

March 26, 1992  
Room 118 Capitol

28th Meeting



### LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

#### MINUTES

Representative Leo Reding, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 11:25 A.M.

#### Commission members present:

Representatives Richard Jefferson, Bob Johnson, Gerald Knickerbocker, Rich O'Connor and Leo Reding  
Senators Steven Morse, Earl Renneke, Leroy Stumpf and Gene Waldorf

Rep. Reding stated that the third item on the agenda, H.F. 2366 (Rodosovich); S.F. 2425 (Neuville): Faribault Fire Consolidation Account; Post Retirement Adjustment for Current Benefit Recipient, has been pulled by the House author.

Rep. Reding introduced the first item on the agenda, an amendment Concerning Purchase of Prior Service by Stillwater Fire Chief.

Rep. Harriet McPherson reviewed the amendment, LCPR92-116, and stated that this is a case of omitted contributions for a period of five months. Rep. McPherson also noted that the amendment requires full actuarial value for the purchase of service and it has city approval.

Rep. Jefferson moved amendment LCPR92-116. **MOTION PREVAILED.**

Rep. Reding introduced the fourth item on the agenda, an amendment Concerning Purchase of Prior Service by Eveleth Firefighter.

Rep. Johnson reviewed the background. Lawrence A. Martin, LCPR Executive Director, reviewed the amendment and stated that in 1978 due to the financial circumstances of the police and fire relief associations and the city of Eveleth, the relief associations consolidated with PERA. However, the consolidation agreement permitted members of the relief associations credit for only 70% of their past service. This person would like to buyback one year and eleven months of that service at full actuarial value. Discussion followed.

Rep. Jefferson moved amendment LCPR92-121. **MOTION PREVAILED.**

Rep. Reding introduced the issue of H.F. 1979 (Jefferson). This bill was previously approved by the Commission but since this bill does not have a Senate companion it will need to be added to a House vehicle to send it to the Senate. The bill now has local approval.

Rep. Jefferson moved H.F. 1979's language be amended to another House vehicle.  
**MOTION PREVAILED.**

Rep. Reding introduced the fifth item on the agenda, an amendment Concerning purchase of Prior Service by Former St. Cloud City Council Member.

Lawrence Martin reviewed Rep. Marsh's amendment and stated a St. Cloud city council member wishes to buyback eight years of service at full actuarial value. Discussion followed.

Rep. Reding moved amendment LCPR92-123. **MOTION FAILED.**

Rep. Reding introduced the sixth item on the agenda, an amendment Concerning Early Refund Eligibility by Certain Hennepin County Employee.

Edward Burek, LCPR Deputy Executive Director, reviewed the amendment, H2025-1, for Rep. Runbeck's constituent. Mr. Burek stated that this amendment would permit a member who was injured and placed on leave of absence to receive a refund of the PERA employee contributions earlier than the one year and 120 day normal waiting period.

Rep. Knickerbocker moved a technical amendment LCPR92-122. **MOTION PREVAILED.**

Rep. Knickerbocker moved amendment H2025-1 as amended. **MOTION PREVAILED.**

Sen. Waldorf reviewed an amendment, LCPR92-119, which permits a legislator who reached the 20 year cap on service prior to removal of the cap in 1989 to purchase service credit for the time served after reaching the 20 year cap. The legislative service could be purchased for contributions plus interest. Discussion followed.

Sen. Waldorf moved amendment LCPR92-119. **MOTION PREVAILED.**

Rep. Reding reviewed the issue of H.F. 699, the Judges Plan, and the retroactive effective date of this bill.

The Commission members considered the issue of retroactivity and Rep. Reding noted that the actuarial work was not based on a retroactive effective date. He suggested that the effective date be set at July 1, 1992 because the retroactive effective date would set a bad precedent. Discussion followed.

Rep. Johnson moved an amendment to make the effective date July 1, 1992. **MOTION PREVAILED.**

Rep. Reding updated members on the MTRFA disability bylaws issue approved at the last Commission meeting and stated that it will be amended onto the first class teachers bill.

Rep. Reding introduced the second item on the agenda, H.F. 2476 (Reding); S.F. 2427 (Waldorf): Pension Coverage for Extracurricular Teaching Activity Management Compensation.

Sen. Waldorf reviewed the status of H.F. 2476 in the Senate. He stated that in the Senate Government Operations Committee discussion, members perceived the positions covered in this bill to be too broad and the bill was laid over. Sen. Waldorf introduced amendment LCPR92-124 to address the Senate's concerns. Discussion followed.

Rep. Johnson spoke in opposition to this bill and amendment. He would prefer to study the issue during the interim and find a different solution. Discussion followed.

Rep. Knickerbocker stated that currently the school districts have difficulty in getting people to fill extracurricular positions. He supported the bill and the amendment.

Sen. Waldorf reviewed LCPR92-124 and stated that the positions included in this amendment are positions that require heavy student involvement.

Rep. O'Connor suggested that an equitable solution to this issue might be to eliminate pension contributions on extracurricular activity compensation. Discussion followed.

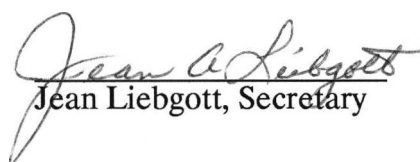
Rep. Waldorf moved amendment LCPR92-124. **MOTION FAILED.**

Rep. Reding reviewed a proposal that the House Appropriations Committee discussed that would extend the amortization date 10 or 20 years. Rep. Reding expressed concern that such a change in policy would be proposed without having full actuarial work performed and without serious study. He requested that the Commission agree to send a letter to the Chair of the House Appropriations Committee in opposition to extending the amortization date.

Doug Mewhorter, MSRS, spoke in opposition to extension of the amortization date.

Rep. Knickerbocker moved to direct staff to prepare the letter proposed above for signature by the Commission. **MOTION PREVAILED.**

The meeting adjourned at 12:35 P.M.

  
Jean Liebgott, Secretary