



May 12, 1987
Basement Hearing Room
State Office Building

9th Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Representative Wayne Simoneau, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 8:40 AM.

Commission members present:

Representatives:

Clark
B. Johnson
Simoneau
Reding

Senators:

D. Moe
Renneke
Wegscheid
Pogemiller

Members absent:

Knickerbocker

Members absent:

Waldorf

A quorum was present.

Rep. Simoneau introduced the first item on the agenda, the minutes of the meetings on 3/18, 3/25, 3/27, 4/1 and 4/8.

Senator Wegscheid moved approval of the minutes. MOTION PREVAILED.

Rep. Simoneau asked if the Commission had received any correspondence. There was no correspondence.

Rep. Simoneau called for reports from the Commission Actuary, Fund Administrators and the Executive Director of the State Board of Investment. There were no reports.

Rep. Simoneau introduced the 6th item on the agenda, H.F. 940; S.F. 855: Division of pension rights as marital property in a marriage dissolution. Rep. Karen Clark made a presentation on H.F. 940 reviewing for the members the five points contained in the memo from Larry Martin, Executive Director of the Commission, and included in members packets. Discussion followed.

Rep. Clark moved to recommend H.F. 940; S.F. 855. MOTION PREVAILED

Rep. Simoneau introduced the 7th item on the agenda, H.F. 1096; S.F. 317: Police and Paid Fire Voluntary Consolidation into PERA-P&F. Senator Darril Wegscheid briefly reviewed S.F. 317 for the members. Discussion followed.

Senator Wegscheid moved to recommend S.F. 317. MOTION PREVAILED.

Rep. Simoneau introduced the 8th item on the agenda, extension of the actuarial contract with The Wyatt Company.

Larry Martin reviewed the information contained in the members' packets noting several items which the Commission needed to address pertaining to the actuary. The items Mr. Martin referred to were as follows:

- a. overage for special projects assigned and completed to date in the amount of approximately \$21,000 to \$25,000 attributable to actuarial cost estimates prepared in connection with benefit increase proposals which were pending as legislation before the Commission this session;
- b. amendment to the actuarial services contract to include the actuarial valuation of the Elected State Officers Retirement Plan which inadvertently was excluded from Minnesota Statutes, Section 3.85, Subdivision 12, and thereby excluded from the actuarial services contract which consequently necessitated payment of the \$6,000 for this valuation from the special project portion of the actuarial services budget rather than the valuation budget;
- c. adjustment in the actuarial valuations fee maximum to cover the \$30,000 fiscal year 1988 expected loss to The Wyatt Company for preparation of the 1987 actuarial valuations in view of the loss in the amount of \$360,000 already sustained by The Wyatt Company in preparation of '84, '85 and '86 actuarial valuations;
- d. amendment to the actuarial service contract requiring the preparation of annual experience studies rather than the quadrennial experience studies which current statute requires, requiring the annual experience studies to contain the information outlined by The Wyatt Company in their letter to Commission staff dated April 30, 1987 and establishing an annual experience study maximum fee for fiscal year 1987 of \$20,000; and
- e. extension of The Wyatt Company actuarial contract for fiscal year 1988.

Discussion followed.

Senator Moe moved that the Commission approve the payment of the overage in the special projects undertaken by the Commission actuary for fiscal year 1987, not to exceed \$25,000 and direct the Executive Director to make the necessary payments. MOTION PREVAILED.

Senator Moe moved that the Commission approve an amendment to The Wyatt Company contract to shift the Elected State Officers Retirement Plan actuarial valuation from a special project to an annual actuarial valuation, to increase the budget for annual actuarial valuations by \$6,000, direct the Commission staff to prepare the language of the amendment and authorize the Commission Chair to execute the amendment on behalf of the Commission. MOTION PREVAILED.

Senator Moe moved that the Commission approve an amendment to The Wyatt Company contract to increase the budget for annual actuarial valuations for fiscal year 1988 by \$30,000, direct the Commission staff to prepare the language of the amendment and authorize the Commission Chair to execute the amendment on behalf of the Commission. MOTION PREVAILED.

Senator Moe moved that the Commission approve an amendment to The Wyatt Company contract for annual experience studies, establish a budget for experience studies for the fiscal year 1987 of \$20,000, direct the Commission staff to prepare the language of the amendment and authorize the Commission Chair to execute the amendment on behalf of the Commission. MOTION PREVAILED.

Senator Moe moved to extend the contract with The Wyatt Company, with the approved amendments, for fiscal year 1988, the final year of the current contract. MOTION PREVAILED.

The meeting adjourned at 9:45 AM.

Jean Liebgott, Secretary