



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, October 10, 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
Paul Bourgeois (Remote)
Denny Flaherty
Paul Ford
Kathy Green

Barbara Johnson
Jenni Konigsburg
Thomas Thornberg
Scott Schulte

Constituting quorum.

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 Streng, Legislative Policy Coordinator; Heather Schoenberger, Account Information Management; Andrea Murphy, Communications and Stakeholder Engagement Supervisor; Gladys Rodriguez, Executive Assistant.

Others present: Wade Laszlo, MNCORA; Brian Rice, AFCSME, MPFA, MPPF; Peter Marincel, Education MN; Ann Lenczewski, LGN; Jasmine Epps, MNFAC.

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.

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

The agenda was taken in the following order.

2. Approval of Consent Calendar

- August 8, 2024, Regular Board Meeting Minutes
- Operational Data Report

Stanley inquired about the PERA employer programs, specifically asking about online attendance participation. Murphy reported that a total of 389 members attended the on-demand programs, with the following participation: 2024 Legislative Update Seminar - 243 attendees, Understanding ERIS - 17 attendees, and Intro to PERA Eligibility - 129 attendees.

Flaherty inquired about the disability applications received and requested data on the number of applications related to Post-Traumatic Stress Disorder (PTSD). Anderson responded that PERA has tracked this information over recent years, noting that 80% of the disability applications are PTSD-related and pertain specifically to the Police and Fire (P&F) plan. Flaherty asked that the Operations Report include aggregate data on the disability applications associated with PTSD.

Schulte moved to approve the Consent Calendar. The motion was seconded by Green and passed unanimously by roll call vote.

3. Long Term Positions

Reference was made to a memo from Doug Anderson dated October 10, 2024

Anderson presented the six approved Long-Term Positions, as approved by the board at the August 8 meeting. These positions include five previously established statements, formerly referred to as "Funding Values," along with a newly adopted position addressing postretirement increases. The Long-Term Positions have been organized into four categories: Plan Sustainability, Fiduciary Responsibilities, Membership and Benefits, and Intergenerational Equity.

The document will be shared with legislators and stakeholders and will also be made available on PERA's website.

4. 2025 PERA Legislative Initiatives

Reference was made to a memo from Doug Anderson and Amy Strenge dated October 10, 2024

Strenge noted that the 2025 legislative session is scheduled to begin on January 14, 2025. She presented an overview of PERA's proposed legislative changes, summarizing each topic along with staff recommendations. Additional legislative changes will be presented at the December board meeting.

Privatization

PERA is requesting a withdrawal liability assessment for future privatizing entities under Minn. Stat. § 353F, which applies mainly to hospitals and nursing homes. Currently, when entities privatize, they leave PERA without settling their unfunded liabilities, resulting in a cost shift to remaining employers and active members.

The proposed legislation requires that a privatizing entity pay a withdrawal liability, which is the unfunded liability for its eligible active members. This amount would be determined using current actuarial assumptions and the plan's funding ratio from the most recent market valuation. For this purpose only, the funding ratio is based on the Present Value of Accrued Benefits (PVAB) instead of the Actuarial Accrued Liability. The PVAB is a liability that only considers past service and past salaries. The resulting unfunded liability would be amortized over a period of up to ten years, with annual contributions sufficient to eliminate the unfunded liability.

Falk moved that the PERA Board of Trustees direct staff to seek legislation requiring any future privatizing entity be required to pay a withdrawal liability to account for their unfunded actuarial accrued liability. The motion was seconded by Green and passed unanimously by roll call vote.

PERA Survivor Benefits Recodification for PERA Police & Fire, PERA Correctional, and PERA General

The 2023 and 2024 legislative initiatives included the recodification of survivor benefits, which has not yet been completed. The goal is to standardize the format and language for survivor benefits across all plans, making the statute more accessible for both staff and members. Staff expects that policy issues related to this project may be presented to the Board in December.

Green moved that the PERA Board of Trustees directs staff to seek legislation for the statutory recodification of survivor benefits. The motion was seconded by Falk and passed unanimously by roll call vote.

PERA Defined Contribution Plan

Strenge noted that PERA made federal compliance changes to the Defined Contribution Plan in the last session. During implementation, PERA staff identified additional changes needed to clarify administration.

The proposed changes include adding a 30-day election period for non-governing public officials to choose membership in either the defined benefit or defined contribution plan. While the statute currently specifies a 30-day period for the defined contribution plan, it does not mention a timeframe for the defined benefit plan. Following advice from Ice Miller, PERA applies the same 30-day period to both plans. This legislative change will officially add the 30-day election period to the statute.

In addition, the statute is unclear about whether the 30-day election period for elected public officials begins when they are elected or when they take office. Staff recommends clarifying that the election period should start when the individual takes office.

The statute currently requires the membership application to be received by PERA within 60 days of the receipt of contributions, which creates inconsistency due to varying payment schedules for elected public officials, such as quarterly or annually. Staff recommended to amend the provision to require the form to be received within 60 days of the person taking office, providing employers with 30 days to submit the completed membership form after the 30-day election period.

