



December 6, 2007
Room 5 State Office Building

6th 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 9:40 a.m.

Commission Members Present:

Representatives Mary Murphy, Michael V. Nelson, Steve Smith, and Paul Thissen
Senators Don Betzold, Dan Larson, Ann Lynch, Mary A. Olson, and Betsy L. Wergin

Commission Members Absent:

Representative Phyllis Kahn

Agenda Items

Review of Legislative Auditor Report: "Pensions for Volunteer Firefighters"

Ms. Jo Vos, Office of the Legislative Auditor, presented a summary of the report and the legislative recommendations, and responded to members' questions. Rep. Murphy asked Ms. Vos whether there was any correlation between relief association administrative costs and rates of investment return. Ms. Vos replied that she would get back to Rep. Murphy.

Ms. Colleen Hartman Bollom, representing both Harmon and Hartman Financial Group and Minnesota Firefighter Pension Consultants (MNFPC), commented that the study assumed a mixed/balanced investment option, but relief associations with under \$1 million are limited to a list of authorized investments under Minnesota Statutes, Section 356A.06, which are primarily fixed income investments. Ms. Bollom also commented that the study did not take into account the local community support aspect of relief associations. Rep. Murphy asked Ms. Bollom if she would share an example of her organization's performance report. Ms. Bollom responded that she would see if one of her clients would be willing to share their report.

Mr. Nyle Zikmund, representing the Minnesota Fire Association Coalition (MnFAC), commented on the purpose of the study, stating that the study was in some part originated by the MnFAC group and their purpose was to determine if there was an interest statewide in an alternative to the current decentralized system. Mr. Zikmund informed members that the Office of the State Auditor's Volunteer Fire Working Group is drafting a bill to create a voluntary statewide volunteer firefighter plan.

Approval of Prior Commission Meeting Minutes

Sen. Larson moved approval of the May 8 and August 20, 2007, minutes. **MINUTES APPROVED.**

Report by the Teachers Retirement Association on the 2006 Minneapolis Teachers Retirement Fund Association Consolidation

Ms. Laurie Hacking, Executive Director, TRA, presented a report and distributed a handout on the consolidation, and responded to members' questions.

Report by the Statewide Retirement Plans on Potential Minnesota Post Retirement Investment Fund Revisions

Ms. Mary Vanek, Executive Director, PERA, presented the initial portion of the report on the structure and history of the Post Fund.

Mr. David Bergstrom, Executive Director, MSRS, discussed the Joint Fund Committee principles and communication efforts and presented the committee's proposal for continuing the Post Fund in the event of high investment returns.

Ms. Laurie Hacking, Executive Director, TRA, presented the committee's proposal for merging the plans' respective portions of the Post Fund with the plans' respective active funds in the event of the Post Fund deficit worsens.

Mr. John Richter, MSRS Board elected retiree member, testified that he was not representing the MSRS Board or any of the three retirement systems but rather speaking for public retirees and employees who are within five years of retirement. Mr. Richter spoke in opposition to the Joint Fund Committee's proposal because it puts all of the pain and suffering on retirees and those nearing retirement age.

Mr. René Lara, Education Minnesota, testified that Education Minnesota would not support a merger of the Post Fund as a stand-alone proposal without a benefit increase for active members who are not eligible for the Rule of 90.

Ms. Julie Blehyl, representing AFSCME Council 5, testified that their board has not yet taken an official position on the proposal, but will have continued discussion on the matter.

Mr. Robert Johnson, representing Teamsters Local 320, testified that they also do not have an official position at this time as there is not yet any specific proposed legislative language.

Report by the Public Employees Retirement Association on the PERA-P&F 2007 Disability Benefit Revisions

Ms. Mary Vanek, Executive Director, PERA, reported that the revised disability provisions have had a significant impact on the number of disability applications. Ms. Vanek said that PERA-P&F had previously averaged 60 new disability approvals per year and since the law change there have been three disability inquiries with two applications.

Continued Review of the Commission's Principles of Pension Policy: Second Consideration

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo concerning potential revisions proposed in an attempt to align existing policies with recent legislation. Mr. Martin reviewed principles II.B.1. and II.B.3.

The review of the principles will be continued at the next meeting.

Adjournment

The meeting adjourned at 12:00 noon.