

**MINUTES**  
**Minnesota State Retirement System**  
**Board of Directors**  
**November 16, 2023**

The Board of Directors of the Minnesota State Retirement System (MSRS) met in regular session on Thursday, November 16, 2023 at 9:00 a.m., in the Retirement Systems of Minnesota Building, 60 Empire Drive, Suite 117, Saint Paul, Minnesota.

**Members Present**

*All members in-person, unless noted otherwise.*

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

**Others Present**

*The following attendees attended via video conference:*

Mike Landers, Minnesota Retired State Employees Association; Susan Lenczewski, Legislative Commission on Pensions and Retirement (LCPR); Holly Dayton, Teachers Retirement Association; Jeff Altringer, University of Minnesota [attended via video]; Sean Kell, LCPR;

*The following attendees were in-person:*

Jean Ewald, Appellant; Brian Polanski, attendee with Jean Ewald; Steve Mengelkoch, attendee with Jean Ewald; and Denise Tataryn, attorney representing Jean Ewald.

**MSRS Staff**

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

**Call to Order**

Chair Benner called the meeting to order at 9:01 a.m. The agenda items were taken in the order as shown below.

**Approval of Minutes of the Regular Board Meeting Held September 21, 2023.**

The minutes of the regular Board meeting held Thursday, September 21, 2023, were submitted for approval.

*Skoglund moved approval of the minutes of the regular meeting held September 21, 2023. Motion was seconded by Jorgenson and carried unanimously by roll call vote.*

### **Appeal in the Matter of the Petition of Jean Ewald**

The issue before the Board is whether or not the Petitioner is eligible for a joint and survivor annuity from the MSRS State Patrol Plan retirement annuity of Robert Ewald.

Chad Burkitt presented an overview of the case to the Board and reiterated that the Administrative Law Judge (ALJ) concluded that the Petitioner has not established that MSRS has the authority to pay her a survivor annuity from Robert Ewald's retirement annuity. The ALJ recommends that the Board should affirm the executive director's decision that the Petitioner is not eligible to receive a survivor annuity.

Denise Tataryn, attorney for Jean Ewald, presented her argument to the Board. Questions from Board members were addressed by both counsels.

*Skoglund moved to adopt the ALJ's recommendation in its entirety that MSRS does not have authority to pay a joint and survivor benefit and direct counsel to draft an order consistent with the motion. Seconded by Roelofs and passed unanimously by roll call vote.*

Jacqueline Terry joined the meeting at 9:10 a.m.

Mike Ledoux joined the meeting at 9:16 a.m.

Erin Leonard stepped away from the conference table during discussions on the appeal.

### **Appeal in the Matter of the Denial of the Application of Rachid Hamimoune**

This agenda item is being postponed without objection from the Board. The petitioner is preparing additional materials and this case will be heard at a future Board meeting.

### **MNDPC Plan Document Amendment**

Mark Manion presented memorandum *Minnesota Deferred Compensation Plan (MNDPC) Plan Document Amendment* dated November 16, 2023. In February 2022, the IRS issued proposed regulations for the Required Minimum Distribution (RMD) requirement made by the Setting Every Community Up for Retirement Enhancements (SECURE Act) of 2019. Manion presented the complete MNDPC Plan document with marked changes.

- **Sections 1.05, 1.21, & 5.03(a):** Update/Refine definitions and language to conform with the Required Minimum Distribution (RMD) rules under the SECURE Act.
- **Section 5.09 & 5.10:** Update death benefit distribution rules due to mandatory changes in the SECURE Act.
- **Section 13.02:** Clarifies that a domestic relations orders must comply with state laws limiting assignment in order to be approved under the plan. This change is not related to the SECURE Act. The change was reviewed by outside counsel, Ice Miller.

- **Section 13.06:** Clarifies that the term “minor” is defined by Minnesota State law. The change was recommended by outside counsel, Ice Miller.

Staff recommended that the Board adopt the proposed amendments to the MNDCP Plan Document with a December 1, 2023 effective date.

*Skoglund moved to adopt the proposed changes to the MNDCP Plan Document, effective December 1, 2023. Seconded by Terry and passed unanimously by roll call vote.*

### **HCSP Plan Document Updates**

Linda Henderson presented memorandum *Health Care Savings Plan (HCSP) Plan Document Amendment* dated November 3, 2023. Henderson presented the complete HCSP Plan document with marked changes.

- **Page 1 – Effective Date**

Effective date of the Plan Document will change to December 1, 2023.

