

MINUTES
Minnesota State Retirement System
Board of Directors
March 16, 2023

The Board of Directors of the Minnesota State Retirement System (MSRS) met in regular session on Thursday, March 16, 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; [attended in-person]; Chet Jorgenson [attended in-person]; Dan Gorman; Jacqueline Terry; [attended in-person]; Joseph Sullivan; Michael LeDoux; Michael Roelofs [attended in-person]; Michael Schweyen; Thomas Carr (representative for James Schowalter, Commissioner of Minnesota Management & Budget) [attended in-person]; and Tommy Bellfield [attended in-person].

Others Present

Bonnie Wurst, GRS Consulting; Mike Landers, Minnesota Retired State Employees Association; KrisAnn McMahon, University of Minnesota; Kathleen Reitz, Office of Minnesota Attorney General; Jim Reinholdz, Plan Retiree [attended in-person]; and Miriam Wynn, AUT [attended in-person].

MSRS Staff

All attended in-person unless otherwise noted. Erin Leonard (Executive Director); Linda Henderson; Mark Manion; Tim Rekow; Colleen Hazel; Sallie Rasmussen; Julie Leppink [attended via Zoom]; and Chad Burkitt.

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 Held January 19, 2023.

The minutes of the regular Board meeting held Thursday, January 19, 2023, were submitted for approval.

Bellfield moved approval of the minutes of the regular meeting held January 19, 2023. Motion was seconded by Skoglund and carried unanimously by roll call vote.

State Patrol Disability Actuarial Analysis

Bonnie Wurst from Gabriel Roeder and Smith presented *MSRS State Patrol Retirement Fund Disability Analysis* dated March 6, 2023. Bonnie provided a summary of eligibility

for disability benefits, duty disability benefit provisions, the disability experience from 2019 to present, and the impact of the increased disability benefits on valuation results.

No action was needed on this item.

Legislative Update

Erin Leonard shared a legislative update on the following items:

- HF1234/SF1959 Duty Disability Benefits: this bill creates an application process for licensed peace officers and firefighters to receive up to 24-32 weeks of treatment for psychological conditions. Completion of treatment would be a required treatment in order to apply for a disability benefit.
- HF782/SF413 Secure Choice: establishes a retirement savings option for Minnesotans who do not have access to a retirement savings plan through their employer.
- HF1199/SF1308 Administrative Omnibus was passed out of the Legislative Commission and Pensions and Retirement (LCPR).
- Other income tax and Social Security tax changes that may be of interest.

No action was needed on this item at this time.

Minnesota Deferred Compensation Plan (MNDCP) Plan Document Amendments

Mark Manion presented memorandum *Minnesota Deferred Compensation (MNDCP) Plan Document Amendments* dated February 23, 2023. Several provisions in SECURE 2.0 may potentially impact the MNDCP; some are mandatory and some may be voluntarily adopted by the plan over the next few years. Empower Retirement recently notified MSRS of a name change for the plan custodian and recordkeeper. Staff recommends that the Board adopt the proposed amendments to the plan with an effective date of April 1, 2023.

Skoglund moved to adopt the proposed amendments to the Minnesota Deferred Compensation Plan. Seconded by Terry and passed unanimously by roll call vote.

Health Care Savings Plan (HCSP) Plan Document Amendments

Linda Henderson presented on the *Health Care Savings Plan (HCSP) Plan Document Amendment* dated February 23, 2023. Empower Retirement recently notified MSRS of a name change for the HCSP Plan custodian and plan recordkeeper. The plan document has been updated accordingly. Staff recommends adoption of the proposed amendments with an effective date of April 1, 2023.

Roelofs moved to adopt the proposed amendments to the Health Care Saving Plan. Seconded by Bellfield and passed unanimously by roll call vote.

Aurora Modernization Project Request

Erin Leonard presented memorandum *Aurora Modernization Project Request* dated March 8, 2023. As part of the FY23 budget request, the Board authorized staff to begin the planning process to further modernize the pension application system called Aurora. The MSRS technology team has completed planning and are ready to use a Request for Proposal (RFP) to solicit for professional/technical services for this project. The project is expected to take approximately two years and exceed \$250,000. Under current Board policy, contracts in excess of \$250,000 require Board involvement in the review and selection process. Due to the highly technical nature of this contract, staff is requesting an exception to the current contract policy that would allow staff to work through the RFP process without a subcommittee of the Board. Staff would report on the contract as part of the routine informational items included in meeting materials, and will request requisite funding as part of the annual fiscal year budget process.

Roelofs moved the staff recommendation to make an exception to the current contract policy. Seconded by Terry and passed unanimously by roll call vote.

Writing Off Uncollectable Debts

Colleen Hazel presented on memorandum *Writing Off Uncollectable Debts* dated March 8, 2023. Staff is recommending that the Board approve the write off of uncollectable debts for participant accounts totaling \$14,668.00.

Skoglund moved the staff recommendation to write off \$14,668.00 in uncollectable debt. Seconded by Schweyen and passed unanimously by roll call vote.

Other Business

The Audit Committee met in February and moved to proceed with a Request for Proposal (RFP) for internal audit services with an external vendor.

Board Governance Manual review meetings are underway.

Welcome back to Chad Burkitt who was recently hired as General Counsel.

The fiscal year to date rate of return as of February 28, 2023 is 3%.

Next Meeting Date

The next meeting is tentatively scheduled for May 18, 2023. The following meeting is tentatively set for July 20, 2023.

Adjournment

There being no further business to come before the Board, the meeting adjourned at 11:52 a.m.

Terry moved to adjourn. Motion was seconded by Bellfield 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 – to be presented at meeting