



State Administration and Veterans' Affairs Interim Committee
62nd Montana Legislature

SENATE MEMBERS

KENDALL VAN DYK--Vice Chair
RON ARTHUN
LARRY JENT
DAVE LEWIS

HOUSE MEMBERS

PAT INGRAHAM--Chair
BRYCE BENNETT
JOANNE BLYTON
KATHY SWANSON

COMMITTEE STAFF

MEGAN MOORE, Lead Staff
DAVID NISS, Staff Attorney
FONG HOM, Secretary

MINUTES

October 20, 2011

Room 137, Capitol Building
Helena, Montana

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. To the left of each section in these minutes is a time designation indicating the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select *Committees*, then *Interim*. Once on the page for *Interim Committees*, scroll down to the appropriate committee. The written minutes summary, along with the audio and video recordings, are listed by meeting date on the interim committee's web page. You must have Real Player to listen to the audio recording or to view the video.

Hard copies of the exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

COMMITTEE MEMBERS PRESENT

REP. PAT INGRAHAM, Chair
SEN. KENDALL VAN DYK, Vice Chair

SEN. RON ARTHUN
SEN. DAVE LEWIS

REP. BRYCE BENNETT
REP. JOANNE BLYTON
REP. KATHY SWANSON

COMMITTEE MEMBERS EXCUSED

SEN. LARRY JENT

STAFF PRESENT

MEGAN MOORE, Lead Staff
DAVID NISS, Staff Attorney
FONG HOM, Secretary

Agenda and Visitors' List

Agenda ([Attachment 1](#))

Visitors' list ([Attachment 2](#))

COMMITTEE ACTION

- adopt the study plans as presented
- adopt the revised work plan

CALL TO ORDER AND ROLL CALL

- 00:00:15 REP. INGRAHAM called the meeting to order at 8:30 a.m. The committee secretary called roll ([Attachment 3](#)). Sen. Jent was excused. His proxy was given to Sen. Van Dyk via email.
- 00:01:25 The minutes of the June 24, 2011, July 5, 2011, and July 6, 2011 meetings were approved unanimously by voice vote.

AGENDA

OVERVIEW OF STUDY PLANS - Megan Moore

- 00:02:05 Ms. Moore gave an overview of the interim studies ([Exhibit 1](#)).
- ▶ **Public Comment**
- 00:05:10 REP. INGRAHAM submitted written comments from **Linda Stoll, Montana Association of Clerks and Recorders and Election Administrators** ([Exhibit 2](#)).
- 00:05:40 **Amy Carlson, Legislative Fiscal Division**, commented on the Finance Committee's study on pensions. She discussed the study's timeline ([Exhibit 3](#)).
- 00:08:25 **Tom Schneider, Montana Public Employees Association**, urged the committee to look at what is being done to the pensions for the people in the future, look at the effects of HB 122 for people who are retired under present law and for people who have retired under HB 122 with the changes that were made.
- 00:10:02 **Sharon Nason, a parent**, supported the committee's study plan for HB 242.
- 00:11:35 **Tamara Newby, citizen of Montana**, encouraged committee to follow through on the study plan for HB 242.
- 00:13:33 **Jerry Hamlin, citizen of Montana**, supports testimony regarding the HB 242 study.
- ▶ **Adoption of Study Plans by Committee**
- 00:14:26 REP. BLYTON **moved** to adopt the study plans as presented. The motion **passed** unanimously by voice vote.

REVIEW OF REVISED WORK PLAN - Megan Moore

00:15:34 Ms. Moore gave an overview of the revised work plan ([Exhibit 4](#)).

▶ Committee questions of Ms. Moore

00:15:45 REP. INGRAHAM

00:16:08 Ms. Moore

00:17:11 SEN. VAN DYK

00:17:22 Ms. Moore

▶ Adoption of Revised Work Plan

00:18:01 SEN. VAN DYK **moved** to adopt the revised work plan. The motion **passed** unanimously by voice vote.

PENSION PRIMER PRESENTATION - Megan Moore

00:21:47 Ms. Moore presented background information, "Pension Primer for State Administration and Veterans' Affairs Interim Committee" ([Exhibit 5](#)).

BREAK

00:36:38 The meeting was called back to order at 9:07 a.m.

▶ Public Comment

00:37:33 **Jerry Williams, Montana Police Protection Association**, requested a copy of Ms. Moore's presentation.

▶ Committee questions of Ms. Moore

00:38:04 SEN. ARTHUN

00:38:22 Ms. Moore

ACTUARIAL VALUATION REPORTS FOR PERS and TRS

• Public Employees Retirement System - Roxanne Minnehan, Executive Director

00:38:47 Ms. Minnehan gave a report on the results of the 2011 actuarial valuation for retirement plans administered by the Public Employees' Retirement Board ([Exhibit 6](#)).

