



## 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, May 8, 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  
Denny Flaherty  
Paul Ford  
Kathy Green

Barbara Johnson  
Jenni Konigsburg  
David Minke  
Thomas Thornberg

Constituting quorum.

Excused: Mary Falk

Attorney General Representative: Frank Langan

Staff members present: Doug Anderson, Executive Director; Julie Leppink, Legal Counsel; Mark Sauceman, Chief Information Officer; Tracy Gebhard, Chief Financial Officer; Don Haller, Chief Benefits Officer; Amy Strenge, Legislative Policy Coordinator; Heather Schoenberger, Account Information Management Manager; Andrea Murphy, Communication & Stakeholder Engagement Manager; and Gladys Rodriguez, Executive Assistant.

Others present: Anne Finn, League of Minnesota Cities; Brian Rice, AFCSME, MRPPA and MPFF; Robert Dike, Retiree; Jacqueline Kiono, Minneapolis Public Schools; Merrill Bajana, Osmosis; Rodney Rowe, Education Minnesota.

### 1. Call to Order

President Stanley called the meeting to order at 9:30 a.m. The meeting was held both in person and remotely via interactive technology, as permitted by Minnesota Statutes Section 13D.015. Roll call was taken to establish a quorum.

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

The agenda was taken in the following order.

### 2. Approval of Consent Calendar

- April 10, 2025, 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. PERA Administrative Budget- FY 2026

*Reference was made to a budget request for FY 2026 submitted by Tracy Gebhard on May 8, 2025*

Gebhard provided a review and summary of the FY 2025 financials, noting that the Board approved a budget of \$34,611,174. Projected expenses are estimated at \$25,832,999, which is \$8,778,175—or 25.4%—below the approved budget. She also highlighted expense categories with projected variances of \$100,000 or more, either over or under the FY 2025 budget.

Gebhard then presented an overview of the FY 2026 administrative budget, which included expenditures for staff salaries, supplies and services, and capital costs such as building and equipment expenses. The budget did not include benefit payments or revenue sources, such as employer and member contributions or investment earnings. The budget also includes a contingency amount equal to 1% of the baseline budget. Staff proposed a FY 2026 Administrative and Capital Expenditure Budget of \$37,442,067—an increase of \$2,830,893, or 8.2%, over the approved FY 2025 budget.

Gebhard explained that PERA is required to annually budget for certain nonnegotiable costs—expenses determined by external entities. These include personnel-related costs such as employee wage increases, employer-paid taxes, and rising health insurance premiums, as well as SBI investment fees, statewide indirect costs, and facilities management fees.

Gebhard then proceeded to highlight the proposed FY 2026 budget, outlining specific increases and decreases by category as follows:

**Personnel Services** – This category reflects ongoing costs associated with ten additional FTEs across PERA’s Operations and IT Divisions, as well as the Executive Team. It also includes nonnegotiable increases in wages and fringe benefits.

The Board requested details related to the additional FTEs and asked that this information be included in future budget requests, along with the departments where the positions will be placed. Gebhard provided a quick overview of the new proposed positions and identified the departments in which they would be hired.

The Board discussed how the budget compares to those of other retirement systems at both the national and local levels, as well as the growth in employee headcount by service area over time and cost-per-member analysis. Additionally, the Board requested an analysis of historical financial trends from prior fiscal years in comparison to recent years.

**Supplies and Services** – This category reflects a reduction in mailing and printing costs, resulting from a shift in communication methods with employers and members. PERA will increase the use of electronic newsletters while reducing the number of printed newsletters, which will now be mailed annually rather than biannually.

Flaherty raised concerns about a decline in newsletter content quality and stressed the importance of focusing more energy and resources on member communication to improve the quality and provide more effective member communication. In response, Blaha expressed support for continuing

with the staff-recommended writing style.

The proposed Professional Services budget includes one-time costs for a technical writer to document standard operating procedures and a contractor to complete microfiche scanning, as well as an increase in ongoing statewide indirect costs. It also reflects a reduction in Medical Review Services compared to the FY 2025 budget.

The IT Services budget includes ongoing costs for Delphi contractors supporting compliance and regulatory development, as well as a risk management tool, as part of PERA's system modernization. These expenses are offset by reductions in areas such as DocuWare, disaster recovery, device security management, and the completed migration to Office 365.

**Building Costs** – PERA made its final bond payment in April. The Building Operating budget reflects cost savings resulting from a cash infusion and increased lease income, though these were partially offset by higher operating expenses. Additionally, the administrative interest rate was adjusted from 36.5% to 28.9%, reflecting the proportion of the building currently occupied by PERA.

**Modernization Costs** – The proposed budget includes one-time cost increases for IT contract workers, as well as contract support for project management and product ownership. It also includes funding for multi-factor authentication enhancements.

The Board requested regular updates on the modernization efforts, including deliverables and timeline.

