



## 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, February 13, 2025, 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)  
Denny Flaherty  
Kathy Green (Remote)

Paul Ford  
Jenni Konigsburg  
Thomas Thornberg

Constituting quorum.

Excused: Mary Falk, Barbara Johnson

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 Operations Officer; Amy Strenge, Legislative Policy Coordinator; Tracy Gebhard, Chief Financial Officer; Heather Schoenberger, Account Information Management Manager; Andrea Murphy, Communications and Stakeholder Engagement Supervisor; Gladys Rodriguez, Executive Assistant.

Others present: Jordan Bjonfald, OLA; Wade Laszlo, MNCORA; Harry Grigsby, AFL/CIO Retiree Council; Holly Dayton, TRA; Owen Wirth, LMC; Brian Rice, AFCSME, MPFF, MRPPA; Dave Johnson, MMRA.

### **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 Konigsburg and passed unanimously by roll call vote.*

The agenda was taken in the following order.

### **2. Approval of Consent Calendar**

- December 12, 2024, Regular Board Meeting Minutes
- Operational Data Report

*Thornberg moved to approve the Consent Calendar as presented. The motion was seconded by Konigsburg and passed unanimously by roll call vote.*

**3. Presentation of the Annual Comprehensive Financial Report and Popular Annual Financial Report**

*Reference was made to the Annual Comprehensive Financial Report and Popular Annual Financial Report*

Gebhard presented the 2024 Annual Comprehensive Financial Report, highlighting improvements in PERA's financial position during FY 2024. PERA's financial condition improved in fiscal year 2024, with its fiduciary net position increasing by \$3.9 billion to \$43.6 billion. The investment rate of return for key plans was 12.3%, exceeding the assumed 7% rate used in actuarial valuations.

Gebhard noted that the Office of the Legislative Auditor (OLA) proposed an audit adjustment to correct a \$102 million misstatement on the Statement of Fiduciary Net Position and PERA made the correction. This was a classification error and did not impact the Fiduciary Net Position reported. Gebhard also noted that the OLA identified a misstatement, resulting in an overstatement of cash totaling \$4,211,000 and PERA did not make the correction. These misstatements are deemed immaterial by the auditor. The staff is taking steps to prevent these misstatements from happening again.

The board expressed gratitude and appreciation to Gebhard and her team for their work.

**4. Presentation by Jordan Bjorfald, Office of the Legislative Auditor (OLA)**

*Reference was made to a presentation from the Office of the Legislative Auditor*

The OLA conducted an audit following auditing standards to provide reasonable assurance of the fair presentation of PERA's financial statements. Bjorfald explained that OLA issued an unqualified opinion on PERA's financial statements. This means PERA's financial statements were fairly presented in all material respects and in accordance with generally accepted accounting principles.

Bjorfald mentioned that the notification of misstatements to PERA staff is not new. This is the first year OLA is disclosing misstatements in its communication to the board. The OLA's interpretation of audit standards has changed and, as a result, the OLA communicated this information to the board in addition to staff.

The OLA focuses on the basic financial statements, including the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, and the Notes to the Financial Statements. They also review supporting schedules related to investment expenses, payments to consultants, and administrative expenses. Additionally, they examine cash equivalents, investments, securities lending collateral, contributions, net investment income, and benefits.

**5. Request to Write-Off Uncollectable Accounts Receivable**

*Reference was made to a memo from Tracy Gebhard dated February 13, 2025*

Staff identified 31 uncollectible accounts totaling \$396,007.91. Gebhard presented a list of these accounts and provided details on the highest unpaid balances. Staff have used various collection methods in an attempt to recover overpaid member accounts, including sending up to three collection letters, subpoenaing bank records, referring cases to the MN Department of Revenue, submitting cases to the Attorney General's Office, and pursuing action in conciliation court. She noted that 24 of the 31 uncollectible accounts represent one or two months of benefit payments, all dating back five years.

The board inquired about the collection efforts and the frequency of uncollectible accounts. Staff have taken steps to update their practice and now utilize a vendor to search death records for all PERA members. This aims to identify deceased members for whom no family notification has been received, allowing for the immediate termination of payments. However, if there is no record of the member's death, the vendor is unable to take any action. Staff is taking the necessary steps to minimize the list.

*Ford made a motion that the PERA Board of Trustees approve the write off of 31 uncollectible accounts totaling \$396,007.91. The motion was seconded by Konigsburg and passed unanimously by roll call vote.*

## **6. Actuarial Updates**

*Reference was made to a memo and presentation from Doug Anderson dated February 13, 2025*

GRS Consulting provided 30-year projections for the General Employees, Police & Fire (P&F), and Local Government Correctional Service plans. They also provided updated postretirement increase cost studies for the General Employees and Police & Fire plans.

The 30-year projections include estimates for funded status, required contributions, and statutory contributions under three asset return scenarios, as mandated by Minnesota Standards for Actuarial Work. These estimates are based on participant data, assets, and plan provisions from the 2024 actuarial valuation.

In addition to the projections, Anderson presented data on P&F Plan disability applications from 2019 to 2025, along with treatment participation for FY 2024-2025. The data shows that P&F disability applications due to psychological conditions have averaged approximately five per month since the first group of members completed the initial treatment window. Over the past eight months, the number of participants in treatment has ranged from 64 to 67.