▶ Committee questions of Ms. Minnehan

00:55:33 SEN. LEWIS

00:56:21 Ms. Minnehan

00:58:00 SEN. ARTHUN

00:58:25 Ms. Minnehan

00:59:07 SEN. VAN DYK

00:59:50 Ms. Minnehan

01:00:32 REP. INGRAHAM
01:01:28 Ms. Minnehan
01:02:55 SEN. ARTHUN
01:03:17 Ms. Minnehan
01:05:15 SEN. ARTHUN
01:05:20 Ms. Minnehan
01:05:55 SEN. ARTHUN
01:06:16 Ms. Minnehan
01:07:20 SEN. LEWIS
01:07:48 Ms. Minnehan
01:08:32 SEN. LEWIS
01:08:49 Ms. Minnehan

01:09:12 Ms. Minnehan discussed the chart on page 5 of her report.

01:11:37 SEN. ARTHUN
01:12:11 Ms. Minnehan

- **Teachers' Retirement System - David Senn, Executive Director**

01:13:10 Mr. Senn discussed the actuarial valuation for the Teachers' Retirement System ([Exhibit 7](#)).

- ▶ **Committee questions of Mr. Senn**

01:46:54 SEN. ARTHUN
01:47:02 Mr. Senn
01:47:32 SEN. LEWIS
01:47:48 Mr. Senn
01:47:59 SEN. LEWIS
01:48:44 Mr. Senn

- ▶ **Public Comment - None**

BREAK

02:09:46 The meeting reconvened at 10:40 a.m.

STATUS REPORT ON INVESTMENT OF RETIREMENT SYSTEM ASSETS - Carroll South, Executive Director, Board of Investment

02:10:32 Mr. South gave a report on Montana Pension Fund Investments ([Exhibit 8](#)).

- ▶ **Committee questions of Mr. South**

02:32:47 SEN. ARTHUN
02:32:59 Mr. South
02:34:35 SEN. VAN DYK
02:35:07 Mr. South
02:37:20 SEN. LEWIS

02:38:42 Mr. South
02:41:23 SEN. LEWIS
02:42:08 Mr. South
02:42:53 SEN. LEWIS
02:43:24 Mr. South

▶ **Cliff Sheets, Chief Investment Officer, Board of Investments**

02:45:09 Mr. Sheets said the Board of Investments will continue to invest prudently and attain the best return it can over the long-term.
02:46:14 REP. INGRAHAM asked Mr. Sheets to explain what an investment officer does.
02:46:37 Mr. Sheets

▶ **Public Comment - None**

NCSL LEGISLATIVE SUMMIT REPORT ON STATE RETIREMENT LEGISLATION

02:50:54 Ms. Moore gave a report on State Retirement Legislation in 2010 and 2011 using slides from Ron Snell's presentation ([Exhibit 9](#)). Ms. Moore said that she can also provide a summary of the bills in each state to the committee.
03:02:02 REP. BLYTON gave a report on her participation at the NCSL Conference.
03:04:04 SEN. ARTHUN gave a report on the sessions that he attended that covered pensions.
03:07:47 REP. INGRAHAM suggested that Sen. Jent give a report at the next meeting on his participation at the NCSL conference.

▶ **Public Comment - None**

RETIREMENT LITIGATION REPORT AND ANALYSIS - David Niss, Staff Attorney

▶ **Discussion**

03:09:52 The committee discussed whether or not Mr. Niss would discuss Sen. Lewis' memos that address amending existing pension/retirement contracts or keep today's discussion to a report on litigation.
03:12:27 REP. INGRAHAM asked the committee what its preference would be.
03:12:54 SEN. LEWIS said he did not want to limit his issue to a 15-minute discussion.
03:13:35 REP. INGRAHAM encouraged the committee to read the memorandums during the lunch break.

LUNCH BREAK

04:58:31 The meeting reconvened at 1:29 p.m.

RETIREMENT LITIGATION REPORT - David Niss

05:01:21 Mr. Niss discussed an article regarding South Dakota's retirement system ([Exhibit 10](#)).

05:04:25 Mr. Niss discussed the Litigation Report and Analysis ([Exhibit 11](#)).

05:24:03 Mr. Niss discussed the memorandum dated August 14, 2009 on potential legislation modifying the GABA ([Exhibit 12](#)).

▶ Committee comments and questions

05:41:19 SEN. LEWIS

05:41:58 REP. INGRAHAM

05:42:21 Mr. Niss

05:44:16 REP. INGRAHAM asked staff to put this issue on the agenda for the January meeting.

▶ Public Comment

05:44:53 **Mark Murphy, Montana County Attorneys' Association**, commented on the GABA.

▶ Questions

05:47:55 SEN. LEWIS

05:48:25 Mr. Murphy

05:49:07 **Leo Berry, Attorney**, commented on the unfunded liability of the retirement systems.

