



June 10, 2009  
Room 112 Capitol

1<sup>st</sup> 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 11:05 a.m.

**Commission Members Present:**

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

**Commission Members Absent:**

Senator Sandra L. Pappas

**Agenda Items**

**Update on Minnesota public pension plan asset investment performance**

Mr. Howard Bicker, Executive Director, State Board of Investment, reviewed the investment performance of Minnesota pension plan assets and responded to questions from members. Mr. Bicker indicated that as of early March 2009, pension plan assets were down approximately 33-34%, investment performance for the period April-May has been relatively strong (improving to -18.9%), and long-term performance from 1980 to present is +9.25%.

**Approval of prior Commission meeting minutes**

Rep. Murphy moved approval of the March 20, 2009, and March 31, 2009, meeting minutes. **MOTION PREVAILED.**

**Identification of 2009 session bills and other topics for interim consideration**

Sen. Betzold announced his intention to work on both outstanding and new pension issues during the interim. Sen. Betzold encouraged members and interested parties to not wait until the start of the 2010 legislative session to have legislation drafted, and indicated that he would send a notice out to members of both the Senate and the House of Representatives.

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo on legislation remaining from the 2009 Legislative Session. Mr. Martin distributed and reviewed Thissen Amendment H0723A4 on a pension fund consolidation assistance fund study.

Mr. Brian Rice, General Counsel, Minneapolis Fire and Police, testified that the two plans are looking at asset-backed loan funds and may be introducing legislation to revise the list of authorized investments.

Ms. Mary Vanek, Executive Director, PERA, testified that issue #11 (S.F. 1687/H.F. 1929) has been resolved through a settlement agreement. Sen. Betzold requested that Ms. Vanek pass on that information to Sen. Saltzman and to Rep. Bunn and Ms. Vanek indicated that she would do so.

Ms. Vanek informed members that the Minnesota Association of County Probation Officers and AFSCME did pay for an actuarial study related to issue #9. Sen. Betzold asked Ms. Vanek to forward those results to Commission staff and to Rep. Kalin and Ms. Vanek indicated that she would do so.

Ms. Vanek also indicated that PERA would have a number of small issues to bring forward, including consolidation language as an alternative to M.S., Chapter 353A for the Virginia Fire Department Relief Association, and that she would work with staff.

## **Initial review of responses to the Commission reviewing/auditing actuary Request for Proposal.**

Mr. Edward Burek, Deputy Director, Legislative Commission on Pensions and Retirement, reviewed the staff summary of the proposals.

Sen. Betzold asked members to indicate their willingness and availability to serve on a subcommittee to review the proposals and to make a recommendation to the Commission.

Sen. Rosen and Rep. Nelson were appointed to the Actuarial Services Subcommittee.

## **Additional review of proposed Teachers Retirement Association service credit revision; from S.F. 578 (Betzold); H.F. 1123 (Murphy, M.), sections 17, 19, 29, and 30.**

Mr. Burek reviewed the staff memo and policy issues raised by the proposed legislation and discussed the potential amendments.

Mr. Luther Thompson, Assistant Executive Director, TRA, reviewed and testified in support of the proposal, distributed handout materials, and testified in opposition to the proposed amendments.

Ms. Lisa Hennin, Payroll Supervisor, Minnetonka Public Schools, testified in support of the proposal.

In response to a question from Sen. Betzold, Mr. Thompson explained that the TRA board currently has the authority to approve nontraditional schedule service credit determination procedures and the language on lines 3.10 to 3.12 gives the authority to the TRA executive director.

Ms. Laurie Hacking clarified that the manual calculations currently being done are done exclusively for TRA and would not be required under the proposal.

Sen. Betzold asked Ms. Hacking to provide the actuarial work to Commission staff. Ms. Hacking indicated she would do so.

Ms. Valerie Dosland, representing the Minnesota Association of School Administrators and the Minnesota Association of School Business Officials, testified in support of the proposed legislation.

Mr. Thompson indicated that Education Minnesota supports the proposed legislation.

Sen. Betzold asked for input from the Duluth and St. Paul teacher retirement fund associations.

Rep. Murphy said that she spoke with DTRFA Executive Director Jay Stoffel, and that Mr. Stoffel is comfortable with their current method.

Mr. Philip Kapler, Executive Director, SPTRFA, testified that they have no compelling reason to change their method. Mr. Kapler mentioned there may be an issue in combined service cases with service overlaps.

Sen. Lynch moved to amend blind amendment LCPR09-04A as follows: page 3, line 12, delete "approved" and insert "specified" and after "director" insert "with the approval of the board of trustees".

**MOTION PREVAILED.**

Sen. Olson asked Mr. Thompson to continue to work with Commission staff on part-time, high compensation service credit issue. Mr. Thompson indicated that he would continue to work with his staff and with Commission staff.

Sen. Lynch moved amendment LCPR09-04A, as amended, be recommended to pass and be included in the 2010 omnibus pension bill. **MOTION PREVAILED.**

Sen. Betzold discussed the interim meeting schedule. Sen. Olson expressed her continued interest in hosting a Commission meeting in Bemidji. Sen. Betzold indicated that the Commission would meet in Bemidji in August, or possibly September, depending on members' schedules.

## **Adjournment**

The meeting adjourned at 1:40 p.m.