*After discussion, Green moved that the PERA Board of Trustees approve the proposed FY 2026 Administrative and Capital Expenditure Budget totaling \$37,442,067, as presented. The motion was seconded by Bourgeois and passed unanimously by roll call vote.*

#### 4. 2025 PERA Legislative Agenda Update

*Reference was made to a presentation from Doug Anderson and Amy Strenge*

Strenge provided an update on the PERA legislative initiatives:

**General Plan Postretirement Formula Increase (SF 3192/ HF 2821)**– increases the General Plan postretirement benefit formula to 100% of CPI, 1.0% minimum, 1.75% maximum with a provision to ensure contribution rates are not increased and the addition of a plan sustainability provision.

**Privatization Withdrawal Liability (SF 3355)** – This provision would assess a withdrawal liability on privatizing entities to cover their share of unfunded liabilities. Discussions at the legislature are ongoing regarding the effective date and the possibility of extending it. Staff recommended maintaining the current effective date.

**Amortization Methodology** – Language proposed by the Amortization Work Group to change the amortization method by using the layered amortization approach with defined timeframes.

**Administrative Bill (SF 2980/ HF 2386)**– Clarifying and conforming changes to PERA's statutes.

**Pre-retirement Survivor Benefit Recodification**– Recodifies and standardizes PERA's pre-retirement survivor benefits. Postponing until next year.

Strengé noted that the Omnibus Pension Bill has not yet been introduced and that they are awaiting the Legislative Commission on Pensions and Retirement (LCPR) to convene a meeting.

5. **2025 Stakeholder Legislative Agenda Update**

*Reference was made to a presentation from Doug Anderson and Amy Strengé*

Strengé provided an update on stakeholder legislative initiatives:

**Probation Officers (SF 1986 / HF 1779)**- Proposes an early, unreduced retirement benefit for probation officers in the General Plan, available at age 60 or after 35 years of service, whichever occurs first. The benefit would be funded through employee contributions covering both past and future service. Staff has testified in opposition to the proposal at two hearings and contributed to a working group amendment that calls for studying the potential creation of a new plan for 911 telecommunicators and probation officers. Strengé also noted that the Board received a letter from the Minnesota Association of County Probation Officers (MACPO) and the Minnesota Corrections Association (MCA).

Konigsburg acknowledged receipt of the stakeholders' letter and stated that, although she disagrees with the concerns expressed regarding PERA Board and staff engagement, she appreciates the staff's efforts to collaborate with stakeholders and provide information. She emphasized PERA's ongoing commitment to collaborative and constructive engagement with stakeholders.

**Fire and Police Member/Retiree Organizations (SF 1122 / HF 139)**- Proposes aligning the cost-of-living adjustment (COLA) for Police and Fire retirees with the PERA General Plan formula and eliminating the current two-year delay in receiving COLA increases. This proposal was heard and has broad support for implementing changes; however, the associated costs need to be considered and addressed.

**Minnesota Correctional Officer Retiree Association (SF 1556 / HF 708)**- Proposes the addition of a dedicated Correctional Plan representative to the PERA Board of Trustees. Staff testified in opposition, and the bill was laid over and not included in the Omnibus bill.

The remaining items have not gained significant support:

**Minnesota Chiefs of Police Association (HF 1339)**- Working after retirement for P&F modifications.

**Pension Holiday for PERA General, PERA Correctional, & PERA P&F Plans** - Governor proposes a 0.25% employee contribution reduction for FY 26

**Fire Member Organization (MPFF) and Police Retiree Organization (MRPPA)**- Eliminate sunset provisions on two \$9M State contributions

**PERA General Plan Member Groups**- Benefit increase for active members

6. **Attorney General Litigation Update**

*Johnson made a motion to close the meeting as permitted by Minnesota Statutes, section 13D.05, subdivision 3(a). The motion was seconded by Konigsburg and passed unanimously by roll call vote.*

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

*Thornberg made a motion to open the meeting. The motion was seconded by Minke and passed unanimously by roll call vote.*

**7. Date of Next Meeting**

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

**8. Adjournment**

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

Meeting adjourned at 12:05 p.m.

A handwritten signature in black ink, appearing to read "Doug Anderson", is written over a horizontal line.

Doug Anderson, Executive Director



Date: June 12, 2025  
To: PERA Board of Trustees  
From: Don Haller, Heather Schoenberger, Tim Knippenberg, Sarah Fischer, 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

