



March 12, 2013

Room 112 Capitol

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Senator Sandra Pappas, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 5:45 p.m.

Commission Members Present:

Representatives Benson, Kahn, Lesch, Morgan, M. Murphy, Nelson, and O' Driscoll
Senators Goodwin, Hayden, Johnson, Pappas, Saxhaug, Rosen, and Thompson

Agenda Items

S.F. 935 (Pappas); H.F. 857 (Atkins): Retirement funding; Imposing a homeowners and auto insurance policy surcharge to fund public safety employee retirement plan costs.

Lawrence A. Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the draft engrossment of the Commission's March 5, 2013, action and distributed amendment S0935-7A.

Paul Cumings, Legislative Liaison, Department of Revenue, testified in support of amendment S0935-7A.

Heather Bestler, Property Tax Division, Department of Revenue, testified in support of amendment S0935-7A.

Sen. Goodwin moved amendment S0935-7A. **MOTION PREVAILED.**

Approval of prior Commission meeting minutes.

Rep. Nelson moved approval of the February 26, 2013, meeting minutes. **MOTION PREVAILED.**

S.F. 935 (Pappas); H.F. 857 (Atkins), continued

Marcus Marsh, Government Affairs Manager, Minnesota Association of Farm Mutual Insurance Companies, testified in opposition to the bill.

David Bergstrom, Executive Director, MSRS, testified that with the additional aid made available in the bill, MSRS would be projected to reach 90% funding around 2030.

Mary Most Vanek, Executive Director, PERA, testified that with the additional aid available in the bill, PERA-P&F would be projected to reach 90% funding in 2027.

Rep. Kahn moved amendment H1152-4A. **MOTION PREVAILED.**

Dennis Flaherty, Executive Director, Minnesota Police and Peace Officers Association, testified in support of the bill and that condominiums/townhomes would be included in the insurance surcharge.

Mr. Marsh testified that condominiums/townhomes would be included in the insurance surcharge, but that he is unsure about apartments.

Brian Rice, representing Minnesota Professional Fire Fighters, Police Officers Federation of Minneapolis, and Minnesota State Fire Chiefs Association, testified in support of the bill.

S.F. 935 (Pappas); H.F. 857 (Atkins) was set aside until a quorum was present.

Amendment S0489-9A: State Board of Investment; Swap contracts authorization

Howard Bicker, Executive Director, State Board of Investment, testified in support of the amendment.

Rep. Murphy moved amendment S0489-9A. **MOTION PREVAILED.**

Mr. Bicker requested that the Commission consider revising amendment H1152-4A by changing the October 1 deadline to March 1.

Rep. Kahn moved reconsideration of amendment H1152-4A. **MOTION PREVAILED**

Rep. Kahn moved amendment H1152-4A, amended on page 1, lines 13 and 18, to delete "October" and insert "March". **MOTION PREVAILED.**

S.F. 935 (Pappas); H.F. 857 (Atkins), continued

Rep. Murphy moved S.F. 935/H.F. 857, as amended, be recommended to the House and Senate committees on Commerce.

A roll call was requested.

Members voting aye:	Members voting nay:
Sen. Pappas	Sen. Thompson
Sen. Johnson	Rep. Benson
Sen. Rosen	Rep. O'Driscoll
Sen. Saxhaug	
Rep. Kahn	
Rep. Morgan	
Rep. Murphy	
Rep. Nelson	

There were 8 ayes and 3 nays. **MOTION PREVAILED.**

S.F. 780 (Anderson); H.F. 963 (McDonald): PERA; Service credit purchase for a period of omitted contributions for a certain Wright County Highway Department employee.

Representative McDonald and Senator Anderson presented and testified in support of their bill.

Brian J. Asleson, Chief Deputy Attorney, Wright County, testified in support of the bill.

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

Mary Most Vanek, Executive Director, PERA, testified that the payment of contributions plus interest would be required because they are greater than the actuarial cost, with a member payment of \$5,723 and a county payment of \$6,208. Ms. Vanek also noted that the member would be required to repay a refund to MSRS of about \$3,250.

Rep. Nelson moved amendment S0780-1A. **MOTION PREVAILED.**

Rep. Murphy moved amendment S0780-2A. **MOTION PREVAILED.**

Rep. Kahn moved S.F. 780/H.F. 963, as amended, be recommended to pass and be incorporated into Omnibus Pension Bill I. **MOTION PREVAILED.**

S.F. 275 (Pappas); H.F. 341 (Nelson): PERA; Repealing the Social Security leveling option.