Staff clarified that the terminology used for elected non-governing public officials is consistent with the language in the statute. The chapter includes a definition that provides further clarification of the terms. The proposed changes focus on clarifying the timeline for joining PERA rather than redefining eligibility for specific plans.

Schulte moved that the PERA Board of Trustees direct staff to work on legislation that addresses the election period for optional membership, when the election period begins for elected public officials, and the receipt of the form. The motion was seconded by Johnson and passed unanimously by roll call vote.

PERA Correctional Plan Disability

Minn. Stat. §353E.06 outlines disability benefits for the Correctional Plan, including duty and regular disability benefits. In 2023, the Legislature increased the Correctional Plan multiplier from 1.9% to 2.2% for service earned on or after July 1, 2025, affecting the calculation of disability benefits for recipients in the plan.

Thornberg moved that the PERA Board of Trustees direct staff to seek legislation that addresses the Correctional Plan duty disability benefit calculation after July 1, 2025. The motion was seconded by Flaherty and passed unanimously by roll call vote.

PERA Membership Monthly Threshold Clarification

Minn. Stat. §353.01, subd. 2a establishes the monthly salary threshold of \$425 for mandatory membership in PERA's defined benefit plans. Public employees earning more than \$425 per month from a single governmental subdivision, and who are not excluded under other subdivisions or offered an alternative participation option, must participate in the appropriate PERA plan—General Employees, Police and Fire, or Local Government Correctional Employees. Membership begins either on the first day of employment or when the eligibility criteria is met, whichever is later.

Strenge noted that in 2023, PERA shifted from an annual to a monthly salary threshold. The new provision requires membership if an employee is expected to meet the \$425 monthly threshold. PERA staff recommended clarifying the statute to confirm that mandatory membership applies when an employee is stipulated to earn \$425 in a month.

The threshold amount has not been adjusted since 1989. PERA intends to evaluate and determine an appropriate threshold amount. Any modification to the threshold amount would require legislative action.

Thornberg moved that the PERA Board of Trustees direct staff to seek legislation that clarifies that mandatory membership occurs when an employee is stipulated to make \$425 in a month. The motion was seconded by Green and passed unanimously by roll call vote.

Ford suggested that staff present potential legislation in December addressing the P&F Duty Disability, specifically requesting the legislature to assume the associated costs. He noted that these costs continue to burden the plan and contribute to its inequities. Additionally, Ford highlighted that the P&F plan is not adequately meeting retirees' needs due to inflation and other factors, recommending that a COLA increase for retirees also be considered.

5. 2025 Stakeholder Legislative Initiatives

Reference was made to a memo from Doug Anderson and Amy Strenge dated October 10, 2024

Strenge noted that several topics have emerged in discussions with stakeholders, including potential initiatives such as:

- Probations Officers and 911 Tele-communicators- Earlier retirement provisions
- Fire Member Organization (MPFF)- Various postretirement increases and employee contribution reduction
- Police Retiree Organization (MPRPPA) - Various postretirement increases
- Fire Member Organization (MPFF) and Police Retiree Organization (MRPPA)- Eliminate sunset provisions on two \$9M State contributions
- Correctional Organization (MNCORA)- Add dedicated Correctional Plan member to the PERA Board
- Police Member Organizations (MPPOA, LELS, MPCA)- Modify work after retirement rules

During last session, the P&F stakeholders sought legislation to eliminate break-in-service requirements and allow in-service distributions at the plan's normal retirement age of 55. This change would enable all members to stop contributions and begin their retirement benefit at age 55, regardless of whether they

continue working or return to work. PERA's actuary provided cost estimates for the proposed legislation, and staff drafted several memos for stakeholders and the Board to explain the significant costs associated with the change. The projected annual cost is an estimated \$17 million. Staff expects that stakeholders may continue to seek legislative changes during the 2025 legislative session.

Anderson presented a document intended to explain how the plan operates for members who return to work or work after retirement without a break in service. The document also clarifies terminology, particularly the difference between in-service distributions and the Deferred Retirement Option Program (DROP), outlines the costs associated with desired changes, and explains how PERA's Police & Fire Plan differs from the MSRS Highway Patrol plan.

The Board provided feedback, requesting staff to simplify the document, clarify the calculations, and use "the Plan" instead of "PERA."

6. 2025 PERA Board of Trustees Meeting Schedule

Reference was made to a Board Resolution – 2025 Regular Meeting Schedule

Stanley presented a resolution reflecting the meeting dates for 2025.

Johnson moved to adopt the resolution setting the 2025 regular meeting schedule of the PERA Board of Trustees. The motion was seconded by Ford and passed unanimously by roll call vote.

7. ED Performance Review Process

Stanley outlined the process for evaluating the performance of the Executive Director. Members will be provided with a link to an online survey, which will be monitored by the Executive Assistant. Stanley will compile the survey responses and prepare a summary document to be used in the formal review process at the December meeting.

8. Date of Next Meeting

The next meeting will be held Thursday, December 12, starting at 9:30 a.m. in the Board Room 117 of the Retirement Systems of Minnesota Building.