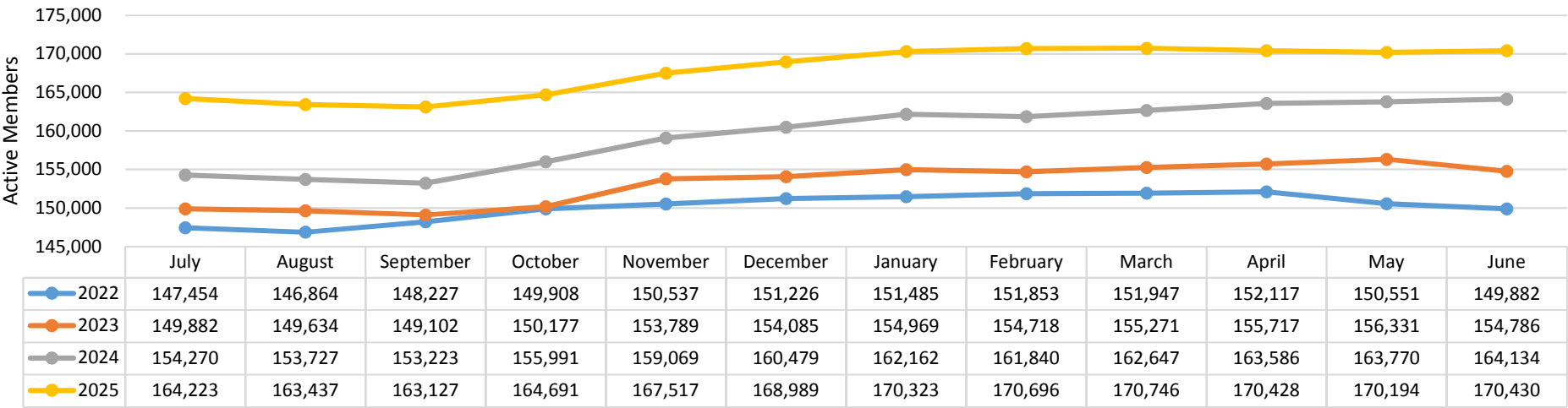
Active Membership Data (monthly)

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

Coordinated

From July 2024 to June 2025, membership increased by 3.8% (6,207 members).

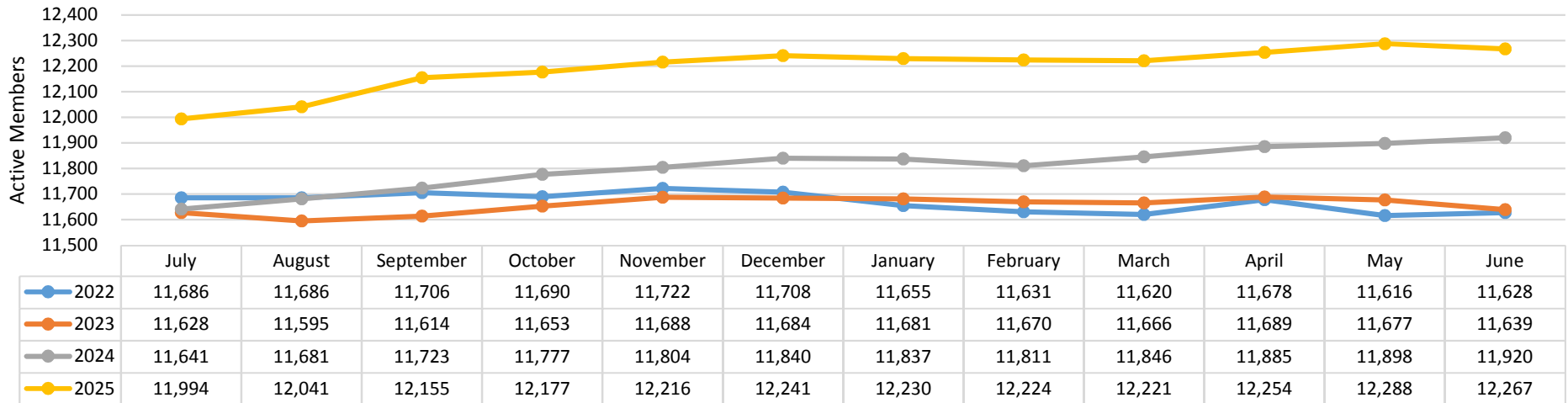
Coordinated



## Police & Fire

From July 2024 to June 2025, membership increased by 2.3% (273 members).

