



February 3-4, 2016

Room 200 State Office Building

MINUTES

Day 1 - February 3, 2016

Call to order:

Representative Tim O'Driscoll, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 1:15 p.m.

Commission Members Present 2/3:

Representatives Albright, Anderson, Erickson, Kresha, Murphy, and O'Driscoll
Senators Hayden, Johnson, and Pappas

Commission Members Absent 2/3:

Representative Thissen and Senators Goodwin, Rosen, Saxhaug, and Thompson

Agenda Items

Approval of minutes.

Rep. Erickson moved approval of the November 3-4, 2016, meeting minutes. **MOTION PREVAILED**

Actuarial assumption changes for MSRS, PERA, and TRA.

- **Draft LCPR16-021: MSRS, PERA, TRA; Statutory interest rate, salary, and payroll assumptions.**
- **Motion LCPR16-M1: MSRS, PERA, TRA; Assumptions other than interest rate.**

David Bergstrom, Executive Director, MSRS, testified that the respective retirement system boards have all approved the MP-2015 mortality improvement scale.

Susan Lenczewski, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the motion LCPR16-M1, noting an error in the memo which will be corrected and redistributed.

There was no action on the legislative draft as there was not a quorum present of both House members and Senate members as required by the Commission rules in order to approve legislation. A quorum was present as required to approve administrative items.

Rep. Albright moved Motion LCPR16-M1. **MOTION PREVAILED.**

Financial sustainability/funding proposals for MSRS, TRA, and SPTRFA.

- **LCPR16-012: MSRS; Financial sustainability/funding provisions.**
- **LCPR16-014: TRA; Financial sustainability/funding provisions.**
- **LCPR16-013: SPTRFA; Financial sustainability/funding provisions.**

David Bergstrom, Executive Director, MSRS, testified in support of LCPR16-012 and reviewed the MSRS portion of the retirement systems' presentation entitled "*Retirement Systems Financial Update*."

Jay Stoffel, Deputy Executive Director, TRA, testified in support of LCPR16-014 and reviewed the TRA portion of the presentation entitled "*Retirement Systems Financial Update*" and indicated that he would provide information on the proposal's cost impact to the school districts as requested by members.

Doug Anderson, Executive Director, PERA, reviewed pages 14-15 of the presentation entitled "*Retirement Systems Financial Update*" and testified that the PERA board decided not to recommend any changes.

Jill Schurtz, Executive Director, SPTRFA, testified in support of LCPR16-013 and reviewed the presentation entitled "*St. Paul Teachers Retirement Fund Association; Serving the retirement needs of St. Paul Teachers since 1909.*"

Grace Keliher, Minnesota School Boards Association, testified in opposition to LCPR16-014, the TRA financial sustainability/funding provisions, noting that the MSRS proposal includes funding but the TRA proposal does not.

Gary Amaroso, Executive Director, Minnesota Association of School Administrators, testified in opposition to LCPR16-014 without the inclusion of additional funding, indicating a preference for state aid over levy authority.

Scott Croonquist, Executive Director, Association of Metropolitan School Districts, testified in opposition to the TRA proposal, indicating that school districts are not in a position to absorb the estimated cost.

Rick Heller testified regarding making meeting documents more accessible to the public.

Recess:

The meeting recessed at 3:07 p.m.

Day 2 - February 4, 2016

Call to order:

Rep. O'Driscoll called the meeting back to order at 9:05 a.m.

Commission members present 2/4:

Representatives Albright, Erickson, Kresha, Murphy, and O'Driscoll
Senators Hayden, Johnson, Pappas, Rosen, and Saxhaug

Commission members absent 2/4:

Representatives Anderson and Thissen, and Senators Goodwin, Hayden, and Thompson

Agenda Items, continued

Administrative bills for MSRS, PERA, TRA, and SPTRFA.

- **LCPR16-001: MSRS; Administrative provisions**
- **LCPR16-003: PERA; Administrative provisions**
- **LCPR16-002: TRA; Administrative provisions**
- **LCPR16-004: SPTRFA; Administrative provisions**

Chad Burkitt, Legislative Liaison, MSRS, presented and testified in support of the MSRS administrative bill.

Ms. Lenczewski indicated that staff worked with MSRS staff on the proposed provisions.

Doug Anderson, Executive Director, PERA, testified in support of the PERA administrative bill, LCPR16-003.

Julie Leppink, Legal Director, PERA and testified in support of the PERA administrative bill.

Rick Heller testified regarding accessibility and provided a handout.

Agenda Items Remaining from 2/3/16

Actuarial assumption changes for MSRS, PERA, and TRA.

- **LCPR16-021: MSRS, PERA, TRA; Statutory interest rate, salary, and payroll assumptions.**

Ms. Lenczewski reviewed LCPR16-021, which revises the TRA interest rate assumption and also makes conforming changes, and a corrected copy of the staff memo was distributed.

Sen. Pappas moved LCPR16-021, revising actuarial assumptions, be recommended to pass and be incorporated into the 2016 Omnibus Pension Bill. **MOTION PREVAILED.**

Agenda Items, continued

Administrative bills for MSRS, PERA, TRA, and SPTRFA, continued.

- **LCPR16-001: MSRS; Administrative provisions**
- **LCPR16-003: PERA; Administrative provisions**
- **LCPR16-002: TRA; Administrative provisions**
- **LCPR16-004: SPTRFA; Administrative provisions**

Sen. Pappas moved LCPR16-001, the MSRS administrative bill, be recommended to pass and be incorporated into the 2016 Omnibus Pension Bill. **MOTION PREVAILED**

Sen. Pappas moved LCPR16-003, PERA administrative bill, be recommended to pass and be incorporated into the 2016 Omnibus Pension Bill. **MOTION PREVAILED.**

Jay Stoffel, Deputy Executive Director, TRA, reviewed and testified in support of LCPR16-002, the TRA bill.

Ms. Lenczewski referred to section 12 of the staff memo for information regarding IRS compliance, noting that statute does address IRS compliance but in different places, and this bill puts them all in the same place.

Sen. Pappas moved LCPR16-002, be recommended to pass and be incorporated into the 2016 omnibus pension bill. **MOTION PREVAILED.**

Jill Schurtz, Executive Director, SPTRFA, reviewed and testified in support of LCPR16-004, the SPTRFA bill.

Kim Crockett, COO, EVP, General Counsel, Center of the American Experiment testified that she has no objection to the administrative bills but that the Commission needs to consider moving new employees into defined contribution plans. In response to member's comments regarding the high transition costs shown in the 2011 Retirement Plan Design Study, Ms. Crockett testified that the 2011 study has been negatively critiqued, and that MSRS Executive Director David Bergstrom has acknowledged some of those critiques.

David Bergstrom, Executive Director, MSRS, testified that he did not say what Ms. Crockett believes he said and that he stands by the study report.

Sen. Saxhaug moved LCPR16-004, be recommended to pass and be incorporated into the 2016 omnibus pension bill. **MOTION PREVAILED.**

Supplemental public pension plan financing program proposal (update on Epoch)

Rachel Barth, Deputy Director, Legislative Commission on Pensions and Retirement, informed members that staff has not received any additional information from Epoch and that staff is reaching out to agencies such as the State Board of Investment and others, to get input about implementing a similar program.

Rep. O'Driscoll directed staff draft possible language.

Adjournment

The meeting adjourned at 10:25 a.m.

Lisa Diesslin, Commission Assistant