

MINUTES

North Dakota Public Employees Retirement System Tuesday, June 11, 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

Members by Teams: Mr. Adam Miller
Mr. Jeffry Volk
Mr. Joe Morrissette
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
Ms. Aime Miller, NDPERS
Ms. Shawna Piatz, NDPERS
Mr. Craig Chaikin, Callan
Mr. Robert Gauss, Ice Miller
Ms. Tara Sciscoe, Ice Miller
Ms. Audra Ferguson, Ice Miller
Mr. Dave Ramirez, Empower
Mr. Kelly Bush, Empower

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 May 23, 2024, meeting minutes.

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

CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

Representative Jason Dockter previously submitted a disclosure at the August, December, January, March, April, and May Meetings. At today's meeting he announced that the conflict still exists relative to the topic of the Recordkeeper Request for Proposal. *"I am contracted with Empower to sell 457 deferred plans to state employees."* The topic is not on the agenda, there were no questions from the board, and no action was taken on the matter.

DEFINED CONTRIBUTION PLAN IMPLEMENTATION

House Bill 1040 Implementation Update

Ms. Fricke reviewed the work efforts and progress made for House Bill 1040 implementation since the last reporting at the May meeting. Business system programming, Plan Document reviews, internal staff training strategy, and educational presentations are continuing. Meetings have taken place with organizations who are not on PeopleSoft payroll to coordinate efforts with necessary programming updates. Communication efforts with various employer groups is ongoing; a mailing went to participants of the 401(a), 457(b) Companion Plans and those eligible to enroll in the Companion Plans.

DEFERRED COMPENSATION / DEFINED CONTRIBUTION

457 Companion Plan and 401(a) Plan 1st Quarter 2024 Report

Mr. Derrick Hohbein provided an overview of the 1st quarter 2024 investment report for the 401(a) & 457 Companion Plans. He noted an increase in assets for the 401(a) plan to \$22.6 million, up from \$21.0 million in quarter 4 of 2023. The number of active participants slightly increased. The 457 Companion Plan assets increased to \$221.4 million, up from \$207.1 million in quarter 4 2023. The number of plan participants slightly increased from last quarter. Mr. Hohbein discussed benchmarks and fund performance.

Recordkeeper Vendor Transition Status Update

Mr. Hohbein provided an update on the vendor transition from TIAA to Empower. He stated that weekly conversion meetings continue with Empower, and all tasks are on track. He discussed activities related to investment lineup changes, updating demographic information, and communication to individuals affected by investments that could not be mapped to the Empower brokerage account. He also spoke about Phase II of House Bill 1040 regarding annuity options. Mr. Hohbein presented a timeline of tasks and critical deadlines.

Investment Consultant Renewal or RFP

Mr. Hohbein reported that the current Investment Consultant, Callan Consulting, has one renewal option remaining in their contract. Callan has provided a renewal estimate for the board's consideration. Callan is proposing a 3% increase to their fee for both 2025 and 2026. Discussion followed.

MR. ERICKSON MOVED TO APPROVE THE RENEWAL RATE FOR THE INVESTMENT CONSULTANT PROPOSAL WITH CALLAN. THE MOTION WAS SECONDED BY MR. BUCK.

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

Nays: None

Absent: None

MOTION PASSED

Empower Custodial Agreement & Schedule of Services

Mr. Hohbein stated that staff, Callan, Ice Miller, and the AG's office have been working through the custodial agreement and the schedule of services agreement with Empower. The agreement outlines the fees for services, and establishes the custodial accounts with Empower. He noted that the agreements comply with industry standards, the RFP submission, Internal Revenue Service provisions, and North Dakota Century Code. Discussion followed.

REPRESENTATIVE STEMEN MOVED TO APPROVE THE CUSTODIAL AGREEMENT AND SCHEDULE OF SERVICES WITH EMPOWER, AND TO AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN. THE MOTION WAS SECONDED BY MR. BUCK.

