



MINUTES

The Board of Trustees of the Public Employees Retirement Association met in regular session at the Association offices, 60 Empire Drive, Room 117, Saint Paul, Minnesota, on Thursday, May 14, 2026, at 9:30 a.m., with notice given three days prior by the Secretary.

The following members were present:

Thomas Stanley, President

Julie Blaha/ Ramona Advani (Remote)
Paul Bourgeois (Remote)
Denny Flaherty
Jenni Konigsburg

Barbara Johnson
David Minke
Grace Molenaar-Maldonado
Thomas Thornberg

Constituting quorum.

Excused: Paul Ford

Attorney General Representative: Frank Langan

Staff members present: Doug Anderson, Executive Director; Amy Strenge, Legislative Policy Coordinator; Don Haller, Chief Operations Officer; Mark Sauceman, Chief Information Officer; Joshua Harrison, General Counsel; Lance LaFrombois, Deputy General Counsel; Afiya Krueger, Benefit Services Claims Director; Jody Kortus, Benefit Services Claims Representative; Heather Schoenberger, Account Information Management Manager; Patty Heminover, Human Resources Director; Susanne Franklin, Accounting Director; Alyssa Wentworth, Finance Division; Mirka Graulau, Finance Division; Carmen Kaufenberg, Finance Division; Amy Mulder, Finance Division; Sonja Parr-Baker, AIM-Employer Casework; Gladys Rodriguez, Executive Assistant.

Others present: Adam Schauls, Appellant; Owen Wirth, League of MN Cities; Ann Lenczewski, Lockridge Grindal Nauen, PLLP; Alex Hassel, Lockridge Grindal Nauen, PLLP; Kate Wagner, MN Fire Association Coalition; Kevin Benner, Retired Police Chief; Holly Dayton, Teachers Retirement Association; Wade Laszlo, Minnesota Correctional Officer Retirement Association; Harry Grigsby, State AFL/CIO Retiree Council; Peter Marincel, Education MN, Bryan Bomstad.

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

- April 9, 2026, Regular Board Meeting Minutes
- Operational Data Report

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

[Blaha joined the meeting]

3. Appeal In the Matter of the Police and Fire Plan Disability Benefit Offset of Adam Schauls

Reference was made to a memo from Deputy General Counsel Lance L. LaFrombois, exhibits and correspondence submitted by appellant Adam Schauls

Mr. Schauls appeared before the Board following a Fact-Finding Conference conducted by an Administrative Law Judge regarding the application of benefit offsets to his Police and Fire Plan disability payments.

Mr. Schauls argued that PERA incorrectly applied the law governing benefit offsets and asserted that the offset reapplication process lacks consistency. He stated that PERA has not established formal policies, procedures, or standards governing the reapplication process, resulting in an ad hoc approach with insufficient oversight.

Mr. Schauls requested that the Board reject Administrative Law Judge Meyer's Findings of Fact, Conclusions of Law, and Recommendation. He stated that the deficiencies in the offset reapplication process violated procedural protections, due process rights, and his property interest in receiving benefits, and he asked the Board to grant his petition.

[Bourgeois left the meeting]

Deputy General Counsel LaFrombois presented staff's response to Mr. Schauls' appeal regarding the offset applied to his Police and Fire Plan duty disability benefit payments. He noted that Mr. Schauls served as a police officer for the City of Oakdale from 2004 to 2013 and has received duty disability benefits since July 2013. He returned to employment in 2014 and has consistently reported earnings while receiving disability benefits.

LaFrombois explained that, pursuant to the 2023 amendments to Minn. Stat. § 353.656, subd. 4, PERA was required to apply disability benefit offset provisions beginning January 1, 2025, the calendar year following Mr. Schauls' most recent disability benefit reapplication, which was submitted on October 22, 2024. Based on Mr. Schauls' projected 2025 earnings, PERA applied the statutory disability benefit offset. The offset applied was the offset related to reemployment earnings and years of allowable service ("Offset 1"). The earnings-limit offset ("Offset 2") has not been applied.

LaFrombois stated that a Fact-Finding Conference on Mr. Schauls' appeal was held on January 6, 2026, before Administrative Law Judge Meyer. In his February 24, 2026 Findings of Fact, Conclusions of Law, and Recommendation, Judge Meyer found that PERA had properly notified Mr. Schauls of the review process, informed him of the resulting monthly disability benefit offset of \$338.49 and associated overpayment of \$2,369.43, and considered his argument regarding the timing of the calendar year following his October 2024 reapplication.

Judge Meyer recommended that the Board deny Mr. Schauls' Petition for Review, concluding that he had not demonstrated that PERA improperly applied the statutory offset provisions to his duty disability benefits. In the memorandum provided to the Board, Judge Meyer stated that Mr. Schauls had not identified any specific error in PERA's offset calculations and that the record supported the conclusion that the offsets were calculated correctly.

LaFrombois stated that staff agreed with Judge Meyer's recommendation and concluded that no error had been identified in PERA's determination of the offset applied to Mr. Schauls' disability benefit payments.

Board members raised questions regarding PERA's communications related to disability benefit offsets and the availability of reapplication information on the PERA website. Trustee Konigsburg noted that she has visited the PERA website on several occasions while seeking information and commended staff for their efforts to update the website and make information regarding the offset process and other member resources readily accessible.

The Board acknowledged the importance of continuing to improve processes and communications, including the development of clear internal guidelines and policies. The Board directed staff to review the Administrative Manual and return with proposed guidelines regarding the offsets, reapplication process and recovery of overpayments.

After discussion, Thornberg moved that the PERA Board of Trustees adopt ALJ Meyer's Findings of Fact, Conclusions of Law and Recommendation in this matter and deny Petitioner's appeal, including Petitioner's Additional Claims, and direct its counsel to draft an order reflecting its decision for the Board President's signature. The motion was seconded by Minke and passed unanimously by roll call.

The additional claims raised by Mr. Schauls were related to the implementation of the 2023 benefit offset law, due process, and overpayment recovery.

The Board denied the appeal. President Stanley thanked Mr. Schauls for bringing the matter forward, noting that the concerns raised highlighted process issues that will be taken as a call to action for improvement. He further directed staff to review potential improvements to PERA's processes and expressed appreciation for Mr. Schauls' participation and time.

4. Executive Director Search Update

Stanley provided an update on the Executive Director search process. He reported that the Search Committee, consisting of Trustees Minke, Konigsburg, Flaherty, and himself, has been working with CBIZ to finalize the position description and recruitment strategy. The position description has been finalized, and the position has been posted.

