



MINUTES

The Board of Trustees of the Public Employees Retirement Association met in regular session in the Association offices, 60 Empire Drive, Room 117, Saint Paul, Minnesota, on Thursday, April 13, 2017 at 9:30 a.m., notice having been given ten days prior thereto by the Secretary.

The following members were present:

	Kathy Green, President	
Ross Arneson		Rebecca Otto/Ramona Advani
Paul Bourgeois		Thomas Stanley (via conference call)
Mary Falk		Lawrence Ward
Barbara Johnson		Lori Volz
Leigh Lenzmeier		

constituting a quorum.

Staff members present: Doug Anderson, Executive Director; Julie Leppink, Legal Director; Mike Hagerty, Chief Financial Officer; Lance LaFrombois, Pension Services Claims Supervisor; Andrea Murphy, Pension Services Specialist; Linda Habel, Manager for Communication/Education Services; Deb Otto, Communication Specialist; Jim Riebe, GASB Specialist; Luis Argueta, Employer Communications Specialist; Mary Daly, Executive Program Specialist and Gladys Rodriguez, Executive Assistant.

Attorney General Representative: Kevin Finnerty.

Others present: Harry Grigsby, Retired Member; Mike O'Keefe, SPFD; Rachel Barth, LCPR; Gene Ranieri, City of Minneapolis; Emily Nachtigal, MMRA; Jeff Grates, MPFA-Police; Kareen Murphy, Hennepin County; Rep. Paul Thissen, MN House of Representatives; and Rodney Rowe, Education MN.

- 1.0 Call to Order President Green called the meeting to order at 9:30 a.m. She noted that Trustee Stanley was participating in today's meeting via telephone conference call as permitted by Minnesota Statutes Section 13D.015.

The agenda was taken in the following order.

- 2.0 Consent
Calendar The consent calendar included the following reports:

Approval of Minutes (February 9, 2017, Regular Meeting)

Operational Report Education, Payments, and Membership Counts (Memo dated April 6, 2017 from Linda Habel, Cheryl Keating and Beth Reed).

Financial Report (Statement of Fiduciary Net Position as of February 28, 2017; Statement of Changes in Fiduciary Net Position as of February 28, 2017).

Lenzmeier noted that the minutes accurately reflect he voted in favor of opposing the administrative responsibility posed on PERA through the Long-Term Equity Investment Authority bill. Lenzmeier recognized he could not change his vote at this time but wanted it noted that he had intended to vote nay.

Falk moved to accept the consent calendar. The motion was seconded by Lenzmeier. Motion passed unanimously by roll call vote.

3.0 Appeals

None

4.0 Decision
Items

4.1 Procedure for Conducting PERA Board Elections to replace Police and Fire Plan Representative.

Reference was made to PERA's Governance Manual – Section 2.2, Power and Duties of the Board of Trustees.

Green expressed words of appreciation towards former Trustee Metusalem and recognized his years of service and commitment to PERA. As a result of Metusalem's retirement, the Board discussed the procedure for filling the vacancy of an elected Trustee, and considered other options to expedite the process.

Arneson moved to act in accordance with current policy x. The motion was seconded by Otto. Motion passed unanimously by roll call vote.

PERA's June newsletter, which is the end-of-session newsletter, will include a call for candidates. The Board will consider applicants and will appoint a new Trustee at the August 10, Board meeting.

As specified in the Governance Manual, Green called for Trustees interested in serving on the Board vacancy subcommittee to review the candidates' submissions if the number of interested candidates exceeds five. Ward, Arneson and Green will serve on the subcommittee.

The Board discussed if letters of recommendation will be considered.

Falk moved to include in the announcement that letters of recommendations will not be considered. The motion was seconded by Lenzmeier. Motion passed unanimously by roll call vote.

4.2 Special Election of PERA Board of Trustees Vice President.

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

Otto moved to nominate Ross Arneson to serve as PERA Board of Trustees' Vice President for the next year. The motion was seconded by Lenzmeier and passed by majority with Arneson abstaining.

[Bourgeois arrived]

4.3 Appoint new member to the Actuary Request For Proposal (RFP) committee.

Anderson noted that a new volunteer for the actuarial selection committee is needed to replace Metusalem who had previously volunteered. The volunteer must be able to commit to reviewing the proposals and participate in a few meetings.

Green called for Trustees interested in serving on the selection committee. Volz will serve on the committee with Otto and staff.

4.4 Actuary Request For Proposal (RFP) Update.

Reference was made to a memo from Mike Hagerty dated April 6, 2017.

Hagerty shared that staff issued a Request for Proposal (RFP) for actuarial services in early March and have received proposals from five firms.

Staff recommended that the PERA Board of Trustees' Governance Manual (Section 3, Fiscal Management, 3.4 C. Actuarial Services and Contract) be changed to reflect that the review committee (staff and designated Trustees) is responsible for reviewing responses to the RFP, interviewing candidates and making a recommendation to the full Board. The full Board will select the firm to receive the contract for actuarial services.