9. Attorney General Litigation Update

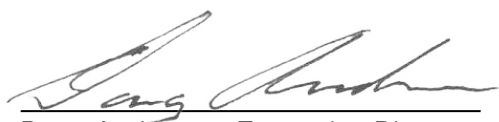
Assistant Attorney General Langan provided an update related to the Minnesota Duty Disabled Association v. PERA, Court File No. 62-cv-23-5420.

10. Adjournment

There being no further business to come before the PERA Board, Schulte made a motion to adjourn the meeting. The motion was seconded by Green and passed unanimously by roll call vote.

Meeting adjourned at 11:36 am.

A planning workshop was held following the regular board meeting to discuss the composition of the Board, Long-Term Positions, and Plan Priorities.


Doug Anderson, Executive Director



Date: December 12, 2024
 To: PERA Board of Trustees
 From: Don Haller, Heather Schoenberger, Tim Knippenberg, Amy Brandenburg, Afiya Krueger, Stacey Salvinski, and Andrea Murphy
 Subject: Operational Data Report

This memo includes PERA statistical data for the following areas:

- Active membership data for PERA’s plans
- Recipient data for retirement, survivor and disability benefits
- Application data for retirement, survivor, and disability benefits
- Refund payments processed
- Education initiatives for members and employers

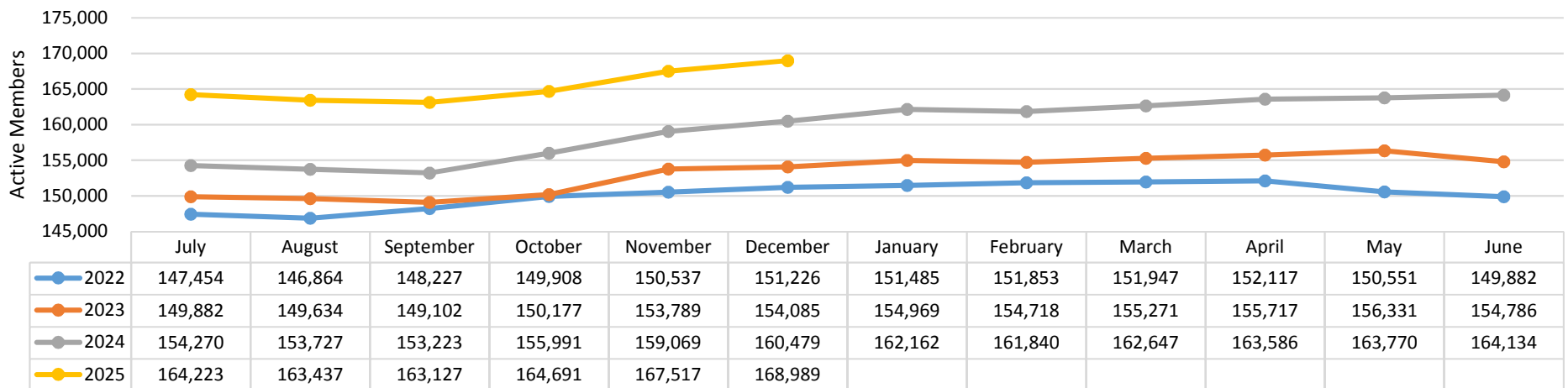
Active Membership Data (monthly)

This section provides membership data for each plan as of the first of the month, based on active status.

Coordinated

During the first half of fiscal year 2025, membership increased by 2.9% (4,766 members).

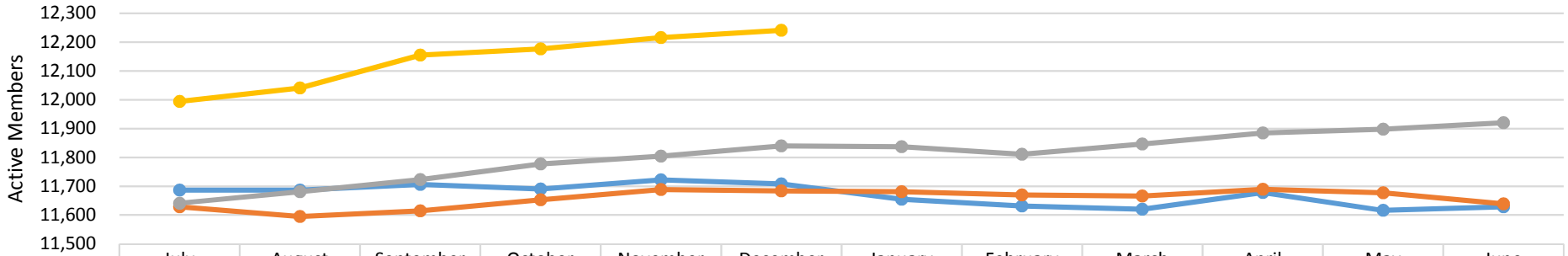
Coordinated



Police & Fire

During the first half of fiscal year 2025, membership increased by 2.1% (247 members).

