

**MINUTES**  
**Minnesota State Retirement System**  
**Board of Directors**  
**November 21, 2024**

The Board of Directors of the Minnesota State Retirement System (MSRS) met in regular session on Thursday, November 21, 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 in-person, unless noted otherwise.*

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

**Others Present**

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

Frank Langan, the Office of Minnesota Attorney General; Jeff Altringer, University of Minnesota [attended via video]; Jill Schurtz, SBI; Andy Christiansen, SBI; Mike Landers, Minnesota Retired State Employees Association [attended via video]; Denise Tataryn, attorney for appellant; and Peter Benner.

**MSRS Staff**

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

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

**Call to Order**

Chair Benner called the meeting to order at 9:07 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, September 19, 2024, were submitted for approval.

*Skoglund moved approval of the minutes of the regular meeting held September 19, 2024. Motion was seconded by Terry and carried unanimously by roll call vote.*

**Appeal in the matter of Kathleen Smith**

The meeting was closed to the public during the portion which discussed private medical data.

Chad Burkitt, MSRS's General Counsel presented a summary of facts, the

Administrative Law Judge's (ALJ) recommendation, and the MSRS staff analysis of the appeal. The question before the Board was whether the Petitioner had shown that it is more likely than not that the Petitioner is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that has existed or is expected to continue for a period of at least one year. MSRS's Executive Director denied the Petitioner's application for permanent and total disability benefits, and the ALJ and MSRS's medical advisor both recommended that the Executive Director's determination be affirmed. Accordingly, MSRS Staff recommended the following motion ("Staff recommendation"):

Reject the Petition of Kathleen Smith and find she has failed to show that she is unable to engage in substantial gainful activity; AND to adopt the Findings of Fact in the Report of the Administrative Law Judge and paragraphs 20 and 21 in the Summary of Facts found in the Staff memo; AND to direct the attorney for the Board to draft an order and memorandum consistent with this motion.

Denise Tataryn, attorney for appellant Kathleen Smith, encouraged the Board to look closely at the ALJ's findings and recommendation. Tataryn argued that the ALJ's conclusion was based on the false premise that Petitioner did not provide an employer statement that addressed her ability to work. Tataryn also argued that the ALJ's conclusion about the lack of vocational information was incorrect, that the ALJ improperly focused only on the physician reports, and that the vocational consultant's report provides no useful information. In conclusion, Tataryn argued that the Physician Statements and medical evidence provide a preponderance of the evidence that Petitioner is unable to engage in substantial gainful activity.

Questions from MSRS Board members were addressed by both Burkitt and Tataryn.

The meeting was reopened to the public at 11:06 a.m. when the Board discussed a decision on this appeal.

*Skoglund moved the approval of the MSRS Staff recommendation. Seconded by Carr. Motion passed 5 to 3 (Voting yes: Benner, Ledoux, Roelofs, Carr, Skoglund; voting no: Jorgenson, Sullivan, Terry.)*

### **Update from the Minnesota State Board of Investment**

Jill Schurtz, Executive Director and CIO of the State Board of Investment (SBI), and Andy Christiansen, Deputy Director of SBI provided an overview of the State Board of Investment, a summary of recent investment performance, and an update of recent and upcoming projects and a summary of recent investment performance.

No action was needed on this item.

### **Legislative Workgroup Updates**

Erin Leonard shared an update on the Amortization Work Group. The group was created to update the statute to conform to current actuarial best practices for amortizing liabilities. Leonard shared benefits of layered amortization, potential drawbacks, and a tentative recommendation with potential impacts to the plans. Staff are recommending that the Board authorize staff to pursue legislation using layered amortization methodology and timeframes recommended by the work group.

