

MINUTES

North Dakota Public Employees Retirement System Tuesday, September 10, 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. Joe Morrissette
Mr. Jeffry Volk
Ms. Casey Goodhouse

Members Absent: Senator Shawn Vedaa

Others Present: Ms. Rebecca Fricke, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Katheryne Korom, NDPERS
Ms. MaryJo Anderson, NDPERS
Ms. Shawna Piatz, NDPERS
Ms. Lindsay Schaf, NDPERS
Mr. Scott Anderson, RIO
Mr. Dean DePountis, Office of Attorney General
Ms. Courtney Meyer, SHP
Mr. Tommy Ibrahim, SHP
Mr. Karno Sarkar, Deloitte
Mr. Ford Edgerton, Deloitte
Mr. Tim Egan, Deloitte

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 August 20, 2024, meeting minutes.

MR. BUCK MOVED TO APPROVE THE MINUTES OF THE AUGUST 20, 2024, BOARD MEETING. THE MOTION WAS SECONDED BY SENATOR DEVER AND CARRIED BY A VOICE VOTE. THE MINUTES WERE APPROVED.

CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

No conflicts were reported.

PRESENTATIONS

Investment Performance Update

Mr. Scott Anderson, Chief Investment Officer for RIO, presented a PERS Investment Performance report for the period ending June 30, 2024. He also provided a snapshot of current performance measurements as of September 6, 2024. Mr. Anderson discussed inflation trends and its effect on the market, investment management, asset allocation and asset class performance of PERS trust funds. He concluded his presentation speaking about an initiative RIO is implementing to hire an Asset Allocation Consultant across all plans that would result in overall reduced costs and in the best interest of all clients. Discussion followed.

DEFINED CONTRIBUTION PLAN IMPLEMENTATION

House Bill 1040 Implementation Update

Ms. Fricke outlined the work efforts and a high level update on progress made for House Bill 1040 implementation since the last reporting at the board meeting. Activities discussed were weekly meetings with the benefits and accounting teams, finalizing the 457 Plan Document and 457 Companion Plan Document, continuing a focus on outward facing communications, held staff training kick-off meeting, dedicating a segment of the monthly all-staff meetings for DC plan internal staff education, distributed first “short-clip” to Team ND and participating employers to forward to their employees, continued programming and testing, payroll, and special election window planning sessions. A sample of the special election window communication to eligible employees will be shared with the board at once it is finalized.

In-Plan Annuity Options

An in-plan annuity option is a requirement of HB 1040 that closes the Defined Benefit plan to new hires effective January 1, 2025. The Investment Subcommittee discussed N.D.C.C. §54-52.6-05(3) and §54-52.6-05.1, sections of statute that govern annuity providers. Mr. Derrick Hohbein shared the information that was discussed at the August meeting and the recommendation of the Investment Subcommittee. Callan Consulting provided guidance on three types of products in the institutional retirement market that meet the in-plan annuity requirements of the law. All three were considered based on both their availability on the Empower platform as well as their appropriateness for NDPERS participants. Discussion followed and included a request to bring back analysis and possible advantages of out-of-plan annuity options to a future meeting

MR. ERICKSON MOVED TO APPROVE THE SELECTION OF EMPOWER INVESTMENTS FIXED ACCOUNT SERIES AND NEW YORK LIFE INSURANCE COMPANY ANCHOR ACCOUNT AS IN-PLAN ANNUITY OPTIONS TO INCLUDE IN THE INVESTMENT LINEUP OF BOTH THE 401(A) DEFINED CONTRIBUTION AND 457 DEFERRED COMPENSATION COMPANION PLANS WITH EMPOWER. THE MOTION WAS SECONDED BY SENATOR DEVER.

Ayes: Senator Dever, Ms. Goodhouse, Mr. Erickson, and Chairman Seminary

Nays: Mr. Morrissette, Representative Dockter, Mr. Buck, Mr. Miller, Mr. Volk, and Representative Stemen

Absent: Senator Vedaa

MOTION FAILED

MR. VOLK MOVED TO APPROVE THE SELECTION OF EMPOWER INVESTMENTS FIXED ACCOUNT SERIES, EMPOWER GUARANTEED INCOME FUND, NEW YORK LIFE GUARANTEED INTEREST ACCOUNT, AND NEW YORK LIFE INSURANCE COMPANY ANCHOR ACCOUNT AS IN-PLAN ANNUITY OPTIONS TO INCLUDE IN THE INVESTMENT LINEUP OF BOTH THE 401(A) DEFINED CONTRIBUTION AND 457 DEFERRED COMPENSATION COMPANION PLANS WITH EMPOWER. THE MOTION WAS SECONDED BY MR. MORRISSETTE.

Ayes: Senator Dever, Ms. Goodhouse, Mr. Erickson, Mr. Morrissette, Representative Dockter, 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 10:48 A.M. to 11:00 A.M.

DEFINED BENEFIT

Asset Liability Study Request for Proposal Update

Mr. Hohbein provided background related to performing an asset liability study, an asset allocation study, and an experience study completed on the Main Retirement System and Retiree Health Insurance Credit (RHIC) program and procuring a firm to conduct the studies. Mr. Scott Anderson shared information relating RIO's business relationship experience with RVK Consulting. Discussion followed.

