



February 28, 2000  
Room 5, State Office Building

6<sup>th</sup> Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Rep. Harry Mares called the meeting to order at 6:15 p.m.

**Commission members present at this meeting:**

Representatives Philip Krinkie, Harry Mares, Mary Murphy, Rich Stanek, and Stephen Wenzel  
Senators Don Betzold, Dean Johnson, Lawrence Pogemiller, LeRoy Stumpf, Roy Terwilliger

**8. H.F. 3569 (Skoglund); S.F. 3365 (Flynn): MERF; Service Credit Purchase For Prior Minneapolis City Temporary Employment**

Rep. Skoglund explained that this bill would allow Mr. Michael Johnson to purchase service credit in the MERF plan at full actuarial value. Sen. Flynn testified on behalf of her constituent, Mr. Johnson. Mr. Edward Burek, Deputy Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo and policy issues raised by this bill. Mr. Robert Johnson, representing Teamsters Local 320, testified in support of the bill.

Sen. Pogemiller moved Amendment LCPR00-90. **MOTION PREVAILED.**

Sen. Pogemiller moved H.F. 3569, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**7. H.F. 3341 (Van Dellen); S.F. 3193 (Olson): PERA; Service Credit Purchase For Former Hennepin County Parole Officer Uncredited Service**

Sen. Olson testified on behalf of her constituent, who was not able to attend. She explained that when he was a parole officer, Mr. Colson paid in to the PERA fund and employee contributions were deducted, but were not deposited into the PERA account at no fault of his own. This bill is designed to correct the situation, dividing the cost between Hennepin County and the State. Sen. Olson mentioned that Mr. Colson has been trying to resolve this issue since 1991.

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement reviewed the staff memo and policy issues raised by this bill. Mr. Paul Siglund, Hennepin County Benefits Manager, testified that he has been researching this case since 1991. The county board has not taken a position because they have not been able to determine exactly what happened, although they do have records showing that the contribution was actually taken. Ms. Mary Vanek, Director of PERA, testified that PERA has no record of any deductions reported.

Rep. Stanek moved H.F. 3341; S.F. 3193 be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**2. H.F. 2285 (Kalis); S.F. 2239 (Larson): TRA; Extension of Improved Money Purchase Program Savings Clause**

Sen. Terwilliger moved delete-all Amendment LCPR00-143. **MOTION PREVAILED.**

Sen. Larson explained that this bill, as amended, would extend to pre-1969 teachers who elected a benefit program other than the Improved Money Purchase (IMP) the same savings clause as applies to their pre-1969 colleagues who made no benefits program selection, but limits the value of the IMP choice by putting a cap on the cost to the TRA fund at \$350 million. Rep. Kalis also provided some of the history behind the issue and the reasons for the legislation.

Mr. Joe O'Neill, attorney for the Pre-69 Teachers Association, testified in support of this bill. Mr. Gary Austin, TRA Executive Director, testified that TRA's board is not in favor of expanding the IMP provision unless funded from outside sources. Mr. Austin expressed his concern that the amendment

calls for retirees to have their benefits recalculated as of June 1, 2000, and suggested that the difference be calculated as of the time of retirement. Currently, they have about 4200 active and inactive teacher who taught during the 1968-1969 year and that more than 7700 people that would be eligible under the provisions of this amendment. Rep. Mares said that he received a letter from the Pre-74 teachers saying they would also like to be covered, and asked Mr. Austin about the number of teachers in that group. Mr. Austin responded that he believed it would add about another 13,500 members. Mr. O'Neill said they would support using the date of retirement for calculation, and that this amendment limits the eligibility to the 1968-1969 people.

Mr. Hank Stankiewicz, Education Minnesota, spoke in opposition to the proposed legislation. Mr. Greg Burns, Deputy Executive Director, Education Minnesota, testified that their representative convention voted overwhelmingly last year not to support the type of change proposed in H.F. 2285. Mr. Bill Eisele, Department of Finance, testified against the bill, providing a letter from Commissioner Wheelock stating the Department's position.

