

MINUTES

North Dakota Public Employees Retirement System Tuesday, November 12, 2024 8:30 A.M.

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

Members Absent: Senator Shawn Vedaa
Mr. Joe Morrisette

Others Present: Ms. Rebecca Fricke, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Katheryne Korom, NDPERS
Ms. Marcy Aldinger, NDPERS
Ms. Lindsay Schaf, NDPERS
Ms. Rebecca Binstock, ND Ethics Commission
Ms. Julie Smith, Sanford Health Plan
Ms. Kim Haug, Sanford Health Plan
Mr. Craig Chaikin, Callan Consulting
Mr. Brian Sullivan, New York Life

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 October 8, 2024 and October 29, 2024, meeting minutes.

REPRESENTATIVE STEMEN MOVED TO APPROVE THE MINUTES OF THE OCTOBER 8, 2024 AND OCTOBER 29, 2024, MEETING. THE MOTION WAS SECONDED BY SENATOR DEVER AND CARRIED BY A VOICE VOTE. THE MINUTES WERE APPROVED.

CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

Mr. Erickson disclosed a potential conflict of interest regarding his spouse's part-time employment with Sanford Health. It was noted that the relationship is with Sanford Hospital , not Sanford Health Plan. The board discussed the information he provided.

Representative Dockter disclosed a potential conflict of interest concerning Sanford Health. Representative Dockter stated he is licensed to sell commercial group health insurance plans including Sanford Health. The board discussed the information he provided.

MR. VOLK MOVED TO AFFIRM THAT THE CONFLICT OF INTEREST WITH SANFORD AS REPORTED BY MR. ERICKSON AND REPRESENTATIVE DOCKTER DO NOT REPRESENT A DIRECT CONFLICT OF INTEREST. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

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

Nays: None

Abstain: Representative Dockter and Mr. Erickson

Absent: Senator Vedaa and Mr. Morrissette

MOTION PASSED

Board members will continue to review the meeting agendas in advance and disclose any potential conflicts of interest for that meeting. Representative Dockter also stated that a potential conflict of interest still exists with the agenda item of annuity in-plan contracts. He is a licensed 457 Plan advisor with Empower. Initially he was with Hartford, which was acquired by Mass Mutual, and now owned by Empower. This is different from the companion plan with Empower. The board discussed the information he provided.

MR. VOLK MOVED TO AFFIRM THAT THE CONFLICT OF INTEREST REGARDING EMPOWER AS REPORTED BY REPRESENTATIVE DOCKTER DOES NOT PRESENT A DIRECT CONFLICT OF INTEREST. THE MOTION WAS SECONDED BY MR. BUCK.

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

Nays: None

Abstain: Representative Dockter

Absent: Senator Vedaa and Mr. Morrissette

MOTION PASSED

PRESENTATIONS

Review of Ethics Rules

Ms. Rebecca Binstock presented a review of the North Dakota Ethics Commission. She provided information on the origin and establishment of the Commission and on its authority. Her presentation included conflict rules, the six-step conflict of interest disclosure process, and the three-step process to file a complaint. Ms. Binstock shared examples relevant to a governing board such as NDPERS. Discussion followed.

Sanford Health Plan Executive Summary 2024 Quarter 2

Ms. Julie Smith presented the 2024 Quarter 2 Sanford Health Plan Executive Summary. She discussed annual membership and membership trends. She shared claim type analytics, utilization breakdown, high dollar cases, and pharmacy data.

Ms. Smith highlighted wellness continuum including monthly wellness themes, quarterly wellness challenges, and care management engagement.

She concluded the presentation with an overview and status of the performance guarantees.

Ms. Julie Bodenski and Mr. Mark Powell from Humana, were online to answer questions related to the Medicare Part D Plan.

DEFINED CONTRIBUTION PLAN IMPLEMENTATION

In-Plan Annuity Contracts

Mr. Derrick Hohbein shared the contract for each investment offering. He noted that each have been reviewed by legal counsel and Callan Consulting and have been filed with the State Insurance Commissioner. Mr. Craig Chaikin (Callan Consulting) and Mr. Brian Sullivan (NY Life) attended by phone and provided additional information about the investment offerings. Discussion followed.

MR. ERICKSON MOVED TO SELECT EMPOWER INVESTMENTS FIXED ACCOUNT SERIES AND NEW YORK LIFE INSURANCE COMPANY ANCHOR ACCOUNT FOR THE IN-PLAN ANNUITY CONTRACTS TO IMPLEMENT IN THE DEFINED CONTRIBUTION AND DEFERRED COMPENSATION FUND LINE-UPS, AND APPROVAL FOR THE EXECUTIVE DIRECTOR TO SIGN THE CORRESPONDING AGREEMENTS AND THE FUND CHANGE AGREEMENT. THE MOTION WAS SECONDED BY MR. VOLK.

