



March 24, 2006  
Room 15, Capitol

7<sup>th</sup> Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

**Call to order:**

Senator Lawrence Pogemiller, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 10:10 a.m.

**Commission Members Present:**

Representatives Mary Murphy, Dennis Ozment, Steve Smith, and Paul Thissen  
Senators Don Betzold, Keith Langseth, Cal Larson, and Lawrence Pogemiller

**Commission Members Absent:**

Representative Lynn Wardlow and Senator Geoff Michel

**Agenda Items**

**#1. S.F. 2831 (Tomassoni); H.F. 2784 (Rukavina): Volunteer Firefighter Relief Associations; Supplemental Benefit Increase/State Aid**

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo and policy issues raised by the bill, and distributed amendment S2831-1A.

Representative Tom Rukavina and Senator David J. Tomassoni testified in support of their bill.

Mr. Nyle Zikmund, representing the Minnesota Area Relief Association Coalition (MARAC), testified in support of the bill and provided information about the supplemental benefit. Mr. Zikmund indicated that under the proposal another 4-6 people per year might fall under this category, so there might be a modest \$4,000 to \$6,000 impact to a \$500,000 biennial budget

Representative Smith moved amendment S2381-1A. **MOTION PREVAILED.**

Representative Smith moved S.F. 2831/H.F. 2784, as amended, be recommended for consideration and be included in the discussions of the Omnibus Retirement Bill I as it moves through the legislative process. **MOTION PREVAILED.**

**#2. S.F. 3264 (Metzen); H.F. 3616 (Atkins): PERA-P&F; Service Credit Purchase for Eveleth Police Service Prior to Merger**

Mr. Edward Burek, Deputy Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo and policy issues raised by the bill, and reviewed potential amendments S3261-1A and S3261-2A.

Representative Joe Atkins introduced Lieutenant Thomas A. Nelson, an Inver Grove Heights police officer and the person affected by the legislation, and Richard M. Nelson, Minnesota Pension Council and Thomas Nelson's father. Representative Atkins reviewed the situation leading to the legislation.

Ms. Mary Vanek, Executive Director, PERA, testified that she has spoken with the current Eveleth city manager and that the city manager is having a hard time producing any documentation concerning Lt. Nelson's situation. Ms. Vanek indicated that PERA has copies of Lt. Nelson's check stubs from the time period under discussion and that retirement plan deductions were not made.

Representative Smith moved amendment S3261-1A. **MOTION PREVAILED.**

Senator Pogemiller asked Ms. Vanek to notify the City of Eveleth of the Commission proceedings and to request documentation from Eveleth. Ms. Vanek said she would do so.

Representative Smith moved S.F. 3264/H.F. 3616, as amended, be recommended for consideration and be included in the discussions of the Omnibus Retirement Bill I as it moves through the legislative process.

**#3. S.F. xxxx; H.F. xxxx (Emmer), LCPR06-122: PERA; Extension of the "Rule of 90" to a Certain PERA-General Member with Pre-1989 Military Service**

Mr. Burek reviewed the staff memo and policy issues raised by the bill.

The bill was set aside.

**#5. Amendments LCPR06-BA031 and LCPR06-BA032: PERA; Proposed Retirement Related Changes Suggested by the League of Minnesota Cities**

Mr. Martin reviewed the amendments proposed by the League of Minnesota Cities.

Representative Smith moved LCPR06-BA031 be recommended for consideration and be included in the discussions of the Omnibus Retirement Bill I as it moves through the legislative process. **MOTION PREVAILED.**

Representative Smith moved LCPR06-BA032 be recommended for consideration and be included in the discussions of the Omnibus Retirement Bill I as it moves through the legislative process. **MOTION PREVAILED.**

**#6. Amendment LCPR06-BA009: PERA-P&F; Disability Benefit Eligibility after Wrongful Discharge**

Ms. Mary Vanek, Executive Director, PERA, reviewed the amendment.

Mr. Burek clarified that the amendment would apply to all plans covered by the Combined Service Annuity provision.

Ms. Vanek testified that situations leading to the legislation are very rare, and that she spoke with all of the affected fund directors and that those fund directors are comfortable with the amendment as presented.

Mr. David Bergstrom, Executive Director, MSRS, testified that MSRS is comfortable with the amendment, and that MSRS has had no cases of this nature to date.

Mr. Luther Thompson, Assistant Executive Director, TRA, testified that although the language applies primarily to police and fire plans, TRA does support the amendment.

Senator Pogemiller asked Ms. Vanek if the various employee groups were aware of the proposed amendment. Ms. Vanek indicated that this issue first came up in discussions with union representatives, who were concerned that legislative direction on this issue did not already exist. Ms. Vanek stated that employees are not harmed by the amendment.

Representative Smith moved LCPR06-BA009 be recommended for consideration and be included in the discussions of the Omnibus Retirement Bill I as it moves through the legislative process. **MOTION PREVAILED.**

**#7. Amendment LCPR06-BA039: TRA; Service Credit Purchase for Forest Lake School District Teacher Extended Leave of Absence**

Mr. Burek reviewed the staff memo and policy issues raised by the amendment.

Representative Ray Vandever testified in support of his bill.

Mr. Luther Thompson, Assistant Executive Director, TRA, testified that TRA has spoken with the school district and the school district indicates they did not report the leave. Mr. Thompson said that the actuarial value purchase payment is approximately \$54,200 and the employee share of that payment is approximately \$8,000.