Sen. Johnson was excused from voting due to a potential conflict of interest.

Rep. Mares moved H.F. 2285, as amended, not be recommended for passage. **MOTION PREVAILED.**

**3. H.F. 2587 (Westfall); S.F. 2345 (Langseth): TRA; Improved Money Purchase Savings Clause Extension to 1968-1969 Break-In-Service Teacher**

Rep. Westfall explained the differences between this bill and the previous one. His constituent did not teach during the 1968-69 school year due to extenuating circumstances and, therefore, did not have the opportunity to choose the IMP. Mr. Burek reviewed the staff memo and policy issues raised by this bill. He suggested that members consider this legislation in the form of Amendment LCPR00-132, which redrafts it as a special law rather than as a revision to Minnesota Statutes.

Rep. Murphy noted that the Commission has no way of knowing which option that teacher would have taken at that time, and that the Commission should simply allow her to purchase back her time. Rep. Mares noted that she is able to do so under current law.

Rep. Murphy moved H.F. 2587; S.F. 2345 not be recommended for passage. **MOTION PREVAILED.**

**23. H.F. 2802 (Smith); S.F. 2932 (Janezich): MSRS; Purchase of Service Credit for Prior Military Service**

Rep. Smith testified that this bill would allow state employees to purchase prior military service at full actuarial value. Mr. Martin noted that this item was a late addition to the agenda, and there was not time for staff to prepare a memo for this bill. He told members that this is identical to what the Commission recommended in 1999 for the teacher plans. He reviewed the policy issues raised by the bill, and recommended adding an effective date and repealer.

Mr. Brian Bergson, Legislative Affairs Director for the Minnesota Association of Profession Employees testified in support of the bill. Mr. David Bergstrom, MSRS, and Ms. Mary Vanek, PERA, both testified in favor of including the State Patrol, PERA, and PERA-P&F plans in the legislation. Rep. Murphy moved that the State Patrol, PERA, PERA-P&F plans be added to H.F. 2802, and to add a sunset and an effective date. **MOTION PREVAILED.**

Rep. Mares moved H.F. 2802; S.F. 2932, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**18. H.F. 2543 (Gleason); S.F. 2358 (Ranum): MTRFA; Purchase Of Service Credit Of Certain Prior Teaching Service**

Mr. Paul Carlson, attorney representing Mrs. Mary Starleaf, testified in support of the bill. Mrs. Starleaf testified on her own behalf.

Mr. Martin reviewed four amendments. LCPR00-136 would authorize the individual to purchase the service credit at full actuarial value without requiring school district participation in the purchase. LCPR00-137 would have the Minneapolis Public School district pay a substantial portion of the purchase cost, but would restrict the purchase to the 1978-1984 period. LCPR00-138 would provide for an administrative law judge to resolve the issue of if and when this person should have been a

member of the Minneapolis Teacher Plan, and, if so determined, would authorize the service credit purchase with the Minneapolis Public School District bearing a substantial portion of the purchase. LCPR00-139 would allow the Commission to allocate what portion of the service credit purchase the Minneapolis School District would pay.

Mr. Jim Grathwol, Minneapolis Public Schools, testified in opposition to the bill. He said that the school district would support LCPR00-136. Mr. Carlson testified in opposition to LCPR00-136. Sen. Pogemiller moved LCPR00-136. **MOTION PREVAILED.**

Sen. Pogemiller moved H.F. 2543; S.F. 2358, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION DID NOT PREVAILED.** Rep. Murphy moved that the Commission reconsider the vote on H.F. 2543; S.F. 2358, as amended. **MOTION PREVAILED.**

Sen. Pogemiller moved LCPR00-112 on behalf of Sen. Novak, concerning a person who was a part-time teacher for the time period 1980-1992. **MOTION PREVAILED.**

