

State of Minnesota \ LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Grand Rapids, Minnesota - Holiday Inn
July 15, 16, 17, 1979

July 15, 1979 - 6:00 P.M. (Friday)

PRESENT: Senators Stowkowski, Strand, Renneke, C. Peterson
Representatives Patton, Biersdorf, Sarna

The chairman, Sen. Stokowski, opened the meeting.

The minutes of the April 3, April 9, 10, 16, 18 and 19, 1979 meetings were approved.

Summaries of the 1979 Pension Legislation
Steve Harrington, Asst., went over the summaries.

The drafting mistake in the post retirement increase bill was discussed--difference in the House and Senate versions. Mr. Harvey Schmidt, TRA, requested that a letter be sent out explaining that there will be a clarification and thus enabling the funds to administer the increases until it is corrected in January, 1980.

Sen. Peterson moved that the Commission instruct Larry Martin to draft a letter clarifying this. Motion carried.

Mr. Schmidt, TRA, brought up for discussion the requirement which was a rider in the appropriations bill requiring the State Board of Investment to report to the Legislature on the use of common stock investments, the development of a residential property mortgage program and a short term lending program for Minnesota banks. The chairman stated that there is need for further study of this.

The problem re what people can do with retirement funds as far as "roll over" is concerned was brought up. The retired firefighters want to "roll over" their pension funds into some other program. There is need to find out what the national policy is in regard to this.

Fire State Aid: Premium Taxes from Self Insured Property Owners.
Rep. Sarna and Rep. Biersdorf have been working on whether self insurers do in fact report to the Insurance Commissioner and pay the 2% tax.

Sen. Peterson advised that there is need for a subcommittee to take a look at this area; that this is a statewide problem.

The actuarial statement from Dr. Franklin Smith for the periods April 1 to 30, 1979 and May 1 to May 28, 1979 was approved for payment.

R. Strand
Secretary

E. Diebel
C. Secretary

State of Minnesota

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Grand Rapids, Minnesota - Holiday Inn
July 16, 1979 - Saturday
9:00 A. M. - Rainbow Inn, Grand Rapids

PRESENT: Senators Stokowski, Strand, Renneke, C. Peterson
Representatives Patton, Sarna, Beirsdorf

The chairman, Sen. Stokowski, opened the meeting.

Review of Principles of Pension Policy - Staff Memo
Larry Martin went over the memo and discussion followed.

Staff is beginning work on the 1980 Report to the Legislature. Each report to the Legislature contains a statement of pension policy principles.

Discussion included the problem of bills relating to pensions which do not go through the Commission, further study on the allocation of employer and employee costs, overfunding of some funds, unfunded liability of other funds.

Consideration of the Structure and Function of the Commission - Staff Memo
L. Martin went over the memo and discussion followed.
The Commission's structure, function and relationship to other governmental entities was covered in this staff memo.

The following subcommittees were suggested for further study:

1. Investment and Reporting
2. Disability Benefits
3. Crediting Service in the Various Funds
4. Police and Fire State Aid

Some of the discussion and comments on the memo included: a 10 member Commission is reasonable, public members on the commission was not approved, a need for the Commission to exercise tighter control over pension related bills, automatic referral of bills relating to pension matters to the pension subcommittees of the House and Senate. A further study on TRA leaves of absence and the financing of the state's matching portion of the leaves of absence was suggested.

Review of Pension Related Portions of the Department of Finance's Public Employment Study - Staff Memo
L. Martin went over the memo and discussion followed.

Some of the points discussed included: the need for maintaining the proper contribution rate, the overfunding of the pension plans in the early years, and problems relating to the use of sick leave and vacation time.

R. Strand
Secretary

E. Diebel
C. Secretary

State of Minnesota

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

July 17, 1979 (Sunday)
Grand Rapids Holiday Inn
9:00 A.M.

PRESENT: Senators Stokowski, C. Peterson, Renneke; Representatives Patton, Biersdorf,
Sarna

The chairman, Sen. Stokowski, opened the meeting.

Consideration of Various Long Term Pension Related Issues - Staff Memo
L. Martin went over the memo and discussion followed.

The memo briefly summarized some of the long term problems which are likely to be before the Commission; such as, Financing Public Employee Retirement Funds, Structure of the Public Pension System in Minnesota, Post Retirement Adjustment Mechanisms, Fiduciary Responsibility and Liability, Federal Regulation of Public Pension Funds, Vesting, Portability between States, Retirement Age, Social Security Coverage.

Recent Court Decisions of Interest - Staff Memo

L. Martin went over the memo.

Two Minnesota Supreme Court decisions relating to local police relief associations were made recently: Donaldson v Mankato Policemen's Benefit Association and the City of Winona v Policeman's Relief Association of the City of Winona.

Mr. O. M. Ousdigian, Executive Director of PERA, expressed his gratitude to the Commission for all its work and time.

Roger Strand
Secretary

E. Diebel
C. Secretary