



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, May 9, 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)

Paul Bourgeois

Dennis Flaherty

Paul Ford

Barbara Johnson

Jenni Konigsburg

Scott Schulte

Thomas Thornberg

constituting a quorum.

Excused: Falk, Green

Attorney General Representative: Frank Langan (Remote)

Staff members present: Doug Anderson, Executive Director; Julie Leppink, Legal Counsel; Lance LaFrombois; Deputy General Counsel; Mark Sauceman, Chief Information Officer; Amy Strenge, Legislative Policy Coordinator; Heather Schoenberger; Account Information Management; Andrea Murphy, Communications and Stakeholder Engagement Supervisor; Breann Pelto, PS-Benefit Calculations; Saeng Xiong, PS-Benefit Calculations; Kristen Kesty, PS-Benefit Calculations ; Keisha Woods, PS-Benefit Calculations ; Patrick Daly, PS-Benefit Calculations; Jenifer Moua, PS-Benefit Calculations; Laura Ochoco, PS-Benefit Calculations; Ali Nesmith, PS-Benefit Calculations; Matthew Nolan, PS-Benefit Calculations; Me Vue, PS-Benefit Calculations; Sarah Broton, PS-Benefit Calculations; Tami Hawes, PS-Benefit Calculations; Aaron Michaels, PS-Benefit Calculations; Anteneh Fulas, PS-Benefit Calculations Supervisor; Gladys Rodriguez, Executive Assistant.

Others present: Harry Grigsby, Retiree; Jasmine Epps, MNFAC; Kelly Gibbons, SEIU Local 284; Ann Lenczewski, LGN; Wade Laszlo, MNCORA; Sean Kelly, LCPR; Adam Janiak, ED MN; Susan Lenczewski, LCPR.

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. Roll call was taken to establish quorum.

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

The agenda was taken in the following order.

2. **Approval of Consent Calendar**

- April 11, 2024, Regular Board Meeting Minutes
- Operational Data Report

Schulte moved to approve the Consent Calendar. The motion was seconded by Thornberg and passed unanimously with an all in favor vote.

[Blaha joined remotely]

3. **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.

4. **Social Media Terms of Use**

Reference was made to a memo from Doug Anderson and Amy Strenge dated May 9, 2024

Anderson presented a policy on social media to provide guidance to Trustees on the use of social media, including Facebook, You Tube, LinkedIn, X (Twitter), Instagram, Tik Tok, Snapchat, etc. The policy helps distinguish social media use on PERA's official accounts and a Trustee personal account.

Flaherty moved to approve the suggested Social Media Terms of Use Policy for inclusion in the Board Governance Manual. The motion was seconded by Ford and passed unanimously by roll call vote.

5. **PERA Administrative Budget – FY2025**

Reference was made to a memo and budget request for FY 2025 from Doug Anderson dated May 9, 2024

Chief Financial Officer Gebhard provided an overview of FY 2024 year to date expenditures and presented the budget request for FY 2025.

She noted that certain costs are not negotiable and PERA must pay these costs at the amount set by another entity. Nonnegotiable costs include personnel costs, SBI investment fees, statewide indirect costs, and facilities management fees.

FY 2025 budget highlights:

- Modernization- includes funding for contractors to create automated test scripts and perform test execution, project management, training, and change management, software licenses and services, software development framework support, and website migration to another platform.
- Supplies and Services- includes SBI expenses to hire additional staff, cost to construct and remodel its new space on the first and second floors of the Retirement System Building in FY25. IT Services consist of infrastructure and information security expenses. Management Services for microfiche scanning, and cost for a contracted vendor to perform a survey for PERA members. Financial & Actuarial Services has a one-time cost for consulting services to fully utilize all functionalities available within PERA's reporting software. It also includes on-

going costs to produce financial reports for fire departments participating in the Statewide Volunteer Firefighter Plan. Legal Services covers expenses for the Attorney General's Office to continue to represent PERA in the lawsuit brought forth by MN Duty Disabled Association and consulting services on a variety of complex compliance issues. The IT equipment and hardware category includes a one-time expense for upgrading the phone system to support virtual desktop infrastructure.

