

## **MINUTES**

### **North Dakota Public Employees Retirement System Tuesday, June 14, 2022 8:30 A.M.**

Members Present: Chairperson Mona Rindy  
Senator Dick Dever  
Ms. Kim Wassim  
Mr. Adam Miller  
Ms. Yvonne Smith

Members Via Teams: Mr. Dirk Wilke  
Ms. Claire Ness  
Ms. Casey Goodhouse  
Representative Pamela Anderson

Others: Mr. Scott Miller, NDPERS  
Mr. Derrick Hohbein, NDPERS  
Ms. Shawna Piatz, NDPERS  
Ms. MaryJo Anderson, NDPERS  
Ms. Katheryne Korom, NDPERS  
Mr. Mike Schwab, ND Pharmacists Association  
Mr. Danny Weiss, SHP

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

Chairperson Rindy called for questions or comments regarding the minutes of May 17.

**MS. SMITH MOVED TO APPROVE THE MINUTES OF THE MAY 17, 2022, BOARD MEETING. THE MOTION WAS SECONDED BY SENATOR DEVER AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.**

## **PRESENTATIONS**

### About the Patient Annual Report

Dr. Jesse Rue, ND Pharmacy Services Corporation, prepared the 2021 Annual Report for the About the Patient Diabetes Management Program. Mr. Mike Schwab, Executive Vice President, North Dakota Pharmacists Association & the North Dakota Pharmacy Service Corporation, presented the report to the Board. The report recognized that COVID-19 had disrupted members getting the services provided by the About the Patient Program. The Board discussed delaying a study to determine the return on investment and effectiveness of the program until the program stabilizes and the information regarding utilization is more accurate.

**MR. ADAM MILLER MOVED TO DELAY AN ANALYSIS OF THE PROGRAM FOR AN ADDITIONAL TWO YEARS TO ALLOW THE PROGRAM TO STABILIZE FOLLOWING THE IMPACT OF COVID-19. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Mr. Wilke, Representative Anderson, Ms. Ness, Ms. Smith, Senator Dever, Ms. Goodhouse, Mr. Adam Miller, Ms. Wassim, and Chairperson Rindy

**Nays:** None

**Absent:** None

## **MOTION PASSED**

Chairperson Rindy moved ahead in the agenda to item VI. Miscellaneous, item I.

### Committee and Board Appointments

Mr. Scott Miller recapped prior board discussions regarding the makeup of the State Investment Board (SIB) and the Investment Subcommittee. The two elected member representatives on the SIB are Yvonne Smith and Adam Miller, Kim Wassim is the alternate. The third representative position is currently vacant. Ms. Wassim indicated she would like to step down as the alternate. Ms. Claire Ness volunteered to fill the vacant position and Chairperson Rindy will fill the role of alternate.

The Investment Subcommittee will be comprised of Ms. Ness, Representative Anderson, Ms. Smith, and Mr. Adam Miller as committee chair, and Chairperson Rindy as an alternate.

**MR. ADAM MILLER MOVED TO AFFIRM THE APPOINTMENT OF MS. CLAIRE NESS TO SERVE ON THE SIB AND CHAIRPERSON RINDY TO SERVE AS AN ALTERNATE. THE MOTION WAS SECONDED BY SENATOR DEVER.**

**Ayes:** Mr. Wilke, Representative Anderson, Ms. Smith, Senator Dever, Ms. Goodhouse, Mr. Adam Miller, Ms. Wassim, and Chairperson Rindy

**Nays:** None

**Absent:** None

**Abstain:** Ms. Ness

## **MOTION PASSED**

## **DEFERRED COMPENSATION/DEFINED CONTRIBUTION**

### DC Plans Record Keepers Contract Renewal

Mr. Derrick Hohbein provided background regarding the timing of the Deferred Compensation Plan recordkeepers agreement (currently with TIAA) and the contract expiration of the group health plan. Both are complex transitions for the agency and having them possibly occur at the same time would be very challenging. To get the plans on different bid cycles, the investment subcommittee discussed and agreed with moving the end date of the recordkeeper agreement to June 30, 2024.

TIAA is agreeable to the additional 12 months at the same cost they are currently administering the plan.

