



MINUTES

The Board of Trustees of the Public Employees Retirement Association met remotely in regular session in the Association offices, 60 Empire Drive, Room 117, Saint Paul, Minnesota, on Thursday, May 13, 2021 at 9:30 a.m., with notice given ten days prior thereto by the Secretary.

The following members were present by telephone or video conference:

Thomas Stanley, President

Julie Blaha/Ramona Advani
Paul Bourgeois
Mary Falk
Paul Ford
Kathy Green

Barbara Johnson
David Metusalem
Thomas Rupp
Scott Schulte
Thomas Thornberg

constituting a quorum.

Attorney General Representative: Kevin Finnerty

Staff members present: Doug Anderson, Executive Director; Julie Leppink, Legal Counsel; Lance LaFrombois, Deputy General Counsel; Luis Lugo, Chief Operations Officer; Mike Hagerty, Chief Financial Officer; Beth Reed, Benefit Services Center Manager; Dean Millam, Information Systems Manager; Heather Schoenberger, Account Information Management Manager; Andrea Murphy, Benefit Calculations Director; Mary Daly, Continuity and Data Coordinator and Gladys Rodriguez, Executive Assistant.

Others present: Rodney Rowe, Education Minnesota; Mark Schmiesing, Education Minnesota; KateLynne Snyder, Education Minnesota; Kelly Gibbons, Local 284; Wade Laszlo, Correctional Plan Retiree; Angela Huss, Lockridge Grindal Nauen PLLP; Ann Lenczewski, Lockridge Grindal Nauen PLLP; Susan Lenczewski, Legislative Commission on Pensions and Retirements; Chad Burkitt, Legislative Commission on Pensions and Retirements.

1. Call to Order and Approval of Agenda

President Stanley called the meeting to order at 9:30 a.m. Trustees participated remotely via telephone or video conference as permitted in Minnesota Statutes Section 13D.015. Anderson was present at the meeting location. Roll call was taken to establish quorum.

Stanley noted that the agenda was modified to change agenda item #5, 2021 Legislative Update, from an Informational Item to a Decision Item due to action needed.

Rupp moved to adopt the revised agenda. The motion was seconded by Thornberg 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 8, 2021, Regular Board Meeting Minutes
- b) Operational Report: Education, Payments, and Membership Counts
- c) Financial Report (Statement of Fiduciary Net Position as of March 31, 2021, unaudited; Statement of Changes in Fiduciary Net Position as of March 31, 2021, unaudited)

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

3. PERA's Administrative Budget – FY2022

Reference was made to a memo dated May 13, 2021 and presentation from Mike Hagerty

Hagerty presented PERA's administrative budget proposal for FY 2022 and noted an increase of about \$423,000 over the FY2021 budget. The budget consist of four components; 73% of the budget is for Operating Expenses, 16% covers Indirect Expenses, 8% for Building Expenses, and 3% for Projects.

Two initiatives within the projects category include Deloitte's Pension Administration System (DPAS) and Dormant Accounts.

Reed presented on PERA's Dormant Accounts. There are approximately 82,000 terminated, non-vested member accounts. Approximately 60,000 accounts have terminated service over 5 years ago. Most of these accounts require research to determine benefit eligibility including service with multiple PERA plans, TRA or MSRS. Other miscellaneous accounts will also be addressed including members in our DCP plan. The purpose is to clean-up old accounts and to prevent future buildup of inactive accounts.

Millam shared information about DPAS. He noted that PERA contracted Deloitte as our vendor to begin the process of training staff and writing a concept application within the DPAS framework.

Indirect expenses are items over which PERA management has no control. The largest item in this category is PERA's portion of SBI's expenses.

The building budget is PERA's share of the ongoing maintenance and repair of the Retirement Systems Building. PERA's share of the building's budget increased from \$544,000 in FY2021 to \$587,000 in FY2022.

Falk moved to approve PERA's FY2022 Administrative Budget as presented in the amount of \$20,337,832. The motion was seconded by Bourgeois and passed unanimously by roll call vote.

