



March 5, 2008
Room 10 State Office Building

1st 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 7:05 p.m.

Commission Members Present:

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

Commission Members Absent:

Representative Phyllis Kahn and Senator Betsy L. Wergin

Agenda Items

H.F. 3021 (Juhnke); S.F. xxxx; and H.F. xxxx; S.F. 2855 (Gimse): PERA Privatization; Rice Memorial Hospital Radiology & Radiation/Oncology Departments

Representative Al Juhnke testified in support of his bill.

Mr. Lawrence Massa, Chief Executive Officer, Rice Memorial Hospital, testified in support of the bill.

Mr. Edward Burek, Deputy Director, Legislative Commission on Pensions and Retirement, informed members that the bills are consistent with Commission policy and that the actuarial work indicates that an actuarial gain would accrue.

Representative Nelson moved H.F. 3021/S.F. xxxx be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 2589 (Hamilton); S.F. 2501 (Vickerman): PERA Privatization; Worthington Regional Hospital

Representative Rod Hamilton testified in support of his bill.

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, informed members that the actuarial work results indicate a net actuarial gain for PERA.

Representative Nelson moved H.F. 2589 /S.F. 2501 be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 1495 (Demmer); S.F. 1644 (Senjem): PERA-P&F; Authorize Survivor Benefit, Deceased Hayfield Police Chief

Senator David Senjem testified in support of his bill.

Ms. Kathy Claassen, the person affected by the bill, testified in support of the bill.

Ms. Mary Vanek, Executive Director, PERA, testified in opposition to the bill. Ms. Vanek said the proposed legislation would result in a cost to PERA of approximately \$148,545, and that Mrs. Claassen would need to repay the \$12,707 refund.

Senator Lynch moved to lay H.F. 1495/S.F. 1644 on the table. **MOTION PREVAILED.**

H.F. xxxx; S.F. 1643 (Senjem): PERA; Authorize Retirement Annuity Application, Olmstead Co., ISD No. 535, and Rochester City Employee

Senator Senjem testified in support of his bill.

Ms. Sandra Means, the person affected by the bill, testified in support of the bill.

Ms. Mary Vanek, Executive Director, PERA, testified that this type of legislation has been done in the past and that there would be no negative impact to the fund.

Senator Betzold moved amendment S1643-1A. **MOTION PREVAILED.**

Senator Betzold moved H.F. xxxx/S.F. 1643, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 3242 (Peppin); S.F. 3127 (Limmer): PERA-P&F; Service Credit Transfer, Maple Grove Fire Inspector

Representative Joyce Peppin testified in support of her bill.

Ms. Marilyn Arnlund, the person affected by the bill, testified in support of the bill.

Ms. Mary Vanek, Executive Director, PERA, testified that she spoke with Jim Knutson, Maple Grove Finance Director, and that Mr. Knutson indicated that the city is neutral on the proposed legislation but would pay the cost if it is determined Ms. Arnlund should be in the plan. Ms. Vanek indicated that the cost of the transfer would be approximately \$25,327 for Ms. Arnlund and \$47,009 for the city.

Senator Betzold moved H.F. 3242 /S.F. 3127 be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 2762 (Wardlow); S.F. xxxx: TRA; Service Credit Purchase, Prior Illinois Teaching Service

Representative Lynn Wardlow testified in support of his bill.

Ms. Cheryl Donely, the person affected by the bill, testified in support of the bill.

Mr. Luther Thompson, Assistant Executive Director, TRA, testified that the cost of the full actuarial value purchase would be approximately \$11,811 if paid on June 30, 2008, that the proposed legislation conforms to past policy, and that there would be no negative impact to TRA.

Senator Betzold moved H.F. 2762/S.F. x be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 2395 (Davnie); S.F. 2213 (Torres Ray): TRA; Annuity Increase Based on Former MTRFA Erroneous Benefit Counseling

Representative Jim Davnie testified in support of his bill.

Ms. Carol Jean Johnstad, the person affected by the bill, testified in support of the bill.

Mr. Luther Thompson, Assistant Executive Director, TRA, testified that the cost of the retroactive portion of the proposed legislation would be approximately \$56,472, the additional required reserves \$30,971, and the total cost to TRA \$90,444.

The proposed legislation failed for lack of a motion with a quorum present.

H.F. 2803 (Greiling); S.F. xxxx: MnSCU, TRA; Permit Certain MnSCU Faculty Member to Elect Prospective and Retroactive TRA Coverage

Representative Mindy Greiling testified in support of her bill, and informed members that her constituent was on vacation and therefore not able to attend the hearing.

Mr. Luther Thompson, Assistant Executive Director, TRA, testified that the full actuarial value would be approximately \$15,116.13, and the remaining balance after the rollover of the IRAP account would be \$2,499.99 for the employee and \$4925.28 for the employer. Mr. Thompson indicated that there is precedent for the proposal, that TRA is not harmed, and that TRA does not oppose the legislation.

Ms. Mary Millar, Personnel Director, Minnesota State Colleges and Universities System (MnSCU), testified that she could not find any indication the affected individual had been provided with an election and that MnSCU does not oppose the proposed legislation.

