

**MINUTES
Minnesota State Retirement System
Board of Directors
July 15, 2021**

The Board of Directors of the Minnesota State Retirement System (MSRS) met in regular session on Thursday, July 15, 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 [in-person]; Wes Skoglund, Vice Chair [in-person]; Tommy Bellfield; Chet Jorgenson; Michael LeDoux; Michael Schweyen; Rena Schlottach-Ratcliff (representative for James Schowalter, Commissioner of Minnesota Management & Budget); Michael Roelofs [in-person]; Joseph Sullivan; Jacqueline Terry; and Daniel Gorman [in-person].

Others Present

Kathryn Woodruff, Office of Attorney General; MSRS staff members: Erin Leonard, Executive Director [in-person]; Linda Henderson [in-person]; Mark Manion [in-person]; Tim Rekow [in-person]; and Kurt Augustin.

Call to Order

Chair Benner called the meeting to order at 9:00 a.m. Introductions were given. The agenda items were taken in the order as shown below.

Approval of Minutes of the Previous Regular Board Meeting

The minutes of the regular Board meeting held Thursday, May 20, 2021 were submitted for approval.

Jorgenson moved approval of the minutes of the regular meeting held May 20, 2021. Motion was seconded by Bellfield and carried unanimously by roll call vote.

Actuarial Presentation from GRS Consulting

Bonnie Wurst, MSRS' actuary from Gabriel Roeder Smith, presented the *Estimated 2021 Valuation Results* for the State Employees Retirement Fund, Correctional Employees Retirement Fund, State Patrol Retirement Fund, and the Judges Retirement Fund, as reflected in her presentation handout.

No action was needed for this agenda item.

Investment Return Assumption from GRS Consulting

Bonnie Wurst provided information, as reflected in her presentation handout, about the evaluation of the investment return based on analysis, investment assumptions, and forecasting to determine the reasonable range for the investment assumption. Since capital market expectations are much lower than prior year's expectations, Wurst

offered that the current 7.5% assumption is not reasonable for the 2021 valuation based on their analysis. Further, Wurst mentioned they will need to use an assumption that can be deemed reasonable based upon actuarial standards for the *FY21 Financial Reporting Valuation*.

Wurst provided estimated valuation results at 7.0% interest.

GRS Consulting will provide stochastic modeling at lower interest rate assumptions at the September 16, 2021 Board Meeting.

No action was needed on this agenda item.

MNDCP Plan Document Amendments

Reference was made to a memorandum dated July 7, 2021 from Mark Manion, MSRS Chief External Benefits Officer, regarding a correction to the special catch-up provision age from age 72 to age 70½.

*Roelofs moved approval of the special catch-up provision age change.
Motion was seconded by Skoglund and carried unanimously by roll call vote.*

HCSP Plan Document Amendments

Reference was made to a memorandum dated July 7, 2021 from Linda Henderson, MSRS Chief Internal Benefits Officer; regarding proposed changes to the Health Care Saving Plan (HCSP) Plan Document. The changes proposed were to update the name of the Plan Recordkeeper and nominal changes to the verbiage regarding reimbursement requests submitted through the MSRS Account Online portal.

*Skoglund moved approval of the HCSP Plan Document Amendments.
Motion was seconded by Schweyen and carried unanimously by roll call vote.*

Legislative Update

Erin Leonard, Executive Director, spoke to the conclusion of the regular Minnesota legislative session. She noted that the *2021 Pension and Retirement Bill* was signed into law. Provisions in the bill include:

- Removing the automatic triggers for higher post-retirement increases for the Judges Retirement Plan at certain funding levels and reducing ongoing postretirement increases to a fixed 1.5% beginning January 2022.
- More generous Unclassified Plan annuity factors were extended through June 30, 2022 for Legislative employees only.
- Foreign citizens with certain visas are now included in the General Retirement Plan, which primarily affects University of Minnesota employees.
- Two pieces of special legislation were approved. One to increase the benefit of an annuitant who previously appealed to the Board. Another was to correct the coverage of a member from the General Employees Retirement Plan to the Correctional Retirement Plan.

- Establish a working group for 911 operators and telecommunicators to review plan benefit design.
- Provisions for additional contributions to fund the Legislators and Judges Plans.

Leonard also mentioned plans to discuss suggestions for the 2022 legislative agenda which will occur during the September and November Board meetings.

No action was needed on this agenda item.

Approval of the 2022 Board Election Process

Erin Leonard, Executive Director, explained the 2022 Board election process including the timeline as outlined in the July 6, 2021 memorandum. Leonard requested approval on the tentative election schedule, materials, and voting procedures.

Skoglund moved approval of the motion to adopt the 2022 Board election process. Motion was seconded by Terry and carried unanimously by roll call vote.

In-Service Training & Potential Topics

Erin Leonard, Executive Director, explained the requirement for ongoing in-service Board member training. Proposed in-person training, if willing, in August. Leonard referenced the memorandum dated July 6, 2021 of potential training topics.

No action was needed on this agenda item.

Legal Update

Kathryn Woodruff, Assistant Attorney General, provided an update on a current appeal to be presented to the Court of Appeals and the ongoing lawsuit.

No action was needed on this agenda item.

Other Business

No discussion.

Next Meeting Date

Chair Benner stated that the next Board meeting is tentatively scheduled for September 16, 2021.

Adjournment

There being no further business to come before the Board, the meeting adjourned at 11:05 a.m.

Skoglund moved to adjourn. Motion was seconded by Gorman 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 during the meeting)