



March 13, 2012

Room 5 State Office Building

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Representative Morrie Lanning, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 5:15 p.m.

Commission Members Present:

Representatives Phyllis Kahn, Mary Kiffmeyer, Morrie Lanning, Mary Murphy, and Steve Smith
Senators Roger Chamberlain, Theodore Daley, D. Scott Dibble, Sandra Pappas, and Julie Rosen

Agenda Items

Final review and final action on the 2012 Omnibus Retirement Bill

Julie Bleyhl, Legislative Director, AFSCME Council 5, representing the Public Employees Pension Coalition, testified in opposition to lowering the interest rate actuarial assumption, moving to a hybrid retirement plan, and changing the PERA eligibility threshold. Included in the Coalition are:

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| AFSCME Council 5 | Minnesota Government Engineers Council |
| AFSCME Council 5 Retirees United | Minnesota Nurses Association |
| AFSCME Council 65 | Minnesota Professional Fire Fighters |
| Education Minnesota | Minnesota State College Faculty |
| Education Minnesota Retired | Minnesota State Patrol Troopers Association |
| Inter-Faculty Organization | Police Federation of Minneapolis |
| Middle Management Association | Retired Educators Association of Minnesota |
| Minneapolis Committee of Thirteen | SEIU Local 84 |
| Minnesota AFL-CIO | Teamsters Local 320 |
| Minnesota Association of Professional Employees | |

Approval of prior Commission meeting minutes

Sen. Rosen moved approval of the March 6, 2012, meeting minutes. **MOTION PREVAILED.**

Final review and final action on the 2012 Omnibus Retirement Bill, continued

Kim Crockett, COO, EVP and General Counsel, Minnesota Free Market Institute at the Center of the American Experiment, testified in support of reducing the investment rate actuarial assumption, in opposition to a select-and-ultimate investment rate actuarial assumption, and in support of amendment H2199-31A.

Dr. Norman Ehrentreich, Ehrentreich LDI Consulting & Research, testified in opposition to a select-and-ultimate investment rate actuarial assumption and in support of amendment H2199-31A.

Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed Article 1 and technical amendment H2199-33A.

Rep. Lanning moved amendment H2199-33A. **MOTION PREVAILED.**

Sen. Pappas moved amendment H2199-34A.

Laurie Hacking, Executive Director, TRA, testified that TRA is comfortable with the select-and-ultimate interest rate assumption as contained in amendment H2199-34A, and in support of H2199-50A.

Mary Vanek, Executive Director, PERA, testified that PERA is comfortable with the select-and-ultimate interest rate assumption as contained in amendment H2199-34A.

David Bergstrom, Executive Director, MSRS, testified that the original position of the MSRS board was moving to an 8.25% actuarial interest rate assumption for two years and then moving to 8% but not as a select-and-ultimate; and that a five-year select rate of 8% and an ultimate rate of 8.5% is acceptable.

Sen. Pappas renewed her motion to adopt amendment H2199-34A. **MOTION PREVAILED.**

Sen. Daley requested that staff compare amendments H2199-34A and H2199-47A.

Sen. Pappas moved amendment H2199-50A. **MOTION PREVAILED.**

Rep. Murphy moved amendment H2199-28A. **MOTION PREVAILED.**

Rep. Kahn moved amendment H2199-29A.

Laurie Hacking, Executive Director, TRA, testified that TRA delayed the implementation of actuarial factor changes until the Commission's recommendation on the interest rate assumption is finalized. Ms. Hacking indicated that TRA will provide an implementation plan to the Commission by January 1, 2013.

Mary Vanek, Executive Director, PERA, testified that PERA will also provide an implementation plan to the Commission by January 1, 2013.

David Bergstrom, Executive Director, MSRS, testified that MSRS will also provide an implementation plan to the Commission by January 1, 2013.

Rep. Kahn renewed her motion to adopt amendment H2199-29A. **MOTION PREVAILED.**

Mr. Martin reviewed the Article 3 and amendment H2199-21A.

Rep. Murphy moved amendment H2199-21A. **MOTION PREVAILED.**

Edward Burek, Deputy Director, Legislative Commission on Pensions and Retirement, reviewed amendments H2199-24A and -31A, which would create a new Article 2.

