



## MINUTES

The Board of Trustees of the Public Employees Retirement Association met in a regular session in the Association offices, 60 Empire Drive, Room 117, Saint Paul, Minnesota, on Thursday, March 14, 2024, at 9:30 a.m., with notice given three days prior thereto by the Secretary.

The following members were present:

Thomas Stanley, President

Julie Blaha/Ramona Advani (Remote)	Kathy Green
Mary Falk (Remote)	Barbara Johnson
Dennis Flaherty	Jenni Konigsburg
Paul Ford	Thomas Thornberg

constituting a quorum.

Excused: Paul Bourgeois, Scott Schulte

Attorney General Representative: Frank Langan

Staff members present: Doug Anderson, Executive Director; Julie Leppink, Legal Counsel; Lance LaFrombois; Deputy General Counsel; Amy Streng, Legislative Policy Coordinator; Mark Sauceman, Chief Information Officer; Andrea Murphy, Communications and Stakeholder Engagement Supervisor; Heather Schoenberger, Account Information Management Manager; Mary Daly, Continuity and Data Coordinator; Gladys Rodriguez, Executive Assistant.

Others present: Harry Grigsby, Retiree; Wade Laszlo, MNCORA; Brian Rice, AFSCME, MPFA, MPPF; Matt Hilgart, AMC; Matt Massman, MICA; Kent Eken, AFSCME Council 5; Nancy Mosack, AFSCME; Anne Finn, LMC; Sean Kelly, LCPR; Susan Lenczewski, LCPR; Ann Lenczewski, LGN for Minnesota Fire Association Coalition; Holly Dayton, TRA; Seth Justice, St. Louis County 911 Dispatch; Shaya Malekoshoarai, Ramsey County ECC; Kevin Corbid, Washington County; Jasmine Epps, MNFAC; Eric Jacobson, AFSCME.

### 1. Call to Order

President Stanley called the meeting to order at 9:30 a.m. The meeting was held in person and remotely via interactive technology as permitted in Minnesota Statutes Section 13D.015. Stanley welcomed new member Jenni Konigsburg, representing the general membership. Roll call was taken to establish quorum.

*Thornberg moved to adopt the agenda as presented. The motion was seconded by Green and passed unanimously by roll call vote.*

The agenda was taken in the following order.

**2. Approval of Consent Calendar**

- a. February 8, 2024, Regular Board Meeting Minutes
- b. Operational Data Report

*Green moved to approve the Consent Calendar. The motion was seconded by Ford and passed by roll call vote (Konigsburg abstained).*

**3. SBI Quarterly Update as of December 31, 2023**

*Reference was made to the December 31, 2023, Quarterly Report*

Anderson referred members to the Quarterly Performance Report in Tab B of the meeting materials. He noted that the investment return is 8.2% as of February 29, 2024.

**4. PERA 2024 Legislative Agenda Update**

Strenge noted that PERA's legislative agenda includes four main legislative proposals.

- HF 4429/SF 5862 carried by Rep. Nelson and Sen. Seeberger eliminates the workers' compensation offsets for PERA General and Correctional disability benefit recipients. This initiative was amended into the Omnibus Pension and Retirement Bill.
- HF 4428/SF 4606 carried by Rep. Nelson and Sen. Rasmusson addresses the privatization withdrawal liability requiring a privatizing entity to pay a withdrawal liability for its active members was also amended into the Omnibus Pension and Retirement Bill.
- HF 4899/SF 5073 carried by Rep. O'Driscoll and Sen. Westlin for the Defined Contribution Plan federal compliance is yet to be heard.
- The Statewide Volunteer Firefighter Plan changes and other administrative changes are also pending.
- The Executive Director Salary range and the survivor benefits recodification for PERA Police & Fire, Correctional, and General will be included in the LCPR administrative bill.

**5. Stakeholder 2024 Legislative Agenda**

**HF 4666/SF 4878**

Strenge referred members to the HF 4666/SF 4878 memo and noted that the bill introduced by Representative Wolgamott and Senator Frenz includes two initiatives and focuses on the cost of living adjustments for Police & Fire Plan retirees.

The first initiative eliminates the additional two year waiting period for Police & Fire Plan retirees. The second initiative modifies the current fixed 1.0 percent cost-of-living adjustment to match the cost of-living adjustments provided in the General Plan. Both initiatives combined have an annual cost of about \$40 million, which should be increased with payroll. Over the course of the amortization period, the annual cost would increase at the rate of total payroll growth which is expected to be three percent per year.

This issue was discussed at the February meeting and the Board did not take a position due to the fact that there was no funding source identified. HF 4666/SF 4878 does not identify a specific funding source. A letter from the Minnesota Professional Fire Fighters and the Minnesota Police

and Peace Officers Association addressed to Governor Walz and Legislative Leaders requesting that they provide a budget to address postretirement adjustments was shared with the Board.

*After a lengthy discussion, Trustee Flaherty made a motion that the PERA Board of Trustees, having identified improving inflation protection as a priority for all PERA plans, support H.F. 4666/S.F. 4878 which outlines an increase in the postretirement adjustment for members of the police and fire fund. This support is predicated on the Legislature providing direct state aid to fully fund the cost necessary to provide this member benefit. Further that staff communicate the Board's position to the bill's legislative authors and the Legislative Commission on Pensions and Retirement. The motion was seconded by Thornberg and passed with 8 AYES and 1 NAY (Green).*

### **PERA Police & Fire Working After Retirement**

*Reference was made to a memo from Doug Anderson and Amy Strenge dated March 14, 2024*

Strenge noted that stakeholders have initiated legislation to allow in-service distributions when a member reaches age 55. The 30-day break in service requirement and the requirement that the employee and employer have no prearranged agreement for reemployment is no longer required. The benefit would also no longer be subject to withholding into a deferral account. There are currently about 130 members with a deferral account balance, 110 are police members, 14 are firefighters, and 6 have unknown affiliation.

