



March 11, 2014

Room 112 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 5:35 p.m.

Commission Members Present:

Representatives, Kahn, Lesch, Morgan, M. Murphy, and Nelson
Senators Goodwin, Hayden, Johnson, Pappas, Rosen, and Saxhaug

Commission Members Absent:

Representatives Benson and O' Driscoll
Senator Thompson

Agenda Items

Approval of the minutes

Sen. Johnson moved approval of the March 4, 2014, meeting minutes as corrected by the Commission Assistant. **MOTION PREVAILED.**

S.F. 1803 (Pappas); H.F. 1951 (Murphy, M.): TRA/DTRFA; Full consolidation of the Duluth Teachers Retirement Fund Association

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

Laurie Hacking, Executive Director, TRA, testified in support of the bill, distributed handout materials, and testified in support of technical amendments S1803-1A, -2A, -3A, and -4A.

Jay Stoffel, Deputy Director, TRA, testified in support of the bill.

Dave Johnson, Best & Flanagan LLP, representing DTRFA, testified in support of the bill and informed members that the DTRFA board has passed a resolution in support of the consolidation.

Walter Munsterman, President, Education Minnesota Retired, testified in support of the bill provided there is proper funding so TRA is not harmed.

Don Leathers, Legislative Co-Chair, Retired Educators Association of Minnesota, testified in support of the bill as long as TRA is not harmed.

Valerie Dosland, Minnesota Association of School Administrators, testified in support of the bill and in support of additional funding so that TRA members are not subsidizing the merger.

Paul Rigstad, Treasurer, DTRFA Board of Trustees, and retired member, testified in support of the bill.

Dean Herold, Vice-President, DTRFA Board of Trustees, and active member, testified in support of the bill.

Jodee Buhr, Lobbyist, Education Minnesota, testified in support of the bill and in support of adequate state aid so TRA members are not harmed.

Rep. Nelson moved amendment S1803-18A. **MOTION PREVAILED**

Rep. Nelson moved amendment S1803-17A. **MOTION PREVAILED**

Rep. Murphy moved amendments S1803-1A, S1803-2A, and S1803-3A. **MOTION PREVAILED.**

Mansco Perry, Executive Director, State Board of Investment, testified in support of amendment S1803-4A.

Ms. Hacking testified in support of amendment S1803-4A.

Mr. Johnson testified in support of amendment S1803-4A.

Rep. Murphy moved amendment S1803-4A. **MOTION PREVAILED**

Rep. Murphy moved S.F. 1803/H.F. 1951, as amended, be recommended to pass and be incorporated into the Omnibus Pension Bill. **MOTION PREVAILED**

S.F. 1713 (Pappas); H.F. 2163 (Nelson): Statewide plans; Investment authority and investment modifications

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 in support of the bill and amendments S1713-1A and S1713-2A and in opposition to amendments S1713-3A and S1713-4A.

Mansco Perry, Executive Director, State Board of Investment, testified in support of the bill.

As a quorum was no longer present, Sen. Pappas declared the members act as a subcommittee to make recommendations to the Commission.

Rep. Nelson moved amendment S1713-1A, incorporating the following amendment to the amendment: page 1, lines 3, 4, 5, and 6, delete "investment allocations" and insert "qualified default investment alternatives". **MOTION PREVAILED**

Rep. Nelson moved amendment S1713-2A. **MOTION PREVAILED**

Rep. Kahn moved S.F. 1713/H.F. 2163, as amended, be included in the subcommittee report to be recommended to pass and be incorporated into the Omnibus Pension Bill. **MOTION PREVAILED**

S.F. 2263 (Pappas); H.F. 2448 (Nelson): PERA-General; Employee and employer contribution rate revisions

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

Mary Vanek, Executive Director, PERA, testified in support of the bill as introduced.

David Bergstrom, Executive Director, MSRS, testified in support of amendment S2263-5A.
Mr. Bergstrom noted that the amendment language has been introduced as S.F. 2441; H.F. 3013.