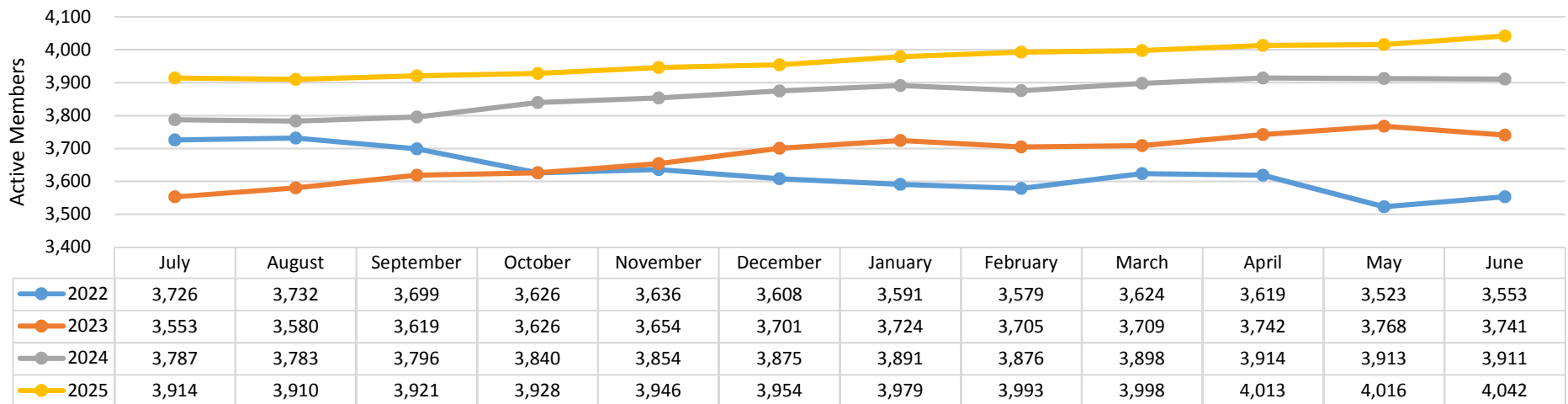
### Police & Fire



## Correctional

From July 2024 to June 2025, membership increased by 3.3% (128 members).

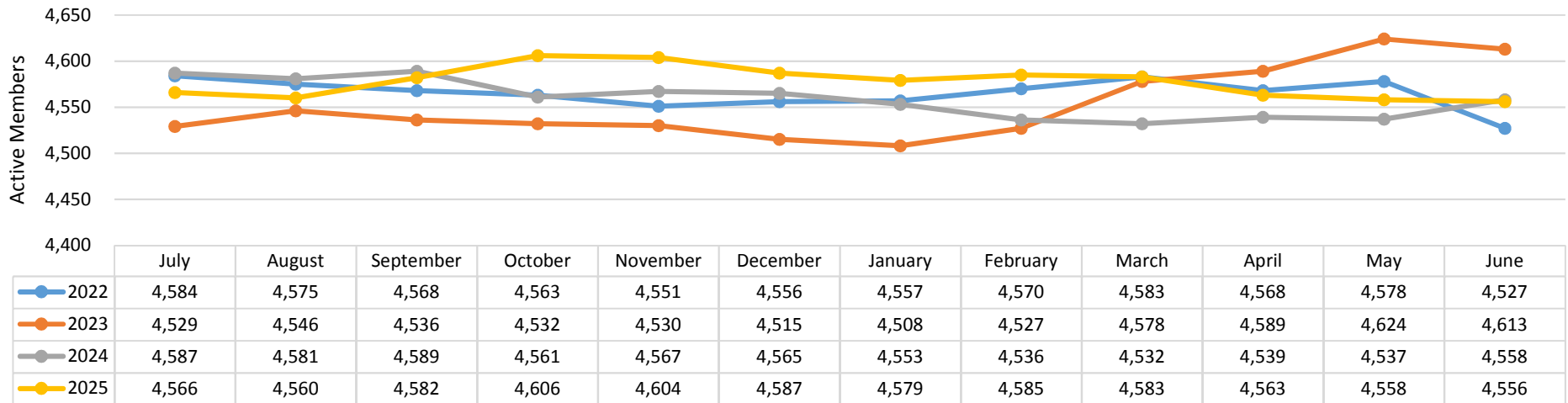
### Correctional



### Defined Contribution Plan

From July 2024 to May 2025, membership minimally changed during the year.

#### Defined Contribution Plan



### Summary

Membership counts are summarized below as of the first of the month for May and June 2025.

| Active Membership Counts – Defined Benefit Plans            | May 2025       | June 2025      |
|-------------------------------------------------------------|----------------|----------------|
| Coordinated                                                 | 170,194        | 170,430        |
| Police and Fire                                             | 12,288         | 12,267         |
| Correctional Plan                                           | 4,016          | 4,042          |
| SVF - Monthly / Lump Sum Benefits                           | 38 / 5,879     | 38 / 5,895     |
| Privatization                                               | 1,765          | 1,762          |
| MERF                                                        | 1              | 1              |
| Basic Plan                                                  | 0              | 0              |
| Exempt Plan                                                 | 4,701          | 4,748          |
| <b>Total</b>                                                | <b>198,961</b> | <b>199,302</b> |
| <b>Active Membership Counts – Defined Contribution Plan</b> | <b>4,558</b>   | <b>4,556</b>   |

