



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, June 13, 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 (Remote)

Mary Falk

Dennis Flaherty

Paul Ford

Barbara Johnson

Jenni Konigsburg

Scott Schulte

constituting a quorum.

Excused: Green, Thornberg

Attorney General Representative: Frank Langan

Staff members present: Doug Anderson, Executive Director; Julie Leppink, Legal Counsel; Lance LaFrombois; Deputy General Counsel; Mark Sauceman, Chief Information Officer; Don Haller, Chief Operating Officer; Amy Strenge, Legislative Policy Coordinator; Heather Schoenberger, Account Information Management; Andrea Murphy, Communications and Stakeholder Engagement Supervisor; Linda Johnston, Communications and Stakeholder Engagement; Gladys Rodriguez, Executive Assistant.

Others present: Bonnie Wurst, GRS; Michael Wroblewski, GRS; Sheri Christensen, GRS; Harry Grigsby, Retiree; Jasmine Epps, MNFAC; Ann Lenczewski, LGN; Wade Laszlo, MNCORA; Sean Kelly, LCPR; Adam Janiak, ED MN; Susan Lenczewski, LCPR; Edward Reynoso, Teamsters Local 320; Holly Dayton, TRA; Cynthia Swaim, SEIU 284; Alex Hassel, Lockridge, Grindal, and Nauen.

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.

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

The agenda was taken in the following order.

2. Approval of Consent Calendar

- May 9, 2024, Regular Board Meeting Minutes
- Operational Data Report

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

3. Presentation of Police & Fire Plan and Correctional Plan Experience Studies by GRS

Reference was made to a memo from Doug Anderson and Amy Strenge dated June 13, 2024

The Police & Fire Plan and the Correctional Plan experience studies were completed by GRS. The studies cover a four-year period from July 1, 2019 through June 30, 2023.

Wurst presented a draft of the experience study findings and the cost impact of the recommended changes. The economic assumption used for price inflation was 2.25%, payroll growth of 3.00%, and an investment return rate of 7.00%.

Police & Fire Plan highlights

- Total salary increases were consistently greater due to high inflation and wage growth.
- Retirements in FYE 2020 were lower than other years and the rates were not adjusted due to volatility.
- Terminations in FYE 2020 were much lower than the other years of the study. Recommendation is to increase rates for the first 15 years, and then slightly increase in years 18 through 21.
- Disability retirements in FYE 2020 were much lower than the other years of the study, but still higher than expected. Disability rates in FYE 2021, 2022, and 2023 were significantly higher than expected. PERA staff reported that disability applications are down since July 1, 2023, when the new treatment requirements for disability related to psychological condition was implemented, but remain elevated compared to the existing assumption
- The actual mortality experience of healthy male retirees was consistently higher than expected for all four years. The current assumption of total life expectancy of a healthy retiree at age 55 in 2023 for male is 85.7 years and 87.5 for females. The healthy post-retirement mortality rate was not increased as much due to potentially adverse experience from the COVID-19 pandemic.
- Impact of the recommendations:
 - Accrued liability increases \$22.6 million
 - Required contribution increase of 3.10% of payroll, which is equivalent to an estimated \$37 million for the fiscal year ending June 30, 2023
 - The assumption changes would be effective for the July 1, 2025 valuation if approved by the LCPR.

Correctional Plan Highlights

- The study proposed a slight decrease in salary increase rates based on service not age for merit and seniority.
- Retirements in FYE 2020 were lower than the other years of the study. Recommendation is to increase normal retirement rates prior to age 63 and at ages 65, 67 and 68; reduce rates at ages 64 and 66; and increase early retirement rates at ages 50, 52 and 54.
- Terminations in FYE 2022 were higher than the other years of the study.
- The ratio of actual disability retirements for males, disability retirements in FYE 2021 were lower

than the other years of the study. Disability rates in FYE 2020, 2022, and 2023 were higher than expected. For females, disability experience is volatile due to minor frequency.

- The total life expectancy of a healthy retiree at age 55 in 2023 is 85.7 for male retirees and 87.5 for female retirees.
- The benefit increases after retirement equal 100% of the Social Security COLA, not less than 1.0% and not more than 2.5%. The current assumption in future increases is equal to 2.0% per year.
- Impact of the recommendations:
 - Accrued liability decreases \$2.8 million
 - Required contribution decreases 1.0% of payroll equivalent to an estimated \$2.5 million for the fiscal year ending June 30, 2023

The Board asked questions related to both reports and requested information on the cost impact of disability benefits to the P&F plan. GRS will issue final reports and the Board will be asked to accept the actuarial assumption changes in August.

4. Scorecard Review

Reference was made to a memo and presentation from Doug Anderson and Amy Strenge dated June 13, 2024

Anderson presented a scorecard created to evaluate the status of the General Plan, Police & Fire Plan, and Correctional Plan. The scorecard identifies status and progress towards goals related to plan assumptions, financial health of the plans, contribution rates, and postretirement benefits. This document is intended to help the Board, stakeholders, and Legislators with their decision making.

5. Long Term Positions

Reference was made to a memo from Doug Anderson and Amy Strenge dated June 13, 2024

Anderson noted that the Board reviewed and modified twelve original long-term positions between August 2020 and August 2021, which resulted in ten long-term positions. These positions are to be reviewed periodically to ensure that they continue to meet the needs of the members and employers. The Board was tasked with reviewing the ten positions and if a modification or an addition of a long-term position is desired, to let staff know so it can be included to the August or October board meeting.

6. 2025 Legislative Initiative Process

Reference was made to a presentation from Amy Strenge

Strenge shared information about the process and timeline of setting the PERA and stakeholder legislative agenda. She shared that the process typically begins internally in early to mid-summer, and conversations with the Board start in August of each year. She proceeded to share key dates and explained the legislative process and how a bill becomes a law.

The stakeholder process is somewhat different. Stakeholders connect with staff to develop an initiative and staff provides parameters and feedback. Once the initiative has been developed, staff

presents the initiative to the Board for consideration. The memo may include a recommendation from staff.

7. Trustee Education Reporting

Trustee Flaherty attended the NCPERS 2024 Trustee Educational Seminar and Annual Conference held in Seattle, WA from May 18-22. He attended breakout sessions and was able to network and share experiences with professionals from around the nation who also wanted to extend their knowledge of public pension matters.

Stanley reminded that there is a budget for the Board to extend their knowledge by attending conferences/training. Anyone interested should contact the staff.

8. Attorney General Litigation Update

Flaherty made a motion to close the meeting as permitted by Minnesota Statutes, section 13D.05, subdivision 3(a). The motion was seconded by Schulte and passed unanimously by roll call vote.

Schulte made a motion to open the meeting. The motion was seconded by Johnson and passed unanimously by roll call vote.

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

9. Date of Next Meeting

The next meeting of the PERA Board of Trustees will be held Thursday, August 8 2024, starting at 9:30 a.m. in the Board Room 117 of the Retirement Systems of Minnesota Building.

10. 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 12:42 pm.



Doug Anderson, Executive Director