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, June 11, 2020 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
Leigh Lenzmeier
David Metusalem
Thomas Rupp
Thomas Thornberg

constituting a quorum.

Attorney General Representative: Kevin Finnerty

Staff members present: Doug Anderson, Executive Director; Julie Leppink, General Counsel; Luis Lugo, Chief Operations Officer; Beth Reed, Benefit Services Center Manager; Heather Schoenberger, Account Information Management Manager; Amy Strenge, Policy Coordinator; David Andrews, Accounting Director; Mary Daly, Continuity and Data Coordinator and Gladys Rodriguez, Executive Assistant.

Others present: Gary Carlson, League of Minnesota Cities; Harry Grigsby, Retiree; Angela Huss and Ann Lenczewski, Lockridge Grindal Nauen PLLP; Chad Burkitt and Susan Lenczewski, LCPR.

1. **Call to Order and Approval of Agenda**

President Stanley called the meeting to order at 9:30 a.m. He noted that Trustees were participating 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.

_Bourgeois moved to adopt the agenda as presented. The motion was seconded by Green and passed by roll call vote._

The agenda was taken in the following order.

_[Johnson joined at 9:33 a.m._]

2. **Approval of Consent Calendar**

The consent calendar included the following reports:

- May 14, 2020, Remote Board Meeting Minutes
b. Operational Report: Education, Payments, and Membership Counts


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

3. Approval Request to Write-Off Uncollectable Account
Reference was made to a memo from Finance Director David Andrews dated June 11, 2020

Anderson provided background information on an uncollectable balance for a member's account. The member claimed that the banking account had been changed fraudulently by someone other than her and immediately submitted a new direct deposit form requesting that payments return to the original bank account. PERA researched the claim and could observe that the signatures from the two submissions did not match. There were only two payments made fraudulently and no other PERA annuitants had their payment information changed to that account.

Since the member did not submit the direct deposit form changing the bank information on the account and the member believed the information provided to her by the receiving bank that the January and February benefits had been returned to PERA, staff recommended that no further action be taken to collect the remaining $2,488.23 from the member.

Thornberg moved that the PERA Board of Trustees approve the request to write-off the uncollectable balance of $2,488.23 due to PERA and that no further action be taken to try to collect from the member. The motion was seconded by Bourgeois and passed unanimously by roll call vote.

Ford suggested that a letter be sent to the Office of Foreign Assets Control to let them know that there is an open claim.

4. 2020 Legislative Update
Reference was made to a presentation by Amy Strenge

Strenge noted that both the House and Senate passed the 2020 Omnibus Retirement Bill unanimously during the end of the regular session. The bill included PERA's administrative changes, elimination of augmentation for former and future privatized members, and SVF administrative changes. Staff is working on implementing legislation by July 1, 2020.

5. Adoption of the CARES Act Provisions
Reference was made to a memo by Amy Strenge dated June 11, 2020

Strenge shared information on the CARES Act provisions pertaining to retirement funds that could affect PERA's defined benefit plans as well as its defined contribution plan.
Section 2202 of the Act, COVID-19 Related Distributions, waives the IRS ten percent penalty on early withdrawals for coronavirus-related distributions from defined benefit and defined contribution plans and the twenty percent withholding requirement. Taxpayers would also be permitted to pay income tax on coronavirus-related distributions over three years and members would be permitted to repay the funds to the plan within three years. Members do not have to pay interest on the coronavirus-related portion of the distribution. These provisions do not automatically apply and are not mandatory plan changes. PERA would need legislation to adopt this provision of the Act.

Section 2203, Waiver of Required Minimum Distributions, waives required minimum distributions for calendar year 2020. This provision, which applies to PERA’s defined contribution plan, provides relief to individuals who would otherwise be required by federal law to withdraw funds from the plan. This provision is automatically applied without legislation and does not require members to certify that they have experienced COVID-19 related consequences. PERA staff have implemented this provision of the Act.

The LCPR in collaboration with PERA staff have drafted legislation implementing provisions of the Act. The legislation addresses COVID-19 related refunds and COVID-19 related distributions for annuitants who return to work in public employment.

Trustees considered the potential value of the CARES Act changes compared to the probable cost to members. The CARES Act legislation provides liquidity to members, financial flexibility and potential tax relief. The concern is that there could be a risk of forfeiting fairly significant future benefit security and there is also concern about the extensive cost of time for staff to administer as well as potential risk on how staff would communicate this to members.

After a lengthy discussion, Rupp moved to instruct staff to draft a list of pros and cons to share with the Legislature. The motion was seconded by Ford and passed by roll call vote with 10 AYES and 1 NAY (Lenzmeier).

6. **Date of Next Meeting**
The next meeting of the PERA Board of Trustees will be held remotely on Thursday, August 13, 2020 starting at 9:30 a.m.

7. **Adjournment**
There being no further business to come before the PERA Board, Green moved to adjourn the meeting at 10:45 a.m. Motion was seconded by Johnson and passed unanimously by roll call vote.

Doug Anderson, Executive Director
Saint Paul, Minnesota