



December 18, 2008
Room 200 State Office Building

10th Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Representative Mary Murphy, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 10:10 a.m.

Commission Members Present:

Representatives Mary Murphy, Phyllis Kahn, Michael V. Nelson, and Steve Smith
Senators Don Betzold and Mary A. Olson (there are two vacant Senate positions)

Commission Members Absent:

Representative Paul Thissen and Senator Ann Lynch

Agenda Items

Presentation on the Current Value of Invested Retirement Fund Assets

Howard Bicker, Executive Director, State Board of Investment, presented information on the current status of retirement fund assets, noting that the active and post funds will merge as of June 30, 2009. Mr. Bicker then responded to questions from members.

Mr. David Bergstrom, Executive Director, MSRS, in response to a question from Representative Kahn, indicated that MSRS offers investment education (not advice) to its members.

Statewide Retirement Plan Directors, Update on Economic Condition of Plans

Mr. Bergstrom distributed a handout entitled "Statewide Pension Plans Funding Status Update." Mr. Bergstrom, Ms. Mary Vanek, Executive Director, PERA, and Ms. Laurie Hacking, Executive Director, TRA, updated members on the economic conditions of their plans and responded to members' questions.

Mr. Philip Kapler, Executive Director, SPTRFA, and Mr. J. Michael Stoffel, Executive Secretary, DTRFA, also updated members on the economic conditions of their plans.

Report from the Actuarial Services Subcommittee

Senator Betzold reviewed the work of the Actuarial Services Subcommittee and the Request for Proposal recommended by the subcommittee, noting the need to designate two unidentified dates in the RFP.

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the December 18, 2008, staff memo and the suggested timeline.

Senator Betzold moved adoption of the Request for Proposal, with the inclusion of the following dates: on page 5, that the contract would be effective on the day after execution, and on page 11, that the term of the contract would be four years with up to two one-year extensions. **MOTION PREVAILED.**

Mandated Commission Interim Study; Study of Teacher Retirement Benefits

Presentation by Statewide Retirement Plan Directors; Additional Benefit Adequacy Information
Staff Materials: 50-State Teacher and Other General Employee Retirement Plan Elements Summary

Ms. Laurie Hacking, Executive Director, TRA, Mr. David Bergstrom, Executive Director, MSRS, and Ms. Mary Vanek, Executive Director, PERA, provided handout materials and reviewed the retirement systems' study "Adequacy of Public Pensions."

Mr. Martin reviewed the staff materials comparing selected benefit and related provisions of statewide teacher and general employee retirement plans nationwide.

Mr. Ed Rapp, representing Education Minnesota Retired, requested from Commission members that 1) retired members have an additional seat on the TRA board, and 2) the three statewide plans should be represented on the SBI Investment Advisory Council.

Representative Murphy announced that the Commission would study the materials provided.

Commission Interim Study; Review of the Commission's Principles of Pension Policy

Mr. Martin reviewed the materials provided to Commission members, a strikeout/insertion version and a draft engrossment of the principles incorporating those items that were acted on by the Commission.

Mr. J. Michael Stoffel, Executive Secretary, DTRFA, provided suggested draft language for Principle II.B.3.

Mr. Brian Rice testified to his concerns regarding Principles II.D.2.g. and II.D.3.c., and indicated his agreement with Mr. Stoffel's recommendations.

Representative Murphy directed Mr. Rice to work with Mr. Stoffel to generate a recommendation.

Mr. Luther Thompson, Executive Director, Minneapolis Employees Retirement Fund, informed members that MERF will be proposing legislation for a merger of MERF into the Public Employees Retirement Association.

Ms. Sherry Munyon, representing the Minnesota State Fire Chiefs Association and the Minnesota State Fire Department Association, testified in support of Mr. Stoffel's recommendations.

Representative Murphy indicated that final adoption of the revised principles would take place when the new Commission members are appointed.

Approval of Prior Meeting Minutes

Senator Betzold moved approval of the November 18, 2008, Commission meeting minutes and the December 4, 2008, Actuarial Services Subcommittee minutes. **MOTION PREVAILED.**

Adjournment

The meeting adjourned at 1:15 p.m.