Keith Carlson, Executive Director, Minnesota Inter-County Association, testified in support of the bill.

Anne Finn, Asst. Intergovernmental Relations Director, League of Minnesota Cities, testified in support of the bill and in support of the January effective date.

Rep. Nelson moved amendment S2263-5A. **MOTION PREVAILED**

Rep. Nelson moved S.F. 2263/H.F. 2448, as amended, be included in the subcommittee report to be recommended to pass and be incorporated into the Omnibus Pension Bill. **MOTION PREVAILED**

Adoption of Subcommittee Report

A quorum was now present.

Rep. Murphy moved adoption of the subcommittee report. **MOTION PREVAILED**

Rep. Murphy moved the bills contained in the subcommittee report, S.F. 1713/H.F. 2163, as amended, and S.F. 2263/H.F. 2448, as amended, be recommended to pass and be incorporated into the Omnibus Pension Bill. **MOTION PREVAILED**

S.F. 1802 (Pappas); H.F. 2520 (Lesch): SPTRFA; Amortization target date revision; additional state aid

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

Paul Doane, Executive Director, SPTRFA, testified in support of the bill and provided handout materials.

Laurie Hacking, Executive Director, TRA, responded to a question from members that TRA defines "full funding" as 100% funded and a 1% contribution sufficiency.

Brian Rice, attorney representing the SPTRFA, testified in support of the bill.

Rep. Lesch moved S.F. 1802/H.F. 2520 be recommended to pass and be incorporated into the Omnibus Pension Bill. **MOTION PREVAILED**

S.F. 2015 (Pappas); H.F. 2524 (Nelson): PERA; PERA-P&F; Salary reporting and early retirement eligibility

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

Mary Vanek, Executive Director, PERA, testified in support of the bill and requested that on page two, lines 11 and 12, to delete "or compensatory" and insert "pay for unused compensatory time".

Sen. Rosen moved to amend S.F. 2015/H.F. 2425, as follows: page 2, line 11, delete "or compensatory" and page 2, line 12, before "and" insert "pay for unused compensatory time,". **MOTION PREVAILED**

Ms. Vanek requested that on page six, line 5, "before Feb. 1," be deleted and replaced with "by the final day in office in January" and after 2015 insert "as reported by the county".

Sen. Rosen moved to amend S.F. 2015/H.F. 2425, as follows: page 6, line 5, delete "before Feb. 1," and insert "by the final day in office in January" and after "2015" insert "as reported by the county".

MOTION PREVAILED

Keith Carlson, Executive Director, Minnesota Inter-County Association, testified in favor of the phased retirement program, in support of extending the program for five years, and in support of removing the restriction that post-retirement option employment be with the same governmental subdivision.

Ms. Vanek testified that she does not have any significant issues with Mr. Carlson's suggestions.

Sen. Goodwin moved to amend S.F. 2015/H.F. 2425, as follows: page 4, line 16, delete "2022" and insert "2024" and delete Section 3. **MOTION PREVAILED**

Brian Rice, representing the Minneapolis Police Federation, testified in support of deleting Section 1.

Mr. Burek distributed amendment LCPR14-01A, relating to county sheriffs.

James Franklin, Executive Director, Minnesota Sheriff's Association, testified in support of amendment LCPR14-01A suggested making the page 6, line 5, revisions to page 3, line 4, of the amendment.

Sen. Hayden moved to amend amendment LCPR14-01A, as follows: page 3, line 4, delete "before Feb. 1," and insert "by the final day in office in January" and after "2015" insert "as reported by the county". **MOTION PREVAILED**

Ms. Vanek indicated that page 3, line 5, of the amendment needs to be amended to delete "but less than age 55".

The amendment was laid over.

Rep. Murphy moved S.F. 2015/H.F. 2425, as amended, be recommended to pass and be incorporated into the Omnibus Pension Bill. **MOTION PREVAILED**

Adjournment

The meeting adjourned at 7:50 p.m.

Lisa Diesslin, Commission Assistant