



October 23, 2013

Room 123 Capitol

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Senator Sandra Pappas, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 12:35 p.m.

Commission Members Present:

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

Commission Members Absent:

Representative Morgan and Senator Saxhaug

Agenda Items

S.F. 1100 (Dibble): Metropolitan Council; MERF supplemental employer contribution obligation clarification

Lawrence A. Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the first consideration staff memo on the topic.

Senator D. Scott Dibble presented and testified in support of his bill.

Barb Johnson, President, Minneapolis City Council, testified in support of the bill and provided a handout.

Susan Segal, Minneapolis City Attorney, testified in support of the bill.

Mary Bogie, CFO, Metropolitan Council, testified in opposition to the bill and provided four handouts.

Mary Most Vanek, Executive Director, PERA, testified that PERA is not in the position to determine which party is responsible for the payments and that the issue needs to be resolved.

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

Judd Schetnan, Government Affairs Director, Metropolitan Council, testified in opposition to the bill.

There was no action on S.F. 1100.

Approval of minutes

Senator Goodwin moved approval of the September 11-12, 2013, meeting minutes. **MOTION PREVAILED.**

PERA minimum salary membership threshold, second consideration

Mr. Martin reviewed the second consideration staff memo.

Mary Most Vanek, Executive Director, PERA, testified that the board did not take a position on the options presented in the study report, and that there seems to be some agreement between interested parties in moving to an annual threshold, although somewhat lower than 2011 Session S.F. 2031 (Rosen); H.F. 2360 (O'Driscoll) proposed. Ms. Vanek indicated that PERA continues to work with the interested parties and hopes to return in December or January.

Christina Clark, Executive Director, Minnesota School Employees Association (MSEA), testified that MSEA is not opposed to Option 3, provided a resolution from the board of directors, and indicated that Commission members may infer that they are opposed to Options 1, 2, and 4.

Libby Kantner, Political Organizing Director, SEIU Local 284, testified that while they do not see an immediate need for change, they would support Option 3.

Jan Alswager, Chief Lobbyist, Education Minnesota, testified that Education Minnesota does not have an official position at this time but that they do have concerns regarding the proposals.

Julie Bleyhl, Legislative Director, AFSCME Council 5, testified in opposition to revising the minimum membership threshold.

Review of the Commission's Principles of Pension Policy, first consideration

Mr. Martin reviewed the first consideration staff memo on the topic.

Kim Crockett, MN Free Market Institute/Center of the American Experiment, testified that if one acknowledges the premise that the State prefers defined benefit retirement plans over defined contribution plans, the Commission should focus on what she termed the "bedrock" principles related to fiduciary responsibility and that the plans should be funded on a current basis.

Printed materials submitted by Dennis Hoelscher, PERA-P&F retiree, were distributed.

Minnesota defined benefit public employee retirement plan post-retirement adjustment mechanisms, third consideration

This item was not heard and was laid over to the November meeting.

Non-Agenda Items

Amendment to the Commission's Standards For Actuarial Work; 2014 Proposed Legislation

Mary Most Vanek, Executive Director, PERA, testified that retirement fund administrators sent a letter to Senator Pappas requesting that the Commission take action before early December 2013 on an amendment to its Standards For Actuarial Work relating to the calculation of actuarial accrued liability, normal cost, amortization contribution, and full actuarial funding cost for their retirement plan(s) for varying post-retirement adjustment rates in future years and asked for the Commission's consideration of the request.

Ms. Vanek also indicated that PERA is working on legislative proposals and asked if the Commission would prefer to see the proposals before they are officially introduced for the Session.

Senator Pappas indicated her preference to have the proposals for review in January and early February.

Adjournment

The meeting adjourned at 3:45 p.m.

Lisa Diesslin, Commission Assistant