

PUBLIC EMPLOYEES' RETIREMENT BOARD
100 North Park Avenue, Room 201
Helena MT 59620

LEGISLATIVE COMMITTEE MEETING
Thursday, January 9, 2014

MINUTES

Committee Members

Terrence Smith, Committee Chairman
Bob Bugni, Committee Member
Timm Twardoski, Committee Member

MPERA Staff

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

Public

Stuart Segrest, Assistant Attorney General
Tom Schneider, MPEA
Mike O'Connor, AMRPE
Sheryl Wood, MACo
K. V. "Ginger" Aldrich, Sheri Scurr, Legislative Services Division
Yvette Englert, Department of Administration – Human Resources

Call to Order

Chairman Terrence Smith called the meeting to order at 2:45 p.m.

Roll Call

All committee members were present. President Scott Moore and Board Members Mike McGinley, Sheena Wilson and Melissa Strecker also attended.

Public Comment

There was no public comment.

Closed Meeting

The meeting was closed temporarily to discuss the Plan Choice Rate Lawsuit (see Closed Meeting Summary below). The meeting re-opened to the public at 3:30 p.m.

Workplan for 2015 Legislation

Chairman Terrence Smith asked those in attendance to assist in prioritizing the following preliminary concepts.

- GWPORS Funding – *This public-safety retirement system is underfunded by approximately 3% of*

covered payroll. One suggestion is to require funding contributions from three sources—1% employer, 1% employee and 1% State of Montana—with a trigger in place for employers and employees but not for the State. It was noted that other public safety systems are receiving funding from the State in some manner. The Board should be in alignment with the Governor's Office.

- *SRS Funding – SRS has a shortfall of approximately 5% of covered payroll. Montana State Peace Officers' Association would like to work with both the Board and the Governor's Office to address the underfunding.*
- *MUS-RP and DCRP Additional Employer Contributions – The major issues surrounding these plans have been discussed and are still being examined. More information will be available in the future.*
- *GABA-related Triggers – The current status of the case (preliminary injunction) was discussed, along with the impact on MPERA's administration of the GABA. The committee also discussed the potential support for MPERA-sponsored legislation requiring proper triggers for the GABA; the Board should be in alignment with the Governor's Office.*
- *PERS-DCRP Disability Fund Allocation – The actuary will be looking at the Defined Contribution Plan's disability fund and making a recommendation to the Board.*
- *Transfer PERS 911 Dispatchers to SRS – There have been several unsuccessful attempts in past legislative sessions to get this transfer accomplished. It was believed the major hurdle was SRS being actuarially unsound. Currently, there are concerns on the county level about funding related to GASB changes. It was suggested the committee may want to work together with the Dispatchers.*
- *Other Legislative Concepts – These include adding an earning threshold to the disability benefit standards for the retirement systems other than PERS.*

Legislation-related deadlines were discussed. Legislative concepts are due to the Governor's Office in April. Agency legislation is due to SAVA Interim Committee in August.

Prioritize Preliminary Legislative Concepts

After some discussion, it was agreed to focus on these concepts in the following priority order.

1. GWPORS Funding / SRS Funding (*equal priority*)
2. PERS-DCRP Disability Fund Allocation
3. MUS-RP and DCRP Additional Employer Contributions
4. GABA-related Triggers (*need to wait*)
5. Earnings Threshold on Disability Benefits
6. Transfer PERS 911 Dispatchers to SRS

Plan Choice Rate Lawsuit

In the next biennium, the Plan Choice Rate's unfunded liability will be paid off. The Board will consider how to address the topic in the next Legislative Session. This will include a private conversation with the Attorney General's Office.

CLOSED MEETING SUMMARY

The following portion of the meeting relates to matters of litigation strategy. The Legislative Committee determined that the demands of attorney/client privilege clearly exceed the merits of public disclosure. As such, this portion of the meeting was closed from 2:45 - 3:15 p.m.

Plan Choice Rate Lawsuit

Committee members discussed materials that were created by Chairman Terrence Smith. Chairman Smith said the reason he created these materials was because the unfunded liability of what the Defined

Contribution Plan owes to the Defined Benefit Plan for the Plan Choice Rate will be paid off in the next biennium, and all that will remain is the normal cost adjustment. He believed the Board will need to take action in the next Legislative Session to determine how funds will be directed after the payoff.

The committee reviewed the materials, which Chairman Terrence Smith said were based on the latest actuarial report.

In discussions with Stuart Segrest of the Attorney General's Office, the committee agreed the Plan Choice Rate was necessary when it was created to ensure the Defined Benefit Plan was actuarially sound. They also agreed it would be a policy decision as to whether the balance should be paid off early.

The committee concluded the closed session by discussing various options, focusing on fairness to both Defined Contribution Plan and Defined Benefit Plan members.

Adjournment

There being no further business before the committee, Chairman Terrence Smith adjourned the meeting at 4:30 p.m. The next committee meeting will be March 13, 2014 at 2:00 p.m.