Mary Most Vanek, Executive Director, PERA, testified in support of the bill.

Shana Jones, PERA, presented and testified in support of the bill.

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

Rep. Murphy moved S.F. 275/H.F. 341 be recommended to pass and be incorporated into Omnibus Pension Bill I. **MOTION PREVAILED.**

S.F. 273 (Pappas); H.F. 343 (Nelson): PERA; Salary definition modification.

Mr. Martin reviewed the proposed legislation as amended by the Commission on February 19.

Mary Most Vanek, Executive Director, PERA, testified in support of amendment S0273-8A and in opposition to amendment S0273-9A.

Rep. Kahn moved amendment S0273-8A. **MOTION PREVAILED.**

Ms. Vanek testified in opposition to amendment S0273-9A.

Brian Rice, representing the Minnesota Professional Fire Fighters and the Police Officers Federation of Minneapolis, testified in support of amendment S0273-9A.

Claudia Johnson, City of Duluth retiree, testified in support of eliminating the retroactivity of the exclusion of supplemental payments.

There was no motion on amendment S0273-9A.

Mr. Rice, representing Duluth police and fire, testified in opposition to the salary exclusions found in the draft engrossment (S0935-E1) on page 3, lines 15-19.

Julie Leppink, Legal Director, PERA, testified in support of the salary exclusions and provided additional information on the Duluth salary supplement Court of Appeals case.

Ms. Vanek testified in support of the salary exclusions found in the draft engrossment (S0935-E1) on page 3, lines 15-19.

David Montgomery, Duluth Chief Administrative Officer, testified in support of the salary exclusions.

David Bergstrom, Executive Director, MSRS, testified that MSRS does not include employer-paid deferred compensation or lump-sum salary supplements in the definition of salary.

Luther Thompson, Assistant Executive Director, TRA, testified that TRA does not include lump sum amounts or supplemental payments in salary.

Christine MacDonald, Assistant Director, SPTRFA, testified that SPTRFA does not include lump sum payments, deferred compensation or any non-contractual reimbursement in salary.

J. Michael Stoffel, Executive Director, DTRFA, testified that DTRFA does not include employer-paid deferred compensation or reimbursement of expenses in salary.

Rep. Kahn moved S.F. 273/H.F. 343, as amended, be recommended to pass and be incorporated into Omnibus Pension Bill II. **MOTION PREVAILED.**

S.F. 1249 (Pappas); H.F. 1433 (Nelson): SPTRFA; Creating an additional state aid program; increasing employee and employer contributions; revising plan benefits.

Paul Doane, Executive Director, SPTRFA, testified in support of the bill and provided handout materials.

Bonnie Wurst, Gabriel Roeder, Smith, reviewed the GRS actuarial cost estimate results.

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

Mary Gilbert, St. Paul Public Schools, testified to the school district's concerns regarding the right to return to work after retirement, particularly the 180-day separation requirement.

Kim Crockett, COO, EVP and General Counsel, Minnesota Free Market Institute at Center of the American Experiment, testified in opposition to the bill.

Sen. Pappas laid over S.F. 1249/H.F. 1433.

S.F. 1235 (Reinert); H.F. 1330 (Murphy, M.): DTRFA; Increasing employee and employer contributions; revising plan benefits.

J. Michael Stoffel, Executive Director, DTRFA, testified in support of the bill and provided a handout.

Kim Crockett, COO, EVP and General Counsel, Minnesota Free Market Institute at Center of the American Experiment, testified in opposition to the bill.

David H. Johnson, attorney for DTRFA, testified in support of the bill.

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

Sen. Pappas laid over S.F. 1235/H.F. 1330.

S.F. 439 (Saxhaug); H.F. 539 (Nelson): Public pension fund deductions for labor organization membership dues or payments; blind mailings authorization.

Eliot Seide, Executive Director, AFSCME Council 5, testified in support of the bill.

Mary Benner AFSCME retiree, testified in support of the bill.

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

David Bergstrom, Executive Director, MSRS, testified that the deductions revisions and blind mailings would not pose a problem for MSRS.

Mary Most Vanek, Executive Director, PERA, testified that the deductions revisions and blind mailings would not pose a problem for PERA.

Sen. Saxhaug moved S.F. 439/H.F. 539 be recommended to pass and be incorporated into Omnibus Pension Bill II. **MOTION PREVAILED.**

Adjournment

The meeting adjourned at 9:25 p.m.

Lisa Diesslin, Commission Assistant