- Personnel- includes ongoing costs for four additional FTE's in the Operations Division and Executive Team and non-negotiable increases. In addition, staff requested three new part-time employees to help provide training and support to new employees once hired; collaborate with PERA's legal counsel to review the data retention schedule; and provide support to the Finance Division.
- Building- the bond repayment schedule for the Retirement Services Building includes a final, reduced payment to pay the remaining balance. The bond will be fully paid on June 1, 2025 after the final principal and interest payment is made. The Facilities Management budget includes a slight decrease in expenses even with moving a one-time building project to repair the window seals and gaskets initially budgeted for FY24 to FY25.

Gebhard addressed questions related to the SBI allocation, survey content, microfiche process/content, and the administration of the SVF.

Bourgeois moved to approve the proposed FY 2025 Administrative and Capital Expenditure Budget of \$34,611,174, which is an increase of \$116,341, from the approved FY24 budget. The motion was seconded by Thornberg and passed unanimously by roll call vote.

6. PERA 2024 Legislative Agenda Update

Streng provided an update on the following PERA legislative initiatives that were included in HF 5040 / SF 4643, which passed the House on May 1 and the Senate on May 6. The bill is now on its way to the Governor for signature.

- Executive Director Qualifications & Salary Range- policy modifies the qualifications and salary range to match TRA and MSRS.
- General and Correctional Plan Workers' Compensation Offsets- modified to eliminate workers' compensation from offsets to match the P&F Plan.
- Defined Contribution Plan- the change in statute ensures that the plan meets federal IRS requirements.
- Statewide Volunteer Firefighter Plan- changed reporting from annual to biennial reporting for lump sum annual reports.

Initiatives not included in the bill include the Privatization Liability and Survivor Benefit Recodification.

Policies initiated by the Legislature:

- Amortization Date and Working Group Establishment- establishes a working group to resolve a conflict in statute regarding amortization date.
- Internal Revenue Code Compliance- expanded the Correction of Errors section of statute
- State Aids: establishes a look back period of 3 years instead of 1 year for expiration of state aids.

Staff addressed questions related to the language about the ED qualifications and salary range.

7. Stakeholder 2024 Legislative Agenda Update

Strengre noted that two stakeholder legislative proposals were included in HF 5040 / SF 4643.

- MNFAC and LMC- modifies the definition of firefighter.
- Correctional Stakeholders- increases the Correctional multiplier to 2.2% with required employer and employee contribution increases effective July 1, 2025.

Strengre shared that stakeholders have continued to discuss the P&F requirements for working after retirement. The amended HF5137-4A creates a pilot program that would allow P&F members to receive their full retirement benefits while continuing to work under a PERA covered position. The policy eliminates the 30-day break in service requirements and deferred account withholdings. Similar to current statute, benefit accruals would cease but employee and employer contributions would continue.

Anderson presented a summary and scenarios to help understand the expected benefit and cost impact of HF5137-4A. The board previously took a position to oppose the original HF5137 because the proposed legislation did not provide a funding source to offset the unfavorable estimated cost impact to the Plan. Similarly the amendment does not address the funding needed to cover the impact.

After a lengthy discussion, Flaherty moved that the PERA Board of Trustees oppose HF5137 as amended or any other concept, which creates an in-service distribution pilot program. Pilot programs have a potential to create inequity between Plan participants. Staff recommends that the PERA Board of Trustees not support changes to in-service distributions in the Plan at this time. If there is funding from the Legislature directed at the Plan, the PERA Board of Trustees supports improving COLAs for existing and future retirees. The motion was seconded by Thornberg and passed unanimously by roll call vote.

8. Date of Next Meeting

The next meeting of the PERA Board of Trustees will be held Thursday, June 13, 2024, starting at 9:30 a.m. in the Board Room 117 of the Retirement Systems of Minnesota Building.

9. Adjournment

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

Meeting adjourned at 11:23 am.



Doug Anderson, Executive Director