



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 10, 2018 at 9:30 a.m., notice having been given ten days prior thereto by the Secretary.

The following members were present:

Kathy Green, President

Paul Bourgeois (telephone)	Thomas Stanley
Barbara Johnson (telephone)	Lori Volz
Rebecca Otto/Ramona Advani	Lawrence Ward

constituting a quorum.

Board members excused: Paul Ford, Ross Arneson, Mary Falk and Leigh Lenzmeier.

Attorney General Representative: Kevin Finnerty.

Staff members present: Doug Anderson, Executive Director; Luis Lugo, Chief Benefit Officer; Mike Hagerty, Chief Financial Officer; David Andrews, Accounting Director; Shana Jones, Policy Director; Beth Reed, Manager of Pension Services; Cheryl Keating, Account Information Management Director; Mary Daly, Executive Program Specialist and Gladys Rodriguez, Executive Assistant.

Others present: Kathryn Woodruff, Attorney General's Office; Harry Grigsby, Retired Member.

- 1.0 Call to Order President Green called the meeting to order at 9:30 a.m. She noted that Trustees Ford, Arneson, Falk and Lenzmeier were not attending the meeting. Trustees Bourgeois and Johnson were participating via telephone conference call as permitted by Minnesota Statutes Section 13D.015. Roll call was taken to establish quorum.

Otto moved to adopt the revised agenda after having moved PERA's Operating Budget for FY 2019 to an Information Item. The motion was seconded by Volz. 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 12, 2018, Regular Meeting)
Operational Report Education, Payments, and Membership Counts (Memo dated May 10, 2018, from Cheryl Keating, Luis Lugo, and Beth Reed)
Financial Report (Statement of Fiduciary Net Position as of March 31, 2018 unaudited; Statement of Changes in Fiduciary Net Position as of March 31, 2018 unaudited; Budget vs Actual Budget Report)

Volz moved to accept the consent calendar as presented. The motion was seconded by Stanley. Motion passed unanimously by roll call vote.

3.0 Appeal **None**

4.0 Decision Items **4.1 Cerise M. Blanchard-DuCharme v. Public Employees Retirement Association of Minnesota; Ramsey County District Court**
Reference was made to a memo from Julie Leppink dated May 10, 2018.

Assistant Attorney General Kathryn Woodruff addressed the Board. She explained she has worked with PERA staff on this case since the time the lawsuit was served. After several rounds of negotiation, the parties reached an agreement to resolve their differences. The parties executed a settlement agreement, a copy of which was provided to the Board, pending adoption and Board approval of a budget amendment.

Bourgeois moved that the Board accept the terms of the settlement agreement and amend the budget to include a payment of \$50,000 to Cerise M. Blanchard-DuCharme to resolve her pending lawsuit against PERA. The motion was seconded by Volz and passed unanimously by roll call vote.

4.2 Board Policy 1.5-Accounts Receivable

Reference was made to a memo from David Andrews dated May 10, 2018.

Andrews asked that a section of PERA's Administrative Policy Manual regarding the collection and write-off of overpaid benefits be modified to allow overpaid benefits up to \$1,000 to be written off by the Executive Director. Board approval would continue to be required to write-off invoices over \$1,000.

The Board tabled the discussion, and asked that a red-lined version, indicating proposed changes to the process, be brought back to the next meeting for the Board to review.

Otto requested an annual report listing how many accounts and the amounts that have been written off.

4.3 Procedures for Conducting PERA Board Elections

Reference was made to a memo from Doug Anderson, Mary Daly and Gladys Rodriguez dated May 10, 2018.

Anderson reviewed the procedures that will govern the 2019 PERA Board of Trustees election. These procedures will be submitted to the Secretary of State's Office for comment and review prior to the Board Election.

Stanley moved to adopt the procedures for conducting PERA's 2019, Board of Trustees election. The motion was seconded by Ward and passed unanimously by roll call vote.

5.0 Information Items

5.1 PERA's Operating Budget – FY19

Reference was made to a memo from Mike Hagerty dated May 10, 2018

Hagerty noted that the budget planning cycle has taken longer this year due to the new strategic planning effort. He shared the proposed FY19 operating budget and asked for feedback from the Board about the amount of detail they would like to receive in June.

The Board showed interest in receiving membership statistics, the ratio of members to staff comparable to other systems across the country, and administrative expenses per active member.

5.2 2018 Legislative Update

Anderson provided an update on the status of the pension bill. He noted that the Governor has supported the bill and that stakeholders have been consistent all along stating that the bill should stay in its current format and not attached to anything.

Anderson also shared that the fiscal year to date investment return through April was 9.2%. Something to be mindful of is not just the investment return but how inflation is tracking. PERA has two plans that would provide cost of living adjustments that are tied to inflation.

6.0 FYI

Stanley requested that staff inform the Board of any claims that exist, so that they are not taken by surprise; having additional information is useful to have ahead of time.

7.0 Other Business

None

8.0 Date of Next Meeting

The next meeting of the PERA Board of Trustees will be held Thursday, June 14, 2018, starting at 9:30 a.m.

9.0 Adjourn

There being no further business to come before the PERA Board, Stanley moved to adjourn the meeting at 10:24 a.m. The motion was seconded by Otto and passed unanimously by roll call vote.



Doug Anderson, Executive Director
Saint Paul, Minnesota