

## MINUTES

**North Dakota Public Employees Retirement System  
Tuesday, March 12, 2024  
8:30 A.M.**

Members Present: Representative Greg Stemen, Acting Chair  
Representative Jason Dockter  
Senator Dick Dever  
Senator Shawn Vedaa  
Mr. Gerald Buck  
Mr. Tyler Erickson  
Mr. Adam Miller  
Mr. Joe Morrissette

Members by Teams: Ms. Casey Goodhouse

Members Absent: Mr. Jeffry Volk

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  
Ms. Courtney Meyer, SHP  
Mr. Steve Webster, SHP

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

Acting Chairperson Stemen called for questions or comments regarding the February 13, 2024, meeting minutes.

**MR. MORRISSETTE MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 13, 2024 BOARD MEETING. THE MOTION WAS SECONDED BY MR. BUCK AND CARRIED BY A VOICE VOTE. THE MINUTES WERE APPROVED.**

### **CONFLICT OF INTEREST DISCLOSURE CONSIDERATION**

Representative Jason Dockter previously submitted a disclosure on August 14, 2023, on December 12, 2023, on January 9, 2024. At today's meeting he announced that the conflict still exists relative to the topic of the Recordkeeper Request for Proposal. *"I am contracted with Empower to sell 457 deferred plans to state employees."* There were no questions from the board and no action was taken on the matter. Representative Dockter will not participate in discussion, nor will he vote on the matter.

Ms. Fricke offered comments on behalf of staff to express gratitude to the former board chair, Ms. Michelle Kommer, and to acknowledge her support and leadership, and appreciation for her service.

## **PRESENTATIONS**

### Retiree Health Insurance Credit (RHIC) Overview

Ms. MaryJo Anderson outlined the RHIC program including eligibility requirements, calculation methodology, eligible and ineligible premiums. The educational presentation is given this time of year because of the March 31<sup>st</sup> submission deadline, that when missed by a member, may result in an appeal to the board. Ms. Anderson shared background about the third-party administrator, ASIFlex. She reviewed procedures for claim submission and claim processing as well as deadlines for reimbursement. She noted that a RHIC reimbursement is a non-taxable benefit.

## **DEFINED CONTRIBUTION PLAN IMPLEMENTATION**

### House Bill 1040 Implementation Update

Ms. Fricke reviewed a comprehensive list of work efforts and progress made for the House Bill 1040 implementation since the last reporting. Administrative Rule changes will be discussed later on the agenda. The timelines prepare for a January 1, 2025, implementation date. Discussion followed.

## **DEFERRED COMPENSATION / DEFINED CONTRIBUTION**

### 457 Companion Plan & 401(a) Plan 4th Quarter 2023 Report

Mr. Derrick Hohbein presented the 4<sup>th</sup> Quarter Report that was reviewed by the Investment Subcommittee. Mr. Hohbein reviewed the assets and number of participants in each plan. The board looked at benchmarks and fund/investment news.

The Investment Subcommittee brought forward two actionable items relating to the Defined Benefit Plan and the transition to Empower.

**REPRESENTATIVE JASON DOCKTER MOVED TO APPROVE THE REQUEST FOR PROPOSAL TO SECURE A CONSULTANT TO PERFORM AN EXPERIENCE, ASSET LIABILITY, AND ASSET ALLOCATION STUDY TO BE RELEASED LATER THIS YEAR. THE MOTION WAS SECONDED BY MR. BUCK.**

**Ayes:** Mr. Morrisette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Senator Vedaa, and Representative Stemen.

**Nays:** None

**Absent:** Mr. Volk

**MOTION PASSED**

**MR. ERICKSON MOVED TO APPROVE THE RECOMMENDATION OF THE INVESTMENT SUBCOMMITTEE FOR ADDRESSING THE REVENUE SHORTFALL WITH TIAA, AND TO PROVIDE DIRECTION TO STAFF ON HOW TO PROCEED. THE MOTION WAS SECONDED BY REPRESENTATIVE JASON DOCKTER.**

**Ayes:** Mr. Morrisette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Senator Vedaa, and Representative Stemen

**Nays:** None

**Absent:** Mr. Volk

**MOTION PASSED**

Recordkeeper Vendor Transition Status Update

Mr. Derrick Hohbein provided an update on the vendor transition from TIAA to Empower. He outlined work efforts and key dates related to the transition and noted staff is on track for the July 1, 2024 change.

