



August 20, 2007
Room 10 State Office Building

5th 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 9:35 a.m.

Commission Members Present:

Representatives Mary Murphy, Phyllis Kahn, Michael V. Nelson, and Steve Smith
Senators Don Betzold, Dan Larson, and Ann Lynch

Commission Members Absent:

Representative Paul Thissen
Senators Mary A. Olson and Betsy L. Wergin

Agenda Items

Review of the Commission's Principles of Pension Policy – First Consideration

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo.

Mr. Rene Lara, Education Minnesota, testified, suggesting that the principles take into account needs arising out of recent retirees whose benefits are not keeping up with inflation, and younger employees who do not qualify for the Rule of 90.

Members recommended proceeding with further consideration of the Commission's principles.

Commission Member Suggestions for Potential Future Commission Interim Study

Representative Murphy requested members to identify 1 or 2 items of particular concern for potential interim study. The following topics for possible future discussion were suggested:

1. Rep. Kahn – Commission operations:
 - a. committee deadlines, the possibility of the Commission doing its work during the Interim, and a potential deadline for the introduction of pension bills;
 - b. the possibility of a standing Commission meeting time; and
 - c. the potential expansion of the commission to 14 members.
2. Rep. Kahn and Sen. Larson – review Minneapolis Police Relief Association mortality tables.
3. Rep. Kahn – volunteer firefighter relief associations; voluntary statewide plan or consolidation.
4. Rep. Nelson – joint and survivor benefits; mandatory with opt-out, federal ERISA consistency.

Review of Legislative Auditor Report: "Postemployment Benefits for Public Employees"

Mr. James Nobles, Legislative Auditor, began the presentation and then turned it over to Jody Hauer, the manager of the report. Ms. Hauer continued the presentation and Ms. Hauer and Mr. Nobles responded to members' questions.

In response to questions from members, Mr. David Bergstrom, Executive Director, MSRS, and Ms. Laurie Hacking, Executive Director, TRA, presented an update and provided handout materials from the Joint Post Fund Committee.

Mr. Bergstrom noted the Joint Committee's recommendation that the Commission's Standards for Actuarial Work be revised to use the market value of assets, and reviewed the recommended revisions.

Senator Betzold moved adoption of the modifications of Section II of the Commission's Standards for Actuarial Work. **MOTION PREVAILED.**

Mr. Floyd Olson, a retired public lawyer, testified to his concerns regarding the direction of the Joint Post Fund Committee's work, the legality of the 2006 cap on post-retirement increases, and the appropriateness of an investment-based post-retirement increase. Mr. Olson suggested the Commission adopt the recommendations made by the Legislative Auditor, eliminate investment-based increases, increase the inflation increase cap to 3.5%, and consider a look-back feature for more recent retirees.

Mr. Rene Lara, Education Minnesota, testified that their new leadership is discussing the issues of 1) the potential merging of the post fund/active fund and 2) if a contribution increase is required to address the post fund deficit, the appropriateness of newer and younger members paying for the deficit without having the benefit of the Rule of 90. Mr. Lara indicated that Education Minnesota does not have an official position at this point.

Mr. Philip Kapler, Executive Director, SPTRFA, reminded members of the SPTRFA 2-year temporary post-retirement adjustment pilot project, representing a partial implementation of the Legislative Auditor's recommendations.

Adjournment

The meeting adjourned at 11:50 a.m.

