

MINUTES

North Dakota Public Employees Retirement System Tuesday, July 9, 2024 8:30 A.M.

Members Present: Chairman Mike Seminary
Representative Greg Stemen
Representative Jason Dockter
Senator Dick Dever
Mr. Tyler Erickson
Ms. Casey Goodhouse
Mr. Gerald Buck
Mr. Jeffry Volk
Mr. Joe Morrissette

Members by Teams: Mr. Adam Miller

Members Absent: Senator Shawn Vedaa

Other present: Ms. Rebecca Fricke, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Katheryne Korom, NDPERS
Ms. Lindsay Schaf, NDPERS
Ms. MaryJo Anderson, NDPERS
Mr. Dean DePountis, Office of Attorney General
Ms. Rebekah Ferstadt, Gallagher Consulting

Chairman Seminary called the meeting to order at 8:30 A.M. Roll call was taken, and a quorum was present.

Chairman Seminary called for questions or comments regarding the June 11, 2024, meeting minutes.

SENATOR DEVER MOVED TO APPROVE THE MINUTES OF THE MAY 23, 2024, BOARD SPECIAL MEETING. THE MOTION WAS SECONDED BY MR. BUCK AND CARRIED BY A VOICE VOTE. THE MINUTES WERE APPROVED.

CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

No conflicts were reported.

PRESENTATIONS

Fiduciary Responsibility & Ethics

Dean DePountis provided the Board with the annual education on fiduciary responsibility. Mr. DePountis defined the job of a NDPERS board member as a Trustee to manage the system and public employees' money following ND Century Code laws, Internal Revenue Code, ND Administrative Code, and NDPERS Board-adopted policies in accordance with statute. Trustees manage someone else's property for their benefit only. He stated the obligation to administer a trust (the retirement plans) for the benefit of the beneficiaries (the public employees participating in the plan) is called a "fiduciary duty." He reviewed the Duty of

Loyalty, Duty of Care, Duty of Prudence, and Duty of Obedience. Mr. DePountis spoke about mitigating fiduciary risk, the value of board self-evaluations and continuing education, an emphasis on always acting in good faith in the best interest of plan participants and beneficiaries, and stressed the importance of following Plan Documents

A copy of the slide deck from the presentation was included in the board material for Trustees to retain as a resource.

Discussion followed.

DEFINED CONTRIBUTION PLAN IMPLEMENTATION

House Bill 1040 Implementation Update

Ms. Fricke outlined the work efforts and progress made for House Bill 1040 implementation since the last reporting at the July meeting. Some activities discussed were business system programming, forms and Plan Document reviews, continued internal staff training strategy, educational presentations, and Administrative Rules. She noted that all administrative and programming implementations are on task to meet deadlines. Discussion followed.

DEFERRED COMPENSATION / DEFINED CONTRIBUTION

401(a) Defined Contribution Plan Document

Ms. Fricke updated the board on revisions to the 401(a) Defined Contribution Plan Document. Staff and legal counsel from the Attorney General's Office and Ice Miller have reviewed and updated the 401(a) Defined Contribution Plan Document to ensure compliance with the provisions of House Bill 1040 and other state and federal law. The board reviewed the updated plan document. Discussion followed.

MR. VOLK MOVED TO DIRECT STAFF AND LEGAL TO REVIEW COMMENTS RECEIVED AND BRING BACK THE PROPOSED FINAL DOCUMENT FOR FURTHER DISCUSSION AT THE NEXT MEETING. THE MOTION WAS SECONDED BY MR. ERICKSON.

Ayes: Mr. Morrissette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Mr. Volk, Representative Stemen, and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

Recordkeeper Vendor Transition Status Update

Mr. Derrick Hohbein updated the board on activities and work efforts related to vendor transition from TIAA to Empower since the last reporting. Some activities discussed were weekly conversion meetings, communication to all active employees that are enrolled in the plan, contribution and demographic files were provided to Empower, Empower-hosted live webinars, and monthly reporting requirements. Phase II of the transition period include

annuity requirements for HB 1040, enrollment files from Empower to NDPERS, education campaigns, and the HB 1040 election/incentive window. Mr. Hohbein added that everything has been going incredibly well.

