

NDPERS BOARD MEETING

Agenda

Due to public health considerations, and in accordance with Executive Order 2020-16, a meeting room will not be available to the public.

Conference Call #: 701.328.0950
Conference ID: 455 053 707#

Tuesday, October 27, 2020

Time: 8:30 AM

I. MINUTES

- A. September 8, 2020

II. PRESENTATIONS

- A. (60 minutes) GRS Actuarial Valuation Report
- B. (15 minutes) Annual Investment Performance Update – David Hunter, RIO

III. GROUP INSURANCE

- A. Health Insurance Plan RFP/Contract – Scott (Board Action) *Executive Session
- B. Medicare Part D Plan Contract Amendment – Rebecca (Board Action)
- C. SHP Update – Rebecca (Information)

IV. RETIREMENT

- A. Job Service Plan COLA – MaryJo (Board Action)
- B. 457 Deferred Compensation Provider Update – MaryJo (Information)
- C. Investment Options Update – Bryan (Information)
- D. Investment Consultant RFP Update – Bryan (Board Action) *Executive Session

V. MISCELLANEOUS

- A. Quarterly Consultant Fees – Derrick (Information)
- B. Legislation – Scott (Board Action)
- C. Contracts Under \$10,000 – Scott (Information)
- D. 2021 Board Meeting Schedule – Scott (Information)

VI. MEMBER **Executive Session

- A. Retirement Benefit Appeal Case # 595 – MaryJo (Board Action)
- B. Retirement Benefit Appeal Case # 579 – MaryJo (Board Action)
- C. Hardship Withdrawal Case # 639 – MaryJo (Board Action)

*Executive Session pursuant to N.D.C.C. § 44-04-19.1(9) to discuss negotiating strategy or provide negotiating instructions to its attorney or other negotiator regarding a pending claim, litigation, adversarial administrative proceedings, or contracts, which are currently being negotiated or for which negotiation is reasonably likely to occur in the immediate future. An executive session may be held under this subsection only when an open meeting would have an adverse fiscal effect on the bargaining or litigating position of the public entity. A record revealing negotiation strategy or instruction under this section is exempt.

**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.

Any individual requiring an auxiliary aid or service must contact the NDPERS ADA Coordinator at 328-3900, at least 5 business days before the scheduled meeting.



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Memorandum

TO: NDPERS Board
FROM: Scott Miller
DATE: October 27, 2020
SUBJECT: Actuarial Valuations

Gabriel, Roeder, Smith (GRS) will be at the Board meeting (virtually) to review the results of the 2020 actuarial valuations.

This information will also be presented to the Legislative Employee Benefits Programs Committee during their meeting on October 28th.

Attachment



North Dakota Public Employees Retirement System Presentation of July 1, 2020 Actuarial Valuation Results

October 27, 2020

Bonnie Wurst, ASA, EA, MAAA, FCA
Abra Hill, ASA, MAAA, FCA



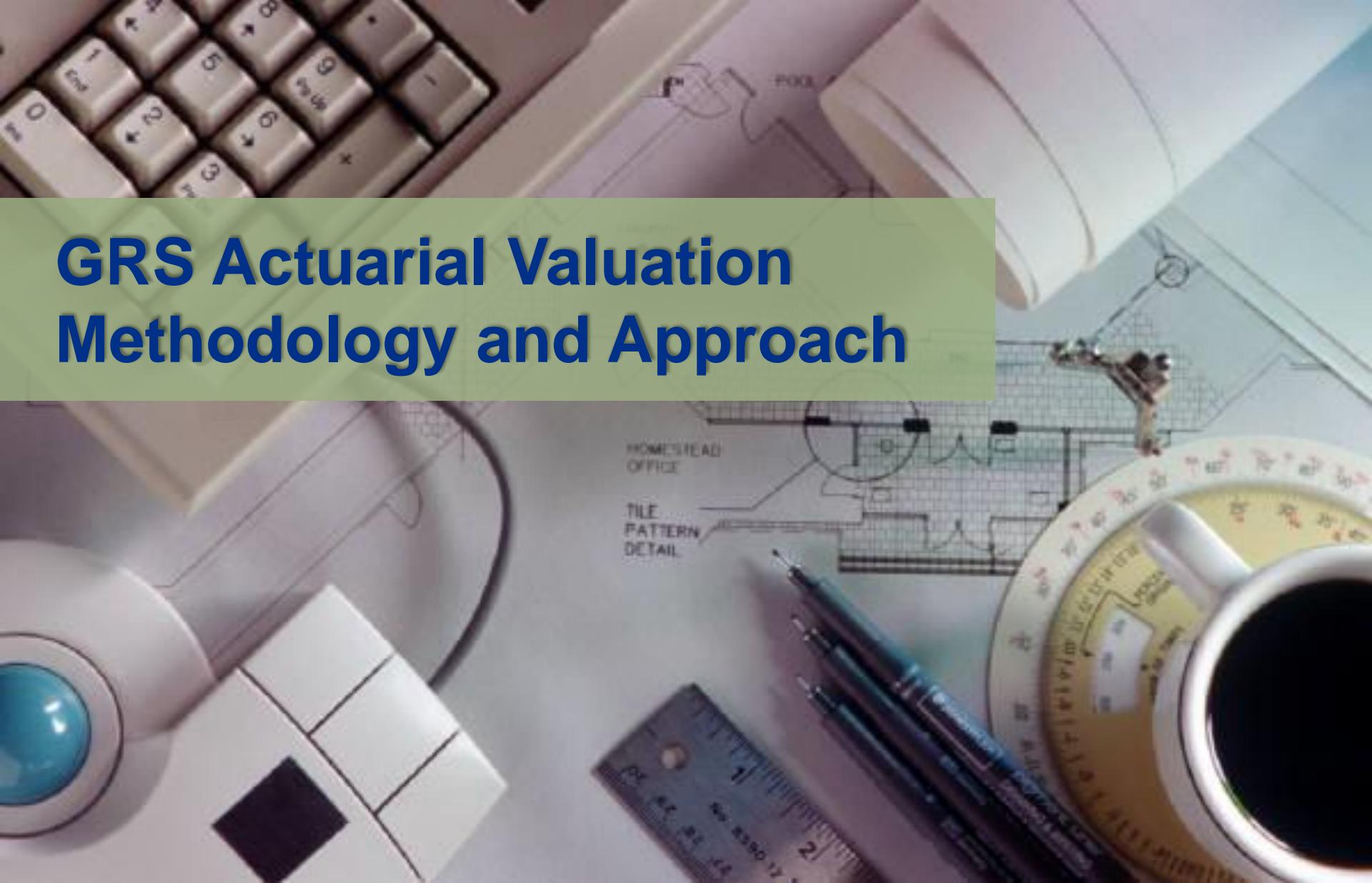
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Agenda

- GRS Actuarial Valuation Methodology and Approach
- Demographic Data
- Funded Ratio Results
- Actuarial Contribution Rate Results
- Reconciliation of Unfunded Liability, Actuarial Contribution Rate and Funded Ratio
- Actuarial Valuation Results Recommendations
- Projections
- Summary of Board Action on Actuarial-Related Issues
- Questions
- Appendix



GRS Actuarial Valuation Methodology and Approach

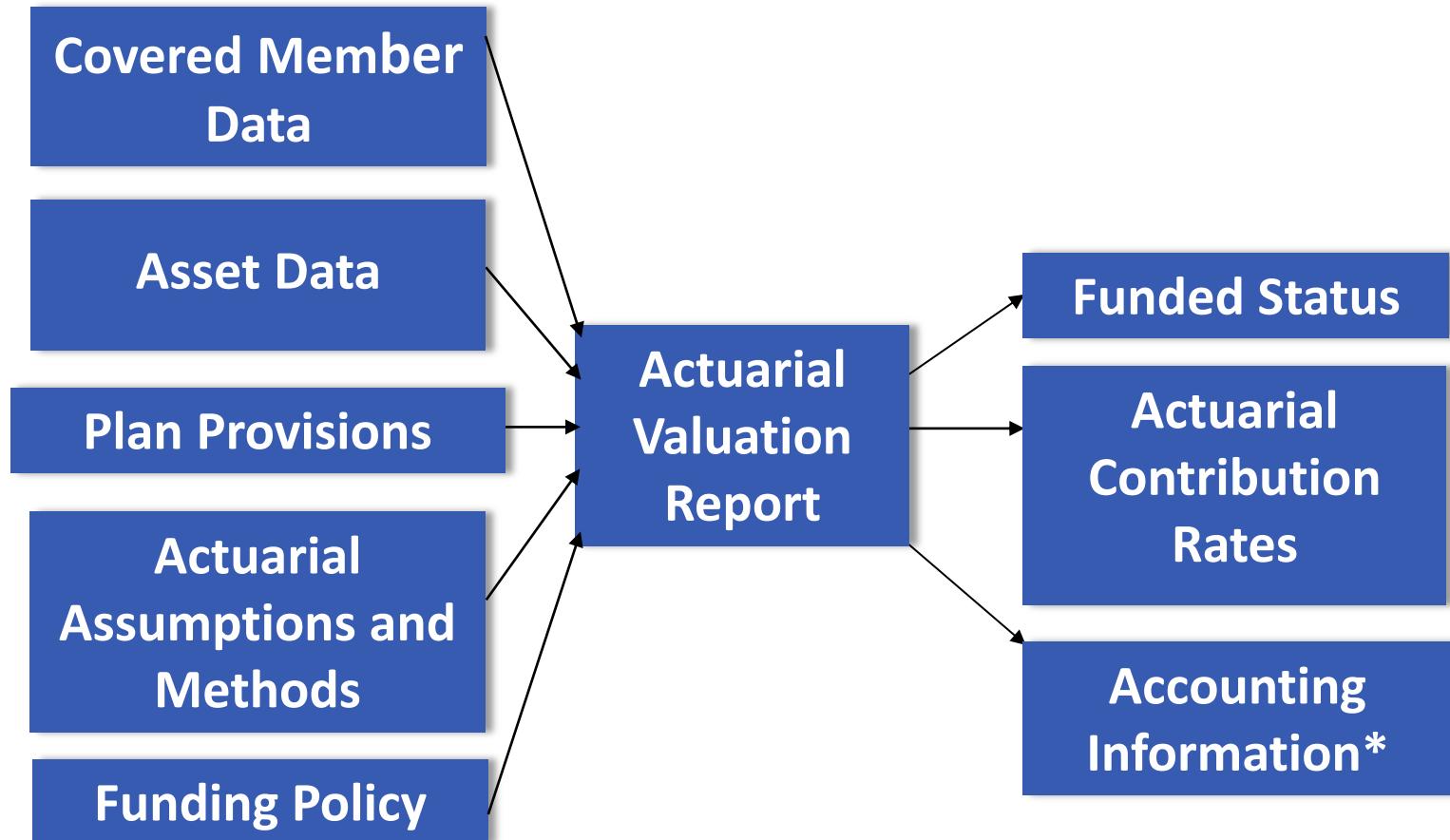


Purpose of Actuarial Valuation

- Determine Funding Status
- Develop Actuarial Contribution Rates and Compare to Statutory Rates
- Provide Accounting and Other Data
 - Under the current accounting standards, a separate accounting actuarial valuation is performed



Actuarial Valuation Process



* Under the current accounting requirements, GASB 67/68 and GASB 74/75, a separate accounting actuarial valuation report is issued.

Changes in Provisions

- The interest rate on member contributions will decrease from 7.00% to 6.50% effective January 1, 2021
- The following provisions continue to apply to new members
 - RHIC is closed to members first enrolled in the Main System and Defined Contribution Retirement System on or after January 1, 2020
 - Employer contribution of 1.14% of pay for RHIC is contributed to the Main System for Main System members and to the DC System for DC System members
 - The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before January 1, 2020)
 - The calculation of Final Average Salary was changed for members who terminate after December 31, 2019
 - Later retirement eligibility conditions for members enrolled in the Main System after December 31, 2015

Selection of Actuarial Assumptions

What	
Economic	Demographic
• Investment Return	• Retirement Rates
• Payroll Growth Rates	• Promotional/Step Pay Increases
• Population Growth Rate	• Disability
(Usually, a constant population size is assumed)	• Turnover • Mortality

Actuarial Assumptions

Actuarial assumptions should be reviewed periodically (at least every three to five years) to ensure they continue to reasonably represent past and expected future experience

- Section 54-52-04.4 of the North Dakota Century Code requires an experience study once every five years
- Earlier this year, GRS performed an experience study covering the period July 1, 2014 through July 1, 2019
- Recommended updated assumptions were adopted by the NDPERS Board in April

Changes in Actuarial Assumptions

- Lower economic assumptions
 - Decrease price inflation from 2.50 to 2.25%
 - Decrease wage growth assumption from 3.75% to 3.50% (from 3.25% to 3.00% for Judges)
 - Decrease investment return assumptions
 - For PERS and Highway Patrol, from 7.50% to 7.00%
 - For RHIC, from 7.25% to 6.50%
 - For Job Service, from 4.75% to 4.25%
 - Lower salary increase assumptions for all plans

Changes in Actuarial Assumptions

- Retirement
 - Lower rates for all plans except Highway Patrol
 - Higher rates for Highway Patrol
- Disability (lower)
- Turnover (higher)
- Mortality
 - For males, proposed rates are higher for ages under 65, and lower for ages 65 and up
 - For females, proposed rates are higher for ages under 65 and over 80, and lower for ages 65 to 80

Changes in Actuarial Assumptions

- Incorporate participation rates for current RHIC active members (current assumption is 100%)
- Incorporate participation rates for retired members eligible but not currently receiving RHIC benefits (current assumption is 100%)
- Include RHIC liabilities for current terminated vested members and use same participation assumptions as those used for active members

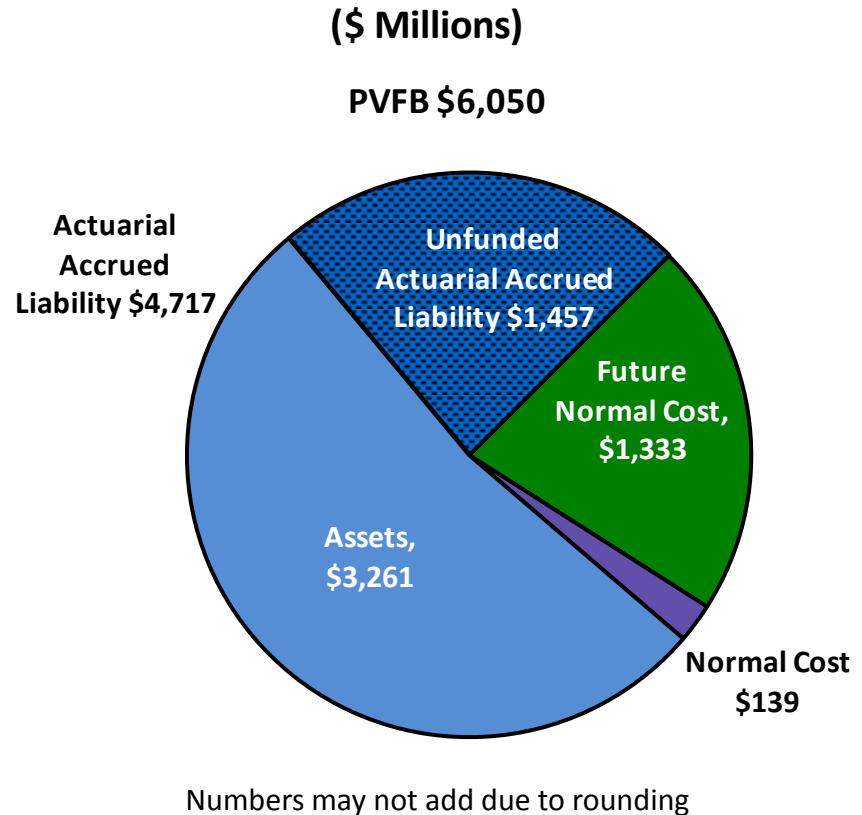
Actuarial Cost Method

Plan	Actuarial Cost Method
Main System	Entry Age Normal
Judges	Entry Age Normal
Public Safety	Entry Age Normal
Highway Patrol	Entry Age Normal
Job Service	Aggregate
RHIC	Modified Aggregate*

*Cost Method changed from Entry Age Normal to a Modified Aggregate method effective with the actuarial valuation as of July 1, 2019 for purposes of calculating the actuarial contribution rate . Entry Age Normal is required to be used for accounting purposes under the Governmental Accounting Standards Board for all Systems.

Actuarial Cost Method

- **Present value of future benefits** – present value of all future benefits (PVFB) payable to current participants (active, retired, terminated vested)
- **Actuarial accrued liability** – portion of PVFB allocated to prior years (equal to unfunded actuarial accrued liability plus assets)
- **Normal cost** – portion of PVFB allocated to current year
- **Future normal costs** – portion of PVFB allocated to future years
- **Unfunded actuarial accrued liability** – difference between the actuarial accrued liability and assets

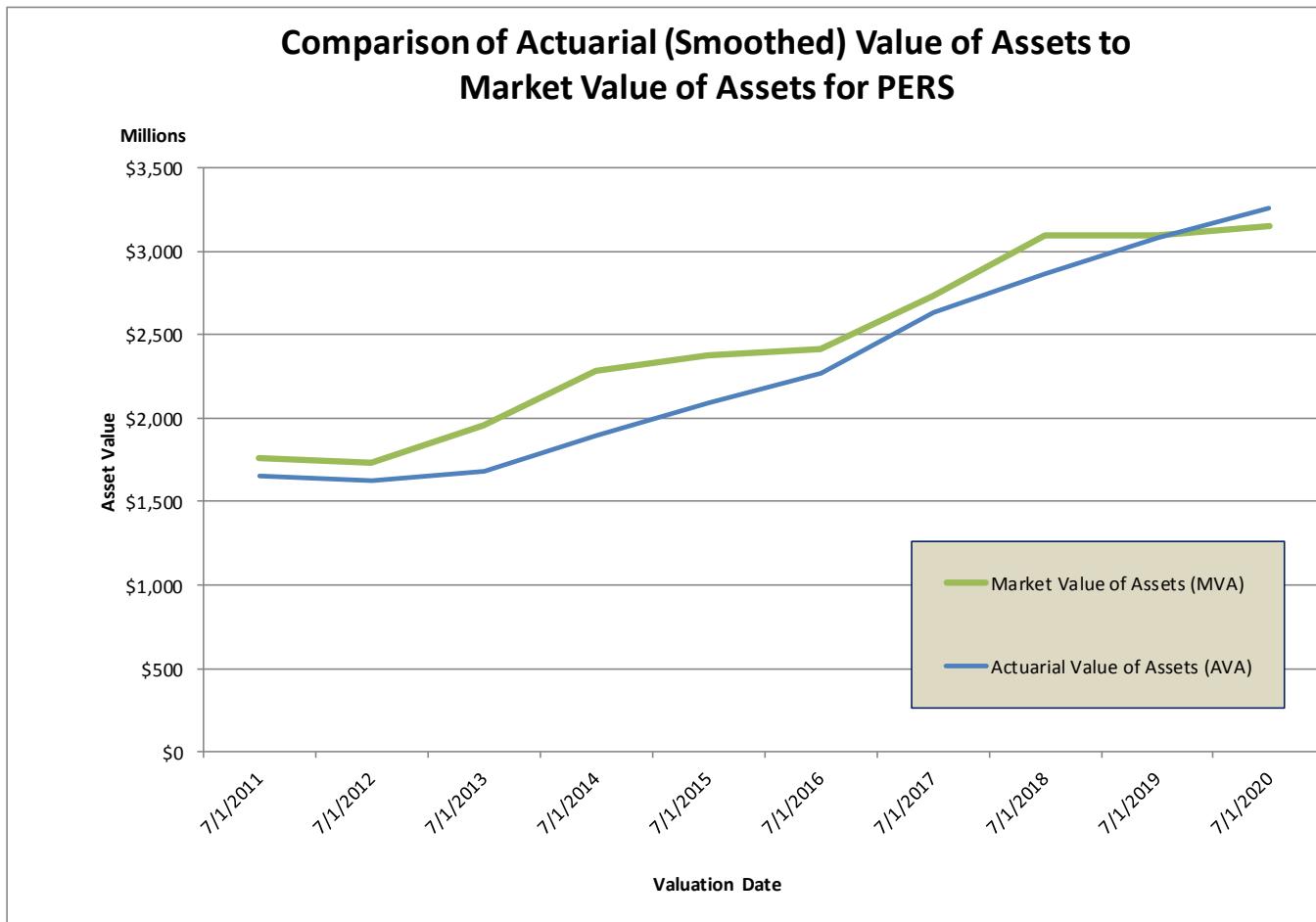


Actuarial Value of Assets

Asset Smoothing

- Actuarial Value of Assets (AVA or Smoothed Value of Assets)
 - Method was changed beginning with the actuarial valuation as of July 1, 2017
 - Net deferred asset gains and losses attributable to fiscal years 2016 and prior were fully recognized as of July 2017
 - Beginning with fiscal year 2017, total investment gains and losses compared to the investment return assumption are recognized over a five-year period

Actuarial Value of Assets



Causes of Unfunded Liability

- Not contributing at least Normal Cost + Interest on the Unfunded Liability.
- Actual experience which is less favorable than assumed. Examples:
 - Lower rates of investment earnings;
 - Higher salary increases;
 - Earlier retirement date(s); and
 - Lower rates of non-death terminations.
- Granting initial benefits or granting benefit increases for service already rendered.

Current Funding Policy

- Employer/employee contribution rates are based on fixed rates set by Statute/Board

Plan	Employer Rate	Employee Rate	Total Rate	Total Actuarial Rate
Main System ^c	7.12%	7.00%	14.12%	19.94%
Judges	17.52%	8.00%	25.52%	16.81%
Public Safety With ^a	9.81%	5.50% ^b	15.31%	14.87%
Public Safety Without ^a	7.93%	5.50%	13.43%	13.22%
Highway Patrol	19.70%	13.30%	33.00%	47.07%
RHIC ^c	1.14%	0.00%	1.14%	1.11%
Job Service	0.00%	7.00%	7.00%	NA

^a Public Safety with and without prior Main System service.

^b Employee rate for BCI members of Public Safety with prior Main System service is 6.00%.

^c RHIC rate for members first enrolled on or after January 1, 2020 is made to the Main System for Main System members and to the DC System for DC System members.

Current Funding Policy – Excluding RHIC

- Actuarial employer contribution rate equals
 - Employer Normal Cost, plus
 - Amortization of Unfunded Liability
 - Level percent of pay amortization
 - Payment increases as a dollar amount and remains level as a percentage of pay
 - Payroll is assumed to increase by 3.50% each year (3.00% for Judges)
 - Amortization Period
 - 20-year open period (Main System, Judges, Public Safety, Highway Patrol)
 - Not currently applicable for Job Service due to large surplus and Aggregate cost method

Current Funding Policy – RHIC

- First effective with the actuarial valuation as of July 1, 2019
 - The Board adopted a change in the method used to calculate the actuarial rate to a modified version of the Aggregate Actuarial Cost Method
 - New method is more consistent with projected contributions to a mostly closed plan
- Actuarial employer contribution rate equals
 - The rate needed to pay off the unfunded liability and future Normal Cost contributions at the end of 20 years as a level percent of closed group (decreasing) payroll



Demographic Data

Demographic Data

PERS Plans

	PERS						
	Statistics as of July 1						
	Main System	Judges	Public Safety		Total PERS	2019 Total PERS	Total % Change
Membership Counts							
Active Members	23,487	57	745	200	24,489	23,754	3.1%
Retired Members	12,748	60	125	12	12,945	12,300	5.2%
Vested Former Members	13,383	1	336	123	13,843	13,267	4.3%
Total	49,618	118	1,206	335	51,277	49,321	4.0%
Average Age (Active)	46.3	56.4	36.4	37.6	45.9	46.1	(0.2)
Average Ben Service (Active)	9.5	9.5	6.1	4.2	9.3	9.5	(0.2)
Total Base Payroll	\$1,103,120,694	\$8,438,678	\$45,383,846	\$10,824,717	\$1,167,767,935	\$1,098,416,146	6.3%
Average Pay	46,967	148,047	60,918	54,124	47,685	46,241	3.1%
Total Retiree Benefits	\$201,061,227	\$3,343,965	\$2,593,195	\$125,358	\$207,123,745	\$190,519,241	8.7%
Average Annual Benefit	15,772	55,733	20,746	10,447	16,000	15,489	3.3%

Demographic Data

Highway Patrol, Job Service, RHIC

	Highway Patrol			Job Service			RHIC			% Change
	Statistics as of July 1		%	Statistics as of July 1		%	Statistics as of July 1		%	
	2020	2019		2020	2019		2020	2019		
Membership Counts										
Active Members	154	144	6.9%	5	7	-28.6%	23,495	23,997	-2.1%	
Retired Members	133	136	-2.2%	181	185	-2.2%	13,092	12,471	5.0%	
Vested Former Members	43	42	2.4%	1	1	0.0%	6,734	-		
Total	330	322	2.5%	187	193	-3.1%	43,321	36,468	18.8%	
Average Age (Active)	37.7	37.8	(0.1)	65.1	64.1	1.0	46.3	46.0	0.3	
Average Ben Service (Active)	10.7	11.2	(0.5)	44.2	43.0	1.2	9.8	9.5	0.3	
Total Base Payroll	\$11,409,711	\$10,354,210	10.2%	\$314,607	\$416,552	-24.5%	\$1,139,970,530	\$1,115,857,588	2.2%	
Average Pay	74,089	71,904	3.0%	62,921	59,507	5.7%	48,520	46,500	4.3%	
Total Retiree Benefits	\$5,628,248	\$5,454,919	3.2%	\$4,520,868	\$4,578,391	-1.3%	\$13,894,346	\$14,636,639	-5.1%	
Average Annual Benefit	42,318	40,110	5.5%	24,977	24,748	0.9%	1,061	1,174	-9.6%	

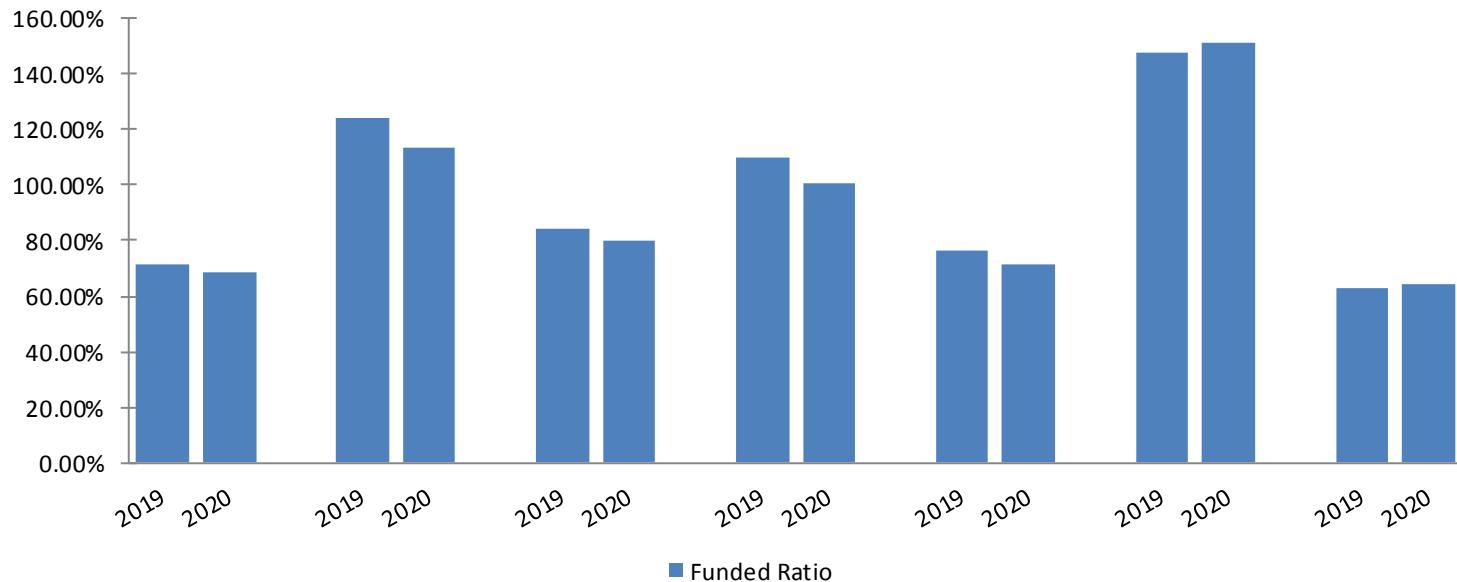
Retiree benefit amounts for Job Service exclude the portion of the total benefit amount paid by the insurer.

Funded Ratio Results



Funded Ratio Results

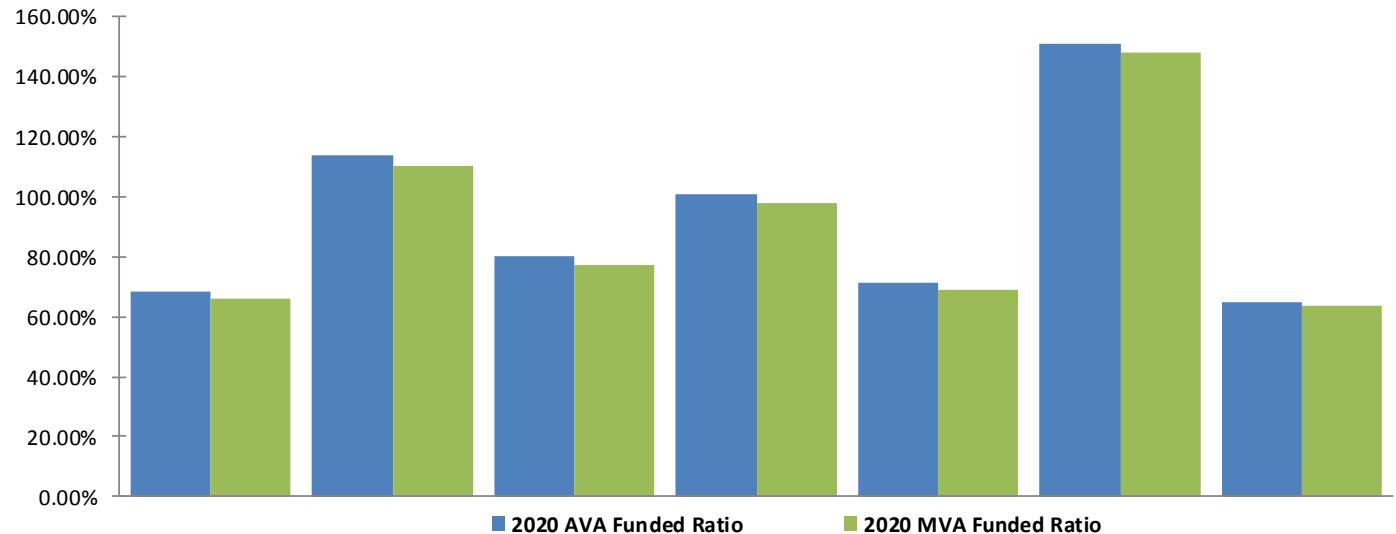
All Plans – Actuarial Value of Assets



<u>Valuation Results</u>	Main System	Judges	Public Safety		Highway Patrol	Job Service	RHIC
			With Prior Main	Without Prior Main			
Actuarial Accrued Liability	\$ 4,557,679,020	\$ 51,150,968	\$ 95,981,010	\$ 12,596,499	\$ 119,283,896	\$ 64,214,395	\$ 229,740,674
Actuarial Value of Assets	3,112,920,033	58,168,317	76,782,064	12,712,402	84,875,194	96,954,336	148,513,691
2020 Unfunded Actuarial Liability	1,444,758,987	(7,017,349)	19,198,946	(115,903)	34,408,702	(32,739,941)	81,226,983
UAL as Percent of Payroll	131%	-83%	42%	-1%	302%	-10407%	7%
2019 Unfunded Actuarial Liability	\$ 1,186,285,938	\$ (10,630,281)	\$ 12,688,303	\$ (885,903)	\$ 25,412,734	\$ (31,508,776)	\$ 80,229,255
2020 Funded Ratio	68.3%	113.7%	80.0%	100.9%	71.2%	151.0%	64.6%
2019 Funded Ratio	71.3%	123.9%	84.0%	109.8%	76.1%	147.5%	63.2%

Funded Ratio Results

All Plans – Actuarial/Market Value



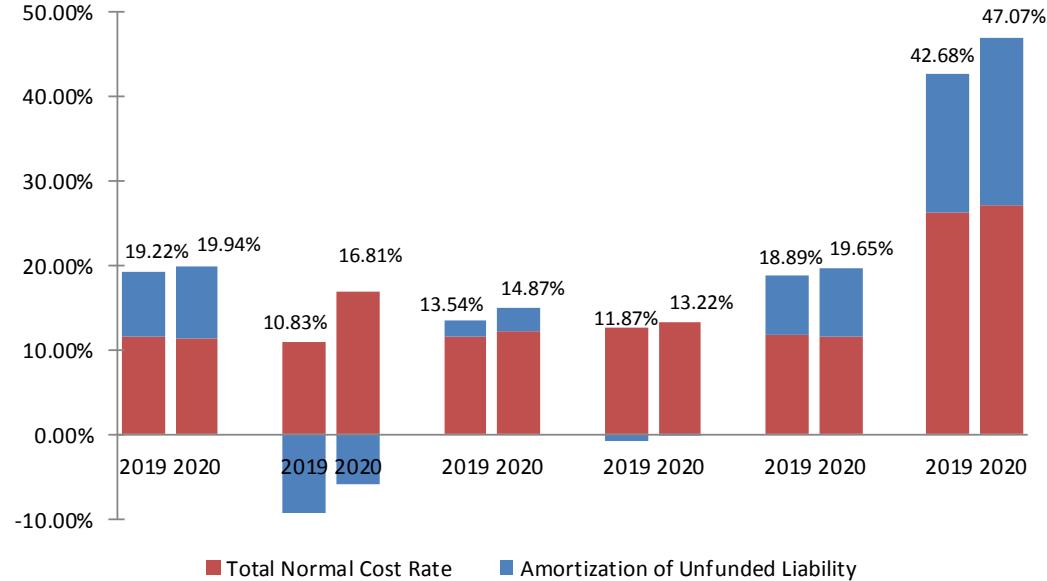
Valuation Results	Main System	Judges	Public Safety		Highway Patrol	Job Service	RHIC
			With Prior Main	Without Prior Main			
2020 Unfunded Actuarial Liability (AVA)	\$ 1,444,758,987	\$ (7,017,349)	\$ 19,198,946	\$ (115,903)	\$ 34,408,702	\$ (32,739,941)	\$ 81,226,983
2019 Unfunded Actuarial Liability (AVA)	1,186,285,938	(10,630,281)	12,688,303	(885,903)	25,412,734	(31,508,776)	80,229,255
2020 Unfunded Actuarial Liability (MVA)	1,546,179,726	(5,122,192)	21,700,550	298,274	37,099,433	(31,036,242)	84,119,757
2019 Unfunded Actuarial Liability (MVA)	1,172,072,359	(10,896,194)	12,366,384	(933,665)	24,899,511	(30,903,602)	80,318,738
2020 Funded Ratio (AVA)	68.3%	113.7%	80.0%	100.9%	71.2%	151.0%	64.6%
2019 Funded Ratio (AVA)	71.3%	123.9%	84.0%	109.8%	76.1%	147.5%	63.2%
2020 Funded Ratio (MVA)	66.1%	110.0%	77.4%	97.6%	68.9%	148.3%	63.4%
2019 Funded Ratio (MVA)	71.7%	124.5%	84.4%	110.3%	76.6%	146.6%	63.1%

Contribution Rate Results



Contribution Rate Results

Actuarial Contribution Rate (including employee rate)



Total Normal Cost Rates

FY 2021 (2020 Valuation)

FY 2020 (2019 Valuation)

Amortization of Unfunded Liability Rates

FY 2021 (2020 Valuation)

FY 2020 (2019 Valuation)

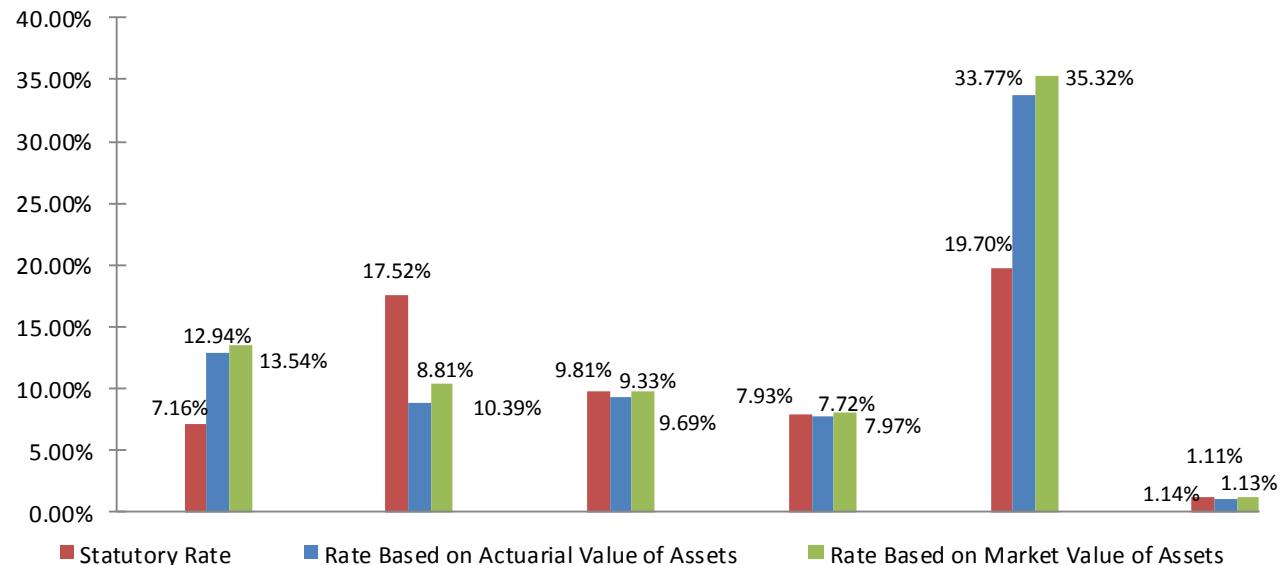
	Public Safety					
	Main System	Judges	With Prior Main	Without Prior Main	Total PERS	Highway Patrol
FY 2021 (2020 Valuation)	11.33%	22.66%	12.15%	13.29%	11.46%	27.24%
FY 2020 (2019 Valuation)	11.64%	20.10%	11.65%	12.67%	11.71%	26.37%
FY 2021 (2020 Valuation)	8.61%	-5.85%	2.72%	-0.07%	8.19%	19.83%
FY 2020 (2019 Valuation)	7.58%	-9.27%	1.89%	-0.80%	7.18%	16.31%

Amount shown in graph for Judges and Public Safety without Prior Main is the total normal cost rate net of the unfunded liability contribution.

