

**MINUTES
Minnesota State Retirement System
Board of Directors
November 17, 2022**

The Board of Directors of the Minnesota State Retirement System (MSRS) met in regular session on Thursday, November 17, 2022, at 9:00 am, 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 [attended in-person]; Wes Skoglund, Vice Chair [attended in-person]; Chet Jorgenson [attended in-person]; Daniel Gorman; Jacqueline Terry [attended in-person]; Joseph Sullivan; Michael LeDoux; Michael Roelofs [attended in-person]; Michael Schweyen; Rena Schlottach-Ratcliff (representative for James Schowalter, Commissioner of Minnesota Management & Budget); and Tommy Bellfield [attended in-person].

Others Present

Mike Landers, Minnesota Retired State Employees Association; Kathleen Reitz, Office of Minnesota Attorney General [attended in-person]; Krisann McMahan, University of Minnesota; Chad Burkitt, LCPR; Susan Lenczewski, LCPR; Deb Corhouse, Education Minnesota representing Louis Dessellier [attended in-person]; and Joan Johnson, Petitioner.

MSRS staff members: Erin Leonard (Executive Director) [attended in-person]; Linda Henderson [attended in-person]; Tim Rekow [attended in-person]; Holly Dayton [attended in-person]; Kurt Augustin; Sallie Rasmussen [attended in-person]; and Julie Leppink [attended in-person].

Call to Order

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

Approval of Minutes of the Regular Board Meeting Held

The minutes of the regular Board meeting held Thursday, September 15, 2022, were submitted for approval.

Skoglund moved for approval of the minutes of the regular meeting held September 15, 2022. Motion was seconded by Terry and carried unanimously by roll call vote.

Appeal of Joan Johnson

Julie Leppink presented a summary of the case for Joan Johnson. Johnson is a member of the MSRS General Employees Retirement Plan whose application for a total and permanent disability benefit was denied by MSRS staff. The Administrative Law Judge (ALJ) determined that Johnson failed to establish that her application was timely, and that the medical documentation by one of her physicians failed to meet the substantive requirements under Minnesota State Statutes. Therefore, the ALJ concluded that MSRS properly denied Johnson's

application for total and permanent disability and issued a Recommendation on Summary Disposition recommending that the MSRS Board affirm the denial.

At 9:25 am Roelofs made a motion to close the meeting in order to discuss private medical information. Seconded by Bellfield and passed unanimously by roll call vote.

Meeting was closed to the public. Julie Leppink shared further details regarding the medical information related to the case. Joan Johnson spoke on her own behalf and Board members asked clarifying questions. Meeting was reopened at 9:50 am.

[Mike Ledoux joined the meeting at 9:38am]

Skoglund moved to affirm the determination of the Executive Director, adopt the ALJ's recommendation in its entirety, and direct the Board's attorney to draft an order consistent with the motion. Seconded by Terry and passed unanimously by roll call vote.

Appeal of Louis Dessellier

For good cause shown, Dan Gorman recused himself from the discussion and votes in this matter.

Louis Dessellier is a member of the MSRS Correctional Retirement Plan who requests that his membership in the General Employees Retirement Plan for the period from July 8, 1998, through August 5, 2001, when he was employed by the Department of Corrections/MinnCorr, be transferred to the Correctional Plan.

Minnesota Statute specifies when erroneous pension plan assignments may be corrected. The ALJ concluded that Dessellier is not eligible to have his membership transferred to the Correctional Plan for the period at issue because the reporting error began earlier than two fiscal years prior to the fiscal year in which the error was identified. The ALJ issued a Recommendation on Summary Disposition recommending that the MSRS Board affirm the denial.

Dessellier's counsel, Debra Corhouse, of Education Minnesota, appeared on behalf of Dessellier and requested the Board to consider pursuing legislation on behalf of the individual as part of the MSRS legislative agenda.

Roelofs moved to affirm the determination of the Executive Director, adopt the ALJ's recommendation in its entirety and direct the Board's attorney to draft an order consistent with this motion. Seconded by Skoglund and followed by a roll call vote. The motion was adopted with ten affirmative votes (Gorman did not vote due to recusal; the remaining ten voting members on the Board approved).

Presentation from Jill Schurtz, Executive Director of the State Board of Investment

Jill Schurtz shared her perspective on the mission of the SBI and the long term commitment they have to MSRS retirees and active employees. Schurtz fielded questions from Board members and MSRS staff.

Developing 2023 Legislative Initiatives: Assumed Rate of Return

Erin Leonard presented on memorandum *Developing 2023 Legislative Initiatives: Assumed Rate of Return, dated November 2, 2022*. During the 2022 legislative session, the Board authorized staff to pursue legislation that would reduce the assumed rate of return for funding valuation from 7.5% to 7%. Staff is requesting that the Board make a similar motion to pursue legislation during the 2023 session.

Roelofs moved the recommendation to seek legislation to reduce the assumed rate of return for funding valuations to 7%. Seconded by Schweyen and passed unanimously by roll call vote.

Jorgenson moved the recommendation to pursue legislation to move the assumed rate of return from Minnesota statutes to the *Legislative Commission on Pension and Retirement (LCPR) Standards for Actuarial work*. Seconded by Terry and passed unanimously by roll call vote.

Other Business:

The Rate of Return as of October 31, 2022 was -1.45%.

MSRS was awarded the Government Finance Officers Association, Certificate of Achievement for Excellence in Financial Reporting for the thirteenth year in a row.

Benner suggested a subcommittee to discuss and update the Board Governance Manual.

Next Meeting Date

The next meeting is tentatively scheduled for January 19, 2023. The meeting that follows is tentatively scheduled for March 16, 2023.

Adjournment

There being no further business to come before the Board, the meeting adjourned at 11:30 am.

Terry moved to adjourn. Motion was seconded by Bellfield and carried unanimously by roll call vote.

Informational Items:

Contracts Summary

Summary Financial Information (unaudited)

Information Security Report – Protected Non-Public Data

Retiree Lists

Rate of Return –presented at meeting