The recruitment effort includes a LinkedIn posting and additional outreach as part of the broader search strategy. The application deadline is anticipated to be June 8, after which the Search Committee will begin reviewing candidates.

Stanley requested that Trustees reserve the second Thursday in July in the event a meeting is needed for the search process; no meeting is currently scheduled. An additional update will be provided at the next Board meeting.

5. SVF Administrative Fee

Reference was made to a memo from Doug Anderson dated May 14, 2026

Anderson provided an update on how the Statewide Volunteer Firefighter (SVF) administrative fee is determined. He noted that when the SVF plan was established in 2010, the fee was set at \$30 per member and remained unchanged until 2022. The basis for the original fee is not known, and administration during that period was handled by a small number of Finance staff.

He further explained that as the SVF program has grown to over 300 participating departments, administrative responsibilities have been distributed across approximately 20 staff members in five divisions, with certain functions also outsourced. The fee increased to \$60 per member in 2025. Following a recent review of staff time allocation and costs, staff estimated SVF administration at approximately 4.5 full-time equivalents, with annual payroll and benefits costs of approximately \$535,000. Including outsourcing and consulting costs for annual reporting, total annual administrative costs are estimated at approximately \$700,000.

Based on projected 2026 membership of approximately 8,800, staff calculated an estimated cost of \$80 per member. Staff will implement the updated administrative fee effective for the 2027 plan year, with communication to SVF entities planned for summer 2026.

Staff noted there was no adverse reaction to the 2025 fee increase and does not anticipate concerns with the current adjustment.

The item was presented for informational purposes only; no Board action was required.

6. FY 2027 Administrative Budget

Reference was made to a memorandum from Doug Anderson dated May 14, 2026, and a presentation by Doug Anderson, Mark Sauceman, and Don Haller

Staff presented the proposed FY 2027 Administrative Budget, including an overview of budget responsibilities, benchmark data, an update on the MNRISE modernization initiative, and FY 2026 budget variances.

At the Board's request, staff provided a comparison of PERA's administrative costs with those of other retirement systems. Based on 2023 Annual Comprehensive Financial Report (ACFR) data, PERA's administrative cost was \$53 per active and retired member, compared to \$106 per member for both the Minnesota State Retirement System and the Teachers Retirement Association. Nationally, PERA ranks 12th lowest in administrative costs among 61 similarly sized retirement systems.

The approved FY 2026 budget totaled \$37.4 million, while projected expenditures are approximately \$30.4 million, resulting in a favorable variance of \$7.1 million. The primary drivers of the variance are lower than budgeted staffing costs and reduced system modernization expenditures. Staffing costs are projected to be \$2.1 million below budget caused by higher than anticipated vacancies, which were partially caused by hiring delays associated to limited Human Resources capacity. Overall staffing levels are currently at 84% of authorized positions.

The system modernization expenditures are projected to be \$3.4 million below budget due to resource constraints and additional time needed to develop detailed business requirements. While the project

timeline has been extended, the overall multi-year budget remains unchanged.

Sauceman provided an update on the MNRISE modernization project, reporting that 10 of 17 planned positions have been filled. Recent accomplishments include the migration of the PERA website to a modern technology platform and the planned implementation of new call center technology. Staff also reported progress on business requirements development, automated testing, and conversion of legacy systems, with CAMI production deployment expected within the next six to twelve months. Future work includes the modernization of myPERA, implementation of multi-factor authentication, and continued cybersecurity enhancements supported by the Information Security Leader position.

The proposed FY 2027 budget totals \$46,689,602, representing an increase of \$9.2 million, or 24.7%, over the approved FY 2026 budget. The proposed increase is primarily due to several factors, including one-time expenses for space renovations and security enhancements; increased system modernization costs resulting from accelerated project progress; non-negotiable expenses such as employee wage and benefit increases, SBI investment fees, statewide indirect costs, and facilities management fees; IT equipment and hardware upgrades; funding to fill temporary positions to address work backlogs caused by high vacancy rates in FY 2026; and the addition of four new positions including an Assistant Executive Director, Fraud Analyst, Infrastructure Engineer, and Retirement Services Specialist.

The Board discussed the distinction between the Deputy Executive Director and Assistant Executive Director positions. Anderson explained that determination of which role would best meet the organization's needs should be made by the incoming Executive Director. However, the position is being requested at this time to provide the new Executive Director with the flexibility to make that hiring decision.

Board members also raised several questions regarding the proposed budget and made several requests. These included a review of historical trends comparing budgeted amounts to actual expenditures, quarterly updates on staffing vacancies, a breakdown of expenses by plan, and a timeline and visible roadmap for the MNRISE initiative.

In addition, the Board requested that future budget presentations clearly demonstrate ongoing and one-time costs and include information regarding SVF revenue recapture.

Flaherty raised questions regarding the office space relinquished to SBI, while Johnson requested a future presentation on current workforce dynamics and any challenges associated with return-to-office efforts.

Flaherty also proposed the establishment of a Finance Subcommittee to provide budget oversight and work collaboratively with the Chief Financial Officer on financial matters. Konigsburg and Minke expressed interest in serving on the subcommittee.

following discussion, Konigsburg moved that the PERA Board of Trustees approve the FY 2027 budget in the amount of \$46,689,602, as presented. Thornberg seconded the motion. The motion passed unanimously by roll call vote.

7. 2026 PERA Legislative Agenda Update

Reference was made to a memo and a presentation from Doug Anderson and Amy Strenge dated May 14, 2026

Strenge provided a legislative update on the 2026 pension and retirement omnibus bill (Senate File 4276/House File 4074). The Legislative Commission on Pensions and Retirement (LCPR) approved the bill on May 5, after which it advanced through the House and Senate committee processes. The House then passed the bill by a vote of 129-5. At the time of the meeting, Senate action was anticipated prior to the legislative adjournment deadline. Staff noted that only technical amendments had been adopted since LCPR approval and that no substantive provisions affecting PERA had changed.

Staff highlighted several PERA initiatives included in the omnibus bill:

- SF 4721/HF 4514: Decreases PERA Correctional Plan contributions and increases the postretirement adjustment formula.
- SF4373: Clarifies MN Paid Leave payments and modifies PERA's supplemental salary for leave purposes.
- SF 5220: Changes SVF Plan funding reports from biennial to annual.