RHIC normal cost rate for FY 2020 is 0.38% and for FY 2021 is 0.39% and the amortization of the unfunded liability rate for FY 2020 is 0.64% and for FY 2021 is 0.72% of pay.

Contribution Rate Results

Comparison of Statutory and Actuarial Contribution Rates



Valuation Results	Main System	Judges	Public Safety		Highway Patrol	RHIC
			With Prior Main	Without Prior Main		
Statutory Contribution Rate	14.16%	25.52%	15.35%	13.43%	33.00%	1.14%
Actuarial Contribution Rate (AVA)	19.94%	16.81%	14.87%	13.22%	47.07%	1.11%
Statutory Rate Excess/(Deficiency)	-5.78%	8.71%	0.48%	0.21%	-14.07%	0.03%
Actuarial Contribution Rate (MVA)	20.54%	18.39%	15.23%	13.47%	48.62%	1.13%
Statutory Rate Excess/(Deficiency)	-6.38%	7.13%	0.12%	-0.04%	-15.62%	0.01%

Due to the overfunded status of Job Service, no employer contributions are required.

Main System Members hired on or after 1/1/2020 contribute an additional 1.14% of pay.





Reconciliation of Unfunded Liability, Actuarial Contribution Rate and Funded Ratio

Investment Return Experience

System	Estimated Rates of Investment Return					
	Market Value			Actuarial Value		
	2018	2019	2020	2018	2019	2020
Main System	9.15%	5.41%	3.29%	9.22%	8.64%	7.26%
Judges	9.15%	5.41%	3.29%	9.22%	8.64%	7.26%
Public Safety with Prior*	9.15%	5.41%	3.29%	9.22%	8.64%	7.26%
Public Safety without Prior*	9.15%	5.41%	3.29%	9.22%	8.64%	7.26%
Highway Patrol	9.23%	5.45%	3.31%	9.28%	8.72%	7.34%
Job Service	3.07%	6.68%	2.76%	4.83%	4.18%	3.89%
RHIC	6.92%	6.36%	5.00%	8.22%	7.85%	7.02%

- Public Safety with prior Main System service and Public Safety without prior Main System service.

Investment Return Assumption Changes:

From 8.00% to 7.75% as of July 1, 2017, from 7.75% to 7.50% as of July 1, 2019, and from 7.50% to 7.00% as of July 1, 2020 for PERS and Highway Patrol.
 From 8.00% to 7.50% as of July 1, 2017, from 7.50% to 7.25% as of July 1, 2019, and from 7.25% to 6.50% as of July 1, 2020 for RHIC.
 From 8.00% to 7.50% as of July 1, 2017, from 5.70% to 4.75% as of July 1, 2018, and from 4.75% to 4.25% as of July 1, 2020 for Job Service.

FY 2020 Experience

System	Assets (AVA)	Salary^	Other (Demographic)	Statutory Contributions	Assumption Changes	Difference in Funded Ratio	Difference in Actuarial Contribution Rate
Main System	Loss	Gain	Loss	Loss	Increase UAL	-3.0%	0.72%
Judges	Loss	Gain	Loss	Gain	Increase UAL	-10.2%	5.98%
Public Safety with Prior*	Loss	Gain	Loss	Gain	Increase UAL	-4.0%	1.33%
Public Safety without Prior'	Gain	Loss	Loss	Gain	Increase UAL	-8.9%	1.35%
Highway Patrol	Loss	Loss	Loss	Loss	Increase UAL	-4.9%	4.39%
Job Service	Loss	Gain	Gain	NA	Increase UAL	3.5%	NA
RHIC	Loss	NA	Gain	Gain	Increase UAL	1.4%	0.09%

[^]Plans had salary gains which reduced the unfunded liability. Lower than expected salary increases reduce the payroll base (in addition to decreases in the number of total active members) which increases the actuarial contribution rate.

Unfunded Liability Reconciliation

Based on Actuarial Value of Assets – All Plans

	Main System	Judges	Public Safety		Highway Patrol	Job Service	RHIC
			With Prior*	Without Prior*			
Unfunded liability at previous valuation	\$ 1,186,285,938	\$ (10,630,281)	\$ 12,688,303	\$ (885,903)	\$ 25,412,734	\$ (31,508,776)	\$ 80,229,255
Expected unfunded liability at current valuation							
Normal cost for plan year	129,473,757	1,706,451	5,560,663	993,265	2,922,137	-	4,490,132
Interest on unfunded liability and normal cost	93,738,937	(734,436)	1,156,378	(29,869)	2,013,554	(1,496,667)	5,976,540
Contributions using actuarial rate with interest	<u>221,738,958</u>	<u>953,337</u>	<u>6,701,278</u>	<u>964,497</u>	<u>4,904,121</u>	<u>14,358</u>	<u>12,577,894</u>
Total expected change in unfunded liability	1,473,736	18,678	15,763	(1,101)	31,570	(1,511,025)	(2,111,222)
Total expected unfunded liability at current valuation	1,187,759,674	(10,611,603)	12,704,066	(887,004)	25,444,304	(33,019,801)	78,118,033
Change due to:							
Amount of contributions and expenses**	60,291,698	(1,373,046)	(882,921)	(674,726)	1,124,533	(11,359)	(1,302,417)
Recognition of asset (gains)/losses	7,167,964	118,423	75,637	(8,971)	126,443	818,943	310,841
Salary experience	(33,322,980)	(384,943)	(918,343)	334,352	10,198	(154,303)	-
Demographic and other experience	38,720,034	1,030,737	315,160	205,489	506,074	(965,719)	(271,603)
Change in actuarial assumptions	184,142,598	4,203,083	7,905,347	914,957	7,197,150	592,298	4,372,129
Changes in plan provisions	-	-	-	-	-	-	-
Total change	256,999,314	3,594,254	6,494,880	771,101	8,964,398	279,860	3,108,950
Unfunded liability at current valuation	\$ 1,444,758,988	\$ (7,017,349)	\$ 19,198,946	\$ (115,903)	\$ 34,408,702	\$ (32,739,941)	\$ 81,226,983

* Public Safety with prior Main System service and Public Safety without prior Main System service.

** Change due to difference between actual contributions based on statutory rate and contributions using actuarial rate.

Funded Ratio Reconciliation

Based on Actuarial Value of Assets – All Plans

	Main System	Judges	Public Safety				RHIC
			With Prior*	Without Prior*	Highway Patrol	Job Service	
July 1, 2019 Funded Ratio (AVA)	71.3%	123.9%	84.0%	109.8%	76.1%	147.5%	63.2%
Expected July 1, 2020 Funded Ratio (AVA)	72.8%	122.9%	85.6%	108.4%	77.2%	151.0%	65.3%
Change due to:							
Amount of contributions and expenses**	-1.4%	3.0%	1.0%	6.4%	-1.0%	0.0%	0.6%
Recognition of asset (gains)/losses	-0.2%	-0.3%	-0.1%	0.1%	-0.1%	-1.3%	-0.1%
Salary experience	0.5%	1.1%	0.9%	-3.1%	0.0%	0.4%	0.0%
Demographic and other experience	-0.6%	-2.8%	-0.2%	-3.0%	-0.3%	2.3%	0.2%
Change in actuarial assumptions	-2.9%	-10.2%	-7.2%	-7.9%	-4.6%	-1.4%	-1.3%
Changes in plan provisions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total change	-4.5%	-9.2%	-5.6%	-7.5%	-6.0%	0.0%	-0.7%
July 1, 2020 Funded Ratio (AVA)	68.3%	113.7%	80.0%	100.9%	71.2%	151.0%	64.6%

* Public Safety with prior Main System service and Public Safety without prior Main System service.

** Expected funded ratio is based on contributions using the actuarial rate. The change due to amount and timing of contributions is based on the statutory contributions that were made compared to the actuarial contributions.

Numbers may not add due to rounding.

Actuarial Contribution Rate Reconciliation

Based on Actuarial Value of Assets – All Plans

	Main System	Judges	Public Safety		Highway Patrol	RHIC
			With Prior*	Without Prior*		
FY 2020 Actuarial Employer Contribution	12.22%	2.83%	8.00%	6.37%	29.38%	1.02%
Expected FY 2021 Employer Contribution	11.95%	3.14%	7.93%	6.40%	28.81%	1.02%
Expected FY 2021 Employer Contribution with New Pay Base	11.78%	3.05%	7.90%	6.44%	27.82%	1.01%
Change due to:						
Amount of contributions and expenses**	0.37%	-1.16%	-0.11%	-0.37%	0.67%	-0.01%
Recognition of asset (gains)/losses	0.05%	0.10%	0.01%	-0.01%	0.08%	0.00%
Salary experience	-0.20%	-0.32%	-0.13%	0.19%	0.01%	0.00%
Demographic and other experience	0.23%	0.87%	0.05%	0.14%	0.29%	0.00%
Change in actuarial assumptions	0.71%	6.27%	1.61%	1.32%	4.90%	0.11%
Changes in plan provisions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total change	1.16%	5.76%	1.43%	1.28%	5.95%	0.10%
FY 2021 Actuarial Employer Contribution	12.94%	8.81%	9.33%	7.72%	33.77%	1.11%

Excludes Job Service due to Job Service being in a surplus position with no required contributions.

* Public Safety with prior Main System service and Public Safety without prior Main System service.

** Expected actuarial contribution rate is based on contributions using the actuarial rate. The change due to amount and timing of contributions is based on the statutory contributions that were made compared to the actuarial contributions.

Numbers may not add due to rounding.

Summary of Change in Results

All Plans

	Main System	Judges	Public Safety		Highway Patrol	Job Service	RHIC		
	Unfunded Liability								
<u>Based on Actuarial Value of Assets (AVA)</u>									
Unfunded liability at previous valuation	\$ 1,186,285,938	\$ (10,630,281)	\$ 12,688,303	\$ (885,903)	\$ 25,412,734	\$ (31,508,776)	\$ 80,229,255		
Unfunded liability at current valuation	1,444,758,988	(7,017,349)	19,198,946	(115,903)	34,408,702	(32,739,941)	81,226,983		
Change	258,473,050	3,612,932	6,510,643	770,000	8,995,968	(1,231,165)	997,728		
<u>Based on Market Value of Assets (MVA)</u>									
Unfunded liability at previous valuation	\$ 1,172,072,359	\$ (10,896,194)	\$ 12,366,384	\$ (933,665)	\$ 24,899,511	\$ (30,903,602)	\$ 80,318,738		
Unfunded liability at current valuation	1,546,179,726	(5,122,192)	21,700,550	298,274	37,099,433	(31,036,242)	84,119,757		
Change	374,107,367	5,774,002	9,334,166	1,231,939	12,199,922	(132,640)	3,801,019		
<u>Actuarial Employer Contribution Rate</u>									
Based on Actuarial Value of Assets (AVA)									
FY 2020 Actuarial Employer Contribution	12.22%	2.83%	8.00%	6.37%	29.38%	NA	1.02%		
FY 2021 Actuarial Employer Contribution	12.94%	8.81%	9.33%	7.72%	33.77%	NA	1.11%		
Difference in Actuarial Contribution Rate	0.72%	5.98%	1.33%	1.35%	4.39%	NA	0.09%		
Based on Market Value of Assets (MVA)									
FY 2020 Actuarial Employer Contribution	12.13%	2.60%	7.95%	6.32%	29.05%	NA	1.02%		
FY 2021 Actuarial Employer Contribution	13.54%	10.39%	9.69%	7.97%	35.32%	NA	1.13%		
Difference in Actuarial Contribution Rate	1.41%	7.79%	1.74%	1.65%	6.27%	NA	0.12%		
<u>Funded Ratio</u>									
Based on Actuarial Value of Assets (AVA)									
2019 Funded Ratio	71.3%	123.9%	84.0%	109.8%	76.1%	147.5%	63.2%		
2020 Funded Ratio	68.3%	113.7%	80.0%	100.9%	71.2%	151.0%	64.6%		
Difference in Funded Ratio	-3.0%	-10.2%	-4.0%	-8.9%	-4.9%	3.5%	1.4%		
Based on Market Value of Assets (MVA)									
2019 Funded Ratio	71.7%	124.5%	84.4%	110.3%	76.6%	146.6%	63.1%		
2020 Funded Ratio	66.1%	110.0%	77.4%	97.6%	68.9%	148.3%	63.4%		
Difference in Funded Ratio	-5.6%	-14.4%	-7.1%	-12.7%	-7.7%	1.7%	0.3%		

Job Service is in a surplus position with no required contributions.

**Public Safety with prior Main System service and Public Safety without prior Main System service.*

Numbers may not add due to rounding



Summary of Key Actuarial Valuation Results

All Plans

	Main System	Judges	Public Safety		Highway Patrol	Job Service	RHIC
			With Prior*	Without Prior*			
Membership Information							
Active Members	23,487	57	745	200	154	5	23,495
Retired Members	12,748	60	125	12	133	181	13,092
Vested Former Members	13,383	1	336	123	43	1	6,734
Total Members	49,618	118	1,206	335	330	187	43,321
Total Base Payroll	\$1,103,120,694	\$8,438,678	\$45,383,846	\$10,824,717	\$11,409,711	\$314,607	\$1,139,970,530
Employee Contribution Rate	7.00%	8.00%	5.54%	5.50%	13.30%	7.00%	0.00%
Statutory Employer Contribution Rate	7.16%	17.52%	9.81%	7.93%	19.70%	NA	1.14%
Actuarial Valuation Results (AVA)							
Based on Actuarial Value of Assets							
Actuarial Accrued Liability (AAL)	\$4,557,679,020	\$51,150,968	\$95,981,010	\$12,596,499	\$119,283,896	\$64,214,395	\$229,740,674
Actuarial Value of Assets	3,112,920,033	58,168,317	76,782,064	12,712,402	84,875,194	96,954,336	148,513,691
Unfunded Actuarial Liability	1,444,758,987	(7,017,349)	19,198,946	(115,903)	34,408,702	(32,739,941)	81,226,983
Funded Ratio	68.3%	113.7%	80.0%	100.9%	71.2%	151.0%	64.6%
FY 2019 Estimated Investment Return (AVA)	7.26%	7.26%	7.26%	7.26%	7.34%	3.89%	7.02%
Employer Normal Cost Rate	4.33%	14.66%	6.61%	7.79%	13.94%	NA	0.39%
Actuarial Employer Contribution Rate	12.94%	8.81%	9.33%	7.72%	33.77%	NA	1.11%
Amortization Period from Statutory Rate (Years)	100+	None	15.9	None	100+	NA	18
Statutory Contribution Deficit/(Surplus)	5.78%	-8.71%	-0.48%	-0.21%	14.07%	NA	-0.03%
Actuarial Valuation Results (MVA)							
Based on Market Value of Assets							
Market Value of Assets	\$3,011,499,294	\$56,273,160	\$74,280,460	\$12,298,225	\$82,184,463	\$95,250,637	\$145,620,917
Unfunded Actuarial Liability	1,546,179,726	(5,122,192)	21,700,550	298,274	37,099,433	(31,036,242)	84,119,757
Funded Ratio	66.1%	110.0%	77.4%	97.6%	68.9%	148.3%	63.4%
FY 2019 Estimated Investment Return (MVA)	3.29%	3.29%	3.29%	3.29%	3.31%	2.76%	5.00%
Actuarial Employer Contribution Rate	13.54%	10.39%	9.69%	7.97%	35.32%	NA	1.13%
Amortization Period from Statutory Rate (Years)	100+	None	18.9	None	100+	NA	19
Statutory Contribution Deficit/(Surplus)	6.38%	-7.13%	-0.12%	0.04%	15.62%	NA	-0.01%

Job Service is in a surplus position with no required contributions. AAL shown for Job Service is equal to the Present Value of Future Benefits.

**Public Safety with prior Main System service and Public Safety without prior Main System service.*

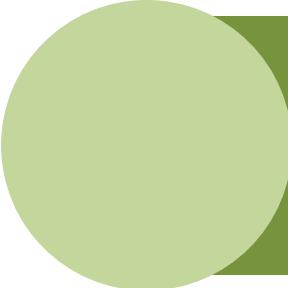




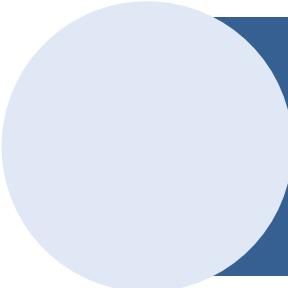
Actuarial Valuation Results Recommendations

Actuarial Valuation Results

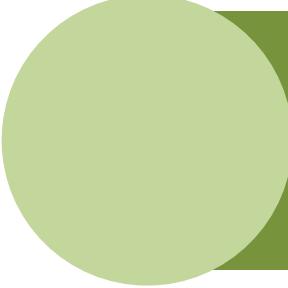
Recommendations



The statutory employer contribution rates are significantly lower than the actuarial employer contribution rates for the Main System and Highway Patrol, and are not expected to ever amortize the unfunded liabilities



The statutory employer contribution rate is significantly higher than the actuarial employer contribution rate for the Judges plan and the funded ratio is currently over 113%



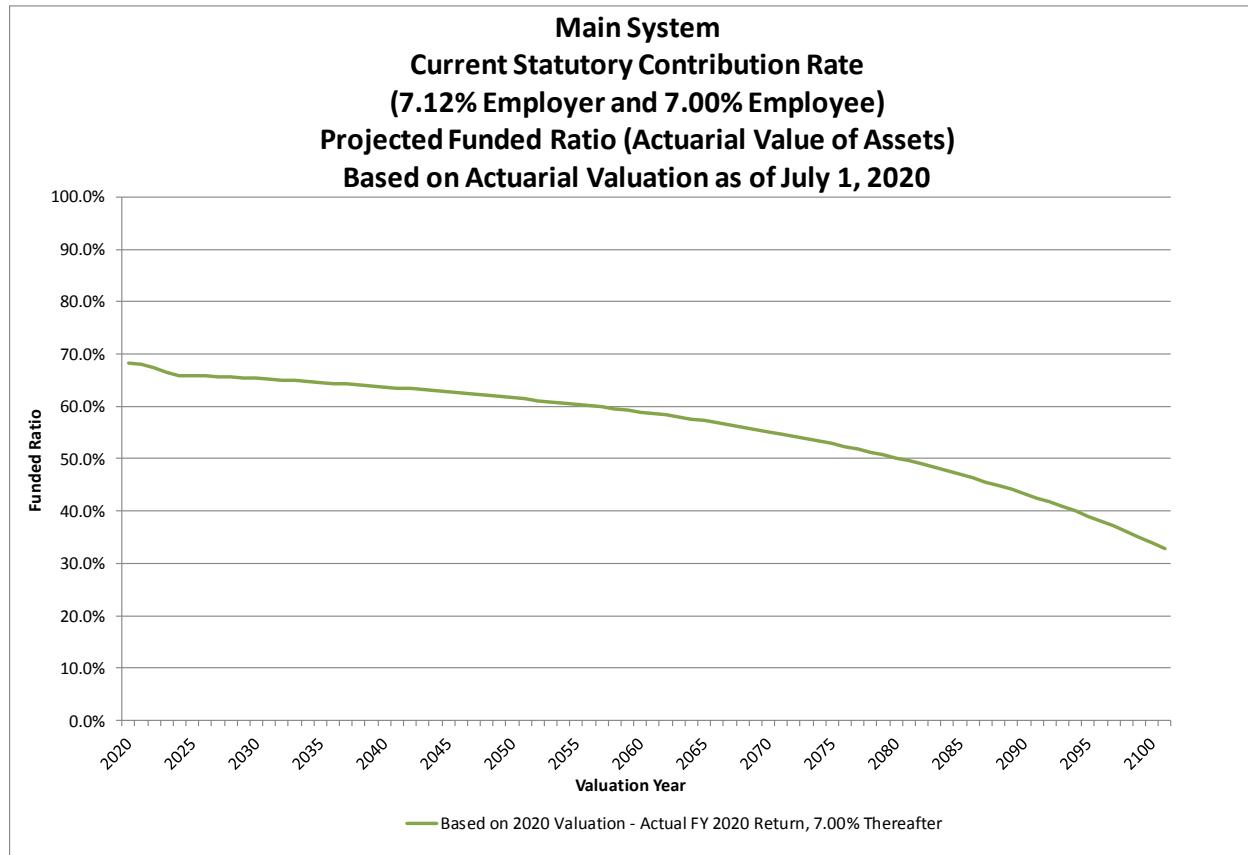
Changes to the statutory contribution rates may be appropriate

Projections



Actuarial Projections

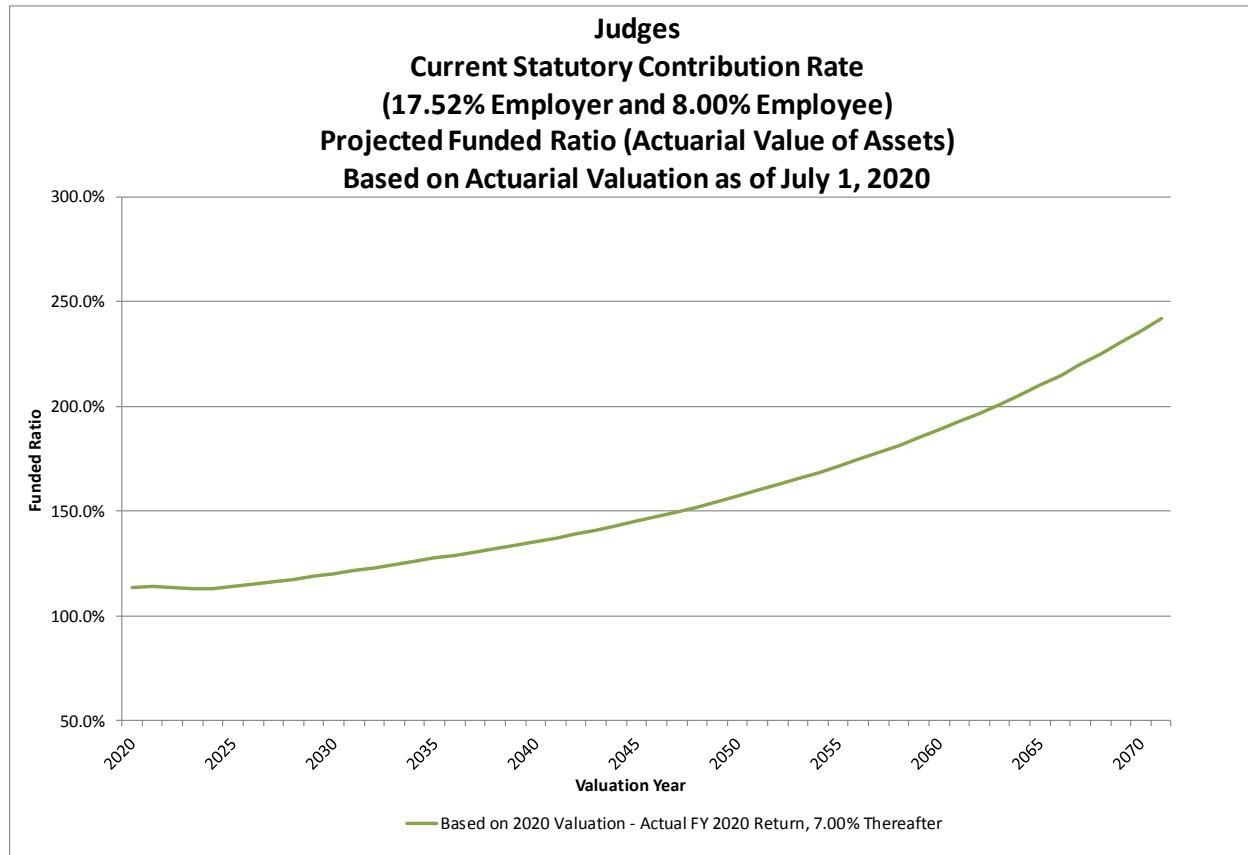
PERS – Main System



*Employer contributions include an additional 1.14% of pay for members first enrolled on or after January 1, 2020.

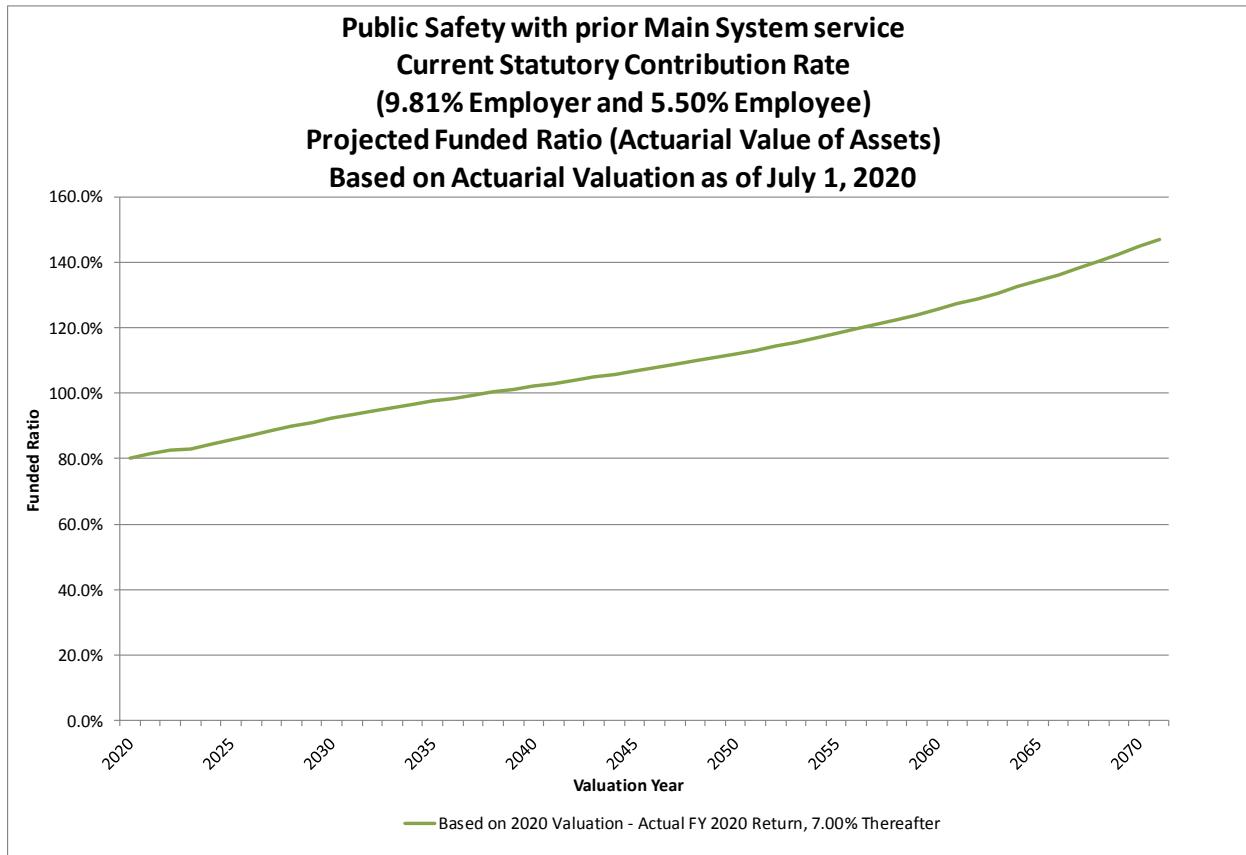
Actuarial Projections

PERS – Judges



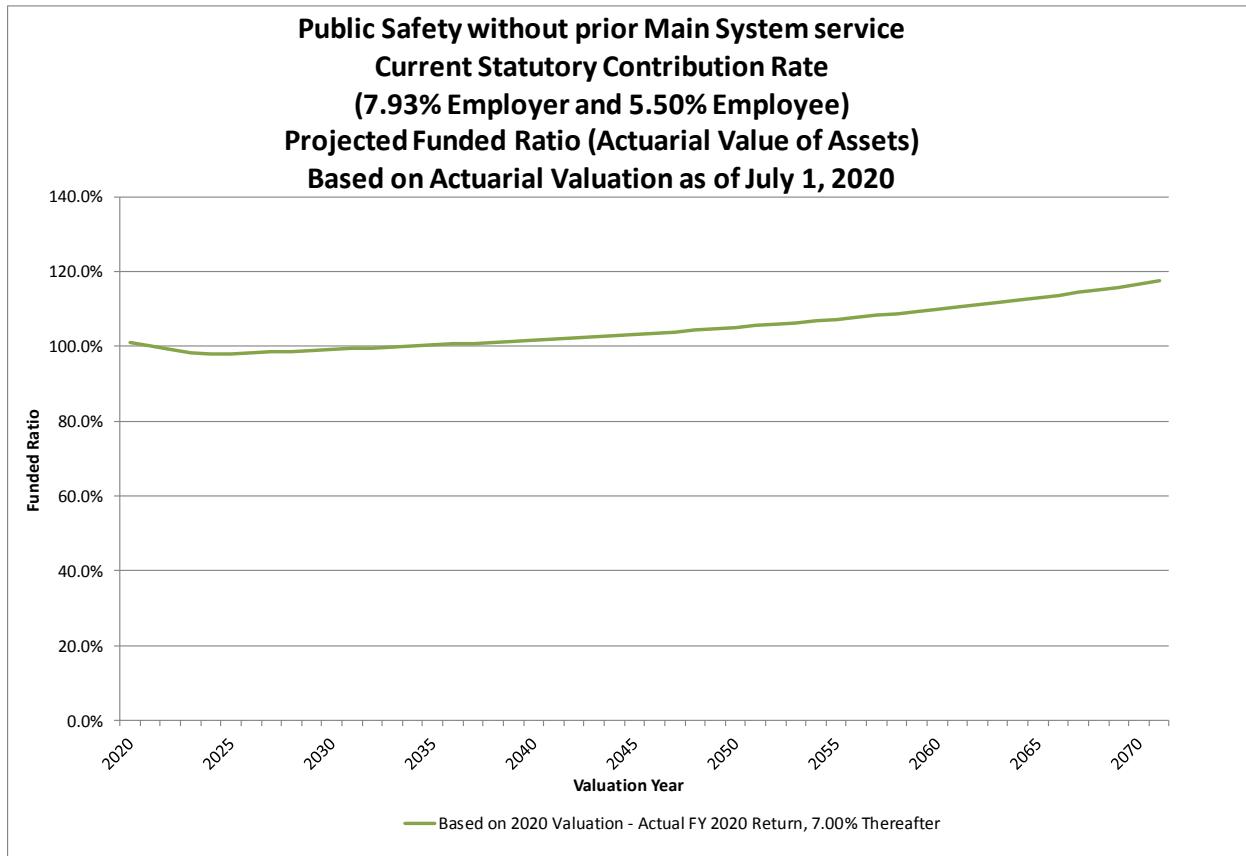
Actuarial Projections

PERS – Public Safety with Prior Main System Service



Actuarial Projections

PERS – Public Safety without Prior Main System Service

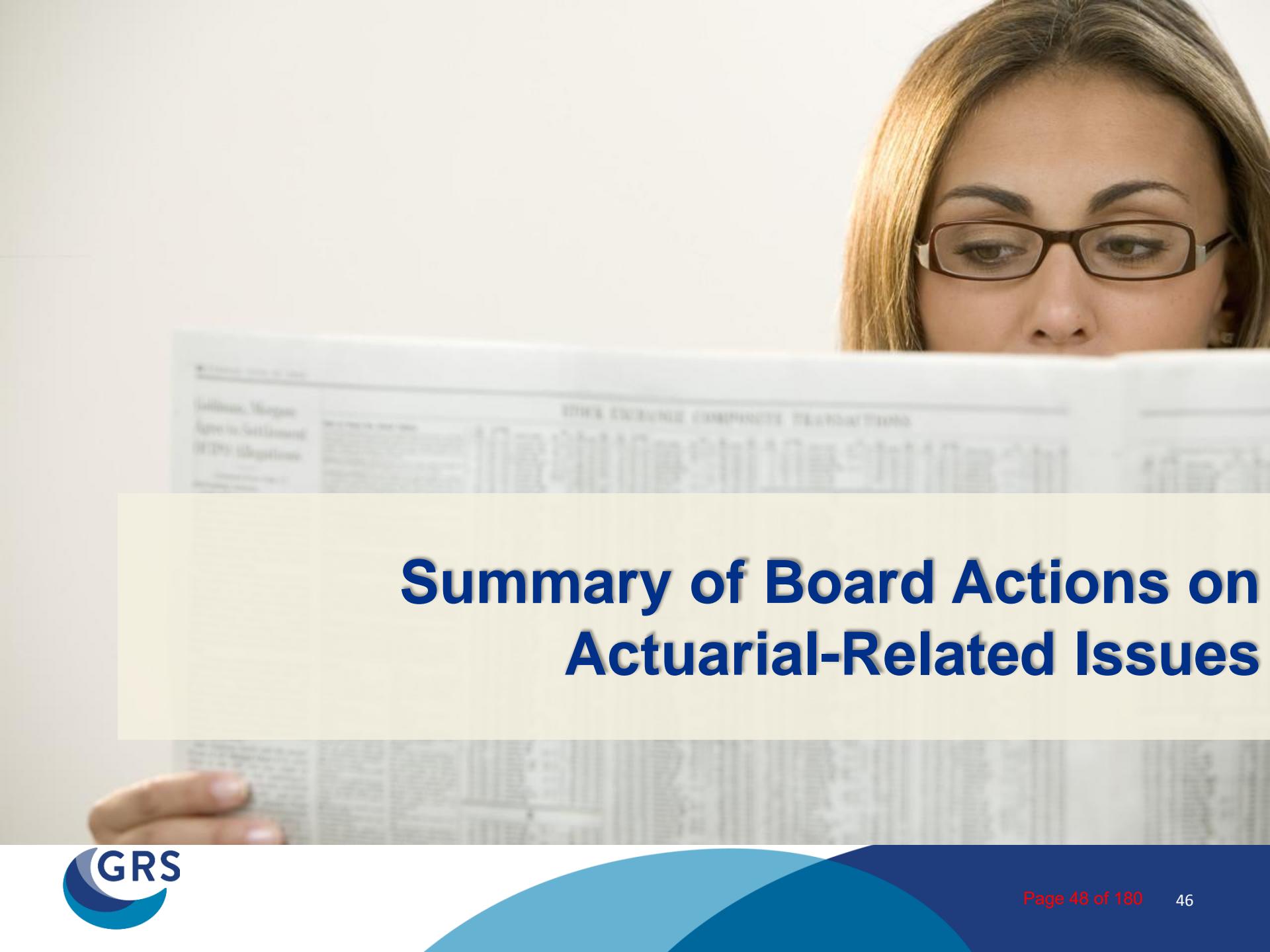


PERS Main System Projection Results

- Current statutory contribution rate for the PERS Main System is not sufficient to improve the funded ratio
- When a stable population is assumed, PERS Main System assets are projected to be depleted in 2120
 - i.e. new members assumed to replace terminating and retiring members
- There are additional implications for GASB accounting purposes
 - A discount rate of approximately 4.6% needs to be used to calculate the Total Pension Liability for PERS
 - For PERS, GASB Net Pension Liability is approximately \$1.7 billion greater than results based on a 7.0% discount rate

Highway Patrol GASB Results

- Similarly, the Highway Patrol Plan is also subject to a lower discount rate for GASB accounting purposes
 - A discount rate of approximately 4.1% needs to be used to calculate the Total Pension Liability for Highway Patrol
 - GASB Net Pension Liability is approximately \$59 million greater than results based on a 7.0% discount rate



Summary of Board Actions on Actuarial-Related Issues

Summary of Board Actions on Actuarial-Related Issues

- 1 Updated assumptions first used in actuarial valuations as of July 1, 2017, July 1, 2019, and July 1, 2020
- 2 Adopted updated actuarial equivalence factors that were first used effective October 1, 2017
- 3 Adopted updated service purchase methodology which incorporated updated assumptions that was first used effective January 1, 2018
- 4 Adopted Return to Work methodology
- 5 Adopted Employer Withdrawal Liability methodology

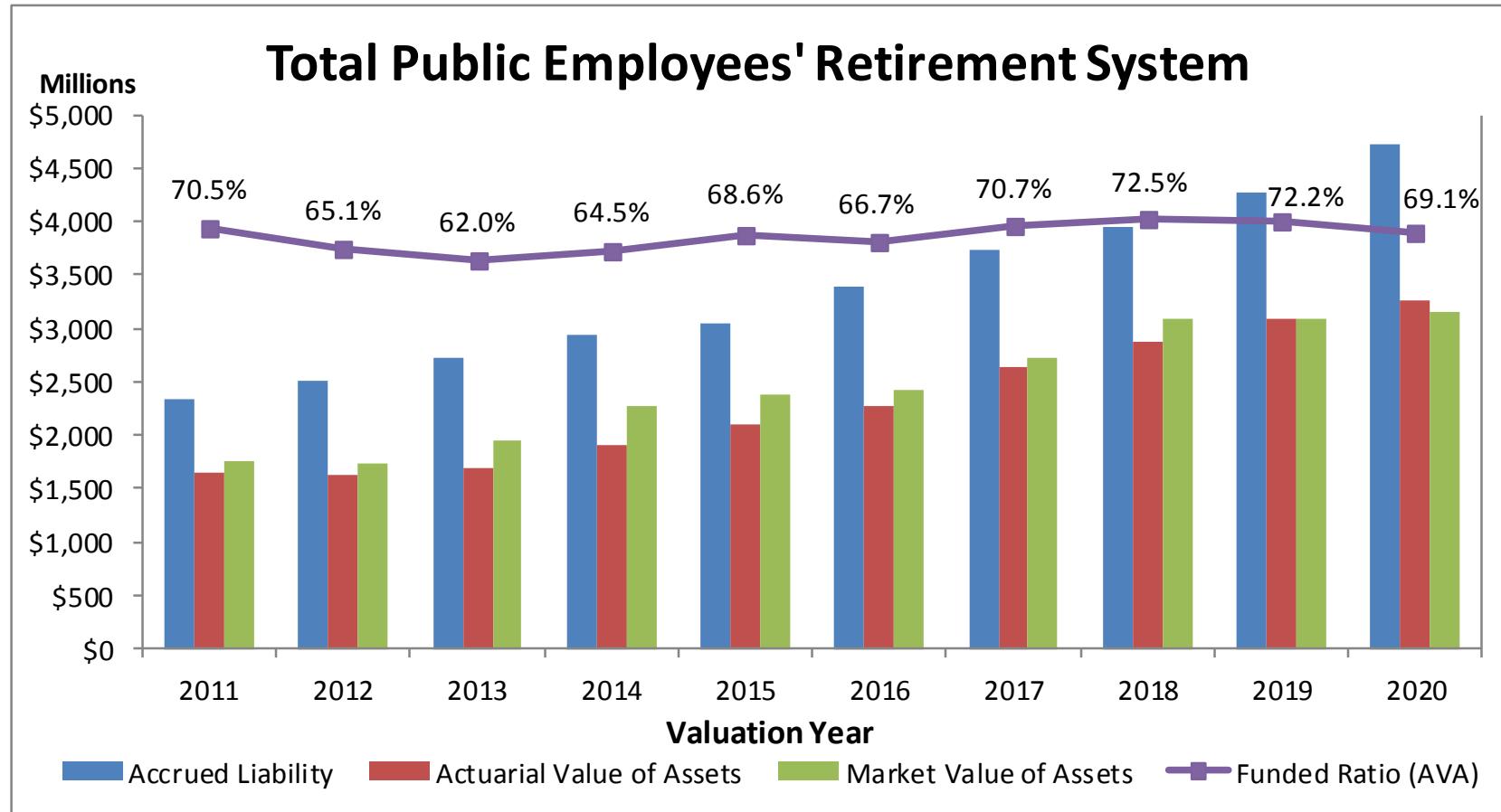


Questions?

