



April 22, 2008  
Room 5 State Office Building

4<sup>th</sup> 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 2:25 p.m.

**Commission Members Present:**

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

**Agenda Items**

**Approval of Prior Commission Meeting Minutes**

Representative Smith moved approval of the December 19, 2007, March 5, April 8, and April 9, 2008, Commission meeting minutes. **MOTION PREVAILED.**

**H.F. 4151 (Hoppe); S.F. xxxx: TRA; Service Credit Purchase, Wayzata Teacher**

Representative Joe Hoppe presented his bill and read an e-mail from Ms. Britt Stroup, the person affected by the bill, in support of the bill. Representative Hoppe also informed members that the Wayzata school board is in support of the bill.

Mr. Luther Thompson, Assistant Executive Director, TRA, testified that the full actuarial value of the purchase would be \$545, and the contributions plus interest amount would be \$823.77. Mr. Thompson testified that TRA does not object to amendments H4151-1A and H4151-3A, and that amendment H4151-2A is not necessary.

Representative Kahn moved amendments H4151-1A and H4151-3A. **MOTION PREVAILED.**

Representative Kahn moved H.F. 4151, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

**Duluth Police and Fire Amortization Aid Issues**

Ms. Genie Stark, Finance Director, City of Duluth, distributed handout materials regarding Duluth amortization aid and funding issues and provided historical information on the Duluth police and fire consolidation accounts. Ms. Stark testified that the City of Duluth has appreciated everything the state has done, but the city would appreciate any financial help and requested that Duluth be allowed to share in any aids that are dedicated to pensions.

Ms. Mary Vanek, Executive Director, PERA, provided additional information on the consolidation accounts and amortization aid, noting that the amount of excess aid available to be redistributed has declined.

**Final Action on the 2008 Omnibus Retirement Bill**

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, provided a brief review of the omnibus retirement bill as currently assembled by the Commission.

Staff/Clean-Up Amendments

Mr. Martin reviewed the staff clean-up amendment H3082-A8.

Senator Betzold moved amendment H3082-A8. **MOTION PREVAILED.**

Mr. Martin reviewed amendment H3082-16A, which would remove the appropriation for the voluntary statewide volunteer fire plan advisory board.

Ms. Mary Vanek, Executive Director, PERA, testified that the PERA board did approve charging startup costs back to the new plan when it is created, eliminating the need for the appropriation.

Senator Betzold moved amendment H3082-16A. **MOTION PREVAILED.**

Mr. Martin reviewed amendment H3082-17A, which would complete a blank that was left unfilled in the deferred compensation provision.

Mr. David Bergstrom, Executive Director, MSRS, testified that the amendment is acceptable to MSRS.

Senator Betzold moved amendment H3082-17A. **MOTION PREVAILED.**

Mr. Martin reviewed amendment H3082-15A, related to the state aid reallocation contained in Article 9.

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

Senator Betzold moved amendment H3082-15A. **MOTION PREVAILED.**

### **Amendment in the Form of Bill Draft LCPR08-027**

Representative Kahn offered draft legislation LCPR08-027, related to MSRS-Unclassified marriage dissolution property division awards. Representative Kahn said the legislation was drafted on behalf of Dale McDonnell, a State Lottery employee who is trying to assist his ex-wife.

Mr. David Bergstrom, Executive Director, MSRS, testified that the legislation does not appear to have an impact to MSRS. Mr. Bergstrom also indicated his preference for special legislation affecting one individual rather than general legislation.

Representative Kahn moved LCPR08-027, directing staff to make the appropriate changes to make the legislation apply only to Mr. McDonnell. **MOTION PREVAILED.**

### **Amendment H3082-14A**

Senator Betzold offered amendment H3082-14A, which would delete the Hennepin County Commissioner provision (H.F. 3696 (Kahn); S.F. 2424 (Betzold)). Senator Betzold indicated there could be broader implications and that the County Commissioner affected by the legislation is in agreement with deleting the provision in order to allow more time to study the issue.