Investment Consultant Contract Amendment

Ms. Katheryne Korom presented renewal agreement with the Investment Consultant that was approved at the last meeting. The contract was drafted by NDPERS legal staff and approved by representatives from Callan.

REPRESENTATIVE DOCKTER MOVED TO APPROVE THE RENEWAL AGREEMENT AND EXECUTIVE DIRECTOR'S SIGNATURE FOR THE INVESTMENT CONSULTANT RENEWAL AGREEMENT WITH CALLAN FOR THE JANUARY 1, 2025, THROUGH DECEMBER 31, 2026, CONTRACT PERIOD. THE MOTION WAS SECONDED BY MR. MORRISSETTE.

Ayes: Mr. Morrisette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Mr. Volk, Representative Stemen, and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

DEFINED BENEFIT

Highway Patrol Indexing

Ms. MaryJo Anderson reviewed the process to annually review the Highway Patrol Final Average Salary for Indexing for deferred members of the plan. ND Highway Patrol Administration recommends an increase of 4% to their final average salary (FAS). The current assumption for indexing of deferred members in the July 1, 2023, actuarial report is 3.00%. Therefore, a 4.00% increase will result in an actuarial loss to the plan as confirmed by the consultant, Gabriel Roeder & Smith (GRS).

Ms. Anderson stated that, historically, the Board has generally approved an indexing percentage, as recommended by the Highway Patrol leadership, that is the same or slightly lower than the salary increases granted to state employees. Discussion followed.

REPRESENTATIVE STEMEN MOVED TO AFFIRM THE HIGHWAY PATROL ADMINISTRATION'S RECOMMENDATION OF A 4.0% INCREASE TO THEIR FINAL AVERAGE SALARY. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

Ayes: Mr. Morrisette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Mr. Volk, Representative Stemen, and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

The Board took a short break from 9:59 A.M. to 10:06 A.M.

GROUP INSURANCE / FLEXCOMP

Group Voluntary Dental Plan RFP

This agenda item was noticed for Executive Session.

MR. ERICKSON MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. §44-04-19.1(9) AND §44-04-19.2 TO DISCUSS NEGOTIATING STRATEGY OR PROVIDE NEGOTIATING INSTRUCTIONS TO ITS ATTORNEY OR OTHER NEGOTIATOR. THE MOTION WAS SECONDED BY MR. VOLK.

Ayes: Mr. Morrissette, Mr. Miller, Senator Dever, Mr. Volk, , Ms. Goodhouse, Mr. Erickson, Mr. Buck, Representative Dockter, Representative Stemen, and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

All members named above, attorney Dean DePountis, Ms. Rebekah Ferstadt (Gallagher, formerly Buck Consulting), NDPERS staff members Rebecca Fricke, Derrick Hohbein, Lindsay Schaf, Katheryne Korom, Jan Lund, and Brittany Berreth were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:06 A.M. The meeting returned to Open Session at 10:52 A.M.

MR. VOLK MOVED TO AWARD THE GROUP VOLUNTARY DENTAL PPO BENEFITS PLAN TO DELTA DENTAL. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

Ayes: Mr. Morrissette, Senator Dever, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Mr. Volk, Representative Stemen, Representative Dockter, and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

FlexComp RFP

This agenda item was noticed for Executive Session.

MR. ERICKSON MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. §44-04-19.1(9) AND §44-04-19.2 TO DISCUSS NEGOTIATING STRATEGY OR PROVIDE NEGOTIATING INSTRUCTIONS TO ITS ATTORNEY OR OTHER NEGOTIATOR. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

Ayes: Senator Dever, Mr. Morrisette, Mr. Volk, Mr. Erickson, Mr. Buck, Representative Dockter, Representative Stemen, Ms. Goodhouse, Mr. Miller, and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

All members named above, attorney Dean DePountis, NDPERS staff members Rebecca Fricke, Derrick Hohbein, Lindsay Schaf, Katheryne Korom, Jan Lund, and Brittany Berreth were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:59 A.M. The meeting returned to Open Session at 11:30 A.M.

