

**S.F. xxx (LCPR06-020)****H.F. xxx****Executive Summary of Commission Staff Materials**

<i>Affected Pension Plan(s):</i>	First Class City Teachers, MERF, Minneapolis Fire and Police Relief Associations, MSRS, PERA, TRA
<i>Relevant Provisions of Law:</i>	Minnesota Statutes, Chapters 11A, 354A, 354A, 422A; proposing coding in Chapters 354A, 423B, 423C
<i>General Nature of Proposal:</i>	Implementing Recommendations of the Office of the State Auditor 2004 Large Public Pension Plan Investment Report
<i>Date of Summary:</i>	February 10, 2006

Specific Proposed Changes

- Provides language implementing many of the recommendations of the Office of the State Auditor report, Large Public Pension Plan Investment Report, for the Year Ending December 31, 2004. The full recommendations are attached.

Policy Issues Raised by the Proposed Legislation

1. Need for cap.
2. MERF-specific cap issue.
3. MFRA and MPRA cap issues.
4. Views of impacted parties.
5. Alternatives.
6. Amount of increase.
7. Appropriate comparison plan.
8. Inclusion of investment-related costs.

Potential Amendments

- LCPR06-020-A1 revises Article 1 (establishing SBI-like post funds for the first class city teacher plans) by capping increases in any given year at a percent to be specified, rather than at five percent.
- LCPR06-020-A2 revises Article 1 (establishing SBI-like post funds for the first class city teacher plans) by having any excess reserves created by action of the cap allocated in equal amounts for a number of years to be determined by the Commission.
- LCPR06-020-A3 revises Article 1 (establishing SBI-like post funds for the first class city teacher plans) by establishing these post funds at the same funding ratio as is applicable to SBI Post Fund.
- LCPR06-020-A4 revises the SBI Post Retirement adjustment mechanism, found in Article 2, by capping increases at some rate, to be determined by the Commission, other than five percent.
- LCPR06-020-A5 revises the SBI Post Retirement adjustment mechanism, found in Article 2, by having any excess reserves created by action of the cap allocated in equal amounts for a number of years to be determined by the Commission.
- LCPR06-020-A6 revises the SBI Post Retirement adjustment mechanism, found in Article 2, by capping the full post-retirement increase at six percent, rather than five percent.
- LCPR06-020-A7 revises the cap on MFRA and MPRA adjustments in any given year to a percent to be determined by the Commission, rather than five percent.

