

MINUTES
Minnesota State Retirement System
Board of Directors
January 16, 2025

The Board of Directors of the Minnesota State Retirement System (MSRS) met in regular session on Thursday, January 16, 2025 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 in-person, unless noted otherwise.

Mary Benner, Chair; Wes Skoglund, Vice Chair; Chet Jorgenson; Jacqueline Terry; Jason Bonnett; Joseph Sullivan [attended via video]; Michael LeDoux [attended via video]; Michael Roelofs; Thomas Carr (representative for Erin Campbell, Commissioner of Minnesota Management & Budget); and David Stiggers (representative for Amalgamated Transit Union, Local 1005).

Others Present

All attended online, unless noted otherwise.

Frank Langan, the Office of Minnesota Attorney General [attended in-person]; Bonnie Wurst, GRS Consulting; Sherri Christensen, GRS Consulting [attended in-person]; Michael Wroblewski, GRS Consulting [attended in-person]; Jeff Altringer, University of Minnesota; Holly Dayton, TRA; Nate Weinstein; Colie Colburn; and Mike Landers, Minnesota Retired State Employees Association.

MSRS Staff

All attended in-person, unless noted otherwise.

Erin Leonard (Executive Director); Linda Henderson (Chief Internal Benefits Officer); Mark Manion (Chief External Benefit Officer); Tim Rekow (Deputy Director) [attended via video]; Colleen Hazel (Chief Financial Officer); Chad Burkitt (General Counsel); Jenkins Vangehn (Legislative Liaison); Terri Jauert [attended via video]; Val Schaaf [attended via video]; and Sallie Rasmussen.

Call to Order

Chair Benner called the meeting to order at 9:03 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 November 21, 2024, were submitted for approval.

Skoglund moved approval of the minutes of the regular meeting held November 21, 2024. Motion was seconded by Jorgenson and carried unanimously by roll call vote.

Actuarial Valuation Results Presentation

Sheri Christensen presented *Minnesota State Retirement System Actuarial Update*, dated January 16, 2025. These results are from the July 1, 2024 actuarial valuation. Included in the presentation was a summary of asset performance, legislative changes, assumption changes, method changes, and results for the following plans: General Plan, Correctional Plan, State Patrol Plan, and Judges Plan. Assumption changes and layered amortization is expected to be effective July 1, 2025.

No action was needed on this item.

Mid-Year Budget Review

Colleen Hazel presented memorandum *Mid-Year Administrative and Facilities Budget Review*, dated January 5, 2025. The MSRS Board approved the fiscal year 2025 budget at the May 2024 meeting and a supplemental personnel request at the November 2024 meeting, totaling \$33,606,939. This includes the administrative budget, recordkeeping and custodial budget and some of the office expansion and construction budget carried forward. The mid-year budget review projects that MSRS should end fiscal year 2025 under budget. The primary reason for the budget surplus comes from the savings in the regular, full time salaries budget category. Many of the open positions are expected to be filled in the second half of fiscal year 2025. With the anticipated facilities budget surplus at fiscal year-end, no additional Board action is necessary at this time.

Removal of Lee Thor as an MSRS Board Member

Chad Burkitt shared memorandum *Removal of Lee Thor from the Board of Directors*, dated January 7, 2025. At the November Board meeting, the Board approved a policy for removal of a Board member in certain situations. Under the policy, a Board member who has failed to attend three consecutive meetings, and has been properly notified by the Executive Director, may be removed from the Board by majority vote by the Board. Lee Thor, who was elected in May 2024 to represent the Correctional Plan, did not complete required onboarding tasks as a new Board member, and had not attended the May, July, September or November 2024 Board meeting. A letter was mailed to Lee in December 2024 via certified mail notifying Lee of his possible removal from the Board if he failed to attend the January 2025 meeting. Lee was not present at the January 2025 Board meeting.

Terry moved to remove Lee Thor from his position as a member of the MSRS Board of Directors upon adjournment of the January Board meeting; and moves to direct staff to solicit applications to fill the resulting vacancy, according to Board policy. Seconded by Roelofs and passed unanimously by roll call vote.

2025 Legislative Update

Erin Leonard shared presentation *Legislative Update*, dated January 15, 2025. Leonard provided a brief overview of what is typical at the start of a biennium compared to what is currently happening at the legislature. MSRS is proceeding as if the situation will evolve to a more typical legislative environment. MSRS staff recommendations include:

- Authorize staff to draft legislation to modify benefits for the General Plan as

follows:

- Increase post-retirement increase for MSRS General Plan members to 1.75% fixed beginning January 1, 2026.
 - Increase prospective multiplier of MSRS General Plan to 1.9% per year beginning July 1, 2025.
- Authorize staff to collaborate with stakeholders regarding potential benefit modifications if appropriations are provided to fund the modification.

Skoglund moved the staff recommendations. Seconded by Jorgenson and passed with 9 votes yes [Benner, Bonnett, Jorgenson, LeDoux, Roelofs, Skoglund, Sullivan, Terry and Stiggers], and one abstention [Carr].

Organization of Board Governance Manual Ad Hoc Committee

Benner spoke to memorandum *Organization of Board Governance Ad Hoc Committee*, dated January 8, 2025. Benner asked for volunteers to be on the ad hoc committee to update the entire Board Governance Manual, including reorganization of existing content and updating policies. Benner, Carr, and Bonnett volunteered to be on this committee.

Executive Director Performance-Based Increase Discussion

Benner shared that the performance review for Erin Leonard has been completed with the input of Board members and a copy has been sent to Human Resources. Benner entertained a motion to approve a salary increase of up to 3.5% which is consistent with the current Executive Director salary policy.

Skoglund moved that Erin Leonard be granted a 3.5% employment-based salary increase retroactive to January 1, 2025, which is consistent with the MSRS Executive Director salary policy. Seconded by Carr and passed unanimously by roll call vote.

Reports from Standing Committees

Audit Committee Update - Plante Moran is working on the scope of work for the upcoming audit topic of fraud. The recent IT security audit by Linea Secure is in draft form and will be shared in final form in a future Audit Committee meeting

Recordkeeper Committee Update – the recordkeeper conversion is in progress and expected to take place at the end of June 2025.

Other Business

Leonard provided a brief update on the SBI Investment Advisory Counsel, Secure Choice Board, Correctional Plan Eligibility Work Group, and the Amortization Work Group.

Leonard shared the fiscal year-to-date rate of return was 4.5% as of December 31, 2024.

Carr reminded Board members to complete the required paperwork for the Campaign Finance Board by January 31, 2025.

Referencing the informational memorandum *Information Security Report* Leonard noted that MSRS was proceeding towards transitioning from the domain of .us to .gov to obtain the security benefits of a .gov domain.

MSRS received a clean audit opinion from the Office of the Legislative Auditor (OLA).

Next Meeting Date

The following meetings are tentatively planned for 2025: March 20, May 15, July 17, September 18, and November 20.

Adjournment

There being no further business to come before the Board, the meeting adjourned at 11:32 a.m.

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

Informational Items:

Annual Financial Reports and OLA Audit

Summary Financial Information (unaudited)

Contracts Summary

2024 Appeals Summary

Information Security Report – Protected Non-Public Data

Retiree Lists

Rate of Return – presented at meeting