The Bill establishes two working groups to recommend legislation for the 2027 legislative session:

- SF 4766/HF 4921: Considers vesting schedules and coverage for emergency medical providers in Volunteer Relief Associations and the SVF Plan.
- SF 4464/HF 4988: Examines duty disability reforms for the Police & Fire Plan and ensures members who become duty disabled or retire have access to affordable health coverage until Medicare eligibility.

8. 2026 Stakeholder Legislative Initiatives Update

In addition, the pension and retirement omnibus bill contains PERA stakeholder initiatives:

- SF 3828/HF 3512: Modifies the allocation of surplus upon the Maple Plain SVF Plan termination; PERA is removed from administering the allocation.
- SF 1122/HF 139: Eliminates the additional 12-month postretirement adjustment delay for the Police & Fire Plan. Provides \$8 million annually via state aid.
- SF 5096/HF 4877 & SF 5093/ HF 4879: Establishes the Local Government Probation and Telecommunicator Retirement Plan. A one-time aid of \$2.6 million reduces employee contribution to 8% until August 2028.
- HF 4162: Effective January 1, 2027, requires employers to continue employer contributions for rehired annuitants for most statewide plans. The Bill establishes two working groups to recommend legislation for the 2027 legislative session.

9. Building Security Update

Konigsburg moved to close the meeting pursuant to Minn. Stat. § 13D.05, subd. 3(d), to receive an update on the building security proposals for the Retirement System Building. Minke seconded the motion and passed unanimously by roll call vote.

Thornberg made a motion to open the meeting. Konigsburg seconded the motion and passed unanimously by roll call vote.

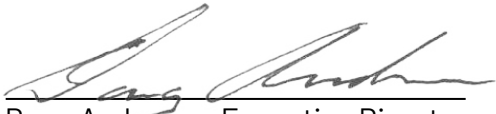
10. Date of Next Meeting

The next meeting will be held Thursday, June 11, starting at 9:30 a.m. in Board Room 117 of the Retirement Systems of Minnesota Building.

11. Adjournment

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

Meeting adjourned at 1:20 p.m.



Doug Anderson, Executive Director



Date: June 11, 2026
 To: PERA Board of Trustees
 From: Don Haller, Heather Schoenberger, Tim Knippenberg, Sarah Fischer, Afiya Krueger, and Stacey Salvinski
 Subject: Operational Data Report

This memo includes PERA statistical data for the following areas:

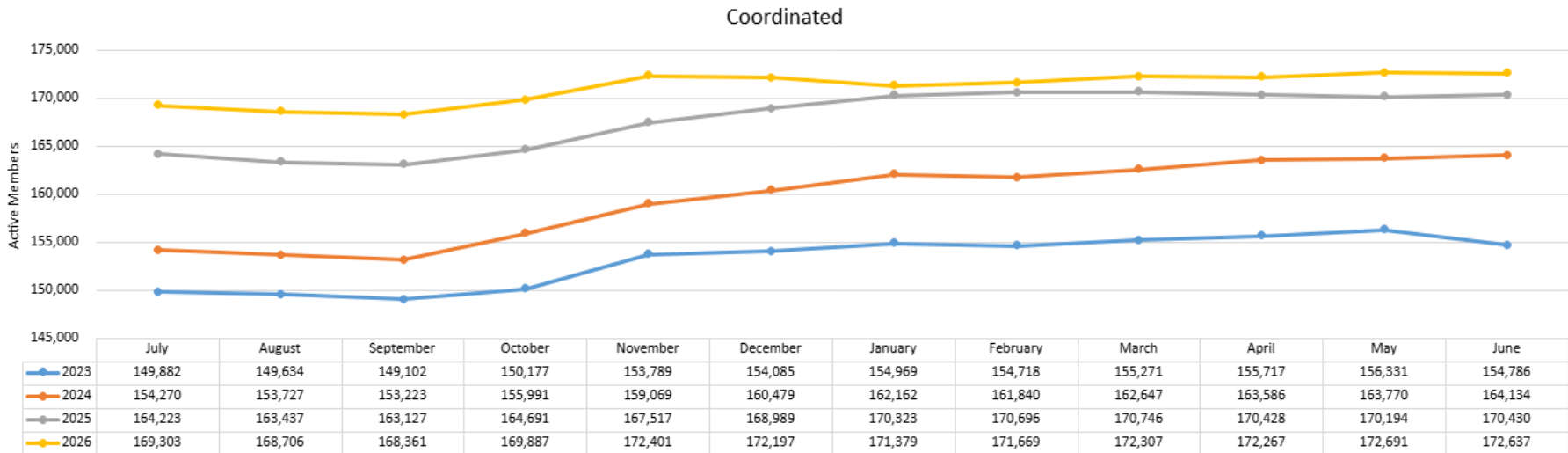
- Active membership data for PERA’s plans
- Recipient data for retirement, survivor and disability benefits
- Application data for retirement, survivor, and disability benefits
- Refund payments processed
- Education initiatives for members and employers

Active Membership Data (monthly)