- **Page 15 – PCORI Fee**

Introduced with Affordable Care Act (ACA). It is an annual fee paid by plan administrators to fund the Patient Centered Outcomes Research Institute (PCORI). Due to the unique nature of the HCSP, there is no specific language in the ACA requiring the HCSP to pay this fee. In 2013, MSRS chose the conservative approach to follow this new requirement. MSRS paid PCORI fees since 2013 in the amount prescribed by the Internal Revenue Service (IRS). After additional review of the requirements by MSRS legal counsel, MSRS determined the fee requirement does not apply to the HCSP, and requests to remove the PCORI fee from the plan document.

- **Page 16 – Small Balance Transfer to Plan Sponsor Account**

HCSP participants tend not to request reimbursement of expenses when their balance has been depleted to small amounts. The proposed language formalizes an administrative process of transferring balances below \$5 to the Plan Sponsor account. The HCSP quarterly statement notifies Participants of this transfer, and the funds can be moved back into their account at the Participant’s request.

Staff recommended adoption of the proposed amendments with an effective date of December 1, 2023.

*Roelofs moved to adopt the proposed changes to the HCSP Plan Document, effective December 1, 2023. Seconded by Carr and passed unanimously by roll call vote.*

### **2024 Legislative Agenda Development**

Jenkins Vangehn presented memorandum *2024 Administrative Bill and Additional Legislative Changes* dated November 8, 2023. Two items were introduced for

consideration in the Administrative Bill, or a separate bill depending on discussion with the LCPR members and staff.

- 1) Update language in the Correctional Plan disability statute from **shall** to a **may** to allow flexibility and not require an independent medical exam for all applicants.
- 2) Update the Minnesota Statute, Section 352.03 subd. 5 to remove an obsolete cross reference and replace it with a current policy already adopted by the Board.

*Skoglund moved to approve the two items presented. Seconded by Terry and passed unanimously by roll call vote.*

### **Unclassified Retirement Plan Annuity Factors**

Leonard presented memorandum *Unclassified Retirement Plan Annuity Factors* dated November 8, 2023. In 2017 and 2020, the factors were updated to reflect assumption changes related to investment returns, life expectancy, and reductions in post-retirement increases. Factor updates are being proposed due to the actuarial assumptions recommended during the most recent Experience Study for the State Employees Retirement Plan (General Plan). Staff proposes implementing the factor updates on the same timeline as the General Employees and Legislators Retirement Plans.

Staff recommend an update to the Unclassified Retirement Plan factors beginning July 1, 2024, with a 36-month phase in.

*Updating the Unclassified Retirement Plan factors with an effective date of July 1, 2024, with a 36-month phase in approach passed unanimously by roll call vote.*

*Please note: There was not a motion or second so this will be revisited during a future meeting.*

### **Audit Committee Update**

The 3-year contract with Plante Moran, LLC for audit services has been finalized. MSRS staff plan to meet with Plante Moran in mid-January after their review of the most recent risk assessment.

No action was needed on this item.

### **Other Business**

Benner asked for three volunteers to be on the committee for MSRS's upcoming recordkeeper request for proposal (RFP). Wes Skoglund, Joe Sullivan, and either Tommy Bellfield or Mary Benner plan to be part of the subcommittee.

Work on the Board Governance Manual will begin again in January of 2024.

Benner is currently drafting Leonard's performance review and will send to Board members for comments and feedback. The goal is to meet before the end of the calendar year so the Board can act on it in January 2024.

Leonard shared the fiscal year-to-date rate of return as of October 31, 2023 was -3.8%.

Schweyen inquired about the recent MSRS Employee Engagement Survey and the follow-up that MSRS intends to do in the areas of communication between departments. Leonard shared that MSRS has created a work group to discuss and formalize hybrid workplace norms. In addition, MSRS will be working with consultants to help refresh the strategic plan, and will utilize the results of the engagement survey to guide them in areas that need improvement. MSRS hopes to share that work and progress at the May Board meeting.

Board members will be notified of Board Election candidates via Govenda (Board's software management system) when the information is available.

### **Next Meeting Date**

The next meeting is tentatively scheduled for January 18, 2024. The following meeting is scheduled for March 28, 2024. This is one week later than normal due to the Board election.

### **Adjournment**

There being no further business to come before the Board, the meeting adjourned at 10:59 a.m.

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

### **Informational Items:**

***Employee Engagement Survey Results***

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

***Contracts Summary***

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

***Retiree Lists***

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