

**MINUTES**  
**Minnesota State Retirement System**  
**Board of Directors**  
**March 28, 2024**

The Board of Directors of the Minnesota State Retirement System (MSRS) met in regular session on March 28, 2024 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 in-person, unless noted otherwise.*

Mary Benner, Chair; Wes Skoglund, Vice Chair [attended via video]; Chet Jorgenson; Jacqueline Terry; Joseph Sullivan [attended via video]; Michael LeDoux [attended via video]; Michael Schweyen; Thomas Carr (representative for Erin Campbell, Commissioner of Minnesota Management & Budget); and Tommy Bellfield.

**Others Present**

*All attended via video unless otherwise noted.*

Krisann McMahon, University of Minnesota; Mike Landers, Minnesota Retired State Employees Association; Kathleen Reitz, the Office of Minnesota Attorney General [attended via video].

**MSRS Staff**

Erin Leonard (Executive Director); Linda Henderson; Mark Manion; Tim Rekow; Colleen Hazel; Kurt Augustin [attended via video]; Chad Burkitt; Jenkins Vangehn; and Sallie Rasmussen.

**Call to Order**

Chair Benner called the meeting to order at 9:04 a.m. The agenda items were taken in the order as shown below.

**Approval of Minutes of the Regular Board Meeting**

The minutes of the regular Board meeting held Thursday, January 18, 2024, were submitted for approval.

*Schweyen moved for approval of the minutes of the regular meeting held January 18, 2024. Motion was seconded by Carr and carried unanimously by roll call vote.*

**Board Election**

Sallie Rasmussen presented the *MSRS 2024 Board of Directors Report* from Survey and Ballot Systems, dated March 21, 2024. Congratulations to Joseph Sullivan (incumbent) and Jason Bonnett, who will represent the General Employees and Unclassified Retirement Plans; to incumbent Wesley Skoglund, who will represent retirees; and to Lee Thor, who will represent the Correctional Plan members.

The participation rate for this election was 11.40%.

*Jorgenson moved approval of the 2024 Board election results as presented.  
Motion was seconded by Bellfield and passed unanimously by roll call vote.*

Mike LeDoux joined the meeting at 9:10 a.m.

### **2024 Legislative Session Update**

Jenkins Vangehn presented memorandum *2024 Legislative Session Update- Administrative Items* dated March 18, 2024. Below is a summary of the three bills that affect MSRS and the status of each after being heard at the Legislative Commission on Pension and Retirements (LCPR) meetings.

- **HF3956 MSRS Administrative Bill:** This bill passed unanimously. It is anticipated to be included in the 2024 omnibus pension bill.
- **HF 3930 (Frederick); SF 3761 (Frentz): Adding a new position to the list of covered positions permitting the purchase of past service credit from MSRS General Plan to the Correctional Plan** – This bill was laid over for possible inclusion in the omnibus pension bill.
- **SF 4424 (Pappas): Adding new positions to the list of covered positions permitting the purchase of past service credit from MSRS General Plan to the Correction Plan** – This bill was laid over for possible inclusion in the omnibus pension bill.

No action was needed on this item.

Erin Leonard presented memorandum *2024 Legislative Session Update – Policy Items* dated March 20, 2024. Listed below are two additional bills that were introduced and discussed at the LCPR meeting.

- **HF4553 (Tabke); SF 4653 (Hauschild): MSRS State Patrol Plan; codifying re-employment while receiving a retirement annuity** – This bill was laid over for possible inclusion in the omnibus pension bill. The bill also passed out of House State and Local Government Finance and Policy on March 19, 2024.

Leonard discussed two amendments that were adopted during the LCPR hearing for this bill. **1A** which would require staff to recalculate the benefit with consideration of any monthly benefits received. This would be a disincentive to return to service if this arrangement would reduce their benefit. **2A** would require employee and employer contributions to the plan during the period of re-employment; however, a new benefit is not accrued. When the re-employed retiree separates from employment the second time, they would be eligible for a refund of their contributions plus interest. The employer contributions would remain in the plan. During the LCPR hearing, staff were asked about the Board's position on this legislation. Staff requests that the Board consider the latter legislation and provide a position on the policy described in the 2A amendment.

Amendment 2A was considered and adopted by the House State Government Committee.

Board members and staff discussed the benefits of the 2A amendment and Leonard clarified questions that arose.

*Schweyen made a motion to support the recommendation of MSRS staff in terms of the language in the 2A amendment. Seconded by Ledoux and passed unanimously by roll call vote.*

- **HF 3675 (Wolgamot); SF 3822 (Kupec): Unreduced early retirement annuity for select Department of Corrections employees if at least 62 years old or has at least 30 years of service, amending Minnesota Statue 2022, Section 352.116, Subdivision 1** - This bill was laid over.

