

December 13, 1979 Meeting  
Room 118, Capitol

MINUTES

The co-chairman, Rep. Al Patton opened the meeting.

PRESENT: Senators Ogdahl, Renneke, Strand, Collin Peterson  
Representatives Patton, Moe, Biersdorf, Sarna, Kaley

Karen Dudley, the Commission's new assistant, was introduced.

Sen. Strand moved that Karen Dudley be hired as the new assistant. Motion Carried.

Rep. Moe moved Commission approval of Dr. Smith's bill for actuarial services for the period August 1 to August 31, 1979.

Mr. Jonathan White- Executive Secretary of the State Board of Investment summarized the Investment Board's proposed revision of Chapter 11.

Mr. White explained why the revision is necessary -- the present unfunded accrued liability in the basic retirement funds exceeds \$1.6 billion -- there is need for the strongest possible investment approach. Broader investment authority was requested; also deletion of unnecessary investment restrictions, structural modifications, and a revision in the Adjustable Fixed Benefit Fund. (See attachment)

There was discussion concerning the specification of the executive directors of the funds as voting members on the investment advisory council.

Relative to the proposal from the State Board of Investment for the "deletion of unnecessary investment restrictions", Rep. Kaley requested a listing of the unnecessary investment restrictions.

Rep. Moe discussed the "prudent man rule" language in Section 11.16, Subdivision 1, relating to standard of care in discharge of duties of the members of the investment board, director, board staff, etc. Rep. Moe stated that he wants to preserve this language as it is in statute.

Chairman appointed Larry Martin, Dr. Smith and Jonathan White to work on the MAFB Fund and to come back with some type of proposal for the fund.

Rep. Moe stated that he prefers to have the MAFB portion of the investment board's revision of Chapter 11 separated from the proposal and dealt with separately. This subject will be discussed at the commission January meeting.

Roger Strand, Secretary

Eleanor Diebel  
Commission Secretary

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9:30 A.M.

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PRESENT: Senators Ogdahl, C. Peterson, Roger Strand, Renneke  
Representatives Patton, Biersdorf, moe, Kaley, Sarna

Senator Ogdahl moved that Dr. Franklin Smith, independent consulting actuary, be retained as the consulting actuary for the Commission, effective as of December 14, 1979, for a period of one year, open to renewal for additional one year periods, to provide those actuarial services which the Commission requires at a rate not to exceed \$55 per hour of actuarial services. Motion carried.

Report of the Subcommittee re the MMER Early Retirement Provision: Rep. Patton reported that the Minneapolis Municipal Employees Retirement Fund had been requested to furnish certain information which to date has not been received.

The chairman advised that the Commission intends to proceed with the bill as amended by the House, awaiting receipt of the requested information.  
(SF 960 (Ogdahl); HF 915 (Patton) - Section 21)

FCS Minnesota Memorandum No. 79-3 - Dr. Franklin Smith  
Local Plans for Law Enforcement Officers and Salaried Firefighters Actuarial Valuations as of December 31, 1978:

Dr. Smith went over the valuation memorandum and discussion followed.

Review of the Actuarial Valuations of the 51 Local Police and Salaried Firefighters' Relief Associations as of December 31, 1978:

Larry Martin, Exec. Sec. of the Commission, went over the memo and discussion followed.

There was discussion as to appropriate penalties for violation of the Guidelines Act, the need for uniform amortization law, advantages of phasing newly hired employees into PERA-Police and Fire Fund.

Comments from Fire and Police Funds:

Robert Wetherille, Minneapolis Fire, explained that three years of salary losses are included in the report which covers a two year period because of a change in the actuarial method used--a transition from the old law practice to the new law actuarial practice; also, the support figures are for the year that just passed--1979 salaries and 1978 income.

Lloyd Berg, Minneapolis Police, also referred to the 1979 salary and 1978 income problem.

Minneapolis Municipal Employees Retirement Fund Association Valuation as of December 31, 1978: Dr. Smith went over the valuation memo.

John Chenoweth, Executive Secretary of the MMER Fund, discussed Minneapolis Municipal Employees Fund and the valuation report.