Sen. Pogemiller moved H.F. 2543; S.F. 2358, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

### **13. H.F. 2654 (Seifert, M.); S.F. 2310 (Pogemiller): MNSCU; Raise Post-Retirement Earnings Limitations**

Rep. Seifert explained that this bill raises the earnings limit for state university faculty members from the current \$35,000 to \$50,000. He asked members to consider an amendment that would add the cities of the first class who have educators that were inadvertently left out of the bill. Mr. Martin reviewed the staff memo and policy issues raised by this bill. He discussed staff amendment LCPR00-124, which would add a sunset. Mr. Martin observed that the proposed increase is more than the cost of living increase since 1994 when the limit was last revised.

Mr. Russ Stanton, representing the faculty association, testified in support of the bill. Mr. Gary Janikowski, MnSCU Assistant Director for Personnel, testified that MnSCU is not opposed to this bill. Mr. Stanton stated his concern about the sunset and how that would affect those faculty who already have agreements under the phased retirement program.

Sen. Pogemiller suggested changing the repealer to 2003 and reducing the \$50,000 limit to the inflation-related figure of \$46,000. Mr. Martin noted that the first class city phased retirement provision was omitted from LCPR00-124 and should be included to repeal all of the provisions related to the program.

Rep. Wenzel moved LCPR00-124, amended by changing the sunset date to 2003. **MOTION PREVAILED.**

Rep. Wenzel moved the author's amendment, amended to replace "\$50,000" with "\$46,000". **MOTION PREVAILED.**

Sen. Johnson moved H.F. 2654, S.F. 2310, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

### **24. H.F. \_\_\_\_ (Holsten); S.F. 3625 (Laidig): PERA-P&F; Provide Survivor Benefits to a Certain PERA-P&F Survivor**

Rep. Holsten reviewed the situation that prompted this legislation. Mr. Martin told members that as this was a late addition to the agenda, staff did not have time to prepare a memo on the bill. He explained that this bill would waive the normal one-year-of-marriage requirement for an off-duty death that involves a St. Paul firefighter. He informed members that, as drafted, the surviving spouse benefit that would be provided has a present value of just under \$394,000, which would create a substantial liability increase for PERA-P&F. LCPR00-140 is a technical amendment to clarify dates. LCPR00-141 would require the City of St. Paul to pay the cost of the benefit coverage.

Mr. Bob Johnson, representing Minnesota Professional Firefighters Association, testified in support of this bill, noting that the board has not taken formal action on the matter. Ms. Mary Vanek, Executive Director, PERA, testified that she did not have an opportunity to share the matter with the board to get its opinion. She mentioned that there was a case in the early 1990s when a St. Paul police officer died before a year of marriage had passed and the benefit was approved. Sen. Pogemiller asked for clarification of the history of that case – if the City of St. Paul paid for the benefit, and if the death was

duty-related. Ms. Judith Strobel, Executive Director, Minneapolis Police Relief Association and formerly with PERA, testified that the case in question was a non-duty death, but she did not recall the specifics of the division of costs.

Mr. Terry Haltner, Labor Relations Manager for the City of St. Paul, testified that the cost to the city would be about \$374,000 under the amendment and that, while not taking a position on the bill itself, the City would oppose being burdened with the cost. He also said that in the previous case the person was murdered in the line of duty and the City felt it appropriate to pick up the cost under the circumstances. In the proposed legislation, the death was non-work related.

Rep. Mares said that there are many unanswered questions, and laid the issue over.