Leonard shared staff concerns on this bill as it is drafted, including not being equitable to all plan members, having an earlier retirement age than any other Minnesota public pension plan, the cost of the bill, and several technical concerns regarding the calculations. Staff do not anticipate the bill to move forward, but want the Board to be aware of it.

No action was needed on this item.

### **Writing-Off Uncollectible Debts**

Colleen Hazel presented memorandum *Writing-Off Uncollectible Debts*, dated March 28, 2024. Colleen reviewed the current write-off policy and shared the efforts and actions MSRS took to acquire uncollectable debts. MSRS has had fewer accounts in collections and was able to collect over \$748,136 from the bank immediately following the death of participants for fiscal year 2024 to date. MSRS staff recommend that the Board approve the write-off of uncollectible debts for participant accounts totaling \$58,421.39.

*Skoglund moved to write off \$58,421.39 in uncollectible debt. Seconded by Carr and passed unanimously by roll call vote.*

### **Investment Option Changes in MSRS Defined Contribution Plans**

Mark Manion presented the memorandum *Investment Option Changes in MSRS Defined Contribution Plans* dated March 18, 2024. The State Board of Investment has been successfully negotiating with investment providers to lower investment expenses (fees) of the Dodge and Cox Income Fund; the Fidelity Diversified International Commingled Pool; and the SSGA Target Retirement Fund. The investment strategy, team and process will remain unchanged. Staff anticipates these changes will take place in October 2024, and any costs associated with the implementation will be included in the fiscal year 2025 budget.

*Bellfield moved to proceed with planning and implementation transition of the current Dodge and Cox Income Fund to a dedicated separately managed*

*account, and the transition to a new share class for both the Fidelity International Commingled Pool and the SSGA Target Retirement Funds. Seconded by Schweyen and passed unanimously by roll call vote.*

### **Rachid Hamimoune Disability Appeal**

Leonard provided an update on the disability appeal for Rachid Hamimoune. Shortly before the November 2023 Board meeting when his appeal was brought to the Board, Hamimoune was referred for a vocational assessment and the hearing was postponed. Based on the results of the vocational assessment, Hamimoune was approved for a disability benefit. The petition to the Board was resolved and no further action by the Board is required.

No action was needed on this item.

### **Reports of Standing Committees**

Joseph Sullivan provided an update from the Audit Committee. Plante Moran presented different audit scopes to the committee when they met on February 22, 2024. With 420 hours available, the Audit Committee approved the following audit topics: benefit termination, retirement initiation, and vendors payable. The committee agreed that the topic of death benefits may be brought back and expanded to a broader scope in 2025.

The Recordkeeper Request for Proposal is in the works. MSRS has received responses and are working on site visits. They expect to bring a proposal to the Board during the May meeting.

The Facilities Management Committee meeting is coming up on April 11, 2024. PERA is hosting the meeting this year.

The Board Governance Manual Committee will meet again after the Legislative Session is completed.

### **Other Business**

Leonard reported that the rate of return as of the end of February was 8.2%.

Leonard drew attention to an apology letter in the meeting materials. As many are aware, there was an error with the names and addresses on the most recent *Messenger* mailing. The agency that does the mailing had a newer employee working on the project and there were steps missed that would have ensured names and addresses lined up. The agency has assured MSRS that there are measures put in place to prevent that from happening again. MSRS was not charged for the mailing.

Leonard shared details from the most recent Secure Choice Board of Director's meeting where they met to discuss and establish some organization around the new agency. Jill Schurtz will be the chair, and Erin Leonard will be the vice chair of this Board. They are

working on a position description and will need to hire an executive director. Leonard reported that planning is going well so far.

Wes Skoglund inquired about the cost of the Board election after reviewing the financial summary. Although a large majority of the total is wrapped up in mailing costs, MSRS plans to review the whole election process prior to the next election to see if there are any process improvements that can be made.

Board members inquired about the TRA GoFundMe account that was created and the forensic audit being done by Edward “Ted” Seidle. Leonard is following this closely and will inform the Board of any updates.

The Board expressed its thanks to Michael Schweyen and Dan Gorman for their time and insightful comments and questions while on the Board. Everyone has enjoyed getting to know them over the years and wish them well.

Schweyen expressed his appreciation to the MSRS Board members, staff, Erin and Mary.

#### **Next Meeting Date**

The next meeting is tentatively scheduled for May 16, 2024. The following meeting is tentatively set for July 18, 2024.

#### **Adjournment**

There being no further business to come before the Board, the meeting adjourned at 10:45 a.m.

*Schweyen moved to adjourn. Motion was seconded by Carr and carried unanimously by roll call vote.*

#### **Informational Items:**

***Summary Financial Information (unaudited)***

***Contracts Summary***

***Apology Letter: Messenger Newsletter***

***Information Security Report – Protected Non-Public Data***

***Retiree Lists***

***Rate of Return –presented at meeting***