

MINUTES

North Dakota Public Employees Retirement System Tuesday, April 4, 2025 2:30 P.M.

Members Present: Chairman Mike Seminary
Mr. Gerald Buck
Representative Greg Stemen
Representative Jason Dockter
Mr. Bryan Klipfel
Mr. Tyler Erickson
Mr. Jeffry Volk

Members by Teams: Ms. Casey Goodhouse
Mr. Adam Miller
Senator Dick Dever

Members Absent: Senator Kyle Davison

Others Present: Ms. Rebecca Fricke, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Katheryne Korom, NDPERS
Ms. Marcy Aldinger, NDPERS
Ms. Shawna Piatz, NDPERS
Ms. Julie Bodenski, Humana
Ms. Kim Haug, SHP
Ms. Bonnie Wurst, GRS

Chairman Seminary called the meeting to order at 2:41 P.M. Roll call was taken, and a quorum was present.

CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

None reported.

DEFERRED COMPENSATION / DEFINED CONTRIBUTION WITH BOARD ACTION

Defined Contribution Plan Document Amendment

The board discussed in-service distributions for those employees who are at least age 59½. Ice Miller, Federal Law consultant, provided an amendment to the Defined Contribution Plan Document that would allow in-service distributions for those employees who are at least age 59½ and no longer participating in the Defined Contribution Plan as an eligible employee. Discussion followed.

MR. VOLK MOVED TO APPROVE AMENDMENT TO THE DEFINED CONTRIBUTION PLAN DOCUMENT. THE MOTION WAS SECONDED BY MR. ERICKSON.

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

Nays: None

Absent: Senator Davison

MOTION PASSED

DEFERRED COMPENSATION / DEFINED CONTRIBUTION WITHOUT BOARD ACTION

457(b) Deferred Compensation Plan Private Letter Ruling

Ms. Fricke provided an update concerning the 457(b) Deferred Compensation Plan Private Letter Ruling. The board reviewed a red-line version of the Plan Document incorporating requested changes from the IRS. Staff will bring forward a final version for Board approval at a later meeting.

Defined Contribution (DC) 2025 Plan Enrollment and Special Election Window Update

Ms. Marcy Aldinger summarized activity related to transfers from the Defined Benefit (DB) Plan to the Defined Contribution (DC) Plan during the special election window and new hire enrollment in the Defined Contribution Plan. She noted as of March 26th, 4,013 employees were eligible to transfer to the corresponding Defined Contribution Plan. There were 105 transfers which is 2.61% of the eligible population, and over 800 new hires since January 1st. Ms. Aldinger also shared information about communication efforts for new hires related to contribution rates and deadlines. She discussed employee and employer education efforts. Discussion followed.

PRESENTATIONS

GRS Experience Study Report

Mr. Derrick Hohbein stated that NDPERS is required to conduct a full experience study every five years. Gabriel Roeder Smith (GRS) representative, Ms. Bonnie Wurst presented a systematic review of assumptions, which is referred to as the Experience Review, for the period July 1, 2019 to July 1, 2024. The analysis was based upon data submitted for the 2019 through 2024 annual valuations.

The following topics were reviewed, and recommendations proposed.

- 1) Increase the price inflation from 2.25% to 2.4% bringing the assumption closer to recent inflation levels and to levels expected in the financial markets.
- 2) Job Service COLA assumption be set equal to 2.40%.
- 3) Maintain the investment return for PERS Main and Highway Patrol Plan at 6.50%. For the closed Main System, (1) it may not be possible to develop a portfolio that earns a 6.5% return throughout the remaining life of the plan; and (2) at some point, the asset allocation will likely need to be changed, and lower returns should be expected. In reality, the asset allocation will most likely be changed gradually over time.
- 4) Maintain the investment return assumptions for the Retiree Health Insurance Credit (RHIC) Plan at 5.75% and 3.00% for Job Service. Job Service is a closed plan with only one active member remaining; GRS' recommendation reflects future liquidity needs for paying benefit payments.
- 5) Maintain wage growth assumption at 3.50% (3.00% for Judges). Used in amortizing the unfunded liability as a level percentage of pay for the actuarial contribution rate.
- 6) Update the current structure for rates of salary increase to be based on years of service (except for Judges).
- 7) Decrease merit and seniority increase assumptions for all plans. Observed merit and seniority increases during past five years were lower than predicted by current assumptions.
- 8) Update the retirement rates to reflect observed experience.

- 9) Set the retirement rates for Inactive Members to use the same retirement rates for Active Members, Public safety, Judges, and Highway Patrol.
- 10) Update the turnover rates to reflect observed experience.
- 11) Decrease the current rates for disability to reflect observed experience as the actual number of disabilities during the past five years was lower than predicted by current assumptions.
- 12) Recommend maintaining Pub-2010 Public Retirement Plans Mortality Tables and updating projection scale from MP-2019 to MP-2021.

