



March 4, 2014

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 5:35 p.m.

Commission Members Present:

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

Commission Members Absent:

Representatives Lesch and Morgan

Agenda Items

Review of the July 1, 2013, actuarial valuation reports.

William Hogan, FSA, Milliman, and Tim Herman, FSA, Milliman, presented the review of the July 1, 2013, actuarial valuations and responded to questions from members.

Senator Sandra Pappas resumed the chair.

S.F. 1943 (Pederson); H.F. 1873 (O'Driscoll): PERA-General; Coverage exclusion for St. Cloud Metropolitan Transit Commission employees.

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

Edward Reynoso, Political Director, Teamsters Joint Council 32, testified that the Teamsters are neutral on the bill.

Rep. O' Driscoll moved amendment H1873-1A. **MOTION PREVAILED.**

Rep. Nelson moved to amend S.F. 1943/H.F. 1873, as follows: page 3, line 27, strike "87" and insert "322". **MOTION PREVAILED**

Rep. O'Driscoll moved S.F. 1943/H.F. 1873, as amended, be recommended to pass and be incorporated into the Omnibus Pension Bill. **MOTION PREVAILED.**

Approval of Minutes

Sen. Rosen moved approval of the February 12-13, 2014, meeting minutes. **MOTION PREVAILED.**

S.F. 2148 (Westrom); H.F. 1894 (McNamar): PERA-General; Coverage for Stevens County Housing and Redevelopment Authority employees.

Mr. Martin reviewed the staff memo and policy issues raised by the bill.

Senator Torrey Westrom and Representative McNamar presented and testified in support of their bill.

Mary Vanek, Executive Director, PERA, asked if the intent of the bill is to include future Stevens Co. HRA employees in PERA coverage or to only include current employees.

Sen. Westrom and Rep. McNamar indicated that the intent is to only include the current employees.

Mr. Martin indicated that a motion to delete Section 2 would eliminate future employees from the bill.

Rep. Murphy moved to delete Section 2. **MOTION PREVAILED.**

Rep. Murphy moved S.F. 2148/H.F. 1894, as amended, be recommended to pass and be incorporated into the Omnibus Pension Bill. **MOTION PREVAILED.**

S.F. 1326 (Goodwin); H.F. 1410 (Nelson): MSRS; Deferred members permitted to vote in board elections.

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

David Bergstrom, Executive Director, MSRS, testified that there will be a slight additional cost due to postage costs, and that the MSRS board is in strong support of the bill.

Sen. Goodwin moved S.F. 1326/H.F. 1410 be recommended to pass and be incorporated into the Omnibus Pension Bill. **MOTION PREVAILED.**

S.F. 713 (Pappas); H.F. 872 (Kahn): MnSCU; Eliminate early retirement incentive sunset date.

Russ Stanton, Director of Government Relations, Inter-Faculty Organization, presented and testified in support of the bill. Mr. Stanton also testified that he is not opposed to amendment S0713-1A, but requested that the sunset date be extended to 2019.

Mr. Martin indicated that a motion to amend the amendment on page 1, line 4, delete "2017" and insert "2019" would accommodate Mr. Stanton's request.

Sen. Pappas indicated that the suggested revision will be incorporated into amendment S0713-1A.

Bill Brady, System Director, Employee Benefits and Compensation, MnSCU, testified in support of the bill.

Sen. Rosen moved amendment S0713-1A, as amended. **MOTION PREVAILED.**

Sen. Rosen moved amendment S0713-2A. **MOTION PREVAILED.**

Rep. Benson moved amendment S0713-3A. **MOTION PREVAILED.** A question was raised that there were not enough votes by House members for the amendment to pass. Rep. Benson withdrew the amendment.

Sen. Rosen moved S.F. 713/H.F. 872, as amended, be recommended to pass and be incorporated into the Omnibus Pension Bill. **MOTION PREVAILED.**

S.F. 764 (Pappas); H.F. 871 (Kahn): MnSCU; Eliminate sunset date on eligibility to elect TRA coverage.

Mr. Martin reviewed the staff memo and the potential amendments.

Rep. Nelson moved amendment S0764-2A. **MOTION PREVAILED.**

Mr. Stanton testified in support of the bill.

Luther Thompson, Assistant Executive Director, TRA, testified that the bill is not adverse to TRA.

Rep. Nelson moved S.F. 764/H.F. 871, as amended, be recommended to pass and be incorporated into the Omnibus Pension Bill. **MOTION PREVAILED.**

S.F. 765 (Pappas); H.F. 870 (Kahn): MnSCU; Increase maximum salary for the annuitant return-to-work provision.

Mr. Martin reviewed the staff memo and the potential amendments.

Mr. Stanton testified that amendment S0765-1A would essentially replace the proposed two-thirds of salary maximum with a dollar amount as requested by TRA.

Rep. Nelson moved amendment S0765-1A. **MOTION PREVAILED.**

Rep. Nelson moved amendment S0765-4A. **MOTION PREVAILED.**

Mr. Stanton requested that if the Commission considers amendment S0765-3A, that the language "any similar early retirement incentive program" be eliminated so as not to interfere with step increase with sufficient notice of retirement program.

Sen. Rosen moved amendment S0765-3A, amended on page 1, lines 3, 8, and 13, delete "or" and insert a semicolon, and on page 1, delete lines 4, 9, and 14. **MOTION PREVAILED.**

Luther Thompson, Assistant Executive Director, TRA, testified that TRA does not intend to raise their reemployed annuitant maximum salary.

Mary Most Vanek, Executive Director, PERA, testified that the PERA average salary is \$36,000, that PERA performed a study on their reemployed retirees and plans to work with cities and counties on the issue.

David Bergstrom, Executive Director, MSRS, testified that MSRS is not interested in being included in the proposed legislation.

Sen. Goodwin moved S.F. 765/H.F. 870, as amended, be recommended to pass and be incorporated into the Omnibus Pension Bill. **MOTION PREVAILED.**

S.F. xxxx; H.F. 2179 (Nelson): TRA; Board of trustees increased by adding an additional elected retired member.

Mr. Burek reviewed the staff memo and policy issues raised by the bill.

Don Leathers, Legislative Co-Chair, Retired Educators Assoc. of Minnesota, testified in support of the bill.

Joan Beaver, Government Relations Chair, Education Minnesota Retired, testified in support of the bill.

Jay Stoffel, Deputy Director, TRA, testified that the cost of adding an additional member to the board would be related to reimbursement of mileage expenses, conferences and training costs, and that TRA board members do not receive per diems.

Luther Thompson, Assistant Executive Director, TRA, testified that the TRA board's official position is that they have no position.

Commission members expressed interest in finding out Education Minnesota's position on the bill, and in hearing from TRA active members.

The bill was laid over.

S.F. 2169 (Hayden); H.F. 2316 (Kahn): PERA; Service credit purchase for certain Hennepin Co. elected service.

Mr. Martin reviewed the staff memo and policy issues raised by the bill.

Hennepin County Commissioner Randy Johnson, the person affected by the bill, testified in support of the bill.

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

Mary Vanek, Executive Director, PERA, testified that the full actuarial value purchase payment would be \$602,223 for a single life annuity and \$615,215 for a 100% joint and survivor annuity, and that Mr. Johnson has sufficient funds in his defined contribution plan account to make the purchase. Ms. Vanek also indicated that she needs to ask the PERA board for direction in this matter.

The bill was laid over.

Adjournment

The meeting adjourned at 8:20 p.m.

Lisa Diesslin, Commission Assistant