SENATOR DEVER MOVED TO APPROVE THE SELECTION OF THE CONSULTANT, RVK, TO PERFORM THE ASSET LIABILITY STUDY FOR THE MAIN AND RHIC PLANS. THE MOTION WAS SECONDED BY MR. ERICKSON.

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

Nays: None

Absent: Senator Vedaa

MOTION PASSED

DEFERRED COMPENSATION / DEFINED CONTRIBUTION

457 Companion Plan & 401(a) Plan 2nd Quarter 2024 Report

Mr. Hohbein reported the two plans have 10,765 participants with \$246.2 million in assets. This represents an increase in both the number of plan participants and total assets. He also discussed benchmarks and fund/investment news. The full reports are available on the website.

457 Deferred Compensation Plan Document & 457 Deferred Compensation Companion Plan Document

Ms. Rebecca Fricke reported that staff and legal counsel have completed the review and updates to the 457(b) Deferred Compensation Plan Document and the 457(b) Deferred Compensation Companion Plan Document. The updates ensure compliance with state and federal law related to the implementation of HB to close the Defined Benefit Plan to new hires effective January 1, 2025. Discussion followed.

MR. VOLK MOVED TO APPROVE THE UPDATED 457(B) DEFERRED COMPENSATION PLAN DOCUMENT AND THE 457(B) DEFERRED COMPENSATION COMPANION PLAN DOCUMENT EFFECTIVE OCTOBER 1, 2024. THE MOTION WAS SECONDED BY MR. BUCK.

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

Nays: None

Absent: Senator Vedaa

MOTION PASSED

GROUP INSURANCE / FLEXCOMP

Life Insurance Plan Renewal

Ms. Fricke provided background on the life plan contract with Voya. Voya has indicated the plan's experience does not warrant a reduction in premium and has confirmed the initial guarantee for the first 4 years of the contract. Discussion followed.

REPRESENTATIVE STEMEN MOVED APPROVAL TO AMEND THE CURRENT CONTRACT TO RENEW WITH VOYA FOR THE JULY 1, 2025 THROUGH JUNE 30, 2027 CONTRACT PERIOD FOR THE GROUP LIFE INSURANCE PLAN. THE MOTION WAS SECONDED BY SENATOR DEVER.

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

Medicare Part D Plan Contract Amendment

Ms. Katheryne Korom presented the contract amendment with Humana for the NDPERS Medicare Part D Plan for the 2025 plan year.

MR. VOLK MOVED TO APPROVE THE CONTRACT AMENDMENT FOR THE NDPERS MEDICARE PART D PLAN FOR THE 2025 PLAN YEAR FOR SIGNATURE BY CHAIRMAN SEMINARY. THE MOTION WAS SECONDED BY MR. BUCK

Ayes: Mr. Morrissette, Mr. Miller, Senator Dever, Mr. Volk, Representative Dockter, Representative Stemen, Ms. Goodhouse, Mr. Erickson, Mr. Buck, and Chairman Seminary
Nays: None
Absent: Senator Vedaa

MOTION PASSED

Health Insurance Plan Renewal

Mr. Tommy Ibrahim and Ms. Courtney Meyer presented Sanford Health Plan's updated proposed premium rate for the 2025-2027 biennium.

This topic was noticed for Executive Session for the Board to discuss the proposed premium with staff and representatives of Deloitte Consulting.

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 MS. GOODHOUSE.

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, Deloitte Consulting staff members Karno Sarkar, Ford Edgerton, Tim Egan, NDPERS staff members Rebecca Fricke, Derrick Hohbein, Lindsay Schaf, Shawna Piatz, Katheryne Korom, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 11:30 A.M. The meeting returned to Open Session at 12:24 P.M.

MR. VOLK MOVED TO APPROVE THE RENEWAL OF THE HEALTH INSURANCE PLAN WITH SANFORD HEALTH PLAN FOR THE 2025-2027 PLAN YEAR. THE MOTION WAS SECONDED BY SENATOR DEVER.

Ayes: Senator Dever, Mr. Morrissette, Mr. Volk, Mr. Erickson, Mr. Buck, Representative Dockter, Representative Stemen, Ms. Goodhouse, Mr. Miller, and Chairman Seminary
Nays: None
Absent: Senator Vedaa

MOTION PASSED

Health Insurance Plan Request for Proposal (RFP)

The board renewed the group health insurance plan contract with Sanford Health Plan; this topic was no longer necessary to discuss.

Ms. Goodhouse left the meeting at 12:25 P.M.

LEGISLATION / ADMINISTRATIVE RULES

Proposed Administrative Rules

Ms. Fricke gave a report on the status of the proposed Administrative Rules. Staff continue working with the Attorney General's Office on the review of the proposed administrative rules.

