



March 6, 2012

Room 5 State Office Building

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Representative Morrie Lanning, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 5:08 p.m.

Commission Members Present:

Representatives Phyllis Kahn, Mary Kiffmeyer, Morrie Lanning, Mary Murphy, and Steve Smith
Senators Roger Chamberlain, Theodore Daley, D. Scott Dibble, Sandra Pappas, and Julie Rosen

Agenda Items

Approval of prior Commission meeting minutes.

Rep. Kiffmeyer moved approval of the February 28, 2012, meeting minutes. **MOTION PREVAILED.**

Review and consideration of the 2012 Omnibus Retirement Bill: Continued public testimony

Continued testimony on HF2411/SF2009: TRA: Deferred annuity augmentation rates:

Greg Miller, former Virginia Public Schools teacher, testified in support of the bill.

Jeff Hyma, former Minnesota public school teacher, testified in support of the bill. Mr. Hyma also read a statement from Randi Kirchener of Rochester, Minnesota, in support of the bill.

Keith Carlson, Executive Director, Minnesota Inter-County Association, testified in opposition to the bill.

Continued testimony on HF1627/SF1475: PERA: Crookston Township service credit purchase:

Jerry DeBoer, Supervisor, Crookston Township, Doug Qually, Supervisor, Crookston Township, and Kent Sulem, General Counsel, Minnesota Association of Townships, testified on behalf of Crookston Township regarding the circumstances behind the omission of PERA coverage for the person affected by the bill.

Mary Vanek, Executive Director, PERA, reviewed the service credit purchase payment amount:

Total purchase payment amount (principal and interest)	\$55,930
Employee payment (employee contributions, incl. interest)	\$26,957
Township/employer payment (incl. interest)	\$28,973
Principal amount of employee contributions (no interest)	\$8,893
Township/employer payment if employee pays principal only	\$47,037

Ms. Vanek testified that PERA typically requires a lump sum payment for service credit purchases.

Mr. DeBoer testified that it would be a hardship for the township to make a lump sum payment, and while the board did not discuss installment payments, he believes that would be a preferable option.

Gerald Reitmeier, the person affected by the bill, testified in support of the bill.

Review and consideration of the 2012 Omnibus Retirement Bill: Article 1

Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed amendments H2199-20A, -26A, and -27A.

David Bergstrom, Executive Director, MSRS, testified in support of the amendments.

Sen. Pappas moved amendments H2199-20A, -26A, and -27A. **MOTION PREVAILED.**

Rep. King Banaian testified in support of amendments H2199-23A (8% ultimate rate) and -25A (8% ultimate rate reduced in steps).

Laurie Hacking, Executive Director, TRA, testified that the TRA board is comfortable with the select-and-ultimate proposal in the bill, and that the board's original proposal was a select rate of 8% for ten years and an ultimate rate of 8.5% thereafter. Ms. Hacking expressed reservations regarding the H2199-23A and -25A amendments.

David Bergstrom, Executive Director, MSRS, testified that amendment H2199-25A represents the MSRS board's original position, and testified in opposition to H2199-23A. Mr. Bergstrom indicated that the board reaffirmed its original position, and if a select-and-ultimate assumption is adopted, the board would prefer an 8% select rate for five years and an 8.5% ultimate rate.

Mary Vanek, Executive Director, PERA, testified that amendment H2199-25A represents the PERA board's position; but the board would accept the select-and-ultimate assumption as proposed in the bill.

Philip Krinkie, former member of the House of Representatives and the Legislative Commission on Pensions and Retirement, testified in support of lowering the interest rate actuarial assumption.

Mr. Martin reviewed technical amendment H2199-10A.

Rep. Kiffmeyer moved amendment H2199-10A. **MOTION PREVAILED.**

Laurie Hacking, Executive Director, TRA, testified in opposition to lowering the interest rate charged to members when repaying refunds or purchasing service credit and recommended deleting those sections.

Jay Stoffel, Executive Director, DTRFA, testified in opposition to lowering the interest rate charged to members when repaying refunds or purchasing service credit and recommended deleting Article 1, Sections 1-38 and 41-46, and recommended deleting Article 1, Section 47.

Mr. Martin distributed amendments H2199-28A and -29A.

Rep. Murphy moved amendment H2199-28A. Rep. Murphy withdrew her motion.

Review and consideration of the 2012 Omnibus Retirement Bill: Article 2

Mr. Martin reviewed the article.

Dr. Gary Amoroso, Executive Director, Minnesota Association of School Administrators, testified in opposition to the provisions contained in Article 2.

Members discussed the option of a study on the issue.

Review and consideration of the 2012 Omnibus Retirement Bill: Other

Rep. Lanning informed members that amendment H2199-8A, which would replace the PERA minimum salary threshold language with a study, will be offered when the Commission reviews Article 6.

Mr. Martin distributed amendment H2199-8A.

Rep. King Banaian requested Commission consideration of amendments H2199-24A and -34A, which are drawn from H.F. 2264 (Banaian); S.F. 2192 (Chamberlain).

Edward Burek, Deputy Director, Legislative Commission on Pensions and Retirement, distributed and reviewed amendments H2199-24A and -34A.

Adjournment

The meeting adjourned at 7:15 p.m.

Lisa Diesslin, Commission Assistant