**16. H.F. 3449 (Mares); S.F. 2374 (Price): Woodbury VFRA; Increased Survivor Benefit**

Sen. Price noted that the bill is offered on behalf of the surviving spouse of a St. Paul building inspector who was killed in the line of duty a few years ago, and who was also a volunteer firefighter for the city of Woodbury for 17 years. This individual died within just a few days of a survivor benefit increase. This bill proposes an adjustment that would allow a larger pension benefit. Mr. Burek reviewed the staff memo and policy issues raised by this bill, noting that the estimate of the cost of the benefit is roughly \$15,700. He discussed amendment LCPR00-123, which would add a subdivision to insure that the individual does not receive double benefit coverage. The amendment would authorize paying the difference between the surviving spouse benefit that has already been paid at the lower level and the benefit that would have been payable had the individual survived another week.

Sen. Pogemiller moved LCPR00-123, with appropriate spelling corrections. **MOTION PREVAILED.**

Sen. Pogemiller moved H.F. 3449; S.F. 2374, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**10. H.F. 2816 (Marko); S.F. 2475 (Price): PERA; Authorize Payment Of Omitted Salary Deductions for Dakota County Employee**

Sen. Price explained that this bill would authorize an exception to the three-year statutory limitation on the payment of deductions that were omitted to the PERA due to errors in the payroll of Dakota county. Mr. Martin reviewed the staff memo and policy issues raised by this bill and discussed two amendments. LCPR00-118 would incorporate the normal language requiring the individual to pay the full actuarial value of the service credit purchase. LCPR00-120 would have the individual involved pay the member contribution plus interest, and would require Dakota County to pay the balance. He also noted the uncertain purchase period – there may have been a period of time when this individual may have been a part-time, temporary employee and, therefore, may not have been eligible for PERA coverage.

Mr. Bob Johnson, representing Teamsters Local 320, testified in support of the bill. He said that there is a resolution by the board of county commissioners clearly establishing the Mr. Martineau's permanent, full-time employee status retroactive to January 17, 1986. The period from October 15 to January 15 was as temporary status. He testified in opposition to the amendment that would require the individual to pay full actuarial value. Ms. Mary Vanek, PERA, testified that their records show that Mr. Martineau's membership in PERA began in September 1986, at which time deductions were established.

Sen. Pogemiller moved LCPR00-120, orally amending page 1, line 8, by striking "October 16, 1985" and inserting "January 17, 1986." **MOTION PREVAILED.**

Sen. Pogemiller moved LCPR00-118, orally amending line 9 by deleting "one year" and inserting "eight months." **MOTION PREVAILED.**

Sen. Pogemiller moved that a local approval clause be incorporated. **MOTION PREVAILED.**

Sen. Pogemiller moved H.F. 2816; S.F. 2475, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**17. H.F. 3484 (Otremba); S.F. 3163 (Sams): PERA; Authorization Of Disability Benefit Application**

Rep. Otremba said that this bill would allow a former PERA member with 14 months of service credit since last termination of public service to apply for a disability benefit. Sen. Sams provided further background on the situation affecting his constituent, Kathaleen Zeise. Mr. Martin reviewed the staff memo and policy issues raised by this bill. He noted to members that if the Commission wishes to change the current two-year eligibility requirement in general law, LCPR00-98 would change the requirement from two years to one year for the three major public employee plans (MSRS, PERA, and TRA).

Ms. Vanek, PERA, testified that she has no data as to how many applications for disability are submitted that do not meet the two-year requirement. Reducing the requirement to one year may increase the incidence of disability, but the current incidence of disability is low. The actuary has recommended lowering the expectations on disability, so if it is changed to one year, they will need to watch to see if the incidence increases.

Rep. Wenzel moved H.F. 3484; S.F. 3163 be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**5. H.F. \_\_\_\_ ( ); S.F. 650 (Pogemiller): Teacher Retirement Plans; Level Benefit/Rule of 90 Pre- and Post-1989 Hirees**

Rep. Mares said that this bill would not be taken up at this meeting, but that testimony will be heard and the issue will be studied during the Interim.

Ms. Jan Olsweiger, Education Minnesota, testified in support of the bill. She said that currently there are teachers who have two different levels of benefits – those teachers who were hired before July 1, 1989, and those who were hired after that date. They both contribute 5% of their salaries, but based on assumptions, the pre-1989 teachers are eligible to retire at age 57, while the post-1989 teachers are eligible to retire at age 66.

