

MINUTES

North Dakota Public Employees Retirement System Tuesday, December 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. Jeffry Volk
Ms. Casey Goodhouse

Members Absent: 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. Shawna Piatz, NDPERS
Mr. Tim Rawal, UHY
Mr. Craig Chaikin, Callan Consulting
Mr. Robert Gauss, Ice Miller Consulting
Ms. Audra Ferguson, Ice Miller Consulting
Ms. Kim Haug, Sanford Health Plan

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 November 12, 2024, meeting minutes.

SENATOR DEVER MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 12, 2024, MEETING. THE MOTION WAS SECONDED BY MR. VOLK AND CARRIED BY A VOICE VOTE. THE MINUTES WERE APPROVED.

CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

None reported.

PRESENTATIONS

External Audit Report

Ms. Shawna Piatz introduced Mr. Tim Rawal from UHY LLP. He presented the independent auditor's review of the FY 2024 audit. A copy of the UHY presentation and the FY 2024 Financial Statements were included in the board materials. UHY issued a clean unmodified opinion on the financial statements. Discussion followed.

Annuity Requirements for Fiduciaries

Ice Miller (NDPERS' federal legal counsel) representatives, Audra Ferguson and Robert Gauss provided an overview of fiduciary duties for selecting annuity providers within a Defined Contribution Plan. They discussed who is and who is not a fiduciary relative to the NDPERS defined contribution plan. They referenced HB 1040 annuity language regarding the direction of investments in NDCC 54-52.6-05. Ms. Ferguson gave an overview of the board's responsibility in selecting an annuity provider. They discussed a comparison of an "in-plan annuity" option versus an "out-of-plan annuity" option. Mr. Gauss summarized the Department of Labor's guidance on the duty of prudence for a plan fiduciary. Discussion followed.

Annuity Education

Mr. Craig Chaikin, Callan Consulting, provided an overview of retirement income tools, specifically guaranteed income from annuities. He stated that in Callan's opinion, Guaranteed Fixed Accounts appear to be the best way to currently meet the requirements of HB 1040 in that it meets the law's in-plan requirement and also meets the law's requirement for offering a fixed annuity. This option allows the Board to comply with HB 1040 and provide flexibility to pivot to other solutions as necessary when participant savings and withdrawal behavior with the new benefits structure is available. Discussion followed.

Representative Dockter left the meeting at 10:20 A.M. and returned at 10:55 A.M.

DEFINED CONTRIBUTION PLAN IMPLEMENTATION

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 PERSLink has successfully been tested to accommodate the Defined Contribution 2025 plan and the special election window transfers. Staff anticipate the finalized system enhancements will be moved to production on December 14.

Activities discussed were bi-weekly meetings with Empower to work through the collaboration for special election window education, fund transfer files and ongoing member education for new hires as of 1/1/2025 and after, more outward facing communications, and presentations to eligible state employees and employer groups.

She mentioned a few presentations planned for the months of December and January.

In addition, staff asked for Board direction regarding employer reporting of 457 Deferred Compensation Plan wages, specifically when adjustments are made to the wages reported.

Discussion followed.

SENATOR DEVER MOVED TO DIRECT STAFF TO ADJUST WAGES FOR THE DEFERRED COMPENSATION PLAN, SPECIFICALLY, THAT EMPLOYERS REPORT ADJUSTED WAGES FOR THIS PLAN ON THE NEXT PAYROLL AND THAT NDPERS WILL NOT ADJUST THE MATCHES BASED UPON THE ADJUSTED ELIGIBLE WAGES ON PREVIOUSLY REPORTED WAGES. THE MOTION WAS SECONDED BY

REPRESENTATIVE STEMEN.

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

Nays: None

Absent: Representative Dockter and Mr. Morrisette

MOTION PASSED

The Board took a short break from 10:27 A.M. to 10:37 A.M.

DEFINED BENEFIT

Job Service Plan Adjustments

Chairman Seminary called for a motion to move to Executive Session.

MR. ERICKSON MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-19.1(2) FOR ATTORNEY CONSULTATION. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

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

Nays: None

Absent: Mr. Morrisette and Representative Dockter

MOTION PASSED

All members named above, attorney Allyson Hicks, NDPERS staff members Rebecca Fricke, Derrick Hohbein, MaryJo Anderson, Michaela Huntington, Mandy Nagel, Shawna Piatz, Brittany Berreth, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:39 A.M. The meeting returned to Open Session at 11:28 A.M.

REPRESENTATIVE STEMEN MOVED TO RETROACTIVELY AMEND THE JOB SERVICE PLAN DOCUMENT TO BE IN LINE WITH THE OPERATIONS MANUAL FOR THE CALCULATION OF DEFERRED RETIREMENT BENEFITS. THE MOTION WAS SECONDED BY MR. ERICKSON.

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

Nays: None

Abstain: Representative Dockter

Absent: Mr. Morrisette

MOTION PASSED

DEFERRED COMPENSATION / DEFINED CONTRIBUTION

457 Companion Plan & 401(a) Plan 3rd Quarter Report

Mr. Derrick Hohbein presented the 3rd quarter 2024 investment report for the 401(a) & 457 Companion Plans. The report was reviewed by the Investment Subcommittee. He highlighted that assets in the 401(a) plan increased to \$24.3 million and the number of active participants slightly decreased to 104. Assets in the 457 Companion Plan increased to \$226.8 million and the number of active participants decreased to 7,856. Fund returns for the quarter were positive for the funds in the core lineup.