Arneson moved to adopt staff's recommendation. The motion was seconded by Falk. Motion passed unanimously by roll call vote.

4.5 Electronic Mail and iPads.

Reference was made to a memo from Gladys Rodriguez dated April 6, 2017.

Rodriguez distributed iPads to Board members who indicated a desire for one.

Each Trustee has been assigned an e-mail address derived from PERA's domain name. All communications will be sent to this official e-mail address.

Staff recommended that the PERA Board of Trustees add section 2.7, Electronic Tools and E-mail to its Governance Manual, which includes language on A. Electronic Tools; B. PERA E-mail Account; C. Retention of e-mail messages; and D. Appropriate use of e-mail.

Otto moved to remove B. PERA E-mail Account. The motion was seconded by Bourgeois. Motion passes unanimously by roll call vote.

The Board discussed the retention of e-mail messages and compliance with the law. Finnerty noted that state law will always supersede PERA policy.

Johnson moved to modify letter C to state that , E-mail messages that are official PERA business are government records and shall be retained according to PERA's Records Retention Policy. The motion was seconded by Lenzmeier. Motion passed by roll call vote with Arneson, Bourgeois, Falk, Green, Johnson, Lenzmeier, Otto, Volz and Ward voting yes, and Stanley voting no.

The Board discussed the appropriate use of e-mail (letter D) and asked staff to do additional research and revise the policy for the next meeting.

4.6 HF 2236 – Benefit Increase for former members and surviving spouses.

Reference was made to a memo from Doug Anderson dated April 6, 2017.

Representative Paul Thissen addressed the Board concerning proposed legislation regarding police and fire fighters who were hired prior to 1980 and were part of the local plan before they were consolidated into PERA's police and firefighter plan.

Ward voiced his support for the bill and pointed out that there is hardly any social security benefit available for those who will receive a benefit. Anderson expressed staff's concerns. He asked the Board to take a position regarding the proposed legislation.

The Board determined it needed additional information before it could take a position and noted that it is working on a sustainability package for all of PERA's members and will continue to work on that. Further discussion was tabled.

[Falk left meeting at 10:59 a.m.]

4.7 General Employees Retirement Plan Early Retirement Factors.

Reference was made to a memo from Doug Anderson dated April 6, 2017.

Anderson explained the impact of the current deferred augmentation factors and how early retirement actuarial equivalence with deferred augmentation works.

Staff recommended that it be allowed to collaborate with the Legislative Commission on Pension Retirement staff to ensure a reasonable new set of early retirement rates applicable to PERA.

Arneson moved that the Board not take a position at this time, study it over the interim and bring recommendations to the legislation next session. The motion was seconded by Otto. Motion passed unanimously by roll call vote.

4.8 Minneapolis Employees Retirement Fund (MERF) Funding.

Reference was made to a memo from Trustee Barbara Johnson dated April 6, 2016.

Johnson shared information concerning the Minneapolis Employees Retirement Fund (MERF) consolidation, and invited Gene Ranieri, Director of Government Relations for the City of Minneapolis, to present to the Board.

Ranieri discussed the history of funding MERF.

Ranieri asked the Board to support the current funding allocation rather than a legislative proposal that would shift some of the funding from the State to the City of Minneapolis.

(Otto recused herself)

Johnson moved that the PERA Board of Trustees recommend that the Minnesota Legislature continue to support MERF at the funding level contained in the 2015 amendments to the MERF statute. The motion was seconded by Ward. Motion failed with Arneson, Bourgeois, Green, Lenzmeier, Stanley and Volz voting no, and Johnson and Ward voting yes.

- 5.0 Information Items **Legislative Update: Bills of Interest**
Reference was made to a spreadsheet of PERA related bills

Anderson noted that an included in the House Omnibus State Government Finance Bill includes a provision that would consolidate the IT/IS staff for all of the retirement funds into MN.IT.

The funds have been working together to oppose this bill.

- 6.0 FYI Green called the Trustees attention to the following item of interest:

- *SBI Combined Fund Investment Return*- Memo from Mansco Perry dated February 28, 2017.
- *Why Pensions Matter*- Report dated March 2017, by Tyler Bond, National Public Pension Coalition (NPPC).

Anderson noted that the February 28 memo reports a 10.0 percent Fiscal Year-To-Date investment return; the March 31 Year-To-Date investment return is now 11.0 percent.

- 7.0 Other Business **None**

- 8.0 Date of Next Meeting The next meeting of the PERA Board of Trustees will be held Thursday, May 11, 2017, starting at 9:30 a.m. in the Board Room 117 of the Retirement Systems of Minnesota Building.

The agenda for the May meeting includes Fiscal Year 2018 budget; the budget will include the redesign of the lobby. Changes are being considered in the member side area to improve the member experience and to address some of the data security issues, including employee safety features.

- 9.0 Adjournment There being no further business to come before the PERA Board, the Trustees adjourned the meeting at 11:46 a.m.



Doug Anderson, Executive Director
Saint Paul, Minnesota