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

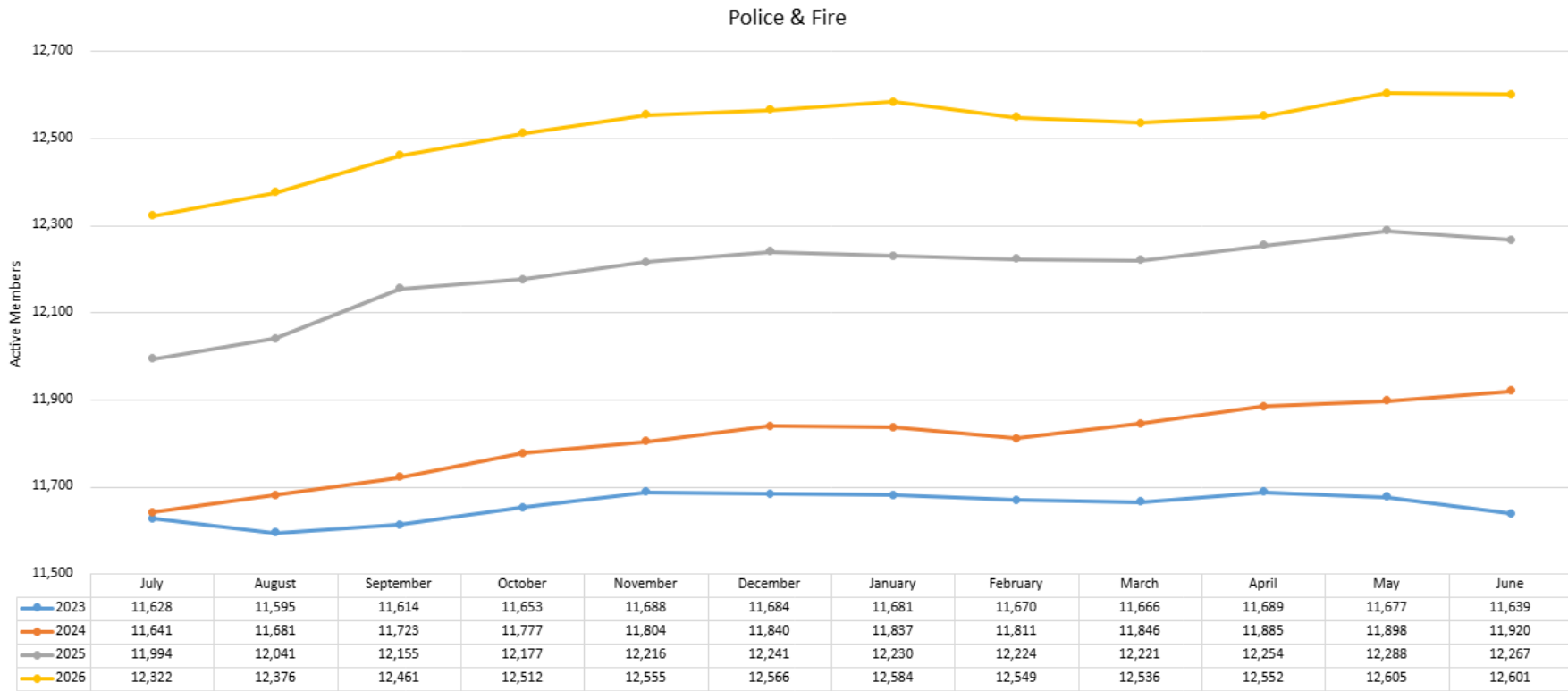
Coordinated

From July 2025 to June 2026, membership increased by 1.97% (3,334 members).



Police & Fire

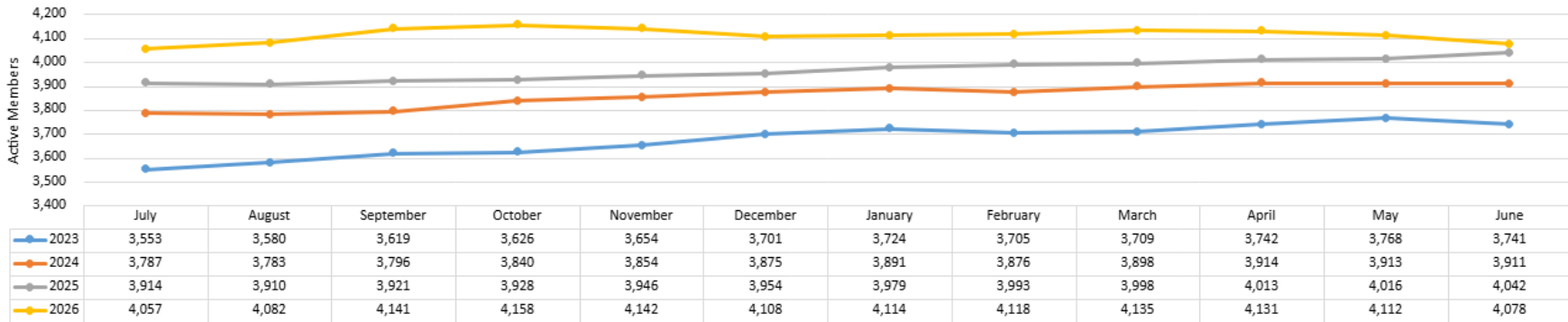
From July 2025 to June 2026, membership increased by 2.3% (279 members).



Correctional

From July 2025 to June 2026, membership increased by .50% (21 members).

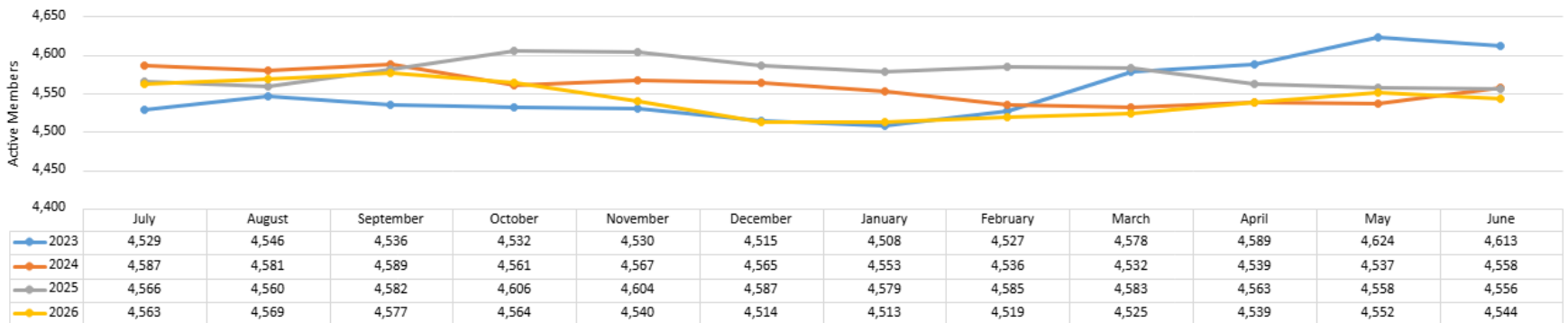
Correctional



Public Employees Defined Contribution Plan

From July 2025 to June 2026, membership decreased by .18% (8 members).

Public Employees Defined Contribution Plan



Summary

Membership counts are summarized below as of the first of the month for May and June 2026.

