

MINUTES

North Dakota Public Employees Retirement System Tuesday, November 14, 2023 8:30 A.M.

Members Present: Chairperson Michelle Kommer
Mr. Adam Miller
Mr. Tyler Erickson
Rep. Greg Stemen
Rep Jason Dockter
Sen. Dick Dever
Sen. Shawn Vedaa
Mr. Jeffry Volk
Mr. Gerald Buck
Mr. Joe Morrissette

Members by Teams: Ms. Casey Goodhouse

Other present: Mr. Scott Miller, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. Lindsay Schaf, NDPERS
Ms. MaryJo Anderson, NDPERS
Mr. Dean DePountis, Office of Attorney General
Ms. Annique Lockard, Office of Attorney General
Ms. Bonnie Wurst, GRS

Chairperson Kommer called the meeting to order at 9:30 A.M. A quorum was present.

Chairperson Kommer introduced herself and provided information about her background and work experience.

MR. VOLK MOVED TO APPROVE A CHANGE IN THE ORDER OF TOPICS ON THE MEETING AGENDA AND TO MOVE MISCELLANEOUS ITEM EXECUTIVE DIRECTOR RETIREMENT/RECRUITMENT AHEAD OF PRESENTATIONS. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER AND CARRIED BY VOICE VOTE.

Chairperson Kommer called for questions or comments regarding the October 19, 2023, Special Meeting minutes. A procedural question was raised about which board members should vote on the approval of minutes for a meeting that not all were a party to. Dean DePountis said board members are only reviewing the minutes and providing comments, if any. It's an administrative matter and all board members can be allowed to vote.

REPRESENTATIVE STEMEN MOVED TO APPROVE THE MINUTES OF THE OCTOBER 19, 2023, SPECIAL 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 submitted the following disclosure on August 14, 2023, and at today's meeting announced that the conflict still exists relative to the topic of the Recordkeeper Request For Proposal: *I am a 457 approved financial advisor for the State of North Dakota. The PERS Board has voted on the 457 program that creates a conflict of interest.* There were no questions from the board and no action was taken on the matter. Representative Dockter asked whether he should plan to make this disclosure at each meeting, as the relationship is continuous. Dean DePountis responded that he need not.

MISCELLANEOUS

Executive Director Retirement/Recruitment

MR. VOLK MOVED TO RELEASE SCOTT MILLER FROM EMPLOYMENT EFFECTIVE IMMEDIATELY AND BECAUSE IT IS MUTUALLY BENEFICIAL TO BOTH PARTIES, TO OFFER A SEVERANCE PACKAGE OF THE CASH EQUIVALENT TO BUY OUT HIS YEARS OF SERVICE IN AN AMOUNT EQUAL TO 13 MONTHS GROSSED UP FOR TAXES AS CALCULATED BY HUMAN RESOURCES. THE MOTION WAS SECONDED BY MR. BUCK.

Discussion followed.

Ayes: Representative Stemen, Representative Dockter, Mr. Buck, Mr. Volk, Senator Vedaa, and Chairperson Kommer

Nays: Mr. Erickson, Mr. Adam Miller, Ms. Goodhouse, Mr. Morrissette, and Senator Dever

Absent: None

MOTION PASSED

Mr. Scott Miller left the meeting at 8:55 A.M. The Board was in recess from 8:55 A.M. to 9:20 A.M.

Ms. Fricke and Mr. Hohbein addressed the board at the invitation of Chairperson Kommer. Each indicated commitment to the agency and its continuity and expressed admiration and praise for each other's contribution to the organization and ability to work as a team.

MR. MORRISSETTE MOVED TO APPOINT THE CHIEF BENEFITS OFFICER, MS. REBECCA FRICKE AS THE INTERIM EXECUTIVE DIRECTOR WITH THE APPROPRIATE LEVEL OF COMPENSATION. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

Discussion followed.

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

Nays: None

Absent: None

MOTION PASSED

Ms. Goodhouse left the meeting at 11:30 A.M.

PRESENTATIONS

Actuarial Valuation

Ms. Bonnie Wurst, Senior Consultant with GRS Consulting, presented an overview of the PERS actuarial valuation process and July 1, 2023, actuarial valuations of the PERS fund, the Highway Patrolmen's retirement system fund, the Job Service North Dakota retirement system fund, and the Retiree Health Insurance Credit Program (RHIC) fund.

The purpose of the annual actuarial valuation is to determine funding status, develop actuarial contribution rates to compare to statutory rates and provide accounting and other data. Ms. Wurst reviewed the actuarial valuation process, changes in provisions, and actuarial assumptions.

The Main System received \$135 million in August 2023, and will possibly receive future earnings from oil & gas revenue. This funding was received after the valuation date but is incorporated into the projection slides. Other Actuarial Assumptions discussed were: 1) contributions to the Main System will be based on Actuarially Determined Employer Contributions (ADEC) as of July 1, 2024; 2) ADEC is projected to be \$159.5 million a year for 2026; 3) state peace officers transferring to the Public Safety plan decreased the Main System liability and increased the Public Safety System liability; 4) BCI benefit changes increased the liability by \$4.1 million, 5) future de-risking for Main and RHIC may lead to a lower assumed return. Investment return assumptions will continue to be monitored for reasonability, with an experience study happening in 2025.