## **7. 2025 PERA Legislative Agenda**

*Reference was made to a memo from Doug Anderson and Amy Strenge dated February 13, 2025*

Strenge provided a general update on legislative matters and mentioned that staff have been collaborating with stakeholders to develop a plan aimed at enhancing post-retirement inflation protection for all vested members of the General Employees plan. The proposal includes:

- Increase CPI percentage from 50% of CPI to 100% of CPI
- Increase the maximum increase from 1.5% to 1.75%
- Modify the additional employer 1% contribution requirement cessation threshold from 100% funding status to 98% funding status.
- Add language that reduces the cap to 1.5% if the plan reaches 85% funding status for 2 years or 80% for 1 year. The cap would increase back to 1.75% if Plan improves.

The proposed change to the postretirement increase adjustment formula has a present value cost of approximately \$878 million. This equates to an annual contribution change of 0.76% of payroll, or \$64 million per year until 2048, with the annual amount increasing by 3% annually. The Plan would absorb the cost, meaning there would be no increase in member or employer contributions and no request for legislative funding. As a result, the projected full funding date would shift from 2034 to 2036.

Staff will continue to have discussions with stakeholders and present a recommendation to the Board during the March meeting.

## 8. 2025 Stakeholder Legislative Agenda

*Reference was made to a memo from Doug Anderson and Amy Strenge dated February 13, 2025*

Strenge presented two issues raised by stakeholders for the board's consideration.

### **Initiative: PERA Police & Fire Plan Postretirement Increase**

Stakeholders: MPPOA (Minnesota Police and Peace Officer Association), MPFF (Minnesota Professional Firefighters), and MRPPA (Minnesota Retired Police Pension Association)

This initiative eliminates the additional two-year delay for post-retirement increases, aligning the waiting period with the General and Correctional Plans. It also adopts the current General Plan post-retirement increase formula, which is 50% of the CPI, with a minimum of 1% and a maximum of 1.5%.

The estimated cost to align the post-retirement increase with the current General Plan formula is \$403 million if paid as a lump sum. Alternatively, the cost could be spread over time, with annual payments of \$30 million (increasing by 3% annually) until 2048. Another option is to start payments at \$38 million per year (also increasing by 3% annually) over a 15-year period. All these options are actuarially equivalent, assuming a 7% investment return.

The cost to eliminate the two-year post-retirement increase delay is \$166 million if paid as a lump sum. Alternatively, the cost could be spread over time, with annual payments of \$14 million (increasing by 3% annually) until 2048. Another option is to start payments at \$16 million per year (also increasing by 3% annually) over a 15-year period. All these options are actuarially equivalent, based on a 7% investment return assumption. The MPPOA and MPFF legislative request is for \$50 million annually in the state's base budget.

*After discussion, Flaherty moved that the PERA Board of Trustees, having identified improving inflation protection as a priority for all PERA plans, support S.F. 1122/ H.F. 139, which eliminates the two-year delay and increases the postretirement adjustment for members of the police and fire fund. This support is predicated on the Legislature providing direct state aid to fully fund the cost necessary to provide this member benefit. The motion was seconded by Thornberg and passed unanimously by roll call vote.*

### **Initiative: Probation Officer Early Retirement**

Stakeholders: The Minnesota Association of County Probation Officers (MACPO)

The PERA General Plan covers over 160,000 active members across various local government occupations, including around 1,300 probation officers. Active members contribute 6.5% of their pay, while employers contribute 7.5% of payroll. Retirement benefits are calculated as 1.7% of years of service multiplied by the high-five average salary. Members may retire at age 66 with an unreduced benefit, but retiring earlier results in an actuarially reduced benefit. The benefit is coordinated with Social Security.

The initiative includes:

- Establishing an early unreduced retirement provision for probation officers within PERA General based on age 60 or 35 years of service.

- Benefit is paid for by increased employee contributions.
- Contribution increase effective January 1, 2026 and benefit provision is effective January 1, 2028.

Strengge presented a comparison of a potential new plan for eligible groups, including 911 Telecommunicators, Probation Officers, and Parole Officers, alongside the MACPO proposal for Probation Officers, Parole Officers, and Supervised Release Officers. Staff will continue reviewing and will present a recommendation to the Board at the March meeting.

Other potential Stakeholder 2025 Legislative Initiatives:

- Pension contribution holiday for the General, Correctional, & P&F Plans members - Governor proposes a 0.25% employee contribution rate reduction for FY 26.
- Probations Officers and 911 Tele-communicators- Earlier retirement provisions.
- General Plan Member Groups- Benefit increase for active members.
- Fire Member Organization (MPFF), Police Member Organization (MPPPOA), Police Retiree Organization (MRPPA)- Increase COLA to match the General COLA formula and eliminate the additional 2-year COLA delay.
- Fire Member Organization (MPFF) and Police Retiree Organization (MRPPA)- Eliminate sunset provisions on two \$9M State contributions.
- MNCORA (Minnesota Correctional Officer Retiree Association)- Add a dedicated Correctional member to the PERA Board of Trustees.
- MCPA (Minnesota Chief of Polices Association)- Working after retirement for P&F modifications.

Staff anticipates presenting additional legislative initiatives to the board as they become ready.