Police & Fire

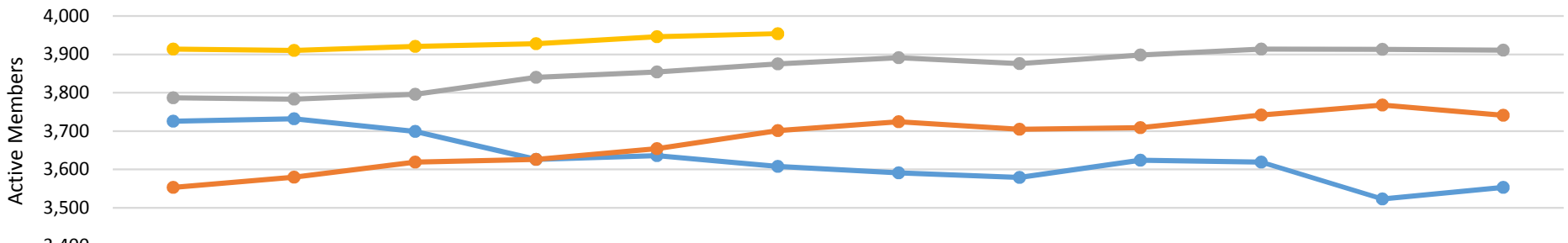


	July	August	September	October	November	December	January	February	March	April	May	June
● 2022	11,686	11,686	11,706	11,690	11,722	11,708	11,655	11,631	11,620	11,678	11,616	11,628
● 2023	11,628	11,595	11,614	11,653	11,688	11,684	11,681	11,670	11,666	11,689	11,677	11,639
● 2024	11,641	11,681	11,723	11,777	11,804	11,840	11,837	11,811	11,846	11,885	11,898	11,920
● 2025	11,994	12,041	12,155	12,177	12,216	12,241						

Correctional

During the first half of fiscal year 2025, membership increased by 1.0% (40 members).

Correctional

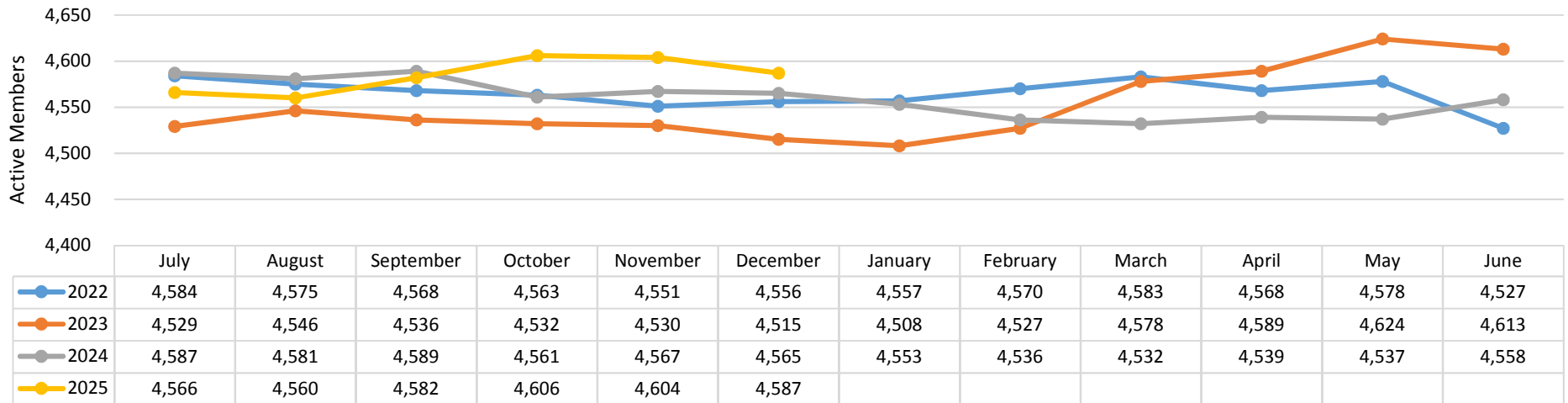


	July	August	September	October	November	December	January	February	March	April	May	June
● 2022	3,726	3,732	3,699	3,626	3,636	3,608	3,591	3,579	3,624	3,619	3,523	3,553
● 2023	3,553	3,580	3,619	3,626	3,654	3,701	3,724	3,705	3,709	3,742	3,768	3,741
● 2024	3,787	3,783	3,796	3,840	3,854	3,875	3,891	3,876	3,898	3,914	3,913	3,911
● 2025	3,914	3,910	3,921	3,928	3,946	3,954						

Defined Contribution Plan

During the first half of fiscal year 2025, membership increased by 0.5% (21 members).

Defined Contribution Plan



Summary

Membership counts are summarized below for November and December 2024.