APPENDIX

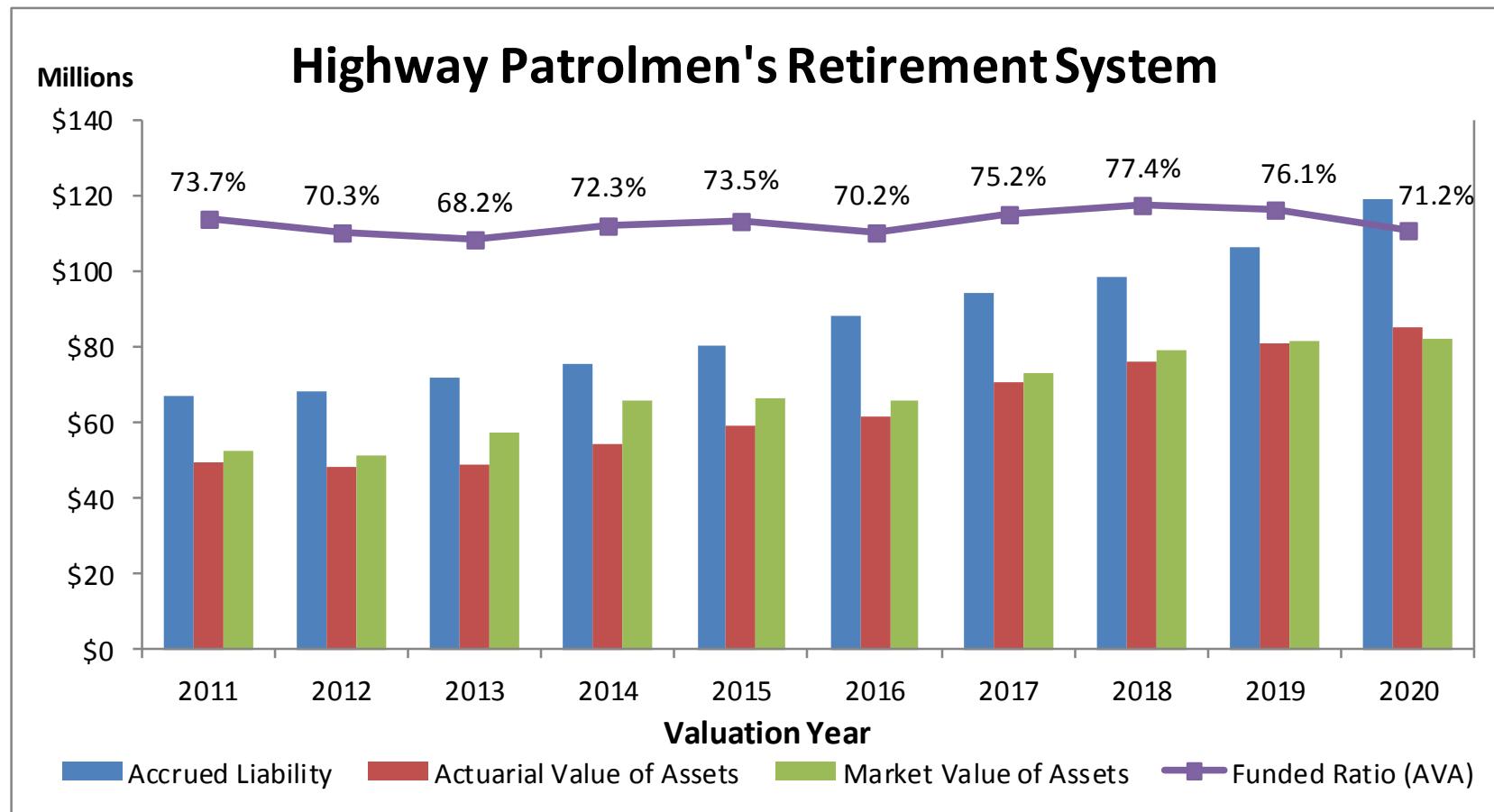
Historical Trends

Change in Funded Status



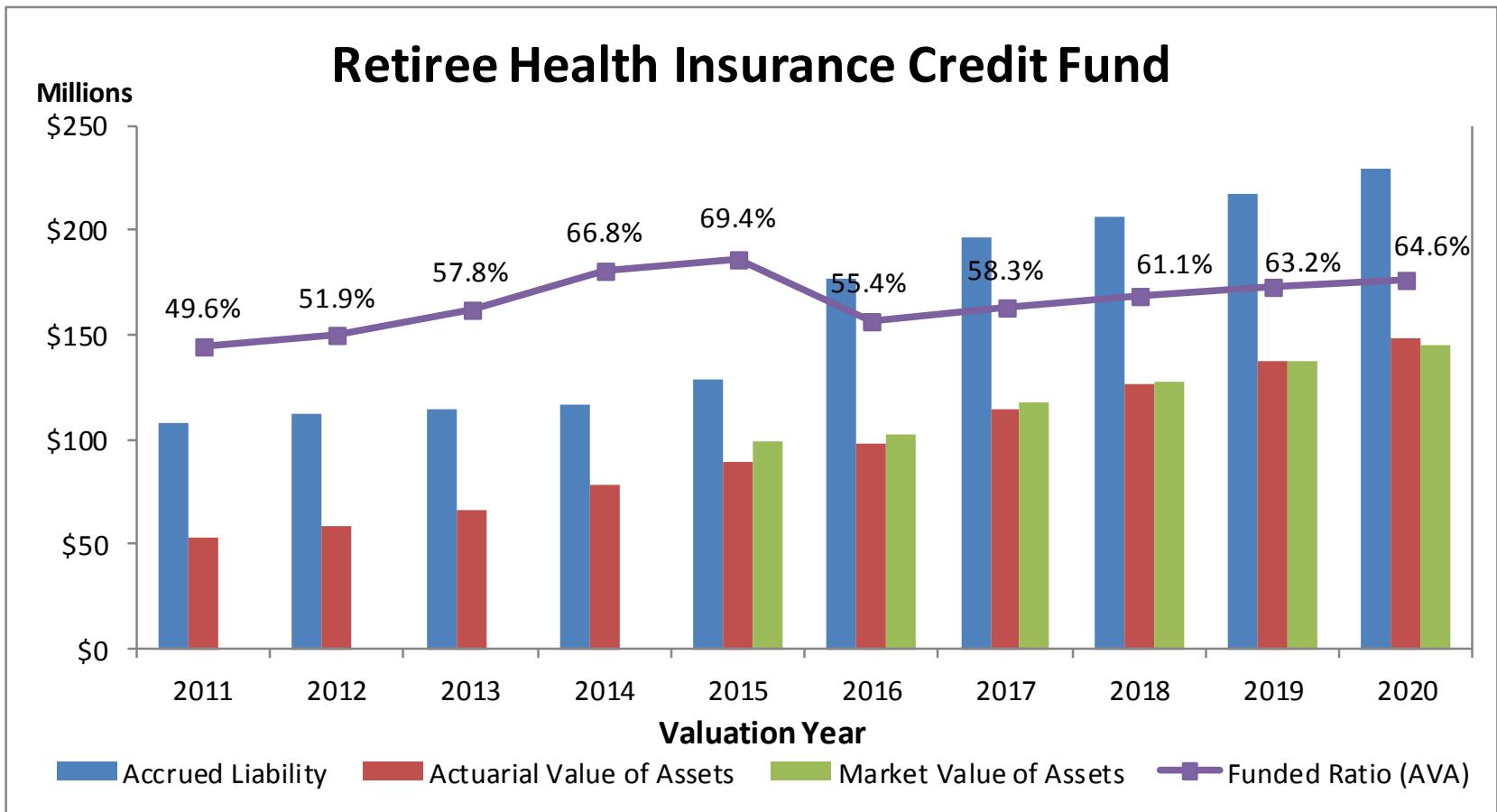
Historical Trends

Change in Funded Status



Historical Trends

Change in Funded Status



Disclosures

- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- The actuaries submitting this presentation (Bonita Wurst and Abra Hill) are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.
- The purposes of the actuarial valuation are to measure the financial position of the North Dakota Public Employees Retirement System, calculate the actuarial employer contribution rates and provide actuarial reporting and disclosure information for financial reporting.
- The assumptions used in the calculation of the July 1, 2020 actuarial valuation results are based on an experience study for the five year period ending June 30, 2019, and were provided by, and are the responsibility of, the NDPERS Board.

Disclosures

- Future actuarial measurements may differ significantly from the current and projected measurements presented in this presentation due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.
- This is one of multiple documents comprising the actuarial reports for the NDPERS Plans. Additional information regarding actuarial assumptions and methods and important additional disclosures are provided in the Actuarial Valuation Reports as of July 1, 2020.
- If you need additional information to make an informed decision about the contents of this presentation, or if anything appears to be missing or incomplete, please contact us before relying on this presentation.



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Memorandum

TO: NDPERS Board
FROM: Bryan Reinhardt
DATE: October 27, 2020
SUBJECT: Investment Update

The *Statement of Investment Objectives and Policies*, adopted by the Board, states the following:

An annual performance report must be provided to the Board by the State Investment Officer at a regularly scheduled NDPERs Board meeting. The annual performance report must include asset returns and allocation data as well as information regarding all significant or material matters and changes pertaining to the investment of the Fund, including:

- *Changes in asset class portfolio structures, tactical approaches and market values.*
- *All pertinent legal or legislative proceedings affecting the SIB.*
- *Compliance with these investment goals, objectives and policies.*
- *A general market overview and market expectations.*
- *A Review of fund progress and its asset allocation strategy.*
- *A report on investment fees and the SIB's effort relating to Section 6. To measure investment cost PERS requires as part of the annual review information from an investment consultant showing the value added versus the cost.*

David Hunter, the Retirement and Investment Office Executive Director and Chief Investment Officer, will be at the meeting to provide the annual report to the PERS Board.

PERS Annual Investment Update

For the Periods Ended June 30, 2020 and August 31, 2020

October 27, 2020

Dave Hunter, Executive Director / CIO

Darren Schulz, Deputy Chief Investment Officer

Jan Murtha, Deputy Executive Director / Chief Retirement Officer

Connie Flanagan, Chief Financial Officer

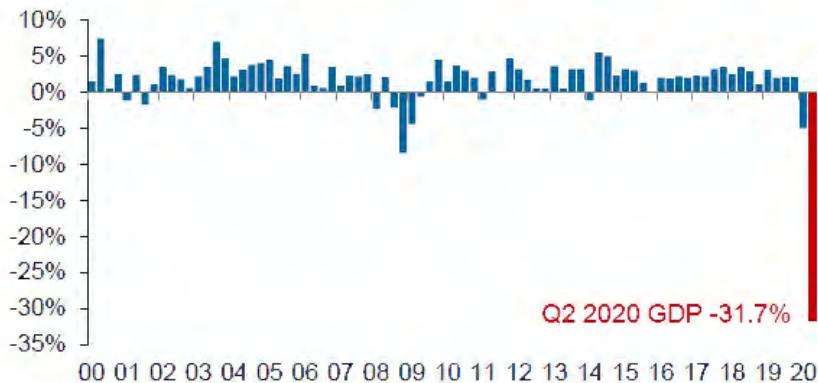
ND Retirement & Investment Office (RIO)

State Investment Board (SIB)

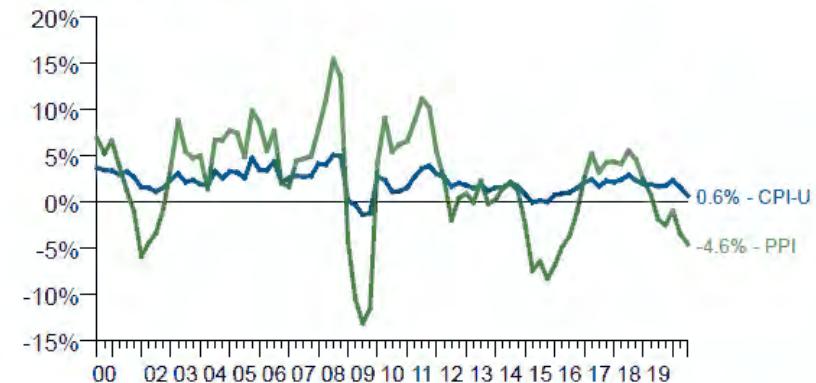
U.S. Economy—Summary

For periods ended June 30, 2020

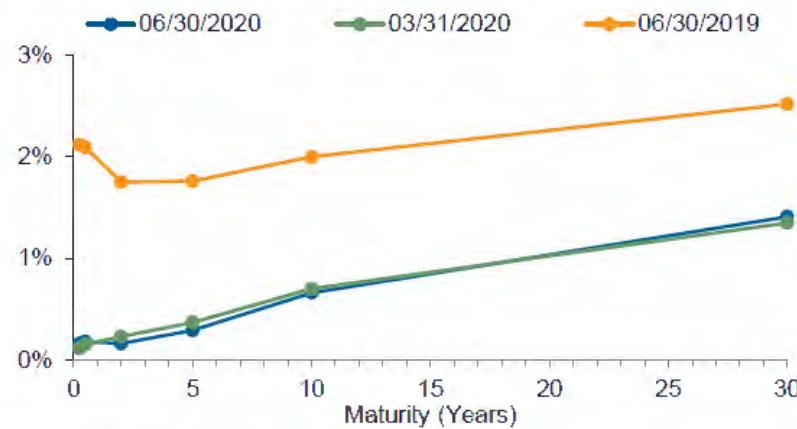
Quarterly Real GDP Growth



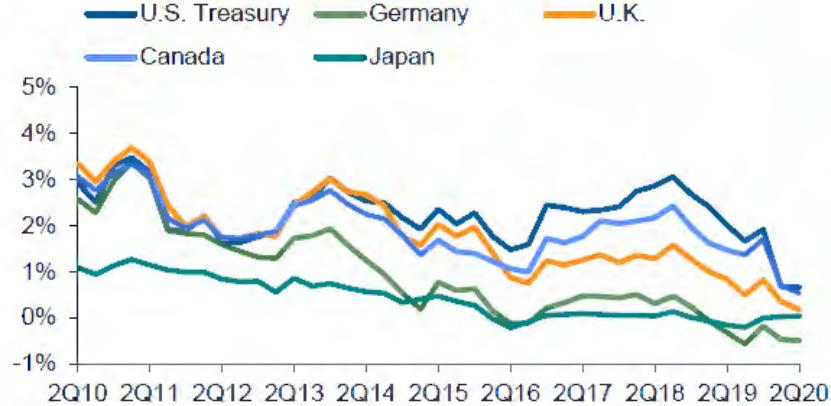
Inflation Year-Over-Year



U.S. Treasury Yield Curves



10-Year Global Government Bond Yields



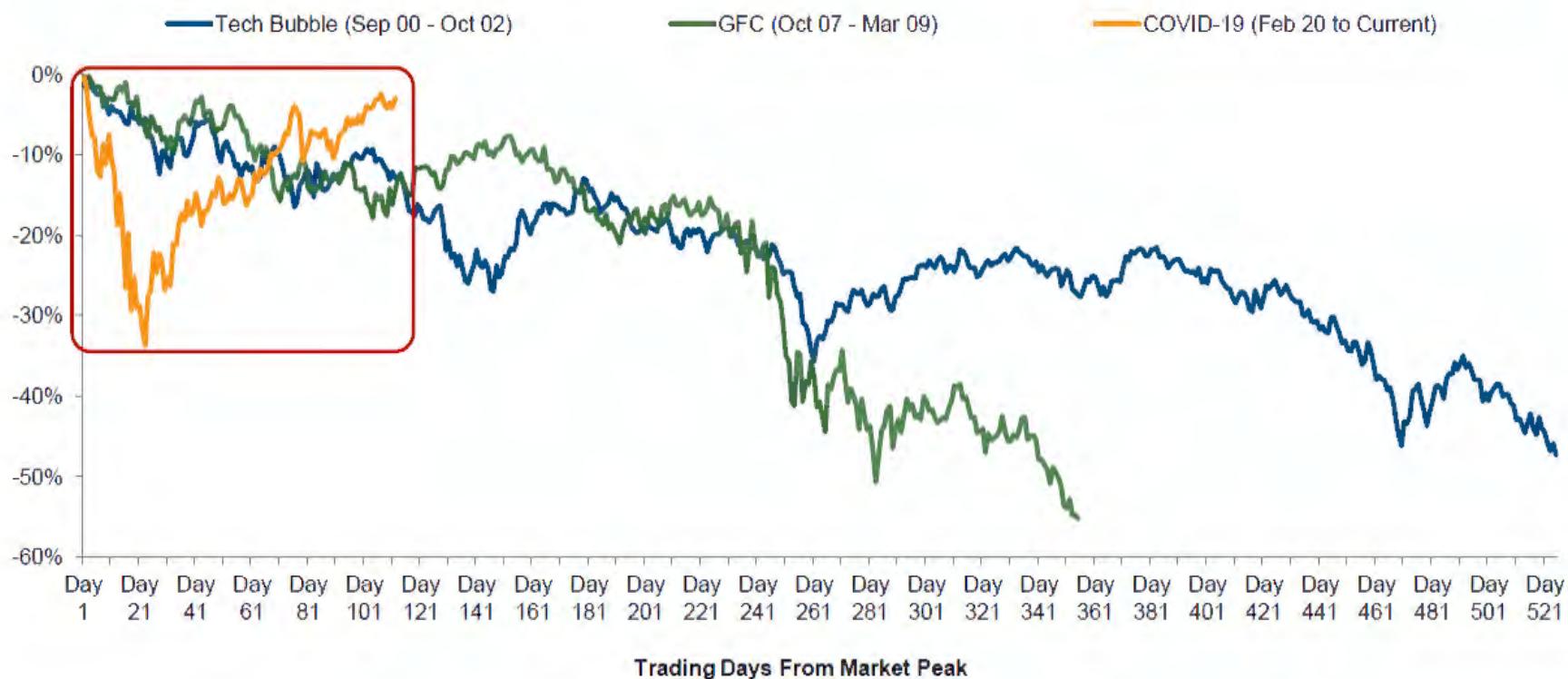
Sources: Bloomberg, Bureau of Labor Statistics, Callan

Unprecedented Shock to Global Capital Markets

'Global Hurricane' in the form of a pandemic

S&P 500 Index Cumulative Returns

Market Peak-to-Trough for Recent Corrections vs.
Current Path of COVID-19 Correction Through 7/29/20



The sharpest and fastest equity market decline ever: 16 trading days to reach bear market; -33% after just 23 days

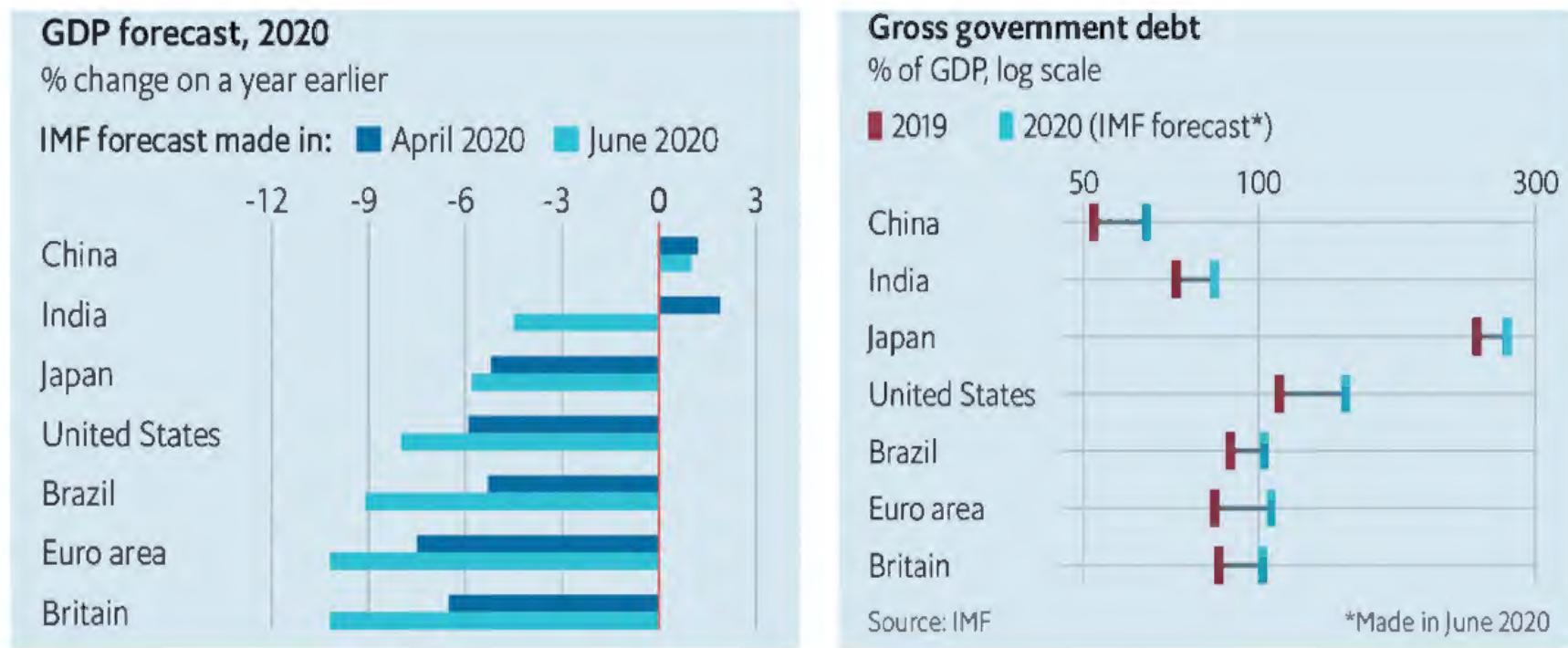
Fed Supplied a Tsunami of Liquidity



- The Fed's ~\$3T increase in its balance sheet has buoyed markets.
- Going forward, \$225B in monthly Treasury issuance will be a liquidity drag vs. \$120B in expected monthly QE.

IMF GDP Forecasts for 2020

From bad to worse



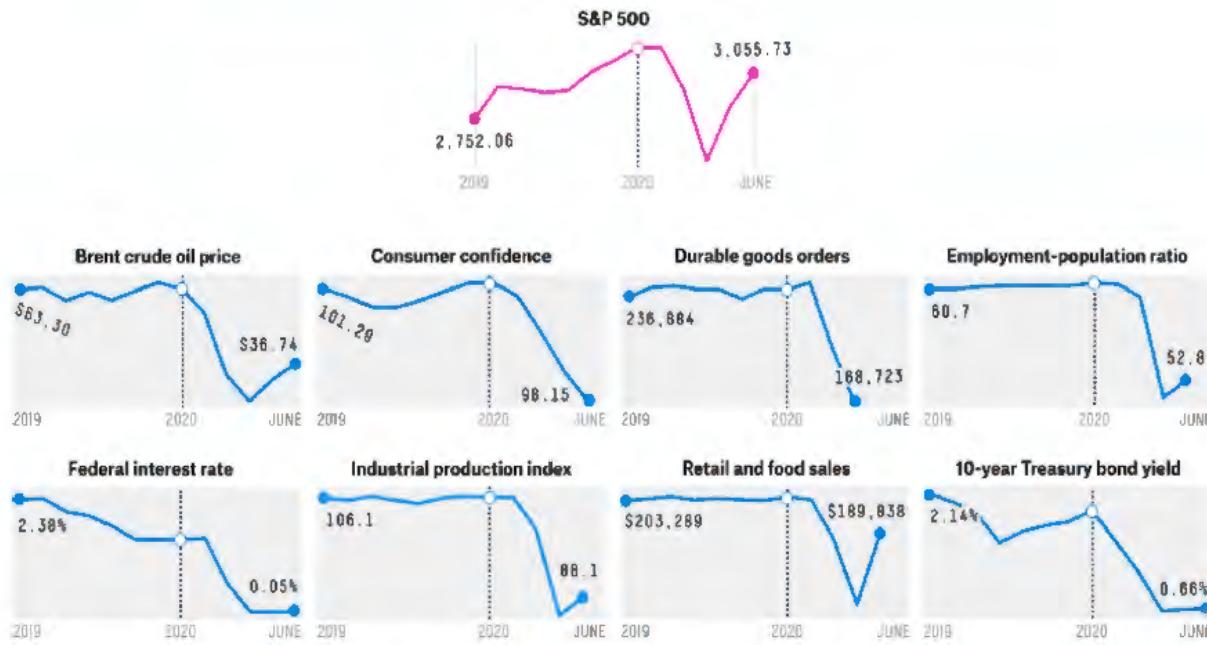
On June 24th the IMF said the economic slump caused by the COVID-19 pandemic would be worse than forecast in April, and that governments would be left more indebted as a result.

- The fund thinks advanced economies' combined GDP at the end of 2021 will still be lower than it was in the first quarter of 2019.
- But it warned of an unusual degree of uncertainty surrounding the numbers, which assume persistent social distancing, lower productivity, and widespread economic scarring.

Swift Recovery for Equities; Did Investors Get Ahead of Themselves?

The stock market is up while most economic indicators are down

Various economic indicators, reported at one-month intervals, June 2019 through June 2020



Any economic indicator reported more frequently than once a month is charted here using data from the first day of each month.

FiveThirtyEight

SOURCES: YAHOO FINANCE, DOD, FEDERAL RESERVE BANK OF ST. LOUIS

- As of July 17, U.S. stock market recouped its YTD loss – how can that be?
 - Supreme confidence in efficacy of monetary and fiscal policy
 - Apple, Alphabet (Google), Microsoft, Facebook, Amazon are up 35% in 2Q20 and made up 30% of the S&P 500 return, even though they represent 20% of market cap.

Callan Periodic Table of Investment Returns

Trailing periods as of June 30, 2020

U.S. Fixed Income was the best performing asset class for the 1-year ended June 30, 2020, then U.S. Large Cap Equity.

Annual Returns						Trailing Periods				Quarterly Returns		
2015	2016	2017	2018	2019	1-Year	3-Year	5-Year	10-Year	1Q20	2Q20	YTD 2020	
Large Cap Equity 1.38%	Small Cap Equity 21.31%	Emerging Market Equity 37.28%	U.S. Fixed Income 0.01%	Large Cap Equity 31.49%	U.S. Fixed Income 8.74%	Large Cap Equity 10.73%	Large Cap Equity 10.73%	Large Cap Equity 13.99%	U.S. Fixed Income 3.15%	Small Cap Equity 25.42%	U.S. Fixed Income 6.14%	
U.S. Fixed Income 0.55%	High Yield 17.13%	Dev ex-U.S. Equity 24.21%	High Yield -2.08%	Small Cap Equity 25.52%	Large Cap Equity 7.51%	U.S. Fixed Income 5.32%	High Yield 4.79%	Small Cap Equity 10.50%	Global ex-U.S. Fixed Income -2.68%	Large Cap Equity 20.54%	Global ex-U.S. Fixed Income 0.61%	
Real Estate -0.79%	Large Cap Equity 11.96%	Large Cap Equity 21.83%	Global ex-U.S. Fixed Income -2.15%	Dev ex-U.S. Equity 22.49%	Global ex-U.S. Fixed Income 0.71%	High Yield 3.33%	U.S. Fixed Income 4.30%	High Yield 6.68%	High Yield -12.68%	Emerging Market Equity 18.08%	Large Cap Equity -3.08%	
Dev ex-U.S. Equity -3.04%	Emerging Market Equity 11.19%	Small Cap Equity 14.65%	Large Cap Equity -4.38%	Real Estate 21.91%	High Yield 0.03%	Global ex-U.S. Fixed Income 2.52%	Small Cap Equity 4.29%	Real Estate 6.30%	Large Cap Equity -19.60%	Dev ex-U.S. Equity 15.34%	High Yield -3.80%	
Small Cap Equity -4.41%	Real Estate 4.06%	Global ex-U.S. Fixed Income 10.51%	Real Estate -5.63%	Emerging Market Equity 18.44%	Emerging Market Equity -3.39%	Small Cap Equity 2.01%	Global ex-U.S. Fixed Income 2.89%	Dev ex-U.S. Equity 5.43%	Dev ex-U.S. Equity -23.26%	High Yield 10.18%	Emerging Market Equity -9.78%	
High Yield -4.47%	Dev ex-U.S. Equity 2.75%	Real Estate 10.36%	Small Cap Equity -11.01%	High Yield 14.32%	Dev ex-U.S. Equity -5.42%	Emerging Market Equity 1.90%	Emerging Market Equity 2.86%	U.S. Fixed Income 3.82%	Emerging Market Equity -23.60%	Real Estate 10.07%	Dev ex-U.S. Equity -11.49%	
Global ex-U.S. Fixed Income -6.02%	U.S. Fixed Income 2.65%	High Yield 7.50%	Dev ex-U.S. Equity -14.09%	U.S. Fixed Income 8.72%	Small Cap Equity -6.63%	Dev ex-U.S. Equity 0.84%	Dev ex-U.S. Equity 2.01%	Emerging Market Equity 3.27%	Real Estate -28.53%	Global ex-U.S. Fixed Income 3.38%	Small Cap Equity -12.98%	
Emerging Market Equity -14.92%	Global ex-U.S. Fixed Income 1.49%	U.S. Fixed Income 3.54%	Emerging Market Equity -14.57%	Global ex-U.S. Fixed Income 5.09%	Real Estate -16.25%	Real Estate -1.60%	Real Estate 1.27%	Global ex-U.S. Fixed Income 1.98%	Small Cap Equity -30.61%	U.S. Fixed Income 2.90%	Real Estate -21.33%	

Sources: ● Bloomberg Barclays Aggregate ● Bloomberg Barclays Corp High Yield ● Bloomberg Barclays Global Aggregate ex US
 ● FTSE EPRA Nareit Developed ● MSCI World ex USA ● MSCI Emerging Markets ● Russell 2000 ● S&P 500

Stunning Recovery in Global Equity Markets in 2Q20

V-shaped equity rebound, ahead of the global economy

Global equity rally after March market bottom

- S&P -33% from peak (02/19/20) to low on 3/23/20
- Sharp rebound since March, suggesting broad-based recovery, but YTD results concentrated in a few stocks
- Fed cut rates to zero, commenced QE, instituted multiple facilities to backstop money markets, credit markets, and economy.
- *Fed expects to get paid back*
- *Further fiscal stimulus expected*
- Congress passed fiscal stimulus (CARES) to carry the economy through the crisis.
- Economic recovery will be uncertain as COVID-19 infections continue; re-openings may be reversed.

Returns for Periods ended June 30, 2020

	1 Quarter	1 Year	5 Years	10 Years	25 Years
U.S. Equity					
Russell 3000	22.03	6.53	10.03	13.72	9.28
S&P 500	20.54	7.51	10.73	13.99	9.27
Russell 2000	25.42	-6.63	4.29	10.50	8.16
Global ex-U.S. Equity					
MSCI World ex USA	15.34	-5.42	2.01	5.43	4.68
MSCI Emerging Markets	18.08	-3.39	2.86	3.27	--
MSCI ACWI ex USA Small Cap	22.83	-4.34	2.50	6.05	5.51
Fixed Income					
Bloomberg Barclays Aggregate	2.90	8.74	4.30	3.82	5.36
90-day T-Bill	0.02	1.63	1.19	0.64	2.37
Bloomberg Barclays Long Gov/Credit	6.23	18.91	8.98	7.84	7.72
Bloomberg Barclays Global Agg ex-US	3.38	0.71	2.89	1.98	3.73
Real Estate					
NCREIF Property	0.71	4.46	7.13	9.89	9.22
FTSE Nareit Equity	11.82	-13.04	4.06	9.05	9.48
Alternatives					
CS Hedge Fund	6.20	-0.73	1.55	3.83	7.49
Cambridge Private Equity*	5.36	16.14	12.64	13.57	15.29
Bloomberg Commodity	5.08	-17.38	-7.69	-5.82	0.75
Gold Spot Price	12.77	27.36	8.97	3.75	6.36
Inflation - CPI-U	-0.12	0.65	1.56	1.69	2.12

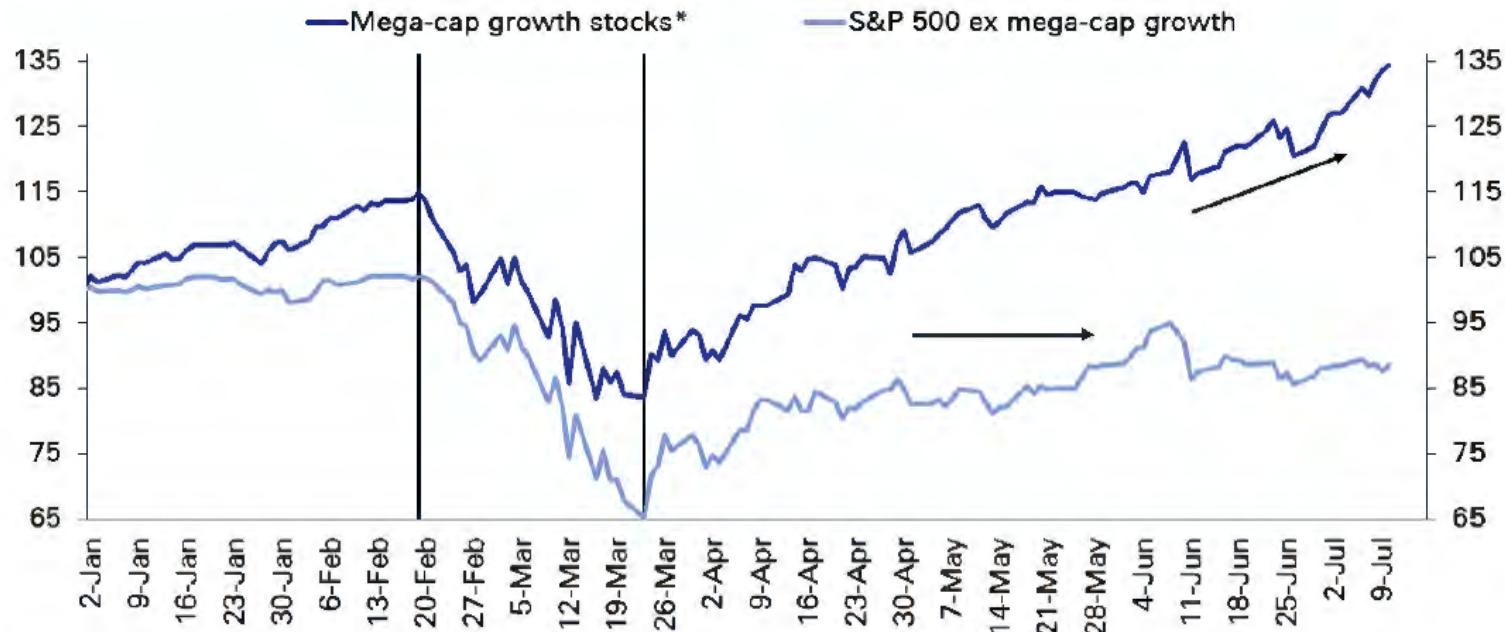
*Cambridge PE data through 12/31/19

Sources: Bloomberg, Bloomberg Barclays, Callan, Cambridge, Credit Suisse, FTSE Russell, MSCI, NCREIF, S&P Dow Jones Indices

Narrow U.S. Equity Market Performance

YTD through July 20th 2020

S&P 500 mega-cap growth vs others (re-indexed, Dec 31 2019=100)



*MSFT, AAPL, AMZN, GOOGL, GOOG, FB, V, MA, NVDA, NFLX, ADBE

Source: Bloomberg Finance LP, DB Asset Allocation, DB Global Research

- Mega-cap growth stocks (27% of S&P 500) propping the market up. Other 490 range traded since early April.

The Growth – Value Dichotomy

Growth and Value cycles are finite but can seem endless



- The length and magnitude of the current Growth cycle's performance advantage is unprecedented
- For ten years ended 6/30/2020, the Russell 1000 Growth index return is +17.23%; the Value return is +10.41%.

Source: The Economist, September 19, 2020, "The age-old strategy of buying cheap shares is faltering."

Global ex-U.S. Equity Performance

Broad-based recovery

- Having just posted the worst quarter in the benchmark's history, the broad MSCI ACWI ex USA gained 16.1% in Q2, a top 10 mark in the history of the index.
- Emerging markets (+18.1%) outperformed the developed markets EAFE Index (+14.9%).
 - Despite strong performance, both benchmarks trailed compared to U.S. equities.