#### **9. Election of PERA Board of Trustees Officers**

*Reference was made to PERA's Governance Manual - Section 2.1, Board of Trustees, PERA Board Organization.*

*Flaherty motioned for Stanley to serve another year as President of the Board of Trustees. Konigsburg seconded the motion, and it was unanimously approved by roll call vote.*

*Stanley then motioned for Flaherty to serve another year as Vice President of the Board of Trustees. Thornberg seconded the motion, and it was unanimously approved by roll call vote.*

#### **10. Trustee Education Reporting**

Trustee Flaherty attended the NCPERS 2025 Legislative Conference, gaining valuable insights into legislative and regulatory issues affecting public pensions.

#### **11. Board Recognition for Retiring PERA Staff: Katie Olsen, RaeVonn Hill, Peter King**

The Board honored retiring PERA staff, whose combined service totals nearly 100 years. Stanley read the following statement into the record.

##### **Presented to Katie Olsen**

In recognition of 46 years of dedicated state service, including 34 years to the Minnesota Public Employees Retirement Association members, stakeholders, and employees.

We wish to express our sincere thanks and gratitude for your wisdom, commitment to excellence, and unwavering support of the association's efforts to maintain the highest standard of customer service. Your support to PERA members, employers, stakeholders and colleagues is genuinely appreciated.

With a career spanning from October 7, 1977, to March 31, 2025, your impact as a co-worker, contributor, team player and friend will be missed and never forgotten.

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

**Presented to Peter King**

In recognition of over 9 years of service to the Minnesota Public Employees Retirement Association in a role as a Benefit Specialist, we wish to express our sincere gratitude for your wisdom and unwavering support of our members and employers.

With a career spanning September 23, 2015, to February 27, 2025, your impact as a co-worker, contributor, and team player will be missed and never forgotten.

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

**Presented to RaeVonn Hill**

In recognition of over 44 years of dedicated service to the Minnesota Public Employees Retirement Association members, employers, stakeholders, and employees.

We wish to express our sincere thanks and gratitude for your wisdom, commitment to excellence, and unwavering support of the association's efforts to maintain outstanding customer service. Your loyalty and support to the membership is particularly appreciated.

With a career spanning from March 13, 1980, to February 28, 2025, your impact as a co-worker, contributor, team player and friend will be missed. Your kindness and humor will never be forgotten.

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

**12. Date of Next Meeting**

The next meeting will be held Thursday, March 13, 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, Flaherty made a motion to adjourn the meeting. The motion was seconded by Thornberg, and it was unanimously approved by roll call vote.*

Meeting adjourned at 12:20 p.m.



Doug Anderson, Executive Director



Date: March 13, 2025  
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

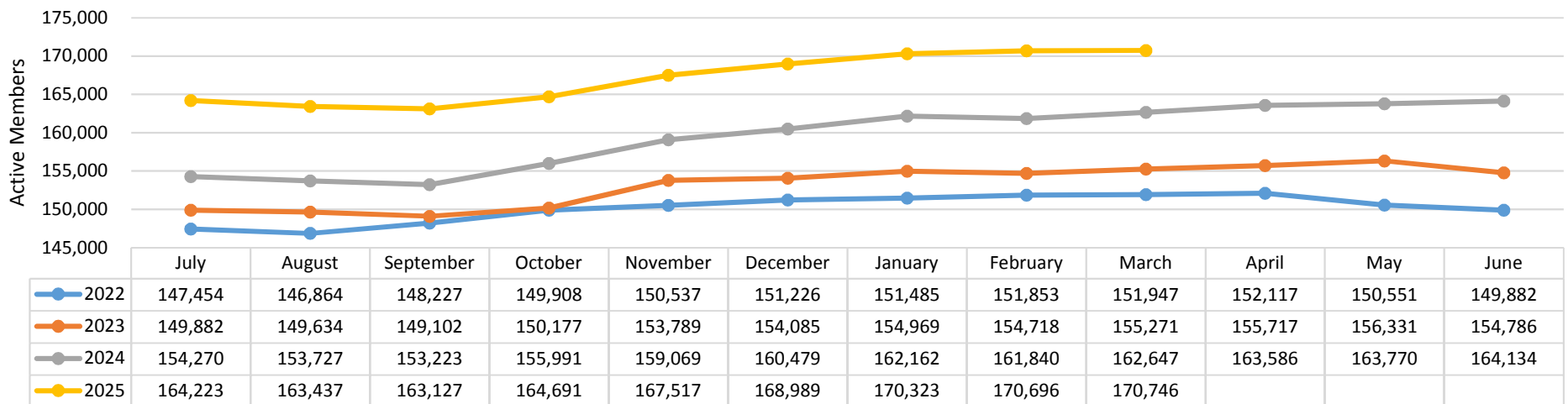
**Active Membership Data (monthly)**

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

***Coordinated***

From July 2024 to March 2025, membership increased by 4.0% (6,523 members).