Mr. R. E. Levy, a teacher at Northfield Elementary School in Eagan, testified in support of the bill. He noted that teaching elementary school requires a lot of physical activity and that it is hard to imagine teaching elementary students as he nears age 66 because of the physical demands of the job. He believes early retirement could be used as an incentive to encourage young people to go into the field of teaching, and as an incentive to retain teachers currently in the profession.

**22. H.F. 2619 (Murphy); S.F. 2312 (Stumpf): Various Plans; Post-Retirement Health Care Insurance Coverage Task Force**

Mr. Russ Stanton, representing the faculty at the state universities and community colleges, testified in support of the bill.

Rep. Murphy offered amendment LCPR00-126, which would add a representative of the First Class City Teachers to the task force. Sen. Pogemiller offered a friendly amendment to LCPR00-126, as follows: on line 4, after “retirement” insert “police and fire relief” and at the end of line four insert “Minneapolis Employees Retirement Fund.” Rep. Murphy replied that she would accept those changes.

Rep. Murphy moved LCPR00-126, as verbally amended. **MOTION PREVAILED.**

Sen. Stumpf moved LCPR00-122. **MOTION PREVAILED.**

Sen. Stumpf moved H.F. 2619; S.F. 2312, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**21. H.F. 3157 (Stanek); S.F. 2477 (Pogemiller): PERA-P&F; Pension Coverage for Tribal Police Officers**

Sen. Pogemiller said that this bill would allow some of the employees of the Mille Lacs Band Tribal Police Department into PERA-P&F coverage. Mr. Jim Genia, representing the Mille Lacs Band Tribal Police, testified in support of the bill.

Sen. Pogemiller moved LCPR00-133. **MOTION PREVAILED.**

Sen. Pogemiller moved LCPR00-134. **MOTION PREVAILED.**

Sen. Pogemiller offered amendment LCPR00-135, to allocate the payment between the employee and the employer. Mr. Adam Altman, Solicitor General for the Mille Lacs Band, testified that the Band is in favor of the amendment. Sen. Stumpf asked if this legislation applies only to the Mille Lacs Band. Mr. Genia replied that the legislation applies to the Mille Lacs, Lower Sioux, and Fond du Lac Bands, and also includes a general catchall under 626.93. Mr. Genia noted that the legislation says that if a tribe wants to have its officers participate in the PERA-P&F fund they have to pass a resolution requesting their inclusion in the fund. Mr. Martin confirmed that this is not a mandatory coverage proposition. Sen. Pogemiller moved LCPR00-135. **MOTION PREVAILED.**

Mr. Martin reviewed the staff memo and policy issues raised by this bill. Ms. Mary Vanek, PERA, testified that PERA's board of trustees is cautious and is concerned about receiving a favorable ruling by the IRS to ensure that participation by the tribal law enforcement agencies does constitute participation by a governmental entity. Rep. Stanek clarified that coverage is contingent upon a favorable IRS ruling.

Sen. Pogemiller moved H.F. 3157; S.F. 2477, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

The meeting was recessed for 10 minutes.

**4. H.F. 2776 (Johnson); S.F. 2523 (Betzold): PERA-P&F; Purchase of Prior Spring Lake Park Fire Department Service Credit**

Sen. Betzold said that as the Spring Lake Park Fire Department has had their status clarified by the Internal Revenue Service, they would like to be able to purchase past service credit. Mr. Nyle Zikmund, Chief, Spring Lake Park-Blaine-Moundsview Fire Department, testified in support of the bill. He said that PERA has designated Feb. 5, 1995, as the date when they should have been in PERA and this legislation seeks to recognize that date and allow them to buy back service. They have taken steps to terminate the defined contribution plan and those monies will be used to purchase service on an individual basis.