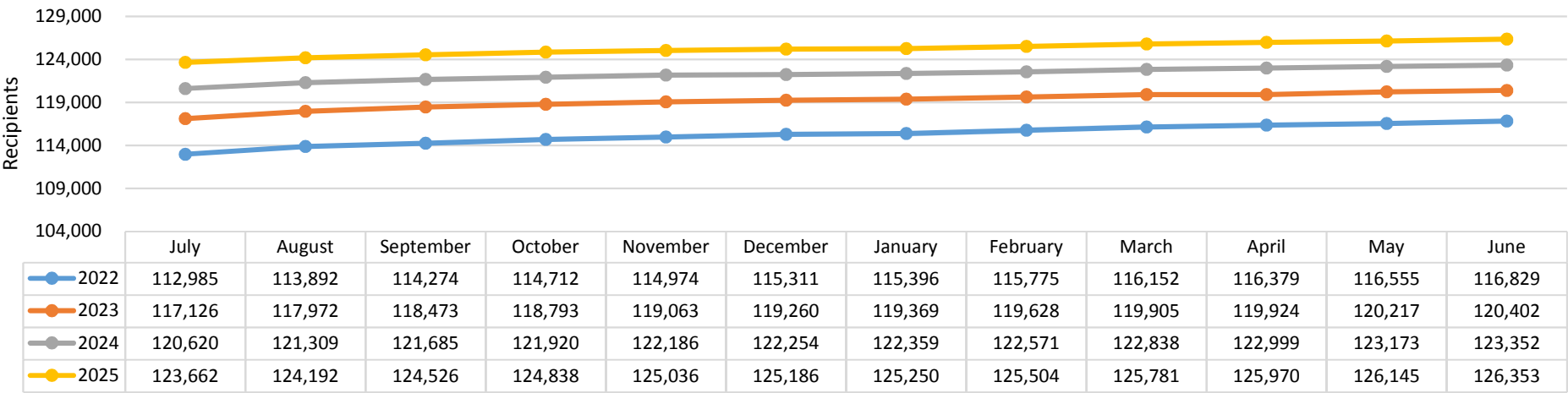
**Benefit Recipients (monthly)**

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

**Retirement**

Recipients increased by 2.2% (2,691 members) from July 2024 to June 2025.

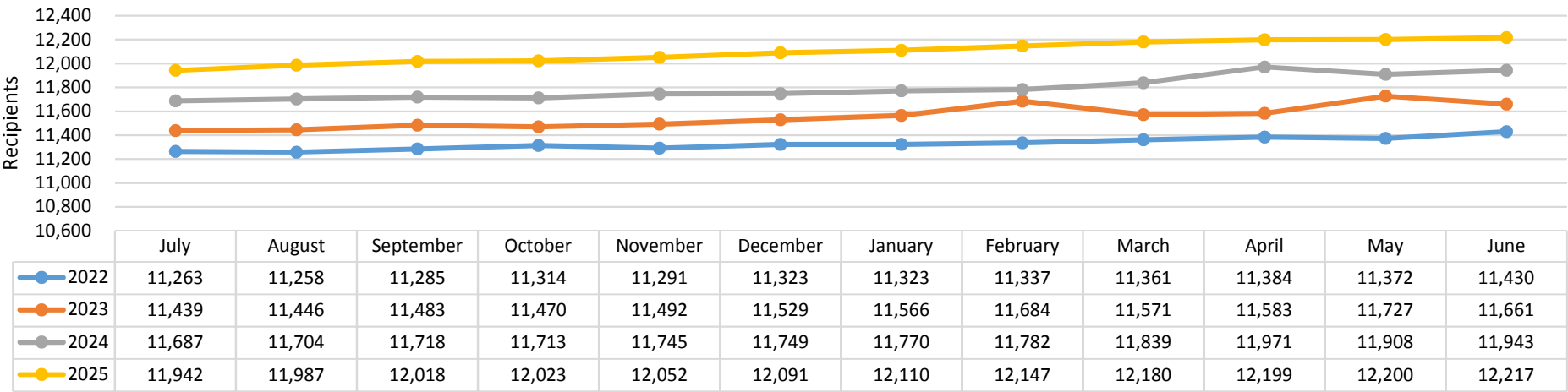
Retirement Recipients



**Survivor**

Recipients increased by 2.3% (275 members) from July 2024 to June 2025.