**MS. WASSIM MOVED TO EXTEND THE CONTRACT WITH TIAA FOR AN ADDITIONAL 12 MONTHS AT THE SAME COST. THE MOTION WAS SECONDED BY MR. ADAM MILLER.**

**Ayes:** Mr. Wilke, Ms. Ness, Representative Anderson, Ms. Smith, Senator Dever, Ms. Goodhouse, Mr. Adam Miller, Ms. Wassim, and Chairperson Rindy

**Nays:** None

**Absent:** None

### **MOTION PASSED**

#### First Quarter Investment Report

Mr. Hohbein presented the 1st Quarter Investment Report for the 457 Companion Plan & 401(a) Plan.

The 401(a) plan has 90 active participants and assets increased to \$20.3 million on December 31, 2021. The 457 Companion Plan has 6,041 active participants and assets increased to \$196.9 million on December 31, 2021.

The Investment Subcommittee reviewed the 4th quarter 2021 plan review and field activity report with TIAA. Callan Consultants gave a market overview and investment performance report. Callan reviewed the NDPERS core fund offerings, and the investment subcommittee is working on a plan for the core fund offerings for the next bid. When changes are made, TIAA is notified, and the information is posted to the NDPERS website.

#### Investment Consultant Renewal or Request For Proposal

Mr. Hohbein reported that PERS is coming up on the 18-month point of the investment consultant contract with Callan. The initial 2-year contract terminates on December 31, 2022, and has two additional 2-year renewal options. Callan is proposing an annual increase of 3% in fees for services. The Investment Committee recommends renewing for an additional two years.

**MS. WASSIM MOVED TO RENEW THE INVESTMENT CONSULTANT CONTRACT WITH CALLAN FOR 2 YEARS BEGINNING JANUARY 1, 2023, AND ACCEPT THE COST INCREASE. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Mr. Wilke, Ms. Ness, Representative Anderson, Ms. Smith, Senator Dever, Ms. Goodhouse, Mr. Adam Miller, Ms. Wassim, and Chairperson Rindy

**Nays:** None

**Absent:** None

### **MOTION PASSED**

#### 401(a) & 457 Statement of Investment Policies

Mr. Hohbein reported that Callan reviewed the Statements of Investment Policies for the 401(a) & 457 plans. The Investment Committee reviewed Callan's proposed changes

and agreed with their recommendations. The revisions were included in the board materials.

**MS. SMITH MOVED TO APPROVE THE UPDATED POLICIES AS PRESENTED. THE MOTION WAS SECONDED BY SENATOR DEVER.**

**Ayes:** Mr. Wilke, Ms. Ness, Representative Anderson, Ms. Smith, Senator Dever, Ms. Goodhouse, Mr. Adam Miller, Ms. Wassim, and Chairperson Rindy

**Nays:** None

**Absent:** None

**MOTION PASSED**

**RETIREMENT**

Job Service Plan Asset Allocation and Investment Policy

Mr. Hohbein reported that the Investment Subcommittee reviewed the proposed changes to the Investment Policy by the Fund Manager for the Job Service Plan. The Subcommittee recommends approving Portfolio A for the Job Service plan.

**SENATOR DEVER MOVED TO APPROVE THE UPDATED JOB SERVICE PLAN INVESTMENT POLICY AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Mr. Wilke, Ms. Ness, Representative Anderson, Ms. Smith, Senator Dever, Ms. Goodhouse, Mr. Adam Miller, Ms. Wassim, and Chairperson Rindy

**Nays:** None

**Absent:** None

**MOTION PASSED**

**GROUP INSURANCE**

Insurance Consultant Vendor Selection

This agenda item was noticed for Executive Session.

**MS. SMITH MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. §§ 44-04-17.1(2) AND (5), 44-04-18.4(6), TO HEAR AND DISCUSS BIDS OR PROPOSALS RECEIVED BY A PUBLIC ENTITY IN RESPONSE TO A REQUEST FOR PROPOSAL. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Mr. Wilke, Senator Dever, Ms. Wassim, Ms. Goodhouse, Mr. Adam Miller, Ms. Smith, Representative Anderson, Ms. Ness, and Chairperson Rindy

**Nays:** None

**Absent:** None

**MOTION PASSED**

All members named above, attorney Dean DePountis, NDPERS staff members Scott Miller, Rebecca Fricke, Derrick Hohbein, Lindsay Schaf, Katheryne Korom, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 9:13 A.M. The meeting returned to Open Session at 9:20 A.M.