Active Membership Counts – Defined Benefit Plans	November 2024	December 2024
Coordinated	167,517	168,989
Police and Fire	12,216	12,241
Correctional Plan	3,946	3,954
SVF - Monthly / Lump Sum Benefits	38 / 4,836	38 / 4,832
Privatization	1,800	1,799
MERF	1	1
Basic Plan	0	0
Exempt Plan	4,691	4,749
Total	195,045	196,603
Active Membership Counts – Defined Contribution Plan	4,604	4,587

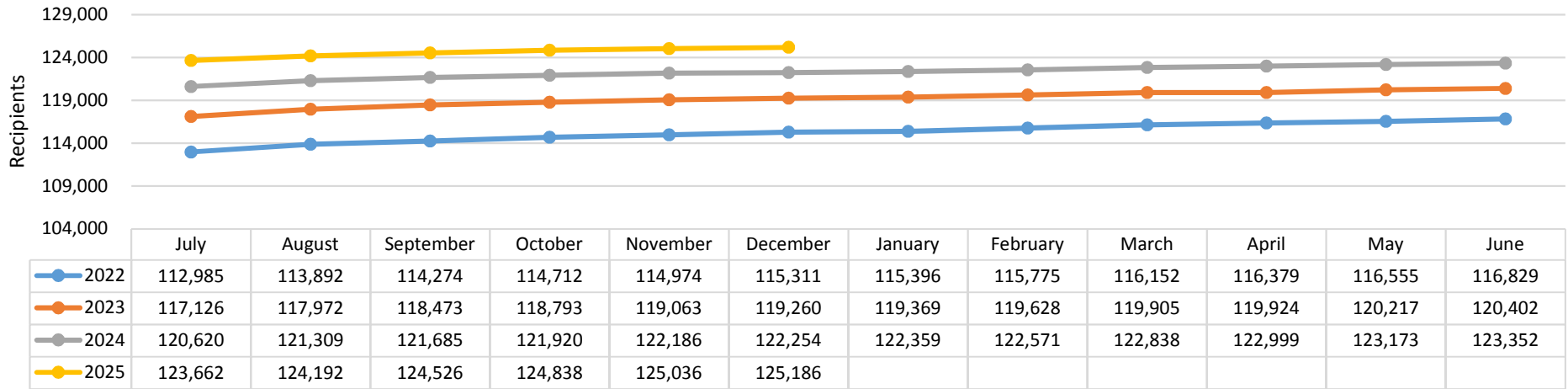
Benefit Recipients (monthly)

This section provides benefit recipient data for each benefit type, as of the first of the month.

Retirement

Recipients increased by 1.2% (1,524 members) during the first six months of fiscal year 2025.

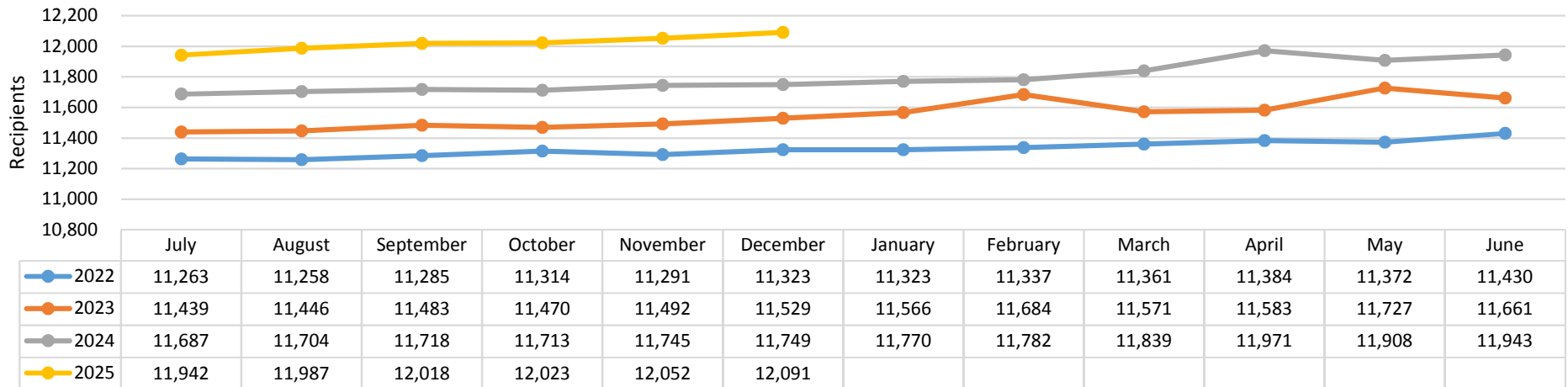
Retirement Recipients



Survivor

Recipients increased by 1.2% (149 members) during the first six months of fiscal year 2025.

