

August 19, 20, 21, 1977 Meeting
Grandview Lodge

Minutes

August 19, 1977

PRESENT: Senators Stokowski, Ogdahl, Collin Peterson, Roger Strand, Earl Renneke, Representatives Patton, Moe, Reding, Beauchamp, Biersdorf, St. Onge, and Senator Chenoweth

1. Results of Recent Police and Fire Paid Fire and Police Actuarial Surveys:
Larry Martin, asst. to exec. sec., went over the staff memo. Discussion followed.

It was reported that the following funds had not filed an actuarial survey for the calendar year ending 1976: Brainerd Police, Virginia Police and Winona Police; Chisholm Fire, Crookston Fire, Eveleth Fire and Hibbing Fire.

The Commission staff was instructed to again write the police and fire funds relative to their failure to comply with the 1969 Guidelines Act, advising them that they are in danger of losing their state aid.

There was discussion re the need for more frequent actuarial studies--every 2 years rather than every 4 years.

August 20, 1977

Rep. Biersdorf moved payment of the Stennes & Associates actuarial bill for the month of July, 1977. Motion carried

2. Mandatory Phase Out of Local Police and Paid Fire Funds
L. Martin went over the memo and discussion followed.

There is need to understand the problems: (1) portability, (2) vesting, (3) leap-frogging. How much more should be contributed over the frozen deficit level? Length of amortization? Should take a look at other resources of contribution available--sales tax increase or income tax?

The following persons testified before the Commission:

1. Al Hofstede advised the Commission that he would form a Minneapolis Pension Task Force to work with the Commission.
2. Dick Feider, St. Paul Police, suggested that the obligations should be spread out; questioned the need for full funding.
3. Lloyd Berg, Mpls. Police Relief, does not believe that the escalation is out of line.
4. Dick Nelson, Mpls. Retired Police, advised they are concerned with protecting the present plans.
5. James Heim, Duluth Fire, stated they are not in favor of portability; that there is difficulty with tax delinquencies in Duluth, will be \$30,000 short this year.
6. Eli Miletich, Duluth Police Pension Assn., disagreed with phase-out philosophy.
7. Mike Scully, Sec. of the Mpls. Police Association, not in favor of the phase out.
8. Hubert Warren, Moorhead, suggested that the survivor provisions under PERA should be improved.
9. Jim Ziebol, St. Cloud Police, in favor of the 20 year vesting.
10. Dean Lund, League of Minnesota Cities, stated the League's position:
(does not apply to 1st class cities)
 - a. increase contributions to 8% in 2 steps;
 - b. transfer of pension credits from local funds to PERA

- c. return of contributions
- d. vesting after 10 years without escalation

3. Re: IRS Form 5500

A draft of the letter by Rep. Patton to the IRS was discussed. The letter challenged the authority of the IRS to require information from public pension plans. The Commission approved the letter which was then mailed to the IRS.

4. Re: State Income Tax of Public Employees' Pensions

Sen. Peterson advised that the law as written is not the correct interpretation. He will see to it that this is corrected this upcoming Session of the Legislature.

August 21, 1977

5. Comparison of Relative Disability Retirements Among Police & Fire Funds

Lawrence Martin went over the memo. Discussion and testimony from the various police organizations followed:

Mr. Bob Wetherille, Mpls. Fire Department, explained that they would like to get more disabilitants back to work; that disabilitants are re-examined every 2 years.

T. Gelbmann, St. Paul Fire Department, discussed back disabilities and hiring methods of the fire department.

James Heim, Duluth Fire Department, requested that the commission look into the problem of disabilities and retirement.

R. M. Scully, Minneapolis Police Relief, would like to have a subcommittee assigned to the problem of disabilities.

Lloyd Berg, President of the Minneapolis Police Relief Assn., asked that the statute for disability payments be changed.

6. Elimination of the Workers Compensation Benefit from Disability Benefits

Lawrence Martin went over the memo. Discussion followed.

Lee Stokes, Minnesota Police and Peace Assn., spoke about the abuses of the disability provisions.

T. Gelbmann, St. Paul Fire Relief, advised that they have no knowledge as to what disabilitants are doing while on disability retirement.

Karl Christey, Minnesota State Patrol Officers Assn., advises that they are running into the same problems.

R. Scully, Mpls. Police Relief, would like some way of certification of the disabilitant's continuance of disability; that if the disabilitant is employed, there should be a lesser pension.

The staff was directed to contact the City of Minneapolis and point out the problems; that there are excessive number of disabilitants; that we would like their comments and discription of their policy as to how they determine disability.

Staff directed to research the problem and get information as to who these individuals are.

Collin Peterson, Secretary

E. Diebel
Steno