

March 22, 1993
Room 300S State Office Building

2nd Meeting



Subcommittee to Review Proposed Special Legislation

of the LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Rep. Leo Reding, Chair of the Subcommittee to Review Proposed Special Legislation, called the meeting to order at 9:22 A.M.

Subcommittee members present:

Representatives Bob Johnson, and Leo Reding
Senators Lawrence Pogemiller

S.F. 763 (Solon); H.F. 1004 (Murphy): Duluth Police And Fire Consolidation Account; Eligibility Of Certain Person For Annuity

Rep. Murphy reviewed the background on this bill and testified that this bill would permit her constituent to combine Duluth Police service credit with service credit in two other pension plans for the calculation of his pension benefit.

Rep. Reding stated that prior Commission policy has always been to disallow police or paid fire service credit for purposes of a combined service annuity.

Rep. Johnson questioned whether the person had received a refund of the 4 1/2 year member contributions. Mr. Lawrence A. Martin, LCPR Executive Director, stated that it was his belief that the general practice in first class cities was not to refund member contributions.

Rep. Johnson moved to deny approval of S.F. 763; H.F. 1004. **MOTION PREVAILED.**

S.F. 654 (Riveness); H.F. 817 (Mahon): PERA; Change In Optional Annuity Form In Certain Instance

Rep. Mahon reviewed the background on this bill. He testified that Mrs. Wellens, his constituent, retired in 1979, chose a 100% joint and survivor annuity from PERA, and named a young nephew as a joint annuitant. She would like to change her annuity to a single life annuity as her benefit would increase from \$491.91 to \$821.58.

Laurie Hacking, PERA Executive Director, testified in opposition to this bill as it would set a precedent in permitting a person to change an irrevocable selection.

Sen. Pogemiller moved to deny approval of S.F. 654; H.F. 817. **MOTION PREVAILED.**

S.F. 833 (Kelly); H.F. 1161 (Farrell): PERA; Payment In Lieu of Contributions For Certain Ramsey County Employee

Sen. Kelly reviewed the background on this bill. Ms. Sylvia Jean Kauffner provided further information. She stated that she worked for Ramsey County for 36 years and as a result of an auto accident, she needed to have two surgeries which occurred during her high five years. She misunderstood PERA's instructions to her regarding repayment of the employee and employer contribution plus interest and therefore did not meet the deadline for repayment of contributions.

Sen. Pogemiller moved amendment LCPR93-73. Mr. Martin reviewed the staff amendment. **MOTION PREVAILED.**

Sen. Pogemiller moved S.F. 833; H.F. 1161 as amended. **MOTION PREVAILED.**

S.F. 825 (Metzen); H.F. 977 (Milbert): MERF; Buyback For Minneapolis Public Works Employee

Mr. David Greggersen reviewed the bill and background information. Edward Burek, LCPR Deputy Director, provided further background and the chronology of this issue. Mr. Burek stated that the bill would permit the employee to pay employee contributions plus

interest and the employer to pay the balance of the full actuarial value for the two years Mr. Greggerson missed. Mr. Burek then reviewed a technical amendment, LCPR93-74, and another amendment, LCPR93-50. Discussion followed.

Sen. Metzen testified in support of this bill but questioned the necessity for including a local approval clause. Rep. Reding clarified the requirement for a local approval clause. Discussion followed.

Sen. Pogemiller questioned Mr. Greggerson's request for a refund during this time period. Mr. Burek responded that Mr. Greggerson repaid the refund when he was reinstated as an employee.

Duke Addicks, City of Minneapolis, testified that this is an exception to the statute of limitations on buybacks. Mr. Addicks continued with his testimony.

James Hacking, MERF Executive Director, testified that this was an issue between the City of Minneapolis and its employee. He further stated that the purchase of service credit would cost \$19,500, \$9,000 for the employee and \$10,500 for the employer.

Sen. Pogemiller moved a delete everything amendment, LCPR93-74, that contained a local approval clause. **MOTION PREVAILED.**

Sen. Pogemiller moved S.F. 825; H.F. 977 as amended. **MOTION PREVAILED.**

S.F. 871 (Lessard); H.F. 1217 (Anderson, I.): PERA Defined Contribution Plan; Shift From PERA-General For Certain Person

Sen. Lessard reviewed the background on this bill. Mr. Martin stated that the person is trying to purchase service as an elected official and that an amendment may be required.

Laurie Hacking provided further information and stated that this person was trying to purchase service for 18 years as an elected official who did not have PERA coverage due to a low salary level. In March, 1987, this person became an appointed official and began coverage in PERA's defined benefit plan. This person would like coverage shifted to PERA's defined contribution plan for both the 18 years as an elected official and current employment.

Rep. Johnson questioned the uniqueness of this person's situation and the cost of the purchase of 18 years of service. Ms. Hacking stated that the approximate cost would be \$2,500 for the employer and \$1,800 for the employee. Ms. Hacking further testified that PERA would prefer this bill to be restricted to this person rather than reopening a window. An amendment (SCS0871A-1) was distributed and discussion followed.

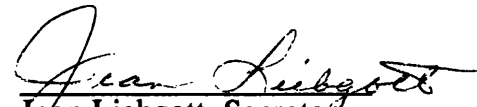
Rep. Johnson moved to deny S.F. 871; H.F. 1217. **MOTION PREVAILED.**

S.F. xxx (....); H.F. xxx (....): PERA; Coverage For Employees Of The Minnesota Chiefs Of Police Association

Laurie Hacking testified that the person for whom this legislation was drafted has decided to find a different solution.

Sen. Pogemiller moved to **LAY OVER** this draft legislation. **MOTION PREVAILED.**

The meeting adjourned at 10:00 A.M.


Jean Lieb Gott, Secretary