Senator Betzold moved amendment H3082-14A. **MOTION PREVAILED.**

### **Amendment H3082-10A**

Senator Betzold moved amendment H3082-10A, derived from H.F. 3713 (Nelson); S.F. 3405 (Betzold), regarding PERA-P&F disabilities. **MOTION PREVAILED.**

### **Amendment H3082A1**

Representative Kahn moved amendment H3082A1, which would increase the Commission membership to fourteen and require two members representing each body be from the minority caucus.

Mr. Mark Shepard, House Research Department, in response to a question from members regarding the definition of minority caucus, indicated that he is unaware of a definition in statute but recommended wording such as "no more than five may be from the political party with the largest representation."

Representative Kahn renewed her motion on amendment H3082A1. **MOTION FAILED.**

### **Amendment H3082-21A**

Senator Lynch offered amendment H3082-21A, which would delete the school district 403(b) collective bargaining provision (H.F. 3743 (Nelson); S.F. 3375 (Dahle)).

Mr. Tom Deans, Legal Counsel, Minnesota School Boards Association, testified in support of the amendment.

Ms. Jan Alswager, Government Relations Manager, Education Minnesota, testified in opposition to the amendment.

Senator Lynch moved amendment H3082-21A. **MOTION FAILED.**

### **Amendment H3082-23A**

Senator Wergin offered amendment H3082-23A, which would require collective bargaining on the number of 403(b) vendors only, but not the specific vendors.

Mr. Tom Deans, Legal Counsel, Minnesota School Boards Association, testified that the amendment is better than the current provision.

Ms. Jan Alswager, Government Relations Manager, Education Minnesota, testified in opposition to the amendment.

Senator Wergin moved amendment H3082-23A. **MOTION FAILED.**

Senator Wergin requested a division vote. The motion failed, the amendment was not adopted.

### **Amendment H3082-25A**

Representative Thissen moved amendment H3082-25A, regarding the H.F. 3320 (Nelson); S.F. 2423 (Betzold) aid redistribution.

Mr. Martin reviewed the direct state aid to first class city teacher funds.

Senator Yvonne Prettner-Solon testified in support of the amendment.

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

Ms. Laurie Hacking, Executive Director, TRA, testified that TRA is not opposing the amendment, but noted that the funds directed to TRA was part of the Minneapolis Teachers Retirement Fund Association (MTRFA) consolidation legislation to offset the MTRFA liability.

Representative Thissen renewed his motion on amendment H3082-25A. **MOTION PREVAILED.**

### **Amendment in the Form of H.F. 3744 (Thissen); S.F. 3532 (Larson)**

Representative Thissen moved amendment H3744-11A to H.F. 3744 (Thissen); S.F. 3532 (Larson), further amended on page 1, line 4, delete everything after "20" and insert a period, delete page 1, line 5, and on page 1, line 6, delete "police and firefighters relief associations' and delete". **MOTION PREVAILED.**

Ms. Mary Vanek, Executive Director, PERA, testified that Duluth has one additional payment due January 31, 2009, and that this legislation would not help them in 2009 but would help with ongoing police and fire costs.

Representative Thissen moved to amend H.F. 3744/S.F. 3532 on page 3, line 2, to delete "relief associations" and insert "pensions". **MOTION PREVAILED.**

Representative moved H.F. 3744/S.F. 3532, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

### **Amendment H3082-24A**

Mr. Martin distributed amendment H3082-24A, prepared at the request of Nyle Zikmund, related to H.F. 3895 (Murphy, M.); S.F. 3630 (Saxhaug).

Mr. Nyle Zikmund, representing fire departments, fire chiefs, and the Minnesota Area Relief Association Coalition (MARAC), testified in support of the amendment, which would create an advisory board within PERA to provide advice and administrative support.

Ms. Mary Vanek, Executive Director, PERA, testified that Mr. Zikmund addressed the PERA board, clarified that there is no compensation to PERA and that the provision will expire when an ongoing advisory board is created, and noted that State Auditor Otto is a member of the PERA board.

