



March 17, 2015

Room 400N State Office Building

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Representative Tim O'Driscoll, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 5:35 p.m.

Commission Members Present:

Representatives Anderson, Erickson, Kresha, Murphy, O'Driscoll, and Thissen
Senators Hayden, Johnson, Pappas, Rosen, Saxhaug, and Thompson

Commission Members Absent:

Representative Albright
Senator Goodwin

Agenda Items

Approval of the minutes

Sen. Rosen moved March 10, 2015, minutes. **MOTION PREVAILED.**

Approval of mortality assumption changes proposed for seven monthly benefit volunteer firefighter relief associations

Sen. Pappas moved Motion LCPR15-M1. **MOTION PREVAILED.**

H.F. 1832 (Davids); S.F. xxxx: PERA privatization; Green Lee Manor in Mabel

Rep. Greg Davids presented and testified in support of his bill.

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

Shana Jones, Policy Director, PERA, testified in opposition to the bill.

HF1832/SFxxxx was laid over for possible inclusion in an omnibus retirement bill.

H.F. 1521 (Hoppe); S.F. 1373 (Pappas): MSRS-General, MSRS-Unclassified; Clarification of coverage for part-time legislative employees

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

Greg Hubinger, Director, Legislative Coordinating Commission, testified in support of the bill, indicating that the issue was discovered during the interim when a new employee was hired.

Rep. Joe Hoppe testified in support of his bill.

Sen. Pappas moved amendment H1521-1A. **MOTION PREVAILED.**

HF1521/SF1373, as amended, was laid over for possible inclusion in an omnibus retirement bill.

H.F. 1121 (Sanders); S.F. xxxx: PERA; Service credit purchase for uncredited employment by Hennepin County Medical Center employee

Rachel Thurlow, Deputy Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo and policy issues raised by the bill and the division of the full actuarial value payment.

Rep. Tim Sanders presented and testified in support of his bill.

Robin Hoppenrath, the person affected by the bill, testified in support of the bill.

Shana Jones, Policy Director, PERA, testified that a refund of employee contributions has to be specifically requested and that PERA has Ms. Hoppenrath's form which was signed in 1986.

David Guthrie, Hennepin County Medical Center, testified to HCMC's concern that they have other employees in the same situation and the potential liabilities if the bill were to pass.

HF1121/SFxxxx was laid over for possible inclusion in an omnibus retirement bill.

H.F. 1717 (Johnson, C.); S.F. 1791 (Rosen): PERA; Coverage for Minnesota River Area Agency on Aging employees

Rep. Clark Johnson presented and testified in support of his bill.

Sen. Pappas moved amendment H1717-1A. **MOTION PREVAILED.**

Mr. Martin reviewed amendment H1717-2A, which was requested by PERA.

Rep. O'Driscoll moved amendment H1717-2A. **MOTION PREVAILED.**

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

Robert Roesler, Board Chair, Minnesota River Area Agency on Aging, testified in support of the bill and provided historical information on the Agency.

Linda Giersdorf, Executive Director, Minnesota River Area Agency on Aging, testified in support of the bill, indicating that they are concerned about retaining their staff and would like to hold staff harmless.

Shana Jones, Policy Director, PERA, testified that PERA does not oppose the bill.

HF1717/SF1791, as amended, was laid over for possible inclusion in an omnibus retirement bill.

H.F. 477 (Mahoney); S.F. 580 (Hawj): PERA; Service credit purchase for unreported St. Paul Public Schools employment

Rep. Tim Mahoney presented and testified in support of his bill.

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

Mary Gilbert, Legislative Liaison, St. Paul Public Schools, testified that there was a paper reporting error and acknowledged that a mistake was made. Ms. Gilbert indicated that the school district feels that Ms. Spack should not be required to pay the interest on the member contributions and the district is willing to pay the employee's portion of the interest.

Shana Jones, Policy Director, PERA, reviewed the actuarial value payment requirements. Ms. Jones also indicated that PERA's records indicate that the St. Paul Public Schools reported termination of Ms. Spack's employment and that the St. Paul Public Schools made an omission error.