Senator Betzold moved line 1.5 of amendment H2803-1A. **MOTION PREVAILED.**

Senator Betzold moved H.F. 2803/S.F. xxxx, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 3311 (Atkins); S.F. 2469 (Metzen): PERA; Authorize Revocation of Retirement Annuity Application in Favor of Disability Benefit Application

Representative Joe Atkins testified in support of his bill.

Mr. William L. Klabunder, the person affected by the bill, testified in support of the bill.

Ms. Mary Vanek, Executive Director, PERA, testified that their records indicate that Mr. Klabunder called to request a retirement application, and there was no indication of a potential disability other than one pay period with workers' compensation. Ms. Vanek noted the \$160 monthly difference between the retirement benefit of \$232 per month and a disability benefit, which would have been \$392 per month.

Senator Betzold moved to amend H.F. 3311/S.F. 2469 as follows: page 2, line 10, delete everything after "date"; page 2, delete line 11; and page 2, line 12, delete everything before the period. **MOTION PREVAILED.**

Senator Olson moved H.F. 3311/S.F. 2469, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 3696 (Kahn); S.F. 2424 (Betzold): PERA; Service Credit Purchase for Hennepin County Commissioner

Senator Betzold presented the bill.

Mr. Randy Johnson, the person affected by the bill, testified in support of the bill.

Ms. Mary Vanek, Executive Director, PERA, testified that there have been no similar circumstances and because the General Plan subsidizes a bounce-back there is a potential cost to the proposal. Ms. Vanek said the funds in Mr. Johnson's PERA Defined Contribution Plan account are sufficient for the transfer.

Senator Betzold moved amendment H3696-1A. **MOTION PREVAILED.**

Senator Betzold moved H.F. 3696/S.F. 2424, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

Minneapolis Police Relief Association Mortality Table Assumption Change

Mr. Larry Ward, President, Minneapolis Police Relief Association, testified in support of the bill.

Mr. Mark Meyer, Van Iwaarden Associates, MPRA consulting actuary, testified in support of the bill.

Representative Thissen moved to amend Resolution 08-1 to include the language "For valuations prepared after July 1, 2008".

Mr. Patrick Born, City Finance Officer, City of Minneapolis, testified in support of the verbal amendment. Mr. Born stated that this action addresses only the mortality assumption, which is costly to taxpayers, and requested that the investment and salary assumptions also be studied and updated, if necessary.

Representative Thissen moved passage of Resolution 08-1, incorporating the amendment to include "For valuations prepared after July 1, 2008". **MOTION PREVAILED.**

H.F. 3082 (Murphy, M.); S.F. 2720 (Betzold): MSRS-C; Adding Two Employment Positions to Retirement Plan Coverage

Senator Betzold presented the bill.

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the current process for adding additional employment positions to plan coverage.

Associate Warden Kent Grandlienard, MCF-Oak Park Heights, testified in support of the bill.

Associate Warden Anita Alexander, MCF-Lino Lakes, testified in support of the bill.

Mr. David Bergstrom, Executive Director, MSRS, testified that there is no MSRS-Correctional cost impact.

Senator Betzold moved H.F. 3082/S.F. 2720 be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 3041 (Murphy, M., by request); S.F. 2715 (Betzold): Retirement Provisions Modified Relating To Actuarial and Financial Reporting

Ms. Laurie Hacking, Executive Director, TRA, testified in support of the bill and provided handout materials, and reviewed potential amendments.

Senator Betzold moved to delete section 1 of the bill. **MOTION PREVAILED.**

Senator Betzold moved to amend H.F. 3041/ S.F. 2715 on page 11, lines 23-36, reinstate the stricken language. **MOTION PREVAILED.**

Senator Betzold moved amendment H3041-14A. **MOTION PREVAILED.**

Ms. Mary Vanek, Executive Director, PERA, testified in support of the bill and that in its present form the bill represents the actuary's recommendations.

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

Representative Nelson moved to amend H.F. 3041/ S.F. 2715 on page 20, lines 19 and 25, delete "six months" and insert "one year." **MOTION PREVAILED.**

Senator Betzold moved H.F. 3041/ S.F. 2715 be held over for second consideration. **MOTION PREVAILED.**

H.F. xxxx; S.F. 2923 (Betzold): Legislative Commission on Pensions and Retirement Actuarial Services Retention

Senator Betzold informed members it is not a good time to consider the proposed legislation due to budget constraints and said that he discussed the matter with the Senate majority Pogemiller, who agreed but indicated his desire for further discussion of the proposal.

H.F. xxxx/S.F. 2923 was held over for future consideration.

H.F. 2194 (Kahn); S.F. 2006 (Pappas); Various plans; Reemployed Annuitant Earnings Limits; Actuarial Services; State Aid

Mr. Philip Kapler, Executive Director, SPTRFA, testified in support of the bill.

Mr. J. Michael Stoffel, Executive Secretary, DTRFA, testified in support of the bill.

H.F. 2194/ S.F. 2006 was held over for second consideration.

Adjournment

The meeting adjourned at 11:00 p.m.