

MINUTES
Minnesota State Retirement System
Board of Directors
May 19, 2022

The Board of Directors of the Minnesota State Retirement System (MSRS) met in regular session on Thursday, May 19, 2022, 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 [attended in-person]; Wes Skoglund, Vice Chair; Tommy Bellfield; Chet Jorgenson; Michael LeDoux; Michael Schweyen; Rena Schlottach-Ratcliff (representative for James Schowalter, Commissioner of Minnesota Management & Budget); Michael Roelofs [attended in-person]; Joseph Sullivan; Daniel Gorman; and Jacqueline Terry [attended in-person].

Others Present

Mike Landers, Minnesota Retired State Employees Association; Kathleen Reitz, Attorney General's Office; Krisann McMahan, University of Minnesota; Chad Burkitt, LCPR.

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

Call to Order

Chair Benner called the meeting to order at 9:05am. The agenda items were taken in the order as shown below.

Election of the Chair and Vice-Chair

Following a Board election, it is customary that the Board elect a Chair and Vice Chair. Erin Leonard, Executive Director, officiated the request for nominations as follows:

Chair:

Leonard requested nominations for the position of Board Chair.

Skoglund moved the nomination of Mary Benner for Chair. Motion was seconded by Bellfield.

Following three calls for further nominations by Leonard, and there being none, the question was called on the motion.

Motion carried unanimously by roll call vote.

Leonard announced that Mary Benner was reappointed as MSRS's Board Chair.

Vice Chair:

Benner requested nominations for the position of Board Vice-Chair.

Bellfield moved the nomination of Wes Skoglund. Motion was seconded by Terry.

Following three calls for further nominations by Benner, and there being none, the question was called on the motion.

Motion carried unanimously by roll call vote.

Benner announced that Wes Skoglund was reappointed as the Board Vice-Chair.

Approval of Minutes of the Regular Board Meeting

The minutes of the regular Board meeting held Thursday, March 24, 2022, were submitted for approval.

Skoglund moved approval of the minutes of the regular meeting held January 20, 2022. Motion was seconded by LeDoux and carried unanimously by roll call vote.

Executive Director Salary Study Committee Report

Benner referenced the memorandum *Executive Director Salary Study Committee Report* dated May 9, 2022. CBIZ had a difficult time finding peer pension systems against which MSRS can be compared because MSRS's Executive Director does not direct investments. CBIZ offered a few options to consider, which included running a report with the few peers they could find, add in additional systems that are not true peers, or acquire additional funds to solicit more potential peers for the report. Alternatively, NASRA is willing to run a report at a more affordable rate with more closely related peers.

MSRS is requesting that the Board approve canceling the contract with CBIZ and enter into a contract with NASRA to prepare an Executive Director Salary report.

Skoglund moved to approve entering into a contract with NASRA for the Executive Director Salary report. Seconded by Terry and carried unanimously by roll call vote.

Legislative Update

Holly Dayton, Legislative Liaison, provided an update regarding two omnibus pension bills which were under consideration during the 2022 legislative session.

No action was needed on this agenda item.

FY2022 Year in Review and Strategic Plan

Mark Manion, Chief External Benefits Officer, Tim Rekow, Chief Financial Officer, Linda Henderson, Chief Internal Benefits Officer, Holly Michaels, Director of Strategic Initiatives, and Erin Leonard, Executive Director, presented information from the document titled *FY2022 Year in Review FY2023 Administrative Budget*.

Manion highlighted the Minnesota Public Retirement System overview, which consisted of plan assets and participant data. Henderson highlighted results from the new retiree satisfaction surveys, service statistics, and appointment data. Rekow spoke on the MSRS COVID-19 response and reconstitution timeline and the adjustments made to our policies and procedures in the past year. Michaels and Leonard collaboratively shared the Fiscal Year 2023 Strategic Plan, which focuses on talent management, service delivery, participant success, and financial stability.

Michael Schweyen joined the meeting at 10:00am.

No action was needed on this agenda item.

FY23 Administrative Budget Request

Tim Rekow, Chief Financial Officer, referenced the document *FY2023 Administrative and Recordkeeping Budget Review and Approval* dated May 19, 2022. Rekow then presented the *Administrative Budget for Fiscal Year End 2023* document, which is a detailed breakdown of the proposed budget.

The fiscal year 2023 Administrative Budget totals \$23,239,200. This amount is \$1,926,550 or 9.04 percent more than the fiscal year 2022 budget, which totaled \$21,312,650.

The fiscal year 2023 Recordkeeping Budget totals \$3,948,100. This amount is \$157,400 or 4.15 percent more than the fiscal year 2022 budget of \$3,790,700.

The fiscal year 2023 Total Budget Proposal totals \$27,187,300. This amount is \$2,083,950 or 8.30 percent more than the fiscal year 2023 budget of \$25,103,350. The budget increase is caused primarily by an increase in personnel costs.

Skoglund moved approval of the fiscal year 2023 proposed budget. Motion was seconded by Bellfield and passed unanimously by roll call vote.

Other Business

- 1) Rekow referenced the memorandum *Actuarial Services Request for Proposal and Contract Award* dated May 16, 2022. The current professional and technical contract with Gabriel, Roeder, Smith and Company (GRS) for actuarial services will end on June 30, 2022. A request for proposal (RFP) process was followed, and of the five actuarial services proposals that were reviewed, GRS was the top responder.

MSRS staff are requesting the Board to approve entering into a formal three-year contract with GRS for actuarial services, with the option to extend the contract two additional years.

Roelofs moved to approve entering into a formal contract with GRS. Motion was seconded by Terry and carried unanimously by roll call vote.

- 2) Skoglund brought up the NASRA conference. Under Board policy, the Board can make a motion to authorize Board members to attend one conference per year.

Skoglund moved to approve MSRS Board members to attend one conference this fiscal year. Motion was seconded by Terry and carried unanimously by roll call vote.

- 3) Leonard provided an update on the Deputy Executive Director position for MSRS. This position has been created and the goal is to have candidate interviews by mid-summer.
- 4) Leonard provided an update on the search for SBI Director Mansco Perry's successor. He will retire on August 15, 2022, and the committee assigned to the search for his replacement hopes to make a selection before their next Board meeting in August.
- 5) Bellfield inquired about the gender-neutral bathroom project and its projected completion date of May 5, 2022. Rekow noted that supply chain issues caused delays. The project is now expected to be completed in early June.

Rate of Return

Leonard shared the fiscal year-to-date return as of May 18, 2022 is approximately -5%.

Next Meeting Date

The next meeting is tentatively scheduled for July 21, 2022. The following meeting is tentatively scheduled for September 15, 2022.

Adjournment

There being no further business to come before the Board, the meeting adjourned at 12:11pm.

Bellfield moved to adjourn. Motion was seconded by Schweyen and carried 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