

MINUTES

North Dakota Public Employees Retirement System Tuesday, February 13, 2024 8:30 A.M.

Members Present: Chairperson Michelle Kommer
Representative Greg Stemen
Representative Jason Dockter
Senator Dick Dever
Ms. Casey Goodhouse
Mr. Gerald Buck
Mr. Adam Miller
Mr. Tyler Erickson
Mr. Joe Morrisette

Members by Teams: Mr. Adam Miller
Mr. Jeffry Volk

Members Absent: Senator Shawn Veda

Other present: Ms. Rebecca Fricke, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Katheryne Korom, NDPERS
Ms. Lindsay Schaf, NDPERS
Ms. MaryJo Anderson, NDPERS
Mr. Dean DePountis, Office of Attorney General
Mr. Scott Anderson, RIO
Mr. Steve Webster, SHP
Ms. Emily Griesse, SHP
Ms. Courtney Meyer, SHP
Mr. Don Schott, SHP
Ms. Julie Bodenski, Humana

Chairperson Kommer called the meeting to order at 8:30 A.M. Roll call was taken and a quorum was present.

Chairperson Kommer called for questions or comments regarding the January 9, 2024 and January 10, 2024, meeting minutes.

MR. ERICKSON MOVED TO APPROVE THE MINUTES OF THE JANUARY 9, 2024 BOARD MEETING. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN AND CARRIED BY A VOICE VOTE. THE MINUTES WERE APPROVED.

MR. ERICKSON MOVED TO APPROVE THE MINUTES OF THE JANUARY 10, 2024 BOARD PLANNING MEETING. THE MOTION WAS SECONDED BY MR. BUCK AND CARRIED BY A VOICE VOTE. THE MINUTES WERE APPROVED.

CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

No conflicts of interest were reported for the agenda items. The Board will be mindful if there is discussion related to previous reported conflicts of interest.

PRESENTATIONS

Defined Benefit Investment Review

Mr. Scott Anderson, Chief Investment Officer for the Retirement & Investment Office, provided a review of the NDPERS retirement funds investment performance for the 2023 calendar year. He addressed the market and inflation, fund returns, and asset allocation. Mr. Anderson closed the presentation discussing a pathway to strategy that included the cost of investment management to NDPERS, a roadmap for success, and critical paths of success. Discussion followed.

Chairperson Kommer indicated Mr. Miller would be leaving the meeting shortly and indicated she will skip ahead to certain agenda items while Mr. Miller is present so he can participate in the discussion.

OPERATIONS / ADMINISTRATIVE

Executive Director Planning Discussion

Chairperson Kommer reflected on the past three month of Rebecca Fricke's position as Interim Director. She shared her observations and confidence in Ms. Fricke's demonstrated leadership ability, her capacity to work collaboratively with the legislative body and the board, and her breadth of knowledge of NDPERS because of her longevity with the agency. Chairperson Kommer invited the board to share their views of Ms. Fricke's performance as Interim Director. Discussion followed.

REPRESENTATIVE STEMEN MOVED TO APPROVE THE PERMANENT APPOINTMENT OF MS. REBECCA FRICKE AS THE EXECUTIVE DIRECTOR AND AUTHORIZE THE BOARD CHAIRPERSON TO NEGOTIATE THE COMPENSATION. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

Ayes: Representative Stemen, Mr. Morrisette, Ms. Goodhouse, Senator Dever, Representative Dockter, Mr. Erickson, Mr. Buck, Mr. Miller, Mr. Volk, and Chairperson Kommer

Nays: None

Absent: Senator Vedaa

MOTION PASSED

Review of Interim Executive Director Compensation

This topic was not discussed because of board action taken to appoint Ms. Fricke as the Executive Director and the Chair to negotiate salary.

Mr. Miller left the meeting at 10:00 A.M.

Strategy Planning Topic Request from the Retirement and Investment Office

Chairperson Kommer updated the board on communications received from RIO/TFFR regarding RIO's strategic planning process for the upcoming biennium. A topic discussed as a possible long-term goal of their governance and policy review committee is to evaluate the feasibility of a consolidation/unification between RIO/TFFR and NDPERS, which could result in operational savings and efficiencies. Discussion followed.

REPRESENTATIVE STEMEN MOVED TO DIRECT CHAIR KOMMER, MS. FRICKE, AND MR. HOHBEIN TO PROCEED WITH THE PLANNED DISCUSSION WITH RIO LEADERSHIP, LIMITING THE SCOPE TO A BRAINSTORMING DISCUSSION FOCUSED ON THE LONG-TERM, WITH THE UNDERSTANDING THE BOARD WOULD NOT SUPPORT ANY ACTION TOWARD SCOPE OR STRUCTURAL CHANGES TO THE NDPERS ORGANIZATION AT THIS TIME. THE MOTION WAS SECONDED BY MR. ERICKSON.