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

Nays: None

Absent: None

MOTION PASSED

401(a) Defined Contribution Plan & 457 Companion Plan Statement of Investment Policies
Mr. Hohbein reported that the Investment Subcommittee reviewed and agreed with Callan's proposed changes to the Statement of Investment Policies for both plans. Ice Miller also provided guidance about the existing policies. Discussion followed.

MR. ERICKSON MOVED TO APPROVE THE UPDATED 401(A) DEFINED CONTRIBUTION & 457(B) DEFERRED COMPENSATION COMPANION PLAN STATEMENTS OF INVESTMENT POLICIES. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

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

Nays: None

Absent: None

MOTION PASSED

401(a) Defined Contribution Plan IRS Letter of Determination and 457(b) Deferred Compensation Private Letter Ruling

Ms. Fricke provided a follow-up to board discussion from the May meeting. The board discussed a proposed timeline, cost, and funds available to request a Letter of Determination from the IRS. Discussion followed.

MR. ERICKSON MOVED TO DIRECT STAFF TO WORK WITH ICE MILLER TO OBTAIN AN IRS LETTER OF DETERMINATION FOR THE 401(A) DEFINED CONTRIBUTION PLAN, INCLUDING THE TIMING OF THE WORK EFFORT; AND TO DIRECT STAFF TO

WORK WITH ICE MILLER TO OBTAIN AN IRS PRIVATE LETTER RULING FOR THE 457(B) DEFERRED COMPENSATION PLAN, BOTH IN THE CURRENT BIENNIUM. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

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

Nays: None

Absent: None

MOTION PASSED

GROUP INSURANCE / FLEXCOMP

Mr. Morrissette left the meeting at 9:55 A.M.

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

Nays: None

Absent: Mr. Morrissette

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 10:00 A.M. The meeting returned to Open Session at 10:05 A.M.

THE BOARD PROVIDED GUIDANCE TO THE STAFF ON HOW TO PROCEED WITH THE FLEXCOMP PLAN REQUEST FOR PROPOSAL.

2023 Health Plan Claims Review

Ms. Fricke summarized the results of a review of a sample of Sanford Health Plan medical and pharmaceutical claims, as well as claims for the Medicare Part D Plan for the previous plan year. The review was conducted by Rebecca Fricke and Shawna Piatz and the results were framed as observations with recommendations and management responses to each of the findings. The report was shared with the Audit Committee at their May meeting.

Legislative Diabetes Burden Report

NDCC 23-01-40 requires that a biannual diabetes report is given to Legislative Management. This report is prepared by the Department of Health and Human Services, Indian Affairs, and NDPERS. The full report was included in the board materials.

LEGISLATION / ADMINISTRATIVE RULES

Proposed Administrative Rules

Ms. Fricke gave an update on the proposed rules process. Following final approval from the board, the proposed rules packet will be sent to the Attorney General for examination of these rules as to their legality. Ms. Fricke has been invited to attend the June meeting of the Administrative Rules Committee to review the proposed rules and answer questions of the Committee.

MR. BUCK MOVED TO APPROVE THE PROPOSED RULES, SUBJECT TO THE ADMINISTRATIVE RULES COMMITTEE MEETING ON JUNE 13TH. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

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

Nays: None

Absent: Mr. Morrissette

MOTION PASSED

OPERATIONS / ADMINISTRATIVE

Board Election Results

Tyler Erickson, Election Subcommittee Chair, reported that the Election Subcommittee met on June 10, 2024, to canvass the electronic election ballots received for the active member position on the Board. The committee acknowledged the election results and recognized Casey Goodhouse as the successful candidate elected to continue serving as an active member to the Board. The five-year term begins July 1, 2024, and ends on June 30, 2029.

REPRESENTATIVE STEMEN MOVED TO ACCEPT THE RESULTS AS REPORTED BY THE ELECTION SUBCOMMITTEE, AND RECOGNIZE MS. CASEY GOODHOUSE AS THE SUCCESSFUL CANDIDATE. THE MOTION WAS SECONDED BY MR. ERICKSON.

