



MINUTES

The Board of Trustees of the Public Employees Retirement Association met in regular session in the Association offices, 60 Empire Drive, Room 117, Saint Paul, Minnesota, on Thursday, February 21, 2019 at 9:30 a.m., with notice given ten days prior thereto by the Secretary.

The following members were present:

Kathy Green, President	
Julie Blaha/Ramona Advani	Leigh Lenzmeier
Paul Bourgeois	Thomas Rupp
Mary Falk	Thomas Stanley
Paul Ford	Lawrence Ward
Barbara Johnson	

constituting a quorum.

Attorney General Representative: Kevin Finnerty

Staff members present: Doug Anderson, Executive Director; Julie Leppink, General Counsel; Luis Lugo, Chief Benefit Officer; Mike Hagerty, Chief Financial Officer; Cheryl Keating, Manager of Account Information Management; Beth Reed, Manager of Benefit Services Center; Andrea Murphy, Project Mgr -BSC; Shana Morse, Manager of Stakeholder Communications and Learning; Amy Streng, Policy Coordinator; Mary Daly, Continuity and Data Coordinator and Gladys Rodriguez, Executive Assistant.

Others present: Harry Grigsby, Retired Member; Brian Rice, MPFA and AFSCME #5; Gene Ranieri, City of Minneapolis; Emily Nachtigal, MMRA; Eyal Darmon, Accenture; Owen Davies, Accenture; Tracy Gebhard, Office of the Legislative Auditor; Chris Buse, Office of the Legislative Auditor; Rodney Rowe, Education Minnesota; Mark Ruff, City of Minneapolis.

1.0 Call to Order President Green called the meeting to order at 9:30 a.m.

Falk moved to adopt the agenda as presented. The motion was seconded by Ward and passed unanimously.

The agenda was taken in the following order.

Welcome to New Trustees and Introduction of Trustees and Staff

Green congratulated those Trustees that were reelected to the Board; Bourgeois, Ford and Stanley. She welcomed new members Thomas Rupp, representing active members, and newly elected State Auditor Julie Blaha. The Trustees and staff introduced themselves.

Certification of 2019 Board of Trustees Election Results

Reference was made to the certified results from Election-America

Falk moved to accept the certified results of the 2019 PERA Board of Trustees Election. The motion was seconded by Ford and passed unanimously

Introduction of New Policy Coordinator Amy Strenge

Strenge has worked for the Minnesota Senate as a legislative assistant and most recently as a researcher. She has extensive experience working with legislators, staff, the pension plans, and stakeholders.

2.0 Consent Calendar

The consent calendar included the following reports:

Approval of Minutes *(December 13, 2018, Regular Meeting)*

Operational Report Education, Payments, and Membership Counts *(Memo dated February 21, 2019, from Cheryl Keating, Shana Morse and Beth Reed)*

Financial Report *(Statement of Fiduciary Net Position as of December 31, 2019, unaudited; Statement of Changes in Fiduciary Net Position as of December 31, 2019, unaudited)*

Stanley moved to accept the consent calendar. The motion was seconded by Rupp and passed unanimously.

3.0 Presentation

Office of the Legislative Auditor- Chris Buse and Tracy Gebhard

Reference was made to PERA Comprehensive Annual Financial Report and letters from the Office of the Legislative Auditor Christopher Buse, Deputy Legislative Auditor and Tracy Gebhard, Audit Director

The Office of the Legislative Auditor presented the audit of PERA's financial statements concluding that PERA is in compliance with generally accepted accounting principles.

4.0 Presentation

Accenture- Owen Davies, Global Pension Industry Lead and Eyal Darmon, Accenture Global Consulting/Innovation Lead

Presented PERA's IT assessment project goals, progress to date, and opportunities for improvements. The presentation provided a description of the approach and methodology used for the technical assessment and findings.

5.0 Appeals

None

6.0 Decision Items

6.1 PERA Board Election to replace Retiree/Disabilitant Position

Green called for Trustees interested in serving on the Board vacancy subcommittee to review the candidates' submissions if the number of interested candidates exceeds five. The period for interested individuals to apply is February 19 to March 19, 2019, and in anticipation of receiving more than five applicants, a

subcommittee should be named. Rupp, Ford, Johnson, Bourgeois, Stanley and Green will make up the Board vacancy subcommittee.

6.2 Minneapolis Police Relief Association and Minneapolis Firefighters' Relief Association annual contribution requirement

Reference was made to a memo from Doug Anderson dated February 21, 2019

Staff engaged with the City of Minneapolis to discuss possible solutions to address future contribution uncertainty and determined that a change in statute would allow a reasonable stability to the fund. This change would give the City a fixed annual contribution from 2019 through 2031.

