



February 10, 1993
Room 318
Capitol

2nd Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Senator Phil Riveness, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 2:15 PM.

Commission members present:

Representatives Mindy Greiling, Bob Johnson, Phyllis Kahn, Gerald Knickerbocker, and Leo Reding
Senators Steven Morse, Lawrence Pogemiller, Phil Riveness, Leroy Stumpf, and Roy Terwilliger

Senator Riveness introduced the third item on the agenda, the **Summary of the 1992 Statewide and Major Minnesota Public Pension Plan Actuarial Valuations.**

Lawrence A. Martin, LCPR Executive Director, introduced Thomas Custis the Commission-retained actuary from the firm of Milliman & Robertson. Mr. Custis reviewed the actuarial valuation process in general and noted that pension fund investment income can have a greater impact on the assets of a pension plan than many other factors. He then referred members to the valuation summary provided in their packets. Mr. Custis introduced Lance Burma, his associate from Milliman & Robertson, and began his overhead presentation. The overhead presentation provided a review of the Contribution Requirements for the Major Statewide Systems, the Contribution Requirements for the First Class City Teachers, and the Consolidation Funds Funding Status. Questions, answers and discussion followed. In discussion about the consolidation funds funding status, members questioned whether information was being provided to the cities that have immediate or five year exposure to a shortfall in assets due to potential MPRIF transfer requirements. It was agreed that Commission staff would notify the cities this year and that a formal notification procedure by either PERA or Commission staff could be developed for subsequent years.

Sen. Riveness introduced the first item on the agenda, the **Approval of the Minutes for the January 25, 1993 Commission Meeting.**

Senator Morse moved approval of the minutes. **MOTION PREVAILED.**

Sen. Riveness introduced the second item on the agenda, a **Potential Amendment to the Commission Rules of Operation on the Recommendation of Noncontroversial Proposed Legislation.**

Mr. Martin reviewed the change to the rules suggested by Sen. Riveness. The rule change would permit a unanimous vote of a quorum of Commission members to approve non-controversial legislation rather than the current three/three split for all legislation. Discussion followed and the change to the rules was **LAI D O V E R.**

Sen. Riveness referred members to a handout proposing two subcommittees, one to consider special legislation and the other to consider public pension plan administrative legislation. He requested that Commission members interested in serving on either subcommittee contact Commission staff.

Sen. Riveness introduced the fourth item on the agenda, an **Overview of the Relative Funded Condition and Financing Requirements of Minnesota Public Pension Plans.**

Mr. Martin referred members to the remaining handouts in their packets which were as follows:

1. Minnesota Statutes, Chapter 3.85, which created the Legislative Commission on Pensions and Retirement;
2. Minnesota Statutes, Chapter 356.20;
3. the Standards for Actuarial Work dated July 8, 1992;
4. a set of tables on the 1992 Actuarial Valuation Results;
5. Minnesota Pension Plan Funding Progress 1955-1992
6. Relative Burden of Financing Pension Plan Actuarial Cost
7. Changes in Unfunded Accrued Liabilities (Gains) and Losses
8. Actuarial Valuation results for public pension plans 1954-1992

Mr. Martin reviewed the handouts. Members questioned the method used by the actuary regarding investment gains and losses. Mr. Custis explained the method used by Minnesota public pension plans and why actual investment gains/losses are not used. Discussion followed.

The meeting adjourned at 4:00 P.M.


Jean Lieb Gott, Secretary

Due to a defective tape player, there is no tape of this meeting.