

June 13, 1991
200 State Office Building

6th Meeting



ACTUARIAL SERVICES SUBCOMMITTEE

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Senator Gene Waldorf, Chair of the Actuarial Services Subcommittee, called the meeting to order at 4:55 P.M.

Subcommittee members present:

Representatives Bob Johnson and Leo Reding
Senators Steven Morse and Gene Waldorf

Subcommittee Evaluation of Actuarial Services Proposals.

Sen. Waldorf requested that Lawrence Martin, LCPR Executive Director, review the six RFP responses and staff summary of each proposal. It was agreed that Mr. Martin would review the major points of each actuarial firm's response. Mr. Martin stated that a random letter was assigned to each firm to ensure confidentiality during the Subcommittee's discussion.

Mr. Martin reviewed firm A and noted that this firm had prior public experience with ten public sector plans but it is not clear that the personnel that would be assigned to the Commission have public experience. He further noted that most of the actuarial work would be performed outside of Minnesota as the in-state personnel are accountants and not actuaries. Mr. Martin referred members to the cost for this firm's actuarial services and noted that this firm's charges would be considerably higher than the Commission budget. Discussion followed.

Mr. Martin reviewed firm B and noted that this firm has a high level of public sector experience and would provide six FSA level actuaries, all are local. They are currently the actuary for MTRFA. The cost of services for this firm are very close to the Commission budget amount, however, they did not provide special project hourly fees so it is difficult to determine what the total cost might be. Discussion followed.

Mr. Martin reviewed firm C and noted that this firm has extensive public sector experience and would assign four actuaries to the Commission (two FSA and two ASA). The cost of their services is higher than the previous firm's.

Mr. Martin reviewed firm D and noted that this firm has experience with four large public sector plans. The firm would assign to the Commission two FSA, six ASA, two EA and two without specified actuarial training credentials for a total of twelve people. This team would work out of three offices, one local and two out of town locations with the primary person located in Chicago. The cost of their services is close to the LCPR budget amount.

Mr. Martin reviewed firm E and noted that this firm has extensive public sector experience and would assign three FSA, one ASA, one EA, and one without specified credentials to the Commission. This firm is a Twin City firm. The cost of their services is close to the \$250,000 benchmark for reduced actuarial services plus consolidation accounts. This firm is currently the actuary for MSRS.

Mr. Martin reviewed firm F and noted that this firm has extensive public sector experience and would assign four FSA actuaries to the Commission. Three out of the four would be located outside of the Twin Cities with two in Milwaukee and one in Washington D.C. Accessibility may be a question with this firm since the firm stated that members would be accessible by phone within 24 hours and for meetings within a few days. This firm has the lowest cost for services of all the other five. Discussion followed.

It was agreed by Commission members to determine the order to schedule presentations by drawing the firms names out of a hat. It was also agreed to request that the bidders refrain from sitting in on the presentations of other bidders.

Mr. Martin provided members with handwritten actuary cost sheets. He noted that the last two firms on the cost sheet show a range of costs because hourly costs were not provided by these firms. Discussion followed.

Rep. Johnson moved to eliminate firm A due to the high cost for their services. **MOTION PREVAILED.**

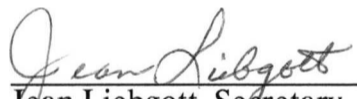
Sen. Waldorf moved to eliminate firm B since they are part of a current lawsuit against the State of Minnesota and the Solicitor General of the Attorney General's office indicated that there would be problems in having the Commission's primary consultant be someone who has taken a position against the state in the current lawsuit. **MOTION PREVAILED.**

Rep. Johnson moved to invite C, D, E, and F to make presentations for the Commission. **MOTION PREVAILED.**

Mr. Martin also suggested that the actuarial firms' proposal documents remain unavailable to the competing firms before they make their presentations to the Commission. Sen. Morse suggested the staff summaries of the firms also should remain unavailable.

Rep. Johnson suggested that the Commission get an opinion from the Attorney General's office under the open meeting law regarding penalizing any of the four firms invited to make presentations if they watched any of the other firms' presentations. Mr. Martin responded that staff had sought opinions from Senate Counsel and House Research on this issue. Mark Shepard from House Research suggested the procedure whereby the Commission would not prevent another bidder from being at the presentation meeting but would take that into account in analyzing their bid. Rep. Reding stated that the open meeting law was originated to assure members of the public access to the process and was never intended to provide special interest groups an undue advantage. The Subcommittee members agreed.

The meeting adjourned at 6:40 P.M.


Jean Lieb Gott, Secretary