Active Membership Counts – Defined Benefit

Plans	<u>5/1/2026</u>	<u>6/1/2026</u>
Coordinated	172,691	172,637
Police and Fire	12,605	12,601
Correctional Plan	4,112	4,078
Privatization	1,605	1,595
MERF	1	1
Basic Plan	0	0
Exempt Plan	4,927	4,955
SVF DBP - Monthly Benefits	45	45
SVF DBP - Lump Sum Benefits	6,436	6,429
Total	202,422	202,341

Active Membership Counts - Defined Contribution

Plan		
Public Employees DCP	4,552	4,544
SVF DCP - Lump Sum Benefits	211	208
Total	4,763	4,752

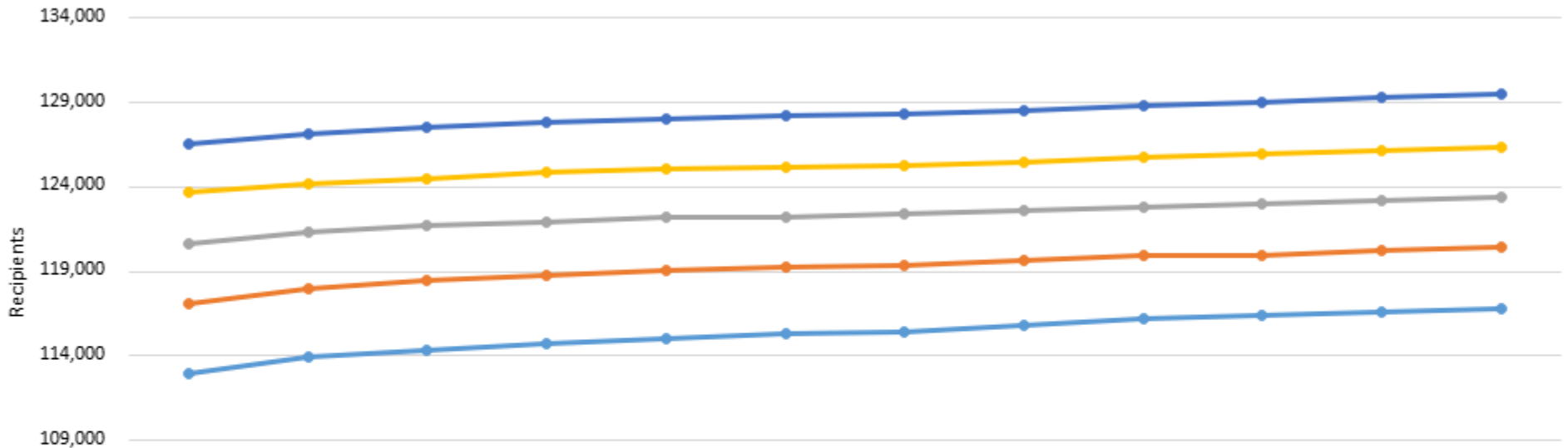
Benefit Recipients (monthly)

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

Retirement

Recipients increased by 2.3% (2,921members) from July 2025 to June 2026.

Retirement Recipients

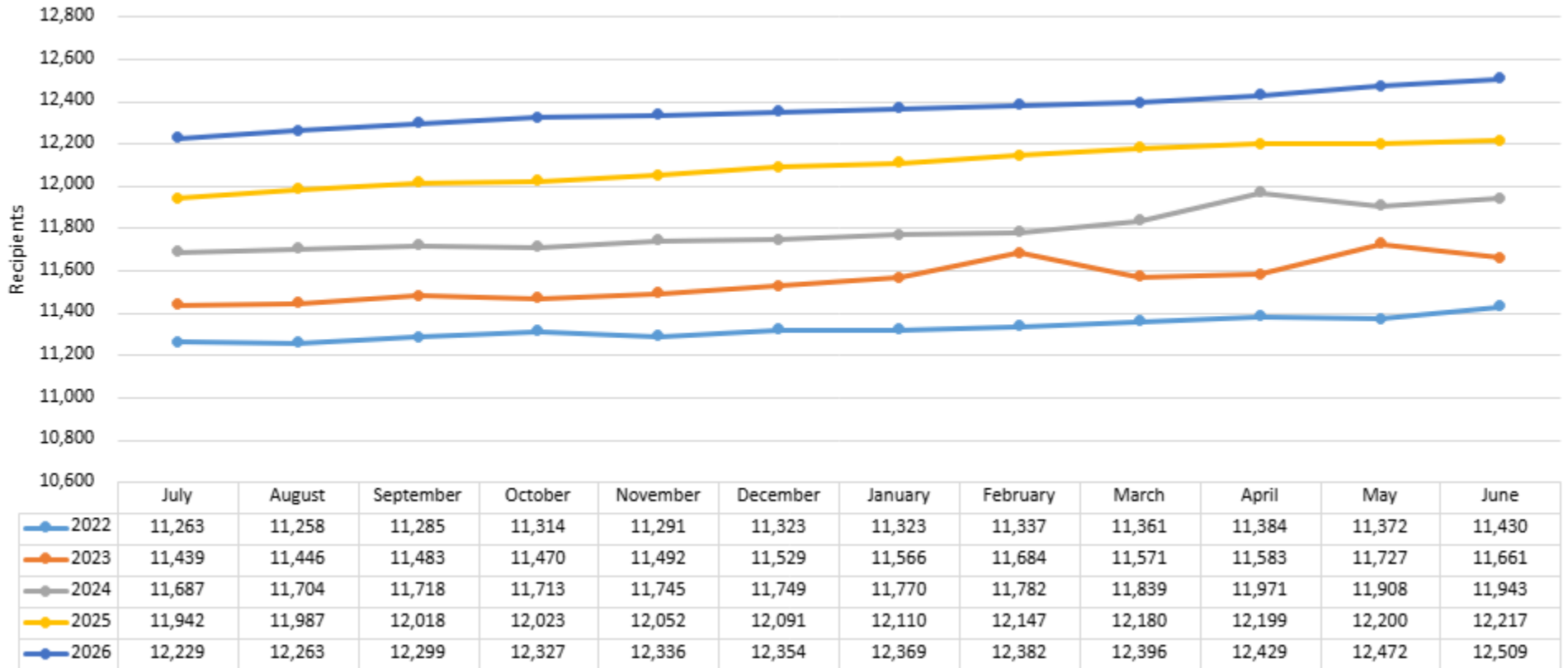


	July	August	September	October	November	December	January	February	March	April	May	June
2022	112,985	113,892	114,274	114,712	114,974	115,311	115,396	115,775	116,152	116,379	116,555	116,829
2023	117,126	117,972	118,473	118,793	119,063	119,260	119,369	119,628	119,905	119,924	120,217	120,402
2024	120,620	121,309	121,685	121,920	122,186	122,254	122,359	122,571	122,838	122,999	123,173	123,352
2025	123,662	124,192	124,526	124,838	125,036	125,186	125,250	125,504	125,781	125,970	126,145	126,353
2026	126,552	127,166	127,512	127,800	128,023	128,190	128,283	128,550	128,810	129,056	129,287	129,473

Survivor

Recipients increased by 2.3% (280 members) from July 2025 to June 2026.