Currencies

- After rallying during the chaos of Q1, safe-haven currencies such as the U.S. dollar and yen sold off in Q2.

Growth vs. value

- Growth continued to outperform value within markets and capitalizations.

Global Equity: Quarterly Returns



Global Equity: Annual Returns



U.S. Fixed Income Performance

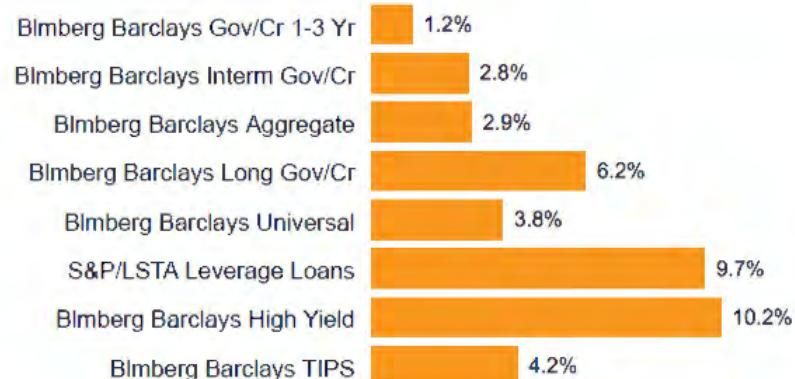
Corporates rallied as risk appetite reemerged

- The riskiest sectors rallied the most with the Bloomberg High Yield Index gaining 10.2% and the S&P/LSTA Leveraged Loan Index climbing 9.7%.
- High yield spreads blew out from the 300-400 bp range to reach double-digits in the first quarter, but tightened meaningfully to end the second quarter at about 625 bps.

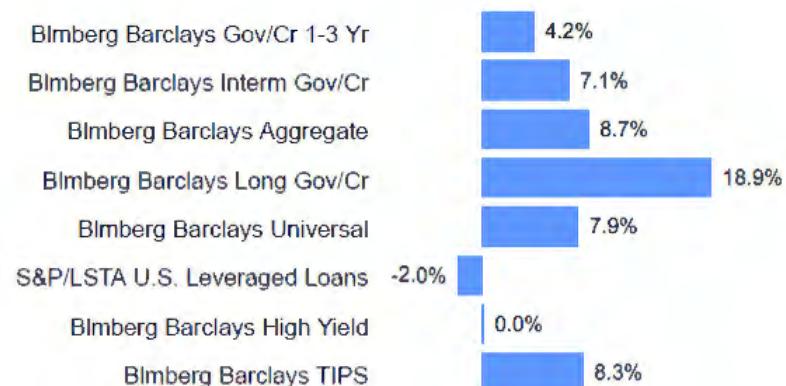
Treasury yields were range-bound

- The Treasury yield curve was little changed over the quarter and sovereign bonds underperformed corporates as a result.
- The 10-year Treasury fell only four basis points and ended the quarter yielding 0.66%.
- TIPS outperformed nominal Treasuries as expectations for inflation recovered somewhat. The 10-year breakeven spread ended the quarter at 134 bps, up from 87 bps last quarter but still down from 177 bps at the end of 2019.

U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: Annual Returns



Sources: Bloomberg Barclays, S&P Dow Jones Indices

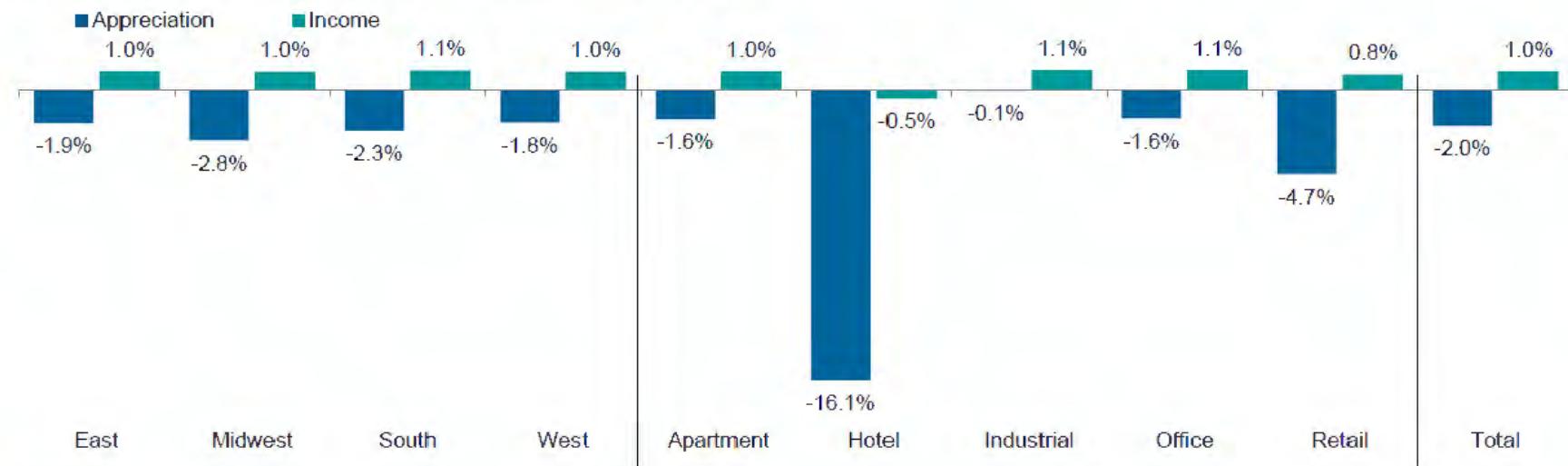
U.S. Private Real Estate Market Trends

Results

- Pandemic's continued impact reflected in 2Q results
- Income remains positive except in Hotel sector.
- All sectors experienced negative appreciation, Industrial remains the best performer
- Dispersion of returns by manager within the ODCE Index due to both composition of underlying portfolios and valuation methodologies/approach
- Negative returns expected for 3Q and beyond

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
NCREIF ODCE	-1.6%	2.2%	5.7%	7.3%	10.8%
Appreciation	-2.5%	-1.8%	1.4%	2.9%	5.8%
Income	0.9%	4.1%	4.2%	4.3%	4.8%
NCREIF Property Index	-1.0%	2.7%	5.4%	6.8%	9.7%
Appreciation	-2.0%	-1.7%	0.9%	2.1%	4.4%
Income	1.0%	4.4%	4.5%	4.6%	5.2%

NCREIF Property Index Returns by Region and Property Type



Source: NCREIF

PERS Net Investment Returns

As of June 30, 2020

**Net Investment Returns for the Fiscal Year Ended June 30, 2020, is
deemed to be materially accurate, but unaudited and subject to change.**

PERS Investment Ends – June 30, 2020

	Quarter Ended 6/30/2020	Current FYTD 6/30/2020	3 Yrs Ended 6/30/2020	5 Yrs Ended 6/30/2020	Risk 5 Yrs Ended 6/30/2020	Risk Adj Excess Return 5 Yrs Ended 6/30/2020
PERS \$3.2 billion						
Total Fund Return - Net	10.87%	3.41%	6.01%	6.20%	10.1%	0.09%
Policy Benchmark Return	10.86%	3.21%	5.79%	5.90%	9.7%	
Total Relative Return	0.01%	0.20%	0.23%	0.30%	104%	

Key: PERS investments averaged over \$2.7 billion the last 5-years and Excess Return has averaged **0.30%** per annum. **PERS use of active management has enhanced Net Investment Returns by \$40 million for the 5-years ended June 30, 2020 (or \$2.7 billion x 0.30% = \$8.1 million x 5 years = \$40.5 million).** These returns were achieved while adhering to prescribed Risk limits (e.g. 104% versus a policy limit of 115%).

5-Yr. Returns June 30, 2020	Asset Allocation	Benchmark Return	Allocation x Return
Asset Class	a	b	a x b
Equity	58%	6.73%	3.90%
Fixed Income	23%	4.73%	1.09%
Real Assets	19%	4.77%	0.91%
Policy Benchmark Return (5-years)			5.90%

Current Policy Benchmark: 58% Equity (30% U.S., 21% Non-U.S., 7% Private); 23% Fixed Income (16% Investment Grade, 7% High Yield); 19% Real Assets (11% Real Estate; 6% Infrastructure; 2% Timber).

Asset Class Allocation

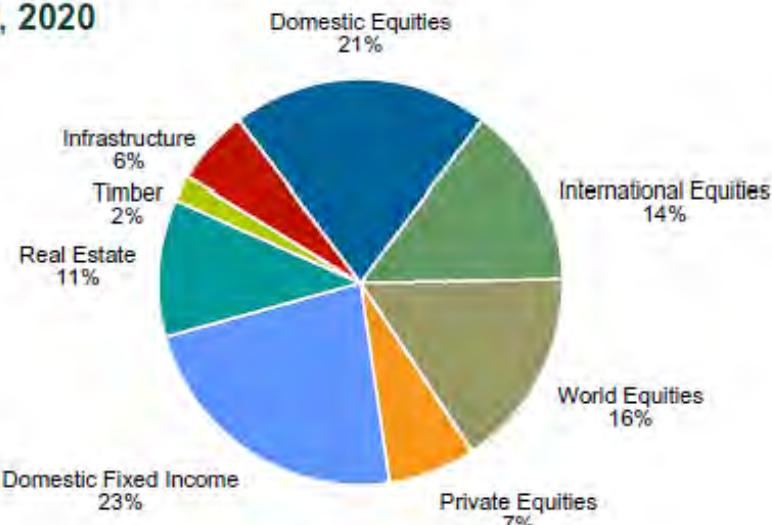
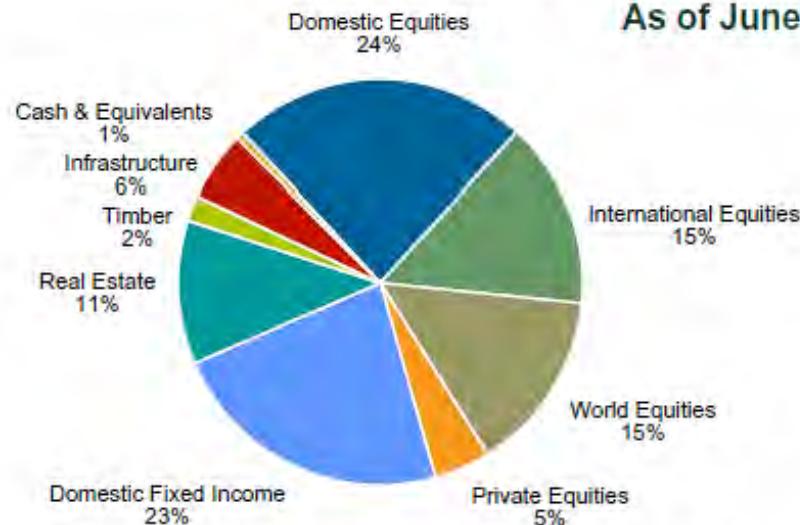
The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2020, with the distribution as of March 31, 2020. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

	June 30, 2020			March 31, 2020		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Global Equities	\$1,848,738,325	57.56%	\$54,740,010	\$292,469,727	\$1,501,528,588	51.61%
Public Equities	\$1,703,221,360	53.02%	\$43,903,873	\$293,008,275	\$1,366,309,213	46.96%
World Equities	\$466,460,056	14.52%	(\$6,727,456)	\$69,222,445	\$403,965,067	13.88%
Domestic Equities	\$762,117,977	23.73%	\$46,018,019	\$142,937,247	\$573,162,711	19.70%
Large Cap	608,426,651	18.94%	40,566,719	114,722,280	453,137,653	15.57%
Small Cap	153,691,326	4.78%	5,451,300	28,214,967	120,025,058	4.13%
International Equities	\$474,643,327	14.78%	\$4,613,310	\$80,848,583	\$389,181,435	13.38%
Developed	358,392,299	11.16%	4,446,810	59,129,663	294,815,826	10.13%
Emerging Markets	116,251,028	3.62%	166,500	21,718,920	94,365,608	3.24%
Private Equities	\$145,516,965	4.53%	\$10,836,137	(\$538,548)	\$135,219,375	4.65%
Global Fixed Income	\$736,207,996	22.92%	(\$70,563,812)	\$31,717,798	\$775,054,010	26.64%
Domestic Fixed Income	\$736,207,996	22.92%	(\$70,563,812)	\$31,717,798	\$775,054,010	26.64%
Investment Grade	511,444,245	15.92%	(69,724,425)	25,963,729	555,204,942	19.08%
Below Investment Grade	224,763,751	7.00%	(839,386)	5,754,069	219,849,068	7.56%
Global Real Assets	\$608,406,953	18.94%	(\$1,855,260)	(\$7,197,490)	\$617,459,703	21.22%
Real Estate	\$367,790,954	11.45%	\$3,474,277	(\$9,199,372)	\$373,516,049	12.84%
Other Real Assets	\$240,615,999	7.49%	(\$5,329,537)	\$2,001,882	\$243,943,654	8.38%
Infrastructure	177,338,953	5.52%	(4,065,311)	1,884,189	179,520,075	6.17%
Timber	63,277,045	1.97%	(1,264,226)	117,692	64,423,579	2.21%
Cash	\$18,760,223	0.58%	\$3,262,452	\$11,858	\$15,485,913	0.53%
Securities Lending Income	\$0	0.00%	(\$30,255)	\$30,255	-	-
Total Fund	\$3,212,113,497	100.0%	(\$14,446,863)	\$317,032,147	\$2,909,528,213	100.0%



NDSIB - Public Employees Retirement System

As of June 30, 2020



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equities	762,118	23.7%	20.6%	3.1%	100,801
International Equities	474,643	14.8%	14.4%	0.4%	11,721
World Equities	466,460	14.5%	16.0%	(1.5%)	(47,478)
Private Equities	145,517	4.5%	7.0%	(2.5%)	(79,331)
Domestic Fixed Income	736,208	22.9%	23.0%	(0.1%)	(2,578)
Real Estate	367,791	11.5%	11.0%	0.5%	14,458
Timber	63,277	2.0%	2.0%	0.0%	0
Infrastructure	177,339	5.5%	6.0%	(0.5%)	(16,353)
Cash & Equivalents	18,760	0.6%	0.0%	0.6%	18,760
Total	3,212,113	100.0%	100.0%		

One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equities	22%	21%	8.94%	4.13%	0.97%	(0.02%)	0.95%
World Equities	16%	16%	(6.82%)	2.84%	(1.51%)	(0.12%)	(1.63%)
International Equities	15%	14%	0.07%	(4.87%)	0.79%	(0.06%)	0.73%
Private Equities	4%	7%	3.05%	3.05%	0.00%	(0.12%)	(0.12%)
Domestic Fixed Income	23%	23%	7.40%	6.20%	0.30%	0.07%	0.37%
Real Estate	12%	11%	2.66%	2.69%	0.01%	(0.13%)	(0.12%)
Timber	2%	2%	6.28%	0.34%	0.12%	(0.01%)	0.11%
Infrastructure	5%	6%	4.84%	1.62%	0.17%	(0.06%)	0.11%
Cash & Equivalents	0%	0%	1.49%	1.49%	0.00%	0.03%	0.03%
Total			3.63%	= 3.21% + 0.82% + (0.41%)			0.41%

World
Equities



Five Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equities	23%	21%	10.55%	9.09%	0.30%	0.02%	0.32%
World Equities	16%	16%	3.87%	6.90%	(0.46%)	(0.02%)	(0.48%)
International Equities	16%	14%	4.25%	2.24%	0.32%	(0.04%)	0.29%
Private Equities	3%	7%	3.98%	3.98%	0.00%	(0.02%)	(0.02%)
Domestic Fixed Income	20%	20%	5.71%	4.46%	0.26%	(0.01%)	0.24%
International Fixed Inc.	3%	3%	-	-	0.02%	0.01%	0.03%
Real Estate	11%	11%	7.76%	6.77%	0.11%	(0.05%)	0.06%
Timber	3%	3%	0.38%	2.71%	(0.07%)	(0.00%)	(0.08%)
Infrastructure	5%	6%	6.31%	2.14%	0.19%	0.01%	0.20%
Cash & Equivalents	1%	0%	1.26%	1.23%	0.00%	(0.00%)	(0.00%)
Total			6.47%	= 5.91% + 0.67% + (0.11%)			0.56%



Ten Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equities	26%	24%	14.18%	13.21%	0.17%	0.07%	0.25%
World Equities	13%	13%	-	-	(0.19%)	(0.03%)	(0.22%)
International Equities	16%	15%	6.85%	4.75%	0.32%	(0.05%)	0.27%
Private Equities	4%	6%	4.42%	4.42%	0.00%	(0.04%)	(0.04%)
Domestic Fixed Income	21%	20%	6.18%	4.67%	0.28%	(0.03%)	0.24%
International Fixed Inc.	4%	4%	-	-	0.08%	0.00%	0.08%
Real Estate	10%	10%	11.89%	9.70%	0.18%	(0.02%)	0.17%
Timber	3%	3%	-	-	(0.18%)	(0.03%)	(0.21%)
Infrastructure	4%	5%	-	-	0.17%	0.05%	0.23%
Cash & Equivalents	1%	1%	0.67%	0.65%	0.00%	(0.01%)	(0.01%)
Total			8.69%	= 7.94% + 0.84% + (0.09%)			0.76%

World
Equities

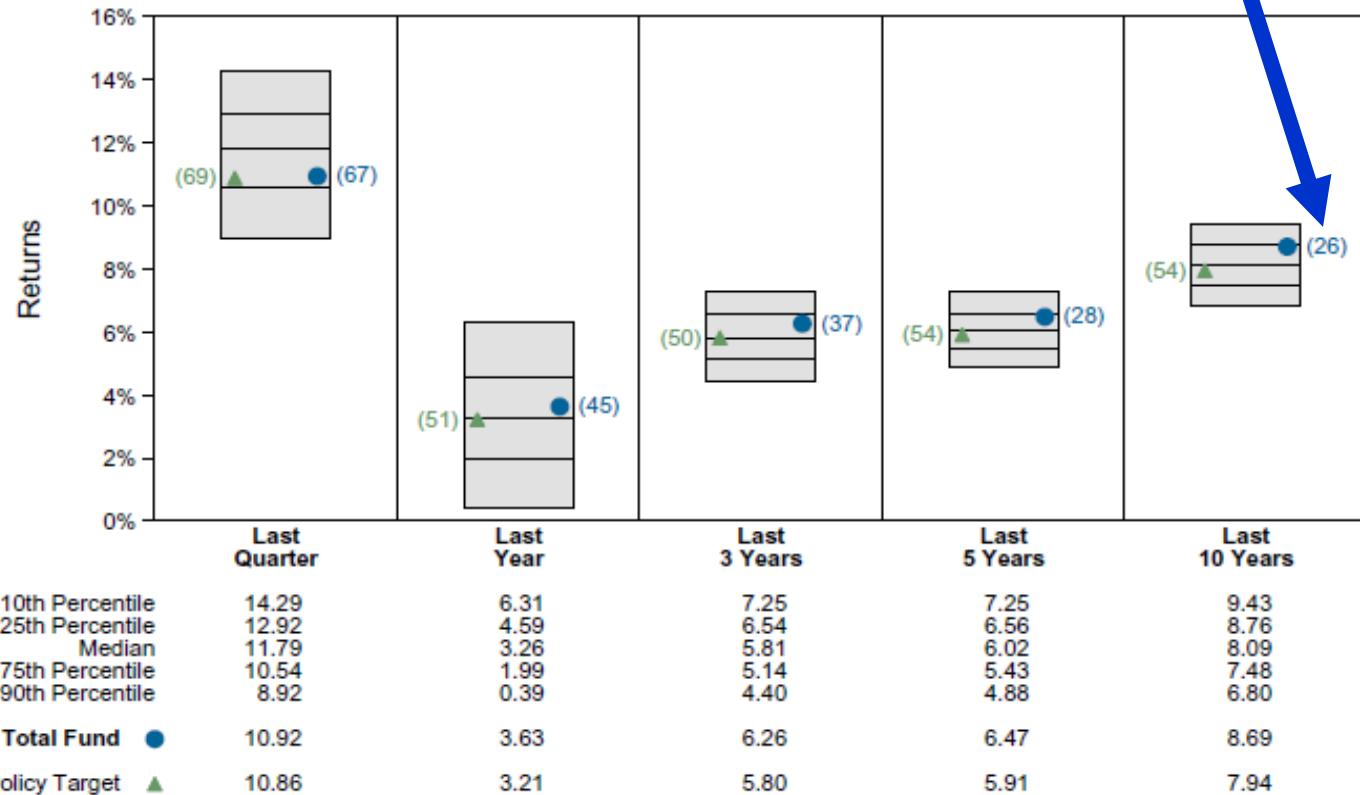


Timber



PERS (Main Plan) investment returns ranked in the 26th percentile for the 10-years ended June 30, 2020, based on the “Callan Public Fund Sponsor Database” on an “Unadjusted Basis” (which includes over 200 U.S. public pension plans).

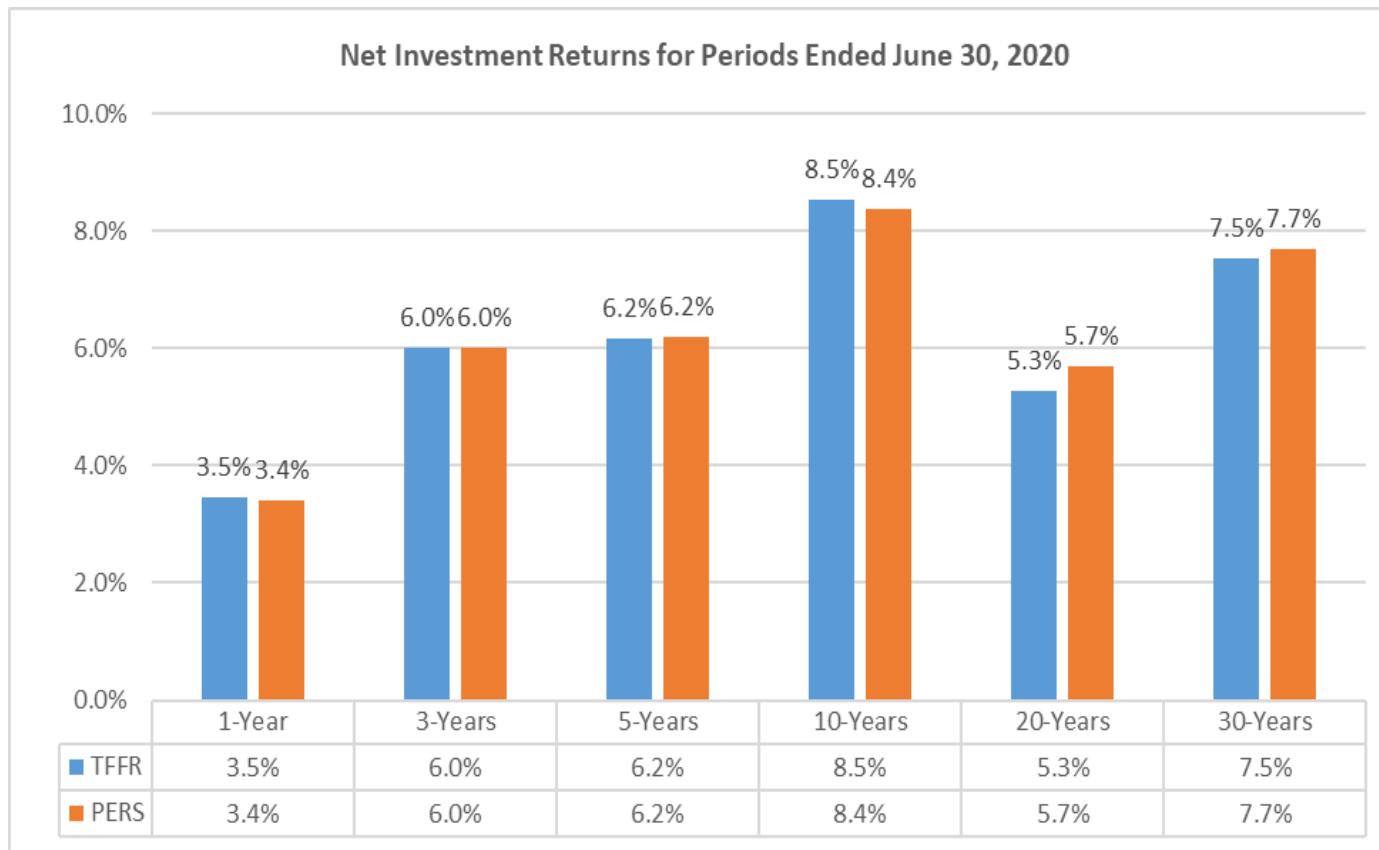
Callan Public Fund Sponsor Database



* Current Quarter Target = 16.0% Blmbg Aggregate, 16.0% MSCI World, 15.8% Russell 1000 Index, 11.0% MSCI World ex US, 11.0% NCREIF Total Index, 7.0% Blmbg:HY Corp 2% Iss Cap, 7.0% NDSIB PERS - Private Equity, 4.8% Russell 2000 Index, 3.4% MSCI EM, 3.0% NCREIF NFI-ODCE Eq Wt Net, 3.0% CPI All Urban Cons lagged 3 months and 2.0% NCREIF Timberland Index.

TFFR and PERS Net Returns Exceed 7.5% per annum the last 30 years

The global pandemic adversely impacted all SIB client results this past year. Despite the impact of COVID-19, TFFR and PERS earned net returns of over 3.4% for the 1-year ended June 30, 2020, which generally exceeded most other U.S. public plans. SIB pension pool returns, which include PERS and TFFR, were ranked in the top 25% of U.S. public plans over the last 10-years by exceeding 8.4% per year. **Over the last 30-years, TFFR and PERS have each earned over 7.5% per annum exceeding their respective long-term return assumptions of 7.25% for TFFR and 7% for PERS.**



ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF JUNE 30, 2020

	June-20			Current Fiscal YTD		Prior Year FY19		3 Years Ended 6/30/2020		5 Years Ended 6/30/2020	
				Allocation		Market Value		Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net
	Market Value	Actual	Policy	Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net
TOTAL FUND	3,212,113,496	100.0%	100.0%	3.63%	3.41%	5.76%	5.52%	6.26%	6.01%	6.47%	6.20%
POLICY TARGET BENCHMARK	3.21%	3.21%		3.21%	3.21%	6.41%	6.41%	5.80%	5.80%	5.91%	5.91%
ATTRIBUTION ANALYSIS											
Asset Allocation				-0.41%	-0.42%	-0.44%	-0.44%	-0.24%	-0.24%	-0.11%	-0.11%
Manager Selection				0.82%	0.62%	-0.21%	-0.45%	0.69%	0.45%	0.67%	0.40%
TOTAL RELATIVE RETURN				0.41%	0.20%	-0.65%	-0.89%	0.45%	0.21%	0.56%	0.29%
GLOBAL EQUITIES	1,848,738,324	57.6%	58.0%	1.51%	1.32%	4.62%	4.41%	6.15%	5.93%	6.56%	6.31%
Benchmark				1.83%	1.83%	5.74%	5.74%	6.20%	6.20%	6.45%	6.45%
PUBLIC EQUITIES	1,703,221,360	53.0%	51.0%	1.49%	1.27%	4.42%	4.20%				
Benchmark				1.16%	1.16%	5.15%	5.15%				
Epoch Global Choice (1) <i>MSCI World</i>	230,817,751	7.2%	7.0%	-3.32%	-3.92%	7.56%	6.90%	6.06%	5.40%	5.73%	5.07%
				2.84%	2.84%	6.33%	6.33%	6.70%	6.70%	6.90%	6.90%
LSV Global Value Equity <i>MSCI ACWI IMI</i> (2)	235,642,305	7.3%	9.0%	-10.04%	-10.13%	0.16%	0.07%	-0.91%	-1.04%	2.24%	1.95%
				1.17%	1.17%	6.33%	6.33%	6.12%	6.12%	6.55%	6.55%
Total Global Equities <i>MSCI World</i>	466,460,056	14.5%	16.0%	-6.82%	-7.14%	3.38%	3.04%	2.24%	1.88%	3.86%	3.41%
				2.84%	2.84%	6.33%	6.33%	6.70%	6.70%	6.90%	6.90%
Domestic - broad	762,117,976	23.7%	20.6%	8.94%	8.79%	8.50%	8.32%	11.29%	11.12%	10.55%	10.36%
Benchmark				4.13%	4.13%	6.82%	6.82%	8.64%	8.64%	9.08%	9.08%
Large Cap Domestic											
LA Capital Large Cap Growth <i>Russell 1000 Growth</i>	255,017,504	7.9%	6.3%	22.47%	22.23%	11.79%	11.56%	18.04%	17.79%	14.92%	14.69%
				23.28%	23.28%	11.56%	11.56%	18.99%	18.99%	15.89%	15.89%
LA Capital 60% Large Cap/40% Large Cap Active Extension <i>Russell 1000</i>	113,191,218	3.5%	3.2%	8.31%	8.20%	10.87%	10.75%	10.58%	10.46%	10.63%	10.51%
				7.48%	7.48%	10.02%	10.02%	10.64%	10.64%	10.47%	10.47%
NTAM - Quant Enhanced S&P 500	106,820,199	3.3%	3.2%	3.13%	3.13%	6.28%	6.28%	7.91%	7.91%	8.30%	8.30%
Parametric/Clifton Group Enhanced S&P 500	133,396,543	4.2%	3.2%	7.67%	7.67%	10.62%	10.62%	10.49%	10.49%	10.73%	10.68%
S&P 500				7.51%	7.51%	10.42%	10.42%	10.73%	10.73%	10.73%	10.73%
Total Large Cap Domestic <i>Russell 1000</i> (3)	608,426,651	18.9%	15.8%	13.10%	12.98%	10.25%	10.13%	13.13%	13.01%	12.00%	11.88%
				7.48%	7.48%	10.02%	10.02%	10.64%	10.64%	10.47%	10.47%
Small Cap Domestic											
Atlanta Capital Small Cap Equity Fund	75,440,259	2.3%	2.4%	-2.76%	-3.25%	10.30%	9.54%	8.42%	7.74%	N/A	N/A
Parametric/Clifton Group Enhanced Russell 2000	78,251,066	2.4%	2.4%	-5.93%	-5.93%	-3.36%	-3.36%	2.12%	2.09%	4.70%	4.51%
Total Small Cap Domestic	153,691,325	4.8%	4.8%	-4.23%	-4.48%	3.35%	3.00%	5.36%	5.01%	5.63%	5.27%
<i>Russell 2000</i>				-6.63%	-6.63%	-3.31%	-3.31%	2.01%	2.01%	4.29%	4.29%

Net Investment Returns for the Fiscal Year Ended June 30, 2020, are based on actual preliminary data which is unaudited and subject to material change.

ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF JUNE 30, 2020

	June-20			Current Fiscal YTD		Prior Year FY19		3 Years Ended 6/30/2020		5 Years Ended 6/30/2020	
	Allocation			Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net
	Market Value	Actual	Policy								
International - broad Benchmark	474,643,327	14.8%	14.4%	0.07%	-0.09%	-0.35%	-0.50%	3.23%	3.07%	4.26%	4.08%
				-4.87%	-4.87%	1.32%	1.32%	1.16%	1.16%	2.24%	2.24%
Developed International											
NTAM - MSCI World ex-US Index	175,620,517	0.0%	5.5%	-4.94%	-4.97%	1.54%	1.51%	1.24%	1.21%	2.41%	2.37%
MSCI World Ex US				-5.42%	-5.42%	1.29%	1.29%	0.84%	0.84%	2.01%	2.01%
William Blair International Leaders	113,298,405	3.5%	3.3%	8.68%	8.28%	5.57%	5.20%	9.94%	9.55%	N/A	N/A
MSCI ACWI ex-US IMI (Net)				-4.74%	-4.74%	0.26%	0.26%	0.96%	0.96%		
DFA Intl. Small Cap Value Portfolio (6)	32,798,404	1.0%	1.1%	-11.98%	-11.98%	-11.54%	-11.54%	-6.38%	-6.38%	-0.84%	-0.84%
Wellington International Small Cap Opportunities	36,672,737	1.1%	1.1%	-3.25%	-4.08%	-12.61%	-13.37%	-0.49%	-1.34%	3.90%	3.03%
S&P/Citigroup BMI EPAC < \$2BN				-4.88%	-4.88%	-9.91%	-9.91%	-1.81%	-1.81%	2.03%	2.03%
Total Developed International	358,392,299	11.2%	11.0%	-0.36%	-0.57%	-0.67%	-0.88%	3.05%	2.82%	4.15%	3.91%
MSCI World Ex US (4)				-5.42%	-5.42%	1.29%	1.29%	0.84%	0.84%	1.94%	1.94%
Emerging Markets											
Axiom Emerging Markets Equity Fund (6)	87,565,508	2.7%	2.6%	5.45%	5.45%	0.91%	0.91%	5.65%	5.65%	5.28%	5.28%
DFA Emerging Markets Small Cap Portfolio (6)	28,685,519	0.9%	0.9%	-9.26%	-9.26%	-1.31%	-1.31%	-1.88%	-1.88%	1.27%	1.27%
Total Emerging Markets	116,251,028	3.6%	3.4%	1.44%	1.44%	0.42%	0.42%	3.70%	3.70%	4.23%	4.23%
MSCI Emerging Markets				-3.39%	-3.39%	1.20%	1.20%	1.89%	1.89%	2.86%	2.86%
Private Equity											
Adams Street 2008 Non-US Partnership Fd	3,141,247	0.1%		7.45%	7.45%	17.39%	17.39%	13.85%	13.85%	13.80%	13.80%
Adams Street 2010 - Non-US Developed Mkts	1,280,112	0.0%		11.49%	11.49%	20.14%	20.14%	16.79%	16.79%	16.26%	16.26%
Adams Street 2010 - Partnership Fund	2,746,419	0.1%		10.85%	10.85%	18.13%	18.13%	15.51%	15.51%	13.51%	13.51%
Total Adams Street 2010 Funds	5,309,680	0.2%		9.62%	9.62%	17.42%	17.42%	15.15%	15.15%	13.77%	13.77%
Adams Street 2015 Global Fund	14,430,631	0.4%		16.99%	16.99%	17.54%	17.54%	17.37%	17.37%	N/A	N/A
Adams Street 2016 Global Fund	10,857,455	0.3%		11.93%	11.93%	10.66%	10.66%	12.05%	12.05%	N/A	N/A
Adams Street 2017 Global Fund	19,646,897	0.6%		11.40%	11.40%	7.43%	7.43%	N/A	N/A	N/A	N/A
Adams Street 2018 Global Fund	11,506,916	0.4%		18.93%	18.93%	N/A	N/A	N/A	N/A	N/A	N/A
Adams Street 2019 Global Fund	3,147,667	0.1%		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BlackRock PEP	48,532,548	1.5%		1.34%	1.34%	10.83%	10.83%	4.47%	4.47%	N/A	N/A
Matlin Patterson - Global Opportunities II	657,321	0.0%		10.26%	10.26%	-2.63%	-2.63%	4.27%	4.27%	-2.85%	-2.85%
Matlin Patterson - Global Opportunities III	2,562,636	0.1%		-46.37%	-46.37%	1.27%	1.27%	-16.16%	-16.16%	-9.89%	-9.89%
InvestAmerica - Lewis and Clark Fund	705,509	0.0%		23.67%	23.67%	-26.40%	-26.40%	11.30%	11.30%	-3.86%	-3.86%
InvestAmerica - L&C II	2,654,330	0.1%		18.49%	18.49%	12.12%	12.12%	10.26%	10.26%	8.64%	8.64%
Corsair III	5,153,851	0.2%		-22.33%	-22.33%	82.11%	82.11%	-2.44%	-2.44%	5.90%	5.90%
Capital International - Fund V	318,716	0.0%		-22.49%	-22.49%	-37.07%	-37.07%	-36.79%	-36.79%	-37.54%	-37.54%
Capital International - Fund VI	13,899,451	0.4%		17.60%	17.60%	7.95%	7.95%	10.40%	10.40%	8.29%	8.29%
EIG (formerly TCW)	1,150,731	0.0%		-47.54%	-47.54%	-23.43%	-23.43%	-21.87%	-21.87%	-29.58%	-29.58%
Quantum - Energy Partners	523,292	0.0%		-24.76%	-24.76%	-51.42%	-51.42%	-43.45%	-43.45%	-25.10%	-25.10%
Total Private Equity (6)	145,516,965	4.5%	7.0%	3.05%	3.05%	8.62%	8.62%	5.62%	5.62%	3.98%	3.97%

Net Investment Returns for the Fiscal Year Ended June 30, 2020, are based on actual preliminary data which is unaudited and subject to material change.