She outlined several causes of unfunded liability and touched on current funding policy for the Main System, Judges, Highway Patrol, Public Safety, RHIC, and Job Service plans. She shared demographic data for each of the plans. Ms. Wurst shared actuarial results recommendations and projection results.

She concluded the presentation with a discussion of Actuarial Standards of Practice No. 4 and GRS' obligation to advise NDPERS.

Ms. Wurst will present this information to the Legislative Employee Benefits Programs committee at their November 16, 2023, meeting.

Discussion followed.

The Board took a short break from 10:35 A.M. to 10:45 A.M.

MEMBER

Benefit Appeal Case #828

This agenda item was noticed for Executive Session to discuss confidential member information in a Closed Session.

SENATOR VEDAA MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. §44-04-19.2 AND §44-04-19.2(1) AND/OR §54-52-26 TO DISCUSS CONFIDENTIAL RECORDS OR CONFIDENTIAL MEMBER INFORMATION. THE MOTION WAS SECONDED BY MR. BUCK.

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

Nays: None

Absent: None

MOTION PASSED

All members named above, attorneys Dean DePountis and Annique Lockard, NDPERS staff members Rebecca Fricke, Derrick Hohbein, Lindsay Schaf, Shawna Piatz, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:53 A.M. The member was present. The meeting returned to Open Session at 11:24 A.M.

MR. ERICKSON MOVED TO REVERSE THE DENIAL OF THE CLAIM TO ASIFLEX FOR CASE #828. THE MOTION WAS SECONDED BY MR. ADAM MILLER.

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

Nays: None

Absent: None

MR. ERICKSON MOVED TO APPROVE AN ADJUSTMENT IN THE AGENDA AND COVER ITEMS A, B, C, D, E AS INFORMATIONAL UNDER MISCELLANEOUS, ADDRESS ITEM G AS BOARD ACTION, TO HEAR BOTH MEMBER AND TO MOVE THE REMAINING TOPICS TO A SPECIAL MEETING. THE MOTION WAS SECONDED BY MR. BUCK.

Ayes: Representative Stemen, Mr. Morrissette, Senator Dever, Representative Dockter, Mr. Erickson, Mr. Buck, Mr. Adam Miller, Mr. Volk, Senator Vedaa, and Chairperson Kommer

Nays: None

Absent: Ms. Goodhouse

MOTION PASSED

MISCELLANEOUS (continued)

Committee Assignments

Board members were asked to complete a questionnaire of skills and experiences relative to serving on the board to assist in making committee assignments. The topic was informational.

2024 Board Meeting Dates

The memo was provided as informational.

December Board Meeting Discussion

The board discussed possible dates for a Special Meeting to address board action items from this agenda.

Contracts Under \$10,000

Informational.

Ratification of Board Action Items

Informational. Chair Kommer indicated that she would seek advice of counsel to determine if ratification is necessary.

Required Minimum Distribution Change

MR. ERICKSON MOVED TO APPROVE THE SUBMISSION OF LANGUAGE IN A PROPOSED AMENDMENT TO THE EMPLOYEE BENEFITS PROGRAMS COMMITTEE TO BRING N.D.C.C. §454-52-28(2) INTO COMPLIANCE WITH FEDERAL STATUTE REGARDING THE REQUIRED MINIMUM DISTRIBUTION RULES. THE MOTION WAS SECONDED BY MR. VOLK.

Ayes: Representative Stemen, Mr. Morrissette, Senator Dever, Representative Dockter, Mr. Erickson, Mr. Buck, Mr. Adam Miller, Mr. Volk, Senator Vedaa, and Chairperson Kommer

Nays: None

Absent: Ms. Goodhouse

MEMBER (continued)

Retirement Benefit Appeal Case #829

This agenda item was noticed for Executive Session to discuss confidential member information in a Closed Session.

REPRESENTATIVE DOCKTER MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. §44-04-19.2 AND §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, Mr. Morrisette, Senator Dever, Representative Dockter, Mr. Erickson, Mr. Buck, Mr. Adam Miller, Mr. Volk, Senator Vedaa, and Chairperson Kommer

Nays: None

Absent: Ms. Goodhouse

MOTION PASSED

All members named above, attorneys Dean DePountis and Annique Lockard, NDPERS staff members Rebecca Fricke, Derrick Hohbein, MaryJo Anderson, Shawna Platz, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 11:51 A.M. The member was in attendance. The meeting returned to Open Session at 12:08 P.M.

MR. VOLK MOVED TO DENY THE MEMBER'S REQUEST TO WAIVE THE OVERPAYMENT OF RETIREMENT BENEFITS IN THE DEFINED BENEFIT PLAN FOR CASE #829. THE MOTION WAS SECONDED BY MR. MORRISSETTE.

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

Nays: None

Absent: Ms. Goodhouse

REPRESENTATIVE STEMEN MOVED TO ADJOURN THE MEETING TO ALLOW TIME FOR THE CHAIRPERSON TO MEET WITH PERS STAFF TO WORK ON COMMUNICATION ITEMS. THE MOTION WAS SECONDED BY MR. BUCK.

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

Nays: None

Absent: Ms. Goodhouse

The meeting was adjourned at 12:15 P.M.

Prepared by,

Jan Lund
Assistant to the Board