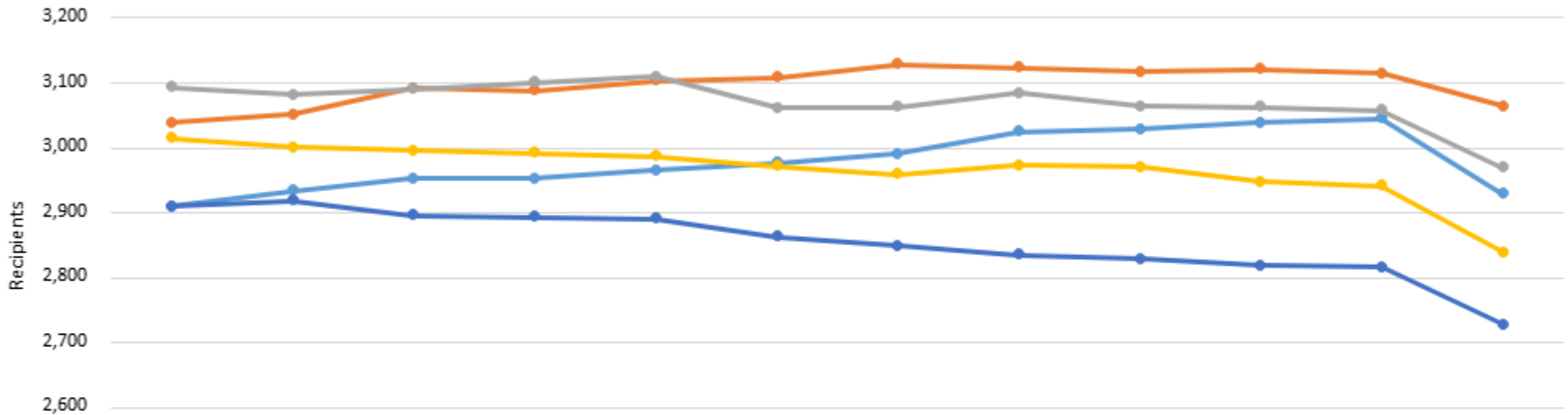
Survivor Recipients



Disability

Recipients decreased by 6.3% (183 members) from July 2025 to June 2026.

Disability Recipients



	July	August	September	October	November	December	January	February	March	April	May	June
2022	2,910	2,934	2,952	2,952	2,965	2,977	2,990	3,025	3,029	3,039	3,045	2,928
2023	3,038	3,051	3,092	3,088	3,103	3,108	3,128	3,123	3,117	3,121	3,115	3,064
2024	3,093	3,081	3,090	3,100	3,109	3,061	3,063	3,084	3,064	3,063	3,058	2,969
2025	3,014	3,001	2,995	2,992	2,987	2,971	2,959	2,973	2,970	2,947	2,941	2,839
2026	2,910	2,918	2,896	2,893	2,890	2,863	2,849	2,835	2,829	2,818	2,816	2,727

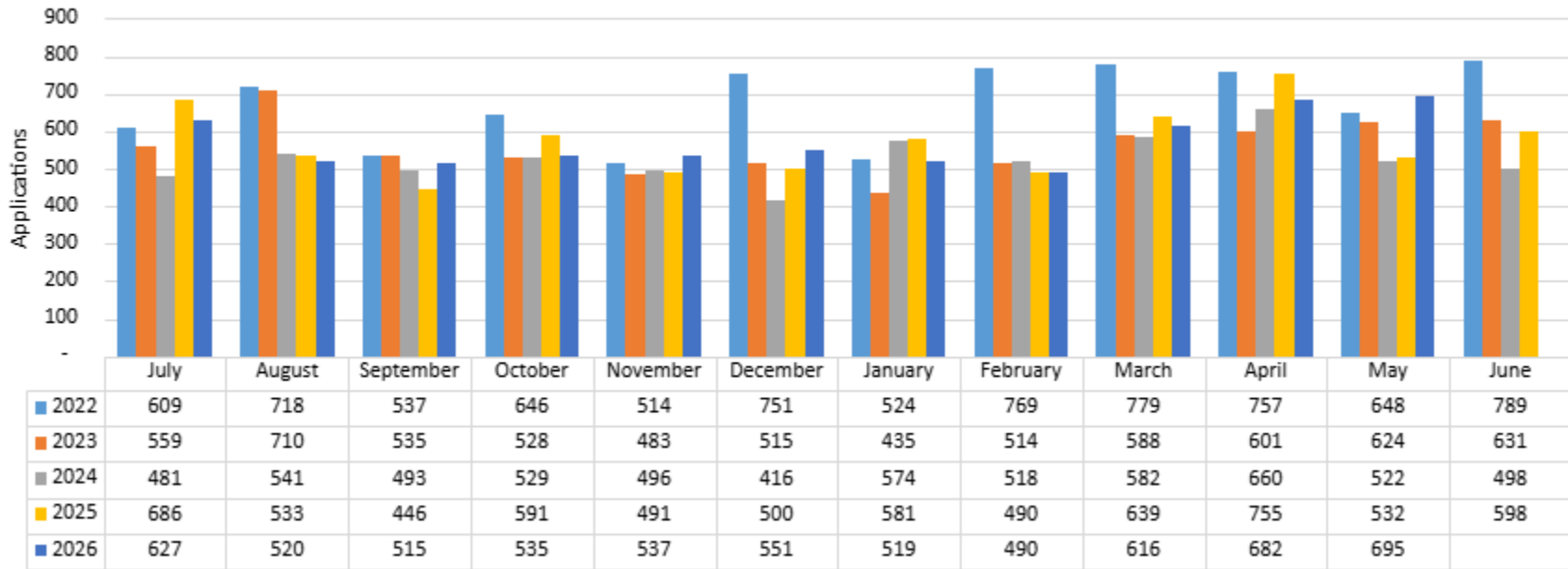
Benefit Applications Received (monthly)

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

Retirement

From July 2025 to May 2026, applications averaged 572 per month.