ND PUBLIC EMPLOYEES RETIREMENT SYSTEM

INVESTMENT PERFORMANCE REPORT AS OF JUNE 30, 2020

	June-20			Current Fiscal YTD		Prior Year FY19		3 Years Ended 6/30/2020		5 Years Ended 6/30/2020	
	Allocation			Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net
	Market Value	Actual	Policy								
GLOBAL FIXED INCOME Benchmark	736,207,996	22.9%	23.0%	7.40%	7.27%	7.94%	7.78%	6.37%	6.20%	5.82%	5.62%
				6.20%	6.20%	7.80%	7.80%	5.24%	5.24%	4.72%	4.72%
Domestic Fixed Income Benchmark	736,207,996	22.9%	23.0%	7.40%	7.27%	7.95%	7.78%	6.06%	5.91%	5.71%	5.53%
				6.20%	6.20%	7.80%	7.80%	4.77%	4.77%	4.46%	4.46%
Investment Grade Fixed Income											
PIMCO Distressed Senior Credit Opportunities II (6)	55,010,107	1.7%	1.7%	2.93%	2.93%	5.90%	5.90%	6.24%	6.24%	7.95%	7.95%
Prudential Core Fixed Income	171,494,359	5.3%	5.4%	8.61%	8.49%	8.36%	8.17%	N/A	N/A	N/A	N/A
Bloomberg Aggregate				8.74%	8.74%	7.87%	7.87%	5.32%	5.32%	4.30%	4.30%
State Street Long U.S. Treasury Index NL Fund	50,723,336	1.6%	1.6%	25.52%	25.50%	12.30%	12.29%	12.08%	12.05%	9.27%	9.24%
Bloomberg Long Treasuries				25.41%	25.41%	12.30%	12.30%	12.04%	12.04%	9.26%	9.26%
PIMCO Core Plus Constrained (formerly Unconstrained)	170,730,583	5.3%	5.4%	9.20%	9.07%	8.33%	8.20%	6.35%	6.20%	5.57%	5.32%
Bloomberg Aggregate (5)				8.74%	8.74%	7.87%	7.87%	6.07%	6.07%	3.90%	3.90%
Declaration Total Return Bond Fund (6)	63,483,773	2.0%	1.9%	3.19%	3.19%	6.47%	6.47%	4.32%	4.32%	4.11%	4.11%
3m LIBOR				1.56%	1.56%	2.61%	2.61%	1.97%	1.97%	1.48%	1.48%
Total Investment Grade Fixed Income	511,444,245	15.9%	16.0%	9.77%	9.68%	8.24%	8.13%	6.51%	6.41%	5.69%	5.57%
				8.74%	8.74%	7.87%	7.87%	5.32%	5.32%	4.30%	4.30%
Below Investment Grade Fixed Income											
Ares ND Credit Strategies	64,455,520	2.0%	2.0%	1.72%	1.72%	8.03%	8.03%	N/A	N/A	N/A	N/A
Cerberus ND Private Credit Fund	66,935,016	2.1%	2.1%	8.93%	8.93%	8.89%	8.89%	N/A	N/A	N/A	N/A
S&P LSTA Leveraged Loan B Index				-1.14%	-1.14%	4.22%	4.22%				
Loomis Sayles High Yield	84,120,635	2.6%	2.6%	-0.77%	-1.28%	7.16%	6.63%	3.14%	2.62%	4.43%	3.91%
PIMCO BRAVO II (6)	9,135,728	0.3%	0.3%	-18.00%	-18.00%	3.10%	3.10%	-3.59%	-3.59%	1.69%	1.69%
GS Mezzanine Partners 2006 Offshore, L.P. (6)	33,340	0.0%	0.0%	6.28%	6.28%	6.62%	6.62%	8.65%	8.65%	16.12%	16.12%
GS Mezzanine Partners V Offshore, L.P. (6)	83,512	0.0%	0.0%	25.90%	25.90%	36.09%	36.09%	25.98%	25.98%	10.47%	10.47%
Bloomberg High Yield 2% Issuer Constrained Index				0.00%	0.00%	7.48%	7.48%	3.32%	3.32%	1.98%	1.98%
Total Below Investment Grade Fixed Income	224,763,751	7.0%	7.0%	1.31%	1.10%	7.20%	6.93%	4.66%	4.40%	5.52%	5.19%
				0.00%	0.00%	7.48%	7.48%	3.32%	3.32%	4.79%	4.79%

ND PUBLIC EMPLOYEES RETIREMENT SYSTEM

INVESTMENT PERFORMANCE REPORT AS OF JUNE 30, 2020

	June-20			Current Fiscal YTD		Prior Year FY19		3 Years Ended 6/30/2020		5 Years Ended 6/30/2020		
	<u>Allocation</u>			Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net	
	Market Value	Actual	Policy									
GLOBAL REAL ASSETS				608,406,953	18.9%	19.0%	3.69%	3.30%	6.06%	5.60%	5.46%	
Benchmark					2.10%		2.10%		5.32%	5.32%	4.29%	
Global Real Estate												
Invesco Core Real Estate - U.S.A., L.P.	182,198,805				1.32%	0.98%	7.06%	6.69%	5.51%	5.15%	7.18%	
Invesco Real Estate Fund III, LP (6)	1,676,784				27.02%	27.02%	-17.71%	-17.71%	1.59%	1.59%	5.98%	
Invesco U.S. Value-Add Fund IV, L.P. (6)	18,977,727				5.79%	5.79%	12.51%	12.51%	9.94%	9.94%	8.49%	
Invesco U.S. Value-Add Fund V, L.P. (6)	16,600,203				2.95%	2.95%	N/A	N/A	N/A	N/A	N/A	
Invesco Asia Real Estate Fund I, L.P. (6)	-				N/A	N/A	-14.36%	-14.36%	N/A	N/A	83.29%	
Invesco Asia Real Estate Fund III, L.P. (6)	10,922,378				16.93%	16.93%	16.08%	16.08%	35.49%	35.49%	N/A	
JP Morgan Strategic & Special Situation Property Blend	137,073,267				3.15%	2.40%	6.14%	5.19%	5.99%	5.11%	7.63%	
JP Morgan Greater Europe Opportunistic Property Fund (7)	341,789				-29.62%	-29.62%	9.79%	9.79%	-25.41%	-25.41%	-12.47%	
Total Global Real Estate	367,790,954	11.5%	11.0%	2.66%	2.20%	6.56%	6.02%	5.79%	5.28%	7.77%	7.23%	
NCREIF TOTAL INDEX					2.69%	2.69%	6.51%	6.51%	5.44%	5.44%	6.77%	6.77%
OTHER REAL ASSETS				240,615,999	7.5%	8.0%	5.29%	5.01%	5.19%	4.86%		
Benchmark					1.30%		1.30%		3.71%	3.71%		
Timber												
TIR Teredo Timber, LLC	14,021,242	0.4%			0.16%	0.16%	7.55%	7.55%	1.13%	1.13%	1.00%	
TIR Springbank, LLC	49,255,803	1.5%			8.35%	8.35%	2.99%	2.99%	3.00%	3.00%	0.22%	
Total Timber (6)	63,277,045	2.0%	2.0%	6.28%	6.28%	4.10%	4.10%	2.55%	2.55%	0.38%	0.38%	
NCREIF Timberland Index					0.34%	0.34%	2.95%	2.95%	2.28%	2.28%	2.71%	2.71%
Infrastructure												
Rohatyn Group Asian Infrastructure & Related Resources (6)	8,149,352	0.3%			-18.03%	-18.03%	-15.64%	-15.64%	-14.26%	-14.26%	-5.06%	
JP Morgan Infrastructure Investments Fund (IIF)	93,072,329	2.9%			5.31%	4.62%	7.58%	6.88%	7.81%	7.11%	7.11%	
ISQ Global Infrastructure Fund II	22,833,474	0.7%			6.15%	6.15%	2.41%	2.41%	N/A	N/A	N/A	
Macquarie Infrastructure Partners IV	32,726,022	1.0%			9.14%	9.14%	N/A	N/A	N/A	N/A	N/A	
Grosvenor Customized Infrastructure Strategies, LP (6)	10,865,309	0.3%			3.38%	3.38%	3.58%	3.58%	4.67%	4.67%	6.21%	
Grosvenor Customized Infrastructure Strategies II (6)	9,692,467	0.3%			5.23%	5.23%	16.38%	16.38%	9.76%	9.76%	7.70%	
Total Infrastructure	177,338,953	5.5%	6.0%	4.84%	4.47%	5.58%	5.12%	6.09%	5.64%	6.31%	5.79%	
50% NCREIF ODCE/50% CPI-U (lagged one quarter)					1.62%	1.62%	3.91%	3.91%	2.87%	2.87%	2.15%	2.15%
Cash Equivalents												
Northern Trust Collective STIF	14,259,208				1.46%	1.46%	2.23%	2.23%	1.71%	1.71%	1.23%	
Bank of ND	4,501,015				1.49%	1.49%	2.27%	2.27%	1.72%	1.72%	N/A	
Total Cash Equivalents	18,760,223	0.6%	0.0%	1.50%	1.50%	2.31%	2.31%	1.76%	1.76%	1.26%	1.26%	
90 Day T-Bill					1.63%	1.63%	2.31%	2.31%	1.77%	1.77%	1.19%	1.19%

NOTE: Monthly returns and market values are preliminary and subject to change.

New asset class structure began October 1, 2011. Composite returns for new composites not available prior to that date.

Portfolios moved between asset classes will show historical returns in new position.

(1) Epoch was included in the Large Cap Domestic Equity composite through 12/31/11.

(2) Prior to July 1, 2019, the benchmark was MSCI World.

(3) Prior to January 1, 2012, the benchmark was S&P 500.

(4) This benchmark was changed to the MSCI World ex-US as of July 1, 2016 and the MSCI EAFE (unhedged) as of April 1, 2011.

(5) Prior to July 1, 2018, the benchmark was 3m LIBOR.

(6) All limited partnership-type (and mutual funds as of 7/1/14) investment returns will only be reported net of fees, which is standard practice by the investment consultant.

ND Public Employees Retirement System
Schedule of Investment Expenses

	FY 2020			FY 2019		
	Average Market Value	Fees in \$	Fees in %	Average Market Value	Fees in \$	Fees in %
Investment managers' fees:						
Global equity managers	485,070,888	1,725,269	0.36%	494,315,731	1,686,401	0.34%
Domestic large cap equity managers	538,727,614	866,175	0.16%	516,771,697	757,431	0.15%
Domestic small cap equity managers	154,426,333	749,559	0.49%	166,938,546	584,404	0.35%
Developed international equity managers	355,650,613	1,010,346	0.28%	353,765,992	1,032,288	0.29%
Emerging markets equity managers	118,858,324	1,209,758	1.02%	122,071,361	928,786	0.76%
Investment grade domestic fixed income managers	517,520,736	1,322,086	0.26%	487,001,317	1,391,604	0.29%
Below investment grade fixed income managers	219,778,283	2,773,765	1.26%	209,065,335	3,118,590	1.49%
Real estate managers	372,120,559	2,777,426	0.75%	356,218,017	3,018,369	0.85%
Timber managers	64,192,382	401,374	0.63%	64,669,866	426,412	0.66%
Infrastructure managers	172,482,350	2,254,747	1.31%	144,516,287	2,339,875	1.62%
Private equity managers	133,355,925	2,801,672	2.10%	103,212,459	1,816,942	1.76%
Cash & equivalents managers	15,802,189	11,291	0.07%	17,185,873	14,416	0.08%
Total investment managers' fees	3,147,986,196	17,903,468	0.57%	3,035,732,480	17,115,518	0.56%
Custodian fees		281,417	0.01%		283,626	0.01%
Investment consultant fees		130,304	0.00%		119,403	0.00%
Administrative fees		469,933	0.01%		519,043	0.02%
Total investment expenses		18,785,122	0.60%		18,037,590	0.59%
Actual Investment Performance (Net of Fees)			3.41%			5.52%
Policy Benchmark			3.21%			6.41%
Outperformance			0.20%			-0.89%

All SIB clients in our Pension Pool including PERS generated net investment returns which exceeded approved Policy Benchmarks for the 5-years ended June 30, 2020, while adhering to stated risk guidelines and risk adjusted return targets.

Job Service, Group Insurance & Retiree Health – June 30, 2020

	Quarter Ended 6/30/2020	Current FYTD 6/30/2020	3 Yrs Ended 6/30/2020	5 Yrs Ended 6/30/2020	Risk 5 Yrs Ended 6/30/2020	Risk Adj Excess Return 5 Yrs Ended 6/30/2020
Job Service \$95 million						
Total Fund Return - Net	5.15%	2.82%	4.26%	4.77%	4.7%	-0.79%
Policy Benchmark Return	5.32%	5.04%	5.31%	5.18%	4.2%	
Total Relative Return	-0.17%	-2.21%	-1.06%	-0.42%	112%	

	Quarter Ended 6/30/2020	1-Year Ended 6/30/2020	3 Yrs Ended 6/30/2020	5 Yrs Ended 6/30/2020	Risk 5 Yrs Ended 6/30/2020	Risk Adj Excess Return 5 Yrs Ended 6/30/2020
PERS Group Insur. \$31.5 million						
Total Fund Return - Net	4.04%	2.35%	2.31%	1.69%	1.08%	-0.41%
Policy Benchmark Return	1.07%	4.02%	2.75%	2.03%	0.93%	
Total Relative Return	2.97%	-1.67%	-0.44%	-0.34%		
PERS Retiree Health \$144 million						
Total Fund Return - Net	14.76%	4.98%	6.21%	6.18%	12.07%	-0.69%
Policy Benchmark Return	13.26%	5.25%	6.38%	6.37%	10.88%	
Total Relative Return	1.50%	-0.27%	-0.17%	-0.19%		

ND JOB SERVICE PENSION FUND
INVESTMENT PERFORMANCE REPORT AS OF JUNE 30, 2020

JOB SERVICE PENSION FUND Investment Performance as of June 30, 2020	June-20			Current Fiscal YTD		Prior Year FY19		3 Years Ended 6/30/2020		5 Years Ended 6/30/2020	
				Allocation				Gross	Net	Gross	Net
	Market Value	Actual	Policy								
TOTAL FUND	95,338,534	100.0%	100.0%	3.28%	2.82%	7.24%	6.86%	4.67%	4.26%	5.18%	4.77%
POLICY TARGET BENCHMARK				5.04%	5.04%	6.74%	6.74%	5.31%	5.31%	5.18%	5.18%
Asset Allocation				-1.59%	-1.59%	-3.25%	-3.25%	-1.59%	-1.59%	-1.03%	-1.03%
Manager Selection				-0.18%	-0.63%	3.75%	3.36%	0.95%	0.54%	1.02%	0.61%
TOTAL RELATIVE RETURN				-1.76%	-2.21%	0.49%	0.11%	-0.64%	-1.05%	-0.01%	-0.41%
GLOBAL EQUITIES	18,153,248	19.0%	20.0%	-5.66%	-6.00%	9.29%	8.90%	3.89%	3.52%	5.90%	5.48%
<i>Benchmark</i>				3.94%	3.94%	8.05%	8.05%	8.43%	8.43%	8.46%	8.46%
SEI Global Managed Volatility Fund	12,719,122	13.3%	14.0%	-5.55%	-5.90%	8.05%	7.66%	3.32%	2.95%	N/A	N/A
<i>MSCI World</i>				2.84%	2.84%	6.92%	6.92%	7.06%	7.06%		
Domestic - broad	5,434,126	5.7%	6.0%	-5.94%	-6.28%	10.12%	9.73%	4.20%	3.83%	6.56%	6.17%
<i>Benchmark</i>				6.53%	6.53%	8.98%	8.98%	10.04%	10.04%	9.80%	9.80%
SEI US Managed Volatility Fund	5,434,126	5.7%	6.0%	-5.94%	-6.28%	10.12%	9.73%	4.20%	3.83%	N/A	N/A
<i>Russell 3000</i>				6.53%	6.53%	8.98%	8.98%	10.04%	10.04%		
GLOBAL FIXED INCOME	76,766,804	80.5%	80.0%	5.12%	4.75%	5.74%	5.37%	4.03%	3.66%	3.97%	3.60%
<i>Benchmark</i>				2.94%	2.94%	3.75%	3.75%	2.32%	2.32%	2.29%	2.29%
Domestic Fixed Income	32,866,566	34.5%	34.0%	7.12%	6.74%	7.10%	6.72%	5.24%	4.86%	5.00%	4.63%
<i>Benchmark</i>				6.59%	6.59%	6.33%	6.33%	4.42%	4.42%	3.76%	3.81%
SEI Core Fixed Income Fund	25,393,260	26.6%	26.0%	9.97%	9.57%	8.38%	8.00%	6.09%	5.71%	N/A	N/A
<i>Bloomberg Aggregate</i>				8.74%	8.74%	7.87%	7.87%	5.32%	5.32%		
SEI Opportunistic Income Fund	4,774,380	5.0%	5.0%	0.75%	0.39%	4.13%	3.76%	2.80%	2.43%	N/A	N/A
<i>BofA ML 3M LIBOR Con Mat</i>				2.11%	2.11%	2.60%	2.60%	2.08%	2.08%		
SEI High Yield Bond Fund	2,698,926	2.8%	3.0%	-3.87%	-4.22%	6.87%	6.49%	2.37%	2.00%	N/A	N/A
<i>BofA ML US High Yield Constrained Index</i>				-1.17%	-1.17%	7.58%	7.58%	2.92%	2.92%		
International Fixed Income	2,841,780	3.0%	3.0%	-1.59%	-1.94%	9.85%	9.46%	2.07%	1.70%	4.37%	3.99%
<i>Benchmark</i>				-1.10%	-1.10%	10.31%	10.31%	2.29%	2.29%	4.82%	4.82%
SEI Emerging Markets Debt Fund	2,841,780	3.0%	3.0%	-1.60%	-1.94%	9.85%	9.46%	2.06%	1.70%	N/A	N/A
<i>JPM EMBI GI Div/JPM GBI EM GI Div</i>				-1.11%	-1.11%	10.31%	10.31%	2.29%	2.29%		
Short Term Fixed Income	41,058,457	43.1%	43.0%	3.72%	3.35%	3.85%	3.48%	2.91%	2.54%	N/A	N/A
<i>Weighted Benchmark</i>				3.58%	3.58%	3.65%	3.65%	2.51%	2.51%		
SEI Limited Duration Fund	24,863,283	26.1%	26.0%	4.37%	3.99%	4.07%	3.70%	3.13%	2.76%	N/A	N/A
<i>BofA ML 1-3 Year US Treasury</i>				4.07%	4.07%	3.96%	3.96%	2.69%	2.69%		
SEI Ultra Short Duration Fund	16,195,174	17.0%	17.0%	2.62%	2.25%	3.29%	2.92%	2.54%	2.18%	N/A	N/A
<i>Bloomberg Short Term 9-12 Month</i>				2.76%	2.76%	2.88%	2.88%	2.25%	2.25%		
Cash Equivalents											
Northern Trust Collective STIF	418,483			1.46%	1.46%	2.23%	2.23%	1.71%	1.71%	1.23%	1.23%
Total Cash Equivalents	418,483	0.4%	0.0%	1.46%	1.46%	2.27%	2.27%	1.72%	1.72%	1.24%	1.24%
90 Day T-Bill				1.63%	1.63%	2.31%	2.31%	1.77%	1.77%	1.19%	1.19%

NOTE: Monthly returns and market values are preliminary and subject to change.

Job Service was removed from the Pension Trust pools during FY2016.

	June-20			Current FYTD		Prior Year FY19		3 Years Ended 6/30/2020		5 Years Ended 6/30/2020		
				Allocation		Returns		Returns		Gross	Net	
	Market Value	Actual	Policy	Gross	Net	Gross	Net	Gross	Net	Gross	Net	
RETIREE HEALTH CREDIT FUND												
TOTAL PERS RETIREE HEALTH	144,237,322	100%	100%	5.43%	4.98%	6.86%	6.51%	6.60%	6.21%	6.59%	6.18%	
<i>POLICY TARGET BENCHMARK</i>				5.25%	5.25%	6.89%	6.89%	6.44%	6.44%	6.40%	6.40%	
RELATIVE RETURN					-0.27%		-0.37%		-0.22%		-0.23%	
<i>Large Cap Domestic Equity</i>												
SEI Large Cap Index Fund	48,366,436	33.5%	33.0%	7.42%	7.07%	9.96%	9.60%	10.58%	10.22%	10.43%	10.03%	
Russell 1000				7.48%	7.48%	10.02%	10.02%	10.64%	10.64%	10.47%	10.47%	
<i>Small Cap Domestic Equity</i>												
SEI Small Cap Fund	9,222,529	6.4%	6.0%	-9.35%	-9.65%	-1.91%	-2.24%	0.68%	0.35%	2.71%	2.33%	
Russell 2000				-6.62%	-6.62%	-3.31%	-3.31%	2.01%	2.01%	4.29%	4.29%	
<i>International Equity</i>												
SEI World Equity Ex US	31,179,507	21.6%	21.0%	-1.59%	-1.91%	0.32%	-0.01%	2.54%	2.20%	3.27%	2.90%	
MSCI ACWI ex-US (1)				-4.11%	-4.11%	1.08%	1.08%	1.17%	1.17%	2.27%	2.27%	
<i>Core Plus Fixed Income</i>												
SEI Core Fixed Income Fund	43,306,781	30.0%		9.95%	9.59%	8.41%	8.06%	6.09%	5.74%	5.01%	4.62%	
SEI Emerging Markets Debt Fund	5,752,179	4.0%		-1.59%	-1.92%	9.81%	9.46%	2.06%	1.72%	3.81%	3.43%	
SEI High Yield Bond Fund	5,617,456	3.9%		-3.92%	-4.23%	6.80%	6.45%	2.33%	1.99%	4.24%	3.86%	
Total Core Plus Fixed Income	54,676,415	37.9%	40.0%	7.64%	7.27%	8.43%	8.08%	5.44%	5.09%	4.90%	4.51%	
<i>Bloomberg Aggregate</i>					8.74%	8.74%	7.87%	7.87%	5.32%	5.32%	4.30%	4.30%
<i>Cash</i>												
Northern Trust Collective STIF	792,436	0.5%	0.0%	1.26%	1.26%	2.09%	2.09%	1.48%	1.48%	0.97%	0.97%	
90 Day T-Bills				1.63%	1.63%	2.31%	2.31%	1.76%	1.76%	1.19%	1.19%	
PERS GROUP INSURANCE												
TOTAL PERS GROUP INSURANCE	31,495,987	100%	100%	2.42%	2.35%	4.32%	4.20%	2.41%	2.31%	1.82%	1.70%	
<i>POLICY TARGET BENCHMARK</i>				4.02%	4.02%	3.97%	3.97%	2.76%	2.76%	2.04%	2.04%	
RELATIVE RETURN					-1.67%		0.24%		-0.45%		-0.34%	
<i>SHORT TERM FIXED INCOME</i>												
JP Morgan Short Bond Portfolio	14,723,268	46.7%	45.7%	5.03%	4.97%	4.68%	4.55%	3.36%	3.25%	N/A	N/A	
Barings Active Short Duration	14,064,533	44.7%	45.7%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
TOTAL SHORT TERM FIXED INCOME	28,787,801	91.4%	91.4%	2.44%	2.36%	4.68%	4.55%	1.79%	1.61%	N/A	N/A	
<i>Bloomberg 1-3 Year Gov/Credit Index</i>					4.20%	4.20%	4.27%	4.27%	1.59%	1.59%		
<i>Cash Equivalents</i>												
Northern Trust-MFB NI Gov't Assets Portfolio	1,572,081			1.26%	1.26%	2.09%	2.09%	1.48%	1.48%	0.97%	0.97%	
Bank of ND	1,136,104			1.49%	1.49%	2.28%	2.28%	1.73%	1.73%	N/A	N/A	
TOTAL CASH EQUIVALENTS	2,708,186	8.6%	8.6%	1.37%	1.37%	2.15%	2.15%	1.57%	1.57%	1.05%	1.05%	
<i>90 Day T-Bill</i>				1.63%	1.63%	2.31%	2.31%	1.76%	1.76%	1.19%	1.19%	

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) Prior to July 1, 2019, benchmark was MSCI EAFE.

Appendix of Supporting Materials

PERS Investment Update as of August 31, 2020

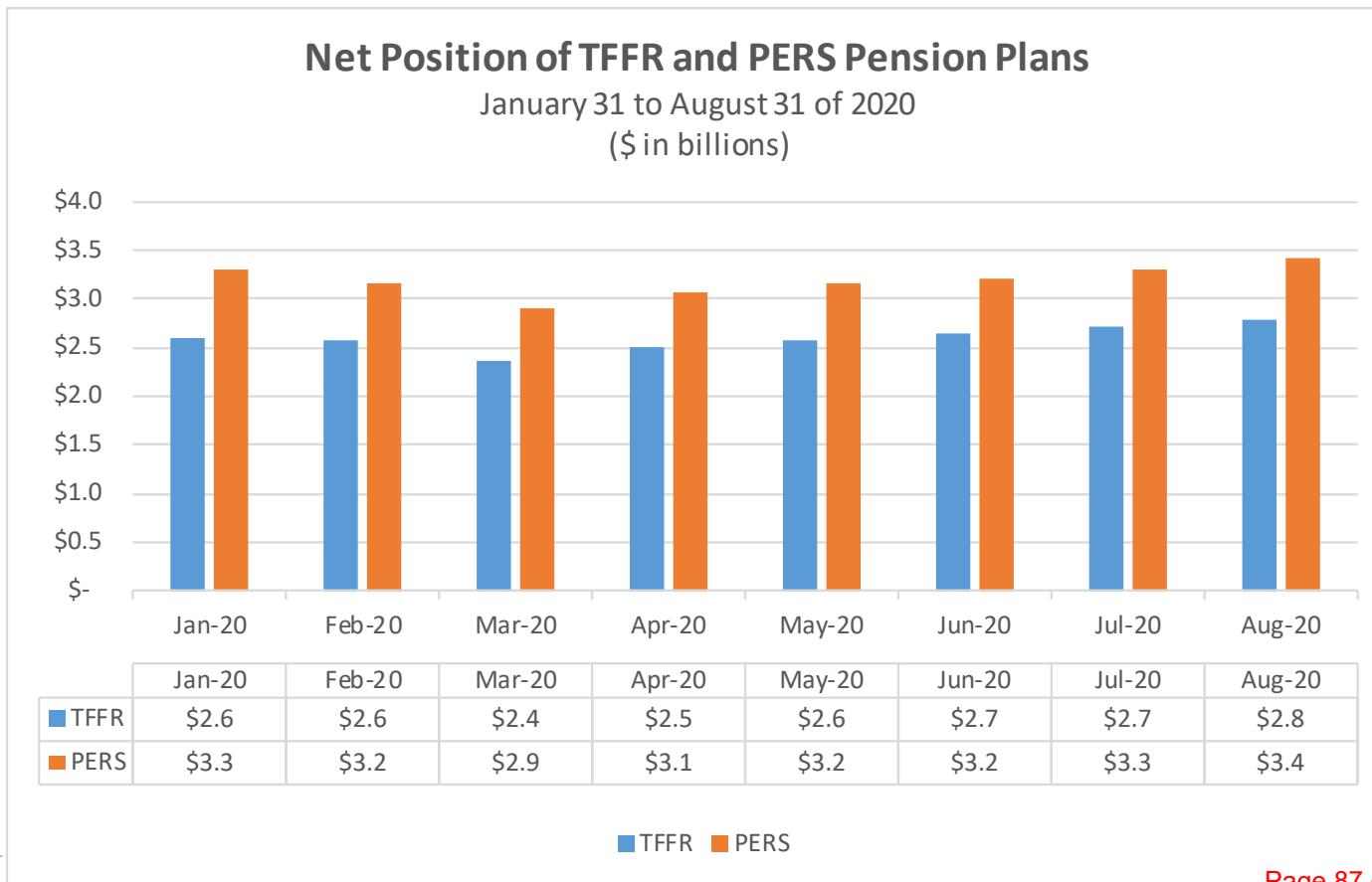
Board members can review monthly manager level performance using the following web address:

<https://www.rio.nd.gov/sites/www/files/documents/assets/202008perpers.pdf>

LSV and Epoch are the only investment managers on our Watch List at June 30, 2020, and there are no material legal or legislative proceedings affecting the SIB.

TFFR and PERS Plans Benefit from Capital Market Recovery in Mid-2020

TFFR and PERS benefitted from a major recovery in the capital markets in mid-2020. Due to the impact of the global pandemic, the TFFR pension plan declined from \$2.6 billion in January down to \$2.4 billion in March. Since March, however, the TFFR pension plan has fully recovered and valued at \$2.8 billion in August. Similarly, the PERS pension plan declined from \$3.3 billion in January down to \$2.9 billion in March due to the global pandemic, prior to experiencing a full recovery in recent months, and valued at over \$3.4 billion as of August 31, 2020.



PERS Net Returns Exceed the Policy Benchmark by 0.86% from July 1 to Aug. 31, 2020.

**SIB Interim Investment Returns
Fiscal Year to Date at August 31, 2020
SIB Five Largest Clients**

	July 1 to Aug. 31, 2020	Market Value Aug. 31, 2020
Legacy Fund	6.7%	\$ 7.5 billion
- <i>Policy Benchmark</i>	5.6%	
PERS	6.92%	\$ 3.4 billion
- <i>Policy Benchmark</i>	<u>6.06%</u>	
<i>Excess Return > Benchmark</i>	<u>0.86%</u>	
TFFR	6.8%	\$ 2.8 billion
- <i>Policy Benchmark</i>	6.2%	
WSI	3.91%	\$ 2.2 billion
- <i>Policy Benchmark</i>	2.97%	
Budget Stabilization Fund	1.35%	\$ 737 million
- <i>Policy Benchmark</i>	0.22%	

Note: Data is preliminary and subject to change.

1. SIB client investments exceeded \$17 billion as of August 31, 2020, and SIB client net investment income approached nearly \$1 billion for the 2 months ended August 31, 2020, including PERS at \$220 million:

- PERS \$220 million	- TFFR \$175 million	- Legacy \$470 million
- WSI \$80 million	- BSF \$10 million	Other \$40 million
- 2) Net investment returns for the Legacy Fund, PERS, TFFR, WSI and BSF materially exceeded their respective *Policy Benchmarks* on a fiscal year to date basis as of August 31, 2020 (July 1 to August 31, 2020).

Interim SIB Update as of August 31, 2020:

SIB client assets under management have increased by nearly \$1 billion during the first two months of the current fiscal year from \$16.3 billion at June 30, 2020 to nearly \$17.3 billion at August 31, 2020, largely due to net investment income of nearly \$1 billion **including over \$220 million for PERS in the Pension Pool** (and over \$470 million for the Legacy Fund).

Fund Name	Market Values as of 8/31/2020	Market Values as of 6/30/2020
Pension Pool		
Teachers' Fund for Retirement (TFFR)	\$ 2,773,832,001	\$ 2,612,716,499
Public Employees Retirement System (PERS)	3,424,539,928	3,212,113,496
City of Bismarck Employees Pension	112,612,259	106,946,867
City of Bismarck Police Pension	44,977,019	42,552,004
City of Grand Forks Employees Pension	71,027,641	67,458,579
Park District of the City of Grand Forks Pension	7,880,633	7,406,214
Subtotal Pension Pool	6,434,869,480	6,049,193,658
Insurance Pool		
Workforce Safety & Insurance (WSI)	2,199,874,706	2,125,881,220
State Fire and Tornado Fund	19,600,488	22,825,556
State Bonding Fund	3,822,112	3,787,526
Petroleum Tank Release Compensation Fund	6,216,941	6,165,424
Insurance Regulatory Trust Fund	5,951,862	5,714,619
State Risk Management Fund	4,017,676	4,561,175
State Risk Management Workers Comp Fund	5,403,933	5,116,217
Cultural Endowment Fund	529,694	493,401
Budget Stabilization Fund	737,062,186	727,275,063
ND Association of Counties (NDACo) Fund	7,046,658	6,693,191
Bismarck Deferred Sick Leave Account	806,673	770,793
City of Fargo FargoDome Permanent Fund	46,494,368	43,550,868
State Board of Medicine Fund	2,576,509	2,470,787
PERS Group Insurance Account	31,789,534	31,495,987
Lewis & Clark Interpretive Center Endowment	835,289	793,808
Attorney General (AG) Settlement Fund	1,071,414	1,057,147
Veterans' Cemetery Trust Fund	334,192	312,782
Subtotal Insurance Pool	3,073,434,234	2,988,965,565
Individual Investment Accounts		
Legacy Fund	7,501,671,928	6,999,783,262
Job Service of North Dakota Pension	96,533,277	95,338,534
Tobacco Control and Prevention Fund	7,594,388	7,589,354
PERS Retiree Health Insurance Credit Fund	154,883,621	144,237,322
Total Assets Under SIB Management	\$ 17,268,986,930	\$ 16,285,107,695

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OTHER PERS NON-PENSION FUNDS

INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2020

PERS RETIREE HEALTH CREDIT FUND	August-20						July-20						Current FYTD		Prior Year FY20		3 Years Ended 6/30/2020		5 Years Ended 6/30/2020	
	Market Value	Allocation		Month		Market Value	Allocation		Month		Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
		Actual	Policy	Gross	Net		Actual	Policy	Gross	Net										
TOTAL PERS RETIREE HEALTH POLICY TARGET BENCHMARK	154,883,621	100.0%	100.0%	3.62%	3.55%	149,633,889	100.0%	100.0%	4.26%	4.25%	8.03%	7.95%	5.43%	4.98%	6.60%	6.21%	6.59%	6.18%		
Large Cap Domestic Equity																				
SEI Large Cap Index Fund	54,843,414	35.4%	33.0%	7.32%	7.29%	51,208,866	34.2%	33.0%	5.88%	5.85%	13.63%	13.57%	7.42%	7.07%	10.58%	10.22%	10.43%	10.03%		
Russell 1000																				
Small Cap Domestic Equity	9,978,962	6.4%	6.0%	4.57%	4.54%	9,574,664	6.4%	6.0%	3.86%	3.83%	8.61%	8.55%	-9.35%	-9.65%	0.68%	0.35%	2.71%	2.33%		
SEI Small Cap Fund																				
Russell 2000																				
International Equity																				
SEI World Equity Ex US	34,093,533	22.0%	21.0%	4.21%	4.18%	32,781,716	21.9%	21.0%	5.16%	5.13%	9.59%	9.53%	-1.59%	-1.91%	2.54%	2.20%	3.27%	2.90%		
MSCI ACWI ex-US (1)																				
Core Plus Fixed Income																				
SEI Core Fixed Income Fund	43,863,136	28.3%		-0.61%	-0.64%	44,135,378	29.5%		1.92%	1.89%	1.30%	1.24%	9.95%	9.59%	6.09%	5.74%	5.01%	4.62%		
SEI Emerging Markets Debt Fund	5,992,103	3.9%		0.53%	0.50%	5,962,112	4.0%		3.68%	3.65%	4.23%	4.17%	-1.59%	-1.92%	2.06%	1.72%	3.81%	3.43%		
SEI High Yield Bond Fund	5,965,750	3.9%		1.58%	1.55%	5,974,484	3.9%		4.60%	4.57%	6.25%	6.20%	-3.92%	-4.23%	2.33%	1.99%	4.24%	3.86%		
Total Core Plus Fixed Income	55,820,989	36.0%	40.0%	-0.26%	-0.29%	55,971,974	37.4%	40.0%	2.38%	2.35%	2.12%	2.06%	7.64%	7.27%	5.44%	5.09%	4.90%	4.51%		
Bloomberg Aggregate																				
Cash																				
Northern Trust Collective STIF	146,724	0.1%	0.0%	0.00%	0.00%	96,669	0.1%	0.0%	0.00%	0.00%	0.00%	0.00%	1.26%	1.26%	1.48%	1.48%	0.97%	0.97%		
90 Day T-Bills																				
PERS GROUP INSURANCE																				
TOTAL PERS GROUP INSURANCE POLICY TARGET BENCHMARK	31,789,534	100.0%	100.0%	0.60%	0.60%	31,599,183	100.0%	100.0%	0.67%	0.64%	1.28%	1.25%	2.42%	2.35%	2.41%	2.31%	1.82%	1.70%		
SHORT TERM FIXED INCOME																				
JP Morgan Short Bond Portfolio	14,796,632	46.5%	45.9%	0.19%	0.19%	14,768,836	46.7%	45.9%	0.33%	0.31%	0.52%	0.50%	5.03%	4.97%	3.36%	3.25%	N/A	N/A		
Barings Active Short Duration	14,383,926	45.2%	45.9%	1.14%	1.14%	14,221,559	45.0%	45.9%	1.15%	1.12%	2.30%	2.27%	N/A	N/A	N/A	N/A	N/A	N/A		
TOTAL SHORT TERM FIXED INCOME	29,180,559	91.8%	91.8%	0.66%	0.66%	28,990,395	91.7%	91.7%	0.73%	0.70%	1.39%	1.36%	2.44%	2.36%	1.79%	1.61%	N/A	N/A		
Bloomberg 1-3 Year Gov/Credit Index																				
Cash Equivalents																				
Northern Trust-MFB NI Gov't Assets Portfolio	885,725			0.00%	0.00%	1,311,702			0.00%	0.00%	0.00%	0.00%	1.26%	1.26%	1.48%	1.48%	0.97%	0.97%		
Bank of ND	1,723,251			0.01%	0.01%	1,297,086			0.01%	0.01%	0.02%	0.02%	1.49%	1.49%	1.73%	1.73%	N/A	N/A		
TOTAL CASH EQUIVALENTS	2,608,976	8.2%	8.2%	0.00%	0.00%	2,608,789	8.3%	8.3%	0.01%	0.01%	0.01%	0.01%	1.37%	1.37%	1.57%	1.57%	1.05%	1.05%		
90 Day T-Bill																				

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) Prior to July 1, 2019, benchmark was MSCI EAFE.

