

MINUTES

North Dakota Public Employees Retirement System Thursday, May 23, 2024 8:30 A.M.

Members Present: Representative Greg Stemen Acting Chair
Representative Jason Dockter
Senator Dick Dever
Senator Shawn Veda
Mr. Tyler Erickson
Ms. Casey Goodhouse
Mr. Adam Miller
Mr. Jeffry Volk,
Mr. Joe Morrissette
Mr. Gerald Buck

Other present: Ms. Rebecca Fricke, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Katheryne Korom, NDPERS
Ms. Aime Miller, NDPERS
Mr. Jesse Johnson, ND Pharmacy Association
Dr. Emily Griese, SHP
Dr. Tommy Ibrahim, SHP

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

Acting Chair Stemen called for questions or comments regarding the April 9, 2024, meeting minutes.

REPRESENTATIVE DOCKTER MOVED TO APPROVE THE MINUTES OF THE APRIL 9, 2024, BOARD MEETING. THE MOTION WAS SECONDED BY SENATOR DEVER AND CARRIED BY A VOICE VOTE. THE MINUTES WERE APPROVED.

CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

Representative Jason Dockter previously submitted a disclosure at the August, December, January, March, and April Meetings. 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.*" The topic is not on the agenda, there were no questions from the board, and no action was taken on the matter.

PRESENTATIONS

2023 About the Patient Diabetes Program Annual Report

Pursuant to NDCC 54-52.1-16 and 54-52.1-17, NDPERS partners with the North Dakota Pharmacy Association to provide members with the About the Patient Diabetes Management Program. Ms. Rebecca Fricke introduced Jesse Johnson who presented the 2023 Annual Report.

The program optimizes treatment plans and adherence for individuals on the NDPERS health plan that are diagnosed with diabetes and hypertension. The calendar is divided into three blocks. When a visit occurs during a block, reimbursement is awarded for certain diabetes, hypertension, cholesterol medications, and certain testing supplies. Jesse provided background on the program and discussed key health indicators for diabetes and hypertension. He also shared information about member engagement and strong member satisfaction with the program. Jesse concluded the presentation by providing information about the budget structure and revenue source for the program. Discussion followed.

Sanford Health Plan Updates

Dr. Emily Griese introduced the new Sanford Health Plan President and Chief Executive Officer, Dr. Tommy Ibrahim. Dr. Ibrahim shared information about himself and work experience prior to joining SHP.

Dr. Griese presented the 2023 Quarter 4 Sanford Health Plan Executive Summary. She discussed annual membership and membership trends, noting they remain stable. Claims, utilization, high dollar cases, and pharmacy data were reviewed. She highlighted wellness continuum including monthly wellness themes and wellness events. Preventive Screening utilization rates were discussed.

She concluded the presentation with a summary of performance guarantees.

DEFINED CONTRIBUTION PLAN IMPLEMENTATION

House Bill 1040 Implementation Status

Ms. Fricke reviewed a comprehensive list of work efforts and progress made for House Bill 1040 implementation since the last reporting at the April meeting. Ms. Fricke discussed business system programming, continued Plan Document reviews, internal staff training strategy, educational presentations to the Employee Benefits Programs Committee, the Retirement Committee, and School Board Managers, work efforts and coordination being done with political subdivision payrolls, and work on the state payroll system.

Staff asked for guidance on the following topics: 401(a) Defined Contribution Plan IRS Letter of Determination; 457(b) Deferred Compensation Plan IRS Private Letter Ruling; and 457(b) Deferred Compensation Plan Expedited Enrollment. Discussion followed.

The Board directed staff on how to proceed with the 401(a) Defined Contribution Plan IRS Letter of Determination and the 457(b) Deferred Compensation Plan IRS Private Letter Ruling.

MR. ERICKSON MOVED TO DISCONTINUE THE 457(B) DEFERRED COMPENSATION PLAN EXPEDITED ENROLLMENT/WAIVER PROCESS. THE MOTION WAS SECONDED BY MR. MORRISSETTE.