STATUTORY DUTIES RELATED TO PERS - Megan Moore

05:55:46 Ms. Moore discussed the duties of the interim committee ([Exhibit 13](#)) and the Principles and Guidelines for PERS ([Exhibit 14](#)). The adoption of Principles and Guidelines is set for the January meeting.

06:04:49 Ms. Moore directed the committee to a report "Required Review of Proposed Statutory Changes to Montana's Retirement Systems" that was done for the 2009-2010 interim. The report was not presented as an exhibit.

▶ Committee comments and questions regarding timeframes for bill drafts, draft requests from agency stakeholders

06:07:23 REP. INGRAHAM

06:08:05 Ms. Moore

06:08:54 REP. INGRAHAM

06:11:08 SEN. VAN DYK

06:11:32 SEN. LEWIS

06:13:00 REP. INGRAHAM

06:13:13 SEN. LEWIS
06:13:26 Ms. Moore
06:14:26 SEN. LEWIS
06:14:39 Ms. Moore
06:14:54 SEN. LEWIS

▶ **Public Comment**

06:15:53 **David Senn, Ex. Dir., Teachers' Retirement System**, agreed with Sen. Lewis that staff should only provide unofficial drafts for agency and legislator retirement proposals.

▶ **Committee questions of Ms. Moore**

06:17:10 REP. BENNETT
06:17:47 Ms. Moore
06:18:28 REP. BENNETT
06:18:36 REP. INGRAHAM asked if a motion is needed to help Ms. Moore, or if the direction that the committee would like to see informal bill drafts is sufficient.
06:18:58 Ms. Moore
06:19:25 REP. INGRAHAM

INSTRUCTIONS TO STAFF AND CONFIRM NEXT MEETING DATE

06:22:48 Ms. Moore said the next meeting is scheduled for January 27, 2012.
06:22:11 REP. INGRAHAM

BREAK

06:44:32 Meeting reconvened at 3:15 p.m.

COMMISSIONER OF POLITICAL PRACTICES UPDATE - Dave Gallick, Commissioner

06:46:20 Commissioner Gallick gave an update on agency activities, discussed statutes that need clarification, and reported on the Clean Campaign Act, regulation of lobbyists, the status of pending complaints, the status of lawsuits, and the status of electronic filing requirements for statewide candidates.

07:08:07 **Mary Baker, Political Practices Supervisor**, discussed the launching of the committee tracker service, the electronic filing service, and the search and download service.

▶ **Committee questions of Ms. Baker**

07:11:20 REP. INGRAHAM
07:13:18 Ms. Baker
07:13:49 REP. INGRAHAM
07:14:23 SEN. VAN DYK
07:15:04 Ms. Baker
07:16:13 REP. INGRAHAM

07:17:12 Ms. Baker

▶ **Public Comment on any topic**

07:18:36 **Ed Croucher, Department of Montana VFW**, discussed their request for funding for the Veteran Service Officer Program ([Exhibit 15](#)).

▶ **Committee questions of Mr. Croucher**

07:26:30 SEN. LEWIS
07:26:49 Mr. Cougher
07:27:36 SEN. LEWIS
07:27:59 Mr. Cougher
07:29:40 REP. INGRAHAM
07:29:43 SEN. LEWIS
07:30:28 REP. INGRAHAM
07:31:01 Mr. Cougher
07:31:24 REP. INGRAHAM
07:31:27 Mr. Cougher
07:31:31 REP. INGRAHAM
07:32:14 Mr. Cougher
07:33:18 REP. INGRAHAM

HB 142 REVIEW: STATE EMPLOYEE GROUP BENEFITS ADVISORY COUNCIL - Russ Hill, Administrator

07:34:22 Ms. Moore gave an overview of HB 142.

07:33:53 Mr. Hill discussed the Group Benefits Advisory Council ([Exhibit 16](#)).

▶ **Committee comments and questions**

07:49:44 REP. INGRAHAM
07:50:00 Mr. Hill
07:58:12 SEN. LEWIS
07:58:51 Mr. Hill
07:59:45 SEN. LEWIS
08:00:00 Mr. Hill
08:00:49 SEN. LEWIS
08:01:12 Mr. Hill
08:01:42 SEN. LEWIS
08:02:23 Mr. Hill
08:03:07 REP. INGRAHAM
08:04:24 Mr. Hill
08:05:28 REP. INGRAHAM
08:05:37 Mr. Hill
08:05:50 REP. INGRAHAM
08:06:01 Mr. Hill
08:06:14 REP. INGRAHAM
08:06:28 Mr. Hill

- ▶ **Public comment - none**

ADJOURNMENT

08:07:49 With no further business before the committee, Rep. Ingraham adjourned the meeting at 4:37 p.m.

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