

July 20, 1981
Alexandria, Minnesota

MINUTES

The chairman, Rep. John Sarna, opened the meeting.

PRESENT: Representatives John Sarna, Leo Reding, Frank Rodriguez
Senators Collin Péterson, Earl Renneke, Dennis Frederickson;
also Sen. Anne Stokowski

Summaries of the 1981 Pension Legislation

Karen Dudley, Commission Staff, presented the following summaries of the 1981 Session:

Brief Summary of Pension Legislation in 1981
1981 Legislation Pertaining to the Major Statewide Retirement Funds
1981 Legislation Applicable to the First Class City Funds
1981 Legislation Governing the State Board of Investment
1981 Legislation Applicable to Local Police and Firefighters Relief Assns.
Teacher Mobility Provisions Included in the 1981 Omnibus Education Bill
Bills Enacted During the 1981 Legislative Session Concerning Pensions

Sen. John Chenoweth, Executive Director of the Minneapolis Municipal Employees Retirement Fund, explained and commented on the stocks and bond transfer to MERF from the State Board of Investment. He stated that the transfer took place on July 3, 1981; stocks and bonds were transferred by wire. Representatives of MERF and the State Board of Investment went over the portfolio. 97 different stocks were in the portfolio. A proportional share of the value of the stocks was taken--15.5%. The number of issues were cut by 30% of stock issued, and some of the money was put back into other stocks. Mr. Chenoweth advised the Commission that the accounting system needs to be looked at by the Commission; that it is difficult to manage the bond account. The system locks them into a bond portfolio--cannot trade and reduce losses when going into a down-spin. Mr. Chenoweth further advised that MERF has hired an additional money manager. He stated that the transfer went smoothly.

Howard Bicker, State Board of Investment, commented that the investment board will explain further any of the changes in this transaction at local meetings or other meetings. Relative to managing the bond portfolio, Mr. Bicker explained the method of amortizing a bond over the average lifetime of the new bond.

Rep. Reding stated that he has concern that all funds should be under the same statutory investing restraints as the State Board of Investment; that people are dependent on this income. Lawrence Martin advised that most of the funds are under the same statutory restraints as the State Board of Investment; that the first class city funds are the major exception; that Duluth Teachers Fund and the Minneapolis Teachers Fund have separate authority; that the St. Paul Teachers came under the restraints of the State Board of Investment by its own action.

Mr. Jim Heller, Minneapolis Teachers, thanked the Commission for the legislation passed in the 1981 Session for the Minneapolis Teachers.

Sen. Renneke inquired as to the disposition of the bill relative to service for over 40 years of service. This subject will be taken up again by the Commission.

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