speak to Senator Arthun again. She stated that she had told him that the Committee was meeting today and would get back to him after the meeting.

Mike O'Conner reported there are cities that currently report 125 contributions as compensation. It is believed that the intention of the amendment was to not allow cities to add 125 plans after the effective date and, therefore; not consider 125 plan premiums as compensation for retirement purposes.

Public Comment: Jerry Williams, MPPA, stated he opposes the amendments to the bill that curtail the 125 plans. MPPA will ask the house to remove the amendment regarding 125 plans. They feel that the 110% cap addresses the salary spiking issue. He feels the amendments regarding 125 plans are unfair.

Scott Moore feels having 125 plans is a bargaining right and to have the legislature take that away is a bad thing. Also the IRS considers 125 contributions as compensation. Mr. Moore stated he is in favor of stripping the 125 amendment out of the bill.

Mr. Smith inquired the opinion of other Board members. Melissa Strecker is in agreement with Mr. Moore. Mike McGinley feels the amendment is good for the plan. He would like to see it stay. He asked that if during contract negotiations, if the 125 plans could be used in bargaining. If it is a legislative change then it cannot be negotiated. Scott Moore stated there is concern that two like people would be getting two different compensation packages.

Public Comment: Jerry Williams inquired as to how many other bargaining units besides cities use

125 plans for police and fire.

Scott Moore replied cities that have 125 plans for their police and fire, have the same choice for public works.

Public Comment: Doug Neil, MSFA, inquired if MACo offered this to county employees. Mike McGinley replied that they did not offer the 125 plan. He stated that the Fire will not be in support of the 125 amendment. He also stated they would be willing to meet with the League of Cities and Towns to help resolve this issue.

Public Comment: Tom Schneider recommends that we talk to the sponsor in order to remove the amendments.

Motion: *Scott Moore made a motion to suggest to the bill sponsor that the amendment regarding the 125 plans be stripped from HB 97.*

Second: *Melissa Strecker*

No public comment.

Vote: *6/1, Mike McGinley opposed*

b. Bill Status Reports

1. House Bills
2. Senate Bills

The bill tracking reports were given to the committee for review.

c. Board Bills

HB 91 – Modify and expand public employee 457 deferred compensation program. This bill was signed by the Governor on April 4, 2013.

HB 95 – Require contributions on working retiree compensation. HB 95 passed 2nd reading on April 8, 2013 by a vote of 46-3 and is scheduled for 3rd reading on April 9, 2013.

HB 96 – Provide actuarial funding for PERS, HPORS, GWPORS, SRS. HB 96 missed the deadline for revenue bill transmittal on April 5, 2013.

HB 105 – Generally revise MPERA retirement system laws concerning plan administration. HB 105 was transmitted to the Governor on April 2, 2013.

HB 122 – Ensure federal IRS qualification of MPERA retirement systems. HB 122 is scheduled for 3rd reading in State Administration on April 9, 2013. It passed 2nd reading with a vote of 39-10.

d. Other Legislative Discussion Items?

SB 406 - Statutory referendum on pension reform, new hires to DC plan, not TRS or PERS. SB 406 was heard in State Administration on April 3, 2013. It was tabled in committee and Senator Brown tried to blast it to the floor, but the motion failed 20-30. It missed the deadline for referendum proposal transmittal on April 5, 2013.

SR 22 - Confirm Governor's appointees to public employee retirement board. This Senate Resolution confirms the appointments of Bob Bugni until April 1, 2014 and Melissa Strecker until April 1, 2017 to the Public Employees' Retirement Board. The resolution was adopted April 8, 2013, by a vote of 49-0.

SR 53 - Confirm Governor's appointees to public employee retirement board. This Senate Resolutions confirms the appointment of Sheena Wilson and Mike McGinley to the Public Employees' Retirement Board until April 1, 2018. There were will be a hearing in State Administration Committee on April 10, 2013.

SR 54 - Confirm Governor's appointee to board of investments. This Senate Resolution confirms Sheena Wilson to the Board of Investments with her term ending January 1, 2017. It will be heard in State Administration Committee on April 10, 2013.

e. Board Position on Reviewed Bills

HB 336 – Generally revise HPORS laws – *Neutral*. HB 336 is scheduled for 3rd reading on April 9, 2013 and had passed 2nd reading with a 48-1 vote.

HB 454 – Public funding for the PERS-DBRP – *Support*. HB 454 is scheduled for hearing in the Finance and Claims Committee on April 12, 2013. Ms. Minnehan contacted the Governor's office regarding the concerns on the DC portion of the bill. With the volatility in the Senate, it is the intention to get the bill passed and the make corrections in the next session. Senator Cook's amendment regarding gradual increases in employer contribution rate is still in discussion to be removed. Senator Jon Sesso has an amendment to return to the original language of the Bill. Terry Smith inquired if there is any agreement in the committee to get that amendment passed.

Public Comment: Diane Fladmo reported that Governor's office did not want any more amendments, except to strip the bill.

The Committee reviewed the list of the members of the Finance and Claims Committee to see who the lobbyists could talk about the Board's position. Ms. Symons suggested Ed Walker and Bob Bugni suggested Jon Sesso.

Bob Bugni reported that he received an email from Russell Riggs requesting retired members testify against the GABA amendments.

ADJOURNMENT

There being no further business before the Legislative Committee, Chairman Terrence Smith adjourned the meeting at 1:55 p.m.