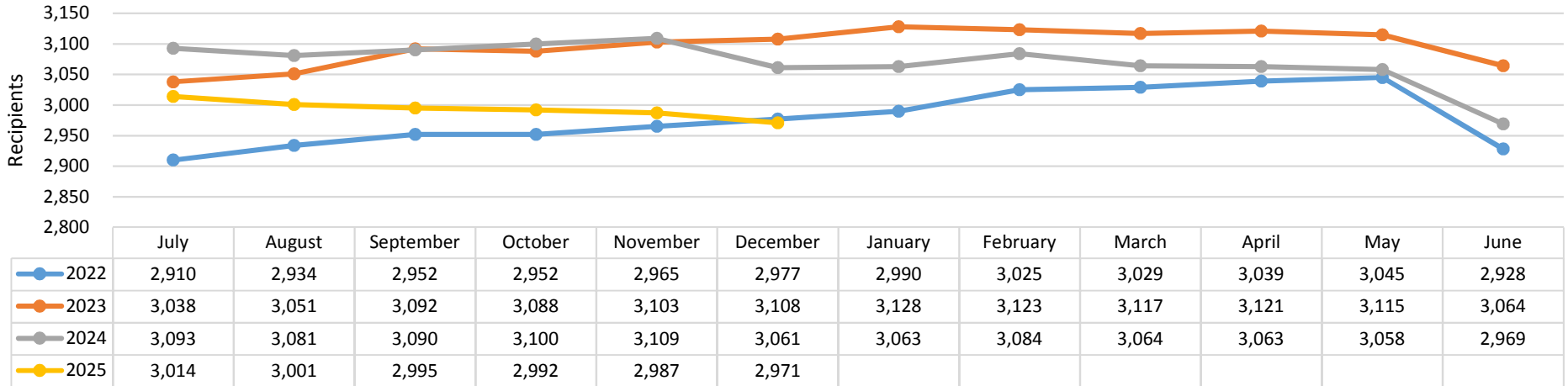
Survivor Recipients



Disability

Recipients decreased by 1.4% (43 members) during the first six months of fiscal year 2025.

Disability Recipients



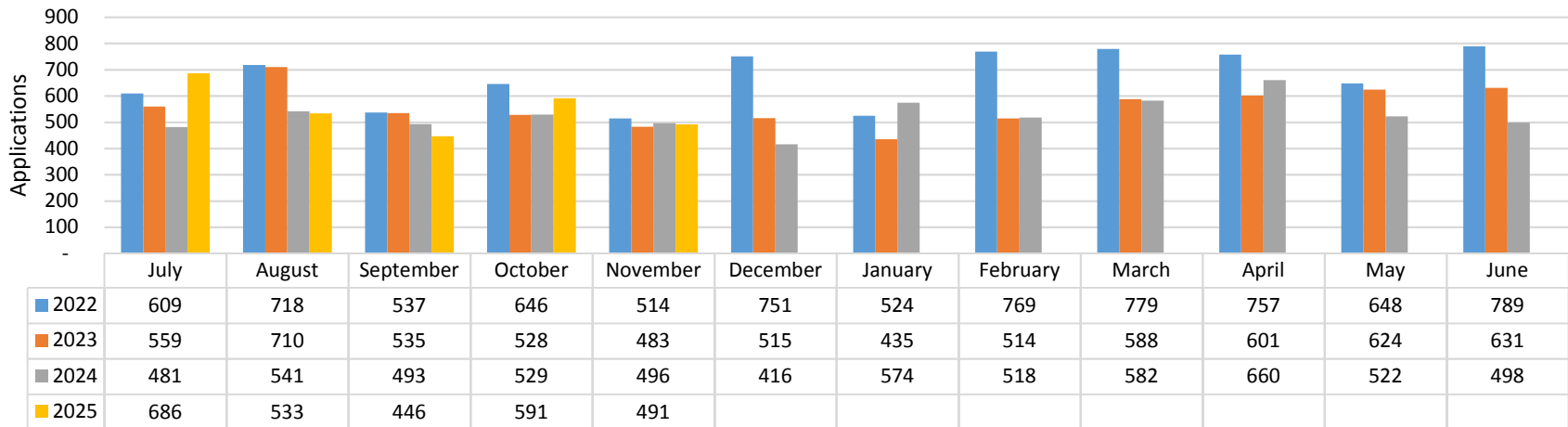
Benefit Applications Received (monthly)

This section provides the monthly benefit application data for each benefit type.

Retirement

Applications generally decreased during the first five months of fiscal year 2025, averaging about 550 per month.

