



July 8, 2009
Room 112 Capitol

2nd Interim Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Senator Don Betzold, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 11:10 a.m.

Commission Members Present:

Representatives Mary Murphy, Phyllis Kahn, Michael V. Nelson, Steve Smith, and Paul Thissen
Senators Don Betzold, Ann Lynch, Sandra L. Pappas, and Julie A. Rosen

Commission Members Absent:

Senator Mary A. Olson

Agenda Items

Approval of prior Commission meeting minutes.

Rep. Murphy moved approval of the June 10, 2009, meeting minutes. **MOTION PREVAILED.**

S.F. 889 (Betzold); H.F. xxx: MSRS-Unclassified; Changes in membership transfer authority; elimination of maximum administrative fee.

Mr. Edward Burek, Deputy Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo and policy issues raised by the bill.

Mr. David Bergstrom, Executive Director, MSRS, testified in support of the bill and provided handout materials.

Mr. Burek reviewed the potential amendments.

Mr. Bergstrom testified that he is not opposed to amendment S0889-1A.

Sen. Lynch moved amendment S0889-1A. **MOTION PREVAILED.**

Mr. Bergstrom testified that he would be comfortable with an 8.5% interest rate as contained in amendment S0889-2A.

Rep. Murphy moved amendment S0889-2A. **MOTION PREVAILED.**

Rep. Murphy moved amendment S0889-4A. **MOTION PREVAILED.**

Mr. Bergstrom testified in support of amendment S0889-5A.

Mr. Burek recommended deleting lines 3 to 5 of amendment S0889-5A.

Rep. Murphy moved to adopt line 1.2 of amendment S0889-5A. **MOTION PREVAILED.**

Mr. Bergstrom was requested to provide Commission members demographic information on the MSRS-Unclassified member population. Mr. Martin asked for identification by employing unit. Mr. Bergstrom indicated that he would provide the requested information.

The bill was laid over.

--The meeting recessed at 12:55 p.m.--

Sen. Betzold called the meeting back to order at 1:10 p.m.

**Delete-everything amendment S1180-1A to S.F. 1180 (Betzold); H.F. 1774 (Nelson):
Revisions to the state deferred compensation program and MSRS-Unclassified**

Mr. Burek reviewed delete-all amendment S1180-1A, the staff memo, and policy issues raised by the delete-all amendment. Mr. Burek also pointed out that Sections 4 and 9 of the delete-all amendment are inconsistent with the language contained in S.F. 889.

Mr. Bergstrom testified that he is more comfortable with the relevant language as contained in the delete-all amendment, and testified in support of delete-all amendment S1180-1A.

Rep. Nelson moved delete-all amendment S1180-1A. **MOTION PREVAILED.**

Rep. Murphy moved amendment S1180-4A. **MOTION PREVAILED.**

Sen. Betzold moved to delete section 3. **MOTION PREVAILED.**

Sen. Pappas moved to amend S.F. 1180/H.F. 1774, as follows: page 4, line 14, before "fee" insert "reasonable". **MOTION PREVAILED.**

Rep. Nelson moved S.F. 1180/H.F. 1774, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

Report from the Actuarial Services Subcommittee

Sen. Rosen and Rep. Nelson reported that they met twice to review the proposals. The Subcommittee recommends four firms to be invited to interview (Deloitte Consulting, Hay Group, Milliman, and PricewaterhouseCoopers, and further recommends that the firms present to the full Commission.

Senator Betzold indicated that the selected firms will be invited to the Commission's September 9, 2009, meeting to make a presentation and that there will be a question-and-answer period for each firm. Commission staff will be available to assist members in developing interview standards and questions.

Designated Commission interim study; Options for and desirability of the creation of a pension fund consolidation assistance fund: first consideration.

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the first consideration staff memo, summarizing the motivating events and issues and the actuarial and funding considerations in past pension plan consolidations. At the request of members, Mr. Martin indicated he would include these observations in the second consideration memo.

Non-Agenda Items

Mr. Martin referred members to the initial version of the 2009 omnibus pension bill (LCPR09-05A) as contained in their packets. Mr. Martin pointed out a problem with several effective dates and distributed technical amendment LCPR0905A-1A, but he suggested the Commission may want to wait to take action on the amendment as further technical corrections may become necessary as the bill evolves.

Sen. Betzold announced that he sent a letter to members of both the House and the Senate indicating that the Commission will consider pension issues for the 2010 pension bill during the Legislative interim and his plan to complete most of the Commission's work before the start of the 2010 Session.

Sen. Betzold reminded members that the August 12, 2009, Commission meeting will be in Bemidji, MN.

Adjournment

The meeting adjourned at 2:20 p.m.