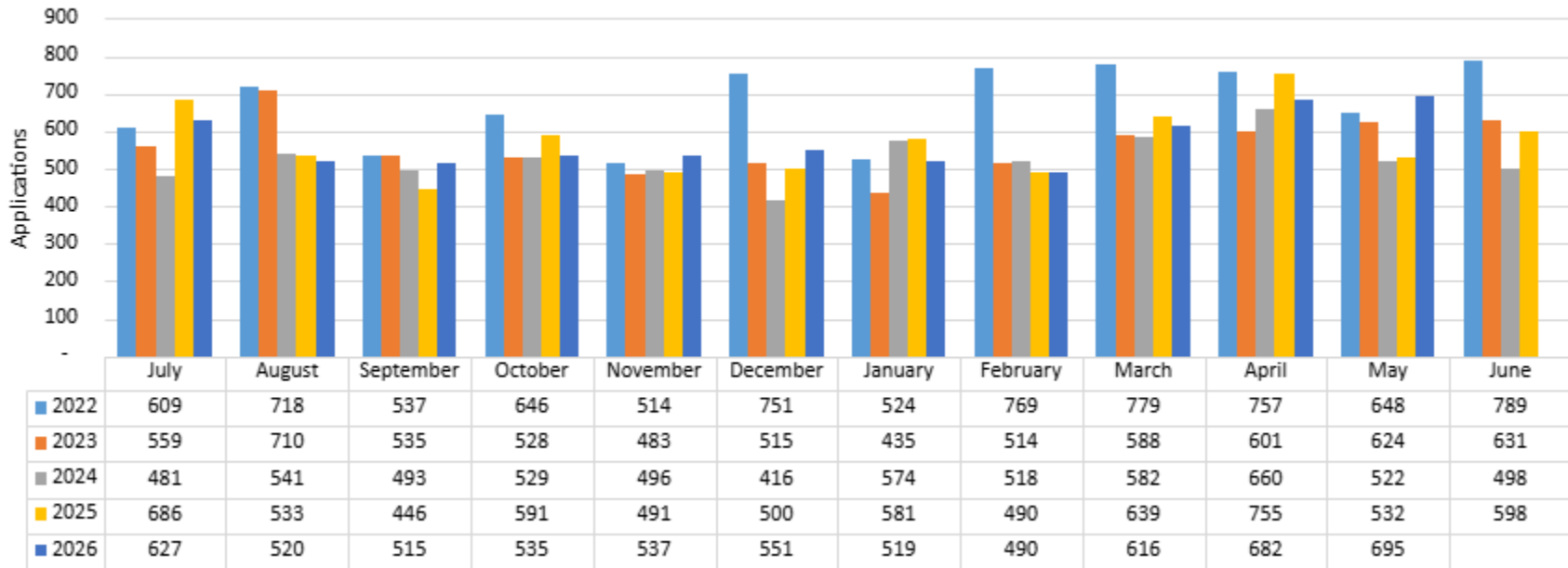
Retirement Applications



Survivor

From July 2025 to May 2026, applications averaged 87 per month.

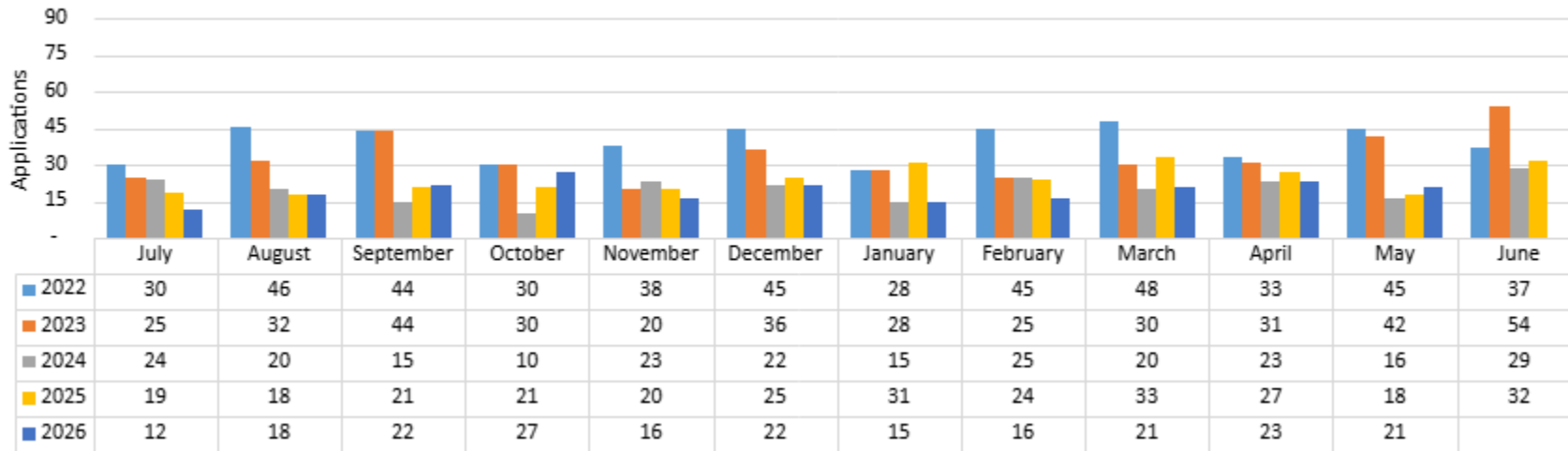
Retirement Applications



Disability

From July 2026 to May 2026, applications averaged 19 per month.