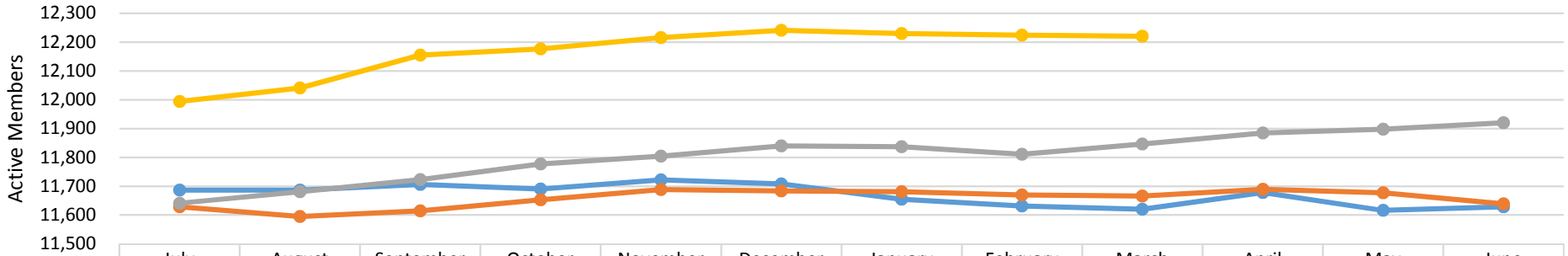
Coordinated



**Police & Fire**

From July 2024 to March 2025, membership increased by 1.9% (227 members).

**Police & Fire**

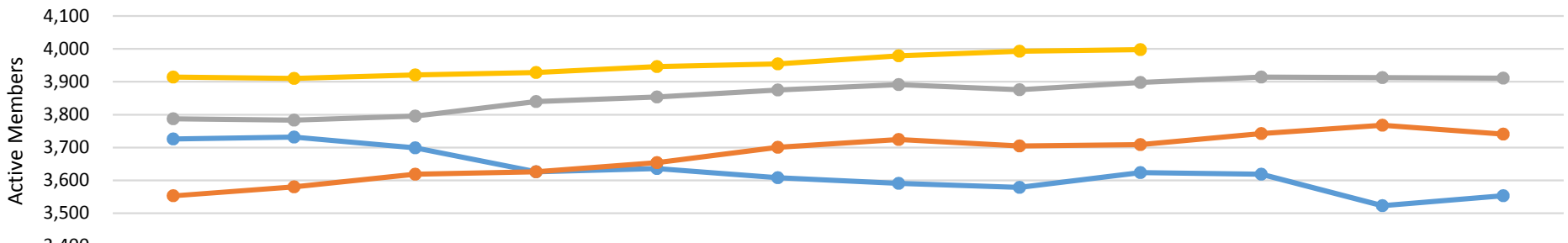


	July	August	September	October	November	December	January	February	March	April	May	June
● 2022	11,686	11,686	11,706	11,690	11,722	11,708	11,655	11,631	11,620	11,678	11,616	11,628
● 2023	11,628	11,595	11,614	11,653	11,688	11,684	11,681	11,670	11,666	11,689	11,677	11,639
● 2024	11,641	11,681	11,723	11,777	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	12,230	12,224	12,221			

**Correctional**

From July 2024 to March 2025, membership increased by 2.1% (84 members).

**Correctional**



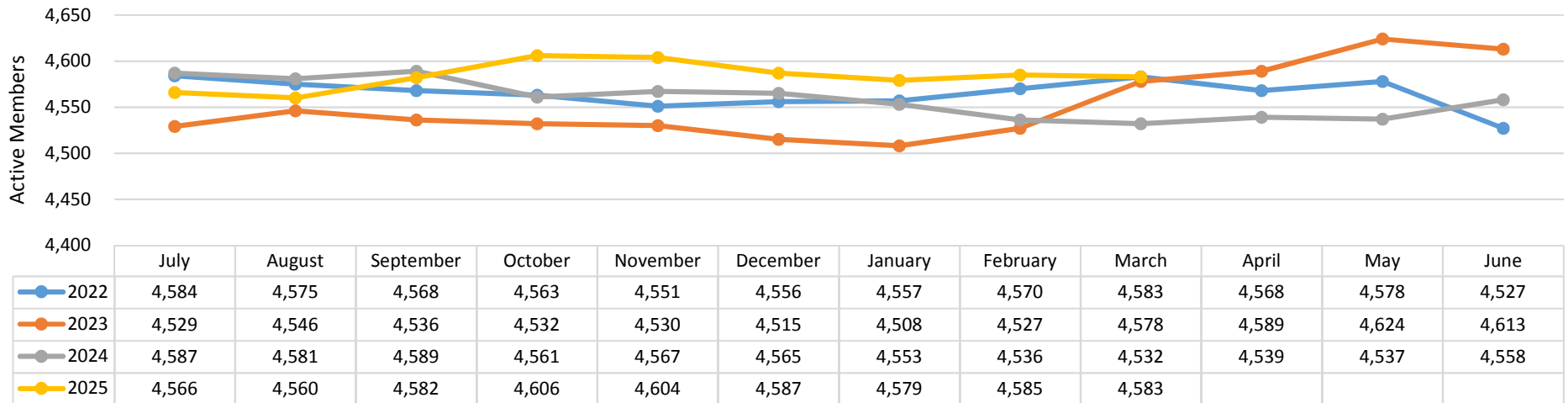
	July	August	September	October	November	December	January	February	March	April	May	June
● 2022	3,726	3,732	3,699	3,626	3,636	3,608	3,591	3,579	3,624	3,619	3,523	3,553
● 2023	3,553	3,580	3,619	3,626	3,654	3,701	3,724	3,705	3,709	3,742	3,768	3,741
● 2024	3,787	3,783	3,796	3,840	3,854	3,875	3,891	3,876	3,898	3,914	3,913	3,911
● 2025	3,914	3,910	3,921	3,928	3,946	3,954	3,979	3,993	3,998			



**Defined Contribution Plan**

From July 2024 to March 2025, membership increased by 0.4% (17 members).

