

Legislative Commission on Pensions and Retirement  
February 1, 1984 Meeting  
Room 83, State Office Building

Representative John Sarna, chair, opened the meeting

PRESENT: Senators Collin C. Peterson, Allan Spear, Earl Renneke,  
Donald Moe, Dennis Frederickson  
Representatives John Sarna, Frank Rodriguez and James Metzen

Mr. James Bordewick, the Commission Actuary, presented to the Commission the results of his review of the actuarial valuations and experience studies of the following funds:

Duluth Teachers Retirement Fund Association (6/30/83 valuation and  
experience study)

Minneapolis Teachers Retirement Fund Association (12/31/82 valuation)

Saint Paul Teachers Retirement Fund Association (12/31/82 valuation)

Mr. Bordewick noted before reviewing the valuations that his review is not an audit of the valuations, but a review to see if the valuations conform to the requirements of Chapter 356, the statutes which apply to all Minnesota public pension plans.

Mr. Bordewick reviewed briefly the implicit and explicit assumptions used by the actuaries in making a valuation.

For each of the three funds, Mr. Bordewick highlighted the major trends in funding, and paid special attention to instances in the experience studies and the valuations when the experience does not closely match the assumptions. He noted the funds in which the insufficiency of the statutory contribution rate is causing the funding ratio to remain low. He noted that if the contribution levels for the Minneapolis and Saint Paul basic programs do not increase that those funds will have trouble meeting their obligations in the future.

Mr. Bordewick noted that the Duluth Teachers Fund utilized a different method of reporting assets in their valuation from the other funds. In response to questions from the Commission, Mr. Ed Blanck, Secretary of the Duluth Teachers Fund, explained that his fund attempts to set asset levels closer to market values by means of a smoothing process which adds 20% of value each year.

The Commission questioned each of the First Class Teachers Fund Directors concerning the differences between their asset levels reported in the valuations and the market value of the assets on the date of valuation.

Mr. Newell Gaasedelen, Executive Secretary of the Minneapolis Teachers Fund, reported that his fund carried assets at the lower of either cost or market value.

Mr. Lyle Farmer, Secretary-Treasurer of the Saint Paul Teachers Association, reported that the market value of his fund was approximately \$115 million on the date of valuation, but for actuarial purposes the valuation assets were reported at \$100 million.

The Commission discussed the employer contribution rates set in statute for the first class city teacher funds.

The remainder of the valuations on the agenda will be reviewed at another meeting.

Frank Rodriguez  
Secretary

Karen Dudley  
Executive Secretary