



October 13-14, 2015

Room 5 State Office Building

MINUTES

October 13, 2015

Call to order:

Representative Tim O'Driscoll, Chair, called the meeting to order at 1:05 p.m.

Commission Members Present:

Representatives Albright, Kresha, Murphy, O'Driscoll, and Thissen
Senators Goodwin, Hayden, Pappas, Rosen, Saxhaug, and Thompson

Commission Members Absent:

Representatives Anderson and Erickson; Senator Johnson

Agenda Items

Approval of the minutes.

Sen. Saxhaug moved approval of the April 8, 2015, minutes. **MOTION PREVAILED.**

Actuarial review of Minnesota retirement systems as of July 1, 2014.

Michael de Leon and Judy Stromback, Deloitte Consulting, presented the actuarial review and recommendations and responded to questions from members. Presentation topics were 1) Review of the retirement plans' actuarial reports, 2) Recommendation of funding policy change, and 3) Implications of changing the investment return assumption.

Status information on Minnesota public pension plan asset investment performance.

Mansco Perry, Executive Director, State Board of Investment, provided and reviewed presentation materials and responded to questions. When asked by Chair O'Driscoll what effect a lower discount rate would have on SBI investment allocation, Mr. Perry responded that there would be very little change.

Review of 2008-2014 actuarial experience studies; proposed actuarial assumption changes.

David Bergstrom, Executive Director, MSRS, David DeJonge, Interim Executive Director, PERA, and Laurie Hacking, Executive Director, TRA, provided and reviewed two items of presentation materials: "*Statewide Pension Fund Update and Experience Studies*" and "*Supplementary Information: Alternative Investment Return Assumptions*."

Don Leathers, Legislative Co-Chair, REAM, testified that Minnesota's employee contribution rates are less than the national average so Minnesota's pension plans are more heavily funded by investment returns and based on Deloitte's slide 5, Minnesota employers are contributing below the national average.

The retirement system directors were asked to provide additional demographic information for their funds and where Minnesota stands compared to other states.

Recess:

The meeting recessed at 3:53 p.m.

October 14, 2015

Call to order:

Rep. O'Driscoll called the meeting back to order at 9:05 a.m.

Commission Members Present:

Representatives Anderson, Erickson, Murphy, O'Driscoll, and Thissen
Senators Hayden, Johnson, Pappas, Rosen, Saxhaug, and Thompson

Commission Members Absent:

Representatives Albright and Kresha and Senator Goodwin

Agenda Items, continued

Rep. O'Driscoll called members' attention to the demographic information materials provided by MSRS, PERA, and TRA in response to members' request from Tuesday.

Supplemental public pension plan financing program proposal, Epoch International

Victor Angermeuller, Executive Vice President, and Dorian Brisbois, President/Managing Director, Epoch International, presented the Epoch Life Insurance Finance Trusts program. Two items of presentation materials were distributed: "*EPOCH LIFTS*" and "*Epoch International LIFTS*."

Jill Schurtz, Executive Director, SPTRFA, asked the presenters if they could provide a sensitivity analysis regarding, for example, if 10% did not pass away during the term, what the return would be.

Mr. Brisbois indicated that if 10% did not pass away during the term, there would probably be a return of 10% of the calculated \$175 million.

Ms. Schurtz testified that, for the funds, they will have to essentially pre-fund the ultimate bestowment payment; they could actually not get anything upfront. Ms. Schurtz asked how we make sure we prefund that and 2) would they be charged to have to go out and purchase policies.

Rep. Murphy requested a list of questions for qualification of member participation.

Mr. Angermeuller responded that he will get back to the Commission with the information requested by Ms. Schurtz and a sample of qualifications as requested by Rep. Murphy.

Non-Agenda Items

Rep. Erickson asked whether a Commission meeting on Election Day would present a problem. Chair O'Driscoll indicated that he will request guidance from counsel.

Adjournment

The meeting adjourned at 10:25 a.m.

Lisa Diesslin, Commission Assistant