Sen. Chamberlain moved amendment H2199-24A. Sen. Chamberlain withdrew amendment H2199-24A.

Sen. Chamberlain moved amendment H2199-31A.

--The meeting recessed at 6:15 p.m.--

Rep. Lanning called the meeting back to order at 6:30 p.m.

Jay Stoffel, Executive Director, DTRFA, testified that amendment H2199-31A would increase the burden on DTRFA's small staff, and asked members to be aware of staff constraints.

Sen. Chamberlain renewed his motion to adopt amendment H2199-31A. **MOTION PREVAILED.**

Mr. Martin reviewed Article 4 and amendment H2199-9A.

Sen. Pappas moved amendment H2199-9A. **MOTION PREVAILED.**

Mr. Martin reviewed Articles 5 and 6.

Rep. Lanning moved amendment H2199-8A. **MOTION PREVAILED.**

Mary Vanek, Executive Director, PERA, testified in support of amendment H2199-38A.

Sen. Pappas moved amendment H2199-38A. **MOTION PREVAILED.**

Mr. Martin reviewed Articles 7 and 8.

Gene Ranieri, Director of Government Relations, City of Minneapolis, testified that the Minneapolis City Council authorized the payment of the contribution shortage to TRA.

Laurie Hacking, Executive Director, TRA, testified that TRA is comfortable if the Commission deletes Article 8, Section 11.

Sen. Dibble moved to delete Article 8, Section 11. **MOTION PREVAILED.**

Sen. Daley requested that staff send a note to members confirming when the payment is made.

Rep. Murphy moved amendment H2199-51A to delete Article 8, Section 6. **MOTION PREVAILED.**

Mr. Martin reviewed Articles 9 to 12.

Sen. Dibble moved amendment H2199-11A. **MOTION PREVAILED.**

--The meeting recessed at 7:00 p.m.--

Rep. Lanning called the meeting back to order at 7:10 p.m.

Mr. Martin reviewed amendments H2199-39A to -43A, all related to the Crookston Township issue.

Sen. Pappas moved amendment H2199-43A. **MOTION PREVAILED.**

Sen. Chamberlain moved to delete Article 13, Sections 1-3.

Mr. Martin reviewed the history of the various port authorities and PERA coverage.

Mary Vanek, Executive Director, PERA, testified that PERA does not oppose the inclusion of Duluth Port Authority employees in PERA, and that they are coming into the plan at full actuarial value.

John Kubow, representing both the Seaway Port Authority of Duluth commissioners and employees, testified in support of retaining Article 13, Sections 1-3.

Sen. Chamberlain renewed his motion to delete Article 13, Sections 1-3. **MOTION FAILED.**

Sen. Pappas moved amendment H2199-52A. **MOTION PREVAILED.**

Mr. Martin distributed and reviewed amendment H2199-45A.

Dennis Flaherty, Executive Director, Minnesota Police and Peace Officers Association, presented and testified in support of amendment H2199-45A.

Mary Vanek, Executive Director, PERA, testified in support of H2199-45A.

Rep. Kiffmeyer moved amendment H2199-45A. **MOTION PREVAILED.**

Rep. Lanning moved amendment H2199-48A to delete Article 2, indicating that the Commission will continue to study hybrid plans. **MOTION PREVAILED.**

Sen. Daley distributed amendment H2199-25A, with hand-written amendments, representing an attempt to capture the original proposal of the MSRS board with respect to the actuarial interest rate assumption.

David Bergstrom, Executive Director, MSRS, testified that line 1.9 should be "after June 30, 2014" rather than "until June 30, 2012."

Not confident that amendment H2199-25A captured his intent, Sen. Daley withdrew his amendment.

Rep. Lanning announced that the Commission would meet March 20 to consider a revised amendment.

Rep. Lanning moved delete-all amendment H2199-32A, as amended, be adopted as the 2012 Omnibus Retirement Bill. **MOTION PREVAILED.**

Adjournment

The meeting adjourned at 8:00 p.m.

Lisa Diesslin, Commission Assistant