



March 5, 2013

Room 112 Capitol

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Representative Mary Murphy, Vice Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 7:05 p.m.

Commission Members Present:

Representatives Benson, Kahn, Lesch, Morgan, M. Murphy, Nelson, and O' Driscoll
Senators Goodwin, Hayden, Johnson, Pappas, Rosen, and Thompson

Commission Members Absent:

Senator Saxhaug

Agenda Items

Review of the July 1, 2012, actuarial valuation reports.

William Hogan, FSA, Milliman, and Tim Herman, FSA, Milliman, presented the review of the July 1, 2012, actuarial valuations and responded to questions from members.

S.F. 983 (Cohen); H.F. 953 (Hilstrom): Judges Retirement Plan; Financial sustainability plan provisions and contribution revisions.

Rep. Hilstrom presented and testified in support of her bill.

Nancy Haas, legislative counsel, Minnesota District Judges Association, testified in support of the bill.

David Bergstrom, Executive Director, MSRS, testified in support of the bill.

Rep. Murphy moved amendment S0983-1A. **MOTION PREVAILED**

Lawrence A. Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo and policy issues raised by the bill.

Mr. Martin also reviewed amendments S0983-2A and -3A, which provide alternative resolutions to an issue identified by the Revisor regarding the manner in which benefit accrual rates are presented in statute.

Mr. Bergstrom suggested the amendments might be more appropriately drawn to Omnibus Bill I.

Sen. Pappas indicated that the Commission would revisit the issue in two weeks.

S.F. 983 (Cohen); H.F. 953 (Hilstrom) was set aside until a quorum was present.

S.F. 935 (Pappas); H.F. 857 (Atkins): Retirement funding; Imposing a homeowners and auto insurance policy surcharge to fund public safety employee retirement plan costs.

Rep. Atkins presented and testified in support of his bill.

Dennis Flaherty, Executive Director, Minnesota Police and Peace Officers Association, testified in support of the bill.

Brian Rice, representing Minnesota Professional Fire Fighters, Police Officers Federation of Minneapolis, and Minnesota State Fire Chiefs Association, testified in support of the bill and provided handout materials.

George Esbensen, Eden Prairie Fire Chief, Minnesota State Fire Department Association, and Minnesota State fire Chiefs Association, testified in support of the bill.

Bruce Jensen, Minneapolis police officer and PERA board member, testified in support of the bill.

Rose Hennessey Allen, Pension Director, Office of the State Auditor, provided rate of return information for 2011 for the average for volunteer firefighter relief associations (-0.5%), the Statewide Volunteer Firefighter Retirement Plan (1.2%), and the State Board of Investment Income Share Account (3.0%).

Aaron Cocking, Director of Government Affairs, Minnesota Association of Farm Mutual Insurance Companies, testified in opposition to the bill.

George Winiacki, licensed insurance agent, testified in opposition to the bill.

Keith Carlson, Executive Director, Minnesota Inter-County Association, testified in support of the bill.

Bob Johnson, President, Insurance Federation of Minnesota, testified in opposition to the bill and provided handout materials.

Sen. Pappas read a list of names of people who called the Commission office to oppose the bill: Frances Ward of Milaca, William & Rae Jwanovskos of White Bear Lake, Darlene Syke of Princeton, Myrna Kane of Maplewood, Rita Hansen of Maplewood, Vicki Churches of Linwood, Gregory Lendway of St. Paul, Marilyn Bruce of Princeton, and Richard Simonsmeier of Princeton.

Mr. Martin reviewed the potential amendments.

Rep. Murphy moved amendment S0935-1A. **MOTION PREVAILED.**

Mary Most Vanek, Executive Director, PERA, testified that the cost savings projection prepared for S.F. 447 (Pappas); H.F. 618 (Nelson) did not consider any SF935/HF857 insurance surcharge funds.

Sen. Rosen moved amendment S0935-3A. **MOTION PREVAILED.**

S.F. 935 (Pappas); H.F. 857 (Atkins) was set aside until a quorum was present.

S.F. 272 (Pappas); H.F. 403 (Nelson): State Patrol Plan; Benefit modifications and contribution increases; and S.F. 447 (Pappas); H.F. 618 (Nelson): PERA-P&F, PERA-Correctional; Benefit modifications and contribution increases.

David Bergstrom, Executive Director, MSRS, testified in support of the bill and provided a handout.

Mary Most Vanek, Executive Director, PERA, testified in support of the bill and provided a handout.

Mr. Martin reviewed the staff memo and potential amendments.

Rep. Murphy moved amendment S0447-1A. **MOTION PREVAILED.**

Rep. Murphy moved amendment S0272-1A. **MOTION PREVAILED.**

Dennis Flaherty, Executive Director, Minnesota Police and Peace Officers Association, testified in support of the bill.

Lieutenant John Delmonico, President, Police Officers Federation of Minneapolis, testified in support of the bill.

Keith Carlson, Executive Director, Minnesota Inter-County Association, testified in support of the bills, particularly when considered in conjunction with S.F. 935 (Pappas); H.F. 857 (Atkins).

Anne Finn, Assistant Director of Intergovernmental Relations, League of Minnesota Cities, testified in support of the bill.

Tom Thornberg, President, Minnesota Professional Fire Fighters, testified in support of the bill and also in support of S.F. 935 (Pappas); H.F. 857 (Atkins).

Jim Franklin, Executive Director, Minnesota Sheriff's Association, testified in support of the bill, and requested that the Commission consider delaying the proposed benefit changes for elected county sheriffs to the end of their terms, December 31, 2014.

Ms. Vanek testified that there are about 24 county sheriffs who could potentially be affected.

Sen. Johnson moved amendment S0447-13A. **MOTION PREVAILED.**

Sen. Hayden moved S.F. 275/H.F. 403, as amended, be recommended to pass and be incorporated into Omnibus Pension Bill II. **MOTION PREVAILED.**

Sen. Hayden moved S.F. 447/H.F. 618, as amended, be recommended to pass and be incorporated into Omnibus Pension Bill II. **MOTION PREVAILED.**

Rep. Morgan moved S.F. 983/H.F. 953, as amended, be recommended to pass and be incorporated into Omnibus Pension Bill II. **MOTION PREVAILED.**

Sen. Hayden moved S.F. 935/H.F. 857, as amended, be recommended to the appropriate House and Senate committees.

Rep. Kahn moved to amend the Hayden motion to forward S.F. 935/H.F. 857 without recommendation.

There was no action on the motions.

Sen. Pappas laid over S.F. 935/H.F. 857 and the remaining bills on the agenda.

Adjournment

The meeting adjourned at 9:50 p.m.

Lisa Diesslin, Commission Assistant