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

Nays: None

Absent: Senator Vedaa and Mr. Morrissette

MOTION PASSED

The Board took a short break from 10:55 A.M. to 11:05 A.M.

House Bill 1040 Implementation Update

Ms. Fricke updated the board about work efforts and progress made for the House Bill 1040 implementation on January 1, 2025. She reported that notice was received from the Treasurer's Office that the full \$65M from the Oil & Gas distribution has been transferred to the Retirement Trust.

Activities discussed were the Defined Contribution Plan IRS Letter of Determination and Deferred Compensation Plan Private Letter Ruling, weekly meetings with the benefit enrollment and the accounting teams, ongoing discussions with Sagitec about vendor questions, more outward facing communications, continued programming and testing, focus on the special election window, bi-weekly meetings with Empower in preparation for the special election window and new hires once the plan is live, presentations to the Association of Counties, School Business Managers Conference, and the OMB Essentials (Managers) group.

She mentioned a number of presentations planned for the remainder of November and the months of December and January.

Special Election Window Eligible Members with a Qualified Domestic Relations Order (QDRO) on File

Ms. Shawna Piatz explained that HB 1040 does not disqualify a member who is otherwise eligible for the special election transfer and has a Qualified Domestic Relations Order (QDRO) on file from making the special election. A Qualified Domestic Relations Order is a valid court order which requires the alternate payee to receive the specified defined benefit, it cannot be modified without court intervention.

There is only one individual impacted by having a QDRO on file. Staff will provide additional outreach to the member to notify them of their eligibility for the special election window, but will also explain what is necessary related to the QDRO if they wish to move forward with a transfer to the defined contribution plan.

DEFINED BENEFIT

Public Safety Plans Employer Contribution Rates

The employer contribution amounts for the Public Safety Plan, Bureau of Criminal Investigation, and National Guard Public Safety Plan is set by the Board. The actuarial consultant, Gabriel, Roeder, Smith & Company (GRS), recommends changes to the contribution rates based on previous cost impact analyses and the Actuarially Determined Employer Contribution (ADEC) calculation in the most recent July 1, 2024 valuation. Ms. MaryJo Anderson presented the following proposed employer contribution rates:

Public Safety With Prior Service	current	11.40%	proposed	12.63%
National Guard	current	11.40%	proposed	12.63%
Public Safety Without Prior Svc	current	9.16%	proposed	8.81%
BCI	current	22.26%	proposed	23.49%
State Public Safety	current	14.34%	proposed	15.57%

The Attorney General's office and other impacted State agencies will need to obtain the budgetary authority to pay these increased contributions for BCI agents, National Guard, and State Public Safety participants, making the increase effective July 1, 2025. Due to federal restrictions on contributions, it would be preferable to have any increase effective on January 1, 2026. Discussion followed.

REPRESENTATIVE STEMEN MOVED TO AFFIRM THE PROPOSED INCREASES FOR THE PUBLIC SAFETY PLANS EXCEPT PRIOR SERVICE EFFECTIVE JANUARY 1, 2026. THE MOTION WAS SECONDED BY MR. ERICKSON.

Representative Stemen withdrew the motion, Mr. Erickson withdrew the second.

REPRESENTATIVE STEMEN MOVED TO AFFIRM THE PROPOSED INCREASES FOR THE PUBLIC SAFETY PLANS EFFECTIVE JANUARY 1, 2026 AS PRESENTED. THE

MOTION WAS SECONDED BY MR. ERICKSON.

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

Nays: None

Absent: Senator Vedaa and Mr. Morrisette

MOTION PASSED

GROUP INSURANCE / FLEXCOMP

Revised Health Insurance Plan Rates Due to HB 1095 Implementation

Ms. Rebecca Fricke stated that health plan insurers must have a medication management program in place as of January 1, 2025 as required by HB 1095. There was not an appropriation for the bill; therefore, any expense of the program must be paid from reserves as it applies to the NDPERS health plans. Discussion followed.

MR. VOLK MOVED TO APPROVE THE ADDITIONAL .36% PREMIUM, REFLECTED ON THE UPDATED RATE STRUCTURE TABLE, DUE TO THE IMPLEMENTATION OF HB 1095 EFFECTIVE JANUARY 1, 2025, AND APPROVE THE USE OF RESERVES TO PAY FOR THE ENHANCED SERVICES REQUIRED BY HB 1095. THE MOTION WAS SECONDED BY MR. BUCK.

