

HOUSE COMMITTEE ON GENERAL GOVERNMENT

February 5, 1997 Hearing Room D

1:00 P.M. Tapes 14 - 15

MEMBERS PRESENT:

Rep. Rep. Ken Strobeck, Chair

Rep. Rep. Dan Gardner, Vice-Chair

Rep. Rep. Jim Hill

Rep. Rep. Bob Montgomery

Rep. Rep. Kurt Schrader

Rep. Rep. Liz VanLeeuwen

Rep. Rep. Tom Whelan

MEMBER EXCUSED:

STAFF PRESENT:

Jeri Chenelle, Administrator

Timaree Whitty, Administrative Support

MEASURE/ISSUES HEARD:

Agency Overview:

Public Employees Retirement System

HB 2035 Public Hearing and Work Session

HB 2184 Work Session

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

Tape/#	Speaker	Comments
TAPE 14, A		
000	Chair Strobeck	Opens meeting at 1:05 p.m. Informs that Ednet is videotaping meeting.

<u>AGENCY OVERVIEW - PUBLIC EMPLOYEES RETIREMENT SYSTEM</u>		
025	Fred McDonnal	Executive Director of the Public Employee Retirement System (PERS) gives overview of PERS. Highlights agency's mission (EXHIBIT A).
080	McDonnal	Continues with overview. Outlines PERS membership.
120	McDonnal	Continues with agency overview. Comments on their move to a new building.
128	Rep. VanLeeuwen	Asks if this new building was authorized by the legislature or the PERS board.
131	McDonnal	Responds the legislature approved the new building last session.
155	McDonnal	Continues with overview. Outlines decision-making bodies.
183	McDonnal	Discusses legislative responsibilities with PERS.
235	McDonnal	Continues discussion of legislative responsibilities.
245	McDonnal	Discusses PERS board responsibilities.
258	Chair Strobeck	Asks about the 8% guaranteed return.
261	McDonnal	Explains 8% guaranteed return.
307	Rep. Whelan	Asks about stock market affect to 8% return.
314	McDonnal	Responds with explanation of assumed rate.
348	Chair Strobeck	Asks about the two year reserve maximum in terms of return rate.
354	McDonnal	Responds if we go over the two year reserve, any excess returns beyond that would be divided equally between employer and employee.
366	Rep. Schrader	Asks whether this is not a statutory matter but up to the board.
372	McDonnal	Responds affirmatively.
TAPE 15, A		
009	McDonnal	Continues with agency overview. Discusses retirement services.
021	McDonnal	Comments on operating revenues.
026	Rep. Schrader	Asks about employee/employer contribution rates in terms of investment incomes.
029	McDonnal	Responds contribution rates depend on investment earnings.
056	McDonnal	Discusses PERS funding overview.
084	McDonnal	Discusses contribution rates.

104	McDonnal	Discusses rate calculations. PERS is designed to benefit both the employee and employer.
140	Chair Strobeck	Asks for overview on the new building.
144	McDonnal	Shows overhead photo of building. Discusses building and moving schedule. Comments they are confident that this project should fall in line with the budget.
168	Rep. Montgomery	Asks if other areas were considered for the new building besides Portland.
172	McDonnal	Responds affirmatively.
180	Rep. Schrader	Asks whether retirees also receive 2% cost of living increases in their benefits.
182	McDonnal	Responds affirmatively.
<u>HB 2035 PUBLIC HEARING</u>		
200	Chair Strobeck	Opens public hearing on HB 2035.
203	Jeri Chenelle	Committee Administrator, reviews provisions of the bill.
221	McDonnal	Comments this is a good time to change spelling of "employe" to "employee," to go along with the change of stationary, business cards, etc.
264	Chair Strobeck	Asks for discussion on the portion of the bill pertaining to modification of requirements for annual reports.
269	McDonnal	Responds PERS is governed by the general accepted accounting practices and the governmental accounting standards board (GASB). This bill will bring PERS in accordance with the GASB standards.
296	Rep. VanLeeuwen	Asks if it can be pointed out in the language of the bill where it refers to "any" auditor.
300	McDonnal	Responds he is unable to do this at this time.
322	Rep. VanLeeuwen	Requests restructuring of the language in this bill.
348	Chair Strobeck	Closes public hearing on HB 2035, and opens work session on HB 2035.
<u>HB 2035 WORK SESSION</u>		
350	Chair Strobeck	Opens work session on HB 2035. Asks for comments from other members on Rep. VanLeeuwen's request for rewording of the bill.
356	Rep. Hill	Comments this language is a generally accepted accounting principal.
362	Rep.	Asks for a definition of the term "generally accepted

	VanLeeuwen	accounting principals."
368	Chair Strobeck	Responds this is common language business use. Asks if this is correct.
374	McDonnal	Responds affirmatively.
TAPE 14, B		
018	Rick Howlick	PERS Financial Reporting Manager explains generally accepted accounting principles for financial statements are written in GASB statement number 25.
024	Chair Strobeck	Asks if there is definition of auditor credential requirements in the GASB statements.
026	Howlick	Responds that this is implied.
034	Rep. Gardner	Asks if an independent auditor could be hired without the approval of the PERS board.
036	McDonnal	Responds negatively.
043	Rep. VanLeeuwen	Comments that she still has a problem with the wording.
049	Rep. Gardner	MOTION: Moves HB 2035 to the floor with a DO PASS recommendation.
054		VOTE: 8-0
059	Chair Strobeck	Hearing no objection, declares the motion CARRIED. REP. WHELAN will lead discussion on the floor.
HB 2184 WORK SESSION		
086	Chair Strobeck	Opens work session on HB 2184.
092	Chenelle	Updates committee on HB 2184 with amendments.
100	Rep. Hill	Comments on conflict of interest.
133	Rep. Hill	MOTION: Moves HB 2184 to the floor with a DO PASS recommendation.
134		VOTE: 8-0
135	Chair Strobeck	Hearing no objection, declares the motion CARRIED. REP. MONTGOMERY will lead discussion on the floor.
136	Chair Strobeck	Adjourns meeting at 2:09 p.m.

Submitted By, Reviewed By,

Timaree Whitty, Jeri Chenelle,

Administrative Support Administrator

EXHIBIT SUMMARY

A - Agency Overview, Fred McDonnal, PERS, pp. 16