

**MINUTES
Minnesota State Retirement System
Board of Directors
March 18, 2021**

The Board of Directors of the Minnesota State Retirement System (MSRS) met in regular session on Thursday, March 18, 2021, at 9:00 a.m., in the Retirement Systems of Minnesota Building, 60 Empire Drive, Suite 117, Saint Paul, Minnesota.

Members Present

All members attended via video or phone conference, unless noted otherwise.

Mary Benner, Chair; Wes Skoglund, Vice Chair; Tommy Bellfield; Chet Jorgenson ; Michael LeDoux; Michael Schweyen, Melissa Lam Young and Rena Schlottach-Ratcliff (representatives for James Schowalter, Commissioner of Minnesota Management & Budget) Michael Roelofs; Joseph Sullivan; Dan Gorman; and Jacqueline Terry.

Others Present

Kathy Woodruff, Office of the Attorney General; Mike Landers, Minnesota Retired State Employees Association; and MSRS staff members: Erin Leonard, (Executive Director) [attended in-person], Linda Henderson, Julie Leppink, Mark Manion, Tim Rekow, Holly Dayton, and Andrea Cox [attended in-person].

Call to Order

Chair Mary Benner called the meeting to order at 9:01 a.m. Introductions were given. The agenda items were taken in the order as shown below. Roll call was taken of Board members.

Approval of Minutes of the Regular Board Meeting Held January 21, 2021

The minutes of the regular Board meeting held Thursday, January 21, 2021, were submitted for approval.

Bellfield moved approval of the minutes of the regular meeting held January 21, 2021. Motion was seconded by Terry and passed unanimously by roll call vote.

Appeal of Jill Katzung

Reference was made to a memorandum dated March 18, 2021 from Julie Leppink, MSRS General Counsel, regarding the appeal case of MSRS member Jill Katzung (Petitioner) as a result of the MSRS Executive Director's denial of her request for an increased General Employees Retirement benefit. Leppink reviewed the issues of the case and presented the Board with the recommendation of the Administrative Law Judge (ALJ). Ms. Katzung also presented to the Board.

The ALJ recommended that the Board should affirm MSRS's calculation of Petitioner's retirement benefit and dismiss the Petitioner's appeal because she failed to establish by a preponderance of the evidence that she is entitled to an increase in the retirement

benefit payable by MSRS.

Skoglund motioned that the Board deny Ms. Katzung's request for an increased monthly retirement annuity, adopt the Administrative Law Judge's recommendation in its entirety, and direct counsel to draft an order consistent with the motions. Motion was seconded by Roelofs and passed unanimously by roll call vote.

Legislative Update

Reference was made to a memorandum dated March 10, 2021 from Erin Leonard and Holly Dayton. Updates were provided to the Board regarding the proposed changes to the Judges Plan and other provisions that were discussed and adopted by the Legislative Commission on Pensions and Retirement (LCPR). No action was requested on this agenda item.

Writing off Uncollectable Debt

Reference was made to a memorandum from Tim Rekow and Nina Kraemer dated March 5, 2021 regarding writing off uncollectable debts.

Amount	Approver
\$0.01 to \$100.00	MSRS CFO
\$100.01 to \$1000.00	MSRS Executive Director
Over \$1000.00	MSRS Board of Directors

All of the debts included for write off are overpayments to deceased members from 2019 to present. Below is a table summarizing uncollectible participant accounts proposed for write off based on the above dollar limits established in MSRS policy.

Origination Year	Plan	Accounting Write Off Amount	Statutory Reason	Determination
2019	GERP	\$16,000.00	all reasonable collection efforts have been exhausted	After many attempts of calling and sending letters to the IRS, MSRS never received a response for overpaid federal tax levy.
2020	GERP	\$2,174.37	the debt is legally without merit or cannot be substantiated by evidence	Unable to determine who collected the funds.
2020	GERP	\$2,818.96	the debt is legally without merit or cannot be substantiated by evidence	Debtor resides outside the state of MN.
2020	GERP	\$1,163.35	the debt is legally without merit or cannot be substantiated by evidence	Unable to determine who collected the funds.
2020	GERP	\$1,122.82	the available assets or income, current or anticipated, that may be available for payment of the debt are insufficient	Estate was determined to be insolvent as the house was in foreclosure.
2020	GERP	\$1,300.76	the cost of further collection action will exceed the amount recoverable	Debtor resides outside the state of MN.
2020	CORR	\$2,362.44	the cost of further collection action will exceed the amount recoverable	Debtor resides outside the state of MN.
		\$26,942.70		

Roelofs motioned to write off the uncollectable debt of \$26,942.70. Motion was seconded by Bellfield and passed unanimously by roll call vote.

Additional MNDCP Investment Option

Reference was made to a memo from Mark Manion dated March 10, 2021. Recommendation was made to approve the addition of the Vanguard Total Stock Market Index fund to the Minnesota Deferred Compensation Plan (MNDCP) fund lineup. The State Board of Investment approved adding this option at their February 24, 2021 meeting. If this investment option is approved, it will be available July 1, 2021.

Skoglund motioned to add Vanguard Total Stock Market Index Fund as an investment option to the MNDCP. Motion was seconded by LeDoux and passed unanimously by roll call vote.

Request for Additional Staff

Reference was made to a memo from Erin Leonard dated March 8, 2021. Staff recommends hiring two additional high-level permanent positions to the MSRS Service Center to assist with growth and service demands.

Skoglund motioned approval of additional staffing. Motion was seconded by Terry and passed unanimously by roll call vote.

Audit Committee Update

Sullivan presented to the Board updates from the Audit Committee Meeting held on March 5, 2021. BKD provided the committee with audit reports regarding IT General Controls. The objective of the audit was to assess the IT general controls via the Aurora application and the active directory.

No action was requested on this agenda item.

Facilities Management Meeting Update

Bellfield presented to the Board updates from the Facilities Management Meeting held on March 4, 2021. The FMC voted to remove the men's and women's bathroom on the first floor and voted to replace with seven individual gender neutral bathrooms.

No action was requested on this agenda item.

Executive Director Salary Increase

Benner presented to the Board the Executive Director's salary increase that was discussed with the chairs from MSRS, PERA and TRA. All three chairs agreed to a 2.5% salary increase for their respective Executive Director.

Roelofs motioned approval of a 2.5 % salary increase for Erin Leonard, Executive Director, retroactive to January 1, 2021. Motion was seconded by Bellfield and passed unanimously by roll call vote.

Other Business

Benner discussed MSRS participating in a salary study committee of the statewide retirement Boards to review Executive Director compensation. Benner solicited volunteers to sit on the committee and requested \$10,000 be set aside to contract a company to facilitate the survey. Skoglund, Sullivan, and Roelofs volunteered to be part of the committee.

Melissa Lam Young will be leaving MMB. The Board was introduced to her replacement, Rena Schlottach-Ratcliff.

Rate of Return FYTD for the period ending February 28, 2021: 19.3%.

Next Meeting

Chair Benner stated that the next Board meetings are tentatively scheduled for May 20, 2021 and July 22, 2021.

Adjournment

There being no further business to come before the Board, the meeting adjourned at 10:45 am. On the motion of Benner, seconded by Skoglund and passed unanimously by roll call vote.

Informational Items:

Facilities Management Committee Update

Contracts Summary

Summary Financial Information (unaudited)

Information Security Report – Protected Non-Public Data

Retiree Lists

Rate of Return – to be presented at meeting