



March 6, 2007  
Room 500 North State Office Building

1<sup>st</sup> Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

**Call to order:**

Representative Steve Smith, Vice Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 6:35 p.m.

**Commission Members Present:**

Representatives Mary Murphy, Phyllis Kahn, Michael V. Nelson, Steve Smith, and Paul Thissen  
Senators Dan Larson, Ann Lynch, and Betsy L. Wergin

**Commission Members Absent:**

Senators Don Betzold and Mary A. Olson

**Agenda Items**

**Election of 2007-2008 Commission officers**

Representative Kahn nominated Representative Murphy for Commission Chair. **MOTION PREVAILED.**  
Representative Murphy assumed the chair.

Senator Larson nominated Senator Betzold for Commission Vice Chair. **MOTION PREVAILED.**

Senator Larson nominated Senator Wergin for Commission Secretary. **MOTION PREVAILED.**

The Chair introduced the 2007 Commission members and requested those in the audience to introduce themselves and indicate the entity they represent or their area of interest.

**Retirement Studies Mandated by Laws 2006, Chapter 277, Articles 7 and 8:**

Post-Retirement Adjustment Mechanism Structure and Teacher Retirement Plan Benefit Provision Comparison  
Minnesota Combined Investment Funds and Minnesota Post Retirement Investment Fund Structure and Transfers

The Chair reviewed the Commission's work on the two studies and recommended that they be held over for further study but that the data should be published.

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, briefly reviewed the post-retirement adjustment mechanism/teacher benefit provision study.

The Chair requested testimony from interested parties.

Mr. J. Michael Stoffel, Executive Secretary, DTRFA, testified and provided handout materials.

Ms. Jan Alswager, Manager of Government Relations, Education Minnesota, testified and provided handout materials.

Mr. Ed Rapp, Education Minnesota Retired, testified and requested that representatives of his organization be included in future discussions. The Chair requested that Mr. Rapp provide any specific requests or recommendations to the Commission in writing.

Mr. David Bergstrom, Executive Director, MSRS, testified that the retirement plans have created a joint committee to study Post Fund issues, and retirees, active members, and employers will be included.

The Chair requested interested parties to make their submissions by the end of March.

Mr. Martin briefly reviewed the investment funds study, and indicated that Commission staff will conjoin the data for the two studies for publishing.

Representative Smith moved to further study these topics during the interim. **MOTION PREVAILED.**

**H.F. xxxx; S.F. 424 (Betzold): TRA; Correction of MTRFA References in 2006 Consolidation Legislation**

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

Mr. Brian Rice, General Counsel, Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association, expressed concern regarding amendment S0424-3A.

Because there was not a quorum at this time, the bill was temporarily set aside.

**H.F. xxxx; S.F. 430 (Betzold): Various plans; Correction of 2006 Drafting Errors**

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

Because there was not a quorum at this time, the bill was temporarily set aside.

**H.F. xxxx; S.F. 425 (Betzold): VFRA's; Clarify 2006 State Supplemental Aid Eligibility Change**

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

Mr. David Ganfield, Secretary, Minnesota State Fire Department Association, testified that this issue did not come before the State Auditor's volunteer fire working group. Mr. Ganfield indicated that his understanding was that survivor benefits were intended to be doubled, not tripled, and he would support an increase in the supplemental benefit cap.

Because there was not a quorum at this time, the bill was temporarily set aside.

**H.F. 1313 (Thissen); S.F. 1141 (Betzold); MERF; Authority to Invest with SBI; Liquidity Requirements**

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

Mr. Robert Johnson, representing the Minneapolis Employees Retirement Fund (MERF) and the Minneapolis Retirees Association, testified in support of the bill and in opposition to amendments H1313-6A and -7A, and that amendment H1313-8A (local approval) would be redundant because the city brought forth the bill.

Ms. Judith Johnson, Executive Director, MERF, testified in support of the bill and responded to the Commission's questions regarding MERF administrative expenses.

Mr. Brian Rice, General Counsel, Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association, testified in opposition to amendments H1313-3A and -4A.

Mr. Pat Born, City of Minneapolis Chief Financial Officer, testified in support of the bill.

Mr. Howard Bicker, Executive Director, State Board of Investment, recommended the following technical changes: page 1, line 22, after "Investment" delete the rest of the line; page 1, line 23, delete "managed account". Ms. Johnson testified that MERF is not opposed to the change. Mr. Bicker also requested that there be at least a maturity date on the IOUs.

The Chair offered amendment H1313-9A on behalf of Representative Thissen.

Mr. Martin reviewed the amendment and policy issues raised by the amendment.

Ms. Johnson testified that MERF is not opposed to the amendment.

Senator Wergin raised a question about the Commission rules and what constitutes a quorum.

Mr. Martin reviewed Commission history and tradition concerning the required quorum for the passage of legislation, and the changes in the number of Commission members and corresponding rule changes.

The Chair announced that the Commission would proceed under the custom and usage of the previous Commission chairs that a quorum consists of three House votes and three Senate votes; and that the Commission would review the Commission rules at a future meeting.

The Chair laid H.F. xxxx/S.F. 424, H.F. xxxx/S.F. 425, and H.F. xxxx/S.F. 430 over for possible inclusion in the omnibus pension bill.

**H.F. 126 (Murphy, M.); S.F. 7 (Betzold): Statewide plans; Uniform appeal procedure**

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

Ms. Mary Vanek, Executive Director, PERA, testified that PERA has been a separate bill drafted on the data privacy issues.

Mr. Brian Rice, General Counsel, Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association, testified in opposition to amendment H0126-7A at this time.

Mr. J. Michael Stoffel, Executive Secretary, DTRFA, testified that DTRFA has reviewed the proposal and is working with the big funds, and the proposal is very close to their policy document. Mr. Stoffel noted that the language on line 4.29 of the delete-all amendment 4A (giving the petitioner to request a continuance within 10 calendar days of the scheduled date of a board meeting) implies that such a request could be as late as 10 minutes before a hearing, which could create scheduling difficulties. Mr. Stoffel requested that if DTRFA is included in this provision, that the language be revised to "within 10 calendar days but no less than two working days."

The bill was set aside for a future meeting.

**H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold): MSRS; Administrative proposals**

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

Mr. David Bergstrom, Executive Director, MSRS, testified in support of the bill and requested that Section 15 be removed from the bill. Mr. Bergstrom explained that Section 15 would require judges to retire on the date they turn age 70. MSRS would prefer to retain current law which allows them to work until the end of the month in which they turn age 70.

The bill was set aside for a future meeting.

**H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold): PERA; Administrative proposals**

H.F. 889/S.F. 296 was not heard.

**Adjournment**

The meeting adjourned at 9:35 p.m.



Lisa Diesslin, Commission Assistant