Ayes: Mr. Morrissette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Senator Vedaa, Mr. Volk, and Representative Stemen
Nays: None

Absent: None
MOTION PASSED

DEFINED BENEFIT

Retirement Plan Actuarial and Consultant Contract

Ms. Katheryne Korom presented the contract with Gabriel, Roeder, Smith & Company (GRS) for the NDPERS Retirement Plan Actuarial and Consultant Services. The contract was drafted by NDPERS legal staff and approved by representatives from GRS.

MR. BUCK MOVED TO APPROVE THE CONTRACT AND THE EXECUTIVE DIRECTOR'S SIGNATURE FOR THE RETIREMENT PLAN ACTUARIAL AND CONSULTANT CONTRACT WITH GABRIEL, ROEDER, SMITH & COMPANY (GRS) FOR THE JULY 1, 2024, THROUGH JUNE 30, 2026, CONTRACT PERIOD. THE MOTION WAS SECONDED BY SENATOR VEDAA.

Ayes: Mr. Morrisette, Senator Dever, Representative Dockter, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Mr. Miller, Senator Vedaa, Mr. Volk, and Representative Stemen
Nays: None
Absent: None

MOTION PASSED

DEFERRED COMPENSATION / DEFINED CONTRIBUTION

Recordkeeper Vendor Transition Status Update

Mr. Derrick Hohbein provided the Board with an update on the Recordkeeper vendor transition from TIAA to Empower. He stated that weekly conversion meetings continue with Empower, work on the plan provisions continues, and progress has been made with the contracting. Mr. Hohbein shared a timeline of important events related to the transition. Discussion followed.

GROUP INSURANCE / FLEXCOMP

Dental Plan Request for Proposal (RFP) Update

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 MS. GOODHOUSE.

Ayes: Senator Vedaa, Ms. Goodhouse, Mr. Morrisette, Mr. Miller, Senator Dever, Mr. Erickson, Mr. Buck, Representative Dockter, and Representative Stemen
Nays: None
Absent: Mr. Volk

MOTION PASSED

All members named above, attorney Dean DePountis, NDPERS staff members Rebecca Fricke, Derrick Hohbein, Katheryne Korom, Jan Lund, and Brittany Berreth were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:04 A.M. The meeting returned to Open Session at 10:49 A.M.

Mr. Volk left the meeting at 10:30 A.M.

THE BOARD DIRECTED STAFF ON HOW TO PROCEED WITH THE DENTAL PLAN REQUEST FOR PROPOSAL.

FlexComp Plan Request for Proposal (RFP) Update

Ms. Korom stated that three proposals were received by the deadline and presented a timeline of key dates for the RFP process.

Medicare Part D Plan Premium Projection and Request for Proposal (RFP)

Ms. Fricke shared the preliminary projected premium received from Humana for the 2025 Medicare Part D product. The preliminary projection for the 2025 premium is \$77.38 per member, per month (PMPM) which represents an increase of 19.56% over the current monthly premium of \$64.72 per month.

Humana also provided information regarding the Inflation Reduction Act (IRA) and its effect on Part D plans.

Deloitte Consulting is reviewing the premium projection. If the Board elects to defer a final decision, Humana will provide the final premium for the Board's consideration by August 15th. Discussion followed.

MR. BUCK MOVED TO DIRECT STAFF TO DEFER A BID FOR THE MEDICARE PART D PLAN UNTIL AFTER HUMANA PROVIDES THEIR FINAL RENEWAL PREMIUM IN AUGUST 2024. THE MOTION WAS SECONDED BY MR. MILLER.

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 CARRIED

LEGISLATION / ADMINISTRATIVE RULES

Proposed Legislation

Ms. Fricke summarized action taken by the Employee Benefits Programs Committee (EBPC) when they met on April 25, 2024. EBPC took jurisdiction over an additional thirteen draft bills submitted by other sponsors. She shared a table that outlined the proposed bill drafts, and which may have an impact on NDPERS. The next update will include information from the Committee's next meeting scheduled for June 17, 2024. Discussion followed.

Proposed Administrative Rules Update

Ms. Fricke updated the board on steps taken in the promulgation process for the proposed administrative rule changes. The ND Newspaper Association coordinated the publication of the legal notices as required, the Public Hearing was held, and no written comments were received by the deadline. Ms. Fricke reported that she has been working with the chairperson of the Administrative Rules Committee in preparation for their December committee meeting. Discussion followed.