ND JOB SERVICE PENSION FUND

INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2020

	August-20						July-20						Current Fiscal YTD		Prior Year FY20		3 Years Ended 6/30/2020		5 Years Ended 6/30/2020		
	Allocation		Month		Allocation		Month		Gross		Net		Gross		Net		Gross		Net		
	Market Value	Actual	Policy	Gross	Net	Market Value	Actual	Policy	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	
TOTAL FUND POLICY TARGET BENCHMARK	96,533,277	100.0%	100.0%	0.55%	0.46%	96,403,863	100.0%	100.0%	1.61%	1.60%	2.17%	2.07%	3.28%	2.82%	4.67%	4.26%	5.18%	4.77%	5.31%	5.31%	5.18% 5.18%
ATTRIBUTION ANALYSIS				-0.03%	-0.03%				-0.08%	-0.08%	-0.11%	-0.11%	-1.59%	-1.59%	-1.59%	-1.59%	-1.59%	-1.59%	-1.03%	-1.03%	-1.03% -1.03%
Asset Allocation				-0.61%	-0.70%				0.01%	0.00%	-0.61%	-0.71%	-0.18%	-0.63%	0.95%	0.54%	1.02%	0.61%			
Manager Selection				-0.64%	-0.73%				-0.07%	-0.08%	-0.72%	-0.82%	-1.76%	-2.21%	-0.64%	-1.05%	-0.01%	-0.41%			
TOTAL RELATIVE RETURN																					
GLOBAL EQUITIES Benchmark	19,275,164	20.0%	20.0%	2.83%	2.80%	18,759,083	19.5%	20.0%	3.36%	3.33%	6.28%	6.22%	-5.66%	-6.00%	3.89%	3.52%	5.90%	5.48%	3.94%	3.94%	8.43% 8.43% 8.46% 8.46%
SEI Global Managed Volatility Fund <i>MSCI World</i>	13,455,615	13.9%	14.0%	2.70%	2.67%	13,104,904	13.6%	14.0%	3.05%	3.02%	5.83%	5.77%	-5.55%	-5.90%	3.32%	2.95%	N/A	N/A	2.84%	2.84%	7.06% 7.06%
<i>Domestic - broad Benchmark</i>	5,819,548	6.0%	6.0%	3.13%	3.10%	5,654,179	5.9%	6.0%	4.07%	4.04%	7.33%	7.27%	-5.94%	-6.28%	4.20%	3.83%	6.56%	6.17%	5.68%	5.68%	10.04% 10.04% 9.80% 9.80%
SEI US Managed Volatility Fund <i>Russell 3000</i>	5,819,548	6.0%	6.0%	3.13%	3.10%	5,654,179	5.9%	6.0%	4.07%	4.04%	7.33%	7.27%	-5.94%	-6.28%	4.20%	3.83%	N/A	N/A	5.68%	5.68%	10.04% 10.04%
GLOBAL FIXED INCOME Benchmark	76,821,461	79.6%	80.0%	0.00%	-0.03%	77,199,104	80.1%	80.0%	1.19%	1.16%	1.19%	1.13%	5.12%	4.75%	4.03%	3.66%	3.97%	3.60%	0.79%	0.79%	0.57% 0.57% 2.94% 2.94% 2.32% 2.32% 2.29% 2.29%
<i>Domestic Fixed Income Benchmark</i>	32,700,711	33.9%	34.0%	-0.22%	-0.25%	33,105,094	34.3%	34.0%	2.03%	2.00%	1.80%	1.74%	7.12%	6.74%	5.24%	4.86%	5.00%	4.63%	1.57%	1.57%	1.03% 1.03% 6.59% 6.59% 4.42% 4.42% 3.76% 3.81%
SEI Core Fixed Income Fund <i>Bloomberg Aggregate</i>	25,022,598	25.9%	26.0%	-0.61%	-0.64%	25,475,388	26.4%	26.0%	1.92%	1.89%	1.30%	1.24%	9.97%	9.57%	6.09%	5.71%	N/A	N/A	1.49%	1.49%	0.67% 0.67% 8.74% 8.74% 5.32% 5.32%
SEI Opportunistic Income Fund <i>BofA ML 3M LIBOR Con Mat</i>	4,811,848	5.0%	5.0%	0.77%	0.74%	4,807,290	5.0%	5.0%	1.13%	1.10%	1.91%	1.85%	0.75%	0.39%	2.80%	2.43%	N/A	N/A	0.04%	0.04%	0.06% 0.06% 2.11% 2.11% 2.08% 2.08%
SEI High Yield Bond Fund <i>BofA ML US High Yield Constrained Index</i>	2,866,265	3.0%	3.0%	1.58%	1.55%	2,822,416	2.9%	3.0%	4.60%	4.57%	6.25%	6.19%	-3.87%	-4.22%	2.37%	2.00%	N/A	N/A	1.00%	1.00%	5.79% 5.79% -1.17% -1.17% 2.92% 2.92%
<i>International Fixed Income Benchmark</i>	2,900,960	3.0%	3.0%	0.53%	0.50%	2,905,236	3.0%	3.0%	3.68%	3.65%	4.23%	4.17%	-1.59%	-1.94%	2.07%	1.70%	4.37%	3.99%	0.09%	0.09%	3.46% 3.46% -1.10% -1.10% 2.29% 2.29% 4.82% 4.82%
SEI Emerging Markets Debt Fund <i>JPM EMBI GI Div/JPM GBI EM GI Div</i>	2,900,960	3.0%	3.0%	0.53%	0.50%	2,905,236	3.0%	3.0%	3.68%	3.65%	4.23%	4.17%	-1.60%	-1.94%	2.06%	1.70%	N/A	N/A	0.09%	0.09%	3.46% 3.46% -1.11% -1.11% 2.29% 2.29%
Short Term Fixed Income Weighted Benchmark	41,219,791	42.7%	43.0%	0.14%	0.11%	41,188,775	42.7%	43.0%	0.36%	0.33%	0.50%	0.44%	3.72%	3.35%	2.91%	2.54%	N/A	N/A	-0.01%	-0.01%	0.07% 0.07% 3.58% 3.58% 2.51% 2.51%
SEI Limited Duration Fund <i>BofA ML 1-3 Year US Treasury</i>	24,968,322	25.9%	26.0%	0.15%	0.12%	24,956,622	25.9%	26.0%	0.43%	0.40%	0.58%	0.52%	4.37%	3.99%	3.13%	2.76%	N/A	N/A	-0.02%	-0.02%	0.10% 0.10% 0.08% 0.08% 4.07% 4.07% 2.69% 2.69%
SEI Ultra Short Duration Fund <i>Bloomberg Short Term 9-12 Month</i>	16,251,468	16.8%	17.0%	0.13%	0.10%	16,232,154	16.8%	17.0%	0.24%	0.21%	0.37%	0.31%	2.62%	2.25%	2.54%	2.18%	N/A	N/A	0.01%	0.01%	0.04% 0.04% 0.06% 0.06% 2.76% 2.76% 2.25% 2.25%
Cash Equivalents																					
Northern Trust Collective STIF	436,653			0.01%	0.01%	445,675			0.03%	0.03%	0.04%	0.04%	1.46%	1.46%	1.71%	1.71%	1.23%	1.23%			
Total Cash Equivalents	436,653	0.5%	0.0%	0.01%	0.01%	445,675	0.5%	0.0%	0.03%	0.03%	0.04%	0.04%	1.46%	1.46%	1.72%	1.72%	1.24%	1.24%			
90 Day T-Bill																					

NOTE: Monthly returns and market values are preliminary and subject to change.

Job Service was removed from the Pension Trust pools during FY2016.



NDCC 21-10-07 Legal Investments - Prudent Investor Rule:

The **state investment board** shall apply the prudent investor rule in investing for funds under its supervision. The "prudent investor rule" means that in making investments **the fiduciaries** shall exercise the **judgment and care**, under the **circumstances then prevailing**, that an institutional investor of ordinary **prudence, discretion, and intelligence** exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, **considering probable safety of capital as well as probable income**. The retirement funds belonging to the teachers' fund for retirement and the public employees retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives.

The SIB does not make individual investments in securities as all client portfolios are externally managed by approved investment firms using SIB client board approved investment policies and asset allocations.

Economically targeted investing is prohibited unless the investment meets the "exclusive benefit rule" and the following four conditions are satisfied:

- 1) The cost does not exceed the fair market value at time of investment;
- 2) **The investment provides the fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and expected risk;**
- 3) Sufficient liquidity is maintained in the fund to permit distributions in accordance with plan terms; and
- 4) The safeguards or diversity that a **prudent investor** would adhere to are present.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Dakota Retirement and Investment Office

For its Comprehensive Annual Financial Report
For the Fiscal Year Ended

June 30, 2019

RIO's website was recently updated to improve overall transparency and reporting access for our users and clients noting the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to RIO for its CAFR for the fiscal year ended June 30, 2019 (for the 22nd consecutive year). →

Christopher P. Morill
Executive Director/CEO
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Impact of Potential Losses on Principal and Budgeting

As of July 31, 2020

Legacy Fund Cumulative Transferrable Earnings		
June 1, 2019 to July 31, 2020		
NDCC 21-10-12 Earnings Definition		
Month/Year	NDCC Earnings	% Change
Jun-19	\$ 46,980,140	-
Jul-19	\$ 84,674,975	80%
Aug-19	\$ 94,468,378	12%
Sep-19	\$ 126,735,617	34%
Oct-19	\$ 159,116,218	26%
Nov-19	\$ 192,972,958	21%
Dec-19	\$ 239,758,018	24%
Jan-20	\$ 262,515,510	9%
Feb-20	\$ 231,653,888	-12%
Mar-20	\$ 143,034,431	-38%
Apr-20	\$ 198,253,302	39%
May-20	\$ 249,967,702	26%
Jun-20	\$ 300,703,906	20%
Jul-20	\$ 338,852,982	13%

Question: How could investment losses impact fund principal and could earnings be used to offset losses to fund principal?

Response: Legacy Fund principal is impacted by losses and earnings. Since inception, Legacy Fund has earned over \$1.9 billion of net investment income and over \$1.2 billion of **NDCC 21-10-12 defined “Earnings”** as of July 31, 2020. RIO understands that \$436.8 million of **Earnings** prior to July 1, 2017, were capitalized into Principal (by statute), while \$455.3 million of **Earnings** from the 2017-19 biennium were transferred to the General Fund. Current biennium to date **Earnings** are estimated at \$388.8 million as of July 31, 2020, as summarized below:

Earnings pre-July 1, 2017	a	\$ 436,839,672
Earnings transferred for 2017-19 biennium	b	\$ 455,263,216
Earnings transferrable for 2019-21 biennium	c	\$ 338,852,982
Total NDCC 21-10-12 Earnings since inception	d	\$ 1,230,955,870

Earnings pre-July 1, 2017	a	\$ 436,839,672
Earnings transferrable for 2019-21 biennium	c	\$ 338,852,982
Earnings Not Transferred in 2017-19 biennium	e	\$ 775,692,654

Total NDCC 21-10-12 Earnings since inception are **\$1.231 billion** of which **\$455.3 million was transferred in the 2017-19 biennium.**

Since inception, Legacy Fund net investment income (U.S. GAAP basis) is estimated at \$1.9 billion as of July 31, 2020, including \$240.7 million for the month ended July 31, 2020.

The Percent of Market Value (or POMV) approach uses the average ending balance (or market value) of the Legacy Fund from the five prior fiscal year ends (June 30) to establish a historical investment baseline to develop a sustainable spending policy.

The POMV approach is commonly used by similar investment funds, including **ND's Common Schools Trust Fund**, in developing a sustainable spending policy. It is widely accepted as a best practice by many endowments and foundations.

Example:

Step 1 – Determine the average ending balance of the Legacy Fund for the last 5 fiscal year ends = **\$5.5 billion** as of 6/30/2020

Step 2 – Determine a sustainable spending policy to preserve the Legacy Fund's future purchasing power = **3% per year**

Step 3 – Multiply average ending balance of **\$5.5 billion** times the sustainable rate of **3%** = **\$165 million per year**

Step 4 – Multiply annual spending value of **\$165 million** times **two** for the biennium spending amount = **\$330 million / biennium**

Why do we want to adopt the POMV approach instead of current “earnings”? The current definition of earnings can vary greatly from quarter to quarter (and month to month) given the inherent volatility of stock and debt markets. As example, the Legacy Fund earned nearly \$390 million in the last half of 2019 (7/1/19 to 12/31/19), prior to losing over \$870 million in the 1st quarter of 2020 (1/1/20 to 3/31/20) and then recovering over \$760 million in the 2nd quarter of 2020 (4/1/20 to 6/30/20). This earnings volatility makes it very difficult to budget in future years.

SIB Endorsements:

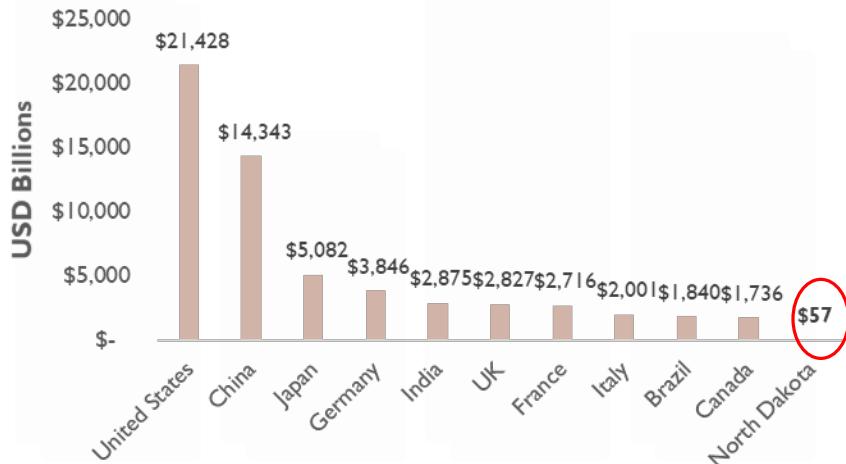
“This (POMV) approach seeks to eliminate undue risk when developing a sustainable spending policy for future state budgeting and reporting purposes.”

“The Percent of Market Value approach increases transparency, is sustainable, and is a proven method that is used by other funds similar to the Legacy Fund.”

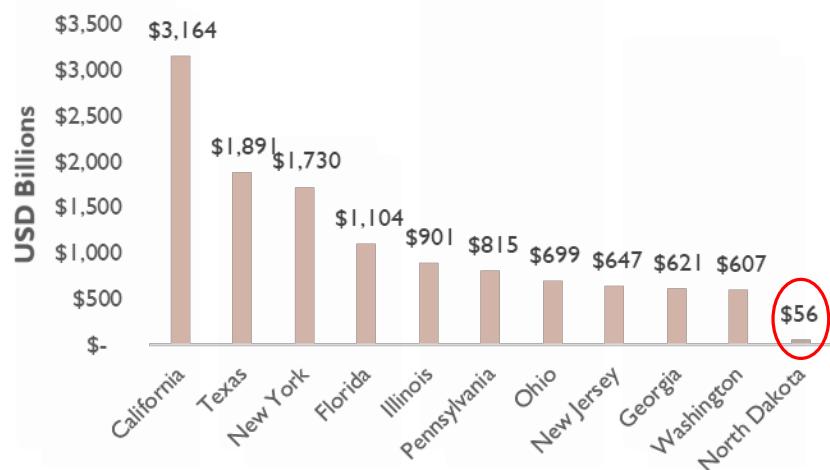
How was the 3% amount determined to be a reasonable sustainable spending rate? Many similar investment funds, endowments and foundations use a **4% or 5%** annual spending rate (including ND's Common Schools Trust Fund which uses a **5%** annual spending rate). Given current market conditions and a conservative belief that future investment returns may be lower than historical returns, some investors believe a **3% to 4%** spending rate is more appropriate at this time. It is also important to note the Legacy Fund has a long-term expected return of **5.8%** based on its current asset allocation policy of 50% equity, 35% fixed income and 15% real assets. If we assume that inflation will average 2% to 3% in the future, a **2.8% to 3.8%** annual spending policy will preserve the real purchasing power of the Legacy Fund in the future (after inflationary impacts).

GDP of Ten Largest Global and U.S. Economies

**GDP of the Ten Largest Economies by Country
2019 (Current USD Billions)²**



**GDP of the Ten Largest Economies by State
Q1, 2020 (Current USD Billion)¹**



1: State GDP data from www.bea.gov

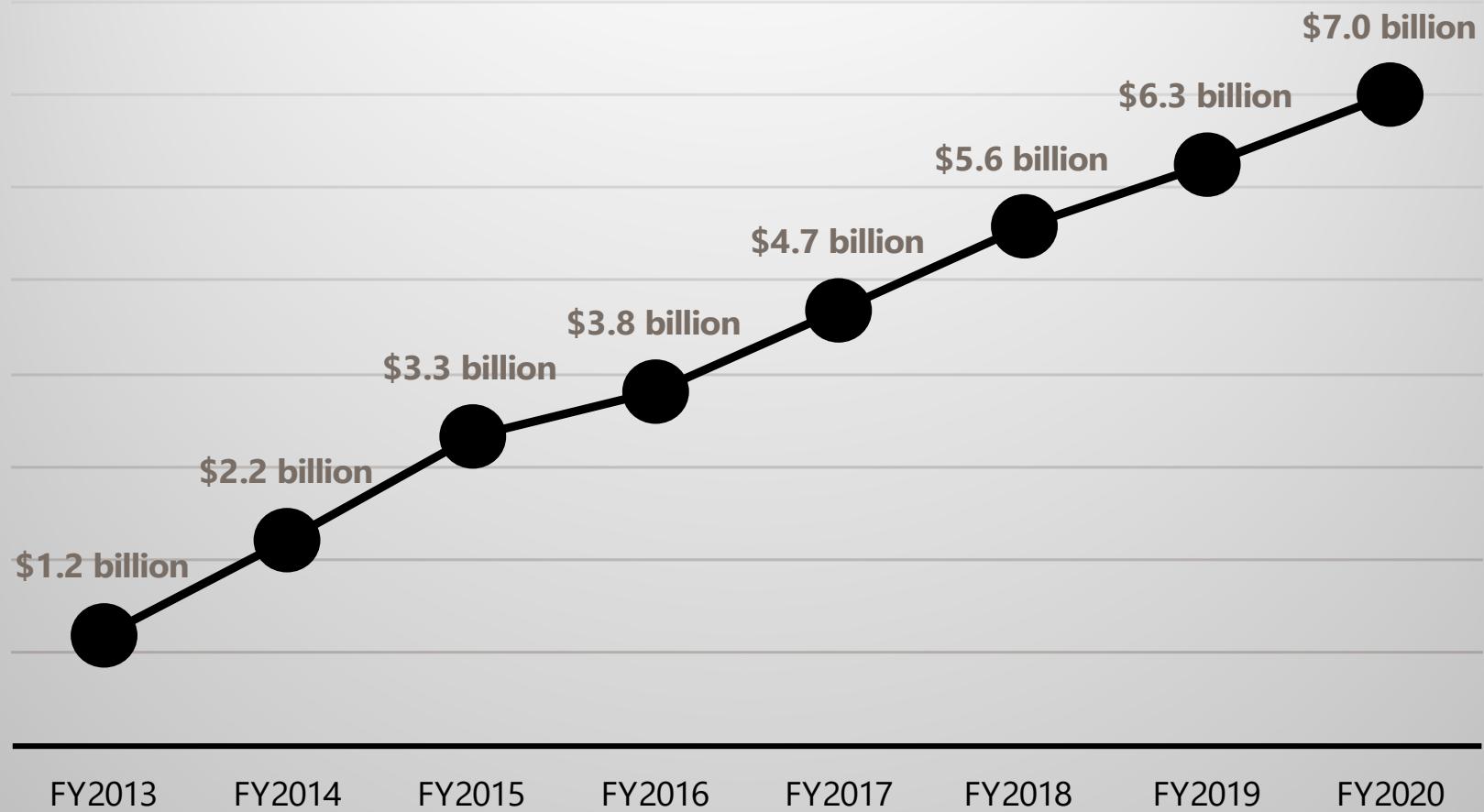
2: Country GDP data from www.worldbank.org

SIB Press Release August 27, 2019 - The North Dakota State Investment Board (SIB) dedicated an additional \$100 million in Legacy Fund investments to providing cost-efficient financing to companies seeking to develop new businesses and infrastructure in North Dakota – one of several actions taken by the board to further improve the Legacy Fund's performance and return for North Dakotans.

The \$100 million addition to the Bank of North Dakota's Match Loan Certificates of Deposit (CD) Investment Program will increase the program's total size from \$200 million to \$300 million. The state-owned Bank of North Dakota requested the increase to support future anticipated growth in this economic development program, which has been in place for over 30 years.

"This increase in funding will provide greater access to capital for entrepreneurs looking to launch new manufacturing, processing and value-added businesses and important infrastructure in North Dakota, while also ensuring that more Legacy Fund dollars are being invested right here in North Dakota," said Lt. Gov. Brent Sanford, who chairs the SIB.

Legacy Fund Ending Balance By Fiscal Year Ended June 30



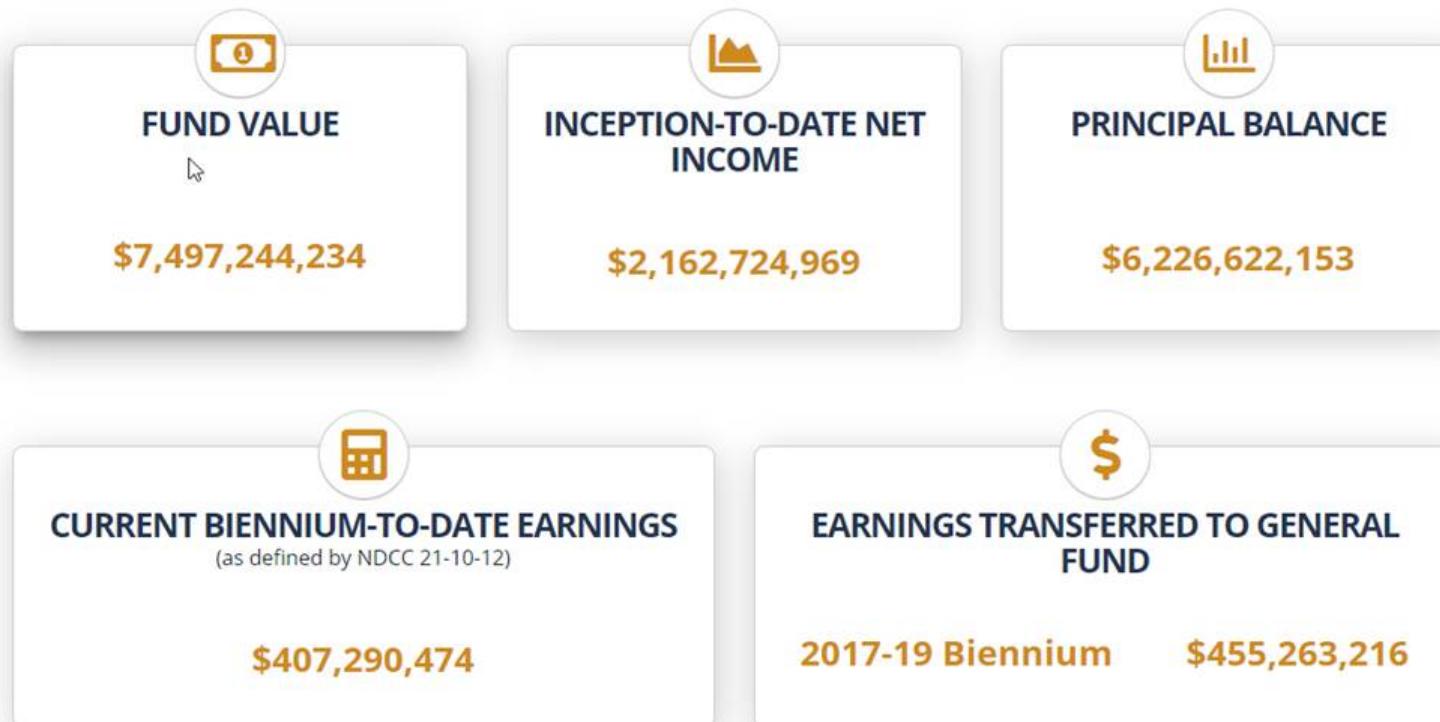
North Dakota Retirement and Investment Office - Legacy Fund Website

<https://www.rio.nd.gov/legacy-fund>



The Legacy Fund was created by a constitutional amendment in 2010. The amendment provides that 30% of oil and gas gross production and oil extraction taxes on oil produced after June 30, 2011, be transferred to the Legacy Fund. The State Investment Board (SIB) is responsible for the investment of the fund. The first Legacy Fund transfer was received by the SIB in September 2011. The ND Constitution also requires that all earnings accrued after June 30, 2017, must be transferred to the state's general fund at the end of each biennium.

Balances listed below as of August 31, 2020.



***PLEASE NOTE: Monthly numbers are preliminary and subject to change.*



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Scott A. Miller
Executive Director
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1-800-803-7377

Fax: (701) 328-3920 Email ndpers-info@nd.gov Website <https://ndpers.nd.gov>

Memorandum

TO: NDPERS Board
FROM: Scott
DATE: October 27, 2020
SUBJECT: Health Plan RFP/Contract

This is a placeholder to bring up any decisions that need to be made regarding the Health Plan RFP and the contract negotiations with Sanford Health Plan.



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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: October 27, 2020

SUBJECT: Medicare Part D Plan Contract Amendment

At the August meeting, the Board approved renewing the NDPERS Medicare Part D Plan with Express Scripts Incorporated (ESI) for the 2021 calendar year. Attached is the contract amendment drafted by ESI and reviewed by NDPERS legal staff. As you will note, additional language was added to the contract amendment to specifically address the requirements for pharmacy benefit transparency as passed last session in HB 1374 and approved by the Board at the February meeting.

Board Action Requested

Approve the contract amendment for the NDPERS Medicare Part D Plan for the 2021 calendar year.

SECOND ADDENDUM TO AGREEMENT
FOR MEDICARE PART D
EMPLOYER SPONSORED GROUP WAIVER PLAN
PRESCRIPTION DRUG SERVICES

BETWEEN

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
AND
MEDCO CONTAINMENT LIFE INSURANCE COMPANY

This Addendum is made and entered into this 24th day of September, 2020, by and between the State of North Dakota, acting through its North Dakota Public Employees Retirement System (Client) and Medco Containment Life Insurance Company (MCLIC). This agreement is an Addendum to the Agreement for Medicare Part D Employer-Only Sponsored Group Waiver Plan Prescription Drug Services (Agreement) between parties executed on December 30, 2015, and is made in accordance with Section 8.1 and Section 9.5 of the Agreement. All provisions of the Agreement remain in full force and effect except as otherwise noted in this Addendum.

Whereas, Section 8.1 and Section 9.5 of the Agreement executed between the parties permit Client to renew the Agreement for the term of January 1, 2021 through December 31, 2021; and

Whereas, the Client expressed its intent to renew the Agreement by executing the document attached hereto as Exhibit A and dated August 31, 2020; and

Whereas, During the 2019 Legislative Session, the State of North Dakota promulgated enhanced contractual transparency requirements, codified at N.D.C.C. 54-52.1-04.16(3); and

Whereas, The parties negotiated compliance with N.D.C.C. 54-52.1-04.16(3) for possible future renewals; and

Whereas, Client considered and passed a motion to accept the offer; now,

Therefore, the parties in consideration of the mutual agreements and undertakings set forth in the Agreement hereby agree as follows:

1. That the Agreement between the parties executed on December 30, 2015 shall continue to be effective in accordance with the terms of the attached Exhibit A for the term of January 1, 2021 through December 31, 2021.
2. That upon Client's request, and in order to comply with N.D.C.C. 54-52.1-04.16(3), MCLIC shall provide to Client aggregate values for MCLIC's rebates and manufacturer administrative fees.
3. "Rebates" mean retrospective formulary rebates that are paid to MCLIC pursuant to the terms of a formulary rebate contract negotiated independently by MCLIC and directly attributable to the utilization of certain Covered Drugs by EGWP Enrollees.
4. "Manufacturer Administrative Fees" means those administrative fees paid by manufacturers to MCLIC pursuant to a contract between MCLIC and the manufacturer in connection with MCLIC's administering, invoicing, allocating and collecting the Rebates under the Rebate program.
5. That in the event a conflict exists between the terms of the Agreement and the terms of this Addendum and its Exhibit A, this Addendum and its Exhibit A shall control; and
6. That this Addendum shall not be effective until fully executed by both parties.

The undersigned execute this Second Addendum to Agreement for Services on the most recent date written below.

MEDCO CONTAINMENT LIFE INSURANCE
COMPANY

NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Federal ID Number: _____



Dear North Dakota Public Retirement System,

Medco Containment Life Insurance Company and Medco Containment Insurance Company of New York (hereinafter referred to as "Express Scripts Medicare") is pleased to continue offering the Medicare Part D Employer Group Waiver Plan (EGWP) for 2021 as described below.

Please check mark your intention below, sign and return to Express Scripts Medicare by August 31, 2020

Plan Design 1: Current Plan Design

		Retail Pharmacy Network	Retail Maintenance Drug Program (MDP) Pharmacy	Express Scripts Home Delivery
Day Supply		Up to 31 day	Up to 90 day	Up to 90 day
Pharmacy Network		Standard	Custom	ESIHD
Member Co-Pay	Generic	\$5 Copay + 15%	\$5 Copay + 15%	\$5 Copay + 15%
	Preferred Brand	\$15 Copay + 25%	\$15 Copay + 25%	\$15 Copay + 25%
	Non-Preferred	\$25 Copay + 50%	\$25 Copay + 50%	\$25 Copay + 50%
	Specialty	\$15 Copay + 25%	\$15 Copay + 25%	\$15 Copay + 25%
Deductible		No Deductible		
Initial Coverage Limit (ICL)		\$4,130		
Maximum Out Pocket		No Maximum Out of Pocket		
Coverage Gap		No Coverage Gap; Member Co-pays above apply.		
Member True Out of Pocket (TrOOP)		\$6,550		
Catastrophic Coverage		Member cost share post-TrOOP (\$6,550) is the greater of 5% or \$3.70 for generics and the greater of 5% or \$9.20 for brands		
Formulary		Premier Access Open		
Non Part D Drugs¹		Mirror current coverage within CMS guidelines		
Part B Drugs¹		Not Covered		
Utilization Management Program		All Approved Standard Part D		
Compound Management Solution		Compound Management Solution applies. Compound Management Solution in place to mitigate compound drug abuse by means of commercial inclusion and exclusion lists.		
Advanced Opioid Management Program		On		

This group Medicare Part D plan has additional benefits to enhance the Medicare Part D coverage, as required by the Centers for Medicare and Medicaid Services (CMS). Per CMS regulations, the benefit enhancements are considered other health benefits and require filing with and approval by the state department of insurance. Express Scripts Medicare will offer this product in conjunction with Companion Life Insurance Company. The premium consists of two distinct components that will be outlined on your invoice as follows:

Employer Group Waiver Plan Premium - offered by Express Scripts Medicare through its contracts with the Centers for Medicare and Medicaid Services	\$65.44
Additional enhanced insurance - offered above and beyond the CMS defined standard benefit Premium	\$24.10
Total Premium Per Member Per Month* (PPMPM)	\$89.54

¹Some states require coverage for certain Non Part D and Part B drugs. Express Scripts will comply with all state requirements on your behalf.

Plan Design 2: Current Plan Design with RationalMED

		Retail Pharmacy Network	Retail Maintenance Drug Program (MDP) Pharmacy	Express Scripts Home Delivery
Day Supply		Up to 31 day	Up to 90 day	Up to 90 day
Pharmacy Network		Standard	Custom	ESIHD
Member Co-Pay	Generic	\$5 Copay + 15%	\$5 Copay + 15%	\$5 Copay + 15%
	Preferred Brand	\$15 Copay + 25%	\$15 Copay + 25%	\$15 Copay + 25%
	Non-Preferred	\$25 Copay + 50%	\$25 Copay + 50%	\$25 Copay + 50%
	Specialty	\$15 Copay + 25%	\$15 Copay + 25%	\$15 Copay + 25%
Deductible		No Deductible		
Initial Coverage Limit (ICL)		\$4,130		
Maximum Out Pocket		No Maximum Out of Pocket		
Coverage Gap		No Coverage Gap; Member Co-pays above apply.		
Member True Out of Pocket (TrOOP)		\$6,550		
Catastrophic Coverage		Member cost share post-TrOOP (\$6,550) is the greater of 5% or \$3.70 for generics and the greater of 5% or \$9.20 for brands		
Formulary		Premier Access Open		
Non Part D Drugs ¹		Mirror current coverage within CMS guidelines		
Part B Drugs ¹		Not Covered		
Utilization Management Program		All Approved Standard Part D		
Compound Management Solution		Compound Management Solution applies. Compound Management Solution in place to mitigate compound drug abuse by means of commercial inclusion and exclusion lists.		
Advanced Opioid Management Program		On		
RationalMED		On		

This group Medicare Part D plan has additional benefits to enhance the Medicare Part D coverage, as required by the Centers for Medicare and Medicaid Services (CMS). Per CMS regulations, the benefit enhancements are considered other health benefits and require filing with and approval by the state department of insurance.

Express Scripts Medicare will offer this product in conjunction with Companion Life Insurance Company. The premium consists of two distinct components that will be outlined on your invoice as follows:

Employer Group Waiver Plan Premium - offered by Express Scripts Medicare through its contracts with the Centers for Medicare and Medicaid Services	\$65.22
Additional enhanced insurance - offered above and beyond the CMS defined standard benefit Premium	\$24.10
Total Premium Per Member Per Month* (PMPM)	\$89.32

¹Some states require coverage for certain Non Part D and Part B drugs. Express Scripts will comply with all state requirements on your behalf.

These premiums are based on group enrollment with member option to opt out and a minimum enrollment of 7,989 in the selected plan by 1/1/2021. If minimum enrollment thresholds are not met, Express Scripts Medicare reserves the right to adjust the premium accordingly.

*The illustrated premium is subject to change in the event of CMS guidance and rate changes.

*Rates are subject to change pending CMS release of the final 2021 bid results.

I elect to offer the plan design as described to my Members effective 01/01/2021 – 12/31/2021 pursuant to my agreement with Express Scripts Medicare.

- Plan Design 1
 Plan Design 2

I do not elect the above EGWP and will notify Express Scripts Medicare of my intentions in accordance to our agreement by the timeframe required within our agreement.

Rebecca Fricke
Print Name


Rebecca Fricke (Aug 18, 2020 10:41 AM)

Signature

8/18/2020
Date

Please be aware that if you do not complete the above election and notify Express Scripts Medicare by August 31, 2020, attempts to confirm your intentions for the 2021 plan year will be made. If we are unable to confirm intentions for the 2021 plan year, the group disenrollment process may be initiated and your retirees will be notified that they need to seek coverage elsewhere or under alternative plans that you may offer.

Sincerely,

Express Scripts, Inc.
Client Contracting Department
One Express Way
St. Louis, MO 63121
FAX: 1-800-287-0359

¹Some states require coverage for certain Non Part D and Part B drugs. Express Scripts will comply with all state requirements on your behalf.



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Memorandum

TO: NDPERS Board
FROM: Rebecca
DATE: October 27, 2020
SUBJECT: SHP Update

Sanford Health Plan (SHP) will be at the meeting to provide updates to the Board regarding the health insurance plan. Please see the attached memo from SHP for an update regarding COVID-19 and member cost-share amounts.

Memo

To: Rebecca Fricke
From: Steve Webster
Date: October 5, 2020
Re: COVID-19 Benefit Update

COVID-19 coverage update

Effective October 1, 2020, Sanford Health Plan is updating the coverage for COVID-19 testing and treatment as follows:

- **COVID-19 testing and ER/Office visits related to testing** will continue to be covered at no-cost to the member until December 31, 2020.
- **Telehealth** coverage will continue to be covered at no-cost, for any diagnosis.
- **Treatment** for COVID-19, including medications and inpatient admissions, will no longer be covered for the member at no cost after September 30, 2020. Coverage for treatment related to a COVID-19 diagnosis will apply cost sharing amounts in accordance to the benefit plan.



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Memorandum

TO: NDPERS Board
FROM: MaryJo Anderson
DATE: October 27, 2020
SUBJECT: Job Service COLA

According to Article VII(3) of the plan document for the Retirement Plan for Employees of Job Service North Dakota, "effective each December 1 of any year, the monthly amount of each retirement annuity, death benefit, or disability benefit then payable shall be increased by the percent increase, if any, in the Consumer Price Index." It further states, "no increase in retirement allowance granted under the Plan, or the date for commencement of such increase, will become effective unless the same increase has been authorized for the Civil Service Retirement System, and unless the increase has been authorized by the NDPERS Board." This provision for a COLA increase was authorized by the United States Department of Labor as part of a larger agreement reached with the USDOL in the late 1970's. Since that time, the Plan practice has been to provide COLAs consistent with the Federal Civil Service Plan. The plan assumes a post-retirement COLA of 2.5%.

This year the COLA index for the Federal Civil Service Plan is 1.3%. Therefore, a 1.3% COLA increase is indicated for the Job Service retirees paid by NDPERS as well as for the Job Service retirees paid by MetLife. The increase would be effective December 1, 2020. The last increase for annuitants in this system was 1.6% effective December 1, 2019.

The actuarial assumption used in the annual valuation for the COLA is 2.5% per year; therefore, the 1.3% increase represents a gain to the system.

Board Action Requested

Determine whether to approve the 1.3% COLA increase for Job Service annuitants.



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Memorandum

TO: NDPERS Board
FROM: MaryJo
DATE: October 27, 2020
SUBJECT: Provider Fiduciary Language Amendment Update

At the April 2020 meeting, the Board reviewed responses from the NDPERS 457 Deferred Compensation providers, with the exception of the Companion Plan and BND, regarding the fiduciary language contract amendment approved by the Board in October 2019. The agreement required investment providers to act as fiduciaries in the best interest of the NDPERS participant when providing services. Of the providers, three companies (American Trust Center, Waddell & Reed and Nationwide) accepted and four (AXA Equitable, Jackson National, VALIC, and Mass Mutual) refused the NDPERS amendment as drafted.

The Board approved for the non-compliant providers to be frozen to new participants beginning January 1, 2021, but to continue to receive existing participant contributions. NDPERS staff notified each of the non-compliant providers of the Board action and encouraged each provider to respond by July 1, 2020 regarding the amendment to the current contract.

NDPERS has received a response from Mass Mutual requesting revisions to the proposed amendment, along with a Broker Dealer Certification, which is attached. This was reviewed by our legal advisor, Dean DePountis, and he will be available at the Board meeting to answer any questions.

No other providers responded affirmatively.

Board Action:

Approve or deny the proposed amendment revisions from MassMutual

DRAFT AMENDMENT

Section II of the Agreement is amended to add the following:

In accordance with the request by the Board of the North Dakota Public Employees Retirement System 457 Plan (“NDPERS”) to amend the Agreement, MassMutual has obtained written representations from the broker dealer firms enumerated in Schedule A attached hereto and made a part hereof (each a “Distributor” and collectively the “Distributors”).

Each Distributor has certified that the firm and its representatives will comply with the requirements of SEC Regulation Best Interest as applicable, with respect to their respective representatives’ interactions with NDPERS plan participants and employees when offering MassMutual products. In addition, MassMutual’s agreements with the Distributors require the Distributors to comply with all applicable laws. Further, each of the Distributors has committed to MassMutual, its successors and assigns and to the NDPERS Board that all its sales representatives providing advice or guidance to NDPERS participants are required to act in the best interests of the participants that they advise, using the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use under the same circumstances.

INITIAL (ROUGH) DRAFT FOR DISCUSSION & REVIEW PURPOSES ONLY (rpr; 9/16/2020)

**CERTIFICATION REGARDING FIRM's REPRESENTATIVES OBLIGATION TO PARTICIPANTS IN THE
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM 457 PLAN**

Dear [Name of Compliance Officer / Broker Dealer]:

You may already be aware that one [or more] of [Name of Broker Dealer Firm]'s Registered Representatives, enumerated on the attached Schedule, attached hereto and made a part hereof, currently provides participant advisory services on behalf of Massachusetts Mutual Life Insurance Company ("MassMutual") and Talcott Resolution Life Insurance Company ("Talcott") for certain Participants of the *North Dakota Public Employees Retirement System 457 Plan* (the "NDPERS 457 Plan").

