



August 12, 2009  
Bemidji, Minnesota, City Hall Council Chambers

3<sup>rd</sup> Interim 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 11:05 a.m.

**Commission Members Present:**

Representatives Mary Murphy, Phyllis Kahn, and Michael V. Nelson  
Senators Don Betzold, Ann Lynch, Mary A. Olson, and Sandra L. Pappas

**Commission Members Absent:**

Representatives Steve Smith and Paul Thissen, and Senator Julie A. Rosen

Agenda Items

**Approval of prior Commission meeting minutes.**

Rep. Kahn moved approval of the July 8, 2009, meeting minutes. **MOTION PREVAILED.**

**S.F. 1601 (Olson, M.); H.F. 1793 (Nelson): TRA; Adding a second retired member to the Board of Trustees.**

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

Sen. Olson and Rep. Nelson presented and testified in support of their bill.

Ms. Laurie Hacking, Executive Director, TRA, testified that the TRA board looked at this issue but decided not to take a position and remains neutral. Ms. Hacking requested that any added position become effective in an odd-numbered year to coordinate with an existing election to save costs. In response to members' questions, Ms. Hacking indicated that current board members have an almost 100% attendance record, and that a one-person change to the board will likely not significantly change the dynamics of the board.

Ms. Mary Vanek, Executive Director, PERA, testified that the PERA board currently has two retiree members and that PERA is comfortable with the existing board composition.

Mr. David Bergstrom, Executive Director, MSRS, testified that the MSRS board considered the issue of adding another retiree position but decided not to pursue. Mr. Bergstrom indicated that in September the board will consider adding retired member and a deferred member positions to the board.

Mr. Charles Hellie, President, Retired Educators Association of Minnesota (REAM), testified in support of the bill and provided a handout of his testimony.

In response to a question from Sen. Lynch, Ms. Hacking testified that the majority of any additional costs related to adding a board position would primarily be due to an election, which would be reduced if coincident with the current election schedule, and that there would be some incidental ongoing costs.

Mr. Hellie testified that they would like to have representation as soon as possible, but would not be opposed to postponing the election to an odd-numbered year.

Mr. Burek suggested the following amendment to accommodate an odd-numbered year election:

Page 2, line 8, delete "the day following final enactment" and insert "June 30, 2011"

Page 2, delete lines 9 to 14

Mr. Curtis Hutchens, a retired teacher and member of REAM and Education Minnesota Retired, testified in support of the bill and provided a handout.

Rep. Nelson moved to amend S.F. 1601/H.F. 1793 as follows: page 2, line 8, delete everything after "effective" and insert "June 30, 2011" and page 2, delete lines 9 to 14. **MOTION PREVAILED.**

The bill was laid over for further consideration.

### **General consideration of the treatment of public pension plan retirement benefits in marriage dissolution marital property divisions.**

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

Mr. Brian Rice, attorney for the Minneapolis firefighters and police relief associations, testified to urge the Commission to go slowly when considering any amendments to the 1987 law.

Ms. Vanek testified that the 1987 law is working for PERA, but that an issue arises when marriage dissolutions occur after retirement. In S.F. 45/H.F. 474, PERA is requesting authority to allow, if the judge agrees, an individual to bounce-back to a single-life annuity.

Mr. Scott Vettleson testified in support of the PERA proposal and that his situation is an example of the situation Ms. Vanek described.

Mr. Philip Kapler, Executive Director, St. Paul Teachers Retirement Fund Association (SPTRFA), testified to encourage the Commission to consider the differences between special law and general law changes and making policy on broader principles.

--The meeting recessed at 1:00 p.m.--

Sen. Betzold called the meeting back to order at 1:30 p.m.

### **General consideration of the definition of surviving spouse for public pension plan survivor benefits.**

Mr. Martin reviewed the staff memo and provided historical information.

Mr. Rice testified that police and fire plans have length of marriage requirements because they have an automatic survivor benefit and associated liability that other plans do not have.

### **Designated interim study; Options for and desirability of the creation of a pension fund consolidation assistance fund: second consideration.**

Mr. Martin reviewed the staff memo related to the various state aid programs, noting that the memo also contains his observations and comments related to the first consideration memo.

Sen. Lynch observed that many of the state aid programs fall under the jurisdiction of other committees not familiar with pension issues. Mr. Martin indicated that during the 2009 Legislative Session, he was asked to attend a meeting of the House Property Tax Division when that division was considering costs related to pensions.

In response to questions regarding retiree pension rights from Senators Olson and Betzold, Mr. Martin said that in Minnesota, public pensions are considered to be employer funded pension plans where the employer is the guarantor. Mr. Martin noted that Minnesota hasn't had a pension plan default since the 1930s, when the viewpoint was that pensions were considered to be a gratuity, and that the city of Minneapolis has retained an attorney to explore this particular issue.

Mr. Gene Ranieri, Intergovernmental Relations Director, City of Minneapolis, testified that Minneapolis is looking at these issues and is working with MERF, but he had no comment at this time.

### **Public comments and testimony on public pension issues.**

Mr. Mark Sorenson testified in support of the Rule of 90 for MSRS-General and provided a handout.

Mr. Bergstrom testified that the Rule of 90 issue is not just an MSRS-General issue, is really an early-retirement reduction issue, and while not unsympathetic to Mr. Sorenson's issue, Mr. Bergstrom does not believe that the Rule of 90 is not the best solution.

Mr. Walter Pangburn, a member of MERF, thanked Commission members and testified to his hope that security and assurance come sooner rather than later for MERF members.

Sen. Olson thanked Commission members and staff for making the trip to Bemidji, and mentioned her hope that audience members have a better feel for what the Commission does and how it works.

**Adjournment**

The meeting adjourned at 2:50 p.m.