MS. GOODHOUSE MOVED TO AWARD THE ADMINISTRATIVE AND RECORDKEEPING SERVICES FOR SECTION 125 FLEXCOMP PLAN CONTRACT TO ASIFLEX PENDING SUCCESSFUL CONTRACT NEGOTIATION. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

Ayes: Representative Stemen, Mr. Morrisette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Mr. Volk, and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

Wellness Renewal

Ms. Fricke reported the renewal of the Employer Based Wellness Program for the plan year July 1, 2024, to June 30, 2025 has been completed. Of the employees covered on the insurance plan, 96% of them are working for employers that are offering wellness programs and activities to their employees. The breakdown of the participating employers qualifying for the 1% health insurance premium discount during the plan year is 107 state agencies, universities and district health units, 23 counties, 10 school districts, 13 cities, and 13 political subdivisions.

Insulin and Diabetic Supplies Bill, Report, and Recommendation

Ms. Fricke provided information on the requirement, along with details on how staff anticipate moving this requirement forward. SB 2140 was passed last Session requiring a monthly cap of \$25/month for insulin and diabetic supplies within the NDPERS health insurance active plans and became effective July 1, 2023. The Bill requires the NDPERS Board to submit a bill in the upcoming Session that would roll this coverage out to the commercial market in North Dakota. In addition, the Board must provide a report of cost and utilization, while also making a recommendation on if the coverage should be continued. Discussion followed.

Sanford Health Plan Change in Formulary

Ms. Fricke reported that Sanford Health Plan (SHP) is changing their formulary effective September 1, 2024, for the Free Libre continuous glucose monitor. This brand is moving off their formulary to non-formulary and SHP will no longer be covering it without a prior

authorization. She noted that only 104 NDPERS members are impacted by this change, and they have been notified.

OPERATIONS / ADMINISTRATIVE

Board Subcommittee and State Investment Board Assignments

The NDPERS Board has two standing subcommittees, the Audit Subcommittee and the Investment Subcommittee, and two ad hoc committees, the Election Subcommittee and the Performance Review and Compensation Subcommittee. The Board also has two members on the State Investment Board (SIB). Board members were asked to consider whether they would like to serve, or continue to serve, on these subcommittees. The only change made was to add Chairman Seminary to the Performance Review and Compensation Subcommittee.

Code of Ethical Responsibility

In conjunction with the fiduciary responsibility education, board members were asked to review, sign, and date the Code of Ethical Responsibility form.

Board Self-Evaluation

Ms. Fricke informed the board that staff will be sending out a Board Self-Evaluation survey through Survey Monkey. The results of the evaluation will be reviewed at a future Board meeting.

Contracts Under \$10,000

The board was provided a list of the contracts under \$10,000 that have been signed by the Executive Director since the last update.

Budget

Mr. Hohbein recapped the budget information that was shared at the May and June board meetings. In order to meet the governor's request of a base budget decrease of 3%, NDPERS would have to implement a reduction of 2.0 FTE and discontinue all 457 providers other than the Companion Plan. He also reviewed the optional budget requests that were discussed at previous meetings and related cost information. Discussion followed.

MR. BUCK MOVED TO APPROVE THE 2025-27 BASE BUDGET AND OPTIONAL PACKAGES TO BE SUBMITTED TO OMB. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

Ayes: Mr. Erickson, Mr. Buck, Mr. Volk, Senator Dever, Mr. Morrissette, Representative Dockter, Ms. Goodhouse, Mr. Miller, Representative Stemen, and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

AssuranceNM Testing

Board member contact information is added to the State's emergency communication system in the event we have an emergency and staff need to get in contact with the Board. Ms. Korom conducted the semiannual test and requested she be notified if board members did not receive the communications.