Defined Contribution Plan



**Summary**

Membership counts are summarized below for February and March 2025.

Active Membership Counts – Defined Benefit Plans	February 2025	March 2025
Coordinated	170,696	170,746
Police and Fire	12,224	12,221
Correctional Plan	3,993	3,998
SVF - Monthly / Lump Sum Benefits	38 / 5,076	38 / 5,482
Privatization	1,784	1,783
MERF	1	1
Basic Plan	0	0
Exempt Plan	4,774	4,732
<b>Total</b>	<b>198,586</b>	<b>199,001</b>
<b>Active Membership Counts – Defined Contribution Plan</b>	<b>4,585</b>	<b>4,583</b>

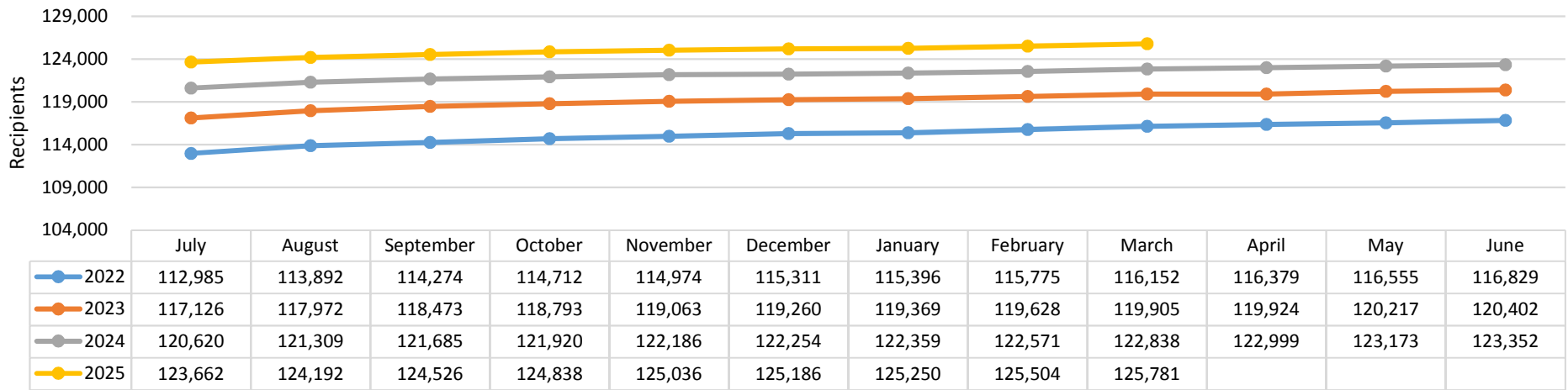
## Benefit Recipients (monthly)

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

### Retirement

Recipients increased by 1.7% (2,119 members) from July 2024 to March 2025.

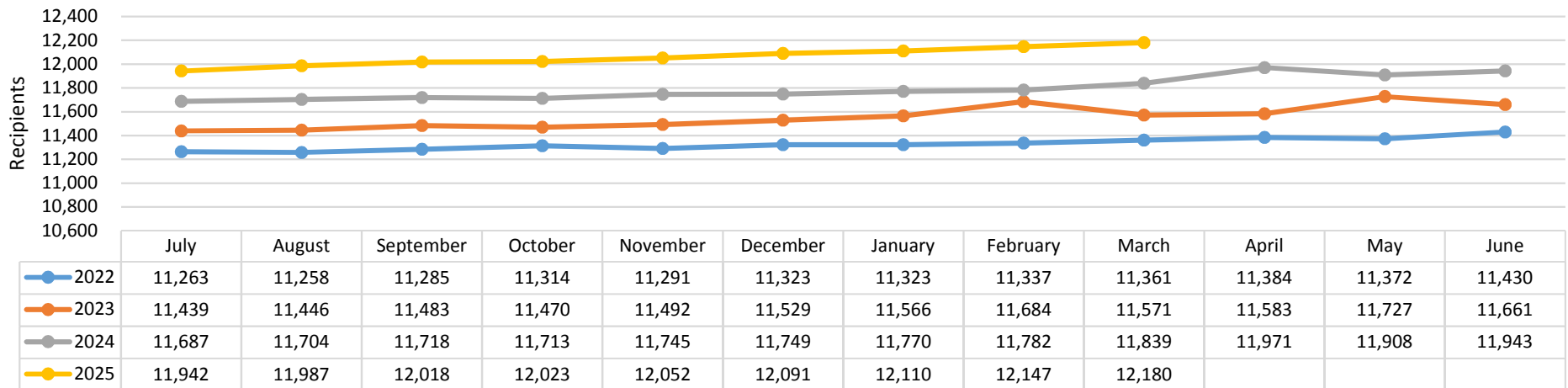
#### Retirement Recipients



### Survivor

Recipients increased by 2.0 % (238 members) from July 2024 to March 2025.

