



MINUTES

The Board of Trustees of the Public Employees Retirement Association met in a special session in the Association offices, 60 Empire Drive, Room 117, Saint Paul, Minnesota, on Thursday, March 2, 2023, at 2:00 p.m., with notice given three days prior thereto by the Secretary.

The following members were present:

	Thomas Rupp, Vice President (in person)	
Julie Blaha/Ramona Advani (remotely)		Barbara Johnson (remotely)
Paul Bourgeois (in person)		Scott Schulte (in person)
Paul Ford (in person)		Thomas Stanley (remotely)
Kathy Green (remotely)		Thomas Thornberg (in person)

constituting a quorum.

Absent: Mary Falk

Attorney General Representative: Kathleen Li Reitz (remotely)

Staff members present: Doug Anderson, Executive Director; Julie Leppink, Legal Counsel; Lance LaFrombois, Deputy General Counsel; Amy Strenge, Legislative Policy Coordinator; Tracy Gebhard, Chief Financial Officer; Afiya Krueger, Member Services Claims Division; Andrea Murphy, Communications and Stakeholder Supervisor; Heather Schoenberger, Account Information Management Manager; Mary Daly, Continuity and Data Coordinator; Gladys Rodriguez, Executive Assistant.

Others present: Durand Ackman, Olmstead County; Matt Massman, Minnesota Inter-County Association; Ann Finn, League of Minnesota Cities; Angie Huss, Reen Reinhardt, Lockridge Grindal Nauen P.L.L.P.; Joe Mattinen, Dan Danielson, Steve VanKekerix, Carlton County Sheriff's Office; Matt Hilgart, Association of MN Counties; Susan Lenczewski, Legislative Commission on Pensions and Retirements; John Swenson, MN Police Chief Association; Wade Laszlo, Correctional Retiree; Sheri Christensen, Gabriel, Roeder and Smith; Brian Rice, Rice, Walter & Mosley LLP; Harry Grigsby, Retiree; Wendy Wulff, Retiree.

1. Call to Order

Vice President Rupp called the meeting to order at 2:00 p.m. Trustees participated in person or remotely via telephone or interactive technology as permitted in Minnesota Statutes Section 13D.015. Roll call was taken to establish quorum.

Ford moved to adopt the agenda. The motion was seconded by Thornberg and passed by roll call vote.

The agenda was taken in the following order.

2. Approval of Regular Board Meeting Minutes from February 16, 2023

Thornberg moved to approve the meeting minutes from February 16, 2023. The motion was seconded by Bourgeois and passed by roll call vote.

Schulte noted that he did not attend the February board meeting and abstained from voting.

3. Legislation related to Duty Disability Provisions

Reference was made to a legislative memo from Doug Anderson and Amy Strenge dated March 2, 2023

Strenge shared that HF 1234/SF 1959 continues to make progress on the floor. Member and employer stakeholder groups have worked diligently to develop legislation to implement measures directed at prevention, treatment, and financial support for both employees and employers arising from post-traumatic stress disorder injuries.

The first part of the bill requires that the employers provide at least one of the following: annual wellness training, an employee assistance program, or peer support program to be eligible for healthcare reimbursement. The bill fully funds the account.

The second part of the bill requires members who apply for a duty disability benefit based on a psychological condition to complete twenty-four weeks of treatment before a final determination for a duty disability can be granted.

A member with a psychological condition would submit an initial application for duty disability and would submit one medical report opining that the member has a psychological condition and currently cannot perform the duties of a police officer or fire fighter. The employer is required to provide documentation certifying the dates the employer was on duty. The member would then complete a twenty-four week treatment period. During the treatment period, the employer continues to provide salary and benefits to the member. The state would reimburse the employer for these costs.

After the treatment period, the member's mental health professional would assess whether they are able to return to their position or to another position which provides equal or greater salary and benefits. PERA would be responsible to administer the initial application process, determine if treatment requirements have been satisfied, and determine if the member is eligible for a duty disability benefit.

After discussion of the bill and addressing questions, Rupp made a motion that the PERA Board of Trustees direct staff to continue to work in agreement with stakeholders and the legislature to modify PERA's duty disability process for psychological conditions and in the event of substantial changes staff is directed to return to the board. The motion was seconded by Schulte and passed unanimously by roll call vote.

Anderson shared information about the following policy initiatives connected to HF 1234/SF 1959 and staff's recommendation.

Vesting

Staff recommended lowering the vesting schedule to a ten-year graded vesting schedule, which is more appropriate for the Plan. This change would allow a Police & Fire member to be fifty percent vested at five years and fully vested at ten years. Members currently not eligible for a retirement benefit would now be eligible for a retirement benefit. The estimated cost is 0.3 percent of payroll (\$3M/year).

Duty Disability Benefit Eligibility

Recommendation is to expand the eligibility for duty and regular disability benefits by allowing members to apply regardless of age and granting members a disability benefit for 60 months or until normal retirement age, whichever is later. The disability benefit would then convert to a retirement benefit. Modifying the eligibility for PERA P&F disability benefits would resolve the unequal treatment between members over fifty-five with more than twenty years of service and members over fifty-five with less than twenty years of service because all members would be eligible to receive a disability benefit at any age. This change is consistent with PERA's Correctional Plan, which allows members to be eligible for disability benefit regardless of age and service.

Duty Disability Benefit

Recommendation is to cap the duty disability benefit similar to the way the regular disability benefit is capped. The duty disability benefit would be a maximum of sixty percent and additional years of service would not be reflected in the benefit. Once a member transitioned to a retirement benefit, the member's retirement benefit would reflect all years of service.

Duty Total and Permanent Disability Benefit

Recommendation is to increase the duty total and permanent benefit to ninety-nine percent of the member's salary instead of the average salary as capped in Minn. Stat. §353.651, subd. 3(b).

Disability Offsets

Anderson shared with the board an example of the current and proposed offsets. The recommended change is to replace the current approach with two offsets. The offsets would only apply if a member has reemployment earnings. Workers' compensation benefits would not be a component of an offset. The first offset to the disability benefit is equal to reemployment earnings up to 11.8 percent of the average salary used to determine the member's disability benefit. The second offset amount would be a reduction of one dollar for each dollar that the disability benefit plus reemployment earnings exceeds the current salary for someone in a similar position to the one held by the duty disability recipient at the time of disability.

Disability Reapplication

Recommended changes will clearly state that the member is responsible to reapply for the disability benefit once a year for the first five years and once every three years after that. Language will clarify that the burden of proof remains with the member in the event of an appeal.

After discussion, Ford made a motion to support staff recommendations and direct staff to work with stakeholders and the legislature to pursue legislation and to develop the language of the bill. The motion was seconded by Flaherty and passed unanimously by roll call vote.

4. Date of Next Meeting

The next meeting of the PERA Board of Trustees will be held Thursday, April 13, 2023, starting at 9:30 a.m. in the Board Room 117 of the Retirement Systems of Minnesota Building.

5. Adjournment

There being no further business to come before the PERA Board, Schulte made a motion to adjourn the meeting. The motion was seconded by Thornberg and passed by roll call vote.

Meeting adjourned at 3:00 p.m.

A handwritten signature in black ink, appearing to read "Doug Anderson", written over a horizontal line.

Doug Anderson, Executive Director
Saint Paul, Minnesota