State of Minnesota \ LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

March 11, 1987
Room 10
State Office Building

3rd Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Representative Wayne Simoneau, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 5:00 PM.

Commission members present:

Representatives:
B. A. Johnson
Knickerbocker
Reding
Simoneau

Senators:
D. Moe
Pogemiller
Renneke
Waldorf
Wegscheid

Member absent:
Clark

A quorum was present.

Sen. Wegscheid moved adoption of the Minutes of the March 11, 1987 meeting. The MOTION PREVAILED.

Rep. Simoneau added item 1a to the agenda, the budget for the LCPR. Larry Martin, Executive Director of the LCPR gave a brief overview of the budget and noted the budget will be reviewed by the LCC March 17, 1987 at 2:00 PM.

Senator Wegscheid moved approval of the LCPR budget. The MOTION PREVAILED.

Rep. Simoneau called for the 2nd item on the agenda, correspondence, and noted the letter from Senator Leroy Stumpf regarding the buyback of a particular elected official.

Rep. Simoneau called for the 3rd item on the agenda, a report from the Commission Actuary. The Commission Actuary had no report.

Rep. Simoneau called for the 4th item on the agenda, reports from the fund administrators. There were no reports from the fund administrators.

Rep. Simoneau called for the 5th item on the agenda, a report from the State Board of Investment Executive Director. There was no report.

Rep. Simoneau called for the 6th item on the agenda, five year vesting, HF463 (Simoneau). Robert Perkins, the LCPR Actuary reported that he had been in contact with the actuary from Gabriel, Roeder, Smith & Company and they agreed to use the Gabriel, Roeder method in this instance. Using that method, Mr. Perkins report on vesting now agrees with the report provided at the last meeting by PERA.

Larry Martin gave his report to the Commission regarding five year vesting and noted that vesting functions as a sorting tool separating those who have provided long service from the short term employees. Discussion followed.

Rep. Simoneau called for agenda item 7, pension guarantees, HF458 (Simoneau), HF113 (Sviggum) and HF122 (Riveness).

Rep. Simoneau asked Mr. Lawrence Martin, Executive Director of the Legislative Commission on Pensions and Retirement, to make a presentation on this item. Mr. Martin noted that each member's packet contained a memo from him referring to the attached Minnesota case law, Sylvestre, Anderson, and Christensen and a memo referring to the attached Pennsylvania case law, McKenna, Catania, and AFSCME. Mr. Martin made the point that to grant contract theory to public pensions would open up a great deal of case law. He went on to note the amendments to the pension guarantee bills in the member's packets. Discussion followed.

Mr. Simoneau called for the 8th item on the agenda, early retirement under the Rule of 85. Mr. James Heidelberg, Assistant Director of the LCPR, gave the Commission a report on the Rule of 85 referring the members to the memo with tables attached showing the costs of the Rule of 85 and noting the Rule of 85 covers statewide plans through 6/30/87. Discussion followed.

The meeting adjourned at 7:00 P.M.

Jean Liebgott, Secretary