The Board took a short break from 11:40 A.M. to 11:45 A.M.

MEMBER

Insurance Benefit Appeal Case #867

This agenda item was noticed for Executive Session to discuss confidential member information.

MR. ERICKSON MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. §44-04-19.2, §44-04-19.2(1) AND/OR §54-52-26 TO DISCUSS CONFIDENTIAL RECORDS OR CONFIDENTIAL MEMBER INFORMATION FOR CASE #867. THE MOTION WAS SECONDED BY MR. BUCK.

Ayes: Ms. Goodhouse, Senator Dever, Representative Stemen, Mr. Erickson, Mr. Buck, Representative Dockter, Mr. Morrisette, Mr. Miller, Mr. Volk., and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

All members named above, attorney Dean DePountis, NDPERS staff members Rebecca Fricke, Derrick Hohbein, Lindsay Schaf, Jan Lund, and Brittany Berreth were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 12:00 P.M. The member attended by phone. The meeting returned to Open Session at 12:10 P.M.

MS. GOODHOUSE MOVED TO AFFIRM THE STAFF'S DENIAL IN CASE #867. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

Ayes: Mr. Erickson, Mr. Buck, Mr. Volk, Senator Dever, Mr. Morrisette, Representative Dockter, Ms. Goodhouse, Mr. Miller, and Representative Stemen, and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

Retirement Benefit Appeal Case #868

This agenda item was noticed for Executive Session to discuss confidential member information.

MR. ERICKSON MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. §44-04-19.2, §44-04-19.2(1) AND/OR §54-52-26 TO DISCUSS CONFIDENTIAL

RECORDS OR CONFIDENTIAL MEMBER INFORMATION FOR CASE #868. THE MOTION WAS SECONDED BY SENATOR DEVER.

Ayes: Ms. Goodhouse, Mr. Morrissette, Senator Dever, Representative Stemen, Mr. Erickson, Mr. Buck, Representative Dockter, Mr. Miller, Mr. Volk., and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

All members named above, attorney Dean DePountis, NDPERS staff members Rebecca Fricke, Derrick Hohbein, MaryJo Anderson, Jan Lund, and Brittany Berreth were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 12:13 P.M. The meeting returned to Open Session at 12:24 P.M.

REPRESENTATIVE STEMEN MOVED TO AFFIRM THE STAFF'S DENIAL IN CASE #868. THE MOTION WAS SECONDED BY MR. BUCK.

Ayes: Mr. Erickson, Mr. Buck, Mr. Volk, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Miller, Mr. Morrissette, and Representative Stemen, and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

Retirement Benefit Appeal Case #870

This agenda item was noticed for Executive Session to discuss confidential member information.

MR. ERICKSON MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. §44-04-19.2, §44-04-19.2(1) AND/OR §54-52-26 TO DISCUSS CONFIDENTIAL RECORDS OR CONFIDENTIAL MEMBER INFORMATION FOR CASE #870. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

Ayes: Ms. Goodhouse, Senator Dever, Representative Stemen, Mr. Buck, Mr. Morrissette, Representative Dockter, Mr. Miller, Mr. Volk., Mr. Erickson, and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

All members named above, attorney Dean DePountis, NDPERS staff members Rebecca Fricke, Derrick Hohbein, MaryJo Anderson, Jan Lund, and Brittany Berreth were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 12:26 P.M. The meeting returned to Open Session at 12:30 P.M.

**REPRESENTATIVE STEMEN MOVED TO AFFIRM THE STAFF'S DENIAL IN CASE #870.
THE MOTION WAS SECONDED BY MS. GOODHOUSE.**

Ayes: Ms. Goodhouse, Senator Dever, Representative Stemen, Mr. Erickson, Mr. Buck, Mr. Morrissette, Representative Dockter, Mr. Miller, Mr. Volk., and Chairman Seminary

Nays: None

Absent: Senator Vedaa

MOTION PASSED

The meeting was adjourned at 12:31 P.M.

Submitted by:

Jan Lund
Assistant to the NDPERS Board