



June 14, 1994  
Room 112 Capitol

27th 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 P.M.

Commission members present:

Representatives Mindy Greiling, Bob Johnson, Gerald Knickerbocker, and Leo Reding  
Senators Lawrence Pogemiller, Phil Riveness, LeRoy Stumpf, and Roy Terwilliger

**2. Consideration of One-Year Extension of Actuarial Services Contract With Milliman & Robertson, Inc.**

Lawrence A. Martin, LCPR Executive Director, reviewed the background and staff memo on the one-year renewal of the actuarial contract with Milliman & Robertson, Inc.. He referred members to page 2 of the staff memo which compared the proposed increase in cost for the services of the actuary upon renewal with the previous year's cost.

Sen. Riveness questioned how the FY'95 charges compared with Milliman & Robertson's first two year's charges. Discussion followed.

Sen. Stumpf moved approval of the one-year extension of the actuarial contract with Milliman & Robertson, Inc. **MOTION PREVAILED.**

**1. Approval of Minutes of Various Past Meetings (2/17/94, 3/9/94; Volunteer Fire Subcommittee 2/7/94; Special Legislation Subcommittee 3/8/94)**

Sen. Pogemiller moved approval of the 2/17/94 and 3/9/94 meeting minutes. **MOTION PREVAILED.**

Rep. Reding moved approval of the 2/7/94 Volunteer Fire Subcommittee meeting minutes. **MOTION PREVAILED.**

Sen. Stumpf moved approval of the 3/8/94 Special Legislation Subcommittee meeting minutes. **MOTION PREVAILED.**

**3. Consideration of Potential Commission Interim Projects**

Sen. Riveness briefly reviewed his ideas for the Commission during the interim, reviewed the topics specified in the staff memo, and invited comments as each item was being reviewed.

**\*A.** The first topic is a mandated study of the implications of employer matching contributions to section 403(b) annuity plans.

**\*B.1.** The second topic is the review of legislative administrative provisions and establishes dates for seven public pension plans to present their proposed administrative legislation, which must include five mandated topics, to the Commission for review.

Sen. Riveness stated that in his discussions with the administrators of the plans they noted that the dates were early but they would make every effort to comply. Discussion followed.

Sen. Stumpf stated that in authoring this legislation, the goal was to get conformity between the plans on the five mandated topics but that the funds might not complete their work by the deadline specified in the bill. Rep. Reding concurred with Sen. Stumpf's state goals. Sen. Riveness restated the two author's intentions in this bill and noted that the Commission would like as many of the issues addressed as possible but does not want the fund directors to present a bad solution just to provide a solution.

**\*B.2.** The third topic is to review the definition of covered salary. Mr. Martin stated that the Commission's responsibility is simply to establish a Salary Study Advisory Committee. The

committee must study this topic and report to the Commission by February 15, 1995.

\*B.3. The fourth topic is the authorization of alternative actuarial assumptions for the 1994 valuations. Mr. Martin reviewed the background on this topic and stated that the Commission actuary has recommended potential assumption changes and the Commission will now need to decide whether to authorize those changes and whether to apply them to some of the smaller plans. Discussion followed and Thomas Custis, the Commission-retained actuary, testified that the first step for the Commission might be to establish some broad policy directives. Discussion followed.

B.4. The fifth topic is the investment performance attribution data reporting. Sen. Riveness stated that the State Auditor will put together a report and he did not believe that the Commission needed to do any interim work on this topic.

C.1. The sixth topic is pension coverage for privatized public employees. Sen. Riveness stated that PERA intends to request an IRS ruling on this issue and until a ruling is made there is no need for the Commission to discuss this item.

\*\*C.2. The seventh topic is the first class teacher funds phase-out or consolidation options report by the Technical Advisory Committee. Sen. Riveness stated that the Commission has not yet heard the report from the advisory committee and should review it during this interim.

C.3. The eighth topic is the state deferred compensation plan. Sen. Riveness stated that the issue is being resolved under contract by MSRS and does not require further Commission study. Dave Bergstrom, MSRS Executive Director, testified that the contracts were approved by the State Board of Investment June 8, 1994, and will be effective September 1, 1994.

C.4. The ninth topic is the establishment of a statewide emergency personnel plan. Mr. Martin reviewed the background on this topic. Sen. Riveness stated that although there are outstanding issues on this topic, he did not plan to take it up during this interim.

\*C.5. The tenth topic is the establishment of a joint Legislators - Constitutional Officers retirement fund. Sen. Riveness stated that members should get some background on this issue and the status of these funds so this topic will be reviewed this interim.

D.1. through D.4. The eleventh through fourteenth topics will not be part of the interim study projects. Discussion followed and it was agreed that on a future agenda, an update would be provided on the status of the Eden Prairie Volunteer Firefighter issue.

\*E.1. the fifteenth topic is to revise and clarify the volunteer firefighter relief association regulations and will be included as an interim project.

E.2. through E.4. The sixteenth through eighteenth topics will not be taken up this interim.

\*E.5. The nineteenth topic is consideration of the post retirement adjustment mechanisms for the first class city teacher plans. Sen. Riveness does plan to take testimony on this issue during the interim.

\*E.6. The twentieth topic is consideration of the appropriate investment authority for the Ambulance Service Personnel Longevity Award Program. Mr. Martin stated that since funding was increased for this program, the Commission may want to consider more appropriate investment authority.

Rep. Reding suggested that the Commission may want to hear a presentation from Crystal and New Hope regarding their potential consolidation. Sen. Riveness stated that it was his understanding that the two plans were not close to a consensus at this point but he would be open to having them update the Commission later on in the interim.

Sen. Riveness recapped the interim items selected for review were items A., B.1., B.2., B.3., C.5., E.1., E.5., and E.6.

\* These items were selected for interim study.

\*\* This item will be scheduled for hearing but was not included for study.

Sen. Riveness briefly noted that the MERF Report by the Legislative Audit Commission has been completed and released. He suggested that the LAC and the LCPR hold a joint meeting when Mr. Alan Baumgarten presents the second part of the report, which deals with a review of the Legislature. Mr. Baumgarten stated that he believed his report would be completed by the end of July. Discussion followed and it was agreed to include LCPR members in the pre-release distribution of this report.

Sen. Riveness suggested that interim meetings again be held in two day increments with the first meeting in the afternoon and the second meeting the following morning.

Sen. Pogemiller asked whether any pension bills passed the Legislature without Pension Commission approval or did any bills with Pension Commission approval fail to pass the Legislature. Discussion followed.

The meeting adjourned at 3:20 P.M.

  
Jean Lieb Gott, Secretary