

**MINUTES**  
**Minnesota State Retirement System**  
**Board of Directors**  
**July 21, 2022**

The Board of Directors of the Minnesota State Retirement System (MSRS) met in regular session on Thursday, July 21, 2022, at 9:00am, 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 [attended in-person]; Chet Jorgenson [attended in-person]; Michael LeDoux; Michael Schweyen; Bryan Dahl (representative for James Schowalter, Commissioner of Minnesota Management & Budget); Michael Roelofs [attended in-person]; and Joseph Sullivan.

**Others Present**

Bonnie Wurst, GRS Consulting; Sherri Christiansen, GRS Consulting, Mike Landers, Minnesota Retired State Employees Association; Kathleen Reitz, Attorney General's Office; Krisann McMahan, University of Minnesota; Anirudh Chowdhry; and Susan Lenczewski, LCPR.

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

**Call to Order**

Chair Benner called the meeting to order at 9:09am. The agenda items were taken in the order as shown below.

**Approval of Minutes of the Regular Board Meeting Held**

The minutes of the regular Board meeting held Thursday, May 19, 2022, were submitted for approval.

*Jorgenson moved approval of the minutes, as amended, of the regular meeting held May 19, 2022. Motion was seconded by Roelofs and carried unanimously by roll call vote.*

**Preliminary Actuarial Results for June 30, 2022**

Bonnie Wurst and Sheri Christensen, actuaries from Gabriel Roeder and Smith, presented the *Estimated 2022 Valuation Results*, as reflected in the presentation handout.

*No action needed on this item.*

[Bryan Dahl joined the meeting at 9:20am.]

[Erin Leonard joined the meeting at 9:25am.]

### **Investment Return Assumption for 2021 GASB Valuation**

Leonard presented office memorandum *Investment Return Assumption for 2021 GASB Valuations* dated July 12, 2022. GRS completed a thorough analysis to review the reasonableness of the investment assumption used for valuations each year and suggested that 7.5% investment assumption is outside of the reasonable range for MSRS valuation as of July 1, 2022. GRS believes that the current 6.5% assumed interest rate remains reasonable based upon actuarial standards of practice.

Due to additional information that was provided by GRS after the memo was written, Leonard suggested deferring a decision until the September Board meeting. GRS will do additional calculations and analysis with MSRS's actual results. There were no objections from the Board on postponing until September.

*No action needed on this item at this time.*

### **2022 Legislative Summary & Planning for 2023**

Leonard presented office memorandum *2022 Legislative Summary and Planning for 2023* which spoke to the conclusion of the regular Minnesota legislative session. The provisions affecting MSRS were:

- Extension of Purchase Period for USERRA Military Leaves of Absence
- Creation of Expanded Military Service Purchases
- New Positions Added to Correctional Plan Coverage
- Special Legislation – Coverage Correction
- Special Legislation – Authorized Annuity

Leonard asked Board members to bring suggested policy changes to the September and November meetings.

*No action was needed on this item.*

### **MSRS Office Expansion & Redesign – Request for Design Budget**

Rekow presented the office memorandum *MSRS Office Expansion & Redesign – Request for Design Budget* dated July 12, 2022. Due to expanding business needs, MSRS has experienced a steady increase in staffing. Currently MSRS has 144 FTE, with plans to increase to 155 FTE. Of the three retirement systems in the building, MSRS has the smallest footprint in the building while also employing the most staff. Although MSRS has been creative in creating work spaces for staff, changes in the workplace caused by COVID-19 and MSRS's current hybrid workplace model have created a demand for additional office space.

MSRS staff is requesting that the MSRS Board approve funding of up to \$400,000 for workplace design services.

*Roelofs motioned to approve the funding for workplace design services. Motion was seconded by Bellfield and passed unanimously by roll call vote.*

## **Executive Director Salary Study Committee Report**

Benner shared a summary of the information that was gathered from the NASRA study regarding similar Executive Director salaries. NASRA will be completing another survey and additional information is expected by the end of the calendar year. Benner is planning for a committee meeting with all three retirement systems to go over the results from the first study in more detail to determine a course of action. Benner intends to have Leonard's performance review completed by the end of the year.

*No action needed on this item.*

## **In-Service Training and Potential Topics**

Leonard presented office memorandum *In-Service Training & Potential Topics*, dated July 12, 2022. Leonard hoped to gauge the interest of the Board regarding possible topics they would like to see presented. It was determined that the training will take place following the September regular meeting; a survey will be sent to Board members to determine the topics. A number of ideas were suggested including: Board governance, cybersecurity, actuarial refresher, summary of legislative and actuarial assumption changes since 2010, the overall economy and investment market, a research update from NASRA, and a detailed overview of MSRS services.

*No action needed on this item.*

[Bryan Dahl left the meeting at 11:40am.]

## **Other Business:**

Leonard shared that the MSRS Deputy Director position has been posted and listed on multiple platforms with a closing date of August 16, 2022.

Leonard provided an update on the SBI Director position. Interviews are currently in progress, with the goal of providing a recommendation at their August 2022 Board meeting.

## **Next Meeting Date**

The next meeting is tentatively scheduled for September 15, 2022. The following meeting is tentatively scheduled for November 17, 2022.

## **Adjournment**

There being no further business to come before the Board, the meeting adjourned at 11:45am.

*Schweyen moved to adjourn. Motion was seconded by Skoglund 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***