Mr. Brian Rice, attorney at Best and Flanagan, testified that his firm worked with Spring Lake Park Fire Department to get the ruling from the IRS and to apply for the refund. He said LCPR00-99 would satisfy the concerns of the relief association if two changes were made: on Page 1, line 23, delete February 5, 1995 and insert January 1, 1996, and page 3, delete lines 24-32. He said that the January date was used for the refunds members applied for and the IRS granted, thus avoiding the issue of double coverage.

Mr. Burek reviewed the staff memo and policy issues raised by this bill, and referred members to several potential amendments attached to the memo, Amendments LCPR00-109, LCPR00-110, and LCPR00-142.

Ms. Mary Vanek, PERA, commented on the process of reviewing the status of the fire department as to whether or not they were eligible to participate in PERA, and that it was the IRS ruling that gave them the comfort level that they met the definition of an instrumentality.

Sen. Betzold moved an oral amendment to make the following changes: page 1, lines 23 and 24, delete "February 5, 1995" and insert "January 1, 1996"; page 3, delete lines 24-32; page 2, line 35, delete "February 5, 1995" and insert "January 1, 1996"; and page 2, lines 9 and 10, delete "February 5, 1995" and insert "January 1, 1996". **MOTION PREVAILED.**

Sen. Betzold moved H.F. 2776; S.F. 2545, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**1. H.F. \_\_\_\_ ( ); S. F. 1846 (Pogemiller): MTRFA; Membership For Union Business Agent**

Sen. Pogemiller moved LCPR00-57, with a verbal amendment to limit the bill just to Minneapolis, with an appropriate retroactivity provision, if necessary. **MOTION PREVAILED.**

Sen. Pogemiller moved S.F. 1846, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**15. H.F. 2999 (Mares); S.F. 2796 (Pogemiller): MSRS; Health Care Reimbursement Plan**

Mr. David Bergstrom, Director of MSRS, testified in support of the bill and reviewed the proposed reimbursement plan and benefits. Mr. Bill Eisele, Department of Finance, testified against the bill, providing a letter stating that the Department of Finance does not support this legislation.

Sen. Stumpf moved H.F. 2999; S.F. 2796 be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**12. H.F. 3775 (Larsen, P.); S.F. 3514 (Laidig): MERF; Purchase Of Service Credit For Prior Minneapolis City Temporary Employment**

Judith Johnson, Executive Director, Minneapolis Employees Retirement Fund (MERF), testified that MERF is not opposed to this legislation. Mr. Burek reviewed the staff memo and policy issues raised by this bill, noting that at the time staff reviewed this legislation the bills had not yet been introduced, so the materials before the Commission are in the form of LCPR00-94. Rep. Wenzel moved LCPR00-94. **MOTION PREVAILED.**

Rep. Wenzel moved LCPR00-125. **MOTION PREVAILED.**

Rep. Wenzel moved LCPR00-94, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**20. H.F. 675 (Mares); S. F. \_\_\_\_ ( ): Various Plans; Administrative Provisions**

Mr. Burek reviewed staff amendment LCPR00-73. Sen. Pogemiller moved LCPR00-73. **MOTION PREVAILED.**

Rep. Wenzel moved to delete Section 27, pages 30-31. **MOTION PREVAILED.**

Sen. Pogemiller moved LCPR00-62, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

Mr. Martin reviewed Amendment LCPR00-147, which would keep the amounts earned above the reemployed annuitant earnings limits within each particular pension fund rather than depositing them into the supplemental investment fund, and paying them out with a stated interest rate rather than the actual investment performance of the supplemental plan. Mr. David Bergstrom, MSRS, and Ms. Mary Vanek, PERA, testified in support of Amendment LCPR00-147. Sen. Pogemiller moved LCPR00-147 be recommended to pass and be incorporated into the omnibus pension bill at the appropriate location. **MOTION PREVAILED.**

**11. H.F. 3314 (Kahn); S.F. 3135 (Pogemiller): Minneapolis Police; Additional Post-Retirement Asset Distribution**

Sen. Pogemiller explained that the bill is substantially the same as a provision the Commission previously recommended for the Minneapolis Fire Fund. He noted that this allows the city, in agreement with the fund, to avoid a significant property tax increase at no direct risk to the state in terms of the general fund.