4. Review of Long Term PERA Board Legislative Positions

Reference was made to a memo and attachments from Doug Anderson dated May 13, 2021

Anderson summarized three additional staff recommended changes to the Long Term PERA Board Legislative Positions. A comprehensive document will be developed after the Board has reviewed all positions.

[Metusalem left the meeting]

Long Term Position #1 – Employer/Employee Contribution Rate Change

The existing long term position states PERA's opposition to a change in contribution rates for non-pension purposes. Rather than having a specific long term position, staff suggested the position be restated in terms that would allow for a broader application.

Ford moved that the PERA Board of Trustees opposes any change in benefits or contributions unless they are made consistent with the values stated in PERA's Funding Values document. The motion was seconded by Green and passed unanimously by roll call vote. (Exhibit B – Long Term Position #4)

Long Term Position #2 – Defined Benefit vs. Defined Contribution Plan

The existing long term position states that PERA opposes substituting a defined contribution plan for an existing defined benefit plan. Staff suggested keeping some of the existing language, but to update the statement to incorporate a clearer intent.

Schulte moved that the PERA Board of Trustees opposes replacing the existing defined benefit plan with a defined contribution plan, or any other type of plan that places investment and longevity risk primarily on the plan members. The motion was seconded by Green and passed unanimously by roll call vote. (Exhibit B – Long Term Position #5)

Long Term Position #3– Expected Survivor Coverage for Dependent Children

The existing long term position expresses PERA's support to increase the maximum age for survivor coverage to age 22 for dependent children of deceased Coordinated Plan members and the extension of survivor benefits to disabled dependent children, regardless of age, if funding is available. Staff suggested supporting eligibility and the continuation of benefit provisions for coverage for dependent children of survivor's that are consistent between PERA's plans and are reasonable to administer.

The suggested position is to improve uniformity in the eligibility provisions and the length of the payments between PERA's plans. If the position were adopted as suggested, staff would then work on specific legislative recommendations. Alternatively, this item could be tabled to allow staff to bring back legislative recommendations for the Board to consider.

Thornberg moved to send this back to staff and to reconsider it at a time when specific legislative changes are being proposed. The motion was seconded by Falk and passed unanimously by roll call vote.

Stanley asked staff to define "reasonable to administer" to have a better understanding of its significance when this legislative recommendation is reviewed again.

5. 2021 Legislative Agenda

Anderson provided a brief update on PERA's legislative bill. The bill addressed administrative changes related to PERA and allocation of fire state aid for the Statewide Volunteer Firefighter Plan.

In addition, the bill established a working group to study whether 911 telecommunicators should enter into the Correctional Plan. The work group membership is outlined in the bill and is expected to commence work on August 1. The bill calls for the PERA Board to designate a member of the Correctional Plan to participate in the working group.

Green moved to authorize President Stanley to form a subcommittee consisting of 3-4 Trustees to solicit applications, review submissions and select a candidate from the PERA Correctional Plan to participate in the working group to consider changes to the pension benefits for 911 telecommunicators. The motion was seconded by Blaha and passed unanimously by roll call vote.

Stanley stated that anyone who was interested in participating in the subcommittee should reach out to him or staff.

6. Article of Interest

Anderson provided a brief summary of the article.

- Pension Spotlight: Risk Sharing Dilutes Pension Burden For Five States, S&P Global Ratings, April 21, 2021

7. Date of Next Meeting

The next meeting of the PERA Board of Trustees will be held remotely on Thursday, June 10, 2021 starting at 9:30 a.m. Stanley noted the possibility of cancelling the June meeting and meeting in August instead. He also noted the upcoming NCPERS virtual training opportunity in June.

8. Adjournment

There being no further business to come before the PERA Board, Bourgeois moved to adjourn the meeting at 11:15 a.m. Motion was seconded by Blaha and passed unanimously by roll call vote.



Doug Anderson, Executive Director
Saint Paul, Minnesota