

**MINUTES  
Minnesota State Retirement System  
Board of Directors  
September 19, 2024**

The Board of Directors of the Minnesota State Retirement System (MSRS) met in regular session on Thursday, September 19, 2024 at 9:00 a.m., in the Retirement Systems of Minnesota Building, 60 Empire Drive, Suite 117, Saint Paul, Minnesota.

**Members Present**

*All members in person, unless noted otherwise.*

Mary Benner, Chair; Wes Skoglund, Vice Chair; Jacqueline Terry; Jason Bonnett; Joseph Sullivan; Michael LeDoux; Michael Roelofs; Bryan Dahl (representative for Erin Campbell, Commissioner of Minnesota Management & Budget); and Tommy Bellfield.

**Others Present**

*All members attended online, unless noted otherwise.*

Frank Langan, the Office of Minnesota Attorney General; Krisann McMahon, University of Minnesota; and Susan Lenczewski, Legislative Commission on Pensions and Retirement (LCPR).

**MSRS Staff Present**

Erin Leonard (Executive Director); Linda Henderson; Mark Manion; Tim Rekow; Colleen Hazel; Chad Burkitt; Jenkins Vangehn; Valeska Schaaf [attended via video]. and Sallie Rasmussen.

**Call to Order**

Chair Benner called the meeting to order at 9:04 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 Thursday, July 18, 2024, were submitted for approval.

*LeDoux moved approval of the minutes of the regular meeting held July 18, 2024. Motion was seconded by Bellfield and carried unanimously.*

**Approval of Proposed Assumption Changes**

Erin Leonard presented memorandum *Approval of Proposed Assumption Changes*, dated September 10, 2024. During the July 2024 Board meeting the MSRS actuary, GRS Consulting, presented their most recent experience study results for the State Patrol, Correctional and Judges retirement plans. The actuaries recommended no changes to the most significant economic assumptions including inflation, payroll growth and the assumed rate of return. The recently adopted 7% assumed rate of return assumption is reasonable based on current analysis for all plans. Staff recommend the Board submit the proposed assumption changes presented by the actuary based on the

most recent experience study results.

*Roelofs moved that the Board submit the proposed assumption changes presented by the MSRS Actuary in the experience study results from June 2019 to June 2023 for the State Patrol, Correctional and Judges Retirement funds to the Legislative Commission on Pensions and Retirement. Seconded by LeDoux and passed unanimously.*

### **Development of the 2025 Legislative Agenda**

Jenkins Vangehn presented *Development of 2025 Legislative Agenda*, dated September 9, 2024. As part of the annual legislative cycle, staff present administrative and technical provisions for consideration by the Board. The proposed 2025 administrative bill provisions include:

**Update to the vesting requirement for deferred annuity:** Update 3-year vesting requirement for deferred retirement annuity in 2023 Minnesota Statutes 352.22 subdivision 3. When vesting was reduced from five years to three years, this specific citation was missed.

**Draft language to amend the reporting requirement in section 356.636:** Develop draft language to amend the reporting requirement in the statute regarding the correction of errors during the reporting period. This would add clarity that errors that are not part of the normal course of business are not reported.

*Bellfield moved to approve the proposed 2025 Administrative Bill provisions. Seconded by Terry and passed unanimously.*

Bonnett expressed interest in further discussion on auto enrollment into the Minnesota Deferred Compensation Plan. LeDoux expressed his support, and Leonard shared MSRS will look into this more as they get acquainted with the new recordkeeper.

### **MNDCP Plan Document Amendments**

Mark Manion presented memorandum *Minnesota Deferred Compensation Plan (MNDCP) Plan Document Amendment*, dated September 19, 2024. Section 109 of the SECURE 2.0 Act established a new category of catch-up contributions for retirement plan participants ages 60-63 beginning December 31, 2024. The proposed amendments include:

**Sections 3.035:** adds the age 60-63 catch-up contribution language as defined by the SECURE 2.0 Act.

**Section 3.05:** Updates the existing coordination of age based catch-up amounts with the catch-up provisions. Adds age 60-63 catch-up to this section.

*LeDoux moved to adopt the proposed amendments with a January 1, 2025 effective date. Seconded by Terry and passed unanimously.*

### **Request for Additional Positions**

Leonard presented memorandum *Request for Additional Position*, dated September 10, 2024. Thoughtful consideration was put into the balance between staffing needs to ensure a successful recordkeeper change, and implementation of projects in the operational plan. MSRS staff are requesting funding (salary and fringe benefits) for a three-year temporary unclassified position that focuses on initiatives/projects to support the Talent Management portion of the strategic plan, as well as avoid delays that may potentially impact recruitment or retention.

*Skoglund moved to approve funding to hire a three-year temporary unclassified position. Seconded by LeDoux and passed unanimously.*

### **Reports from Standing Committees**

Leonard provided an update on the Audit Committee. Plante Moran finished the final fiscal year 2024 audit and will present their findings at the next meeting. They are also looking at audit topics for fiscal year 2025, which will focus more heavily on fraud, both internally and externally for our participants. The next meeting is expected to be in October or early November.

The new recordkeeper contract is officially signed, and they will be on site October 8 and 9. MSRS will be adjusting operational plans to ensure the recordkeeper transition is successful while achieving the highest priority strategic plan initiatives.

Leonard shared an update on the remodel happening with MSRS and State Board of Investment (SBI). MSRS finished phase 2 of their remodel and staff are back to working their hybrid schedules. Phase 3 is expected to begin mid-October when SBI receives the last few items they are waiting on. MSRS hopes to have phase 3 completed by the end of 2024, but it's possible it will wrap up in early 2025. The space study for all retirement systems will be done once the remodels are complete. The cooling tower and window project has been delayed. The next Facilities Management Meeting will occur by December 2024.

Benner shared that the Executive Director Salary committee would like to have an updated salary for the Board to consider by the November Board meeting.

Benner mentioned that the Board Governance Manual Committee will continue to update policies and report back.

### **Other Business**

Leonard will share the assumed rate of return with the Board once SBI provides that data.

Leonard shared that the Secure Choice Board is going well. An interim executive director has been selected, and they are close to signing a lease. MNIT is helping with technology. The Secure Choice Board is planning to meet again on October 4, 2024.

Leonard shared that the Correctional Eligibility work group met three times and they are currently working on definitions for CORR plan eligibility to reflect work environments and locations, and gathering data around purchased past service in order to better inform decisions moving forward.

Leonard shared that the Amortization Work Group has met twice and things are going well. The Board will hear more about the outcome of these meetings at the November or January meeting.

### **Next Meeting Date**

The next meeting is tentatively scheduled for November 21, 2024. The following meeting is tentatively set for January 16, 2025.

Benner encouraged all Board members to be in person at the next meeting due to an upcoming appeal where a portion of the meeting will need to be closed to the public.

### **Adjournment**

There being no further business to come before the Board, the meeting adjourned at 10:05 a.m.

*LeDoux moved to adjourn. Motion was seconded by Terry and carried unanimously.*

### **Informational Items:**

***FY2024 Financial Audit & Reporting Update***

***Contracts Summary***

***Summary Financial Information (unaudited)***

***Information Security Report – Protected Non-Public Data***

***Retiree Lists***

***Rate of Return – will be shared with Board members once it is received from SBI***