Mr. John Moir, Minneapolis City Finance Director, testified that the City of Minneapolis supports the bill. Rep. Krinkie asked to what extent this situation was precipitated by the mismanagement of funds. Mr. Moir responded that this particular situation has nothing to do with the investment practice of the Minneapolis Police Relief Association.

Sen. Pogemiller moved an oral amendment, as follows: on page 6, line 22, after "liability" insert "after the fund has first achieved 100 percent funding". **MOTION PREVAILED.**

Rep. Mares asked Mr. Moir about recent action by the Minneapolis city council regarding issues concerning the police and fire pension funds. Mr. Moir said that the intergovernmental relations committee of the city council unanimously adopted a policy statement that if the police and fire relief associations do not continue to reform their pension practices and policies to conform with professional fiduciary standards, the intergovernmental relations committee would hold a hearing, and, if necessary, seek legislation transferring the investment activities of the relief association to the State Board of Investment.

Sen. Pogemiller moved H.F. 3314; S.F. 3135, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**25. H.F. 3822 (Mares); S.F. 3560 (Stumpf): Teachers Plans; Expand Teacher Leaves Of Absence Rights**

Mr. Gary Austin, TRA, testified that this bill expands the extended leave provision to a small group of agencies that were not included in the past legislation. Mr. Martin noted that staff did not have sufficient time to prepare a staff memo, and he reviewed the provisions of the bill. Mr. Hank Stankowicz, Education Minnesota, testified that they are not opposed to the legislation.

Rep. Mares moved H.F. 3822; S.F. 3560, orally amending line 13 by deleting “including the arts education teacher classification,” be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**14. H.F. 2467 (Mares); S.F. 2275 (Betzold): Judges; Benefit Improvements**

Sen. Betzold explained the bill. The Honorable Kathleen Gearin, 2<sup>nd</sup> Judicial District Judge in St. Paul and President of the Minnesota District Judges Association, testified in support of the bill. Ms. Sandy Neren, counsel for the District Judges Association, testified on proposed amendments.

Sen. Betzold moved technical amendment LCPR00-1. **MOTION PREVAILED.**

Rep. Mares moved LCPR00-79, removing Section 5. **MOTION PREVAILED.**

Sen. Betzold moved LCPR00-80, removing Section 10. **MOTION PREVAILED.**

Mr. Martin discussed several amendments. LCPR00-76 would eliminate the provision for long-service judges that, once they hit their benefit cap, would put them the Unclassified Plan for their future service. Ms. Neren testified against the amendment. LCPR00-77 would phase the current plan out by closing it to new members and putting them into the defined contribution plan. LCPR00-78 would delete the section on the combined service annuity program limits. Ms. Neren testified against the amendment. LCPR00-81 would reset contribution rates.

Sen. Pogemiller moved H.F. 2467; S.F. 2275, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**H.F. 3951 (Osthoff); S.F. 3646 (Kelly, R. C.): PERA; Pension Benefits for St. Paul Civic Center Authority Employees**

Sen. Pogemiller explained that this bill is similar to what was done for hospital employees a few years ago. Mr. Martin suggested adding specific effective date language requiring actuarial work to demonstrate an actuarial net gain, similar to what was added to the Metro II provision previously passed by the Commission. Mr. Terry Haltner, City of St. Paul, testified that they are not opposed to adding such language.

