



March 5, 2010

Room 107 Capitol

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Senator Don Betzold, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 9:35 a.m.

Commission Members Present:

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

Commission Members Absent:

Senator Mary A. Olson

Agenda Items

Approval of prior Commission meeting minutes

Rep. Murphy moved approval of the February 26, 2010, meeting minutes. **MOTION PREVAILED.**

Delete-all amendment S2573-1A: Composite financial sustainability proposals; and S.F. 2672 (Betzold): PERA-P&F; MPPOA-recommended financial sustainability measures

Ms. Mary Vanek, Executive Director, PERA, testified that an agreement between PERA, the Minnesota Police and Peace Officers Association, and the Minnesota Professional Fire Fighters was reached regarding the Public Employees Police and Fire Retirement Plan provisions.

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed amendment S2573-3A, which would implement the PERA/MPPOA/MPFF agreement.

Rep. Murphy moved amendment S2573-3A. **MOTION PREVAILED.**

Mr. David Bergstrom, Executive Director, MSRS, testified in support of amendment LCPR10-039-4A, drawn to the omnibus retirement bill, which would retain MSRS-Unclassified as the default coverage for unclassified employees, rather than changing the default coverage to MSRS-General.

Rep. Murphy moved amendment LCPR10-039-4A. **MOTION PREVAILED.**

Ms. Vanek testified that the cost of the one-quarter of one percent of pay employer contribution increase across all local government employing units would be \$12.5 million per year.

The delete-everything amendment was set aside.

S.F. 2404 (Pappas); H.F. xxxx: SPTRFA; Increasing benefits and state aid, revising fiduciary provisions and large plan investment authority

Mr. Edward Burek, Deputy Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo and policy issues raised by the bill.

Sen. Pappas moved author's amendment S2404-21A.

On a recommendation by Sen. Betzold, Sen. Pappas amended her motion to incorporate the following: page 2, lines 32 and 33, after "chair" insert "and ranking minority caucus member".

Mr. Phillip Kapler, Executive Director, SPTRFA, testified that the proposal came out of the State Auditor's SPTRFA audit and testified in support of the bill.

Sen. Pappas renewed her motion on amendment S2404-21A, as amended. **MOTION PREVAILED.**

Mr. Burek reviewed amendment S2404-22A.

Sen. Pappas moved to reconsider the S2404-21A amendment. **MOTION PREVAILED.**

Sen. Pappas withdrew amendment S2404-21A.

Sen. Pappas moved amendment S2404-22A. **MOTION PREVAILED.**

Sen. Pappas moved S.F. 2404, as amended, be recommended to pass and be incorporated into delete-all amendment S2573-1A. **MOTION PREVAILED.**

LCPR10-038 (Murphy, M.): DTRFA; Various benefit changes and contribution increases

Rep. Murphy moved amendment LCPR10-038-5A. **MOTION PREVAILED.**

Mr. J. Michael Stoffel, Executive Secretary, DTRFA, testified in support of LCPR10-038 and provided handout materials.

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

Mr. Stoffel testified in support of amendment LCPR10-038-7A.

Rep. Murphy moved amendment LCPR10-038-7A. **MOTION PREVAILED.**

Mr. Burek reviewed amendments LCPR10-038-6A and -8A.

Rep. Murphy moved LCPR10-038, as amended, be recommended to pass and be incorporated into delete-all amendment S2573-1A. **MOTION PREVAILED.**

Delete-all amendment S2573-1A: Composite financial sustainability proposals, continued

Rep. Murphy moved amendment S2573-4A. **MOTION PREVAILED.**

Rep. Thissen distributed amendment LCPR10-7A.

Mr. Martin reviewed the amendment and provided a brief history of the Rule of 90.

Ms. Jan Alswager, Government Relations Director, Education Minnesota, testified in support of amendment LCPR10-7A and in opposition to amendment S2573-1A.

Mr. Peter Eckhoff, President, Robbinsdale Federation of Teachers, testified in support of amendment LCPR10-7A.

Rep. Thissen withdrew amendment LCPR10-7A.

Rep. Murphy moved S.F. 2573, as amended, be recommended to pass. **MOTION PREVAILED.**

Rep. Murphy moved S.F. 2573, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

Final consideration of the 2010 Omnibus Retirement Bill (LCPR10-039)

Mr. Martin reviewed clean-up amendment LCPR10-039-2A, indicating that lines 1.7 to 1.14 were inadvertently included and should be excluded from the amendment.

Rep. Kahn moved amendment LCPR10-039-2A, deleting lines 1.7 to 1.14. **MOTION PREVAILED.**

Mr. Martin reviewed amendment LCPR10-039-3A

Sen. Lynch moved amendment LCPR10-039-2A. **MOTION PREVAILED.**

Mr. Martin reviewed amendment LCPR10-039-7A, which was recommended by the State Board of Investment.

Rep. Murphy moved amendment LCPR10-039-7A. **MOTION PREVAILED.**

Mr. Martin reviewed amendment LCPR10-039-1A, which was recommended by the Revisor of Statutes.

Mr. Brian Rice, representing the Minneapolis Firefighters and Minneapolis Police Relief Associations, testified in opposition to Section 2 of amendment LCPR10-039-1A.

Rep. Thissen moved lines 1.1 to 3.29 of amendment LCPR10-039-1A. **MOTION PREVAILED.**

Rep. Thissen moved to amend document LCPR10-039, as follows: page 136, line 30, reinstate "public" and delete "general" and strike "fund" and insert "association"; page 136, line 30, reinstate "public" and delete "general"; and page 136, line 31, strike "fund" and insert "association". **MOTION PREVAILED.**

Sen. Betzold reviewed the issue of Rep. Poppe's constituent. Sen. Betzold indicated that Rep. Poppe may want to come forward with a proposal to allow her constituent to simply repay her refunds, and that Rep. Poppe has asked for advice from the Commission.

Mr. Bergstrom testified to his precedent concern; IRAP members have never been able to repay refunds.

Mr. Vanek testified that the constituent took a full refund of her PERA-covered service, and Ms. Vanek indicated that she shares similar concerns as Mr. Bergstrom.

Sen. Lynch asked for an update on Sen. Olson's constituent issue.

Mr. Burek distributed delete-all amendment LCPR10-018-2A, prepared at the request of Sen. Olson.

Mr. Luther Thompson, Assistant Executive Director, TRA, testified that the amendment would allow Mr. Dunshee to purchase service credit for his disability and short-salary periods at full actuarial value. Mr. Thompson indicated that the school district is willing to pay up to \$13,700 of the cost and Mr. Dunshee would pay the remainder of the purchase payment.

Rep. Thissen moved delete-all amendment LCPR10-018-2A. **MOTION FAILED.**

Rep. Murphy moved LCPR10-039, as amended, be adopted as the 2010 Omnibus Retirement Bill. **MOTION PREVAILED.**

Adjournment

The meeting adjourned at 12:15 p.m.

Lisa Diesslin, Commission Assistant