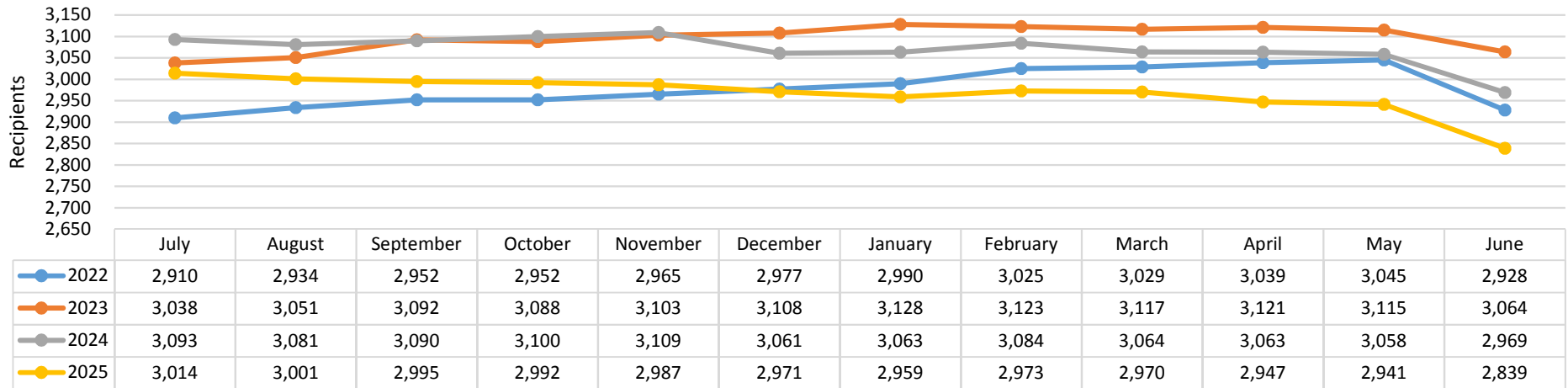
Survivor Recipients



## Disability

Recipients decreased by 5.8% (175 members) from July 2024 to June 2025.

### Disability Recipients



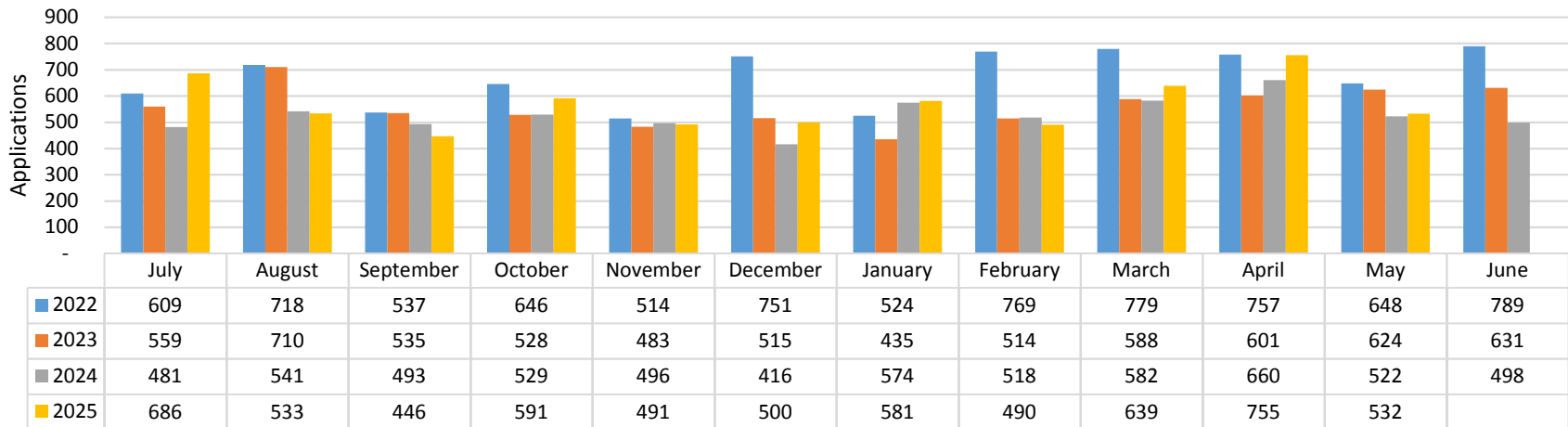
## Benefit Applications Received (monthly)

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

### Retirement

From July 2024 through May 2025, applications averaged 568 per month.

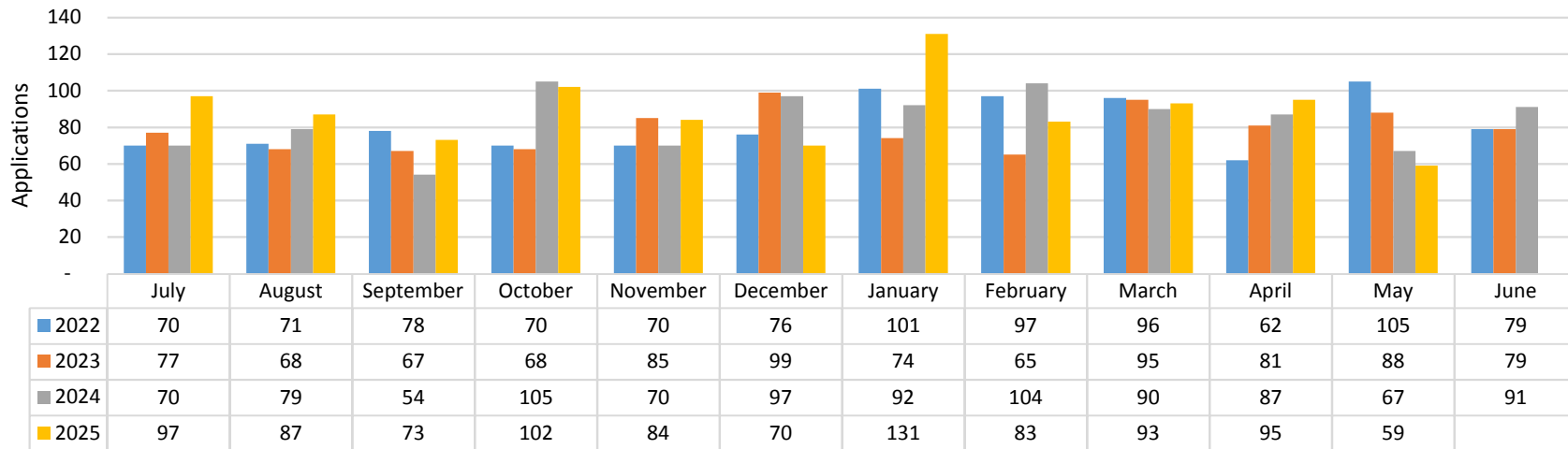
### Retirement Applications



### Survivor

From July 2024 through May 2025, applications averaged 89 per month.