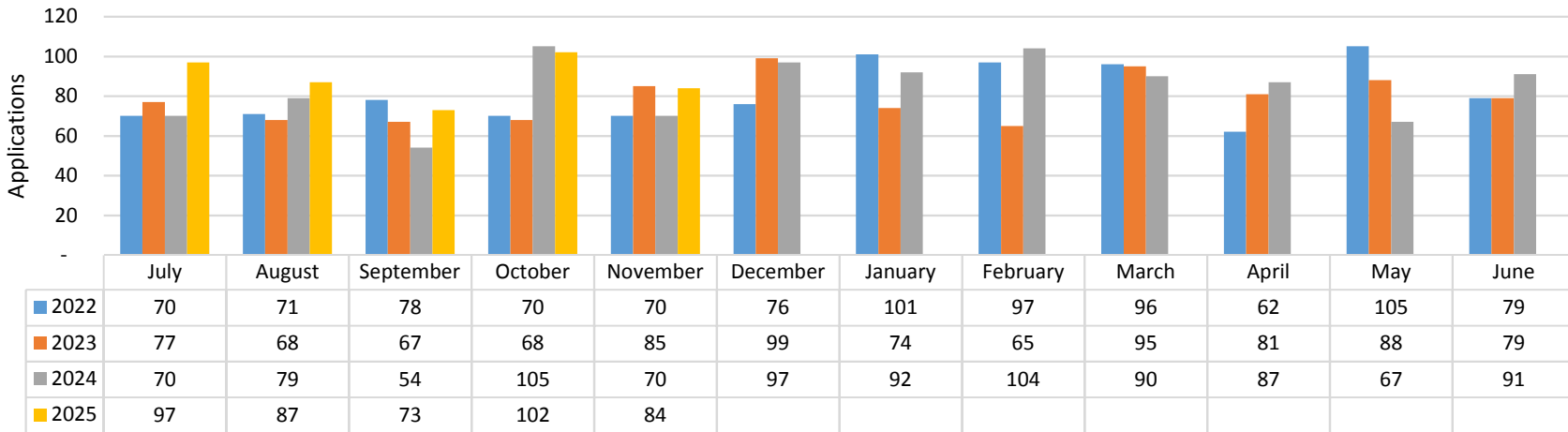
Retirement Applications



Survivor

Except for October 2024, applications generally decreased during the first five months of fiscal year 2025.

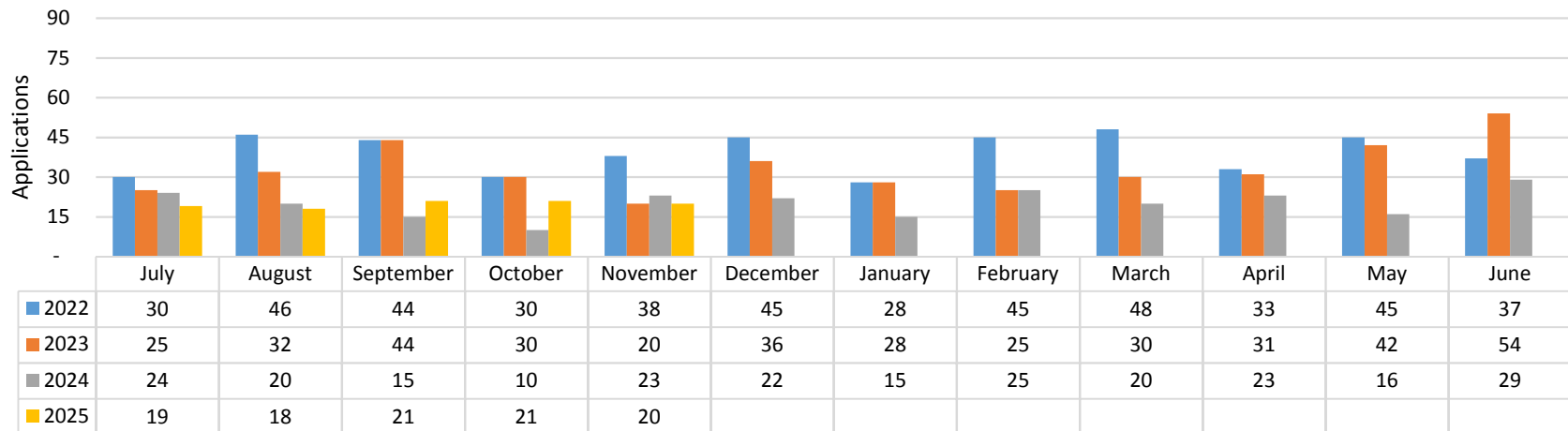
Survivor Applications



Disability

Applications levels remained steady during the first five months of fiscal year 2025.

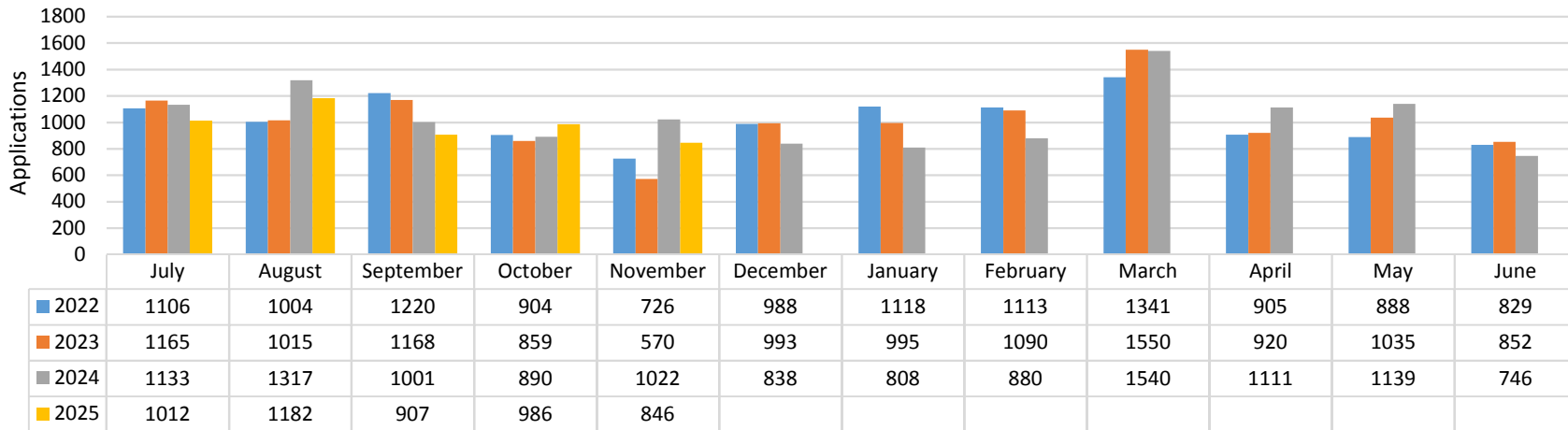
Disability Applications



Refunds Payments (monthly)

Applications varied during the first five months of fiscal year 2025, averaging about 1,000 payments each month.