GROUP INSURANCE / FLEXCOMP

Employee Assistance Program RFP

Ms. Katheryne Korom shared a draft of the Employee Assistance Program (EAP) RFP for the 2025-2027 EAP renewal. She provided background on the methodology for the agency-based approach for EAP services. The current active EAP contracts are CHI St. Alexius Employee Assistance Program, The Village Family Service Center EAP, Live Well Solutions EAP, and eni NexGen EAP. The board reviewed key dates for the proposal process.

MR. BUCK MOVED TO APPROVE THE EMPLOYEE ASSISTANCE PROGRAM (EAP) REQUEST FOR PROPOSAL (RFP) AND THE RENEWAL PROCESS 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: Mr. Morrisette

MOTION PASSED

Sanford Health Plan Member and Provider Call Center Hours of Operation

Ms. Rebecca Fricke reported that Sanford Health Plan (SHP) has requested that NDPERS consider a change to the hours of operation for the SHP Member and Provider call centers that service the NDPERS population. The hours of operation are part of the Administrative Services Agreement Renewal Amendment being finalized for the upcoming biennium that will be brought before the Board for approval later. Discussion followed.

SENATOR DEVER MOVED TO APPROVE SANFORD HEALTH PLAN'S REQUEST TO CHANGE THE HOURS OF OPERATION EFFECTIVE JULY 1, 2025, FOR THE SHP MEMBER AND PROVIDER CALL CENTERS THAT SERVICE THE NDPERS POPULATION. THE MOTION WAS SECONDED BY MR. VOLK.

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

Nays: None

Absent: Mr. Morrisette and Mr. Miller

MOTION PASSED

Mr. Adam Miller left the meeting at 11:37 A.M. and returned at 12:22 P.M.

LEGISLATION / ADMINISTRATIVE RULES

Administrative Rules

The Administrative Rules Committee met on December 5 and reviewed the proposed changes. There were no holds placed, therefore, the rules will become effective January 1, 2025.

OPERATIONS / ADMINISTRATIVE

Audit Committee Report

Ms. Shawna Piatz provided the approved minutes from the August 2024 Audit Committee meeting. She stated the Committee did have one actionable item for the Board to consider relating to the agency's Final Average Salary (FAS) Review Policy, which was last approved in September 2020. The policy gives staff direction on 1) when benefits should be recalculated, 2) when wages should be reviewed and adjusted, and 3) secondary payee account review procedures. The policy also addresses when a review by audit is required.

Personnel reporting and process enhancements make it necessary to update the policy. The board reviewed a red-lined version of the recommended updates.

SENATOR DEVER MOVED TO APPROVE THE UPDATED FINAL AVERAGE SALARY POLICY. THE MOTION WAS SECONDED BY MR. ERICKSON.

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

Nays: None

Absent: Mr. Morrisette and Mr. Miller

MOTION PASSED

Quarterly Consultant Fees

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

Strategic Plan Update

Ms. Fricke shared the status of the strategic plan. The primary focus throughout 2024 was the implementation efforts for HB 1040. Discussion followed.

Mr. Volk suggested the board consider developing an operational board policy that includes guidelines for calling special meetings.

MR. BUCK MOVED TO APPROVE THE UPDATED STRATEGIC PLAN AS PRESENTED. THE MOTION WAS SECONDED BY MR. ERICKSON.

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

Nays: None

Absent: Mr. Morrisette and Mr. Miller

Committee/State Investment Board Assignments

There are vacancies on several of the Board committees and the State Investment Board assignment due to changes in NDPERS board membership. Mr. Joe Morrisette served on the following committees: chair of the Audit Committee, Investment Committee, and the State Investment Board. The board discussed those vacancies, and the need for the committees that Senator Vedaa was a member of.

REPRESENTATIVE DOCKTER MOVED TO APPROVE THE APPOINTMENT OF MR. BUCK TO THE STATE INVESTMENT BOARD EFFECTIVE DECEMBER 10, 2024. THE MOTION WAS SECONDED BY MR. ERICKSON.

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

Nays: None

Absent: Mr. Morrisette and Mr. Miller

Operating Guidelines

Ms. Fricke presented the NDPERS Operating Guidelines. The document helps to clarify Board versus Executive Director and/or staff responsibilities.

Contracts Under \$10,000

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

MEMBER

Unforeseeable Financial Hardship Case #899

This agenda item was noticed for Executive Session pursuant to N.D.C.C. §44-04-19.2(1) and §54-52-26 to discuss confidential records relating to retirement benefits of a member or a beneficiary regarding member appeals or hardship withdrawal requests.

All members named above, attorney Allyson Hicks, NDPERS staff members Rebecca Fricke, Derrick Hohbein, Marcy Aldinger, MaryJo Anderson, Mandy Nagel, Brittany Berreth, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 12:05 P.M. The meeting returned to Open Session at 12:15 PM. The member joined by phone.

Discussion followed in open session.

MS. GOODHOUSE MOVED TO APPROVE THE APPLICANT'S REQUEST FOR A HARDSHIP WITHDRAWAL FROM THEIR 457 DEFERRED COMPENSATION ACCOUNT AS IT MEETS INTERNAL REVENUE CODE COMPLIANCE. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

Ayes: Ms. Goodhouse, Representative Dockter, Mr. Buck, Representative Stemen, and
Chairman Seminary

Nays: Senator Dever, Mr. Volk, and Mr. Erickson

Abstain: Mr. Miller

Absent: Mr. Morrisette

The next regular meeting date of the NDPERS board is Monday, January 6th at 8:30 A.M.

The meeting was adjourned at 12:36 P.M.

Submitted by:

Jan Lund

Assistant to the NDPERS Board