**MS. SMITH MOVED TO ACCEPT THE PROPOSAL FROM BUCK CONSULTANTS FOR A FIXED FEE SUBJECT TO SUCCESSFUL CONTRACT NEGOTIATION AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Mr. Wilke, Ms. Ness, Representative Anderson, Ms. Smith, Senator Dever, Ms. Goodhouse, Mr. Adam Miller, Ms. Wassim, and Chairperson Rindy

**Nays:** None

**Absent:** None

## **MOTION PASSED**

### SHP Update on Pre-Authorization on Diabetes Medication

Mr. Danny Weiss provided the Board with information regarding a class of medication for the treatment of type-2 diabetes. Providers have been prescribing it to patients for weight loss because the side effect of feeling overly full reduces appetite. Based on claims data, Mr. Weiss stated that nearly 20 percent of the prescriptions are for patients with no diagnosis of diabetes. The cost of this category of medication is one of the most expensive options for treating diabetes. SHP will resolve the issue of inappropriate access to these medications by requiring pre-authorization of new prescriptions and pausing payment when historical claims data is not present to support payment of the drug. SHP will be notifying patients that effective August 1, 2022, this medication will not be covered without prior authorization. There are other medications available that have been rebranded for weight loss.

## **MISCELLANEOUS (continued)**

### Legislative Relations

Mr. Scott Miller provided an overview of legislative meetings that he has attended and a recap of meetings where he has presented.

Ms. Ness left the meeting at 9:55 A.M.

## **THE BOARD TOOK A SHORT BREAK FROM 9:55 A.M. TO 10:05 A.M.**

### Contracts Under \$10,000

A list of contracts signed by the Executive Director was provided for information only.

### State Investment Board Composition

Mr. Scott Miller informed the Board that the State Investment Board (SIB) is proposing to make changes to the makeup of the board. The intention is to decrease the number of

PERS and Teachers Fund For Retirement (TFFR) Board members to two each. The assets managed by the SIB were formerly primarily PERS and TFFR trust funds, and that has changed to being primarily Legacy Funds. Mr. Miller noted that would require a change to the statute.

Microfiche Conversion Project Request For Proposal Vendor Selection

This agenda item was noticed for Executive Session.

**MS. SMITH MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. §§ 44-04-17.1(2) AND (5), 44-04-18.4(6), TO HEAR AND DISCUSS BIDS OR PROPOSALS RECEIVED BY A PUBLIC ENTITY IN RESPONSE TO A REQUEST FOR PROPOSAL. THE MOTION WAS SECONDED BY MR. MILLER.**

**Ayes:** Mr. Wilke, Senator Dever, Ms. Wassim, Ms. Goodhouse, Mr. Adam Miller, Ms. Smith, Representative Anderson, and Chairperson Rindy

**Nays:** None

**Absent:** Ms. Ness

**MOTION PASSED**

All members named above, attorney Dean DePountis, NDPERS staff members Scott Miller, Rebecca Fricke, Derrick Hohbein, MaryJo Anderson, Katheryne Korom, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:10 A.M. and returned to Open Session at 10:35 A.M.

**MS. SMITH MOVED TO APPROVE GOING FORWARD WITH THE OPTION TO CONVERT 95 PERCENT OF THE MICROFICHE AT A COST OF \$18,250 FOR 250,000 DOCUMENTS WITH OSG, TO LOOK INTO PURCHASING A MICROFICHE READER, AND TO AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Mr. Wilke, Representative Anderson, Ms. Smith, Senator Dever, Ms. Goodhouse, Mr. Adam Miller, Ms. Wassim, and Chairperson Rindy

**Nays:** None

**Absent:** Ms. Ness

**MOTION PASSED**

Budget

At the May Board Meeting, staff discussed the Governor's budget guidelines for the 2023-2025 biennium. The Board discussed the concepts presented and directed staff on how to proceed in developing a specific budget proposal for approval at the next board meeting.

After a thorough analysis of the agency and the services provided, the staff established options for the Board to consider. Mr. Derrick Hohbein outlined the current appropriation authority, the cost to continue, and the base budget limit for the next biennium. He also

discussed the optional packages, the pros and cons of each, and asked the Board for direction in setting the priority.