Recordkeeper Contract

Mr. Hohbein presented the contract with Empower. The contract was reviewed by legal counsel from the Attorney General's Office, Ice Miller (federal law consultant), Callan, and representatives from Empower.

**MR. BUCK MOVED TO APPROVE THE RECORDKEEPER CONTRACT WITH EMPOWER FOR THE JULY 1, 2024 THROUGH JUNE 30, 2028, CONTRACT PERIOD, AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE AGREEMENT. THE MOTION WAS SECONDED BY SENATOR DEVER.**

**Ayes:** Mr. Morrisette, Senator Dever, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Senator Vedaa, and Representative Stemen

**Nays:** None

**Absent:** Mr. Volk

**Recused:** Representative Dockter

**MOTION PASSED**

**DEFINED BENEFIT**

Retirement Plan Services Request for Proposal (RFP)

This agenda topic was noticed for Executive Session to discuss negotiating strategy or provide negotiating instructions to its attorney or other negotiator.

**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 SENATOR DEVER.**

**Ayes:** Representative Stemen, Senator Vedaa Ms. Goodhouse, Mr. Morrisette, Mr. Miller, Senator Dever, Mr. Erickson, Mr. Buck, and Representative Dockter

**Nays:** None

**Absent:** Mr. Volk

**MOTION PASSED**

All members named above, attorney Dean DePountis, NDPERS staff members Rebecca Fricke, Derrick Hohbein, Katheryne Korom, MaryJo Anderson, Brittany Berreth, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 9:27 A.M. The meeting returned to Open Session at 9:45 A.M.

**MR. ERICKSON MOVED TO CONSIDER ONLY THE PROPOSALS SUBMITTED TO NDPERS' RETIREMENT PLAN SERVICES RFP THAT WERE RECEIVED BY THE SOLICITATION CLOSING DEADLINE. THE MOTION WAS SECONDED BY MR. MORRISSETTE.**

**Ayes:** Mr. Morrisette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Senator Vedaa, and Representative Stemen

**Nays:** None

**Absent:** Mr. Volk

**MOTION PASSED**

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**Ayes:** Representative Stemen, Senator Vedaa, Ms. Goodhouse, Mr. Morrisette, Mr. Miller, Senator Dever, Mr. Erickson, Mr. Buck, and Representative Dockter

**Nays:** None

**Absent:** Mr. Volk

**MOTION PASSED**

All members named above, attorney Dean DePountis, NDPERS staff members Rebecca Fricke, Derrick Hohbein, MaryJo Anderson, Katheryne Korom, Brittany Berreth, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 9:47 A.M. The meeting returned to Open Session at 9:52 A.M.

**THE BOARD PROVIDED DIRECTION TO STAFF IN HOW TO PROCEED.**

**GROUP INSURANCE / FLEXCOMP**

2023 Employee Assistance Program Utilization

Ms. Katheryne Korom shared the 2023 utilization report from the NDPERS Employee Assistance Program (EAP) providers. The data is self-reported from the four EAP providers.

Administrative and Recordkeeping Services for Section 125 FlexComp Plan RFP

Ms. Korom informed the board that the RFP was issued on March 4<sup>th</sup> and provided a summary of key dates for the RFP process.

Dental Request for Proposal

Ms. Korom reported the dental RFP was issued on February 1<sup>st</sup>. A total of 12 questions were received and posted on the website. She provided a summary of key dates for the RFP process.

Sanford Health Plan 2024 Member Experience Survey

Mr. Steve Webster shared news of his resignation from Sanford Health Plan effective March 20<sup>th</sup>. The board and staff expressed their appreciation to Steve for his service and support to NDPERS and health plan participants. Ms. Kim Haug has been named to succeed Steve.

The board previewed the 2024 Member Experience Survey along with the letter that will be sent to 7,500 random health plan members.

Changes to Sanford Health Plan Quarterly Executive Summary

Ms. Fricke stated that Sanford Health Plan representatives will begin using an updated Executive Summary format. The board reviewed the new quarterly report template. Major enhancements will be the expansion of details regarding utilization and pharmacy information.

Sanford Health Plan Member Engagement Tool

Ms. Courtney Meyer introduced a new member engagement tool available for NDPERS participants. Members can receive targeted communications through e-mail and text messages in real-time that can replace or increase the value of conventional mail. Ms. Meyer stated that use of these tools is in accordance with Federal requirements for text and email communications and members can opt-out at any time. Discussion followed.