GRS also proposed adopting the following methodology and assumptions for RHIC participation:

- 1) Update participation rates for current active and terminated vested members based on observed experience.
- 2) Update participation rates for retired members eligible but not currently receiving RHIC benefits.

GRS recommends implementing a closed 20-year amortization period beginning with the actuarial valuation as of July 1, 2025. Because of the current funding challenges with the Highway Patrol Plan,

In addition, GRS recommended the continued use of:

- 1) Actuarial cost method
- 2) Asset smoothing method
- 3) Administrative expense assumption
- 4) Percent married assumption
- 5) Form of payment assumption
- 6) Pay increase timing assumption
- 7) Reduce timing assumption

The Experience Review presentation also outlined the cost impacts of the proposed changes for each plan. Discussion followed.

MR. VOLK MOVED TO APPROVE THE ACTUARIAL ASSUMPTIONS AS A RESULT OF THE EXPERIENCE STUDY TO BE EFFECTIVE FOR THE JULY 1, 2025 ACTUARIAL VALUATION. THE MOTION WAS SECONDED BY MR. BUCK.

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

Nays: None

Absent: Senator Davison

MOTION PASSED

GROUP INSURANCE / FLEXCOMP WITH BOARD ACTION

Employee Assistance Program (EAP) Evaluation & Vendor Selection

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

Nays: None

Absent: Senator Davison

MOTION PASSED

All members named above, attorney Allyson Hicks, NDPERS staff members Rebecca Fricke, Derrick Hohbein, Katheryne Korom, Lindsay Schaf, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 4:10 P.M. The meeting returned to Open Session at 4:16 P.M.

MR. BUCK MOVED TO APPROVE CHI ST. ALEXIUS HEALTH, THE VILLAGE, BREE HEALTH, COMPSYCH, AND TELUS HEALTH FOR EMPLOYEE ASSISTANCE PROGRAM VENDORS AS OPTIONS FOR AN AGENCY FOR THE 2025-2027 BIENNIUM, PENDING SUCCESSFUL CONTRACT NEGOTIATION. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

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

Nays: None

Absent: Senator Davison

MOTION PASSED

Vision Plan Renewal

Ms. Katheryne Korom provided background on the group vision contract with Superior Vision. She stated that this time period represents the second two-year period available for contracting as part of the bid process.

MR. ERICKSON MOVED TO APPROVE THE RECOMMENDATION TO AMEND THE CURRENT CONTRACT TO CONTINUE WITH SUPERIOR VISION FOR THE JANUARY 1, 2026, THROUGH DECEMBER 31, 2027, CONTRACT PERIOD. THE MOTION WAS SECONDED BY MR. KLIPFEL.

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

Nays: None

Absent: Senator Davison

MOTION PASSED

GROUP INSURANCE / FLEXCOMP WITHOUT BOARD ACTION

Employee Assistance Program Utilization Report 2024

Ms. Katheryne Korom shared the 2024 utilization report from the NDPERS Employee Assistance Program (EAP) providers. The data is self-reported from the four EAP providers. Discussion followed.

2024 Medicare Part D Plan (Humana) Performance Guarantees Report

The board reviewed the results of the 2024 performance guarantees related to the Medicare Part D plan. Julie Bodenski, Group Medicare Senior Account Executive from Humana, stated Humana met 20 of the 21 performance guarantees. Performance guarantee #16, Prescription drug turnaround time, was missed resulting in a penalty of \$5,000 for Quarter 4.

Sanford Health Plan Update - Formulary Change For Diabetic Test Strips

Ms. Fricke shared an update from Sanford Health Plan (SHP) regarding a change being made to the formulary for diabetic test strips. SHP is removing OneTouch from the formulary and replacing it with Contour. A notice was sent to the 313 members impacted. Discussion followed.

LEGISLATION / ADMINISTRATIVE RULES

Legislation Update

Ms. Fricke provided a summary of the status of the bills that staff are tracking this legislative session. She provided a table listing the bills and noted a few of the bills are only being monitored with no testimony provided. Discussion followed.

OPERATIONS / ADMINISTRATIVE

Executive Director Performance Review

Ms. Shawna Piatz discussed the process for the evaluation of the Executive Director for the 2024 calendar year. The Subcommittee will meet to discuss the performance and prepare a compensation recommendation for consideration at the May board meeting. Ms. Piatz will distribute via email, a performance review template containing the Executive Director's self-evaluation scores, as well as the scores provided by the Chief Audit Officer.

Contracts under \$10,000

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

Chairman Seminary called for questions or comments regarding the March 4, 2025, meeting minutes.

MR. BUCK MOVED TO APPROVE THE MINUTES OF THE MARCH 4, 2025, MEETING. THE MOTION WAS SECONDED BY MR. KLIPFEL AND CARRIED BY A VOICE VOTE. THE MINUTES WERE APPROVED.

The next regular meeting date of the NDPERS board is Tuesday, May 13 at 8:30 A.M.

The meeting was adjourned at 4:50 P.M.

Submitted by: Jan Lund, Assistant to the NDPERS Board