Effective January 1, 2021, the *Board of Trustees of the North Dakota Public Employees Retirement System* is requiring that each financial institution providing plan investment and administrative services to the NDPERS 457 Plan must represent to the Board that each firm and its financial advisors who provide NDPERS participants with financial advice or guidance of any type has agreed to act in the best interests of the participants they serve.

Pursuant to this best interest requirement, the NDPERS Board of Trustees is requiring all service providers, including MassMutual, to amend the *North Dakota Deferred Compensation Plan Provider Agreement* between MassMutual and NDPERS (the "Service Agreement") to certify and memorialize MassMutual's commitment to ensure that all financial advisors and their respective firms that deal with participants will agree to act in accordance with the best interest requirements outlined above.

Since the financial advisors listed on Schedule A that meet with the NDPERS plan participants with regard to the MassMutual/Talcott product and services are registered representatives of [Name of Broker Dealer Firm] and are not employees or registered representative of MassMutual, MassMutual does not have supervisory authority over the actions of said financial advisors. Therefore, in order for MassMutual to meet the above referenced requirements of the NDPERS Board regarding the Service Agreement Amendment, MassMutual is requiring that in order for the Firm's registered representatives to continue offering service under the NDPERS 457 Plan, each Broker Dealer firm to make the certification below regarding the actions and responsibilities of each of its registered representative in connection with NDPERS plan participants.

[Name of Broker Dealer Firm] on its own behalf, and on behalf of its successors and assigns and its registered representatives, certifies and represents to MassMutual and the *Board of Trustees of the North Dakota Public Employees Retirement System* that it and each of its registered representatives shall comply with the following:

By signing below, [**Name of Broker Dealer Firm**] hereby certifies and represents that each of its registered representatives who advise or otherwise provide guidance to participants with regard to the MassMutual product offered to participants in the North Dakota Public Employees Retirement System (“NDPERS”) will comply with the requirements of SEC Regulation Best Interest as applicable, with respect to their respective representatives’ interactions with NDPERS plan participants and employees when offering MassMutual products. In addition, [**Name of Broker Dealer Firm**] and its registered representative shall comply with all applicable laws applicable to all transactions and activities related to services provided to NDPERS plan participants. [**Name of Broker Dealer Firm**] commits to MassMutual, its successors and assigns, and to the NDPERS Board that all its sales representatives providing advice or guidance to NDPERS participants are required to act in the best interests of the participants that they advise, using the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use under the same circumstances.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed.

[*Name of Broker Dealer Firm*]:

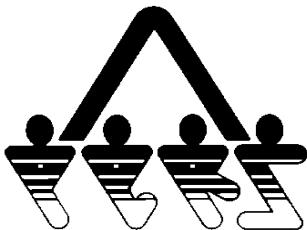
By: _____ Date: _____

Name: _____ Title: _____

Massachusetts Mutual Life Insurance Company, on its own behalf and as Agent for Talcott Life Insurance Company[*Name of Broker Dealer Firm*]:

By: _____ Date: _____

Name: _____ Title: _____



North Dakota
Public Employees Retirement System
400 East Broadway, Suite 505 • Box 1657
Bismarck, North Dakota 58502-1657

Scott Miller
Executive Director
(701) 328-3900
1-800-803-7377

FAX: (701) 328-3920 • EMAIL: NDPERS-info@nd.gov • www.nd.gov/ndpers

Memorandum

TO: PERS Board
FROM: Bryan Reinhardt
DATE: October 27, 2019
SUBJECT: Updated Investment Options Summary

The updated Investment Options Summary for the NDPERS 457 Deferred Compensation Plan is now available. The booklet contains information on all the providers and investment options available in the plan. Inside you will find a description of the investment options available and the contact information for all the providers. For each active provider, all the investments are listed along with their investment objective, associated expenses and historical performance. The investment options summary is located on the NDPERS web site at: <https://ndpers.nd.gov/image/cache/investment-options.pdf>

2020 - 2021

Inve\$tment Options

A SUMMARY FOR THE
NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM
DEFERRED
COMPENSATION PLAN





North Dakota
Public Employees Retirement System
400 East Broadway, Suite 505 • Box 1657
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Memorandum

TO: NDPERS Board
FROM: Bryan Reinhartd
DATE: October 27, 2020
SUBJECT: Investment Consultant RFP Update

The Investment Consultant RFP timeline included in the RFP was as follows:

1.4 Proposal Schedule

RFP Issued:	July 1, 2020
Vendor Questions Due:	5:00 p.m., CDT, July 23, 2020
Responses to Questions Issued:	August 6, 2020
Proposals Due:	5:00 p.m., CDT, August 31, 2020
PERS Board Review:	October 27, 2020
Vendor Interviews:	November 10, 2020 (if necessary)
Vendor Selection:	No later than November 2020

We received 10 proposals. Five NDPERS staff reviewed and scored the submissions. The results of our review are provided in a confidential memo, which has been provided to the Board. This topic is noticed for executive session if needed.

Board Action:

Award the work effort.

Interview firms. Select which firms to interview.

The Board may choose to do interviews at the November 10th NDPERS Board meeting or designate the NDPERS Investment Subcommittee to hold a special meeting and bring a recommendation back to the full NDPERS Board on November 10th.

If you have any questions, we will be available at the NDPERS Board meeting.

IV. RETIREMENT

D. Investment Consultant RFP Update

This material will be sent under separate cover.



North Dakota
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Memorandum

TO: NDPERS Board

FROM: Derrick Hohbein

DATE: October 27, 2020

SUBJECT: Consultant Fees for the Quarter Ended September 2020

Attached is a quarterly report showing the consulting, investment, and administrative fees paid during the quarter ended September 2020.

Attachment

North Dakota Public Employees Retirement System
Consulting/Investment/Administrative Fees
For the Quarter ended September 30, 2020

	Program/Project	Fee Type	Jul-20	Aug-20	Sep-20	Fees Paid During The Quarter	Fees Paid Fiscal Year-To-Date
Actuary/Consulting Fees:							
Mid Dakota Clinic	Retirement Disability	Time charges	550	400	-	950	\$ 950
Ice Miller	Legal fees Employee benefit matters		-	-	-	-	\$ -
Deloitte	Legislative Analysis		3,050	-	-	3,050	\$ 3,050
Deloitte	RFP Preparation		-	-	-	-	\$ -
Deloitte	Claims Projections		-	-	3,210	3,210	\$ 3,210
Deloitte	Consulting		7,463	-	24,958	32,421	\$ 32,421
Gabriel Roeder Smith & Company	Retirement	Fixed Fee	-	3,000	8,000	11,000	\$ 11,000
Gabriel Roeder Smith & Company	RHIC	Fixed Fee	-	-	3,500	3,500	\$ 3,500
Gabriel Roeder Smith & Company	GASB 67/68	Fixed Fee	-	-	-	-	\$ -
Gabriel Roeder Smith & Company	GASB 74/75	Fixed Fee	-	-	-	-	\$ -
Gabriel Roeder Smith & Company	Actuarial Factor Updates	Fixed Fee	-	3,500	2,700	6,200	\$ 6,200
Gabriel Roeder Smith & Company	Projections	Fixed Fee	-	-	-	-	\$ -
Gabriel Roeder Smith & Company	Experience Study	Fixed Fee	-	-	-	-	\$ -
Gabriel Roeder Smith & Company	Retirement	Time Charges	3,280	3,475	1,190	7,945	\$ 7,945
Gabriel Roeder Smith & Company	RHIC	Time Charges	-	-	340	340	\$ 340
Gabriel Roeder Smith & Company	Deferred Comp	Time Charges	-	-	-	-	\$ -
Gabriel Roeder Smith & Company	Flexcomp	Time Charges	-	-	-	-	\$ -
Audit Fees:							
Clifton Larson Allen	Annual Audit Fee	Fixed Fee	-	17,500	-	17,500	\$ 17,500
Website Maintenance							
MABU	Website Maintenance	Time Charges	-	-	-	-	\$ -
Legal Fees:							
ND Attorney General	Administrative	Time charges	1,756	3,128	-	4,884	\$ 4,884
Investment Fees:							
SIB - Investment Fees	Retirement (DB)	% Allocation	1,506,594	1,189,423	*	2,696,017	\$ 2,696,017
SIB - Investment Fees	Ret Health Credit	% Allocation	6,060	112,209	*	118,269	\$ 118,269
SIB - Investment Fees	Insurance	% Allocation	16,375	16,615	*	32,990	\$ 32,990
SIB - Administrative Fees	Retirement (DB)	% Allocation	151,489	25,351	*	176,840	\$ 176,840
						3,024,116	\$ 3,024,116
Administrative Fee:							
Sanford Health Plan	Health Plan	Fixed fee	2,256,220	2,252,724	*	4,508,944	\$ 4,508,944

* fees not yet available



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Memorandum

TO: NDPERS Board
FROM: Scott
DATE: October 27, 2020
SUBJECT: Legislation

The Employee Benefits Programs Committee took action on several bills at its last meeting:

Bill 55 – requires health insurance policies to cover physicals that include Department of Transportation requirements – **favorable recommendation**

Bill 68 – requires the NDPERS Health Plans to cover drugs imported from Canada – **no recommendation**

Bill 87 – 1.95% employer contribution increase (PERS) – **no recommendation**

Bill 88 – 2% employer contribution increase (PERS) – **no recommendation**

Bill 89 – 5.12% employer contribution increase (PERS) – **favorable recommendation**

Bill 90 – 2% and 2% employer contribution increase to the Highway Patrol plan (PERS/HP) – **favorable recommendation**

Bill 91 – Penalty for violating PERS statutory processes (PERS) – **favorable recommendation**

Bill 92 – Technical corrections (PERS) – **favorable recommendation**

Bill 94 – Deferred compensation plan administrative expense assessment (PERS) – **favorable recommendation**

Bill 95 – 1% employer and 1% employee contribution increases (PERS) – favorable recommendation

Bill 93, which would remove the NDPERS Part D plan from the HB 1374 requirements, was not considered because we had not yet received an actuarial analysis. It will be considered at the next meeting.

Bill 136 which would have established a retirement plan for “protective services employees” of the Department of Corrections, was removed from consideration.

The Committee also took jurisdiction over the following bills:

Bill 49 – establish health insurance minimums in the event the ACA is eliminated

Bill 135 – establishes Health Plan participation for former state employees who were subject to a reduction in force

Bill 148 – removes the uniform group insurance plan decision-making from the NDPERS Board and transfers it to the Employee Benefits Programs Committee (EBPC)

Bill 170 – cleans up some unclear language regarding stop loss insurance acquisition

Bill 183 – requires certain health insurance policies to cover insulin

We will provide technical and actuarial comments at the Committee meeting. I would appreciate the Board's thoughts on comments and testimony for bills 135 and 148. Bill 135 would require the Board to re-open the non-Medicare retiree health plan for both non-Medicare retirees and those employees who either participated in the voluntary separation plan or were subject to a reduction in force. Representative Keiser is still working on the bill, and right now it is unclear whether the intent is to set the premiums at a subsidized level or an underwritten level. If the premium is subsidized (as it was before we closed the plan), the State's “Other Post-Employment Benefit” (OPEB) liabilities would increase substantially. If you recall, when we closed the plan we had over \$60 million in OPEB liabilities; we are now down to around \$3 million.

Bill 148 would require the Board to do all of the RFP work for each of the Uniform Group Insurance vendors, including consultants, and then forward the materials and recommendations to the EBPC for them to make a decision. The EBPC would also have the decision-making authority for determining whether to renew a contract or go out to bid. Since January 1, 2019, the Board has made approximately 30 decisions over the course of 20 different meetings. The ten EBPC meetings in that timeframe will need to increase dramatically in order to adequately consider all of the necessary decisions. Further, Bill 148 seems to be at odds with the separation of powers doctrine discussion in the ND Supreme Court's decision in Legislature v. Burgum.

Sixty-seventh
Legislative Assembly
of North Dakota

BILL NO.

Introduced by

Representative Schatz

1 A BILL for an Act to create and enact section 26.1-36-09.16 of the North Dakota Century Code,
2 relating to health insurance coverage of annual physical examinations; and to amend and
3 reenact section 26.1-36.6-03 of the North Dakota Century Code, relating to public employees
4 retirement system self-insurance health plans.

5 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

6 **SECTION 1.** Section 26.1-36-09.16 of the North Dakota Century Code is created and
7 enacted as follows:

8 **26.1-36-09.16. Coverage of physical examination.**

9 An insurer may not deliver, issue, execute, or renew an accident and health insurance
10 policy on an individual, group, blanket, franchise, or association basis which provides coverage
11 for an annual physical examination unless the coverage includes an examination that meets the
12 requirements for a federal department of transportation physical examination. This section does
13 not require coverage of more than one physical examination per year. This section does not
14 require every physical examination to meet the requirements of a federal department of
15 transportation physical examination.

16 **SECTION 2. AMENDMENT.** Section 26.1-36.6-03 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **26.1-36.6-03. Self-insurance health plans - Requirements.**

19 1. The following policy provisions apply to a self-insurance health plan or to the
20 administrative services only or third-party administrator, and are subject to the
21 jurisdiction of the commissioner: 26.1-36-03, 26.1-36-03.1, 26.1-36-05, 26.1-36-10,
22 26.1-36-12, 26.1-36-12.4, 26.1-36-12.6, 26.1-36-13, 26.1-36-14, 26.1-36-17,
23 26.1-36-18, 26.1-36-19, 26.1-36-23, 26.1-36-29, 26.1-36-37.1, 26.1-36-38, 26.1-36-39,
24 26.1-36-41, 26.1-36-44, and 26.1-36-46.

Sixty-seventh
Legislative Assembly
of North Dakota

BILL NO.

Introduced by

Representative M. Nelson

1 A BILL for an Act to create and enact a new section to chapter 54-52.1 of the North Dakota
2 Century Code, relating to public employee health insurance drug benefit coverage; to amend
3 and reenact section 26.1-36.6-03 of the North Dakota Century Code, relating to self-insurance
4 health plans; to require a report; to provide for application; to provide an expiration date; and to
5 declare an emergency.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. AMENDMENT.** Section 26.1-36.6-03 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **26.1-36.6-03. Self-insurance health plans - Requirements.**

- 10 1. The following policy provisions apply to a self-insurance health plan or to the
11 administrative services only or third-party administrator, and are subject to the
12 jurisdiction of the commissioner: 26.1-36-03, 26.1-36-03.1, 26.1-36-05, 26.1-36-10,
13 26.1-36-12, 26.1-36-12.4, 26.1-36-12.6, 26.1-36-13, 26.1-36-14, 26.1-36-17,
14 26.1-36-18, 26.1-36-19, 26.1-36-23, 26.1-36-29, 26.1-36-37.1, 26.1-36-38, 26.1-36-39,
15 26.1-36-41, 26.1-36-44, and 26.1-36-46.
- 16 2. The following health benefit provisions applicable to a group accident and health
17 insurance policy under chapter 26.1-36 apply to a self-insurance health plan and are
18 subject to the jurisdiction of the commissioner: 26.1-36-06, 26.1-36-06.1, 26.1-36-07,
19 26.1-36-08, 26.1-36-08.1, 26.1-36-09, 26.1-36-09.1, 26.1-36-09.2, 26.1-36-09.3,
20 26.1-36-09.5, 26.1-36-09.6, 26.1-36-09.7, 26.1-36-09.8, 26.1-36-09.9, 26.1-36-09.10,
21 26.1-36-09.11, 26.1-36-09.12, 26.1-36-09.13, 26.1-36-09.14, 26.1-36-09.15,
22 26.1-36-11, 26.1-36-12.2, 26.1-36-20, 26.1-36-21, 26.1-36-22, 26.1-36-23.1, and
23 26.1-36-43. Section 2 of this Act applies to a self-insurance health plan and is subject
24 to the jurisdiction of the commissioner.

Sixty-seventh
Legislative Assembly

1 **SECTION 2.** A new section to chapter 54-52.1 of the North Dakota Century Code is created
2 and enacted as follows:

3 **Coverage of imported prescription drugs.**

4 Prescription drug benefits coverage provided under section 54-52.1-04, 54-52.1-04.1, or
5 54-52.1-04.2, must include coverage for prescription drugs imported from Canada in
6 compliance with section 804 of the Federal Food, Drug, and Cosmetics Act [21 U.S.C. 384].
7 Coverage required under this section may allow for a copayment that does not exceed
8 twenty-five dollars.

9 **SECTION 3. APPLICATION.** This Act applies to prescription drug benefits coverage that
10 begins after June 30, 2021, and which does not extend past June 30, 2023.

11 **SECTION 4. PUBLIC EMPLOYEES RETIREMENT SYSTEM - COVERAGE OF DRUGS**

12 **IMPORTED FROM CANADA - REPORT.** Pursuant to section 54-03-28, the public employees
13 retirement system shall prepare and submit for introduction a bill to the sixty-eighth legislative
14 assembly to repeal the expiration date for sections 1 and 2 of this Act and to extend the
15 coverage of prescription drugs imported from Canada to apply to all group and individual health
16 insurance policies. The public employees retirement system shall append to the bill a report
17 regarding the effect of the prescription drug coverage requirement on the system's health
18 insurance programs, information on the utilization and costs relating to the coverage, and a
19 recommendation regarding whether the coverage should continue.

20 **SECTION 5. EXPIRATION DATE.** Sections 1 and 2 of this Act are effective through July 31,
21 2023, and after that date are ineffective.

22 **SECTION 6. EMERGENCY.** This Act is declared to be an emergency measure.

Sixty-seventh
Legislative Assembly
of North Dakota

BILL NO.

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 1 of section 54-52-02.9, subsection 1 of
2 section 54-52-06, subsection 6 of section 54-52.6-02, and subsection 2 of section 54-52.6-09 of
3 the North Dakota Century Code, relating to increased employer and employee contributions
4 under the public employees retirement system defined benefit and defined contribution plans;
5 and to provide a penalty.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. AMENDMENT.** Subsection 1 of section 54-52-02.9 of the North Dakota
8 Century Code is amended and reenacted as follows:

9 1. Within one hundred eighty days of beginning employment, a temporary employee may
10 elect to participate in the public employees retirement system and receive credit for
11 service after enrollment. Monthly, the temporary employee shall pay to the fund an
12 amount equal to eight and twelve-hundredths percent times the temporary employee's
13 present monthly salary. The amount required to be paid by a temporary employee
14 increases by two percent times the temporary employee's present monthly salary
15 beginning with the monthly reporting period of January 2012, and with an additional
16 two percent increase of two percent, beginning with the reporting period of
17 January 2013, and; with an additional increase of two percent, beginning with the
18 monthly reporting period of January 2014; and with an additional increase of one and
19 ninety-five hundredths percent, beginning with the monthly reporting period of January
20 2022.

21 **SECTION 2. AMENDMENT.** Subsection 1 of section 54-52-06 of the North Dakota Century
22 Code is amended and reenacted as follows:

23 1. Each governmental unit shall contribute an amount equal to four and
24 twelve-hundredths percent of the monthly salary or wage of a participating member.

Sixty-seventh
Legislative Assembly

1 Governmental unit contributions increase by one percent of the monthly salary or
2 wage of a participating member beginning with the monthly reporting period of
3 January 2012; with an additional increase of one percent, beginning with the reporting
4 period of January 2013; and with an additional increase of one percent, beginning with
5 the monthly reporting period of January 2014; and with an additional increase of one
6 and ninety-five hundredths percent, beginning with the monthly reporting period of
7 January 2022. For a participating member who first enrolls after December 31, 2019,
8 the governmental unit shall contribute an additional amount equal to one and fourteen-
9 hundredths percent of the monthly salary or wage of the participating member.

10 **SECTION 3. AMENDMENT.** Subsection 6 of section 54-52.6-02 of the North Dakota
11 Century Code is amended and reenacted as follows:

12 6. A participating member who becomes a temporary employee may still participate in
13 the defined contribution retirement plan upon filing an election with the board within
14 one hundred eighty days of transferring to temporary employee status. The
15 participating member may not become a member of the defined benefit plan as a
16 temporary employee. The temporary employee electing to participate in the defined
17 contribution retirement plan shall pay monthly to the fund an amount equal to eight
18 and twelve-hundredths percent times the temporary employee's present monthly
19 salary. The amount required to be paid by a temporary employee increases by two
20 percent times the temporary employee's present monthly salary beginning with the
21 monthly reporting period of January 2012, and; with an additional increase of two
22 percent, beginning with the monthly reporting period of January 2013, and; with an
23 additional increase of two percent, beginning with the monthly reporting period of
24 January 2014; and with an additional increase of one and ninety-five hundredths
25 percent, beginning with the monthly reporting period of January 2022. The temporary
26 employee also shall also pay the required monthly contribution to the retiree health
27 benefit fund established under section 54-52.1-03.2. This contribution must be
28 recorded as a member contribution pursuant to section 54-52.1-03.2. An employer
29 may not pay the temporary employee's contributions. A temporary employee may
30 continue to participate as a temporary employee until termination of employment or
31 reclassification of the temporary employee as a permanent employee.

Sixty-seventh
Legislative Assembly

1 **SECTION 4. AMENDMENT.** Subsection 2 of section 54-52.6-09 of the North Dakota
2 Century Code is amended and reenacted as follows:

3 2. The employer shall contribute an amount equal to four and twelve-hundredths percent
4 of the monthly salary or wage of a participating member. Employer contributions
5 increase by one percent of the monthly salary or wage of a participating member
6 beginning with the monthly reporting period of January 2012; with an additional
7 increase of one percent, beginning with the monthly reporting period of January 2013;
8 and with an additional increase of one percent, beginning with the monthly reporting
9 period of January 2014; and with an additional increase of one and ninety-five
10 hundredths percent, beginning with the monthly reporting period of January 2022. For
11 members first enrolled after December 31, 2019, the employer contribution includes
12 an additional increase of one and fourteen-hundredths percent. If the employee's
13 contribution is paid by the employer under subsection 3, the employer shall contribute,
14 in addition, an amount equal to the required employee's contribution. Monthly, the
15 employer shall pay such contribution into the participating member's account from the
16 employer's funds appropriated for payroll and salary or any other funds available for
17 such purposes. If the employer fails to pay the contributions monthly, the employer is
18 subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due
19 for each month of delay or fraction of a month after the payment became due. In lieu
20 of assessing a civil penalty or one percent per month, or both, interest at the actuarial
21 rate of return may be assessed for each month the contributions are delinquent. If
22 contributions are paid within ninety days of the date the contributions became due,
23 penalty and interest to be paid on delinquent contributions may be waived.

Sixty-seventh
Legislative Assembly
of North Dakota

BILL NO.

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 1 of section 54-52-02.9, subsection 1 of
2 section 54-52-06, subsection 6 of section 54-52.6-02, and subsection 2 of section 54-52.6-09 of
3 the North Dakota Century Code, relating to increased employer and employee contributions
4 under the public employees retirement system defined benefit and defined contribution plans;
5 and to provide a penalty.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. AMENDMENT.** Subsection 1 of section 54-52-02.9 of the North Dakota
8 Century Code is amended and reenacted as follows:

9 1. Within one hundred eighty days of beginning employment, a temporary employee may
10 elect to participate in the public employees retirement system and receive credit for
11 service after enrollment. Monthly, the temporary employee shall pay to the fund an
12 amount equal to eight and twelve-hundredths percent times the temporary employee's
13 present monthly salary. The amount required to be paid by a temporary employee
14 increases by two percent times the temporary employee's present monthly salary
15 beginning with the monthly reporting period of January 2012; and; with an additional
16 two percent increase of two percent, beginning with the reporting period of
17 January 2013; and; with an additional increase of two percent, beginning with the
18 monthly reporting period of January 2014; and with an additional increase of two
19 percent, beginning with the monthly reporting period of January 2022.

20 **SECTION 2. AMENDMENT.** Subsection 1 of section 54-52-06 of the North Dakota Century
21 Code is amended and reenacted as follows:

22 1. Each governmental unit shall contribute an amount equal to four and
23 twelve-hundredths percent of the monthly salary or wage of a participating member.
24 Governmental unit contributions increase by one percent of the monthly salary or

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wage of a participating member beginning with the monthly reporting period of January 2012; with an additional increase of one percent, beginning with the reporting period of January 2013; and with an additional increase of one percent, beginning with the monthly reporting period of January 2014; and with an additional increase of two percent, beginning with the monthly reporting period of January 2022. For a participating member who first enrolls after December 31, 2019, the governmental unit shall contribute an additional amount equal to one and fourteen-hundredths percent of the monthly salary or wage of the participating member.

SECTION 3. AMENDMENT. Subsection 6 of section 54-52.6-02 of the North Dakota Century Code is amended and reenacted as follows:

6. A participating member who becomes a temporary employee may still participate in the defined contribution retirement plan upon filing an election with the board within one hundred eighty days of transferring to temporary employee status. The participating member may not become a member of the defined benefit plan as a temporary employee. The temporary employee electing to participate in the defined contribution retirement plan shall pay monthly to the fund an amount equal to eight and twelve-hundredths percent times the temporary employee's present monthly salary. The amount required to be paid by a temporary employee increases by two percent times the temporary employee's present monthly salary beginning with the monthly reporting period of January 2012, and; with an additional increase of two percent, beginning with the monthly reporting period of January 2013, and; with an additional increase of two percent, beginning with the monthly reporting period of January 2014; and with an additional increase of two percent, beginning with the monthly reporting period of January 2022. The temporary employee shall also pay the required monthly contribution to the retiree health benefit fund established under section 54-52.1-03.2. This contribution must be recorded as a member contribution pursuant to section 54-52.1-03.2. An employer may not pay the temporary employee's contributions. A temporary employee may continue to participate as a temporary employee until termination of employment or reclassification of the temporary employee as a permanent employee.

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1 **SECTION 4. AMENDMENT.** Subsection 2 of section 54-52.6-09 of the North Dakota

2 Century Code is amended and reenacted as follows:

3 2. The employer shall contribute an amount equal to four and twelve-hundredths percent
4 of the monthly salary or wage of a participating member. Employer contributions
5 increase by one percent of the monthly salary or wage of a participating member
6 beginning with the monthly reporting period of January 2012; with an additional
7 increase of one percent, beginning with the monthly reporting period of January 2013;
8 and with an additional increase of one percent, beginning with the monthly reporting
9 period of January 2014; and with an additional increase of two percent, beginning with
10 the monthly reporting period of January 2022. For members first enrolled after
11 December 31, 2019, the employer contribution includes an additional increase of one
12 and fourteen-hundredths percent. If the employee's contribution is paid by the
13 employer under subsection 3, the employer shall contribute, in addition, an amount
14 equal to the required employee's contribution. Monthly, the employer shall pay such
15 contribution into the participating member's account from the employer's funds
16 appropriated for payroll and salary or any other funds available for such purposes. If
17 the employer fails to pay the contributions monthly, the employer is subject to a civil
18 penalty of fifty dollars and, as interest, one percent of the amount due for each month
19 of delay or fraction of a month after the payment became due. In lieu of assessing a
20 civil penalty or one percent per month, or both, interest at the actuarial rate of return
21 may be assessed for each month the contributions are delinquent. If contributions are
22 paid within ninety days of the date the contributions became due, penalty and interest
23 to be paid on delinquent contributions may be waived.

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BILL NO.

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 1 of section 54-52-02.9, subsection 1 of
2 section 54-52-06, subsection 6 of section 54-52.6-02, and subsection 2 of section 54-52.6-09 of
3 the North Dakota Century Code, relating to increased employer and employee contributions
4 under the public employees retirement system defined benefit and defined contribution plans;
5 and to provide a penalty.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. AMENDMENT.** Subsection 1 of section 54-52-02.9 of the North Dakota
8 Century Code is amended and reenacted as follows:

9 1. Within one hundred eighty days of beginning employment, a temporary employee may
10 elect to participate in the public employees retirement system and receive credit for
11 service after enrollment. Monthly, the temporary employee shall pay to the fund an
12 amount equal to eight and twelve hundredths percent times the temporary employee's
13 present monthly salary. The amount required to be paid by a temporary employee
14 increases by two percent times the temporary employee's present monthly salary
15 beginning with the monthly reporting period of January 2012; and; with an additional
16 two percent increase of two percent, beginning with the reporting period of
17 January 2013; and; with an additional increase of two percent, beginning with the
18 monthly reporting period of January 2014; and with an additional increase of five and
19 twelve hundredths percent, beginning with the monthly reporting period of January
20 2022.

21 **SECTION 2. AMENDMENT.** Subsection 1 of section 54-52-06 of the North Dakota Century
22 Code is amended and reenacted as follows:

23 1. Each governmental unit shall contribute an amount equal to four and
24 twelve-hundredths percent of the monthly salary or wage of a participating member.

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1 Governmental unit contributions increase by one percent of the monthly salary or
2 wage of a participating member beginning with the monthly reporting period of
3 January 2012; with an additional increase of one percent, beginning with the reporting
4 period of January 2013; and with an additional increase of one percent, beginning with
5 the monthly reporting period of January 2014; and with an additional increase of five
6 and twelve hundredths percent, beginning with the monthly reporting period of January
7 2022. For a participating member who first enrolls after December 31, 2019, the
8 governmental unit shall contribute an additional amount equal to one and fourteen
9 hundredths percent of the monthly salary or wage of the participating member.

10 **SECTION 3. AMENDMENT.** Subsection 6 of section 54-52.6-02 of the North Dakota
11 Century Code is amended and reenacted as follows:

12 6. A participating member who becomes a temporary employee may still participate in
13 the defined contribution retirement plan upon filing an election with the board within
14 one hundred eighty days of transferring to temporary employee status. The
15 participating member may not become a member of the defined benefit plan as a
16 temporary employee. The temporary employee electing to participate in the defined
17 contribution retirement plan shall pay monthly to the fund an amount equal to eight
18 and twelve hundredths percent times the temporary employee's present monthly
19 salary. The amount required to be paid by a temporary employee increases by two
20 percent times the temporary employee's present monthly salary beginning with the
21 monthly reporting period of January 2012, and; with an additional increase of two
22 percent, beginning with the monthly reporting period of January 2013, and; with an
23 additional increase of two percent, beginning with the monthly reporting period of
24 January 2014; and with an additional increase of five and twelve hundredths percent,
25 beginning with the monthly reporting period of January 2022. The temporary employee
26 also shall also pay the required monthly contribution to the retiree health benefit fund
27 established under section 54-52.1-03.2. This contribution must be recorded as a
28 member contribution pursuant to section 54-52.1-03.2. An employer may not pay the
29 temporary employee's contributions. A temporary employee may continue to
30 participate as a temporary employee until termination of employment or
31 reclassification of the temporary employee as a permanent employee.

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1 **SECTION 4. AMENDMENT.** Subsection 2 of section 54-52.6-09 of the North Dakota
2 Century Code is amended and reenacted as follows:

3 2. The employer shall contribute an amount equal to four and twelve hundredths percent
4 of the monthly salary or wage of a participating member. Employer contributions
5 increase by one percent of the monthly salary or wage of a participating member
6 beginning with the monthly reporting period of January 2012; with an additional
7 increase of one percent, beginning with the monthly reporting period of January 2013;
8 and with an additional increase of one percent, beginning with the monthly reporting
9 period of January 2014; and with an additional increase of five and twelve hundredths
10 percent, beginning with the monthly reporting period of January 2022. For members
11 first enrolled after December 31, 2019, the employer contribution includes an
12 additional increase of one and fourteen hundredths percent. If the employee's
13 contribution is paid by the employer under subsection 3, the employer shall contribute,
14 in addition, an amount equal to the required employee's contribution. Monthly, the
15 employer shall pay such contribution into the participating member's account from the
16 employer's funds appropriated for payroll and salary or any other funds available for
17 such purposes. If the employer fails to pay the contributions monthly, the employer is
18 subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due
19 for each month of delay or fraction of a month after the payment became due. In lieu
20 of assessing a civil penalty or one percent per month, or both, interest at the actuarial
21 rate of return may be assessed for each month the contributions are delinquent. If
22 contributions are paid within ninety days of the date the contributions became due,
23 penalty and interest to be paid on delinquent contributions may be waived.

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of North Dakota

BILL NO.

Introduced by

(At the request of the Public Employees Retirement System)

- 1 A BILL for an Act to amend and reenact section 39-03.1-10 of the North Dakota Century Code,
- 2 relating to contributions to the highway patrolmen's retirement system by the state.

3 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

- 4 **SECTION 1. AMENDMENT.** Section 39-03.1-10 of the North Dakota Century Code is
- 5 amended and reenacted as follows:

6 39-03.1-10. Contributions by the state.

- 7 The state shall contribute to the fund a sum equal to sixteen and seventy-hundredths
- 8 percent of the monthly salary or wage of a participating member. State contributions increase by
- 9 one percent of the monthly salary or wage of a participating member beginning with the monthly
- 10 reporting period of January 2012; and; with an additional increase of one percent, beginning
- 11 with the reporting period of January 2013; and; with an additional increase of one percent,
- 12 beginning with the monthly reporting period of January 2014; with an additional increase of
- 13 two percent, beginning with the monthly reporting period of January 2022; and with an
- 14 additional increase of two percent, beginning with the monthly reporting period of January 2023.
- 15 If the member's contribution is paid by the state under subsection 2 of section 39-03.1-09, the
- 16 state shall contribute, in addition, an amount equal to the required member's contribution. The
- 17 state shall pay the associated employer contribution for those members who elect to exercise
- 18 their rights under subsection 3 of section 39-03.1-10.1.

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of North Dakota

BILL NO.

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 2 of section 54-52-06, section 54-52.1-06,
2 and subsection 2 of section 54-52.6-09 of the North Dakota Century Code, relating to public
3 employees retirement system penalties for late payments or failures to follow required
4 processes; and to provide a penalty.

5 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

6 **SECTION 1. AMENDMENT.** Subsection 2 of section 54-52-06 of the North Dakota Century
7 Code is amended and reenacted as follows:

8 2. For those members who elect to exercise their rights under section 54-52-17.14, the
9 employing governmental unit, or in the case of a member not presently under covered
10 employment the most recent employing governmental unit, shall pay the associated
11 employer contribution. If the employee's contribution is paid by the governmental unit
12 under subsection 3 of section 54-52-05, the employer unit shall contribute, in addition,
13 an amount equal to the required employee's contribution. Each governmental unit
14 shall pay the contribution monthly, or in the case of an election made pursuant to
15 section 54-52-17.14 a lump sum, into the retirement fund from the governmental unit's
16 funds appropriated for payroll and salary or any other funds available for these
17 purposes. Any governmental unit failing to pay the contributions monthly, or in the
18 case of an election made pursuant to section 54-52-17.14 a lump sum, or failing to
19 otherwise comply with the board's established wage reporting or payroll reporting
20 process requirements, is subject to a civil penalty of fifty dollars and, as interest, one
21 percent of the amount due for each month of delay or fraction thereof of a month after
22 the payment became due. In lieu of assessing a civil penalty or one percent per
23 month, or both, interest at the actuarial rate of return may be assessed for each month
24 the contributions are delinquent. If contributions are paid within ninety days of the date

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1 the contributions became due, penalty and interest to be paid on delinquent
2 contributions may be waived.

3 **SECTION 2. AMENDMENT.** Section 54-52.1-06 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **54-52.1-06. State contribution - Penalty.**

6 1. Each department, board, or agency shall pay to the board each month from its funds
7 appropriated for payroll and salary amounts a state contribution in the amount as
8 determined by the primary carrier of the group contract for the full single rate monthly
9 premium for each of its eligible employees enrolled in the uniform group insurance
10 program and the full rate monthly premium, in an amount equal to that contributed
11 under the alternate family contract, including major medical coverage, for hospital and
12 medical benefits coverage for spouses and dependent children of its eligible
13 employees enrolled in the uniform group insurance program pursuant to section
14 54-52.1-07. The board then shall then pay the necessary and proper premium amount
15 for the uniform group insurance program to the proper carrier or carriers on a monthly
16 basis.

17 2. Any refund, rebate, dividend, experience rating allowance, discount, or other reduction
18 of premium amount must be credited at least annually to a separate fund of the
19 uniform group insurance program to be used by the board to reimburse the
20 administrative expense and benefit fund of the public employees retirement program
21 for the costs of administration of the uniform group insurance program. ~~In the event~~

22 3. If an enrolled eligible employee is not entitled to receive salary, wages, or other
23 compensation for a particular calendar month, that employee may make direct
24 payment of the required premium to the board to continue the employee's coverage,
25 and the employing department, board, or agency shall provide for the giving of a timely
26 notice to the employee of that person's employee's right to make such payment at the
27 time the right arises.

28 4. A governmental unit that fails to pay the contributions by the board's established due
29 date is subject to a civil penalty of fifty dollars and, as interest, one percent of the
30 amount due for each month of delay or fraction of a month after the payment became
31 due.

1 **SECTION 3. AMENDMENT.** Subsection 2 of section 54-52.6-09 of the North Dakota

2 Century Code is amended and reenacted as follows:

3 2. The employer shall contribute an amount equal to four and twelve hundredths percent
4 of the monthly salary or wage of a participating member. Employer contributions
5 increase by one percent of the monthly salary or wage of a participating member
6 beginning with the monthly reporting period of January 2012; with an additional
7 increase of one percent, beginning with the monthly reporting period of January 2013;
8 and with an additional increase of one percent, beginning with the monthly reporting
9 period of January 2014. For members first enrolled after December 31, 2019, the
10 employer contribution includes an additional increase of one and fourteen hundredths
11 percent. If the employee's contribution is paid by the employer under subsection 3, the
12 employer shall contribute, in addition, an amount equal to the required employee's
13 contribution. Monthly, the employer shall pay such contribution into the participating
14 member's account from the employer's funds appropriated for payroll and salary or
15 any other funds available for such purposes. If the employer fails to pay the
16 contributions monthly, or fails to otherwise comply with the board's established wage
17 reporting or payroll reporting process requirements, the employer is subject to a civil
18 penalty of fifty dollars and, as interest, one percent of the amount due for each month
19 of delay or fraction of a month after the payment became due. In lieu of assessing a
20 civil penalty or one percent per month, or both, interest at the actuarial rate of return
21 may be assessed for each month the contributions are delinquent. If contributions are
22 paid within ninety days of the date the contributions became due, penalty and interest
23 to be paid on delinquent contributions may be waived.