Representative Murphy moved LCPR06- BA039 be recommended for consideration and be included in the discussions of the Omnibus Retirement Bill I as it moves through the legislative process. **MOTION PREVAILED.**

### **#8. Review of Omnibus Retirement Bill I Amendments Passed by Senate and House Committees**

Mr. Martin reviewed the amendments that have been added to the Omnibus Retirement Bill I in House and Senate committees, as follows:

- Early Retirement Incentive Proposal (*House*)
- Illinois Municipal Service Credit Purchase (*House*)
- Department of Corrections Appeals Committee (*House*)
- North St. Paul Mayor/Council Member PERA-General Membership (*Senate, House*)
- Clearwater County Memorial Hospital Privatization (*Senate, House*)
- Junk Bond Investment Authority (*Senate, House*)
- Red Wing School Strike Service Credit Purchase and Annuity Recalculation (*Senate*)
- St. Louis Park Police Officer Issue (*appropriation in Senate, deleted in House*)

Ms. Judith Johnson, Executive Director, Minneapolis Employees Retirement Fund, requested that MERF be included in the junk bond investment authority provision.

### **Non-Agenda Items**

#### **Amendment LCPR06-121-A7, Regarding the St. Paul Mayor Coverage Transfer Election**

Senator Pogemiller requested staff to distribute amendment LCPR06-121-A7.

Senator Larson moved LCPR06- 121-A7 be recommended for consideration and be included in the discussions of the Omnibus Retirement Bill I as it moves through the legislative process. **MOTION PREVAILED.**

#### **Amendment LCPR06-BA038: Authorizing Health Care Panel Review of a Pre-July 1, 2005, PERA-P&F Disabilitant Case**

Representative Ozment offered amendment LCPR06-BA038, which would allow a disabled Richfield firefighter to have his case reviewed by the health care benefit determination review panel established by Minnesota Statutes, Section 299A.465, to determine whether he is eligible to qualify for employer-paid health care coverage while disabled.

The amendment was set aside until copies could be made.

Senator Pogemiller reviewed the current status of the various retirement bills passed by the Commission and House and Senate committees.

### **Agenda Items**

#### **#3. S.F. xxxx (Bonoff); H.F. xxxx: State Board of Investment to Monitor State Investments in Companies Doing Business in Sudan**

Senator Betzold moved the author's delete-all amendment RD0001-2. **MOTION PREVAILED.**

Senator Terri Bonoff presented her bill and introduced three individuals to testify in support of the bill.

Mr. Brad Lehrman, Adath Synagogue, testified in support of the bill and provided handout materials.

Professor Barbara Frey, Human Rights Program, University of Minnesota, testified in support of the bill.

Rabbi Sim Glaser, Temple Israel, Minneapolis, testified in support of the bill.

Senator Pogemiller asked Howard Bicker, Executive Director, State Board of Investment, to review past legislative action concerning similar human rights situations in other countries. Mr. Bicker testified that there is current statute regarding Northern Ireland. Mr. Bicker also testified that although there is no

statutory language regarding South Africa, the SBI Board adopted a resolution concerning companies that do business in South Africa.

Senator Bonoff clarified that the proposed legislation does not require divestiture of holdings, but rather requires a report to the Legislature. Senator Bonoff also indicated that she would be open to including any other country that is identified by the U.S. Government as practicing genocide.

There was no further action on the bill.

### **Continued Discussion Items**

#### **Continued Discussion of Amendment LCPR06-BA038: Authorizing Health Care Panel Review of a Pre-July 1, 2005, PERA-P&F Disabilitant Case**

Representative Ozment offered amendment LCPR06-BA038, amended verbally to delete Section 2 and to make the provision effective on final enactment.

Mr. David J. Ganfield, the person affected by the amendment, testified in support of the amendment.

Mr. William Gillespie, Executive Director, Minnesota Police & Peace Officers Association, provided general information about the panel, and testified that this case occurred prior to the establishment of the panel.

Senator Pogemiller and Commission members agreed that this issue is not really under the Commission's jurisdiction. There was no action on the amendment.

#### **Continued Discussion of S.F. xxxx; H.F. xxxx (Emmer): PERA; Extension of the "Rule of 90" to a Certain PERA-General Member with Pre-1989 Military Service**

Mr. Burek restated the Commission's precedent concerns about the legislation. Mr. Burek reviewed the history of the "Rule of 90" legislation and the individual's request, and stated that the Commission has not taken any action in the past to allow post-1989 hires to receive the "Rule of 90."

Representative Tom Emmer provided historical information on the individual's situation, noting that the individual will not qualify for the "Rule of 90" until approximately 18 years into the future.

Mr. Eric Hamilton, the person affected by the legislation, testified in support of the bill.

Ms. Mary Vanek, Executive Director, PERA, testified that when military service is purchased, it is not attributed to specific years but only increases the total quantity of service credit. Ms. Vanek also noted that the individual paid \$9,529 for the military service credit purchase, but under the proposal the actuarial cost of the period purchased would be \$56,752 (an additional \$47,223).

There was no action on the bill.

#### **Adjournment**

The meeting adjourned at 11:45 a.m.



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Lisa Diesslin, Commission Assistant