



March 17, 2009
Room 123 Capitol

6th Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Senator Don Betzold, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 7:05 p.m.

Commission Members Present:

Representatives Mary Murphy, Phyllis Kahn, Steve Smith, and Paul Thissen
Senators Don Betzold, Ann Lynch, Mary A. Olson, and Julie A. Rosen

Commission Members Absent:

Representative Michael V. Nelson and Senator Sandra L. Pappas

Agenda Items

S.F. 1191 (Rosen); H.F. 1383 (Gunther): Fairmont Police Relief Association; Extending the amortization target date from 2010 to 2020.

Sen. Julie Rosen and Rep. Bob Gunther testified in support of their bill.

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

Mr. Jim Zarling, Fairmont City Administrator, testified in support of the bill and responded to questions from members.

Sen. Rosen moved Amendment S1191-1A. **MOTION PREVAILED.**

Rep. Kahn moved Amendment S1191-3A. **MOTION PREVAILED.**

Sen. Rosen moved S.F. 1191/H.F. 1383, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

S.F. 921 (Betzold); H.F. 1124 (Murphy, M.): MSRS-Correctional; Addition and deletion to plan membership.

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo and policy issues raised by the bill and discussed Amendment S0921-1A.

Rep. Murphy moved Amendment S0921-1A. **MOTION PREVAILED.**

Rep. Murphy moved S.F. 921/H.F. 1124, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

MSRS-Correctional Retirement Plan changes included in S.F. xxxx; H.F. 1279 (Paymar).

Mr. Paul Larson, Assistant Commissioner, Minnesota Management and Budget, reviewed his February 23, 2009, letter to the Commission and distributed additional handout materials concerning the 10-year vesting and the costs related to the employer-paid health insurance. Commissioner Larson then responded to questions from members.

Mr. Chris Dodge, CFO, Department of Corrections, testified regarding the expected cost savings for the Department of Corrections from the bill.

Mr. David Bergstrom, Executive Director, MSRS, distributed and discussed the following handout materials: 1) a comparison of the benefit differences between the correctional plan and the general plan,

2) a memo from MSRS actuary Mercer regarding ERISA minimum vesting requirements, 3) a letter from Mercer regarding a cost study of the effect of the proposed transfer of non-security employees from the correctional plan to the general plan, and 4) a handout showing the resulting net effect of the transfer on employer contributions.

Sen. Betzold indicated that he did not anticipate a vote on the bill, but that he wanted to give interested individuals an opportunity to testify.

Commission members expressed concern about reducing benefits for current members rather than prospectively for new members, concern that current employees may resign their positions in anticipation of the proposed coverage revisions, discussed the problem of tying employer-paid insurance eligibility to retirement benefit vesting and that the health insurance issue is really a collective bargaining issue, and that the language of the bill is pension policy and thus appropriate for Commission action.

Sen. Betzold invited testifiers to the testimony table.

Sen. Lynch moved to adopt Articles 3 and 4 of H.F. 1279 (Paymar). **MOTION FAILED.**

Adjournment

The meeting adjourned at 8:35 p.m.