

May 22, 1990
Room 15 Capitol

19th 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 1:13 P.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 introduced the first item on the agenda, a review of the Summary of the 1989 Actuarial Valuations of Major and Statewide Retirement Plans. Mr. Robert Perkins, the Commission actuary, referred members to a copy of the Summary of the 1989 Actuarial Valuations included in their packets and then began a presentation. Mr. Perkins noted the funding deficiency of the three First Class City Teacher funds, particularly the deficiency of the Minneapolis Teachers Retirement Fund Association. Discussion followed.

Senator Moe introduced the second item on the agenda, consideration of the proposed change in turnover actuarial assumptions for PERA and PERA-P&F. Mr. Perkins reviewed the information contained in his memo on this item.

Mr. James Hacking, Executive Director of PERA, advised Commission members that the PERA Board approved these recommended changes in December 1989.

Discussion followed.

Representative Reding moved approval of the recommended changes in the termination rates for PERA and PERA-P&F to be used in future actuarial valuations. **MOTION PREVAILED.**

Senator Moe introduced the third item on the agenda, consideration of the future provision of actuarial services to the Commission after the June 30, 1990 conclusion of the current contract with The Wyatt Company.

Representative Wayne Simoneau stated that he had talked to legal counsel and was advised not to discuss this agenda item until resolution of his request to the Legislative Audit Commission to have the Legislative Auditor examine the billing procedures of The Wyatt Company with respect to the Commission. Representative Simoneau went on to move to postpone this item indefinitely. Discussion followed.

Senator Moe stated that the Commission has an administrative duty to comply with the law requiring the Commission to retain an actuary. Senator Moe also stated that he will request that Senator Brandl, Chair of the Legislative Audit Commission, take up Representative Simoneau's request before the Legislative Audit Commission as soon as possible.

Senator Waldorf stated that an indefinite delay is not to the advantage of the Commission and that he would prefer to move along with the RFP process and to keep an actuary employed by the Commission.

Senator Morse stated that as a parallel process to resolving the issue of a possible problem with The Wyatt Company, if there are questions about what the duties of the Commission actuary should be, the Commission could move ahead by appointing the previous subcommittee or by appointing a new subcommittee to determine the duties the actuary should provide.

Representative Knickerbocker agreed that the question regarding the duties of the Commission actuary could move on a parallel track and suggested using the result of the previous subcommittee as a base from which to start and moving on from there.

Senator Moe laid over item number three and stated that he will request that Senator Brandl, Chair of the Legislative Audit Commission, take this matter up as soon as possible. On the matter of what further action should be taken by the LCP&R, Senator Moe will appoint a subcommittee including at least the four members of the prior subcommittee to review the statutes and make a determination as to exactly what the LCP&R statutory obligations are. He will request that the subcommittee review the question of whether to extend The Wyatt Company contract for one year or go through the RFP process to receive competitive bids. He will also request that the subcommittee determine the nature and extent of the duties of the actuary the Commission will employ in the future.

Representative Reding recommended that Representative Johnson be included as a member of the new subcommittee. Senator Moe concurred in that recommendation.

The meeting adjourned at 3:15 P.M.