Representative Murphy moved amendment H3082-24A. **MOTION PREVAILED.**

#### **Amendment H3082-26A**

Mr. Morgan Fleming, Middle Management Association, testified in support of the amendment.

Ms. Julie Blehyl, Legislative Director, AFSCME Council 5, testified in opposition to the amendment.

The amendment was set aside to allow Mr. Fleming and Ms. Blehyl to discuss the issue.

#### **Amendment LCPR08-BA04**

Representative Murphy moved amendment LCPR08-BA04, extending the PERA military service credit purchase authority until 2013. **MOTION PREVAILED.**

#### **Amendment H3082-22A**

Mr. David Bergstrom, Executive Director, MSRS, explained that the amendment adds the State Board of Investment staff to protection from suit by a participant if the participant chooses bad investments.

Senator Betzold moved amendment H3082-22A. **MOTION PREVAILED.**

#### **Amendment H3082-19A**

Mr. David Bergstrom, Executive Director, MSRS, explained that amendment clarifies who is eligible to participate in the Health Care Savings Plan.

Senator Betzold moved amendment H3082-19A. **MOTION PREVAILED.**

#### **Verbal Amendment to Add MGEC Employees to M.S., Section 352.01, Subd. 2A**

Mr. Dana Wheeler, Executive Director, Minnesota Government Engineers Council, requested that employees of the Minnesota Government Engineers Council be added to Minnesota Statutes, Section 352.01, Subdivision 2A.

Mr. David Bergstrom, Executive Director, MSRS, testified that MSRS is not opposed to the amendment.

Senator Betzold moved to amend Minnesota Statutes, Section 352.01, Subdivision 2A, by adding a clause: "(18) employees of the Minnesota Government Engineers Council, and to whom section 352.029 does not apply." **MOTION PREVAILED.**

#### **Recess**

The meeting recessed at 4:55 p.m. and was called back to order at 5:10 p.m.

#### **Discussion of Potential Amendment Regarding Commingled Funds**

Mr. Philip Kapler, Executive Director, SPTRFA, testified in support of a potential amendment to the omnibus pension bill on page 101, lines 33 to 35, proposing the establishment a dollar threshold with different limits. Mr. Kapler suggested amending as follows:

Page 101, line 33, after "(i)" insert "for plans with assets of less than \$100,000,000,"  
Page 101, line 35, after "investing" insert ", for all other plans, the limit is 30 percent"

Ms. Rose Hennessey Allen, Pension Director, Office of the State Auditor, testified they would not be opposed to a 30 percent cap for funds with over \$100,000,000.

Mr. Brian Rice, General Counsel, St. Paul Teachers Retirement Fund Association (SPTRFA), testified in support of the proposal.

Mr. J. Michael Stoffel, Executive Secretary, DTRFA, testified that he is comfortable with the current language.

The proposal failed for lack of a motion with a quorum present.

### **Amendment H3082-26A**

Ms. Julie Blehyl, Legislative Director, AFSCME Council 5, testified that they will support the amendment.

Mr. Morgan Fleming, Middle Management Association, apologized to members for the late proposal.

Representative Murphy moved amendment H3082-26A. **MOTION FAILED.**

### **Amendment, Reemployed Annuitant Earnings Limitation Provision**

Representative Smith reminded members that when the reemployed annuitant earnings limitation provision on page 19 was discussed, Ms. Vanek indicated she would approach the board about the possibility of extending the date from 2008 to 2009.

Ms. Mary Vanek, Executive Director, PERA, testified that the board does support the 2009 extension.

Representative Smith moved to amend delete-everything amendment H3082-5A, on page 19, line 8, delete "2008" and insert "2009". **MOTION PREVAILED.**

### **Final Action on the 2009 Omnibus Pension Bill**

Senator Betzold moved delete-everything amendment H3082-5A, as amended, be adopted as the omnibus pension bill for H.F. 3082/S.F. 2720. **MOTION PREVAILED.**

### **Adjournment**

The meeting adjourned at 5:50 p.m.