



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, December 8, 2022, at 9:30 a.m., with notice given ten days prior thereto by the Secretary.

The following members were present:

Thomas Stanley, President (in person)	
Julie Blaha/Ramona Advani (in person)	David Metusalem (in person)
Paul Bourgeois (remotely)	Thomas Rupp (in person)
Mary Falk (in person)	
Paul Ford (remotely)	
Kathy Green (in person)	
Barbara Johnson (in person)	

constituting a quorum.

Absent: Scott Schulte, Thomas Thornberg

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; Don Haller, Chief Operations Officer; David Andrews, Accounting Director; Andrea Murphy, Communications and Stakeholder Supervisor; Heather Schoenberger, Account Information Management Manager; Mary Daly, Continuity and Data Coordinator; Gladys Rodriguez, Executive Assistant.

Others present: Matt Hilgart, AMC; Durand Ackman, Olmstead County; Matt Massman, Minnesota Inter-County Association; Susan Lenczewski, Chad Burkitt, Legislative Commission on Pensions and Retirements; Angie Huss and Ann Lenczewski Lockridge Grindal Nauen P.L.L.P.; Sheri Christensen, Bonnie Wurst, GRS; Holly Dayton, MSRS; David Johnson, MMRA; Adam Janiak, Kate Lynne Snyder, Rodney Row, Education MN; Harry Grigsby, Retiree; Wade Laszlo, Correctional Plan Retiree; Brian Rice, MPFA and AFSCME #5.

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.

Green moved to adopt the agenda and established quorum. The motion was seconded by Blaha 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) October 13, 2022, Regular Board Meeting Minutes
- b) Operational Data Report
- c) Financial Data Report
- d) Financial Report (Statement of Fiduciary Net Position as of October 31, 2022, unaudited; Statement of Changes in Fiduciary Net Position as of October 31, 2022, unaudited)

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

3. Professional and Technical Services Contract Summary

Reference was made to a summary from Tracy Gebhard dated December 8, 2022

Gebhard provided an update on the status of current Professional and Technical Services contracts. Staff will continue to provide information and data on the status of current active contracts.

4. Trustee Education Reporting

Trustees Ford, Green, Metusalem, and Thornberg attended the NCPERS Public Safety Conference. They each shared highlights of the conference and topics that were covered; including trends, the impact on the plan volatility, building sustainable pension plans, post-traumatic stress disorder, among others.

Johnson attended the International Foundation of Employee Benefits Plans 68th Annual Employee Benefits Conference and Trustee Institute Level II. The conference focused on understanding all aspects of a pension plan, including the investment assumption, and legislative changes.

5. 2023 Trustee Continuing Education Schedule

Reference was made to a Continuing Education Schedule for 2023

Stanley called the Trustees attention to a list of continuing education conferences designed for Trustee education and encouraged them to attend at least one per year.

6. 2023 Legislative Agenda

Reference was made to a legislative memo from Doug Anderson and Amy Strenge dated December 8, 2022

Strenge noted that the 2023 legislative session begins Monday, January 3, 2023. The legislature is expected to consider the investment return assumption again. A proposed investment return assumption change to 7.0 percent was recommended during the 2022 session but the bill did not pass and the investment return assumption remained at 7.5%. This year staff is planning to recommend a slightly modified board position.

Anderson shared data on historical investment returns assumptions and a 10-year investment forecast that is utilized by the actuary to help develop a recommendation. PERA's actuary has

suggested that an investment return assumption in the range of 5.64% to 6.84% would be reasonable.

Anderson noted the impact of an investment return assumption change, which does not change the combined fund's investment allocation, any future actual investment returns, most member benefits and current member and employer contribution rates. What does change is the measurements used to evaluate and communicate the Plans' health, the actuary's likelihood to qualify their opinion and the rating agency's perspective, General and Correctional member early retirement benefits, and the expiration dates of certain employer and State supplemental contributions.

Wurst also shared information on the Capital Market expectations and noted that based on information gathered in the first quarter of 2022, the Capital Market has dropped. She added that the recommended actuary investment return assumption in the range of 5.64% to 6.84% continues to be the same.

Anderson continued by sharing updated results based on funding ratio, sufficiency/deficiency and projected full funding dates for each of the Plans based on 7.5%, 7.0% and 6.5% investment return.

After discussion, Rupp moved that the PERA Board of Trustees direct staff to advocate to the Legislature that the investment return assumption be lowered to a rate closer to our actuary's current recommended range of 5.64% to 6.55%, or whatever range may be provided by our actuary upon the availability of updated information. The Board accepts a rate change from 7.5% to 7.0% effective July 1, 2023, as progress towards an assumption within the actuary's recommendation. The motion was seconded by Metusalem and passed with seven yes and two no votes (Blaha, Falk).