1. Equity package for staff and Executive Director
2. Full-Time Equivalent staff (Retirement Processing Lead, Administrative Services front office person, Member Services Representative)
3. One-time funding to continue the additional Sagitec Developer (PERSLink business system)
4. Contingency funding to staff the administrative efforts in the event the Legislature takes action to close the Defined Benefit plan.
5. Contingency funding to staff the administrative efforts in the event the NDPERS Health Insurance Plan and/or pharmacy benefits were awarded on a self-funded basis.
6. Internal Audit Peer Review

**MS. WASSIM MOVED TO APPROVE THE BUDGET REQUESTS IN THE ORDER OF PRIORITY AS PRESENTED: 1) STAFF & EXECUTIVE DIRECTOR EQUITY PACKAGE, 2) FULL-TIME EQUIVALENT (FTE) STAFF OPTIONS A, B, & C, 3) ONE-TIME FUNDING REQUEST TO CONTINUE THE ADDITIONAL SAGITEC DEVELOPER, 4) CONTINGENCY FUNDING FOR ADDITIONAL STAFF IN THE EVENT THE DEFINED BENEFIT PLAN IS CLOSED, AND 5) CONTINGENCY FUNDING FOR ADDITIONAL STAFF IN THE EVENT THE HEALTH PLAN AND/OR PHARMACY BENEFITS WERE AWARDED ON A SELF-FUNDED BASIS. THE MOTION WAS SECONDED BY SENATOR DEVER.**

**Ayes:** Mr. Wilke, Representative Anderson, Ms. Smith, Senator Dever, Ms. Goodhouse, Mr. Adam Miller, Ms. Wassim, and Chairperson Rindy

**Nays:** None

**Absent:** Ms. Ness

## **MOTION PASSED**

### Mail Inserter Lease

Mr. Hohbein discussed options for the mail-inserter lease that expires in January 2023. The current equipment has been leased for 10 years. Staff has been exploring options to replace the machine with a newer model that will enhance efficiency for the staff who manage the large volume of outbound mail. The staff has identified an inserter with a performance pack that includes an option to add a QR code to batch cover letters allowing the contents to be grouped by member and stuffed into envelopes, sealing the envelopes to secure confidential member information, and compatible with different envelope sizes.

**REPRESENTATIVE ANDERSON MOVED TO APPROVE THE LEASE FOR THE MAIL INSERTER EQUIPMENT AS PRESENTED AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN. THE MOTION WAS SECONDED BY MR. ADAM MILLER.**

**Ayes:** Mr. Wilke, Representative Anderson, Ms. Smith, Senator Dever, Ms. Goodhouse, Mr. Adam Miller, Ms. Wassim, and Chairperson Rindy

**Nays:** None

**Absent:** Ms. Ness

**MOTION PASSED**

Audit Committee Report

Ms. Shawna Piatz presented the February 7 meeting minutes from the Audit Committee.

Board Election Results

Ms. Wassim, chair of the Election Committee, reported the results of the Active Member election that closed on June 10, 2022. Of the eleven candidates on the ballot, the incumbent, Adam Miller, received the highest number of votes and was elected to another 5-year term ending June 30, 2027. This is the first time the board election was held electronically. A total of 1,353 votes were cast through Member Self Service (MSS).

**SENATOR DEVER MOVED TO CERTIFY THE ELECTION RESULTS AS REPORTED BY THE COMMITTEE CHAIRPERSON, MS. WASSIM, AND RECOGNIZE MR. ADAM MILLER IS THE CANDIDATE WITH THE MOST VOTES RECEIVED. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Mr. Wilke, Representative Anderson, Ms. Smith, Senator Dever, Ms. Goodhouse, Mr. Adam Miller, Ms. Wassim, and Chairperson Rindy

**Nays:** None

**Absent:** Ms. Ness

**MOTION PASSED**

**THE BOARD TOOK A SHORT BREAK FROM 11:35 A.M. TO 11:42 A.M.**

**MEMBER**

Retiree Health Insurance Credit (RHIC) Appeal Cases #740, #741, #750, and #751  
These agenda items were noticed for Executive Session.