The estimated cost of the proposed legislative change to allow in-service distributions at normal retirement age is about 1.3 percent of payroll, which is about \$15M per year. In addition, a \$2M cost is attributed to the loss of contributions. The total estimated cost is \$17 M per year. A funding source would need to be identified to make the proposed change cost neutral to the P&F Plan.

*After discussion, Green moved that the PERA Board of Trustees oppose the legislation to provide in-service distributions at normal retirement age (age 55) because the legislation as currently proposed does not provide for an agreed upon funding source to offset the adverse estimated cost impact to the Plan. The motion was seconded by Thornberg and passed unanimously by roll call vote.*

### **Increased Line-of-Duty Death Benefits**

*Reference was made to a memo from Doug Anderson and Amy Strenge dated March 14, 2024*

Strenge noted that Representative Engen and Senator Duckworth introduced HF 4590/ SF 4722, increasing survivor benefits and family maximums for active P&F members who die in the line-of-duty. The bill increases the spouse survivor benefit to 100 percent, the family maximum to 120 percent and would be retroactive to February 16, 2024. Staff have considered the cost of the benefit change, the purpose of survivor benefits, the impact of the bill, and other policy considerations when reviewing this issue.

This legislative change could have a larger impact because it could apply to line of duty deaths ranging from shootings to car accidents to heart attacks on the job. Strenge noted that there are approximately 20 active line-of -duty survivor benefit recipients currently under the P&F Plan.

*After discussion, Johnson moved that the PERA Board of Trustees direct staff to continue to review potential changes to survivor benefits for line-of-duty deaths and duty total and permanent disability deaths. The motion was seconded by Green and passed unanimously by roll call vote.*

### **Enhanced Retirement Benefits for 911 Telecommunicators**

*Reference was made to a memo from Doug Anderson and Amy Strenge dated March 14, 2024*

Strenge shared that AFSCME Council 5, LELS, and Teamsters Local 320 are seeking enhanced retirement benefits for 911 telecommunicators. They have developed a legislative proposal to move 911 telecommunicators to the Correctional Plan. The proposal provides an increased employee contribution to address employer concerns and also acknowledge the difference in work environment.

Staff expressed that there are several issues and concerns that need to be addressed before providing enhanced retirement benefits to 911 telecommunicators and that it requires thorough review and consideration. The concerns raised are relating to the assumptions and costs associated with moving 911 telecommunicators to the Correctional Plan if it is determined that 911 telecommunicators require enhanced retirement benefits. In addition, the proposal establishes different employer and employee contribution rates and potentially different multipliers within the Correctional Plan basically creating a plan within a plan. Another area of concern is the possibility of a group leaving the plan and the associated withdrawal liability. An alternative approach would be to establish a new plan exclusively for 911 telecommunicators. This would address some of the issues regarding creating a plan within a plan and some of the possible negative impacts to the Correctional Plan.

*After consideration and discussion, Green moved that the PERA Board of Trustees oppose 911 Telecommunicators moving to the PERA Correctional Plan. The Board also directs PERA staff to continue to work with stakeholders to help address the issues relating to withdrawal liability, potential benefit structure, and appropriate plan costs. The motion was seconded by Johnson and passed with 5 AYES and 4 NAYS (Blaha, Falk, Stanley, Thornberg).*

### **Increase Correctional Plan Multiplier and Employer and Employee Contributions.**

*Reference was made to a memo from Doug Anderson and Amy Strenge dated March 14, 2024*

Strenge noted that the Correctional Plan has 3,786 active members and 1,506 retirees, and it has had the same multiplier of 1.9 percent since the Plan was established in 1999. The contribution rate is currently 8.75 percent for the employer and 5.83 percent for the employee. The cost-of-living adjustment connected to inflation is a minimum of 1.0 percent and a maximum of 2.5 percent.

HF 4081/SF 4092 introduced by Representative Stephenson and Senator Gustafson increases the Correctional multiplier to 2.2 percent for future service beginning July 1, 2024. The bill also includes a 60/40 employer and employee split by increasing the employer contribution by 1.5 percent to 10.25 percent and the employee by 1.0 percent to 6.83 percent.

Based on a cost study completed by GRS, the total cost estimate of an increase in multiplier to 2.2 percent is 2.5 percent of pay. The amounts identified as contributions in the bill should be sufficient to fund the multiplier increase.

*After discussion, Thornberg moved that the PERA Board of Trustees do not support the bill because the employees and employers are not at this time in agreement on financially supporting the change. The motion was seconded by Green and passed unanimously by roll call vote.*

One final stakeholder legislative initiative that might come before the Board is from a group that has inquired about the potential to change the eligibility age for an unreduced retirement benefit for probation officers covered in the General Plan. The consideration is a change from age 66 to the earlier of age 60 or 30 years of service.

**6. Attorney General Litigation Update**

Assistant Attorney General Langan provided an update related to the Minnesota Duty Disabled Association v. PERA, Court File No. 62-cv-23-5420.

**7. Date of Next Meeting**

The next meeting of the PERA Board of Trustees will be held Thursday, April 11, 2024, starting at 9:30 a.m. in the Board Room 117 of the Retirement Systems of Minnesota Building.

**8. Adjournment**

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

Meeting adjourned at 11:42 am.



Doug Anderson, Executive Director