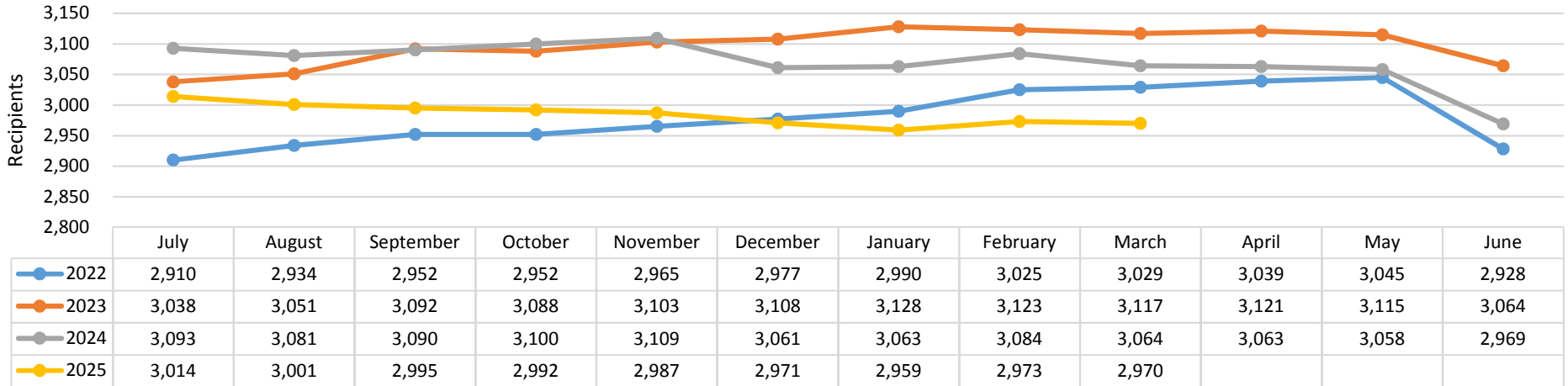
#### Survivor Recipients



### Disability

Recipients decreased by 1.5% (44 members) from July 2024 to March 2025.

#### Disability Recipients



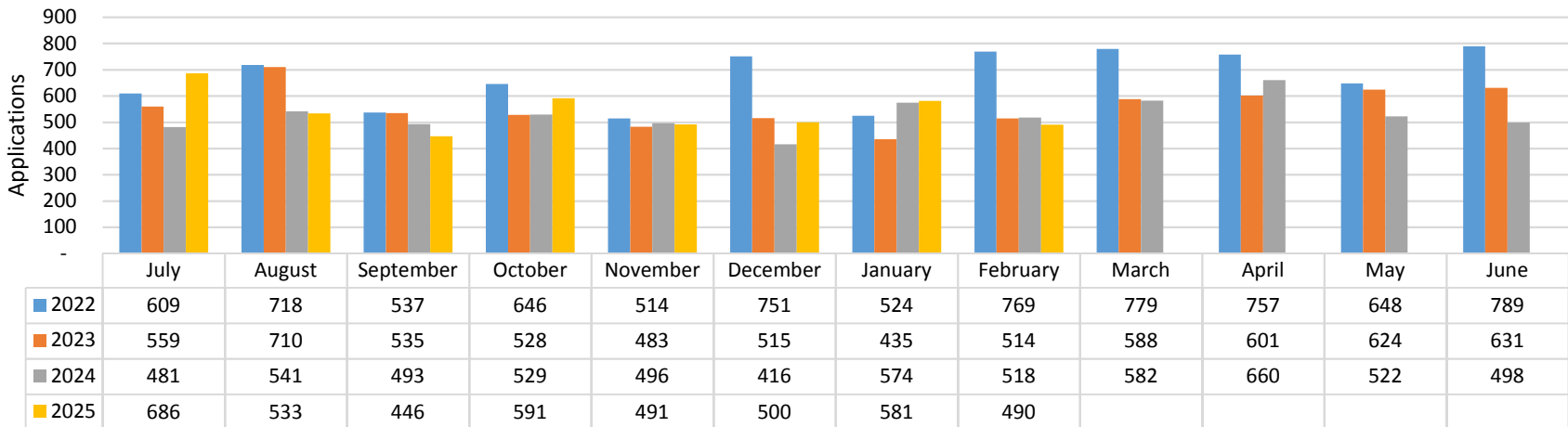
### Benefit Applications Received (monthly)

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

#### Retirement

From July 2024 to March 2025, applications averaged 540 per month.