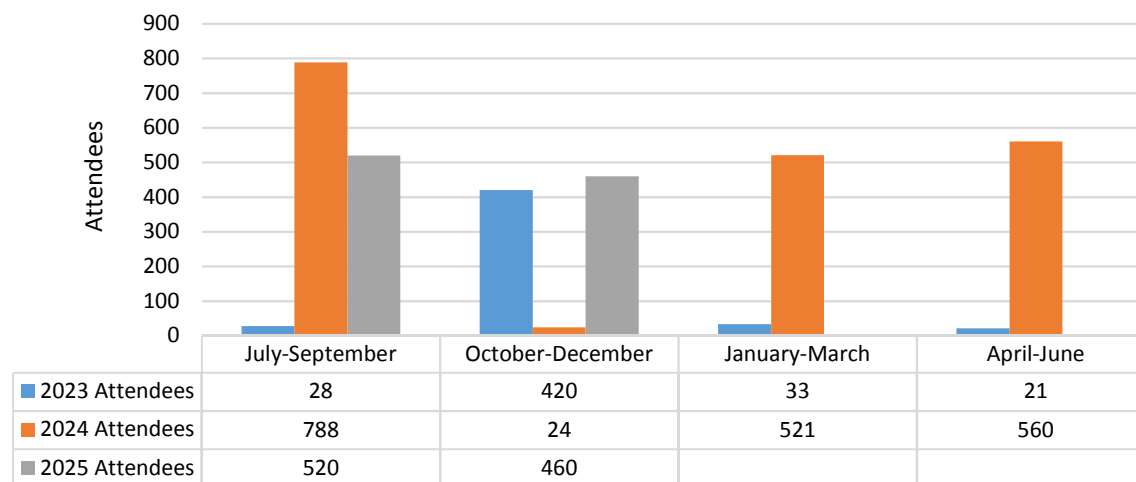
Refunds



Employer Education (quarterly)

We hosted an open forum in October about the DCP election period and 56 employers attended. We also presented a training webinar on salary reporting in October to 404 attendees. The next employer training is planned for February 2025.

Employer Programs

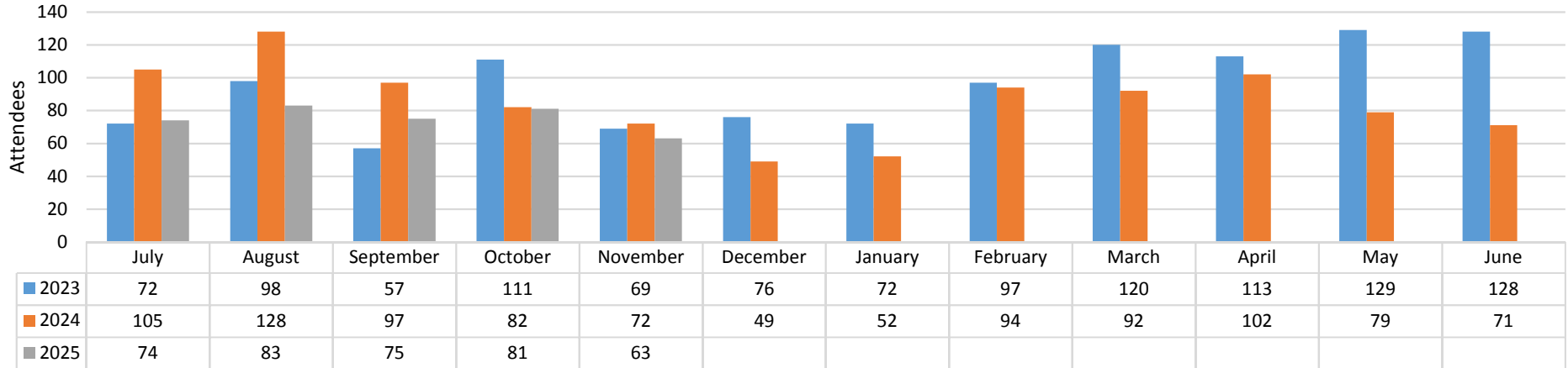


Member Education (per month)

Individual Counseling

Individual sessions remained fairly steady during fiscal year 2025. We offer in-person and phone options for individual meetings.

Member Individual Counseling



Group Programs

October is our busiest month for programs. In addition to our typical schedule, we also hosted two webinar programs for Hennepin County with a combined total of 1,296 attendees.

Member Programs

