



## 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, May 11, 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
Mary Falk	Lori Volz (via conference call)
Barbara Johnson	Lawrence Ward
Leigh Lenzmeier	

constituting a quorum.

Staff members present: Doug Anderson, Executive Director; Julie Leppink, Legal Director; Mike Hagerty, Chief Financial Officer; Shana Jones, Policy and Organizational Planning Director; Beth Reed, Manager of Pension Services; Cheryl Keating, Manager of AIM; Linda Habel, Manager of Communication/Education Services; Andrea Murphy, Pension Services Specialist; Deb Otto, Communication Specialist; Heather Schoenberger, Eligibility and Outreach Supervisor; Jim Riebe, GASB Specialist; David Andrews, Accounting Supervisor; Mary Daly, Executive Program Specialist and Gladys Rodriguez, Executive Assistant.

Attorney General Representative: Kevin Finnerty.

Others present: Rodney Rowe, Education MN; Harry Grigsby, Retired Member; Brian Rice, POFM, MPFF, AFSCME 5; Mike O'Keefe, SPFD; Rachel Barth, LCPR; David Metusalem, Retired PERA Board of Trustee; Emily Nachtigal, MMRA.

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

*Stanley moved to accept the agenda as presented. The motion was seconded by Lenzmeier. Motion passed unanimously by roll call vote.*

The agenda was taken in the following order.

### 2.0 Consent Calendar

The consent calendar included the following reports:  
**Approval of Minutes** (April 13, 2017, Regular Meeting)  
**Operational Report** Education, Payments, and Membership Counts (Memo dated May 11, 2017 from Linda Habel, Cheryl Keating and Beth Reed).  
**Financial Report** (Statement of Fiduciary Net Position as of March 31, 2017; Statement of Changes in Fiduciary Net Positions as of March 31, 2017; Budget

Report)

Otto commented that the minutes reflect too much detail and would like to see only actions noted with a brief summary. Otto recommended to pull the April 13, 2017, meeting minutes from the consent calendar for editing, and bring back a modified version to the next meeting for approval.

*Stanley moved to accept the consent calendar without the April 13, 2017, meeting minutes. The motion was seconded by Falk. Motion passed unanimously by roll call vote.*

3.0 Other  
Business

**Board Resolution for Retired PERA Board Trustee– David Metusalem**

Green read the following Board Resolution into the record.

*WHEREAS, DAVID METUSALEM was elected by all members and retirees of the Association to serve as the Police and Fire Fund Trustee on the Board of the Public Employees Retirement Association (PERA), from February 12, 2015, through his retirement on March 31, 2017; and*

*WHEREAS, the hard work, dedication and commitment that DAVID METUSALEM contributed to the Board's discussions on many issues, but especially in directing an experience study for the Police and Fire Plan in order to measure the effects that changes in early retirement and vesting had on the Plan; and*

*WHEREAS, DAVID METUSALEM was instrumental in facilitating support by police and fire representatives from around the state in the development of a 2017 legislative package to address funding of the Police and Fire Plan; and*

*WHEREAS, DAVID METUSALEM never lost sight of his commitment to his duty to represent the interests of PERA's members -- particularly the members of the Police and Fire Fund -- but equally, the members and beneficiaries participating in all of PERA's plans; and*

*WHEREAS, DAVID METUSALEM'S personal integrity, diligence, and sincere concern for the well-being of each and every PERA member and retiree have earned him the respect of his fellow Trustees, PERA members, the staff and the public; NOW THEREFORE*

*BE IT RESOLVED that the Board of Trustees of the Public Employees Retirement Association, in regular session in the City of St. Paul, Minnesota, this 11th day of May 2017, takes this means of expressing sincere gratitude and appreciation for the period of exemplary service DAVID METUSALEM provided to the members and beneficiaries of the Association; and*

*BE IT FURTHER RESOLVED that this resolution be formally included in the minutes of the Board of Trustees and the Secretary be instructed to transmit a formal copy of this resolution to DAVID METUSALEM.*

*Arneson moved that the Trustees adopt the Board Resolution for retired PERA Board Trustee David Metusalem. The motion was seconded by Bourgeois. Motion passed unanimously by roll call vote.*

Metusalem expressed that it was an honor serving on the PERA Board.

4.0 Training            **Open Meeting Law Training**  
Leppink gave a presentation on the Open Meeting Law.

5.0 Appeals            **None**

6.0 Decision            **6.1 PERA's Operating Budget – FY18**  
Items                    *Reference was made to PERA's FY 2018 Budget Book.*

Anderson and Hagerty provided an overview of PERA's fiscal 2018 operating budget. A total spending increase for FY2018 of approximately \$1.5 million was proposed.