Rep. Thissen moved to amend HF477/SF580 as follows: page 2, line 6, delete ", plus interest"; page 2, delete line 7; and page 2, line 8, delete everything before the period. **MOTION PREVAILED.**

HF477/SF580, as amended, was laid over for possible inclusion in an omnibus retirement bill.

S.F. xxxx (Hann): Hopkins VFRA; Public pension problem of a certain Hopkins Volunteer Firefighter Relief Association deferred member

Mr. Martin reviewed proposed legislation in the form of draft document LCPR15-025.

Sen. David Hann presented and testified in support of his bill, reviewed the situation of his constituent and distributed a Social Security disability determination. Sen. Hann also indicated that he would continue to be in contact with the Hopkins city attorney and fire chief.

Brian Dufner, the person affected by the bill, testified in support of the bill.

Document LCPR15-025 was laid over for possible inclusion in an omnibus retirement bill.

H.F. 1114 (Hansen); S.F. 1342 (Metzen): MSRS; Service credit purchase for pre-1996 Department of Revenue seasonal employment

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

Rep. Rick Hansen presented and testified in support of the bill.

Lynn Warren, the person affected by the bill, testified in support of the bill.

David Bergstrom, Executive Director, MSRS, testified that he does not know the definition of "seasonal employee" used by the Department of Revenue and that in 1997, seasonal employees were able to buy back time but because Ms. Warren was a full-time employee at the time she wasn't able to buy back time. Mr. Bergstrom also indicated that \$112,000 was last year's calculation of the purchase payment and the current cost is \$120,000, but that MSRS erred in 2014 and recommended that Ms. Warren be required to only pay the cost as calculated in 2014 and MSRS will absorb the additional liability.

Mr. Martin informed members that if the Commission wishes to pursue Bergstrom's suggesting of freezing in time the full actuarial value, he will work on drafting the appropriate language to do so.

Rep. Thissen recommended that on both this bill and on HF477/SF580 language should be included to indicate that MSRS and the St. Paul Public Schools admit the errors and accept the additional cost.

HF1114/SF1342 was laid over for possible inclusion in an omnibus retirement bill.

H.F. 1803 (Thissen); S.F. 1684 (Hayden): PERA; Excluding certain Minneapolis Parks and Recreation Board members.

Dan McConnell, Business Manager, Minneapolis Building and Construction Trades Council, presented and testified in support of the bill. Mr. McConnell clarified that they are not looking for future employees to be excluded, only these two individuals and that he is not sure the bill does so, and indicated that the park board supports the bill.

Ms. Thurlow reviewed the staff memo and policy issues raised by the bill.

Shana Jones, Policy Director, PERA, testified that PERA does not oppose the bill.

Rep. Thissen moved to amend HF1803/SF1684 as follows: page 5, line 1, delete everything after "who" and page 5, line 2, delete "if" and insert "was". **MOTION PREVAILED.**

HF1803/SF1684, as amended, was laid over for possible inclusion in an omnibus retirement bill.

H.F. 1292 (Nelson): MSRS-Unclassified; MSRS-General; Election options for legislators.

Rep. O'Driscoll informed members that this is for information purposes only and that the Commission will not take action on the bill.

Rep. Michael Nelson thanked the Commission for the opportunity to present his bill.

David Bergstrom, Executive Director, MSRS, testified that he had staff randomly pull six people for a benefit calculation under the two plans, and that because some would better under the Unclassified Program and some would fare better under the General Plan, the proposal would have negligible effect.

Non-Agenda Items

St. Paul Teachers Retirement Fund Association Post-Retirement Adjustment Revision

Jill Schurtz, Executive Director, SPTRFA, testified that SPTRFA will be bringing forward a request to remove the current cost of living adjustment linked to the Consumer Price Index and replace the provision with a flat 2.5% increase. Ms. Schurtz indicated that the SPTRFA board approved the proposal unanimously and that the union has indicated that it has no objections.

Adjournment

The meeting adjourned at 7:55 p.m.

Lisa Diesslin, Commission Assistant