



April 10, 1989
Room 107
Capitol

10th Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Senator Donald M. Moe, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 8:10 A.M.

Commission members present:

Senators Donald Moe, Steven Morse, Larry Pogemiller, Earl Renneke, and Gene Waldorf
Representatives Robert A. Johnson, Gerald Knickerbocker, Leo Reding, and Wayne Simoneau

Commission members absent:

Representative Rich O'Connor

A quorum was present.

Senator Moe introduced the first and second items on the agenda, S.F. 397 (Moe D.M.); H.F. 1218 (Reding): Various Plans; Fiduciary Responsibility and S.F. 1124 (Pogemiller); H.F. 1168 (Simoneau): Various Plans; Fiduciary Responsibility. Mr. Lawrence A. Martin, Executive Director of the Commission, reviewed the staff memo on these bills and also the side by side, section by section summary of these bills. Mr. Martin noted that the two bills differ on who would be a fiduciary, S.F. 397 is broader and more encompassing than H.F. 1168. Mr. Martin went on to review the similarities and differences in the bills and noted the differences in the specific fiduciary duties between the two bills. Discussion followed.

Discussion occurred on the Open Meeting Law. S.F. 397 would require open pension plan meetings and H.F. 1168 would require open pension plan meetings only for the statewide pension plans. Eugene Waschbusch, Executive Secretary for the StPTRFA, testified that they abide by the open meeting law. Edward Blanck, Executive Secretary for the DTRFA, testified that they began to abide by the open meeting law about one and a half years ago. Howard Bicker, Executive Director of the SBI, testified that the SBI abides by the open meeting law.

Discussion occurred on the investment authority of the plans. S.F. 397 would require all plans to abide by the investment authority of the SBI and H.F. 1168 would broaden the expanded legal investment list for larger pension plans to grandfather any current investment authority. Currently, this would affect the 1st class city teacher plans and possibly MERF.

James Hacking, Executive Director of PERA, testified in support of H.F. 1168 and referred to a handout provided to Commission members by Rep. Simoneau entitled "Highlights of the 1989 Fiduciary Responsibility Act". Discussion followed.

Howard Bicker, Executive Director of SBI, testified that the SBI has no position on either bill. Discussion followed.

Edward Blanck commented that in the last ten years the investment authority of the SBI has become so broad that DTRFA has no objection to abiding by the current SBI investment authority. Discussion followed.

Members laid over S.F. 397; H.F. 1218.

Members moved approval of S.F. 1124; H.F. 1168. **MOTION PREVAILED.**

Sen. Moe introduced the third item on the agenda, S.F. 333 (Pogemiller); H.F. ____ (): Various Plans; Prohibition on Outside Corporation Officer Service by Pension Plan Employees. Mr. Edward Burek, Deputy Executive Director of the Commission, reviewed the staff memo on this bill. Mr. Burek noted that the bill would prohibit relationships that represent a conflict of interest and that a fiduciary should act solely in the interest of the fund. Discussion followed.

George McCormick, Senate Counsel, reviewed an amendment Sen. Pogemiller commissioned to be drafted. The amendment is numbered SCSXXXA-1.

Howard Bicker commented that the Advisory Council of the SBI does not receive any compensation for serving on the Advisory Council. Discussion followed.

Members laid over S.F. 333 for further drafting.

The meeting adjourned at 9:30 A.M.