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

Nays: None

Absent: Senator Vedaa and Mr. Morrisette

MOTION PASSED

Wellness Benefit and Medicare Retirees

As mentioned during the renewal offered by Sanford Health Plan (SHP) for the upcoming 2025-2027 biennium, a new product called Silver & Fit will be offered to our Medicare retiree population. The board discussed whether this population of members who will now be eligible for this program will continue to be eligible for the Fitness Center Reimbursement that is currently part of the \$250 Dakota Wellness Program. SHP does not have the ability to exclude members enrolled in Silver & Fit from receiving Fitness Center Reimbursements, leaving the possibility of members collecting \$20/month for a Silver & Fit membership that costs the member \$0.

MR. ERICKSON MOVED TO APPROVE MEDICARE RETIREE POPULATION ON THE DAKOTA RETIREE PLAN WILL CONTINUE TO BE ELIGIBLE FOR THE FITNESS CENTER REIMBURSEMENT AFTER SILVER & FIT IS LAUNCHED. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

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

Nays: None

Absent: Senator Vedaa and Mr. Morrissette

MOTION PASSED

Continuation of Coverage for Confined Members

Ms. Rebecca Fricke reported that Sanford Health Plan (SHP) has notified NDPERS of a change to SHP's 2025 commercial lines of business related to continuation of coverage for confined members. They are changing to only cover services during active coverage. Therefore, coverage will be ended upon a termination of active coverage regardless of whether the individual continues to be receiving inpatient hospital care.

NDPERS health plan provides coverage for inpatient hospital stays through discharge if the covered individual was admitted prior to their termination of coverage, regardless of their length of stay. The board discussed whether to have the NDPERS plan change this coverage for the upcoming 2025-2027 biennium to align with the changes SHP is making to their commercial lines of business.

MR. VOLK MOVED TO APPROVE MODIFYING THE NDPERS HEALTH INSURANCE PLAN TO INDICATE THAT BENEFITS END UPON TERMINATION OF COVERAGE, REGARDLESS OF WHETHER THE INDIVIDUAL CONTINUES TO BE CONFINED EFFECTIVE FOR THE 2025-2027 BIENNIUM. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

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

Nays: None

Absent: Senator Vedaa and Mr. Morrissette

MOTION PASSED

LEGISLATION / ADMINISTRATIVE RULES

Legislation

The board reviewed a list of bill drafts that were considered by the Employee Benefits Programs Committee (EBPC) during the interim. The board discussed each bill draft relative to directing staff about the position to take when preparing testimony. Discussion followed.

REPRESENTATIVE STEMEN MOVED TO CONCUR THAT \$35.7 MILLION IS AMOUNT NEEDED AS A CASH INFUSION FOR THE HIGHWAY PATROL RETIREMENT PLAN BASED ON THE JULY 1, 2024 VALUATION IF THE CASH INFUSION IS RECEIVED ON JULY 1, 2025 AND APPROVAL FOR PRE-FILING BILL DRAFT NUMBER 120. THE MOTION WAS SECONDED BY SENATOR DEVER.

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

Nays: None

Absent: Senator Vedaa and Mr. Morrissette

MOTION PASSED

REPRESENTATIVE DOCKTER MOVED TO TAKE A NEUTRAL POSITION ON BILL DRAFT NUMBERS 40, 41, 45, 68, 69, 70, 75, 115, 124, 134, 138, 142, 439, AND 454 AS LISTED IN THE BOARD MATERIAL. THE MOTION WAS SECONDED BY MR. BUCK.

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

Nays: None

Absent: Senator Vedaa and Mr. Morrissette

MOTION PASSED

SENATOR DEVER MOVED TO TAKE A POSITION OF SUPPORT ON NDPERS SPONSORED BILL DRAFTS. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

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

Nays: None

Absent: Senator Vedaa and Mr. Morrissette

OPERATIONS / ADMINISTRATIVE

2025 Regular Board Meeting Dates

Ms. Fricke shared a list of proposed meeting dates for the 2025 calendar. The dates presented included those discussed at the October meeting for scheduling during Legislative Session. Discussion followed.

MR. VOLK MOVED TO APPROVE THE SCHEDULE OF PROPOSED DATES FOR REGULAR BOARD MEETINGS IN 2025 AND SELECT OCTOBER 29, 2025 AS THE SECOND REGULAR MEETING IN THAT MONTH. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

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

Nays: None

Absent: Senator Vedaa and Mr. Morrissette

Contracts Under \$10,000

Ms. Fricke presented an ongoing list of contracts over \$10,000 that she has signed.

The next regular meeting date of the NDPERS board is Tuesday, December 10th.

The meeting was adjourned at 12:40 P.M.

Submitted by:

Jan Lund, Assistant to the NDPERS Board