OPERATIONS / ADMINISTRATIVE / FINANCE

Board Election Update

Ms. Aime Miller reported that the Election Subcommittee met on May 16th to validate the nomination petitions. Stacey Geiger, Casey Goodhouse, and Kayla Trzpuć will appear on the ballot. The electronic voting through the Member Self-Service portal opened on May 20 and will close on June 7.

Executive Director Performance Review and Compensation Subcommittee Recommendation

Representative Jason Dockter, Chair of the Subcommittee, provided a summary of the May 2nd subcommittee meeting. They discussed the unique situation of Rebecca acting as the Interim Executive Director only from November 14 to December 31, 2023. The majority of 2023 she served as the Chief Benefits Officer. Due to that situation, the evaluation form with ratings should be handled differently for this transitional year. An internal evaluation was completed by the Chief Operating/Financial Officer and the Chief Audit Officer. The subcommittee approved the evaluation.

The evaluation of the Executive Director for Year 2024 will return to the normal process, with the full Board completing the evaluation template with the input of a self-evaluation from Rebecca and input from the Chief Audit Officer. The subcommittee also recommended reviewing the evaluation template to streamline the evaluation process and to adjust the scoring from a 1-3 scale to a 1-5 scale to be consistent with the rating scale of NDPERS staff. An additional change made is to have the Chief Audit Officer provide input on all sections of the evaluation, rather than limited areas as provided previously. Discussion followed.

The Subcommittee discussed the performance increase with Rebecca and has recommended a 4% salary increase in line with the 4% salary increase granted by the Legislative Assembly for the second year of the biennium. The increase would raise Rebecca's salary to \$19,066.66 per month. Discussion followed.

The subcommittee approved a committee charter for full-board approval.

MR. ERICKSON MOVED TO ACCEPT THE COMMITTEE'S RECOMMENDATION TO APPROVE THE 2023 PERFORMANCE EVALUATION FOR REBECCA FRICKE , APPROVE THE REVISED PERFORMANCE EVALUATION TEMPLATE FOR 2024, AND APPROVE A 4 PERCENT SALARY INCREASE FOR THE SECOND YEAR OF THE 2023-2025 BIENNIUM, AND APPROVE THE CHARTER FOR THE EXECUTIVE DIRECTOR

PERFORMANCE REVIEW AND COMPENSATION SUBCOMMITTEE. 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 CARRIED

External Audit Contract

Mr. Hohbein reported that the State Auditor's Office has selected UHY LLP to conduct the audit of both RIO and PERS. Mr. Hohbein provided background about the company and stated that legal counsel has reviewed the contract.

REPRESENTATIVE DOCKTER MOVED TO APPROVE THE CONTRACT WITH UHY LLP AND GIVE THE EXECUTIVE DIRECTOR AUTHORITY TO SIGN. THE MOTION WAS SECONDED BY MR. BUCK.

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

Nays: None

Absent: None

MOTION CARRIED

Mr. Volk returned to the meeting at 11:30 A.M.

Budget

Mr. Hohbein shared the governor's budget guidelines for the 2025-2027 biennium. He outlined salaries/wages and operating expenses for PERS. He also presented preliminary optional change package possibilities for consideration, one-time funding to continue the additional Sagitec developer, self-funded staffing, and the cost for an IRS Determination Letter/Letter of Ruling on the DC Plans. Staff will develop a preliminary budget proposal at the June meeting, followed by a final budget at the July meeting. Discussion followed.

REPRESENTATIVE DOCKTER MOVED TO APPROVE STAFF TO MOVE FORWARD WITH THE BUDGET FOR 2025-2027 AS PRESENTED. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

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

Nays: None

Absent: None

MOTION CARRIED

Quarterly Consultant Fees

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

Contracts Under \$10,000

The board reviewed contracts under \$10,000 that have been signed since the last update.

Next Meeting: June 11, 2024

MEMBER

Retirement Appeal Case #812 Follow-up

Board members were provided a confidential member information update to Case #812 prior to the meeting. There was no discussion and the meeting remained in open session.

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

Submitted by:

Jan Lund
Assistant to the NDPERS Board