



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, August 9, 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	
Ross Arneson		Leigh Lenzmeier
Mary Falk (telephone)		Rebecca Otto/Ramona Advani
Paul Ford		Thomas Stanley (telephone)
Barbara Johnson (telephone)		Lori Volz

constituting a quorum.

Board members excused: Paul Bourgeois and Lawrence Ward.

Attorney General Representative: Kevin Finnerty.

Staff members present: Doug Anderson, Executive Director; Luis Lugo, Chief Benefit Officer; Shana Jones, Policy Director; Julie Leppink, General Counsel; Beth Reed, Manager of Pension Services; Andrea Murphy, PS-Benefit Calculations; Deb Otto, Communication Specialist; Luis Argueta, Communication Specialist; and Mary Daly, Executive Program Specialist.

Others present: Harry Grigsby, Retired Member; Susan Lenczewski, LCPR; Gary Carlson, League of MN Cities; Luci Botzek, PEPSA; Keith Carlson, MICA; Emily Nachtigal, Faegre Baker Daniels/MMAA.

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

Arneson moved to adopt the agenda as amended. The motion was seconded by Volz and passed unanimously by roll call vote.

Agenda was amended to include item 7.2 to discuss a lawsuit involving PERA.

The agenda was taken in the following order.

- 2.0 Consent Calendar The consent calendar included the following reports:
Approval of Minutes (*June 14, 2018, Regular Meeting*)
Operational Report Education, Payments, and Membership Counts (*Memo dated August 9, 2018, from Cheryl Keating, Luis Lugo, and Beth Reed*)

Financial Report (*Statement of Fiduciary Net Position as of June 30, 2018 unaudited; Statement of Changes in Fiduciary Net Position as of June 30, 2018 unaudited; Budget vs Actual Board Report*).

Ford moved to accept the consent calendar. The motion was seconded by Volz and passed unanimously by roll call vote.

3.0 Appeal None

4.0 Decision Items **4.1 Board Election Contract**

Daly reported that four proposals were received in response to the request for an administrator for the 2019 Board of Trustees election. Election-America, from Washington, DC, made a bid that met the minimum requirement with the highest points and the least cost.

The procedure for contracts over \$50,000 requires that the Board select the vendor; therefore, staff recommends that the Board of Trustees award the contract to Election-America.

Arneson moved that the Board select Election-America to administer the 2019 PERA Board of Trustees election. The motion was seconded by Volz and passed unanimously by roll call vote.

4.2 Cost of Living Adjustment and Performance Increase for Executive Director Doug Anderson

Reference was made to a memo and documentation from President Kathy Green dated August 9, 2018.

President Green shared that the three Pension Board chairs met to discuss salary increases for each of the three pension system Executive Directors. This cost of living adjustment is an initial enhancement starting July 1; the second part will be associated with the performance evaluation that will be done in December 2018.

Lenzmeier moved to provide the 2.25% general salary increase in the FY 2017-FY 2019 Managerial Plan, the board moves to increase the salary of Doug Anderson from \$69.44 to \$71.00 per hour effective July 1, 2018. Motion was seconded by Arneson and passed unanimously by roll call vote.

5.0 Information Items

5.1 Long-Term PERA Board Legislative Positions

Anderson communicated his intention to evaluate and propose changes for the board to consider to the long-standing positions established by the Board.

6.0 FYI

Anderson made reference to the following articles of interest:

- Minnesota's pension changes "far from a cure-all," Moody's warns, Article published in the **Star Tribune** by Jessie Van Berkel on July 9, 2018
- Bond rating agencies give Minnesota top marks, Article published in the **Star Tribune** by Jessie Van Berkel on July 25, 2018
- NASRA Issue Brief: State and Local Government Contributions to Statewide Pension Plans: FY 16, Issue Brief dated June 2018.

7.0 Other Business **7.1 Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for FY17**

President Green congratulated PERA's Finance team for being awarded the Government Finance Officers Association Certificate for Achievement for Excellence in Financial Reporting.

7.2 Lawsuit Against PERA

Finnerty made the Board aware of a lawsuit brought by Thelma Fricke against PERA alleging a breach of fiduciary duty.

Otto moved to close the meeting to discuss litigation strategy pursuant to Minn Stat. 13D.05. Motion was seconded by Ford and passed 8-1. Members voting yes: Arneson, Falk, Ford, Green, Johnson, Otto, Stanley and Volz; Members voting no: Lenzmeier.

Otto moved to open the meeting. Motion was seconded by Volz and passed unanimously by roll call vote.

8.0 Date of Next Meeting The next meeting and workshop of the PERA Board of Trustees will be held Thursday, October 11, 2018, scheduled from 9:30 a.m. until 3:30 p.m.

9.0 Adjourn *There being no further business to come before the PERA Board, Lenzmeier moved to adjourn the meeting at 10:06 a.m. The motion was seconded by Volz. Motion passed unanimously by roll call.*



Doug Anderson, Executive Director
Saint Paul, Minnesota