

LCP&R Meetings - September 12 and 13, 1984
Room 15, State Capitol

Minutes of the September 12, 1985 Meeting

The Chairman, Senator Donald M. Moe, opened the meeting.

PRESENT: Senators Donald Moe, Allan Spear
Representatives Gutknecht, Sviggum

Robert Perkins, The Wyatt Company, Commission actuary, also present

Howard Bicker, Executive Director, State Board of Investment:

Senator Donald Moe called upon Howard Bicker to explain the State's or the SBI's involvement in the Council on Institutional Investors. Mr. Bicker explained that the State Board of Investment was invited to attend a meeting in Chicago last summer by a staff member from Jesse Unruh's office. He stated that the Council on Institutional Investors was formed for the purpose of providing a source of information for public funds and private; that there has been four meetings of the group; that it is an informational gathering group; that it has the potential for getting information extremely quickly that is not available on a normal basis. Mr. Bicker was instructed to keep the Commission completely informed on the progress of the Council.

The chairman stated that there will be reports from the director of the State Board of Investment at the Commission meetings from time to time. At the October meeting Mr. Bicker was told to report on the status of the performance of the money managers.

Sen. Moe advised that future agenda format will be as follows:

1. Report from the Commission actuary
2. Report from the Executive Director of the State Board of Investment
3. Report from the Department of Finance (if needed)
4. Requests of the individual fund managers (an opportunity for the pension fund managers to appear and discuss with the Commission any problems to do with benefits, etc.)
5. Other current matters

Robert Perkins, The Wyatt Company, Commission actuary:

Mr. Perkins reported that everything is progressing on schedule and furnished the Commission members with a status report on the information received from the funds.

Relative to requests for information from the various retirement funds, the Commission may instruct The Wyatt Company to perform such a task and the Commission will pay the fee. It will come from the General Fund, not the retirement fund. Neither Mr. Perkins or his company will provide information for any of the pension funds other than the Volunteer funds; they will terminate any connection with any of the funds. The Wyatt Company will keep the agreement not to perform work directly for the pension funds.

Consolidation of Moorhead Police and Firefighters Relief Associations into PERA-P&F:

Karen Dudley went over a staff memo and explained that Moorhead Police and Fire into PERA-P&F solution will be used as a pattern for other consolidations. Various questions arise: How is the January 1 increase to be paid? Members must be retired for 18 months before being eligible for the increase; Moorhead retirees will be only retired for three months. How to calculate the reserves for the retirees and what values will be used for the assets?

Sept. 12, 1985 meeting minutes continued:

Rep. Joel Carlson, Moorhead, explained that there is need to know the methodology:
Need to know the amount of accrued liability that is to be transferred; the cost of the initial post retirement increases. The total accrued liability should include the post retirement increase.

Gary Norstrom, Treasurer, City of St. Paul, spoke about the 91.2% amount and what it represents in the solution of the Moorhead problem.

James Hacking, Exec. Dir. of PERA, spoke about the statutes being unclear. He said the ratio of retirees to actives is a problem in deciding the amount of assets to be transferred to PERA. Should 91.2% be used or should we break it down and use 100% for retired lives and a lesser figure for active lives in calculating the accrued liability?

Rep. Carlson reminded the Commission that the Moorhead City Council will be meeting to approve the provisions of the 1985 Session law and would like to meet the October 1 deadline, if possible.

Robert Perkins, actuary, advised that because the funds have stayed in Moorhead and were not transferred to the State Board of Investment, there is a loss of interest on the post fund to be used for the 1987 post retirement increases.

At the request of Rep. Carlson, Robert Perkins will forward to the City Manager of Moorhead an explanation and preliminary calculation of the amounts of money involved in this transaction.

Gary Norstrom asked about the reaction to the \$250,000 funding for the post increases. Rep. Carlson responded that Moorhead fully intends to give the increases; that Moorhead feels that it has an obligation.

Sen. Moe stated that the outcome is left to Moorhead and PERA and urged them to be as flexible as possible; that they are bound by the statute as it was drafted.

Wayne Simoneau
Commission Secretary

Eleanor Diebel
Staff Secretary