

## **North Dakota State Board of Higher Education** Retirement Plan Oversight Committee

The State Board of Higher Education Retirement Plan Oversight Committee met on November 4, 2024, at 11:00 a.m. CT.

### **Call to Order**

Chair Volk called the meeting to order at 11:00 a.m. CT.

### SBHE Retirement Plan Oversight Committee members

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Mr. Jeffrey Volk, Chair | <input checked="" type="checkbox"/> Ms. Karla Mongeon-Stewart |
| <input checked="" type="checkbox"/> Mr. Kevin Black         | <input checked="" type="checkbox"/> Mr. Mark Genkinger        |
| <input checked="" type="checkbox"/> Ms. Maren Furuseth      | <input type="checkbox"/> Chancellor Mark Hagerott             |
| <input type="checkbox"/> Ms. Brenda Tyre                    | <input checked="" type="checkbox"/> VC David Krebsbach        |
| <input checked="" type="checkbox"/> Ms. Katie Douthit       | <input checked="" type="checkbox"/> Ms. Jane Grinde           |
| <input checked="" type="checkbox"/> Mr. Joseph Camisa       |   |

### System Office/Legal Counsel/HUB Advisors

**NDUS** Mr. Mark Gorenflo, Ms. Caitlin Magilke **Legal Counsel** Attorney John Godsoe, **HUB Advisors** Ms. Angie Mirrione, Mr. Kirk Welch

1. Approval of Agenda
  - a. *Member Black moved, Mr. Camisa seconded, to approve the agenda, as presented.  
Black, Furuseth, Douthit, Camisa, Mongeon-Stewart, Genkinger, Krebsbach, Grinde, and Volk voted yes. Motion passed 9-0.*
2. Investment Review Process
  - a. Ms. Angie Mirrione reviewed HUB's investment review process with committee members.
  - b. Ms. Mirrione shared that HUB created a quarterly monitoring report and a scoring system that is used to present recommendations that can be presented to the Board.
    - i. The scoring system gives each investment option 1-10 points. If an investment scores 7-10 it is acceptable; 5-6 are placed on an internal watchlist; 0-4 may require looking into a replacement or another recommendation.
    - ii. The weightings of the scoring system are as follows: style factors 30% (style analysis, style drift, R-squared); risk/return factors 30% (risk/return, up/down capture analysis, information ratio); peer group rankings 20% (returns peer group ranking, information ratio peer group ranking); qualitative factors 20% (two points may be awarded based on qualitative characteristics of the fund).

- c. Ms. Mirrione shared that when HUB meets with committees, they tend to only discuss the funds that may be on a watch list or under review.
    - i. Mr. John Godsoe asked if HUB's scoring methodology is the scoring standards in Appendix B of the IPS. Ms. Mirrione stated that it is and the Department of Labor likes for HUB to review their scoring methodology from year to year so the weightings of some scores may change or be added requiring Appendix B to be updated.
3. Update from SBHE – Approval of Contract, Fee Levelization, Investment Updates, IPS, Policy 703.3, Committee Charter – Discussion
4. Action:
- a. Review draft changes to [SBHE Policy 703.3 Retirement Plans](#)
    - i. Mr. John Godsoe presented the proposed edits to Policy 703.3. The intent of the edits is to define the role of the State Board of Higher Education, the Retirement Plan Oversight Committee, and the Chancellor.
    - ii. The SBHE is the ultimate fiduciary and is the entity that has the discretionary authority to make changes with regard to the plans. The Retirement Oversight Committee is responsible for the oversight in review and will make recommendations to the SBHE Budget and Finance Committee that then makes recommendations to the full Board. Additionally, the Chancellor was previously named as the administrator; however, the administrator is usually not an individual but a committee or board.
      - 1. *Ms. Jane Grinde moved, Mr. Mark Genkinger seconded, to approve Policy 703.3 as presented. No questions or comments were expressed.*  
*Black, Furuseth, Douthit, Camisa, Mongeon-Stewart, Genkinger, Krebsbach, Grinde, and Volk voted yes. Motion passed 9-0.*
  - b. Review revised [Investment Policy Statement](#)
    - i. Mr. John Godsoe shared that the proposed edits to the IPS are in connection with the revisions to Policy 703.3.
    - ii. Mr. Godsoe shared that the NDUS 403(b) Executive Comp Retirement Plan was added to the list of plans as there are 2 participants still in this plan.
    - iii. Mr. Godsoe shared that further edits and definitions were made to the roles and responsibilities of the SBHE, the Retirement Oversight Committee, and the Budget and Finance Committee.
      - 1. Ms. Karla Mongeon-Stewart asked if in the first paragraph of the Background of the Plans, should the word "intended" be used. Mr. Godsoe stated that is language that is typically used in this type of IPS. Furthermore, Ms. Mongeon-Stewart asked who would be responsible for reviewing the federal laws and regulations to ensure compliance. Mr. Godsoe stated that the SBHE is the administrator and overall any changes to comply with law would be made by that entity. Chair Volk added that HUB is the investment advisor and TIAA is the record keeper and part of their advising is to share when there may be changes to laws or regulations.