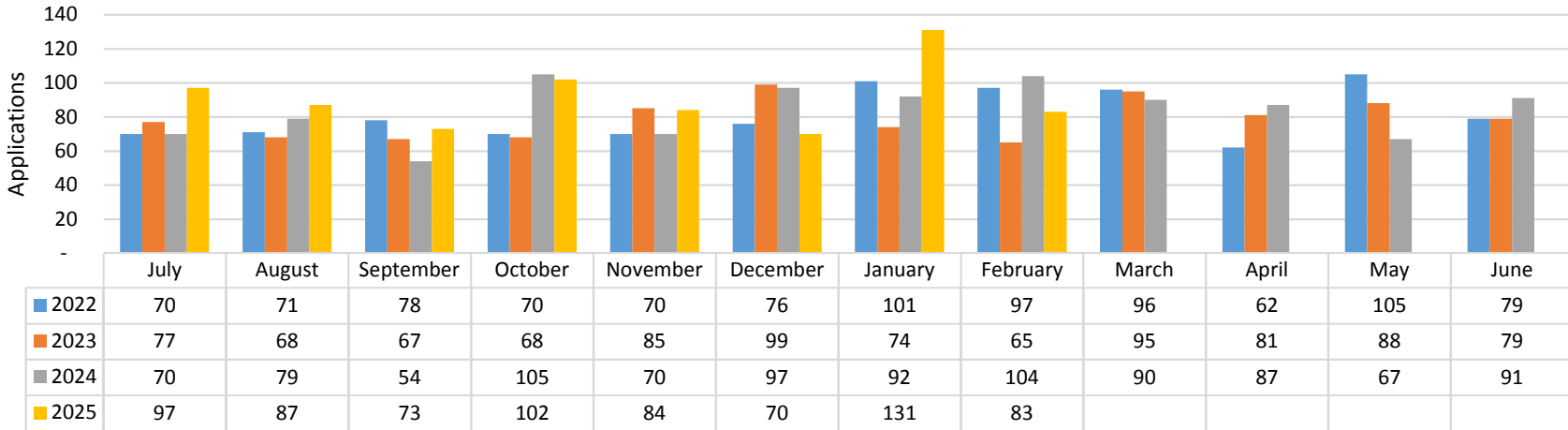
#### Retirement Applications



**Survivor**

From July 2024 to March 2025, applications averaged 90 per month.

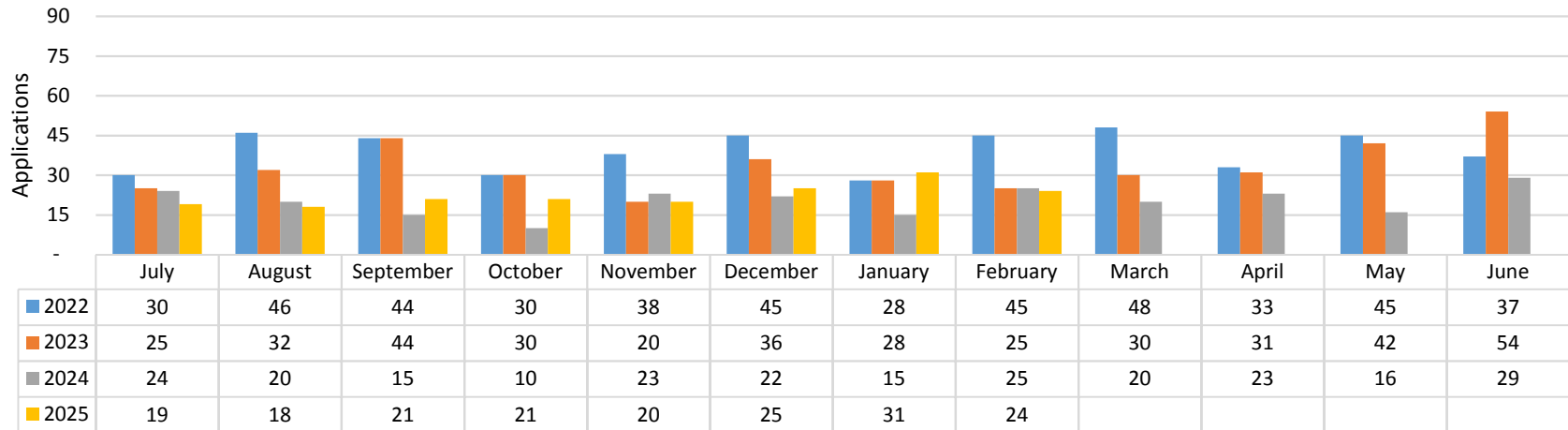
**Survivor Applications**



**Disability**

From July 2024 to March 2025, applications averaged 22 per month.

