



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, December 10, 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 and Lance LaFrombois, Legal Counsel; Luis Lugo, Chief Operations Officer; Mike Hagerty, Chief Financial Officer; Beth Reed and Amy Brandenburg, Benefit Services Center; Heather Schoenberger and Alan Klimisch, Account Information Management; Amy Strenge, Policy Coordinator; David Andrews, Accounting Director; Mary Daly, Continuity and Data Coordinator and Gladys Rodriguez, Executive Assistant.

Others present: Luci Botzek, Public Employees Pension Service Association; Harry Grigsby, Retiree; Angela Huss and Ann Lenczewski, Lockridge Grindal Nauen PLLP; Lora Setter and Anne Finn, League of MN Cities; Susan Lenczewski, Legislative Commission on Pensions and Retirements; Mark McNeill, City Administrator, City of Mendota Heights; John Swenson, Public Safety Director, Lino Lakes Public Safety Department.

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.

Thornberg moved to adopt the agenda. 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) October 8, 2020, Regular Board Meeting Minutes

- b) Operational Report: Education, Payments, and Membership Counts
- c) Financial Report (Statements of Changes in Fiduciary Net Position as of October 31, 2020; Statement of Fiduciary Net Position as of October 31, 2020)

Anderson commented that the asset levels at the end of October 31 represent a record high, close to 33.8 billion dollars. He also noted that the funding ratio for the General Plan and Police & Fire are at their highest level that they have been over the last 15-years.

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

3. **LCPR COLA Study**

Reference was made to a memo from Doug Anderson dated December 10, 2020

Anderson noted that the 2018 pension legislation included a requirement for the Legislative Commission on Pensions and Retirement (LCPR) to complete a postretirement increase study by the end of 2020. A first draft of the report was issued on November 20, which included tentative conclusions regarding postretirement adjustments. The LCPR is currently seeking input on its draft report from stakeholder groups.

4. **2021 Legislative Agenda**

Reference was made to a memo from Amy Strenge dated December 10, 2020

The 2021 Legislative session is set to begin January 5, 2021. Strenge summarized each legislative initiative as follows.

Statewide Volunteer Firefighter (SVF) Plan - the SVF Advisory Board approved at its November 20 meeting, a proposal to allow for municipalities, independent non-profit firefighter corporations, and joint power entities to split fire state aid received from the state to pay PERA P&F employer contributions.

Blaha moved that the PERA Board of Trustees support the fire state aid allocation plan proposal and direct staff to seek legislation. The motion was seconded by Ford and passed unanimously by roll call vote.

Privatization - the two successful changes to Minnesota Statutes Chapter 353F that were included in last year's omnibus retirement bill were to phase out augmentation for current privatized members and to eliminate augmentation for members of entities that privatize in the future.

The third component, which would assess a withdrawal liability to future privatizing entities, was voluntarily withdrawn from the 2020 legislative effort to be included in the 2021 legislative agenda. Staff continues to have conversations with stakeholders regarding the impact of the withdrawal liability of hospitals and nursing homes.

Metusalem moved that the PERA Board of Trustees reaffirm the assessment of a withdrawal liability to future privatizing entities and direct staff to seek legislation. The motion was seconded by Bourgeois and passed unanimously by roll call vote.

PERA Police and Fire Disability Benefits for Members over 55 with less than 20 years of service- last year the Board of Trustees reviewed disability benefits for members over 55. Discussion centered mainly on the length of a duty disability benefit. After concern expressed from stakeholders, the proposal was not included in the 2020 Omnibus Retirement Bill. Staff reviewed the concerns expressed by stakeholders and the Board's intent that there is equity among members over 55.

Staff recommended that duty-disabled members over 55 with less than 20 years of service receive a retirement annuity equivalent to a 20-years of service benefit. Regular-disabled members over 55 with less than 15-years of service will receive a retirement annuity equivalent to a 15-years of service benefit. The proposed changes ensure that all disabilitants go to a retirement annuity at age 55 while ensuring that those with less than 20-years of service receive a 20-years of service retirement annuity. The recommended change does not apply to regular-total permanent or duty-total permanent benefits.

Ford moved that the PERA Board of Trustees approve the proposed change and direct staff to seek legislation. The motion was seconded by Rupp and passed unanimously by roll call vote.

