

MINUTES
Minnesota State Retirement System
Board of Directors
May 18, 2023

The Board of Directors of the Minnesota State Retirement System (MSRS) met in regular session on Thursday, May 18, 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 attended via video or phone conference, unless noted otherwise.

Mary Benner, Chair [attended in-person]; Wes Skoglund, Vice Chair; Chet Jorgenson [attended in-person]; Jacqueline Terry; Joseph Sullivan; Michael LeDoux; Michael Schweyen; Thomas Carr (representative for James Schowalter, Commissioner of Minnesota Management & Budget) [attended in-person]; and Tommy Bellfield [attended in-person].

Others Present

Mike Landers, Minnesota Retired State Employees Association; Krisann McMahon, University of Minnesota; Joe Weiner, Office of Minnesota Attorney General; and Holly Dayton, Teachers Retirement Association.

MSRS Staff

All attended in-person unless otherwise noted. Erin Leonard (Executive Director); Linda Henderson; Holly Michaels; Mark Manion; Tim Rekow; Colleen Hazel; Jenkins Vangehn; Sallie Rasmussen; Kurt Augustin [attended remotely]; and Chad Burkitt.

Call to Order

Chair Benner called the meeting to order at 9:02 a.m. The agenda items were taken in the order as shown below.

Welcome to Joe Weiner from the Office of the Attorney General who will be covering while Kathleen Reitz is on leave. Welcome to Jenkins Vangehn, the new MSRS Legislative Liaison.

Approval of Minutes of the Regular Board Meeting

The minutes of the regular Board meeting held Thursday, March 16, 2023, were submitted for approval.

*Carr moved approval of the minutes of the regular meeting held March 16, 2023.
Motion was seconded by Terry and carried unanimously by roll call vote.*

Legislative Update

Erin Leonard provided an update on the four main pension bills that passed through the legislature that affect MSRS; Omnibus Pension Policy Bill, Omnibus Finance/Budget

Bill, Secure Choice, and Public Safety Psychological Treatment Bill.

Jorgenson inquired if the psychological treatment plan will make it more difficult to receive a disability benefit. Executive Director Leonard explained that the intent of the plan is to ensure participants get the treatment that they need, with a goal of returning them to work. If they are unable to return to work after treatment, the participant could then apply for a disability benefit.

No action was needed on this item.

FY2023 Year in Review & FY2024 Administrative Budget Request

Collectively, MSRS staff presented the *FY23 Year in Review* included in the meeting materials. Mark Manion, Chief External Benefits Officer, reviewed the Minnesota Public Retirement System, which included an overview of the plan assets and participant data. Linda Henderson, Chief Internal Benefits Officer, highlighted the results from the new retiree satisfaction survey, participant demographics, service statistics, and participant outreach statistics.

Mike Roelofs joined the meeting at 9:27am.

Benner inquired about our number of retirees compared to our number of active employees, which appear to be getting closer together. Leonard mentioned that our actuarial data shows no concern at this time, but we will keep a close eye on this data.

Holly Michaels, Director of Strategic Initiatives and Tim Rekow, Deputy Executive Director shared the current status of the MSRS Strategic Plan including goals and results from current fiscal year. They also shared initiatives planned for fiscal year 2024.

Colleen Hazel, Chief Financial Officer, referenced the memorandum *FY24 Administrative and Recordkeeping Budget Request*, dated May 9, 2023.

- The FY24 Administrative Budget totals \$25,231,400. This amount is \$1,647,000 or 6.98% more than the FY23 budget, which totaled \$23,584,400.
- The FY24 Recordkeeping Budget totals \$4,335,600. This amount is \$387,500 or 9.81% more than the FY23 budget of \$3,948,100.
- The FY24 Total Budget Proposal totals \$29,567,000. This amount is \$2,034,500 or 7.39% more than the FY23 budget of \$27,532,500. The budget increase is caused primarily by an increase in personnel costs, facilities window project, and system modernization.

Wes Skoglund left the meeting around 10:00 a.m.

Mary Benner shared an update on the *Facilities Management Committee (FMC)* meeting and the discussion regarding parking ramp fees. With hybrid work and concerns for the safety of staff, MSRS advocated to waive the parking fees. After much

discussion, it was moved to split the parking ramp maintenance cost three ways, allowing each retirement system to determine how they wanted to pay their portion. In addition, the cost of the upcoming window project was discussed at the FMC and the possibility of splitting the cost over two fiscal years. If split over two fiscal years, the cost may actually increase if scaffolding has to be assembled multiple times.

Jacqueline Terry left the meeting at 11:08am.

Staff recommend that the Board approve the FY24 Administrative and Recordkeeping budget.

Schweyen moved approval of the FY24 proposed Administrative and Recordkeeping budget. Motion was seconded by Bellfield and passed unanimously by roll call vote.

Approval of Conference for Board Members

Under Board Policy, the Board can make a motion to approve Board members to attend one conference each year.

Roelofs moved to approve MSRS Board members to attend one conference per fiscal year. Motion was seconded by Bellfield and passed unanimously by roll call vote.

Other Business

Board Governance Manual Review meeting to follow the Board meeting.

Audit Committee Meeting coming up on May 22, 2023.

Leonard shared that the fiscal year-to-date rate of return as of April 30, 2023 was 5.9%.

Thomas Carr mentioned recently receiving an attempted phishing email that appeared to have come from another Board's Chair. A good reminder to be mindful of suspicious emails that come from seemingly known acquaintances.

Benner commented on an article she read regarding the higher death rates during COVID, which related to alcoholism. Leonard mentioned that there will be discussions regarding life expectancies with the MSRS actuary, Gabriel, Roeder, Smith & Company (GRS), during a meeting scheduled for July.

Next Meeting Date

The next meeting is tentatively scheduled for July 20, 2023. The following meeting is tentatively set for September 21, 2023. In-service for Board members will follow the September meeting.

Adjournment

There being no further business to come before the Board, the meeting adjourned at 11:25 a.m.

Bellfield moved to adjourn. Motion was seconded by Jorgenson 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