Sen. Pogemiller moved H.F. 3951; S.F. 3646, incorporating the appropriate actuarial language, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**BL427 (Hottinger Amendment): MSRS-Correctional; Inclusion of Certain St. Peter Psychopathic Personality Treatment Center Employees**

Sen. Betzold explained that BL427 would include certain workers at the St. Peter psychopathic personality treatment center into the MSRS-Correctional plan. Mr. Thomas Beer, AFSCME, testified in support of the amendment and indicated that he had spoken with Mr. Bergstrom, MSRS, Mr. Terry Anderson, DHS, and Mr. Paul Larson, DOER, and that they indicated the amendment was satisfactory to the administration.

Mr. Martin pointed out an impact on the Commission budget. This legislation provides retroactive service credit for the individuals involved, as was done for those who were legislatively transferred in 1996. The Commission budget is impacted because the Commission actuary does the actuarial calculations necessary for the transfer. There is currently no authority to charge those costs to the affected departments, so the Commission has paid those costs in the past.



Mr. Paul Larson, Assistant State Negotiator for the Department of Corrections, testified that this is the group of people that they attempted to place in the Correctional Plan on December 7, 1998, when there was not a quorum at the Commission meeting.

Rep. Mares moved BL427, amended by adding appropriate language to charge the cost of the transfers to the affected department, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**6. H.F. 2605 (Wenzel); S.F. 2311 (Pogemiller): MNSCU Faculty Retirement Coverage; Vendor Contract Extension And Other Changes**

Sen. Pogemiller explained that this is now a combined proposal from the units and MnSCU. Sen. Pogemiller moved delete-everything amendment LCPR00-108, orally amended by deleting the new language on page 6, lines 20-22 and 25-30. **MOTION PREVAILED.**

Mr. Martin reviewed the staff memo and policy issues raised by this bill, and explained various proposed amendments. LCPR00-113 deletes the sections that would extend the contract for investment vendors. LCPR00-114 deletes the provision for using MnSCU Supplemental Retirement Fund to fund TRA service credit purchases. LCPR00-115 would replicate that provision for the first class city teacher plans. Sen. Pogemiller moved LCPR00-115. **MOTION PREVAILED.**

Mr. Martin reviewed amendment LCPR00-116, eliminating sections permitting distributions in the Supplemental Plan prior to the termination of employment. Sen. Pogemiller moved LCPR00-116. **MOTION PREVAILED.**

LCPR00-117 would eliminate changing the cap on the employer matching contributions to the Supplemental Plan from \$2,000 to \$2,700. Mr. Gary Janikowski, Assistant Director, MnSCU, testified that the provision in the bill simply allows MnSCU to bargain up to that amount.

Sen. Pogemiller moved H.F. 2605; S.F. 2311, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**


**19. H.F. 2979 (Abeler); S.F. 3042 (Scheid): Various Plans; Modification of Limitation on Defined Benefit Plan Benefits**

Mr. Burek reviewed the staff memo and policy issues raised by this bill and discussed alternative amendments. LCPR00-96 adds an effective date with retroactivity. LCPR00-104 adds an effective date, but it does not address the situation of the individual before the Commission. Mr. Burek noted that an alternative would be to repeal Minnesota Statutes, Section 356.61. LCPR00-105 repeals Section 356.61, but is not retroactive. LCPR00-106 repeals Section 356.61 retroactive to July 1, 1999, which would take care of the situation of the this individual.

Rep. Murphy asked if amendments LCPR00-105 and LCPR00-106 would allow a person to make more in retirement than they did when they were working. Mr. Roger Johnson, currently in phased retirement, testified that he would not make more in retirement. Mr. Russ Stanton clarified that the legislation could potentially make it possible for a person to make more in retirement than they did as an employee. Sen. Stumpf moved LCPR00-106. **MOTION PREVAILED.**

Sen. Stumpf moved H.F. 2979; S.F. 3042, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

The meeting was adjourned at 12:20 a.m., February 29.

  
\_\_\_\_\_  
Lisa Diesslin, Secretary