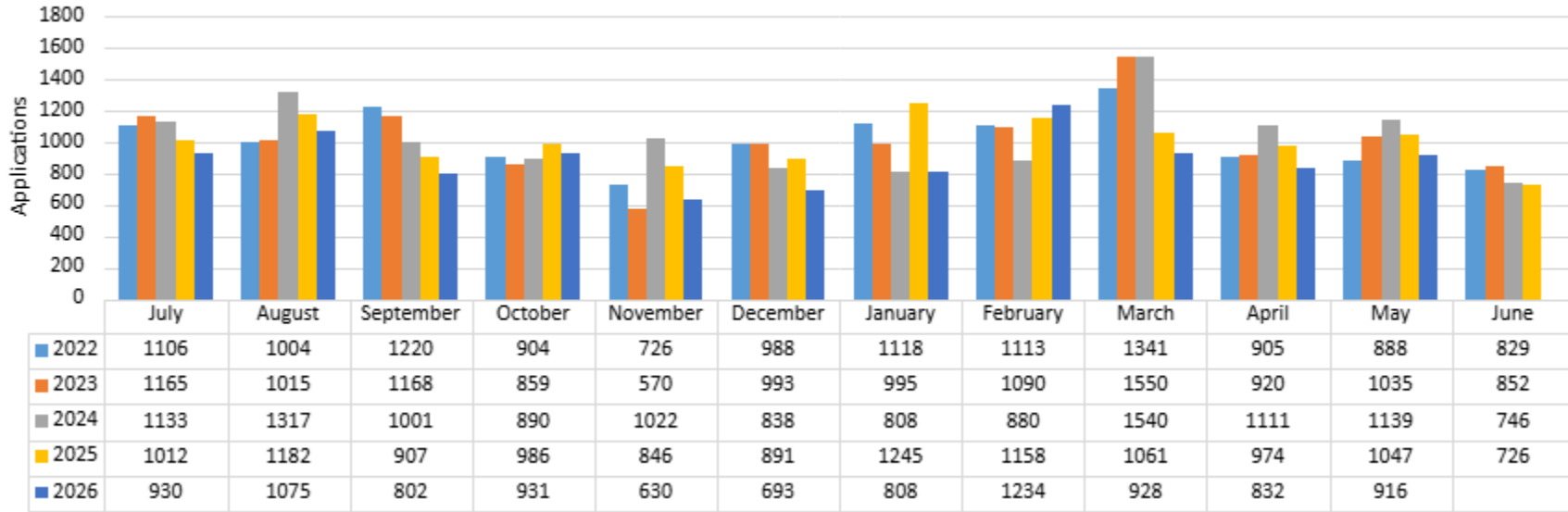
Disability Applications



Refunds Payments (monthly)

From July 2025 to May 2026, applications averaged 889 per month.

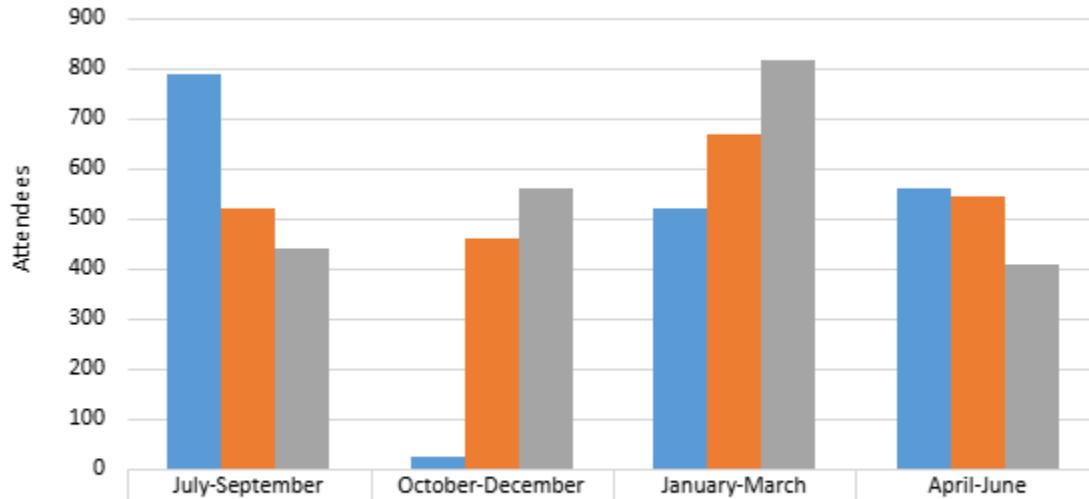
Refunds



Employer Education (quarterly)

On May 21, we executed an *Eligibility and Reporting* education session for school employers with a total of 76 employees.

Employer Programs



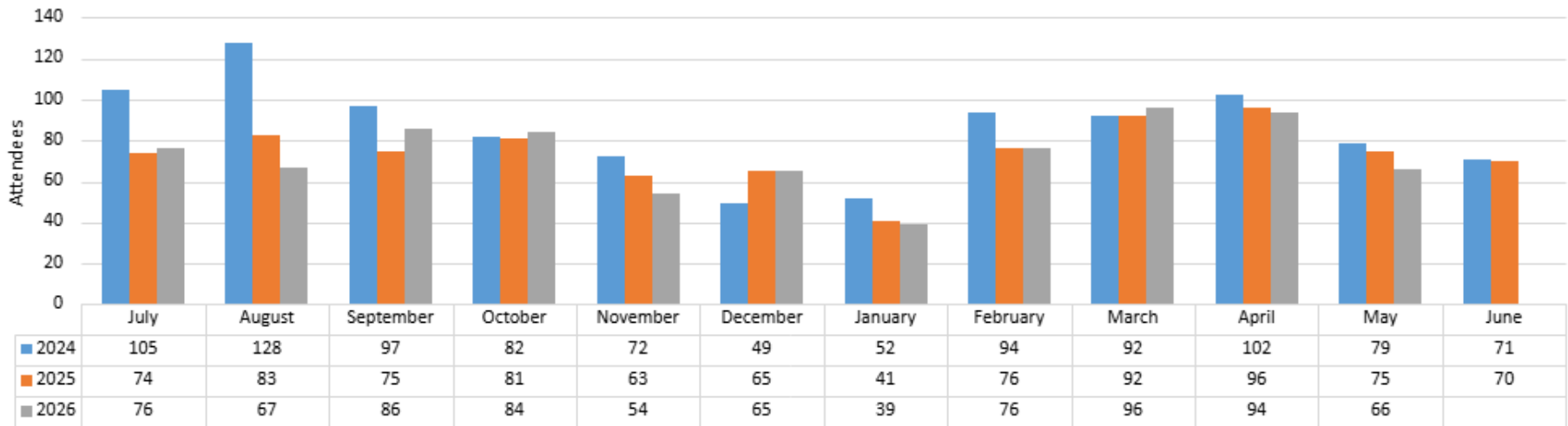
	July-September	October-December	January-March	April-June
2024 Attendees	788	24	521	560
2025 Attendees	520	460	671	544
2026 Attendees	440	560	817	408

Member Education (per month)

Individual Counseling

Individual sessions averaged about 73 per month during fiscal year 2026. In the month of May, we conducted 66. We offer in-person and phone options for individual meetings.

Member Individual Counseling



Group Programs

In the May we offered 11 programs with 517 total attendees.

Member Programs