**MR. MILLER MOVED TO APPROVE THE USE OF THE MEMBER ENGAGEMENT TOOL BY SANFORD HEALTH PLAN FOR NDPERS MEMBERS ON THE PLAN. THE MOTION WAS SECONDED BY MR. MORRISSETTE.**

**Ayes:** Mr. Morrisette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Senator Vedaa, and Representative Stemen

**Nays:** None

**Absent:** Mr. Volk

**MOTION PASSED**

**The Board took a short break from 10:30 A.M. to 10:45 A.M.**

## **LEGISLATION / ADMINISTRATIVE RULES**

### Proposed Legislation

Ms. Fricke updated the board on two additional law changes for the technical corrections bill draft. The first relates to the definition of wages and salary for reporting purposes to the Defined Contribution Plan. The second change is due to an incorrect century code citation that was passed as part of House Bill 1040 related to the special election window for state employees with no more than five years of service.

The board reviewed a summary of six bill drafts for submission to the Employee Benefits Programs Committee. Ms. Fricke noted that the Diabetic Medications and Supplies bill draft was reviewed by the Insurance Department. Discussion followed.

**SENATOR VEDAA MOVED TO APPROVE THE SUBMISSION OF THE BILL DRAFTS AS PRESENTED. THE MOTION WAS SECONDED BY MR. BUCK.**

**Ayes:** Mr. Morrissette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Senator Vedaa, and Representative Stemen

**Nays:** None

**Absent:** Mr. Volk

### **MOTION PASSED**

### Proposed Administrative Rules

Ms. Fricke shared a proposed timeline for the promulgation of Administrative Rules slated to become effective January 1, 2025. The board also reviewed a summary of the proposed rules as well as the required documents for the rulemaking process. An additional change to 71-08-11-08 was discussed. Copies of signed HB 1040 and HB 1547 was included in the board book as a reference.

**MR. BUCK MOVED APPROVAL TO MOVE FORWARD WITH THE RULEMAKING PROCESS WITH THE PROPOSED RULES AS PRESENTED. THE MOTION WAS SECONDED BY MR. ERICKSON.**

**Ayes:** Mr. Morrissette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Senator Vedaa, and Representative Stemen

**Nays:** None

**Absent:** Mr. Volk

### **MOTION PASSED**

## **OPERATIONS / ADMINISTRATIVE**

### Audit Committee Minutes

Ms. Shawna Piatz reviewed the Internal Audit Reports in the approved Audit Committee minutes from November 13, 2023.

### Strategy Planning Topic Request from the Retirement and Investment Office

Ms. Rebecca Fricke provided the following update to the board. After the board's discussion and motion on this topic at the February meeting, staff requested and watched the recording of the February SIB Governance & Policy Committee meeting, which was held the afternoon following our meeting. Given the discussion that took place, it appeared that legislation was being prepared to change the Governance of PERS to move PERS, or unify, under the umbrella of RIO, to be submitted for the upcoming 2025 session. Based upon this, Chairperson Michelle Kommer visited with Representative Dockter and Representative Stemen, and then with Leader Lefor. Leader Lefor requested a meeting with these individuals, Derrick, Rebecca, Jan Murtha (RIO Executive Director), and Representative Bosch (SIB board). Through that meeting, it was discussed the focus for PERS must remain implementation of HB 1040 on an aggressive time schedule. It is our understanding that the result of the meeting was an agreement that before any significant change were to move forward, such as legislation changing PERS governance, that there should be an independent study performed, possibly during the next interim (2025-2027) that outlines all options, with cost and benefit analysis included. The individuals on the call will regroup in July to discuss a possible joint recommendation of this nature. Therefore, the meeting discussed in February with RIO will not be taking place. Discussion followed.

### National Employee Benefits Day

Ms. Fricke informed the board of National Employee Benefits Day on April 6<sup>th</sup> and shared what the board has done in the past for staff in recognition for the service they provide to our state and political subdivisions. Ms. Goodhouse volunteered to organize the event and invited board members to participate. Monetary contributions towards the expense of breakfasts items are optional. Jan Lund will find a date that works for staff. Discussion followed.

## **FINANCE**

### Contracts Under \$10,000

Ms. Fricke presented a document summarizing contracts under \$10,000 signed by the Executive Director since the last update.

The meeting was adjourned at 11:32 A.M.

Prepared by,

Jan Lund  
Assistant to the Board