A significant part of the proposed spending is for one-time projects that will improve PERA's ability to administer sustainable retirement plans and to create valuable member services.

In addition, Hagerty presented the annual budget for the operations and maintenance of the building facilities. He also noted that a change to the co-tenancy agreement was made and adopted by the Facilities Management Committee to transfer and delegate the daily facilities manager duties to MSRS.

*Volz disconnected from the conference call due to technical problems.*

*Falk moved that the PERA Board of Trustees approve PERA's FY 2018 operating budget as presented. The motion was seconded by Lenzmeier. Motion passed unanimously.*

**6.2 Selection of Actuary**

*Reference was made to a memo from Mike Hagerty dated May 11, 2017.*

Hagerty noted that proposals were received from five firms. The proposals were reviewed by staff members and were scored based on several categories. After careful review and consideration, the proposal review committee recommended that the Board select Gabriel Roeder Smith & Co. to continue as PERA's actuary.

*Otto moved that the PERA Board of Trustees select Gabriel Roeder Smith & Co. to be PERA's actuary for the next two years, with three possible 1-year extensions. The motion was seconded by Bourgeois. Motion passed unanimously.*

**6.3 Electronic Mail Policy**

*Reference was made to a memo from Julie Leppink dated May 11, 2017.*

Leppink edited the proposed language on electronic tools and e-mail. She recommended that the PERA Board of Trustees amend its Governance Manual to include language on a. Electronic Tools; b. Retention of e-mail messages; and c. Appeals.

*Stanley moved that the PERA Board of Trustees add the amendment to its Governance Manual. The motion was seconded by Johnson. Motion passed unanimously.*

7.0 Information  
Items**Legislative Update**

Anderson presented an overview of the 2017 Omnibus Retirement Bill (SF No. 545; HF No. 565) pertaining to PERA's plans that will be impacted.

For the General Employees Retirement Plan, the funded ratio is expected to improve from 72 percent to 88 percent over the next 30 years, without consideration of the proposed benefit changes in this bill. Because of the plan's improving funded status, the Board did not believe changes were needed.

For the Correctional Plan, the bill proposes to change postretirement adjustments from the current 1 percent with a 2.5 percent trigger to a fixed 1.5 percent.

These changes were not brought forth by the PERA Board or stakeholders. As a result the Board strongly opposed changes in the bill related to the PERA General Employees Retirement Plan and Correctional Plan.

Brian Rice, representing MN Professional Fire Fighters, Minnesota Police Fraternal Association, and Police Officers Federation of Minneapolis, addressed the Trustees and advised the Board to take a firm position opposing the Omnibus Retirement Bill, particularly to the Plans that will be impacted by the changes.

*Falk moved that due to the improving funding status, the PERA Board strongly opposes any changes to the General Plan this session. PERA will study and will engage stakeholders to create a comprehensive package for the 2018 Legislative session. The motion was seconded by Ward. Motion passed unanimously.*

*Stanley moved that due to the improving funding status, the PERA Board strongly opposes any changes to the Correctional Plan this session. PERA will study and will engage stakeholders to create a comprehensive package for the 2018 Legislative session. The motion was seconded by Otto. Motion passed unanimously.*

*Bourgeois moved to authorize executive director Anderson to draft a letter to the Legislative Commission on Pensions and Retirement with a copy to the Governor clarifying all of the Board's positions regarding the pension plans for this legislative session and incorporating the motions passed by the Board. Motion seconded by Falk. Motion passed unanimously.*

Anderson noted another piece of legislation that would replace the State Auditor with the Commissioner of Management & Budget on the PERA Board of Trustees.

[State Auditor Otto recused herself]

*Stanley moved to oppose any changes to the composition of the PERA Board, and directed executive director Anderson to draft a letter to the Legislative Commission on Pensions and Retirement with a copy to the Governor to convey the Board's position. Motion seconded by Falk. Motion passed unanimously.*

8.0 FYI

**Note of Appreciation**

Green made reference to a note of appreciation received by a PERA member.

9.0 Date of Next Meeting

The next meeting of the PERA Board of Trustees will be held Thursday, June 8, 2017, starting at 9:30 a.m. in the Board Room 117 of the Retirement Systems of Minnesota Building.

10.0 Adjourn

*There being no further business to come before the PERA Board, Ward moved to adjourn the meeting at 11:28 a.m. The motion was seconded by Bourgeois. Motion passed unanimously.*



Doug Anderson, Executive Director  
Saint Paul, Minnesota