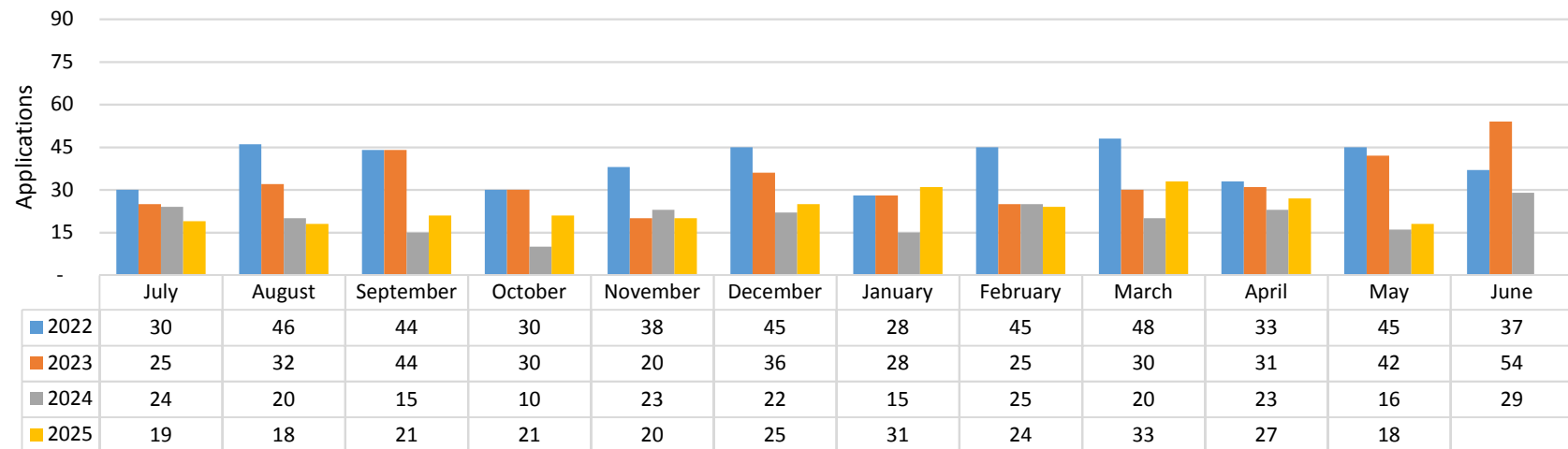
#### Survivor Applications



### Disability

From July 2024 through May 2025, applications averaged 23 per month.

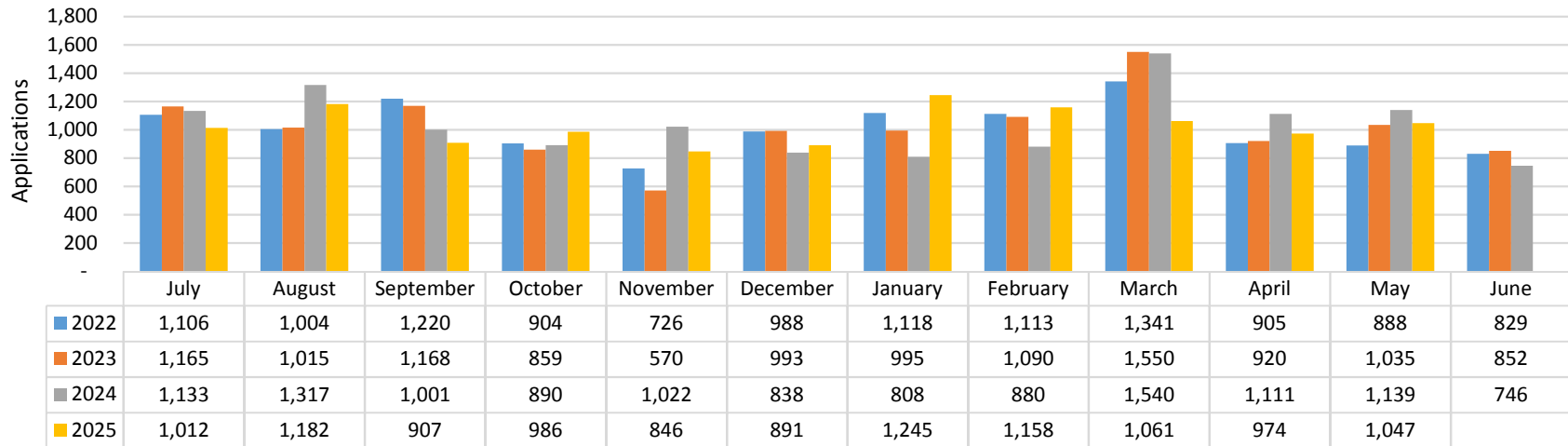
#### Disability Applications



## Refunds Payments (monthly)

From July 2024 through May 2025, refund payments averaged 1,028 per month.

