MINUTES LOG
November 13, 2018
Room 102, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT
SEN. SUE MALEK, Chair
SEN. DOUG KARY, Vice Chair
SEN. DEE BROWN
SEN. FRANK SMITH
REP. DENISE HAYMAN
REP. FORREST MANDEVILLE
REP. WENDY MCKAMEY
REP. KATHY SWANSON

COMMITTEE MEMBERS EXCUSED

STAFF PRESENT
SHERI SCURR, Lead Staff
K. VIRGINIA ALDRICH, Staff Attorney
LAURA SHERLEY, Secretary
CALL TO ORDER AND ROLL CALL
12:30:20 Sen. Malek called the meeting to order at 12:30 p.m. The committee secretary took roll (Attachment 3).

SECRETARY OF STATE COREY STAPLETON
Statement on VIP errors, addendum, hiring outside attorney
12:30:57 Sen. Malek reviewed the agenda and the topics of discussion for the Secretary of State Corey Stapleton's presentation. (Exhibit 1) (Exhibit 2) (Exhibit 3)
12:35:14 Sen. Malek asked if the Secretary of State (SOS) office considered other mailer formats, if the SOS office lost partisan election staff, if there is an attorney in the office that could have reviewed the formatting of the voter information packet instead of a private attorney was selected, and what made the SOS say litigation was political.
12:38:04 Secretary Stapleton (Exhibit 4)(Exhibit 5)

Committee questions and discussion
12:46:49 Rep. Mandeville asked if the Billings Gazette contacted the SOS before publishing it's editorial on the voter information mailer (Exhibit 6).
12:48:17 Rep. Mandeville asked if there was a representative from the Billings Gazette present and if the Billings Gazette editorial board was invited to this meeting.
12:49:55 Sen. Malek commented on the committee discussion and asked Secretary of State Stapleton for further information on the mailer printing and postage bids.
12:52:27 Sen. Malek commented on the bids to Print Mail Services and asked if the SOS contacted Print Mail Services to print the mailers.
12:54:57 Rep. Hayman asked Secretary Stapleton to explain the review process for the voter information guides.
12:56:22 Rep. Hayman asked Secretary Stapleton what the SOS review and approval process is for the voter information guides and when the final draft of the first guide was printed.
12:58:10 Rep. Hayman asked Secretary Stapleton what date the first voter information guide was printed and commented on the SOS editing and approval process.
01:31:42 Sen. Brown asked Secretary Stapleton if the funding to pay for the mailers came out of general fund.
01:04:10 Committee discussion on the SOS mailers and funding for the mailers.

Public comment
None

01:10:22 Ms. Scurr reminded the committee of the memo in their packets from the Legislative Fiscal Division (LFD) that reviewed SOS office funding. (Exhibit 7)
01:40:28 Julia Platt, LFD, reviewed the funding for the SOS office (see Exhibit 7).
Committee questions
01:12:40 Rep. Mandeville thanked the LFD staff for compiling the information and commented on the Billings Gazette research into the SOS funding.
01:14:23 Sen. Malek asked Ms. Platt if the legislature can recommend changes in licensing fees.

ELECTIONS - UPDATE ON PLANS FOR HAVA FEDERAL GRANT MONEY
Dana Corson, Elections Director, Secretary of State's Office
01:15:48 Director Corson

Committee questions and discussion
01:16:38 Sen. Malek asked what the SOS proposal was that was sent to the US Election Assistance Commission (EAC).
01:17:34 Sen. Malek asked if the SOS proposal provides grants to state counties.
01:18:17 Rep. Hayman asked Director Corson to comment on state counties funding needs and why the grants have not been given to the state counties.
01:20:09 Rep. McKamey asked why the EAC has not responded to the SOS proposal.
01:20:40 Sen. Brown asked if the committee could assist the SOS by sending comment to the EAC to respond to the SOS proposal.
01:21:34 Sen. Malek asked when the HAVA fund money was released to the SOS office and why the grants can not be distributed to state counties.
01:25:36 Sen. Malek asked when the current voter registration system was put in place.
01:26:11 Sen. Malek asked how much funding was outlined in the SOS proposal to EAC that would go into the new voter registration database.
01:27:01 Sen. Malek asked Director Corson if he had the SOS proposal available for the committee to view and asked for further details about the proposal.
01:29:04 Sen. Malek commented on old voter machines in state counties and asked for the SOS proposal to be sent to the committee.
01:31:33 Sen. Malek commented on the need for voter machine maintenance.
01:32:46 Rep. McKamey asked Director Corson to discuss the importance of an updated voter registration database.
01:34:56 Sen. Brown commented on the work of the state county clerks and recorders.
01:35:48 Rep. Mandeville asked Director Corson to send the EAC response to the SOS proposal to the committee.
01:36:26 Sen. Malek asked Mr. Corson to send the SOS proposal and an update on the voter registration database to the committee.

Public comment
None

MPERA RETIREMENT SYSTEM - ACTUARIAL VALUATIONS
Dore Schwinden, Executive Director, MPERA
01:37:45 Director Schwinden (Exhibit 8)
01:41:29 Sen. Malek asked how many defined contribution members there are.
01:41:54 Director Schwinden continued his presentation.
01:44:39 Sen. Malek asked Director Schwinden to comment on the wage growth assumption percentage.
01:45:30 Director Schwinden continued his presentation.
01:51:54 Director Schwinden continued his presentation.
01:54:40 Sen. Brown asked how much money is normal cross change.
01:55:19 Director Schwinden continued his presentation.
01:56:08 Sen. Brown asked if there is discussion on what to do with the amortization increase.
01:57:34 Rep. Hayman asked how the board manages data in the uneven stock market.
01:59:11 Rep. Hayman asked what the boards strategy would be if the stock market fails.
02:00:29 Director Schwinden continued his presentation.

