



## 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, October 11, 2018 at 9:30 a.m., with notice given ten days prior thereto by the Secretary.

The following members were present:

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

constituting a quorum.

Attorney General Representative: Kevin Finnerty.

Staff members present: Doug Anderson, Executive Director; Luis Lugo, Chief Benefit Officer; Julie Leppink, General Counsel; Cheryl Keating, Manager of Account Information Management; Beth Reed, Manager of Pension Services; Andrea Murphy, PS-Benefit Calculations; Deb Otto, Communication Specialist; David Andrews, Accounting Director; Mary Daly, Executive Program Specialist and Gladys Rodriguez, Executive Assistant.

Others present: Susan Lenczewski, LCPR; Keith Carlson, MICA.

1.0 Call to Order      President Green called the meeting to order at 9:30 a.m.

*Arneson moved to adopt the agenda as presented. The motion was seconded by Stanley and passed unanimously.*

The agenda was taken in the following order.

2.0 Consent  
Calendar

The consent calendar included the following reports:

**Approval of Minutes** (*August 9, 2018, Regular Meeting*)

**Operational Report** Education, Payments, and Membership Counts (*Memo dated October 11, 2018, from Cheryl Keating, Luis Lugo, and Beth Reed*)

**Financial Report** (*Statement of Fiduciary Net Position as of August 31, 2018, unaudited; Statement of Changes in Fiduciary Net Position as of August 31, 2018, unaudited*)

*Volz moved to accept the consent calendar. The motion was seconded by Johnson and passed unanimously.*

3.0 Appeal None

4.0 Decision Items **4.1 Write-Off Uncollectable Accounts**

*Reference was made to a revised memo from David Andrews dated October 11, 2018.*

Anderson presented a report with six accounts for the period of February 2016 through November 2017 for the Board to approve. PERA's Administrative Policy Manual regarding the collection and write-off of overpaid benefits allows up to \$1,000 to be written-off by the Executive Director; any accounts over \$1,000 have to be written-off by the Board.

*Falk moved that the Board authorize staff to write-off accounts totaling \$13,256.35. The motion was seconded by Bourgeois and passed unanimously.*

**4.2 Revision to Governance Manual**

*Reference was made to memo and Manual from Mary Daly dated October 11, 2018.*

Daly shared that the manual was last updated in 2012 and that there has been some changes with the passing of time. She pointed out some of the changes that were already added to the manual and other processes and procedures that need to be updated. President Green inquired if there were any other updates, processes or procedures that should be incorporated into the manual, and if a sub-committee should be formed to work through the changes or if she should work with staff to review the entire manual and bring suggestions.

*Arneson moved that President Green and staff review the entire manual, including a legal review, and bring suggestions to the full Board. Motion was seconded by Falk and passed unanimously.*

**4.3 Phased Retirement Option (PRO) Program**

*Reference was made to a revised memo from Doug Anderson dated October 11, 2018.*

Lugo presented an overview of the PRO background and eligibility requirements, including statistical data showing the number of participants in the program. Staff shared the proposed recommendation with stakeholder groups and after reviewing the proposal, some of the representatives of these groups voiced a concern about establishing an end date for the PRO based upon the age of the participant.

Keith Carlson, Executive Director for Minnesota Inter-County Association, presented their position concerning the recommendations made by staff. The groups were generally supportive of the recommended changes with the exception of establishing an end date based upon the age.

*After some discussion, Bourgeois moved that the Board adopt staff recommendation to make the Phased Retirement Option a permanent option, eliminate the sunset of June 30, 2019, eliminate the annual renewal process, require a 30-day break in public service at the end of the PRO employment in order for the person to continue to qualify for retirement benefits, and restrict PRO eligibility to employees who phase into retirement through employment with the same employer. The motion was seconded by Arneson and passed unanimously.*

**4.4 PERA Board of Trustees 2019 Meeting Schedule**

*Reference was made to a revised Board Resolution – 2019 Regular Meeting Schedule.*

Green presented a resolution reflecting the meeting dates for 2019 indicating that the February meeting was moved to the third Thursday of the month, instead of the second Thursday, because of the 2019 Board Election.

*Ford moved that the Board adopt the resolution setting the 2019 regular meeting schedule of the PERA Board of Trustees. The motion was seconded by Johnson and passed unanimously.*

5.0 Information Items

**5.1 Facilities Management Committee**

Anderson shared that the committee met to consider a request for additional fiscal year 2019 facility budget funds of approximately \$75,000, shared between the three retirement funds, for a one-time cost to cover a building wide antenna system that will connect to a cell tower at the Centennial building. Staff intends to allocate the additional charge to PERA's FY 2019 facilities repair and replacement fund.

**5.2 2019 Board Election**

Daly reported that PERA received four candidates for the Active General and Correctional Plan, one candidate for the Police and Fire Plan, and no candidates for the elected Retired, Disabled, and Survivor representative. The established procedures for filling the vacancy of an elected trustee will be followed as specified in the Governance Manual for the Retired, Disabled, and Survivor representative position.

**5.3 ED Performance Review Process**

Green provided each Trustee documents and directions to evaluate the performance of Executive Director Anderson. Green will compile the responses and create a summary document to be used in the formal review process at the December meeting.

6.0 FYI

**Green made reference to the following article of interest:**

- GRS Perspectives, Sustainability for Defined Benefit Pension Plan

7.0 Other Business

**7.1 Fricke vs PERA**

Finnerty provided an update on the lawsuit brought by Thelma Fricke against PERA.

*Lenzmeier moved to close the meeting to discuss litigation strategy pursuant to Minn Stat. 13D.05. Motion was seconded by Bourgeois and unanimously.*

*Arneson moved to open the meeting. Motion was seconded by Volz and passed unanimously.*

8.0 Date of Next Meeting

The next meeting of the PERA Board of Trustees will be held Thursday, December 13, 2018, starting at 9:30 a.m. in the Board Room 117 of the Retirement Systems of Minnesota Building.

9.0 Adjourn

*There being no further business to come before the PERA Board, Lenzmeier moved to adjourn the meeting at 10:25 a.m. The motion was seconded by Arneson and passed unanimously.*

Following the regular meeting, the Board of Trustees and key staff participated in a Board Governance Training by Julia Nicholson, J N Consulting.



Doug Anderson, Executive Director  
Saint Paul, Minnesota