**MS. SMITH 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 APPEAL CASE NUMBER 740 AND CASE NUMBER 751. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Mr. Wilke, Senator Dever, Ms. Wassim, Representative Anderson, Ms. Goodhouse, Mr. Adam Miller, Ms. Smith, and Chairperson Rindy

**Nays:** None

**Absent:** Ms. Ness

**MOTION PASSED**



All members named above, attorney Dean DePountis, NDPERS staff members Scott Miller, Rebecca Fricke, Derrick Hohbein, MaryJo Anderson, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 11:44 A.M. The meeting returned to Open Session at 11:55 A.M.

**MS. WASSIM MOVED TO AFFIRM ASIFLEX DENIAL OF THE RETIREE HEALTH INSURANCE CREDIT (RHIC) BENEFIT PAYMENT FOR CASE NUMBER 740. THE MOTION WAS SECONDED BY MR. ADAM MILLER.**

**Ayes:** Mr. Wilke, Representative Anderson, Senator Dever, Mr. Adam Miller, Ms. Smith, Ms. Wassim, Ms. Goodhouse, and Chairperson Rindy

**Nays:** None

**Absent:** Ms. Ness

**MOTION PASSED**

**MS. WASSIM MOVED TO AFFIRM ASIFLEX DENIAL OF THE RETIREE HEALTH INSURANCE CREDIT (RHIC) BENEFIT PAYMENT FOR CASE NUMBER 751. THE MOTION WAS SECONDED BY SENATOR DEVER.**

**Ayes:** Mr. Wilke, Representative Anderson, Senator Dever, Mr. Adam Miller, Ms. Smith, Ms. Wassim, Ms. Goodhouse, and Chairperson Rindy

**Nays:** None

**Absent:** Ms. Ness

**MOTION PASSED**

Mr. Adam Miller left the meeting at noon.

**MS. SMITH 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 APPEAL CASE NUMBER 741. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Mr. Wilke, Senator Dever, Ms. Wassim, Representative Anderson, Ms. Goodhouse, Ms. Smith, and Chairperson Rindy

**Nays:** None

**Absent:** Ms. Ness and Mr. Adam Miller

**MOTION PASSED**

All members named above, attorney Dean DePountis, NDPERS staff members Scott Miller, Rebecca Fricke, Derrick Hohbein, MaryJo Anderson, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 11:59 A.M. The member attended by phone. The meeting returned to Open Session at 12:09 P.M.

**MS. WASSIM MOVED TO AFFIRM ASIFLEX DENIAL OF THE RETIREE HEALTH INSURANCE CREDIT (RHIC) BENEFIT PAYMENT FOR CASE NUMBER 741. THE MOTION WAS SECONDED BY SENATOR DEVER.**

**Ayes:** Mr. Wilke, Representative Anderson, Senator Dever, Ms. Smith, Ms. Wassim, Ms. Goodhouse, and Chairperson Rindy

**Nays:** None

**Absent:** Ms. Ness and Mr. Adam Miller

**MOTION PASSED**

**MS. SMITH 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 APPEAL CASE NUMBER 750. THE MOTION WAS SECONDED BY SENATOR DEVER.**

**Ayes:** Mr. Wilke, Senator Dever, Representative Anderson, Ms. Wassim, Ms. Goodhouse, Ms. Smith, and Chairperson Rindy

**Nays:** None

**Absent:** Mr. Adam Miller and Ms. Ness

**MOTION PASSED**

All members named above, attorney Dean DePountis, NDPERS staff members Scott Miller, Rebecca Fricke, Derrick Hohbein, MaryJo Anderson, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 12:12 P.M. The member attended by phone. The meeting returned to Open Session at 12:21 P.M.

**MS. WASSIM MOVED TO AFFIRM ASIFLEX DENIAL OF THE RETIREE HEALTH INSURANCE CREDIT (RHIC) BENEFIT PAYMENT FOR CASE NUMBER 750. THE MOTION WAS SECONDED BY SENATOR DEVER.**

**Ayes:** Mr. Wilke, Senator Dever, Ms. Goodhouse, Representative Anderson Ms. Smith, Ms. Wassim, and Chairperson Rindy

**Nays:** None

**Absent:** Mr. Adam Miller and Ms. Ness

**MOTION PASSED**

Chairperson Rindy called for any other business or comments. With no further business, the meeting was adjourned at 12:23 P.M.

Prepared by,

Jan Lund, Assistant to the Board