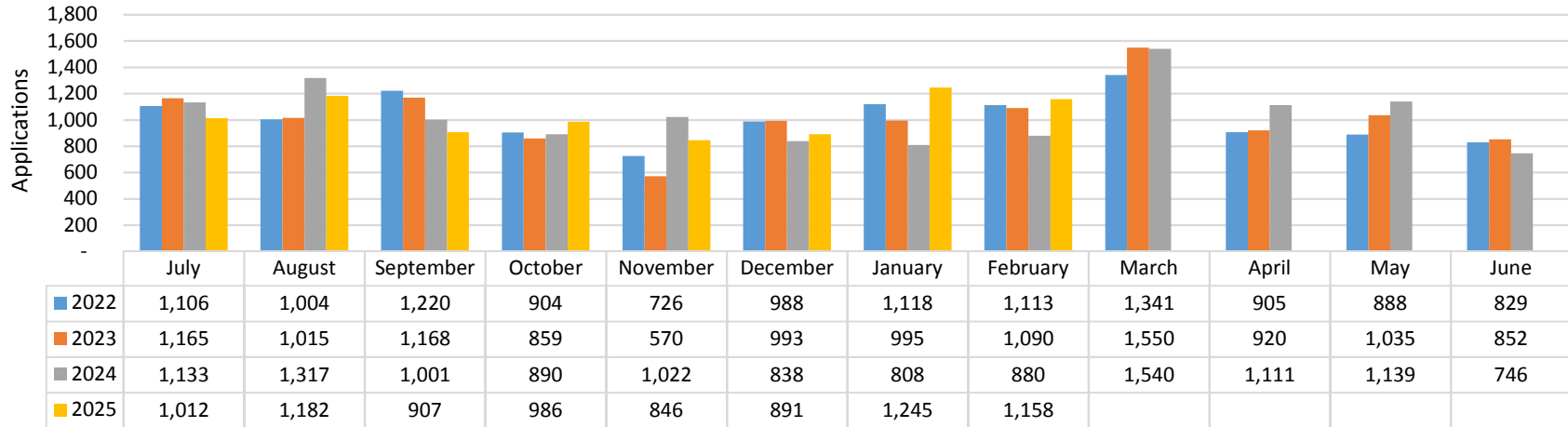
**Disability Applications**



## Refunds Payments (monthly)

From July 2024 to March 2025, refund payments averaged 1,025 per month.

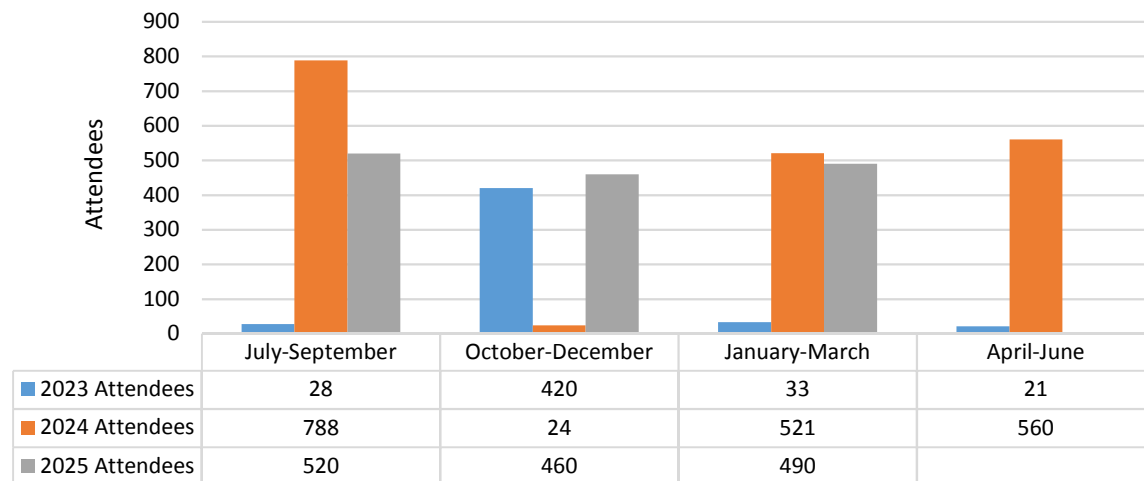
### Refunds



## Employer Education (quarterly)

In March, we hosted a training webinar about maintaining member records and 490 employers attended. The next employer training will focus on demographic reporting in March.

### Employer Programs

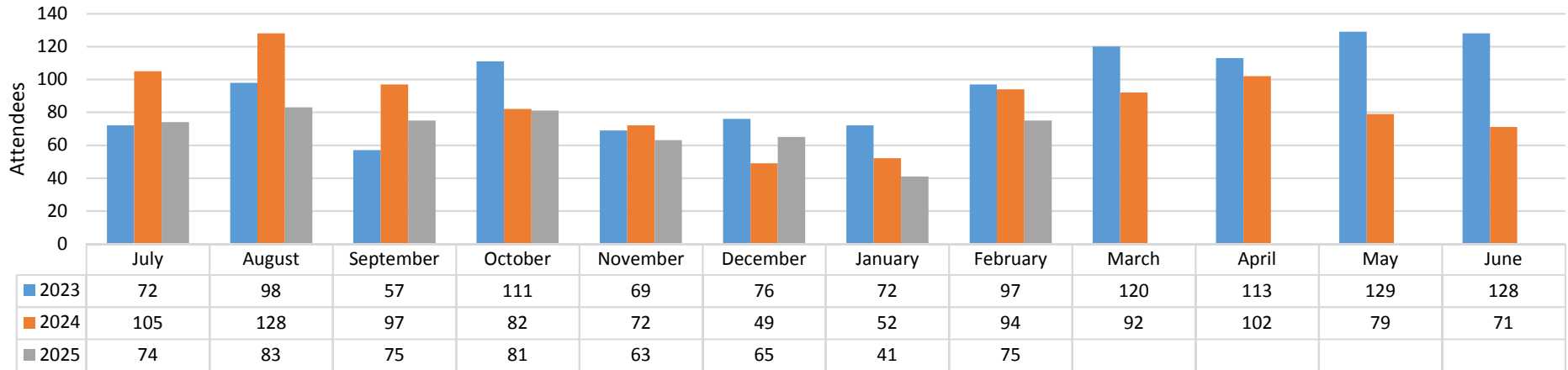


## Member Education (per month)

### Individual Counseling

Individual sessions averaged about 70 per month during fiscal year 2025. We offer in-person and phone options for individual meetings.

### Member Individual Counseling



### Group Programs

December and January are our slowest months for group programs. We expect attendance to increase this spring as members prepare for summer retirements.

### Member Programs