[Ford left the meeting]

Streng discussed two more legislative initiatives. The first one is to move the investment return assumption from Minnesota Statutes to the LCPR Standards. Moving the investment return assumption from statute to the Standards allows the investment return assumption to be consistent with the other assumptions that oversee the Plans.

After discussion, Green moved that the PERA Board of Trustees reaffirm their support removing the investment return assumption from Minnesota Statutes and moving the assumption to Appendix A in the LCPR's Standards for Actuarial Work. The motion was seconded by Falk and passed with five yes and three no votes (Blaha, Falk, Johnson).

The second initiative is to recommend a statutory change to restructure MN Statutes §§353.31, 353.32, 353.657, and 353E.07 to clarify the individual survivor benefits and to make the language consistent for each Plan. Survivor benefits will be clearer to members and staff will be able to more effectively communicate and administer survivor benefits.

After discussion, Blaha moved that the PERA Board of Trustees direct staff to work with the LCPR to restructure the survivor benefits for PERA General, PERA Police and Fire, and PERA Correctional Plans. The motion was seconded by Metusalem and passed unanimously by roll call vote.

7. 2023 PERA Board of Trustees Meeting Schedule

Reference was made to a Board Resolution – 2023 Regular Meeting Schedule

Stanley presented a resolution reflecting the meeting dates for 2023.

Green moved to adopt the resolution setting the 2023 regular meeting schedule of the PERA Board of Trustees. The motion was seconded by Falk and passed unanimously by roll call vote.

8. Public Pension Standards Award for Funding and Administration

Reference was made to a certificate from the Public Pension Coordinating Council

Stanley congratulated staff for receiving recognition from the Public Pension Coordinating Council for meeting professional standards for plan administration set forth in the Public Pension Standards.

9. Board Recognition for Retiring PERA Staff- Diane Anderson and Kimberly Lanz

Stanley recognized and presented a plaque to retiring PERA staff and read the following into record.

Presented to Diane Anderson

In recognition of over 13 years of dedicated state service, including 21 months for the Minnesota Public Employees Retirement Association (PERA), we wish to express our sincere gratitude for your wisdom, commitment to excellence, and unwavering support of our members and employers.

With a career spanning December 2, 2009 to December 30, 2022, your impact as a co-worker, contributor, team player and friend will be missed and never forgotten.

We wish you good health, happiness and continued success in your retirement.

Presented to Kimberly Lanz

In recognition of over 37 years of dedicated state service, including over 23 years for the Minnesota Public Employees Retirement Association (PERA), you have provided excellent service to PERA members, employers, stakeholders, and employees.

We wish to express our sincere thanks and gratitude for your care, action, commitment to your responsibilities, and unwavering support to the association's efforts to provide services our member's value. Your ability to connect to coworkers on a personal level has brought harmony and cohesion to the Claims team. The level of detail and organizational abilities you bring to the work helps PERA have clear direction for the future. We will miss your humor, candor, and attention to detail.

With a career spanning from February 21, 1985 to January 31, 2023, your impact as a co-worker, contributor, team player and friend will be missed and never forgotten. Thank you for all your hard work and dedication. Congratulations on your retirement!

We wish you good health, relaxation and happiness in your retirement.

10. Board Recognition for Retiring PERA Board Trustee – David Metusalem

Stanley recognized Trustee Metusalem and read the following into the record.

David Metusalem

April 2019 – December 2022

In recognition of your hard work, dedication and contribution in ensuring the long-term sustainability of PERA's defined benefit plans, we express our heartfelt gratitude and appreciation for your unselfish devotion and service to represent the interests of PERA's retirees, survivors and disabled members on the Board of Trustees of the Public Employees Retirement Association.

Presented on December 8, 2022, by the PERA Board of Trustees.

Metusalem expressed his pleasure to serve on the PERA Board. Trustees also expressed gratitude for Metusalem's public service.

11. Performance Evaluation for Douglas Anderson, Executive Director

An evaluation of the performance of PERA's Executive Director Doug Anderson came before the Board. The meeting remained open at the request of Executive Director Anderson. The Board entered into an open discussion and expressed their satisfaction and appreciation of Executive Director Anderson's performance over the last year.

Green moved that the PERA Board of Trustees authorize President Stanley to create a document that demonstrates Executive Director Doug Anderson's satisfactory performance as determined by his annual performance evaluation conducted on Thursday, December 8, 2022. Motion was seconded by Bourgeois and passed unanimously by roll call vote.

12. Date of Next Meeting

The next meeting of the PERA Board of Trustees will be held Thursday, February 16, 2023, starting at 9:30 a.m. in the Board Room 117 of the Retirement Systems of Minnesota Building.

13. Adjournment

There being no further business to come before the PERA Board, Metusalem moved to adjourn the meeting at 11:06 am. The motion was seconded by Green and passed unanimously by roll call vote.

Doug Anderson, Executive Director
Saint Paul, Minnesota