



July 30, 2012

Room 5 State Office Building

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Representative Morrie Lanning, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 11:15 a.m.

Commission Members Present:

Representatives Morrie Lanning and Mary Murphy; Senators Roger Chamberlain, Theodore Daley, D. Scott Dibble, Sandra Pappas, and Julie Rosen

Commission Members Absent:

Representatives Phyllis Kahn, Mary Kiffmeyer, and Steve Smith

Agenda Items

Approval of prior Commission meeting minutes.

Sen. Rosen moved approval of the March 20, 2012, meeting minutes. **MOTION PREVAILED.**

Consideration of proposed demographic actuarial assumption changes.

Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo and policy issues raised by the proposed actuarial assumption changes.

– St. Paul Teachers Retirement Fund Association

Paul Doane, Executive Director, SPTRFA, testified in support of motion LCPR12-M8.

Sen. Pappas moved approval of motion LCPR12-M8 to implement the proposed demographic actuarial assumption changes for the St. Paul Teachers Retirement Fund Association. **MOTION PREVAILED.**

– Duluth Teachers Retirement Fund Association

J. Michael Stoffel, Executive Director, DTRFA, testified in support of motion LCPR12-M9.

Rep. Murphy moved approval of motion LCPR12-M9 to implement the proposed demographic actuarial assumption changes for the Duluth Teachers Retirement Fund Association. **MOTION PREVAILED.**

Mr. Stoffel also testified to his understanding, based on 2010 law changes, that the Commission has the authority to approve economic assumption changes without legislative enactment and requested that the Commission consider the adoption of proposed economic assumption changes for DTRFA.

Commission staff was instructed to review the applicable statutes and consult with House Research and Senate Counsel. Mr. Stoffel was requested to provide a copy of relevant correspondence from The Segal Company, DTRFA's consulting actuary.

– PERA Local Government Correctional Service Retirement Plan

Mary Vanek, Executive Director, PERA, testified in support of motion LCPR12-M2.

Sen. Pappas moved approval of motion LCPR12-M2 to implement the proposed demographic actuarial assumption changes for PERA-Correctional. **MOTION PREVAILED.**

– Correctional State Employees Retirement Plan of the Minnesota State Retirement System

David Bergstrom, Executive Director, MSRS, testified in support of motion LCPR12-M3.

Sen. Pappas moved approval of motion LCPR12-M3 to implement the proposed demographic actuarial assumption changes for the MSRS Correctional State Employees Retirement Plan (MSRS-Correctional). **MOTION PREVAILED.**

– State Patrol Retirement Plan

Mr. Bergstrom testified in support of motion LCPR12-M4.

Bonita J. Wurst, Gabriel Roeder Smith, MSRS consulting actuary, testified to review mortality assumption set-backs and set-forwards.

Rep. Murphy moved approval of motion LCPR12-M4 to implement the proposed demographic actuarial assumption changes for the State Patrol Retirement Plan. **MOTION PREVAILED.**

– Judges Retirement Plan

Mr. Bergstrom testified in support of motion LCPR12-M5.

William V. Hogan, Milliman, Commission consulting actuary, testified to review the development of the Combined Service Annuity portability provision loading factor.

Sen. Rosen moved approval of motion LCPR12-M5 to implement the proposed demographic actuarial assumption changes for the Judges Retirement Plan. **MOTION PREVAILED.**

– Legislators Retirement Plan

Mr. Bergstrom testified in support of motion LCPR12-M6.

Sen. Daley moved approval of motion LCPR12-M6 to implement the proposed demographic actuarial assumption changes for the Legislators Retirement Plan. **MOTION PREVAILED.**

– Elective State Officers Retirement Plan

Mr. Bergstrom testified in support of motion LCPR12-M7.

Sen. Rosen moved approval of motion LCPR12-M7 to implement the proposed demographic actuarial assumption changes for the Elective State Officers Retirement Plan. **MOTION PREVAILED.**

Consideration of reports from the Commission reviewing actuary, Milliman, Inc.

William V. Hogan, Principal and Consulting Actuary, Milliman, and Timothy J. Herman, Consulting Actuary, Milliman distributed and presented Milliman's Actuarial Review of 2011 Valuations. Mr. Hogan and Mr. Herman reviewed key findings, general comments, fund-specific findings, and technical issues related to the select-and-ultimate interest rate provision contained in the 2012 Omnibus Retirement Bill that may warrant revisions to the Commission's Standards for Actuarial Work.

Update on the eligibility of Minneapolis and Fairmont for amortization state aid and supplemental amortization state aid following retirement plan mergers.

Mr. Martin reviewed the staff memo updating members on the amortization aid eligibility issue resulting from the respective relief association merger legislation, the short-term resolution agreement between House and Senate leadership and the Department of Revenue to continue aid payments to Fairmont and Minneapolis, and the need for corrective legislation during the 2013 Legislative Session.

Adjournment

The meeting adjourned at 1:15 p.m.