



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, May 12, 2022, at 9:30 a.m., with notice given ten days prior thereto by the Secretary.

The following members were present:

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

constituting a quorum.

Excused: David Metusalem

Attorney General Representative: Kevin Finnerty (remotely)

Staff members present: Doug Anderson, Executive Director; Julie Leppink, Legal Counsel; Lance LaFrombois, Deputy General Counsel; Mark Sauceman, Chief Information Officer; Tracy Gebhard, Chief Financial Officer; David Andrews, Finance Director; Carrie Dittmer, Accounting; Deb Otto, Accounting; Beth Reed, Chief Operations Officer; Heather Schoenberger, Account Information Management Manager; Andrea Murphy, Communication & Stakeholder Engagement Supervisor; Amy Brandenburg, Calculations Supervisor; Mary Daly, Continuity and Data Coordinator; Gladys Rodriguez, Executive Assistant.

Others present: Bonnie Wurst and Sheri Christensen, Gabriel, Roeder, Smith; Mansco Perry and John Mule, State Board of Investments; Wade Laszlo, Correctional Plan Retiree; Brian Rice, Rice, Walther & Mosley, LLP; Gary Carlson, League of Minnesota Cities; Susan Lenczewski and Chad Burkitt, Legislative Commission on Pensions and Retirements; Mathew Hilgart, MN Counties; Harry Grigsby, Retiree; Jaelah Lymon and Ann Lenczewski, Lockridge Grindal Nauen P.L.L.P.; Holly Dayton, Minnesota State Retirement Association; David Johnson, Minnesota Municipal Retirement Association; Kelly Gibbons, SEIU Local 284; Rachel Barth and Jay Stoffel, Teachers Retirement Association.

1. Call to Order

President Stanley called the meeting to order at 9:30 a.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.

Stanley congratulated Trustee Kathy Green for her reappointment to the PERA Board of Trustees as the school board representative and introduced Tracy Gebhard as the new Chief Financial Officer.

Schulte moved to adopt the agenda as presented. 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

The consent calendar included the following reports:

- a) April 14, 2022, Regular Board Meeting Minutes
- b) Operational Report: Education, Payments, and Membership Counts
- c) Financial Report (Statement of Fiduciary Net Position as of March 31, 2022, unaudited; Statement of Changes in Fiduciary Net Position as of March 31, 2022, unaudited)

Johnson moved to accept the consent calendar. The motion was seconded by Thornberg and passed unanimously by roll call vote.

3. Postretirement Adjustment Study Results

Reference was made to a memo from Doug Anderson dated May 12, 2022

Anderson presented the results of the actuarial cost study of various postretirement benefit adjustments prepared by GRS. He summarized the cost impact of each fund's funding sufficiency, which is a comparison of the actual contributions versus what is recommended as a requirement to fully fund the plan by the year 2048. The Board did not suggest any changes to the studies or request additional information.

4. Procedures for Conducting PERA Board Elections

Reference was made to a memo from Doug Anderson, Mary Daly and Gladys Rodriguez dated May 12, 2022

Anderson reviewed the procedures that will govern the 2023 PERA Board of Trustees election. Five PERA members will be elected to serve for a four-year term. These procedures will be submitted to the Secretary of State's Office for comment and review prior to the Board election.

Rupp raised a question regarding the total cost of the last election and the turnout rate. Anderson mentioned that the turnout rate has steadily declined over the past elections to approximately 10 percent response rate in the 2019 election. Rupp suggested that staff should look into strategies to maximize voter outreach. Stanley also made a suggestion to evaluate and analyze after the election is done to determine what worked and what did not.

Johnson moved to adopt the procedures for conducting PERA's 2023 Board of Trustees Election. The motion was seconded by Thornberg and passed unanimously by roll call vote.

5. PERA's Administrative Budget – FY2023

Reference was made to FY 2023 Budget and a presentation from Dave Andrews, Mark Sauceman and Beth Reed

Andrews presented PERA's administrative budget proposal for FY 2023. The budget calls for hiring four new positions in the operations side and hiring 17 new positions to modernize PERA's technology. This request increases the full time equivalent staff from 113 positions to 134.

The primary focus of the FY 2023 budget is the modernization project. This includes costs to upgrade PERA's technology to achieve operational efficiency and provide the best experience for members and employers.

Sauceman explained in detail the background, scope, and roadmap to achieve a successful modernization initiative. The first year of costs for the modernization initiative is to start the technology conversion of PERA's core applications. A focus on external applications will follow in the second year of the modernization project.

Reed shared that though staff is seeking a significant investment to modernize the technology, keeping staffing at current levels will lead PERA back to the same position that it is today with systems that are out of date with growing supportability, and security concerns. The additional staff resources will ensure a successful conversion and implementation process.

Questions were raised about the current workforce challenges and being able to fulfill the requested staff positions. Another question was if this initiative included a web based mobile application. Sauceman responded by saying that the current modernization initiative does not include the creation of a mobile application.

Schulte moved to approve PERA's FY 2023 operating budget in the amount of \$33,082,000, with the emphasis that staff include a mobile application in the modernization project. The motion was seconded by Bourgeois and passed unanimously by roll call vote.

6. 2022 Legislative Update

Reference was made to a memo from Doug Anderson and Amy Strenge dated May 12, 2022

Strenge provided a summary of the legislative session.

Omnibus Policy Bill

SF3540/HF4017 has advanced to the Senate floor and is currently waiting on the House floor. The bill includes changes to segmented annuities, a change in vesting options for new departments entering the Statewide Volunteer Firefighters, and includes an administrative change to incorporate Advanced Practice Registered Nurses to the disability process.

Omnibus Benefits and Funding Bill

The proposal, which was discussed at the April 14, 2022, Board meeting, would provide enhanced benefits to Police and Fire Plan along with some funding. Staff has engaged in conversations with the LCPR staff but there is no concrete update.

HF4293 State Government, Veterans, Pensions, and Transportation

The bill would provide two separate lump sum payments to retirees. The bill included funding sufficient to cover all benefit payments. The bill has advanced through the House and was included in the HF4293 Omnibus bill which was approved on the House floor. The next step is conference committee negotiations.

HF4026 – Duty Disability Timeline Modification

The bill would adjust the timeline for when a member of the Police and Fire Plan applies for a duty disability with a psychological condition. A member with a psychological condition would submit an initial application for duty disability with 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 member would then complete a defined treatment period. After the treatment period, the member could then apply for a duty disability as defined in Minn. Stat. 353.031. The LCPR has not heard the proposal yet. Staff will continue to monitor and will work with legislators and stakeholders involved.

7. Date of Next Meeting

The next hybrid meeting will be held on Thursday, June 9, 2022, starting at 9:30 a.m.

8. Adjournment

There being no further business, Schulte moved to adjourn the meeting. Motion was seconded by Johnson and passed unanimously by roll call vote.

Meeting was adjourned at 11:08 a.m.

Doug Anderson, Executive Director
Saint Paul, Minnesota