Committee questions and discussion
02:05:44 Sen. Brown commented on the state's retirement fund rate of growth.

Public comment
None

TEACHERS' RETIREMENT SYSTEM - ACTUARIAL VALUATIONS
Shawn Graham, Executive Director, TRS
02:07:27 Director Graham (Exhibit 10)
02:09:23 Sen. Brown asked about the potential 1 to 1 ratio of active versus retired members in the Teachers' Retirement System (TRS).
02:10:21 Director Graham continued his presentation.
02:12:26 Sen. Brown asked what would happen to the amortization if the wage growth assumption was 2.5 percent.
02:13:22 Sen. Brown asked what the current wage growth is in TRS.
02:14:29 Sen. Malek asked if the TRS limits the amount a retiree can receive.
02:16:37 Sen. Brown asked about the year average of both tiers and what would happen if the year average for both tiers was 5 years.
02:17:16 Sen. Brown commented on the issue of the year average in TRS.
02:17:59 Sen. Malek asked for a report on the maximum benefit payment in each retirement systems.
02:18:58 Director Graham continued his presentation (see Exhibit 9).

Committee questions and discussion
02:25:21 Rep. Hayman asked if TRS allows a beneficiary to take a lump sum..
02:28:31 Sen. Malek asked if a lump sum withdrawal would be taxed.

Public comment
None

PENSION FUND INVESTMENTS AND RETURNS
Review of written report
02:29:30 Ms. Scurr (Exhibit 11)
02:33:42 Sen. Brown asked for a break out report from the Board of Investments on the amount of money paid to outside investors in each plan.
02:34:18 Ms. Scurr continued her presentation.
02:37:03 Ms. Scurr continued her presentation.
02:41:57 Sen. Brown asked for clarification on the use of funds of funds (see Exhibit 11).
02:42:12 Ms. Scurr continued her presentation.

Public comment
None

FINANCIAL RISK ASSESSMENT - STRESS TESTING
Amy Carlson, Legislative Fiscal Analyst
02:45:17 Ms. Carlson and Sam Schaefer, LFD (Exhibit 12) (Exhibit 13)
03:03:49 Sen. Brown asked for clarification on the request of actuaries.
03:04:18 Mr. Schaefer continued the presentation.
03:05:04 Sen. Brown asked if other states have enacted stress testing
03:06:38 Ms. Carlson continued the presentation. (Exhibit 14)

Committee questions
03:10:45 Sen. Brown asked Ms. Carlson to speak on the new stress testing method.
03:13:19 Rep. Hayman asked if stress testing is setting up the financial risk assessment report to dueling actuarials.

Agency/Public Comment
03:15:23 Director Schwendin
03:16:27 Sen. Brown commented on providing direction to the Board of Investments.
03:17:04 Director Schwendin
03:17:28 Director Graham

BREAK (Reconvened at 3:37 p.m.)

PUBLIC COMMENT - ANY MATTER UNDER THE COMMITTEE'S JURISDICTION
03:37:49 Roger Hagan, Montana Department of the American Legion and the National Guard Association

COMMITTEE'S PERSON OVERSIGHT DUTIES
Overviews - Ms. Scurr
03:38:38 Ms. Scurr (Exhibit 15)
03:42:46 Sen. Brown asked that additional information on stress testing be added to the guide.
03:43:37 Ms. Scurr continued her presentation. (Exhibit 16) (Exhibit 17)

Committee discussion
03:53:54 Sen. Malek asked when the actuarial evaluations are done.
03:55:02 Rep. McKamey commented on the actuarial evaluations being done more frequently due to stress testing.
03:56:47 Rep. Hayman asked if LFD will have recommendations on stress testing.
03:57:46 Rep. Hayman commented on the information given to the committee on stress testing and asked that LFD present stress testing to the Finance Committee.
Green Sheets
03:58:30 Ms. Scurr continued her presentation. (see Exhibit 9)
04:03:03 Sen. Malek asked if the committee makes decisions on the green sheets would
this would be mandating pay for the next legislature.
04:03:43 Rep. McKamey asked for clarification on agency requirements for how funds are
distributed and salaries are adjusted.
04:05:40 Ms. Scurr continued her presentation.

Committee discussion and work session for action on pension topics
Revise/adopt SAVA's Pension Policy Principles
Motion
04:16:44 Sen. Kary moved to adopt the SAVA's Pension Policy Principles.

Vote
04:16:47 The motion passed unanimously on a voice vote.
04:17:01 Ms. Scurr (Exhibit 18)

Public comment - any topic related to pensions
None

COMMITTEE FINAL REPORTS AND BILL RECOMMENDATIONS
Revisit potential committee bill on statutes concerning IT reports to the legislature
Review of issue - Ms. Scurr
04:19:27 Ms. Scurr (Exhibit 20) (Exhibit 21, IT reports)

Agency and public comments
None

Committee questions, discussion, and potential action

Summary of interim activity final report and Elections: Accessibility and Cybersecurity
final report
Report review including committee bills
04:23:30 Ms. Scurr (State Admin Activities)

Committee discussion and action to revise/adopt summary of interim activity
04:25:57 Rep. Mandeville commented on formatting errors in the table of contents in the
report.

Report review including detail on LC 323
04:28:36 Ms. Scurr (Elections)

Motion
Vote 04:31:14 The motion passed unanimously on a voice vote.


Vote 04:01:39 The motion passed unanimously on a voice vote.

Public comment on summary final report
None

RULE REVIEW -- Ms. Aldrich 04:32:41 Ms. Aldrich (rule review)

Public comment
None

ADJOURNMENT 04:33:23 Sen. Malek adjourned the meeting at 4:33 p.m.