*Carr moved to authorize staff to pursue legislation using layered amortization methodology and timeframes recommended by the work group. Seconded by Roelofs and passed unanimously by roll call vote.*

Leonard shared an update on the Correction Plan Membership Work Group. This group was created to recommend legislation amending statutes applicable to eligibility for the Minnesota State Retirement System correctional state employee's retirement plan that will correct the deficiencies in the process under current law for adding employees and positions to coverage by the correctional plan. Leonard shared the scope, work group membership, and a summary of recent meetings and discussions.

No action was needed on this item.

### **Policy Governing the Removal of Board Members**

Burkitt presented memorandum, *Policy Governing the Removal of Board Members*, dated November 13, 2024. Burkitt explained that this issue arose because Board member Lee Thor has not attended any Board meetings since his election and staff was unsure about how to proceed. Burkitt further explained that Minnesota Statutes section 15.075 governs the removal of a Board member who is appointed by the governor, but that there is no policy or law that addresses the removal of a Board member who is not appointed by the governor. Burkitt noted that if the staff-proposed policy is adopted, the Executive Director would notify Lee Thor that if he failed to attend the January meeting, he would likely be removed from the Board.

Staff proposed the following policy as amended through discussion by the Board;

#### ***Policy for the Removal of Board Members***

Board members who are appointed by the governor are subject to removal under Minnesota Statutes, section 15.0575, subdivision 4. Elected Board members and the Board member appointed to represent the Metropolitan Council's transit operations are subject to removal under this policy.

- 1) **Failure to attend meetings.** A Board member may be removed for failing to attend three consecutive regular meetings of the Board. If a Board member fails to attend two consecutive meetings, the Executive Director shall notify the Board member in writing via certified mail that missing a third meeting may result in removal. Following the Board member's failure to attend the third consecutive meeting, the Board member may be removed from the Board by a majority vote of the Board

- at a subsequent Board meeting.
- 2) **Removal for cause.** If there is cause to remove a Board member, the Board may remove the member by the following procedure:
- a. The Board must approve a resolution finding cause to remove the Board member.
  - b. The Executive Director must notify the Board member in writing via certified mail: (i) that the Board has found cause to remove the Board member, (ii) a description of the basis for the finding of cause, and (iii) the date and time that a hearing will be held by the Board to determine an outcome.
  - c. At the conclusion of the hearing, the Board member may be removed from the Board by a majority vote.

Terry proposed an amendment that the written notice be mailed via certified mail to which there was no objection.

*Roelofs moved the staff recommendation with the amendment. Seconded by Sullivan and passed unanimously by roll call vote.*

### **Revised Executive Director Compensation Policy**

Mary Benner presented memorandum *Revised Executive Director Compensation Policy*, dated November 21, 2024. The revised edition of the Executive Director Compensation policy is being put forward for the Board's consideration. The policy identifies sources of reference data to be used in January each year to determine if the salary range needs to be adjusted by the Board at their January meeting. A new page has been added to the policy which can be used as a reference worksheet to be updated annually.

*Carr moved to adopt the updated Executive Director Policy as presented. Seconded by Terry and passed unanimously by roll call vote.*

### **Reports on Standing Committees**

The Audit Committee Meeting took place on November 12, 2024. Plante Moran presented on the audit topic Benefit Termination from July 2024, and shared their recommendations. The committee also approved the audit topic of Fraud for FY2025.

The Board Governance Manual Committee will begin again in February.

The Facilities Management Meeting is scheduled for December 6, 2024. They will review the recent space analysis, co-tenancy agreement, and two larger building-related projects: window seal replacements and the cooling tower.

**Other Business**

Two names have been submitted for Michael Roelofs' seat on the Board, which has a term date in 2025.

**Next Meeting Date**

The next meeting is tentatively scheduled for January 16, 2025. The following meeting is tentatively set for March 20, 2025.

**Adjournment**

There being no further business to come before the Board, the meeting adjourned at 12:38 p.m.

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

**Informational Items:**

*Update to Investment Options*

*Contracts Summary*

*Summary Financial Information (unaudited)*

*Information Security Report – Protected Non-Public Data*

*Retiree Lists*