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

Nays: None

Absent: Mr. Morrissette

MOTION PASSED

Election Subcommittee Charter

Ms. Fricke shared the Election Subcommittee Charter that was reviewed and approved at the June 10, 2024 subcommittee meeting.

MR. BUCK MOVED TO APPROVE THE ELECTION SUBCOMMITTEE CHARTER. THE MOTION WAS SECONDED BY MR. ERICKSON.

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

Nays: None

Absent: Mr. Morrissette

MOTION PASSED

Contracts Under \$10,000

Ms. Fricke presented a summary of contracts under \$10,000 signed by the Executive Director since the last update.

Audit Committee Report

Ms. Shawna Piatz shared the approved minutes from the February Audit Committee meeting and announced that the next meeting is scheduled for Monday, August 19, 2024.

Budget

Mr. Derrick Hohbein presented a base budget that complies with the Governor's guidelines for a 3% reduction. The board discussed options and strategies to achieve a 3% budget reduction including program reductions. The board considered seven budget initiatives and ranked them in order of priority.

REPRESENTATIVE STEMEN MOVED TO APPROVE THE FOLLOWING BUDGET INITIATIVES IN PRIORITY ORDER: 1) RESTORE BENEFIT REDUCTIONS SUBMITTED TO COMPLY WITH A 3% REDUCED BUDGET, 2) COST TO CONTINUE STAFF & OPERATIONAL INFLATIONARY INCREASES, 3) FULL-TIME EQUIVALENT (FTE) STAFF, 4) ONE-TIME FUNDING REQUEST TO CONTINUE THE ADDITIONAL SAGITEC DEVELOPER(S), 5) STAFFING COMPENSATION, AND 6) SELF-FUNDED STAFFING. THE MOTION WAS SECONDED BY MR. ERICKSON.

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

Nays: None

Absent: Mr. Morrissette

MOTION PASSED

Next Meeting Date:

Tuesday, July 9, 2024

MEMBER

Insurance Benefit Appeal Case #859

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 #859. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

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

Nays: None

Absent: Mr. Morrissette

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 11:00 A.M. The member was in attendance. The meeting returned to Open Session at 11:33 A.M.

MR. VOLK MOVED TO AFFIRM THE STAFF'S DENIAL IN CASE #859. THE MOTION WAS SECONDED BY MR. VEDAA.

Ayes: Mr. Erickson, Mr. Buck, Senator Vedaa, Mr. Volk, and Chairman Seminary

Nays: Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Miller, and Representative Stemen

Absent: Mr. Morrissette

MOTION FAILED

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 #859. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

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

Nays: Senator Vedaa

Absent: Mr. Morrissette

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 11:37 A.M. The member was in attendance. The meeting returned to Open Session at 11:58 A.M.

MS. GOODHOUSE MOVED TO REVERSE THE STAFF'S DENIAL IN CASE #859, AND MAKE THE EFFECTIVE DATE RETROACTIVE. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

Ayes: Mr. Buck, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Miller, and Representative Stemen

Nays: Senator Vedaa, Mr. Volk, Mr. Erickson, and Chairman Seminary

Absent: None

Abstain: Mr. Morrissette

MOTION PASSED

The Board took a short break from 12:00 P.M. to 12:10 P.M.

Unforeseeable Financial Hardship Case #860

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 #860. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

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

Nays: None

Absent: None

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 12:10 P.M. The member was in attendance by phone. The meeting returned to Open Session at 12:28 P.M.

REPRESENTATIVE DOCKTER MOVED TO DENY THE APPLICANT'S REQUEST FOR A HARDSHIP WITHDRAWAL FROM THEIR 457 ACCOUNT IN CASE #860. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

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

Nays: None

Absent: None

MOTION PASSED

The meeting was adjourned at 12:30 P.M.

Submitted by:

Jan Lund

Assistant to the NDPERS Board