



February 10, 2009
Room 5 State Office Building

1st Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Representative Mary Murphy, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 6:15 p.m.

Commission Members Present:

Representatives Mary Murphy, Phyllis Kahn, Michael V. Nelson, Steve Smith, and Paul Thissen
Senators Betzold, Mary A. Olson, Sandra L. Pappas, and Julie A. Rosen

Commission Members Absent:

Senator Ann Lynch

Agenda Items

Commission Interim Study; Review of the Commission's Principles of Pension Policy

Mr. J. Michael Stoffel, Executive Secretary, DTRFA, distributed a handout containing suggested language for Principle II.B.3.d. Mr. Stoffel testified that he worked on the proposed language with Brian Rice, Sherry Munyon, Nyle Zikmund, and a few of the Commission members. Mr. Stoffel explained the proposed language changes.

Representative Kahn moved to amend Policy Principle II.B.3.d. to reflect the proposed language distributed by Mr. Stoffel.

Representative Thissen expressed concern about the phrase "no loss of pension benefits" on lines 10-11, since sometimes benefits have to change going forward in order to come together.

Mr. Stoffel suggested inserting "current" before "pension" on line 11.

Representative Kahn amended her motion to amend Policy Principle II.B.3.d. to incorporate the suggested language as follows: on line 11, before "pension" insert "current". **MOTION PREVAILED.**

Dr. Norman Ehrentreich testified before the Commission to request the Commission's consideration of encouraging or mandating the utilization of liability-driven investments for public pensions.

Representative Murphy asked Dr. Ehrentreich to submit written information to the Commission.

Mr. Howard Bicker, Executive Director, State Board of Investment, testified that the SBI is aware of liability-driven investment solutions, but that using such a strategy would take all of the risk out of the equation and add it all to the upfront cost.

Mr. Nyle Zikmund, representing the Minnesota State Fire Department Association and the Minnesota State Fire Chiefs Association, testified in support of the revised Principles of Pension Policy. Mr. Zikmund also informed members that a bill proposing a voluntary statewide lump-sum volunteer firefighter retirement plan will be introduced for Commission consideration.

Senator Betzold moved adoption of the amended Principles of Pension Policy. **MOTION PREVAILED.**

Approval of Prior Commission Meeting Minutes

Senator Betzold moved approval of the December 18, 2008, meeting minutes. **MOTION PREVAILED.**

Governor's Proposal to Change Retirement Plan Coverage for Secure Facility Employees

Joan Fabian, Commissioner, Department of Corrections, and Paul Larson, Assistant Commissioner, Minnesota Management & Budget, testified regarding the proposed changes to the Correctional Employees Retirement Plan contained in the Governor's budget recommendation.

Commissioner Fabian presented information regarding the Department of Corrections' budget and financial requirements.

Asst. Commissioner Larson presented historical information regarding the Correctional Employees Retirement Plan, and in particular regarding changes in the vesting period and the impact of those changes on employer-paid health insurance costs. Mr. Larson then responded to members' questions.

Representative Murphy asked Mr. Larson to provide written information to the Commission.

Election of 2009-2010 Commission Officers

Representative Nelson nominated Senator Don Betzold for Chair, Representative Mary Murphy for Vice Chair, and Representative Steve Smith for Secretary. **MOTION PREVAILED.**

Senator Betzold informed members of his intention to meet on Fridays and requested that legislators try to have pension bills introduced by March 6, 2009.

Adjournment

The meeting adjourned at 8:48 p.m.