- a. *Ms. Jane Grinde moved, Mr. Joseph Camisa seconded, to approve the draft changes to the Investment Policy statement as presented.  
Furuseth, Douthit, Camisa, Mongeon-Stewart, Genkinger, Krebsbach, Grinde, and Volk voted yes. Motion passed 8-0.*
      - c. Review revised [RPOC Charter](#)
        - i. Mr. John Godsoe presented the proposed edits to the RPOC Charter.
        - ii. Mr. Godsoe shared that clarifying definitions were added to align with Policy 703.3 and the IPS.
        - iii. Ms. Jane Grinde shared that the shared document did not have the updated names for the charter and any misspellings will be corrected.
          - 1. *Mr. Joseph Camisa moved, Ms. Jane Grinde seconded, to approve the draft changes to the RPOC charter as presented.  
Furuseth, Douthit, Camisa, Mongeon-Stewart, Genkinger, Krebsbach, Grinde, and Volk voted yes. Motion passed 8-0.*
5. ACTION: QDIA/Target Date Fund/TIAA RetirePlus Pro
  - a. Ms. Angie Mirrione shared that some retirement plans do not allow participants to elect their investment election. QDIA allows HUB to set a default account in the event that a participant does not have an investment on file, the NDUS can still submit contributions and there is a place for the funds to be invested properly.
  - b. Ms. Mirrione discussed the differences in the various target date funds.
  - c. The current selection is Nuveen (TIAA) Lifecycle Target Date Funds that cost between .37% to .45%. The other fund considerations are as follows: Vanguard Target Retirement: Index/Passive (.08%); Nuveen (TIAA) Lifecycle Funds: Index/Passive (.10%); American Funds Target Date: Active (.29% to .39%); Principal LifeTime Hybrid: Blend/Active/Passive (.29%).
  - d. Ms. Mirrione discussed the MyTRACK Models. These models are targeted for retirement age of 65 and they have 3 tracks (conservative, moderate, aggressive) with conservative being the default. Ms. Mirrione further explained the different tracks for participants and the impact on investment allocation.
    - i. Chair Volk asked who specifically would be impacted by a change to the QDIA. Ms. Mirrione shared that it would depend upon how the Retirement Oversight Committee moves forward with the recommendation. If the committee chooses to default all participants and reset to their allocation age, participants can either opt in or out afterwards. The Committee could just decide to set the default for new employees joining the plan.
  - e. Mr. Kirk Welch shared that RetirePlus Pro is fully liquid allowing for maximum flexibility for participants.
    - i. Ms. Karla Mongeon-Stewart asked if under the new plan could participants withdraw within 5 years. Mr. Welch stated that in order to get out of the traditional plan it would take 10 equal payments of existing money (9 years and 1 day) making it more inflexible but under the new contract and new contributions would be eligible for a 5-year payout instead of 10.
      - 1. *Ms. Karla Mongeon Stewart moved, Mr. David Krebsbach seconded, to recommend the NDUS move to the RetirePlus Pro and give all participants the opportunity to rebalance their accounts.*

*Douthit, Camisa, Mongeon-Stewart, Genkinger, Krebsbach, Grinde, and Volk votes yes. Motion passed 7-0.*

6. Proposed Project Timeline of Plan Changes /Secure 2.0 Act Provisions
  - a. Ms. Angie Mirrione presented the Catch-Up Provision. This provision allows participants between the ages of 60 to 63 to contribute 150% of the normal catch-up amounts or \$10,000. The new limit for 2025 would be \$11,250.
    - i. *Mr. David Krebsbach moved, Mr. Mark Genkinger seconded, to recommend the adoption of the Catch-Up Provision. Camisa, Mongeon-Stewart, Genkinger, Krebsbach, Grinde and Volk voted yes. Douthit voted no. Motion passed 6-1.*
  - b. Ms. Mirrione discussed the rule that was drafted under the Secure 2.0 Act which allows participants to self-certify for hardship withdrawals. The 403(b) plan currently does not allow for this. Mr. John Godsoe further explained that under the 457(b) plan, if a participant has an unforeseeable emergency, they can receive a distribution of funds after providing paperwork that supports the distribution.
    - i. Chair Volk asked if there is any type of verification required if participants are self-certifying for emergency withdrawals. Mr. Godsoe stated that there are no IRS regulations regarding this provision and unless there is proof that a participant is making a false claim, there are no other verification processes. Mr. Godsoe further explained that the withdrawal penalties would still apply under this rule.
      1. *Ms. Jane Grinde moved, Mr. Joseph Camisa seconded, to recommend to the SBHE Budget and Finance committee and the SBHE to opt in for employee self-certification for hardship and unforeseeable emergency under the 457(b) NDUS supplemental retirement plan. Camisa, Mongeon-Stewart, Genkinger, Grinde, and Volk voted yes. Krebsbach and Douthit voted no. Motion passed 5-2.*
  - c. Ms. Mirrione discussed the terminated participant force outs for participants that have smaller account balances. Ms. Mirrione shared that it is common in most plans to force participants out when they terminate if they have a small balance, and the Secure 2.0 Act allows up to \$7,000.
    - i. Chair Volk asked if the dollar amount applies to all 3 plans. Ms. Mirrione stated that the amounts in a participant's 401(a), 403(b), and 457 are all individual plans and are not calculated as one.
      1. *Mr. David Krebsbach moved, Ms. Jane Grinde seconded, to recommend raising the force-outs from \$5,000 to \$7,000 with the new contracts. Mongeon-Stewart, Genkinger, Krebsbach, Grinde, and Volk voted yes. Douthit voted no. Motion passed 5-1.*
7. Review and approve proposed [2025 quarterly meeting dates](#)
  - a. Chair Volk approves the approval of the November meeting minutes via email due to the next meeting not occurring until February 2025.

## **Adjourn**

Chair Volk adjourned the meeting at 1:05 p.m. CT.

Minutes approved via electronic vote through Microsoft Forms on November 20-21, 2024.