Ayes: Representative Stemen, Mr. Morrisette, Ms. Goodhouse, Senator Dever, Representative Dockter, Mr. Erickson, Mr. Buck, Mr. Volk, and Chairperson Kommer

Nays: None

Absent: Senator Vedaa and Mr. Miller

MOTION PASSED

PRESENTATIONS (continued)

Sanford Health Plan Updates:

Value Based Care Arrangement

Ms. Emily Griesse explained what a Value-Based Arrangement is as opposed to the traditional fee for service model. Sanford Health Plan introduced the NDPERS Value Based Arrangement in 2019, also called Total Cost of Care (TCOC). Dr. Griesse provided background on how the TCOC model works. Mr. Don Schott discussed types of risk models and annual settlements by providers participating in the Value-Based Arrangement. He noted that providers can annually choose their risk model. Discussion followed.

2023 Quarter 3 Executive Summary

Ms. Courtney Meyer presented the Health Plan Executive Summary for Quarter 2 of 2023. She gave a high-level overview of annual membership and trends, claims paid including high-dollar claims, pharmacy drug spending and specialty drug utilization. Surgeries and transplants account for a large percentage of out of state claims. A shifting last fall from specialty drugs (i.e. brand drug Humira) to biosimilar medications resulted in significant savings.

Ms. Julie Bodenski, Humana, discussed the NDPERS' Employer Group Waiver Plan (EGWP). EGWPs provide flexibilities that allow customized coverage for organizations to offer prescription drug coverage to retirees.

Ms. Meyer closed her presentation with a look at the Wellness Initiatives and special events. She noted there were no significant changes to the Health Assessment participation.

Performance Guarantees Update

Mr. Steve Webster briefed the board on the 2023 results of the Health Plan Performance Guarantees. The goal for cervical cancer screening was 85%, this goal was missed for the 2021-2023 reporting period. The goal for the call center average speed of answer was 30 seconds or less, this goal was missed for 2023. The remainder of the 36 performance goals were met.

The Board took a short break from 10:40 A.M. to 10:50 A.M.

GROUP INSURANCE / FLEX COMP

Group Voluntary Dental PPO Benefits Request for Proposal (RFP) Update

Ms. Katheryne Korom provide a schedule of key dates for continued activities related to the Group Voluntary Dental PPO Benefits Request for Proposal.

FlexComp Request for Proposal (RFP)

Ms. Katheryne Korom provided a draft of the RFP and a schedule of key dates for activities related to the Administrative and Recordkeeping Services for Section 125 FlexComp Plan Request for Proposal. Upon board approval, the RFP is slated to be issued on March 4, 2024.

MR. BUCK MOVED TO APPROVE THE FLEXCOMP REQUEST FOR PROPOSAL AND THE PROPOSED TIMELINE FOR THE PROPOSAL PROCESS. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

Ayes: Representative Stemen, Mr. Morrisette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Volk, and Chairperson Kommer

Nays: None

Absent: Mr. Miller and Senator Vedaa

MOTION PASSED

Insurance Updates

Ms. Lindsay Schaf provided an update on flu vaccination clinics held September, October, and November for members and dependents in the Bismarck/Mandan area who are covered by the NDPERS health insurance plan. A total of 635 individuals received their flu vaccination through this campaign, which is an increase from last year (484).

Annual enrollment was conducted from October 16th through November 3rd. Members were able to provide their elections by supplying paper forms or by using Member Self Service (MSS).

She reported on the change in enrollment numbers for the FlexComp Medical Spending and Dependent Care, Dental and vision Plans, and 457(b) Deferred Compensation Plan. She noted although Deferred Compensation is not normally included as part of the annual enrollment elections, that based upon direction by the Board, an active choice enrollment option for this benefit was again offered as part of annual enrollment. The purpose was to encourage members to enroll or increase their 457(b) Deferred Compensation contributions.

Health Insurance Plan Renewal

Ms. Fricke provided background on the renewal process for the health plan. The contract with Sanford Health Plan (SHP) runs for two years (biennium), with two additional possible two-year renewals. The current contract, the second two years of the possible six years, runs through June of 2025. Because an RFP in the event we do not renew takes so much time, staff will need to begin the process to determine if the Board would like to renew with SHP for another two years. She presented timeframes for both a renewal and going out to bid.

MEMBER

Retirement Appeal Case #841

This agenda item was noticed as 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. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

Ayes: Representative Stemen, Ms. Goodhouse, Mr. Morrisette, Senator Dever, Mr. Erickson, Mr. Buck, Representative Dockter, Mr. Volk, and Chairperson Kommer

Nays: None

Absent: Senator Vedaa and Mr. Miller

MOTION PASSED

All members named above, attorney Dean DePountis, NDPERS staff members Rebecca Fricke, Derrick Hohbein, MaryJo Anderson, Michaela Huntington, Shawna Piatz, Brittany Berreth, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 11:01 A.M. The meeting returned to Open Session at 11:42 A.M.