PERA Administrative Bill - staff identified administrative changes to Minn. Statute 353, which governs the PERA General, Police & Fire, and Correctional plans. The administrative changes are as follows:

- Leave Purchase- proposed language amends the current authorized leave purchases statutes for members and employers.
- Disability Earnings Process- seeking to clarify the statutory authority to waive disability earnings.
- Required Minimum Distribution- proposed statutory change references this section of the IRS rather than a specific age. As a result, this statute will not need to be updated if the age changes in IRS Code section 401(a)(9) in the future.
- External Phased Retirement Agreements & Combine Service Annuities- seeking to recognize external plans' phased retirement agreements for the purposes of a combined service annuity.
- Correctional and Police & Fire Pre-89 Eligibility- proposed statutory change clarifies that Correctional Plan and Police & Fire Plan members are eligible for Pre-89 benefits.
- Refund Interest Rate for Deductions in Error- statutory change seeks to eliminate the need for future changes to the refund interest rates for deductions in error.

Bourgeois moved that the PERA Board of Trustees approve the proposed administrative changes and direct staff to seek legislation. The motion was seconded by Thornberg and passed unanimously by roll call vote.

5. Police & Fire Plan Disability Discussion

Reference was made to a memo from Doug Anderson dated December 10, 2020

Anderson shared a working draft of a Police & Fire Plan Disability Issues document that helps define and clarify what disability issues exist and what level of involvement staff should have to help resolve those issues. This document is a result of the planning workshop held in October, which was devoted to disability issues within the Police & Fire Plan. The intent of this document is to help facilitate discussions with stakeholder groups and will change as needed.

6. Greater MN Offices

Reference was made to a memo from Luis Lugo dated December 10, 2020

Lugo noted that PERA's service delivery strategy has changed because of the coronavirus pandemic. Staff interaction with members is now handled via phone or video conference. Member educational programs are presented via video to engage members across the state. Member one-on-one counseling sessions are all handled through scheduled phone appointments.

Lugo shared that the two staff in Duluth have assumed different roles within PERA and the staff in Mankato is working remotely therefore this is an opportunity to assess and evaluate the need to continue to physically staff the Duluth and Mankato locations.

The Board provided feedback and asked staff to come back with options reflecting the input received.

Rupp moved to table discussion until the February Board of Trustees meeting. The motion was seconded by Thornberg and passed with 10 ayes, with Lenzmeier voting nay.

The proposal should include data analysis, options and a recommendation from staff.

7. Other Business**a. 2020 Recognition of Administration Award**

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

b. Board Recognition for Retiring PERA Staff Carolyn Kennedy

The Board of Trustees recognized Carolyn Kennedy for her retirement. Stanley read the following into the record:

Presented to
Carolyn Kennedy

In recognition of over 46 years of dedicated service to the
Minnesota PERA's members, stakeholders, and employees as

PERA's Member Service Center Director.

With a public service career spanning October 30, 1974, to January 31, 2021, your impact as a leader, mentor, coach, and friend will be missed and never forgotten.

We thank you for all your hard work and dedication.
Congratulations on your retirement!

We wish you the best as you enter into an exciting stage of life, retirement.

8. Date of Next Meeting

The next meeting of the PERA Board of Trustees will be held remotely on Thursday, February 11, 2021 starting at 9:30 a.m.

9. ED Performance Review Process

An evaluation of the performance of PERA's Executive Director Douglas 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 confidence in Director Anderson's leadership. Stanley then summarized the performance evaluation, stating that the Director has provided significant guidance to all members to move the organization in a positive direction to secure the pension plans.

Lenzmeier moved to authorize President Stanley to create a document that demonstrates Doug Anderson's satisfactory performance evaluation as determined by his annual Performance Evaluation conducted on December 10, 2020. The motion was seconded by Ford and passed unanimously by roll call vote.

At this time, the Board did not take a position on a pay increase to be consistent with MMB's guidance on the Managerial Plan. Stanley noted that the Board has the ability to make an adjustment to the Director's salary retroactively when the motion comes back to the Board.

9. Adjournment

There being no further business to come before the PERA Board, Lenzmeier moved to adjourn the meeting at 11:30 a.m. Motion was seconded by Thornberg and passed unanimously by roll call vote.



Doug Anderson, Executive Director
Saint Paul, Minnesota