Bourgeois moved to seek a change in statute to set the annual contribution requirements from the City of Minneapolis at \$4,489,837 for the Minneapolis Police Relief Association and \$3,188,735 for the Minneapolis Fire Relief Association. The amounts would be due each July 15 from 2019 through 2031 and would not be subject to future changes. The motion was seconded by Ward and passed unanimously.

Ward and Johnson thanked staff for engaging with the City of Minneapolis and coming up with a reasonable solution for all.

7.0 Discussion Items

7.1 2019 Legislative Initiatives

Anderson made reference to the Legislative Commission on Pensions and Retirement members for 2019-2020. The legislative initiatives *for this session* include changes requested by the SVF Advisory Board, the Phased Retirement Option, changes to the statute for the City of Minneapolis, and other technical issues.

7.2 Statutes of Limitations

Anderson provided information on the statute of limitations provision that relates to missed contributions, salary misreported in error, plan membership reporting errors, and member benefit calculation errors. This provision establishes a maximum time when certain actions can be taken.

7.3 Funding Status Update

Anderson reported on the cash flow, contribution allocations, and funding projections for the General Employees Plan, Police & Fire Plan, and Correctional Plan.

- In the General Plan, the Fund's actual investment return was 8.25% below the expected return during the first six months of FY 19, resulting in a full funding date change from 2037 to 2049.
- In the Police & Fire Plan, the Fund's actual investment return was 8.25% below the expected return during the first six months of FY 19, resulting in a full funding date change from 2031 to 2069.
- The Correctional Plan is in progress towards full funding.

- 8.0 Informational Items **8.1 Summary of Performance Evaluation for Douglas Anderson, Executive Director.** *Reference was made to a letter from President Kathy Green dated December 13, 2018*

It was the finding of the Board that Director Anderson has continued to perform above expectations. The summary of the performance review has been filed with Human Resources.

8.2 Continuing Trustee Education

Green called the Trustees attention to a list of continuing education conferences designed for trustees.

8.3 Items of Interest

Green called the Trustees attention to the following item of interest:

- NASRA Issue Brief: Public Pension Plan Investment Return Assumptions, February 2019
- 2018 NCPERS Public Retirement Systems Study, January 30, 2019

- 9.0 Other Business

9.1 Board Resolution for PERA staff

Green read the following board resolution into the record:

WHEREAS the Public Employees Retirement Association (PERA) on January 31, 2019, lost the most valued services of Renée Elizabeth Tessier, a member of PERA's staff from January 3, 2012 to her retirement on January 31, 2019; and

WHEREAS Ms. Tessier, a most highly respected member of PERA's staff, has served as a Benefit Information Counselor and a Senior Retirement Services Specialist of the association where Ms. Tessier performed her job with the utmost integrity, compassion, and dedication, always demonstrating the most sincere sensitivity to the needs of the association's members; and

WHEREAS throughout her public service career spanning 33 years, including 26 years with the Minneapolis Police Relief Association (MPRA), Ms. Tessier consistently performed her job in a cheerful, kind, and professional manner with a deep sense of commitment and attention to detail, she diligently achieved accuracy, dependability, and teamwork; and

WHEREAS, Ms. Tessier will be missed for her extraordinary helpfulness and friendliness when serving the public with her teammates; NOW THEREFORE

BE IT RESOLVED that the Board of Trustees of the Public Employees Retirement Association, in regular session in the City of St. Paul, Minnesota, this twenty-one day of February, 2019, takes this means of publicly expressing its sincere appreciation for Ms. Tessier's unselfish devotion of time and energy on behalf of the association and its participating employers and members; and

BE IT FURTHER RESOLVED that this resolution be formally included in the minutes of the Board of Trustees and that the Secretary be instructed to transmit a formal copy of this resolution to Ms. Tessier.

Ward moved that the Trustees adopt the Board Resolution for retired PERA staff Renee Tessier. The motion was seconded by Rupp and passed unanimously.

9.2 Fricke vs PERA

Finnerty recommended that the Board of Trustees meeting be closed to discuss litigation strategy.


Johnson moved to close the meeting to discuss litigation strategy pursuant to Minn Stat. 13D.05. Motion was seconded by Bourgeois and passed unanimously.

Ford moved to open the meeting. Motion was seconded by Rupp and passed unanimously.

Blaha moved that the Board authorize the executive director to enter into agreement with Thelma Fricke and appropriate the necessary funds to cover the settlement agreement. The motion was seconded by Falk and passed unanimously.

10.0 Date of Next Meeting The next meeting of the PERA Board of Trustees will be held Thursday, April 11, 2019, starting at 9:30 a.m. in the Board Room 117 of the Retirement Systems of Minnesota Building.

11.0 Adjourn *There being no further business to come before the PERA Board, Stanley moved to adjourn the meeting at 11:44 a.m. The motion was seconded by Falk and passed unanimously.*



Doug Anderson, Executive Director
Saint Paul, Minnesota