There was one rule being proposed due to House Bill 1040 that the Attorney General Office determined NDPERS could not move forward on. The proposed rule was NDAC 71-08-11-08, which NDPERS proposed to define "state employer" and "state governmental unit" for purposes of determining eligibility for the special election window and corresponding incentive along with the required Actuarial Determined Employer contribution (ADEC) employer payment, cannot move forward as they determined these are defined terms. Therefore, NDPERS has removed this proposed rule for final rule submission to Legislative Council. With the removal of this Rule, NDPERS will need to move forward with offering the defined benefit to defined contribution transfer special election window to permanent state employees with no more than 5 years of service, including those state entities that do not receive budgetary approval from the state legislature. For those employees that elect to transfer, NDPERS will charge these entities the amount of the incentive for up to the 3 years if the transferring employee remains employed by the entity. In addition, NDPERS will be charging these same entities the required ADEC employer contribution.

Ms. Fricke shared this information with the Administrative Rules Committee at their September 4th meeting, and was available to answer questions regarding the proposed rules. The information will also be shared with the Retirement Committee and Employee Benefits Programs Committee.

The Assistant Attorney General asked that a Regulatory Analysis be performed to determine if the proposed rules are expected to have an impact on the regulated community in excess of \$50,000. Staff determined that they would not.

Discussion followed.

REPRESENTATIVE STEMEN MOVED APPROVAL TO MOVE FORWARD WITH THE RULEMAKING PROCESS FOR THE FINAL RULES AS PRESENTED. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

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

Nays: None

Absent: Ms. Goodhouse and Senator Vedaa

MOTION PASSED

OPERATIONS / ADMINISTRATIVE

Audit Committee Report

Ms. Shawna Piatz summarized the Internal Audit Reports portion of the minutes of the February 12th Audit Committee.

Quarterly Consultant Fees

The board reviewed the quarterly report that shows the consulting, investment, and administrative fees paid during the second quarter 2024.

Board Self-Evaluation Results

The board reviewed the results of the annual self-evaluation. The purpose of the questionnaire is for Trustees to reflect and evaluate themselves.

Contracts Under \$10,000

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

Board Meetings During Legislative Session and Quorum Requirement

The board began discussing options to hold regular monthly meetings during legislative session given the 11-person board is made up of 4 legislators and the quorum requirement for a NDPERS board meeting is 8 trustees. Regular meetings are necessary to give staff guidance on bills being considered during Legislative Session in addition to regular business topics that require board action. It may be necessary to hold board meetings outside of normal business hours to accommodate the responsibilities and schedules of the legislative members on the board. This topic will be brought back to the October 8th meeting for further discussion.

Update Regarding Industrial Commission Letter

Ms. Fricke provided an update to a matter that was discussed at the February 2024 meeting related to the Industrial Commission. Staff received advice from the federal tax consultant, Ice Miller. Programming is necessary to avoid future potential issues.

The next regular meeting dates of the NDPERS board: Tuesday, October 8th and Tuesday, October 29th.

MEMBER **EXECUTIVE SESSION

Insurance Appeal Case #880

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 #880. THE MOTION WAS SECONDED BY MR. POKE.

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

Nays: None

Absent: Senator Vedaa and Ms. Goodhouse

MOTION PASSED

All members named above, attorney Dean DePountis, NDPERS staff members Rebecca Fricke, Derrick Hohbein, Lindsay Schaf, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 12:55 P.M. The meeting returned to Open Session at 1:35 P.M. The member joined by phone.

Mr. Erickson left the meeting at 1:00 P.M.

REPRESENTATIVE DOCKTER MOVED TO AFFIRM THE STAFF'S DENIAL IN CASE #880. THE MOTION WAS SECONDED BY MR. BUCK.

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

Nays: None

Absent: Ms. Goodhouse, Mr. Erickson, and Senator Vedaa

MOTION PASSED

Unforeseeable Financial Hardship Case #881

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

MR. VOLK 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 #881. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

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

Nays: None

Absent: Senator Vedaa, Mr. Erickson, and Ms. Goodhouse

MOTION PASSED

All members named above, attorney Dean DePountis, NDPERS staff members Rebecca Fricke, Derrick Hohbein, MaryJo Anderson, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 1:38 P.M. The meeting returned to Open Session at 1:53 P.M. The member joined by phone.

MR. MORRISSETTE MOVED TO APPROVE THE HARDSHIP WITHDRAWAL IN CASE #881. THE MOTION WAS SECONDED BY MR. MILLER.

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

Nays: Mr. Volk

Absent: Ms. Goodhouse, Mr. Erickson, and Senator Vedaa

MOTION PASSED

Ms. Marcy Aldinger was the staff member who worked with the member on the management of Case #881. Ms. Aldinger was not able to attend the board meeting and Ms. MaryJo Anderson presented on her behalf. Ms. Aldinger has requested access to the closed session electronic recording.

MR. MILLER MOVED TO APPROVE THE RELEASE OF THE CLOSED SESSION ELECTRONIC RECORDING FOR CASE #881 TO MS. ALDINGER. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN AND CARRIED BY A VOICE VOTE. THE MOTION PASSED.

The meeting was adjourned at 1:55 P.M.

Submitted by:

Jan Lund
Assistant to the NDPERS Board