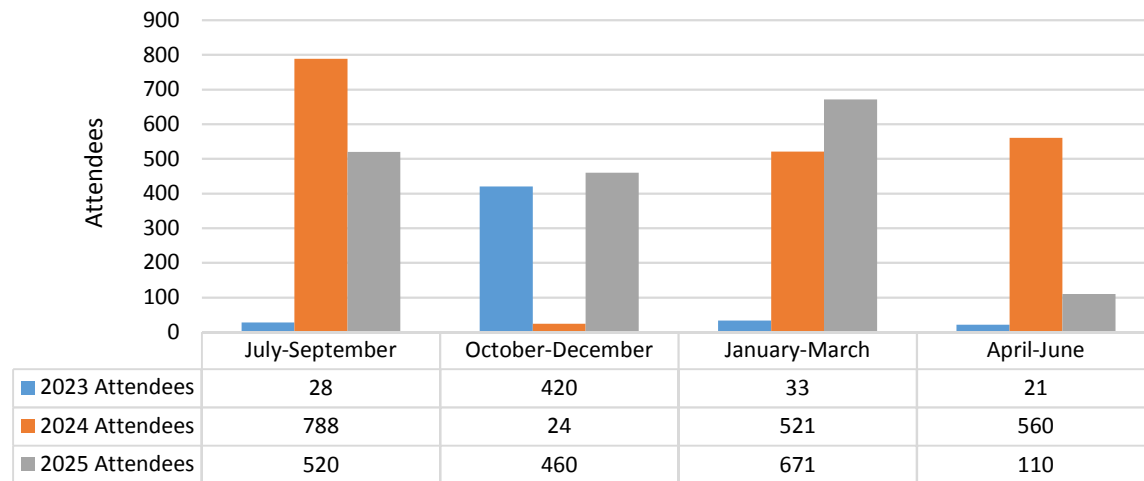
### Refunds



## Employer Education (quarterly)

In April, we presented a summer earnings webinar for school employers. Our next program will be a refresher training on leave reporting in June.

### Employer Programs

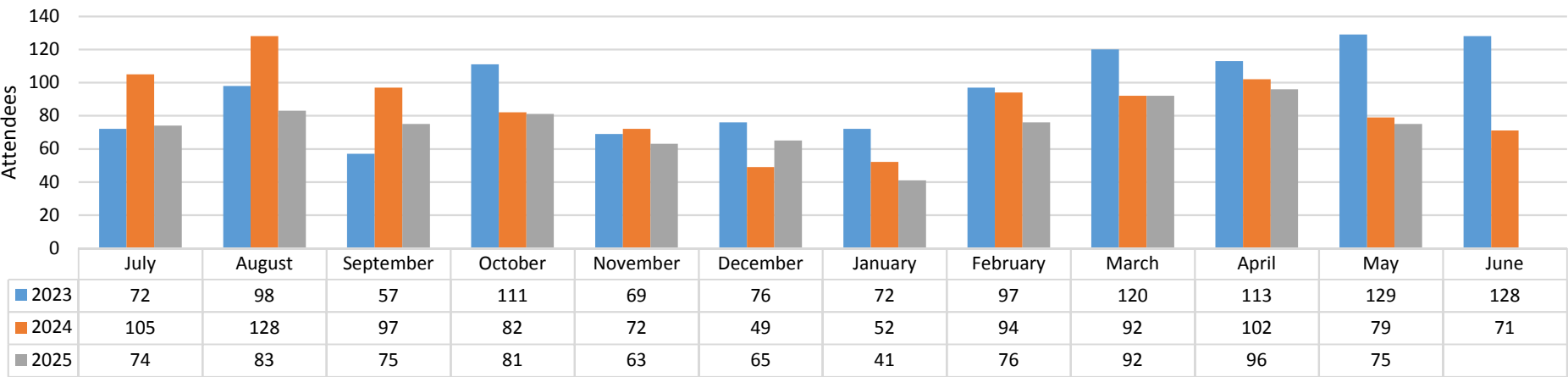


Member Education(per month)

Individual Counseling

Individual sessions averaged about 75 per month during fiscal year 2025. We offer in-person and phone options for individual meetings.

Member Individual Counseling



Group Programs

From May to September 2025, PERA representative will be traveling across Minnesota to 15 different cities. Two programs will be offered at each location.

Member Programs