MR. ERICKSON MOVED TO AFFIRM STAFF'S DETERMINATION THAT THE MEMBER SHOULD REPAY THE OVERPAYMENT OF RETIREMENT BENEFITS IN THE DEFINED BENEFIT PLAN DUE TO INCORRECT QDRO REDUCTION ON MONTHLY BENEFIT PAYMENTS. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

Ayes: Representative Stemen, Ms. Goodhouse, Mr. Morrisette, Senator Dever, Representative Dockter, Mr. Erickson, Mr. Buck, Mr. Volk, and Chairperson Kommer

Nays: None

Absent: Senator Vedaa and Mr. Miller

MOTION PASSED

DEFINED CONTRIBUTION PLAN IMPLEMENTATION

House Bill 1040 Implementation Status

Ms. Fricke reviewed tables outlining tasks and deadlines for House Bill 1040 programming implementation through December 2024 and House Bill 1040 administrative implementation. The timelines prepare for a January 1, 2025 implementation date. Discussion followed.

DEFINED BENEFIT

Retirement Plan Services Request For Proposal Update

Ms. Katheryne Korom provided a schedule of key dates for continued activities related to the Retirement Plan Services Request for Proposal.

LEGISLATION / ADMINISTRATIVE RULES

Proposed Administrative Rules

Ms. Rebecca Fricke reported that since the January meeting, staff have worked with Ice Miller to ensure the proposed rules do not create any federal compliance issues. Two additional proposed rules have been added since the list was reviewed at the last meeting. The proposed timeline for the promulgation of rules was reviewed. The board reviewed a consolidated summary of the rules and a copy of the draft rules. Discussion followed.

OPERATIONS / ADMINISTRATIVE

Mission/Vision Statement

Ms. Fricke presented a draft of proposed language for a new Mission Statement. The board also reviewed the North Dakota State Vision Statement. Discussion followed.

REPRESENTATIVE DOCKTER MOVED TO OFFICIALLY ADOPT THE ND VISION STATEMENT AND FINALIZE THE NDPERS MISSION STATEMENT AS PRESENTED. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

Ayes: Representative Stemen, Mr. Morrisette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Volk, and Chairperson Kommer

Nays: None

Absent: Mr. Miller and Senator Vedaa

MOTION PASSED

Annual Communication Plan

Ms. Aime Miller prepared a summary of the communication efforts over the past year and what is planned for 2024. There will be numerous communication efforts supporting the implementation of HB 1040. Staff is also working with the Empower team to develop a communication plan for the transition from TIAA for the Defined Contribution Plan and the 457 Companion Plan.

Election Committee Appointment

Ms. Fricke informed the board that the term of Ms. Goodhouse expires on June 30th. The election process is outlined in Administrative Rules. The board must appoint a committee of three to oversee the election process for the Active-Elected position on the board. One of the committee members must be designated as chair. The board also reviewed a proposed timeline for the election process. Discussion followed.

REPRESENTATIVE DOCKTER MOVED TO APPROVE THE APPOINTMENT OF REPRESENTATIVE STEMEN, MR. BUCK, AND MR. ERICKSON TO THE ELECTION SUBCOMMITTEE, TO DESIGNATE MR. ERICKSON AS THE COMMITTEE CHAIR, AND APPROVE THE PROPOSED TIMELINE. THE MOTION WAS SECONDED BY MR. MORRISSETTE.

Ayes: Representative Stemen, Mr. Morrisette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Volk, and Chairperson Kommer

Nays: None

Absent: Mr. Miller and Senator Vedaa

MOTION PASSED

Letter from ND Industrial Commission

Chair Kommer gave a chronological accounting of letters between the Industrial Commission and NDPERS. The board reviewed a draft response to the most recently received letter dated January 4, 2024. Discussion followed.

MR. MORRISSETTE MOVED TO APPROVE THE DRAFT LETTER RESPONSE TO THE INDUSTRIAL COMMISSION. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

Ayes: Representative Stemen, Mr. Morrisette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Volk, and Chairperson Kommer

Nays: None

Absent: Mr. Miller and Senator Vedaa

MOTION PASSED

Ethics Commission Request Update

Chairperson Kommer reported that there has been a final decision to not render an opinion on this request.

FINANCE

Contracts Under \$10,000

Ms. Fricke presented the monthly update to the contracts under \$10,000 signed since the last reporting and information regarding the \$10,000 threshold in follow-up to the discussion at the January meeting.

Budget

Mr. Derrick Hohbein shared a report showing the semi-annual status of the current budget through 2023 year end.

MR. BUCK MOVED TO ADJOURN THE MEETING. THE MOTION WAS SECONDED BY MR. ERICKSON AND CARRIED BY A VOICE VOTE.

The meeting was adjourned at 12:26 P.M.

Prepared by,

Jan Lund
Assistant to the Board