

February 27, 1990
Room 15 Capitol

15th 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 8:20 A.M.

Commission members present:

Senators Donald Moe, Steven Morse, Lawrence Pogemiller, Earl Renneke and Gene Waldorf
Representatives Robert A. Johnson, Gerald Knickerbocker, Rich O'Connor, Leo Reding and Wayne Simoneau

Senator Moe referred members to the meeting minutes for the 13 meetings held during the 1989 Session as well as the September 20, 1989 meeting.

Representative Leo Reding moved approval of the minutes for the 14 meetings. **MOTION PREVAILED.**

Senator Moe introduced the first item on the agenda, MSRS Unclassified Retirement Plan; Inclusion of Unclassified State Lottery Employees. Lawrence A. Martin, Executive Director of the Commission, reviewed his memo of February 26, 1990, and draft legislation, LCPR87, that would authorize unclassified state lottery employees to elect coverage in the State Unclassified Employees Retirement Program rather than the General State Employees Retirement Plan of MSRS. Mr. Martin noted that the State Unclassified Employees Retirement Program was established to provide pension coverage for state employees in potential politically volatile positions. He raised two pension policy questions concerning expanding the program. First, whether the employment characteristics of the lottery employees matched the characteristics of employees in the Unclassified Employees Retirement Program and second, whether a defined contribution plan provides appropriate pension coverage for the state lottery employees. Discussion followed. This item was laid over.

Senator Moe introduced the second item on the agenda, State Patrol Retirement Plan; Inclusion of Gambling Enforcement Officers. Lawrence Martin reviewed his memo of February 26, 1990, and draft legislation, Revisor Draft 90-3559, that would include sworn law enforcement officers employed by the Division of Gambling Enforcement of the Department of Public Safety in the State Patrol Retirement Plan and exclude them from the General State Employees Retirement Plan. This draft legislation would also add these officers to coverage under the age 60 mandatory retirement age applicable to the State Patrol Retirement Plan.

Discussion followed. The draft legislation was tentatively approved.

Senator Moe introduced the third item on the agenda, PERA; Elimination of Elected Official Optional Membership Provision and Authorization of the Purchase of Prior Service. Lawrence Martin reviewed his memo of February 26, 1990, and draft legislation, LCPR89. Mr. Martin stated that this proposal would eliminate elected official optional membership in PERA and would permit elected officials to purchase prior service for full actuarial value. Discussion followed.

Representative Leo Reding suggested that perhaps a defined contribution plan for elected officials would provide a better solution to this issue. This item was laid over to permit Mr. Martin to prepare an elected official defined contribution plan for Commission consideration.

Senator Moe introduced the fourth item on the agenda, Major and Statewide Retirement Plans; Allocation of Actuarial Valuation and Experience Study. Lawrence Martin reviewed his memo of February 26, 1990, draft legislation, LCPR88, and referred members to Exhibit 3, a Comparison of Current to Proposed Fee table, in materials prepared by The Wyatt Company.

Mr. Robert Perkins, Commission actuary, reviewed the proposed allocation of costs of the Commission-retained actuary in comparison to the current method. Discussion followed and this item was laid over for further review.

Senator Moe introduced the fifth item on the agenda, S.F. 2003 (D. Moe): PERA-P&F Consolidation Accounts; Maximum Municipal Contribution for Consolidating Relief Associations. Edward Burek, Deputy Executive Director of the Commission, reviewed his memo of February 22, 1990. Mr. Burek stated that this legislation sets a maximum annual municipal contribution for a police or paid fire relief association that has consolidated with PERA-P&F that is set at the level of the municipal contribution in the year prior to consolidation. Mr. Burek went on to review the consolidation process and noted that currently, municipal contribution is based on the worst case scenario.

Representative Leo Reding stated that Representative Wayne Simoneau has a bill with a one year cap. Discussion followed. This item was laid over.

Senator Moe introduced the sixth item on the agenda, the State University and Community College Individual Retirement Account Plan; Refund Interest Rate; Exclusion for Certain Part Time Faculty; Reorganization of College Supplemental Plan. Edward Burek reviewed his memo of February 23, 1990, and House Research draft amendments MS104 and MS113. Mr. Burek stated that both amendments are delete everything amendments. MS104 specifies that the community college and state university Supplemental Retirement Plan (SRP) be incorporated into the Individual Retirement Account Plan (IRAP), the Supplemental Investment Fund administered by the State Board of Investment be added as an investment option in the IRAP, and the administration of the SRP be transferred from TRA to the community college and state university boards. MS113 specifies that first year part-time (less than 25%) individuals teaching at a community college or state university be excluded from IRAP but they would be permitted to purchase prior service if they continued teaching beyond one year. MS113 also specifies that interest on employee contributions transferred from the TRA defined benefit plan to the Individual Retirement Account Plan would be increased from five percent to six percent. Mr. Burek noted there is a technical amendment proposed by Commission staff, LCPR93, and an unnumbered amendment proposed by the State Board of Investment.

Discussion followed. This agenda item was tentatively approved with both amendments.

Senator Moe introduced the seventh item on the agenda, All Retirement Plans; Total Rate of Return Investment Performance Reporting Requirement H.F. 2103 (Reding). Edward Burek reviewed his memo of February 23, 1990, and two staff amendments to this legislation, LCPR90 and LCPR94. Mr. Burek noted that this legislation would require all Minnesota public pension plans with assets of \$500,000 or more whose assets are not invested by the State Board of Investment to annually file an investment performance report giving the time-weighted rate of return of their funds investments.

Discussion followed. This item was tentatively approved with the two amendments plus an amendment changing who should receive this report.

Senator Moe reintroduced the first item on the agenda at the request of Representative Simoneau. Representative Simoneau recommended that the top three ranking employees of the state lottery be covered under the Unclassified Retirement Plan and all other lottery employees be covered under the General State Employees Retirement Plan of MSRS. This item was laid over.

The meeting adjourned at 10:00 A.M.