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of North Dakota

BILL NO.

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact section 39-03.1-10, subsection 2 of section
2 39-03.1-11.2, subsection 8 of section 54-52-17, subsection 10 of section 54-52-26, subsection 2
3 of section 54-52-28, subsection 2 of section 54-52.1-03.2, subsection 1 of section 54-52.1-03.3,
4 and subsection 2 of section 54-52.6-21 of the North Dakota Century Code, relating to public
5 employees retirement system unpaid benefit payments, missing member confidentiality
6 requirements, compliance with Internal Revenue Code distribution requirements, insurance
7 programs for which retiree health insurance credit moneys may be used, and clarification of
8 eligibility for retiree health insurance credit payments.

9 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

10 **SECTION 1. AMENDMENT.** Section 39-03.1-10 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **39-03.1-10. Contributions by the state.**

13 The state shall contribute to the fund a sum equal to sixteen and seventy-hundredths
14 percent of the monthly salary or wage of a participating member. State contributions increase by
15 one percent of the monthly salary or wage of a participating member beginning with the monthly
16 reporting period of January 2012; and; with an additional increase of one percent, beginning
17 with the reporting period of January 2013; and with an additional increase of one percent,
18 beginning with the monthly reporting period of January 2014. If the member's contribution is
19 paid by the state under subsection 2 of section 39-03.1-09, the state shall contribute, in
20 addition, an amount equal to the required member's contribution. The state shall pay the
21 associated employer contribution for those members who elect to exercise their rights under
22 subsection 3 of section 39-03.1-10.~~139-03.1-10.3.~~

23 **SECTION 2. AMENDMENT.** Subsection 2 of section 39-03.1-11.2 of the North Dakota
24 Century Code is amended and reenacted as follows:

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1 2. The minimum distribution rules under section 401(a)(9) of the Internal Revenue Code,
2 including the incidental death benefit requirements under section 401(a)(9)(G), and the
3 regulations issued under that provision to the extent applicable to governmental plans.
4 Accordingly, benefits must be distributed or begin to be distributed no later than a
5 member's required beginning date, and the required minimum distribution rules
6 override any inconsistent provision of this chapter. AFor a member who attains age
7 seventy and one-half before January 1, 2020, the member's required beginning date is
8 April first of the calendar year following the later of the calendar year in which the
9 member attains age seventy and one-half or terminates employment. For a member
10 who attains age seventy and one-half after December 31, 2019, the member's
11 required beginning date is April first of the calendar year following the later of the
12 calendar year in which the member attains age seventy-two or terminates
13 employment.

14 **SECTION 3. AMENDMENT.** Subsection 8 of section 54-52-17 of the North Dakota Century
15 Code is amended and reenacted as follows:

16 8. The surviving spouse of a member receiving retirement benefits must be the
17 member's primary beneficiary unless there is no surviving spouse or the surviving
18 spouse designates an alternate beneficiary in writing. If a member receiving retirement
19 benefits or the member's surviving spouse receiving retirement benefits dies before
20 the total amount of benefits paid to either or both equals the amount of the member's
21 account balance at retirement, the difference must be paid to the named beneficiary of
22 the recipient or, if there is no named beneficiary, to the recipient's estate. A benefit
23 payment owed to the member, surviving spouse, or alternate beneficiary which was
24 not paid before the death of the member, surviving spouse, or alternate beneficiary
25 must be paid to the named beneficiary of the recipient or, if there is no named
26 beneficiary, to the recipient's estate.

27 **SECTION 4. AMENDMENT.** Subsection 10 of section 54-52-26 of the North Dakota
28 Century Code is amended and reenacted as follows:

29 10. The general public, but only after the board has been unable to locate the member for
30 a period in excess of two yearsone year, and limited to the member's name and the
31 fact that the board has been unable to locate the member.

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1 **SECTION 5. AMENDMENT.** Subsection 2 of section 54-52-28 of the North Dakota Century
2 Code is amended and reenacted as follows:

3 2. The minimum distribution rules under section 401(a)(9) of the Internal Revenue Code,
4 including the incidental death benefit requirements under section 401(a)(9)(G), and the
5 regulations issued under that provision to the extent applicable to governmental plans.
6 Accordingly, benefits must be distributed or begin to be distributed no later than a
7 member's required beginning date, and the required minimum distribution rules
8 override any inconsistent provision of this chapter. AFor a member who attains age
9 seventy and one-half before January 1, 2020, the member's required beginning date is
10 April first of the calendar year following the later of the calendar year in which the
11 member attains age seventy and one-half or terminates employment. For a member
12 who attains age seventy and one-half after December 31, 2019, the member's
13 required beginning date is April first of the calendar year following the later of the
14 calendar year in which the member attains age seventy-two or terminates
15 employment.

16 **SECTION 6. AMENDMENT.** Subsection 2 of section 54-52.1-03.2 of the North Dakota
17 Century Code is amended and reenacted as follows:

18 2. All moneys deposited in the fund established under subsection 1, not otherwise
19 appropriated, are hereby appropriated to the board for the purpose of making
20 investments for the fund and to make contributions toward hospital and medical
21 benefits coverage and prescription drug coverage under any health insurance program
22 and for any dental, vision, and long-term care benefits coverage under the uniform-
23 groupany insurance program for eligible retired employees or surviving spouses of
24 eligible retired employees and their dependents as elected.

25 **SECTION 7. AMENDMENT.** Subsection 1 of section 54-52.1-03.3 of the North Dakota
26 Century Code is amended and reenacted as follows:

27 1. The following individuals are entitled to receive credit for hospital benefits coverage,
28 medical benefits coverage, and prescription drug coverage under any health insurance
29 program and for any dental, vision, and long-term care benefits coverage under any
30 insurance program:

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- 3
- 4 a. A member or surviving spouse ~~receiving retirement benefits underof~~ the highway
5 patrolmen's retirement system is eligible for the credit beginning on the date
6 retirement benefits are effective.
- 7 b. If the member first enrolled before January 1, 2020, a member or surviving
8 spouse ~~reeceiving retirement benefits underof~~ the public employees retirement
9 system is eligible for the credit beginning on the date retirement benefits are
10 effective.
- 11 c. A member or surviving spouse ~~receiving retirement benefits underof~~ the
12 retirement program established by job service North Dakota under section
13 52-11-01 is eligible for the credit beginning on the date retirement benefits are
14 effective.
- 15 d. A retired judge or surviving spouse ~~receiving retirement benefits underof~~ the
16 retirement program established under chapter 27-17 is eligible for the credit
17 beginning on the date retirement benefits are effective.
- 18 e. If the former participating member first enrolled before January 1, 2020, a former
19 participating member of the defined contribution retirement plan receiving
20 retirement benefits, or the surviving spouse of a former participating member of
 that retirement plan who was eligible to receive or was receiving benefits, under
 section 54-52.6-13, is eligible as determined by the board pursuant to the board's
 rules.

21 **SECTION 8. AMENDMENT.** Subsection 2 of section 54-52.6-21 of the North Dakota
22 Century Code is amended and reenacted as follows:

- 23 2. The minimum distribution rules under section 401(a)(9) of the Internal Revenue Code
24 and the regulations issued under that provision to the extent applicable to
25 governmental plans. Accordingly, benefits must be distributed or begin to be
26 distributed no later than a member's required beginning date, and the required
27 minimum distribution rules override any inconsistent provision of this chapter. AFor a
28 member who attains age seventy and one-half before January 1, 2020, the member's
29 required beginning date is April first of the calendar year following the later of the
30 calendar year in which the member attains age seventy and one-half or terminates
31 employment. For a member who attains age seventy and one-half after December 31,

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1 2019, the member's required beginning date is April first of the calendar year following
2 the later of the calendar year in which the member attains age seventy-two or
3 terminates employment.

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of North Dakota

BILL NO.

Introduced by

(At the request of the Public Employees Retirement System)

- 1 A BILL for an Act to create and enact a new section to chapter 54-52.2 of the North Dakota Century Code, relating to payment of administrative expenses for the public employees retirement system deferred compensation plan; and to provide a continuing appropriation.

4 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

- 5 **SECTION 1.** A new section to chapter 54-52.2 of the North Dakota Century Code is created and enacted as follows:

7 **Administrative expenses - Continuing appropriation.**

8 A participating member shall pay the administrative expenses of the plan in a manner
9 determined by the board. The board, or vendor contracted for by the board, may charge
10 reasonable administrative expenses and deduct those expenses from a participating member's
11 account in the deferred compensation plan established under this chapter. The board also may
12 pay the administrative expenses of the plan from fines and fees collected from a vendor in a
13 manner determined by the board. The board shall deposit vendor fines and fees and any money
14 deducted from a participating member's account in an administrative expenses account with the
15 state treasurer. The board may use funds from the payroll clearing account established under
16 section 54-52.3-03 and the administrative expenses account to pay for consulting expenses. All
17 money in the payroll clearing account and the administrative expenses account are
18 appropriated to the board on a continuing basis for the purpose of retaining a consultant as
19 required for the administration of this chapter.

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of North Dakota

BILL NO.

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 1 of section 54-52-02.9, subsection 2 of
2 section 54-52-05, subsection 1 of section 54-52-06, subsection 6 of section 54-52.6-02, and
3 section 54-52.6-09 of the North Dakota Century Code, relating to increased employer and
4 employee contributions under the public employees retirement system defined benefit and
5 defined contribution plans; and to provide a penalty.

6 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

7 **SECTION 1. AMENDMENT.** Subsection 1 of section 54-52-02.9 of the North Dakota
8 Century Code is amended and reenacted as follows:

9 1. Within one hundred eighty days of beginning employment, a temporary employee may
10 elect to participate in the public employees retirement system and receive credit for
11 service after enrollment. Monthly, the temporary employee shall pay to the fund an
12 amount equal to eight and twelve hundredths percent times the temporary employee's
13 present monthly salary. The amount required to be paid by a temporary employee
14 increases by two percent times the temporary employee's present monthly salary
15 beginning with the monthly reporting period of January 2012, and; with an additional
16 two percent increase of two percent, beginning with the reporting period of
17 January 2013, and; with an additional increase of two percent, beginning with the
18 monthly reporting period of January 2014; and with an additional increase of
19 two percent, beginning with the monthly reporting period of January 2022.

20 **SECTION 2. AMENDMENT.** Subsection 2 of section 54-52-05 of the North Dakota Century
21 Code is amended and reenacted as follows:

22 2. Each member must be assessed and required to pay monthly four percent of the
23 monthly salary or wage paid to the member, and such assessment must be deducted
24 and retained out of such salary in equal monthly installments commencing with the

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1 first month of employment. Member contributions increase by one percent of the
2 monthly salary or wage paid to the member beginning with the monthly reporting
3 period of January 2012, ~~and~~; with an additional increase of one percent, beginning
4 with the monthly reporting period of January 2013, ~~and~~; with an additional increase of
5 one percent, beginning with the monthly reporting period of January 2014; and with an
6 additional increase of one percent, beginning with the monthly reporting period of
7 January 2022.

8 **SECTION 3. AMENDMENT.** Subsection 1 of section 54-52-06 of the North Dakota Century
9 Code is amended and reenacted as follows:

- 10 1. Each governmental unit shall contribute an amount equal to four and
11 twelve-hundredths percent of the monthly salary or wage of a participating member.
12 Governmental unit contributions increase by one percent of the monthly salary or
13 wage of a participating member beginning with the monthly reporting period of
14 January 2012; with an additional increase of one percent, beginning with the reporting
15 period of January 2013; ~~and~~ with an additional increase of one percent, beginning with
16 the monthly reporting period of January 2014; and with an additional increase of
17 one percent, beginning with the monthly reporting period of January 2022. For a
18 participating member who first enrolls after December 31, 2019, the governmental unit
19 shall contribute an additional amount equal to one and fourteen hundredths percent of
20 the monthly salary or wage of the participating member.

21 **SECTION 4. AMENDMENT.** Subsection 6 of section 54-52.6-02 of the North Dakota
22 Century Code is amended and reenacted as follows:

- 23 6. A participating member who becomes a temporary employee may still participate in
24 the defined contribution retirement plan upon filing an election with the board within
25 one hundred eighty days of transferring to temporary employee status. The
26 participating member may not become a member of the defined benefit plan as a
27 temporary employee. The temporary employee electing to participate in the defined
28 contribution retirement plan shall pay monthly to the fund an amount equal to eight
29 and twelve hundredths percent times the temporary employee's present monthly
30 salary. The amount required to be paid by a temporary employee increases by two
31 percent times the temporary employee's present monthly salary beginning with the

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1 monthly reporting period of January 2012; and; with an additional increase of two
2 percent, beginning with the monthly reporting period of January 2013; and; with an
3 additional increase of two percent, beginning with the monthly reporting period of
4 January 2014; and with an additional increase of two percent, beginning with the
5 monthly reporting period of January 2022. The temporary employee also shall also
6 pay the required monthly contribution to the retiree health benefit fund established
7 under section 54-52.1-03.2. This contribution must be recorded as a member
8 contribution pursuant to section 54-52.1-03.2. An employer may not pay the temporary
9 employee's contributions. A temporary employee may continue to participate as a
10 temporary employee until termination of employment or reclassification of the
11 temporary employee as a permanent employee.

12 **SECTION 5. AMENDMENT.** Section 54-52.6-09 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **54-52.6-09. Contributions - Penalty.**

- 15 1. Each participating member shall contribute monthly four percent of the monthly salary
16 or wage paid to the participant, and this assessment must be deducted from the
17 participant's salary in equal monthly installments commencing with the first month of
18 participation in the defined contribution retirement plan established under this chapter.
19 Participating member contributions increase by one percent of the monthly salary or
20 wage paid to the participant beginning with the monthly reporting period of
21 January 2012; with an additional increase of one percent, beginning with the reporting
22 period of January 2013; and with an additional increase of one percent, beginning with the
23 monthly reporting period of January 2014; and with an additional increase of
24 one percent, beginning with the monthly reporting period of January 2022.
- 25 2. The employer shall contribute an amount equal to four and twelve hundredths percent
26 of the monthly salary or wage of a participating member. Employer contributions
27 increase by one percent of the monthly salary or wage of a participating member
28 beginning with the monthly reporting period of January 2012; with an additional
29 increase of one percent, beginning with the monthly reporting period of January 2013;
30 and with an additional increase of one percent, beginning with the monthly reporting
31 period of January 2014; and with an additional increase of one percent, beginning with

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1 the monthly reporting period of January 2022. For members first enrolled after
2 December 31, 2019, the employer contribution includes an additional increase of one
3 and fourteen hundredths percent. If the employee's contribution is paid by the
4 employer under subsection 3, the employer shall contribute, in addition, an amount
5 equal to the required employee's contribution. Monthly, the employer shall pay such
6 contribution into the participating member's account from the employer's funds
7 appropriated for payroll and salary or any other funds available for such purposes. If
8 the employer fails to pay the contributions monthly, the employer is subject to a civil
9 penalty of fifty dollars and, as interest, one percent of the amount due for each month
10 of delay or fraction of a month after the payment became due. In lieu of assessing a
11 civil penalty or one percent per month, or both, interest at the actuarial rate of return
12 may be assessed for each month the contributions are delinquent. If contributions are
13 paid within ninety days of the date the contributions became due, penalty and interest
14 to be paid on delinquent contributions may be waived.

- 15 3. Each employer, at its option, may pay the employee contributions required by this
16 section for all compensation earned after December 31, 1999. The amount paid must
17 be paid by the employer in lieu of contributions by the employee. If the employer
18 decides not to pay the contributions, the amount that would have been paid will
19 continue to be deducted from the employee's compensation. If contributions are paid
20 by the employer, they must be treated as employer contributions in determining tax
21 treatment under this code and the federal Internal Revenue Code. Contributions paid
22 by the employer may not be included as gross income of the employee in determining
23 tax treatment under this code and the federal Internal Revenue Code until they are
24 distributed or made available. The employer shall pay these employee contributions
25 from the same source of funds used in paying compensation to the employee. The
26 employer shall pay these contributions by effecting an equal cash reduction in the
27 gross salary of the employee or by an offset against future salary increases or by a
28 combination of a reduction in gross salary and offset against future salary increases.
29 Employee contributions paid by the employer must be treated for the purposes of this
30 chapter in the same manner and to the same extent as employee contributions made
31 before the date on which employee contributions were assumed by the employer. An

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1 employer shall exercise its option under this subsection by reporting its choice to the
2 board in writing.

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BILL NO.

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 3 of section 54-52.1-04.16, relating to the
2 public employees retirement system's uniform group insurance program part D contracts with
3 pharmacy benefit managers.

4 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

5 **SECTION 1. AMENDMENT.** Subsection 3 of section 54-52.1-04.16 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 3. ~~If~~Except for Medicare part D, if the board contracts directly with a pharmacy benefits
8 manager or provides prescription drug coverage through a self-insurance plan, the
9 contract must provide the pharmacy benefits manager shall disclose to the board and
10 the board's auditor all rebates and any other fees that provide the pharmacy benefits
11 manager with sources of income under the contract, including under related contracts
12 the pharmacy benefits manager has with third parties, such as drug manufacturers.

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BILL NO.

Introduced by

Employee Benefits Programs Committee

(At the request of the Department of Corrections and Rehabilitation)

1 A BILL for an Act to create and enact a new section to chapter 54-52 of the North Dakota
2 Century Code, relating to participation by protective services employees of the department of
3 corrections and rehabilitation in the defined benefit retirement plan; to amend and reenact
4 section 54-52-01, subsection 3 of section 54-52-05, and subsection 3 of section 54-52-17 of the
5 North Dakota Century Code, relating to participation by protective services employees of the
6 department of corrections and rehabilitation in the defined benefit retirement plan; and to
7 provide an appropriation.

8 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

9 **SECTION 1. AMENDMENT.** Section 54-52-01 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **54-52-01. Definition of terms.**

12 As used in this chapter, unless the context otherwise requires:

13 1. "Account balance" means the total contributions made by the employee, vested
14 employer contributions under section 54-52-11.1, the vested portion of the vesting
15 fund as of June 30, 1977, and interest credited thereon at the rate established by the
16 board.

17 2. "Beneficiary" means any person in receipt of a benefit provided by this plan or any
18 person designated by a participating member to receive benefits.

19 3. "Correctional officer" means a participating member who is employed as a correctional
20 officer by a political subdivision.

21 4. "Eligible employee" means all permanent employees who meet all of the eligibility
22 requirements set by this chapter and who are eighteen years or more of age, and
23 includes appointive and elective officials under sections 54-52-02.5, 54-52-02.11, and
24 54-52-02.12, and nonteaching employees of the superintendent of public instruction,

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1 including the superintendent of public instruction, who elect to transfer from the
2 teachers' fund for retirement to the public employees retirement system under section
3 54-52-02.13, and employees of the state board for career and technical education who
4 elect to transfer from the teachers' fund for retirement to the public employees
5 retirement system under section 54-52-02.14. Eligible employee does not include
6 nonclassified state employees who elect to become members of the retirement plan
7 established under chapter 54-52.6 but does include employees of the judicial branch
8 and employees of the board of higher education and state institutions under the
9 jurisdiction of the board.

10 5. "Employee" means any individual employed by a governmental unit, whose
11 compensation is paid out of the governmental unit's funds, or funds controlled or
12 administered by a governmental unit, or paid by the federal government through any of
13 its executive or administrative officials; licensed employees of a school district means
14 those employees eligible to participate in the teachers' fund for retirement who, except
15 under subsection 2 of section 54-52-17.2, are not eligible employees under this
16 chapter.

17 6. "Employer" means a governmental unit.

18 7. "Firefighter" means a participating member who is employed as a firefighter by a
19 political subdivision and, notwithstanding subsection 13, for an individual employed
20 after July 31, 2017, is employed at least thirty-two hours per week and at least twenty
21 weeks each year of employment. A firefighter who is a participating member of the law
22 enforcement retirement plan created by this chapter who begins employment after
23 July 31, 2017, is ineligible to participate concurrently in any other retirement plan
24 administered by the public employees retirement system. The term does not include a
25 firefighter employee of the North Dakota national guard.

26 8. "Funding agent" or "agents" means an investment firm, trust bank, or other financial
27 institution which the retirement board may select to hold and invest the employers' and
28 members' contributions.

29 9. "Governmental unit" means the state of North Dakota, except the highway patrol for
30 members of the retirement plan created under chapter 39-03.1, or a participating
31 political subdivision thereof.

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- 1 10. "National guard security officer or firefighter" means a participating member who is:
2 a. A security police employee of the North Dakota national guard; or
3 b. A firefighter employee of the North Dakota national guard.
- 4 11. "Participating member" means an eligible employee who through payment into the
5 plan has established a claim against the plan.
- 6 12. "Peace officer" means a participating member who is a peace officer as defined in
7 section 12-63-01 and is employed as a peace officer by the bureau of criminal
8 investigation or by a political subdivision and, notwithstanding subsection 13, for
9 persons employed after August 1, 2005, is employed thirty-two hours or more per
10 week and at least twenty weeks each year of employment. A peace officer who is a
11 participating member of the law enforcement retirement plan created by this chapter
12 who begins employment after August 1, 2005, is ineligible to participate concurrently in
13 any other retirement plan administered by the public employees retirement system.
- 14 13. "Permanent employee" means a governmental unit employee whose services are not
15 limited in duration and who is filling an approved and regularly funded position in an
16 eligible governmental unit, and is employed twenty hours or more per week and at
17 least twenty weeks each year of employment.
- 18 14. "Prior service" means service or employment before July 1, 1966.
- 19 15. "Prior service credit" means such credit toward a retirement benefit as the retirement
20 board may determine under the provisions of this chapter.
- 21 16. "Protective services employee" means a participating member who is employed by the
22 department of corrections and rehabilitation under the job classification of protective
23 services or who is employed by the department of corrections and rehabilitation in the
24 supervisory chain of protective services employees and, notwithstanding the definition
25 of "permanent employee", for an individual employed after June 30, 2021, who is
26 employed thirty-two hours or more per week and at least twenty weeks each year of
27 employment. A protective services employee who is a participating member of the
28 protective services retirement plan created by this chapter who begins employment
29 after June 30, 2021, is ineligible to participate concurrently in any other retirement plan
30 administered by the public employees retirement system.

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- 1 17. "Public employees retirement system" means the retirement plan and program
2 established by this chapter.

3 17.18. "Retirement" means the acceptance of a retirement allowance under this chapter upon
4 either termination of employment or termination of participation in the retirement plan.

5 18.19. "Retirement board" or "board" means the governing authority created under section
6 54-52-03.

7 19.20. "Seasonal employee" means a participating member who does not work twelve
8 months a year.

9 20.21. "Service" means employment on or after July 1, 1966.

10 21.22. "Service benefit" means the credit toward retirement benefits as determined by the
11 retirement board under the provisions of this chapter.

12 22.23. "Temporary employee" means a governmental unit employee who is not eligible to
13 participate as a permanent employee, who is at least eighteen years old and not
14 actively contributing to another employer-sponsored pension fund, and, if employed by
15 a school district, occupies a noncertified teacher's position.

16 23.24. "Wages" and "salaries" means the member's earnings in eligible employment under
17 this chapter reported as salary on the member's federal income tax withholding
18 statements plus any salary reduction or salary deferral amounts under 26 U.S.C. 125,
19 401(k), 403(b), 414(h), or 457. "Salary" does not include fringe benefits such as
20 payments for unused sick leave, personal leave, vacation leave paid in a lump sum,
21 overtime, housing allowances, transportation expenses, early retirement incentive pay,
22 severance pay, medical insurance, workforce safety and insurance benefits, disability
23 insurance premiums or benefits, or salary received by a member in lieu of previously
24 employer-provided fringe benefits under an agreement between the member and
25 participating employer. Bonuses may be considered as salary under this section if
26 reported and annualized pursuant to rules adopted by the board.

SECTION 2. AMENDMENT. Subsection 3 of section 54-52-05 of the North Dakota Century

28 Code is amended and reenacted as follows:

- 29 3. Each employer, at ~~its~~the option of that employer, may pay all or a portion of the
30 employee contributions required by subsection 2 and sections 54-52-06.1, 54-52-06.2,
31 54-52-06.3, and 54-52-06.4, and section 3 of this Act, or the employee contributions

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1 required to purchase service credit on a pretax basis pursuant to subsection 5 of
2 section 54-52-17.4. Employees may not receive the contributed amounts directly once
3 the employer has elected to pay the employee contributions. The amount paid must be
4 paid by the employer in lieu of contributions by the employee. If the state determines
5 not to pay the contributions, the amount that would have been paid must continue to
6 be deducted from the employee's compensation. If contributions are paid by the
7 employer, ~~they~~the contributions must be treated as employer contributions in
8 determining tax treatment under this code and the federal Internal Revenue Code. If
9 contributions are paid by the employer, ~~they~~the contributions may not be included as
10 gross income of the employee in determining tax treatment under this code and the
11 Internal Revenue Code until ~~they~~the contributions are distributed or made available.
12 The employer shall pay these employee contributions from the same source of funds
13 used in paying compensation to the employee. The employer shall pay these
14 contributions by effecting an equal cash reduction in the gross salary of the employee
15 or by an offset against future salary increases or by a contribution of a reduction in
16 gross salary and offset against future salary increases. If employee contributions are
17 paid by the employer, ~~they~~the employee contributions must be treated for the
18 purposes of this chapter in the same manner and to the same extent as employee
19 contributions made ~~prior to~~before the date on which employee contributions were
20 assumed by the employer. An employer exercising ~~its~~the employer's option under this
21 subsection shall report ~~its~~the employer's choice to the board in writing.

22 **SECTION 3.** A new section to chapter 54-52 of the North Dakota Century Code is created
23 and enacted as follows:

24 **Contribution by protective services employees - Employer contribution.**
25 Each protective services employee who is a member of the public employees retirement
26 system is assessed and shall pay monthly four percent of the employee's monthly salary. The
27 assessment must be deducted and retained out of the employee's salary in equal monthly
28 installments. The protective services employee's employer shall contribute an amount
29 determined by the board to be actuarially required to support the level of benefits specified in
30 section 54-52-17. The employer's contribution must be paid from funds appropriated for salary
31 or from any other funds available for such purposes. If the protective services employee's

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1 assessment is paid by the employer under subsection 3 of section 54-52-05, the employer shall
2 contribute, in addition, an amount equal to the required protection services employee's
3 assessment.

4 **SECTION 4. AMENDMENT.** Subsection 3 of section 54-52-17 of the North Dakota Century
5 Code is amended and reenacted as follows:

6 3. Retirement dates are defined as follows:

7 a. Normal retirement date, except for a national guard security officer or firefighter, a
8 firefighter employed by a political subdivision, or a peace officer or correctional
9 officer employed by the bureau of criminal investigation or by a political
10 subdivision, or a protective services employee, is:

11 (1) The first day of the month next following the month in which the member
12 attains the age of sixty-five years; or
13 (2) When the member has a combined total of years of service credit and years
14 of age equal to eighty-five and has not received a retirement benefit under
15 this chapter.

16 b. Normal retirement date for members first enrolled after December 31, 2015,
17 except for a national guard security officer or firefighter, a firefighter employed by
18 a political subdivision, a peace officer or correctional officer employed by the
19 bureau of criminal investigation or by a political subdivision, or a supreme court
20 or district court judge, or a protective services employee, is:

21 (1) The first day of the month next following the month in which the member
22 attains the age of sixty-five years; or
23 (2) When the member has a combined total of years of service credit and years
24 of age equal to ninety and the member attains a minimum age of sixty and
25 has not received a retirement benefit under this chapter.

26 c. Normal retirement date for a national guard security officer or firefighter is:

27 (1) The first day of the month next following the month in which the national
28 guard security officer or firefighter attains the age of fifty-five years and has
29 completed at least three eligible years of employment; or

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1 officer employed by the bureau of criminal investigation or by a political
2 subdivision, or a protective services employee, is the first day of the month next
3 following the month in which the member attains the age of fifty-five years and
4 has completed three years of eligible employment. For a national guard security
5 officer or firefighter, early retirement date is the first day of the month next
6 following the month in which the national guard security officer or firefighter
7 attains the age of fifty years and has completed at least three years of eligible
8 employment. For a firefighter employed by a political subdivision ~~or~~, a peace
9 officer or correctional officer employed by the bureau of criminal investigation or
10 by a political subdivision, or a protective services employee, early retirement date
11 is the first day of the month next following the month in which the peace officer,
12 firefighter, ~~or~~ correctional officer, or protective services employee attains the age
13 of fifty years and has completed at least three years of eligible employment.

14 h.i. Disability retirement date is the first day of the month after a member becomes
15 permanently and totally disabled, according to medical evidence called for under
16 the rules of the board, and has completed at least one hundred eighty days of
17 eligible employment. For supreme and district court judges, permanent and total
18 disability is based solely on a judge's inability to perform judicial duties arising out
19 of physical or mental impairment, as determined pursuant to rules adopted by the
20 board or as provided by subdivision a of subsection 3 of section 27-23-03.

21 (1) A member is eligible to receive disability retirement benefits only if the
22 member became disabled during the period of eligible employment and
23 applies for disability retirement benefits within twelve months of the date the
24 member terminates employment.

25 (2) A member is eligible to continue to receive disability benefits as long as the
26 permanent and total disability continues and the member submits the
27 necessary documentation and undergoes medical testing required by the
28 board, or for as long as the member participates in a rehabilitation program
29 required by the board, or both. If the board determines a member no longer
30 meets the eligibility definition, the board may discontinue the disability
31 retirement benefit. The board may pay the cost of any medical testing or

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1 rehabilitation services the board deems necessary and these payments are
2 appropriated from the retirement fund for those purposes. A member's
3 receipt of disability benefits under this section is limited to receipt from the
4 fund to which the member was actively contributing at the time the member
5 became disabled.

6 **SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general
7 fund in the state treasury, not otherwise appropriated, the sum of \$1,800,000, or so much of the
8 sum as may be necessary, to the department of corrections and rehabilitation for the purpose of
9 implementing this Act, for the biennium beginning July 1, 2021, and ending June 30, 2023.

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of North Dakota

BILL NO.

Introduced by

Senator Mathern

- 1 A BILL for an Act to create and enact chapter 26.1-36.8 of the North Dakota Century Code,
- 2 relating to requirements of health insurance policies; to provide for application; and to provide a
- 3 contingent effective date.

4 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

5 **SECTION 1.** Chapter 26.1-36.8 of the North Dakota Century Code is created and enacted
6 as follows:

7 **26.1-36.8-01. Definitions.**

8 As used in this chapter:

- 9 1. "Affiliation period" means a period that begins on a policyholder or dependent's enrollment date, runs concurrently with any waiting period under the health insurance policy, must expire before coverage is effective, and during which the policy provider need not provide benefits for medical care and may not charge any premium to the policyholder or dependent.
- 10 2. "Commissioner" means the commissioner of insurance.
- 11 3. "Cost-sharing" means any copayment, coinsurance, or deductible required by, or on behalf of, a covered individual in order to receive a specific health care item or service covered by a health insurance policy.
- 12 4. "Drug" has the same meaning as provided under section 19-02.1-01.
- 13 5. "Health insurance policy" means any individual insurance policy, group insurance policy, or other health benefit plan subject to the requirements of chapter 26.1-36.
- 14 6. "Pharmacy benefits manager" has the same meaning as provided under section 19-03.6-01.
- 15 7. "Pre-existing condition exclusion" means a limitation or exclusion of benefits related to a condition based on the fact the condition was present before the enrollment date for

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1 coverage, regardless of whether any medical diagnosis, care, or treatment was
2 recommended or received before the enrollment date.

3 8. "Premium adjustment percentage" for any calendar year means the percentage by
4 which the average per capita premium for health insurance policies in this state in the
5 previous calendar year, as determined by the commissioner not later than October first
6 of such preceding calendar year, exceeds such average per capita premium for 2020.

7 **26.1-36.8-02. Required policy provisions - Rules.**

8 1. The commissioner shall adopt rules that set minimum policy coverage standards
9 applicable to a health insurance policy subject to this chapter. In addition to other
10 requirements provided by law, the standards must require a policy regulated under this
11 chapter to provide as benefits to all enrollees coverage for:

- 12 a. Ambulatory patient services;
13 b. Emergency services;
14 c. Hospitalization;
15 d. Maternity and newborn care;
16 e. Mental health and substance use disorder services, including behavioral health
17 treatment;
18 f. Drugs;
19 g. Rehabilitative and habilitative services and devices;
20 h. Laboratory services;
21 i. Preventative and wellness services and chronic disease management; and
22 j. Pediatric services, including oral and vision care.

23 2. A health insurance policy subject to this chapter may not establish lifetime or annual
24 limits on the dollar value of benefits described in subsection 1 for any covered
25 individual.

26 3. A health insurance policy subject to this chapter which offers coverage for a child or
27 stepchild of a policyholder must continue to offer such coverage, at the option of the
28 policyholder, until the unmarried child or stepchild reaches the age of twenty-six.

1 **26.1-36.8-03. Limitations on pre-existing condition exclusions for health insurance**
2 **policies.**

- 3 1. A health insurance policy issuer may not impose a pre-existing condition exclusion and
4 may not deny enrollment to a individual on the basis of a pre-existing condition.
5 2. A health insurance policy issuer may:
6 a. Restrict enrollment in a health insurance policy to open enrollment and special
7 enrollment periods in accordance with other provisions of this chapter.
8 b. Impose an affiliation period on any health insurance policy that is not provided
9 through the individual market. An affiliation period may not exceed ninety days
10 and may not apply to emergency services.
11 c. Use other alternatives approved by the commissioner to address adverse
12 selection.

13 **26.1-36.8-04. Fairness in cost-sharing and ratemaking - Rules.**

- 14 1. A health insurance policy issuer may not require cost-sharing in an amount greater
15 than the cost-sharing limit amount.
16 a. For plan years beginning in calendar year 2021, the cost-sharing limit amount is
17 eight thousand one hundred fifty dollars for self-only coverage and sixteen
18 thousand three hundred dollars for other than self-only coverage.
19 b. For plan years beginning after calendar year 2021, the cost-sharing limit is equal
20 to the dollar amount applicable to the previous calendar year, increased by the
21 product of that amount and the premium adjustment percentage as determined
22 by the commissioner for the calendar year.
23 2. In calculating an insured's contribution to an applicable cost-sharing requirement,
24 including the annual limitation on cost-sharing subject to subsection 1:
25 a. An insurer shall include any cost-sharing amounts paid by the insured or on
26 behalf of an enrollee by another person; and
27 b. A pharmacy benefits manager shall include any cost-sharing amounts paid by the
28 insured or on behalf of the insured by another person.
29 3. Premium rates charged for any health insurance policy subject to this chapter must be
30 reasonable in relation to the benefits available under the policy, as determined by the
31 commissioner.

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- 1 4. A health insurance policy subject to this chapter may charge different premium rates
2 for each individual covered by that policy; however, the premium rates may vary only
3 in relation to:
4 a. Whether the policy covers an individual or a family;
5 b. Rating area, as established pursuant to subsection 6;
6 c. Age, except that such rate may not vary by more than three to one for adults; and
7 d. Tobacco use, except that such rate may not vary by more than one and one-half
8 to one.
- 9 5. With respect to family coverage under an individual or group health insurance policy,
10 the rating variations permitted under this section must be applied based on the portion
11 of the premium attributable to each family member covered under the policy.
- 12 6. The commissioner shall adopt rules to establish:
13 a. One or more geographic rating areas within the state and the permissible age
14 bands within which premium rates may vary; and
15 b. Minimum standards for ratemaking and cost-sharing, in accordance with
16 accepted actuarial principles and practices.

26.1-36.8-05. Rules - Application.

- 1 1. The commissioner shall adopt rules addressing any standard or practice necessary to
2 effectuate the purposes of this chapter.
- 3 2. Unless a rule provides a different application date, a rule adopted under this chapter
4 applies beginning six months after the date the rule becomes final.

26.1-36.8-06. Conflict of laws.

- 1 1. A health insurance policy subject to this chapter remains subject to every other
2 requirement and provision of this title which is not inconsistent with this chapter.
- 3 2. If a provision of this chapter conflicts with another provision of this title, the provision of
4 this chapter controls, unless the application of this chapter would result in a reduction
5 of coverage.

28 **SECTION 2. APPLICATION.** This Act applies to a health insurance policy delivered,
29 executed, issued, amended, adjusted, or renewed in this state on or after six months following
30 finalization of the rules adopted under chapter 26.1-36.8. This chapter does not abridge or

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- 1 otherwise affect a health insurance policy already in effect at the time this chapter becomes
- 2 applicable until that policy is renewed, amended, or adjusted.
- 3 **SECTION 3. CONTINGENT EFFECTIVE DATE.** This Act becomes effective three months
- 4 after the insurance commissioner certifies to the legislative council that a court of competent
- 5 jurisdiction has ruled all or a significant portion of the federal Patient Protection and Affordable
- 6 Care Act is unconstitutional and the judgment of that court has become final and definitive.

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of North Dakota

BILL NO.

Introduced by

Representative Keiser

1 A BILL for an Act to amend and reenact section 54-52.1-02 of the North Dakota Century Code,
2 relating to the public employees retirement system uniform group insurance program benefits;
3 and to provide for application.

4 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

5 **SECTION 1. AMENDMENT.** Section 54-52.1-02 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-52.1-02. Uniform group insurance program created - Formation into subgroups.**

8 In order to promote the economy and efficiency of employment in the state's service, reduce
9 personnel turnover, and offer an incentive to high-grade individuals to enter and remain in the
10 service of state employment, there is created a uniform group insurance program. The uniform
11 group must be composed of eligible and retired employees and former eligible employees of at
12 least twenty-five years who have separated from employment due to a reduction in force and be
13 formed to provide hospital benefits coverage, medical benefits coverage, and life insurance
14 benefits coverage in the manner set forth in this chapter. The uniform group may be divided into
15 the following subgroups at the discretion of the board:

16 1. Medical and hospital benefits coverage group consisting of active eligible employees
17 and, retired employees not eligible for Medicare, except for employees who first retire
18 after July 1, 2015, and are not eligible for Medicare on their retirementand former
19 eligible employees of at least twenty-five years who separated from employment due
20 to a reduction in force who are not eligible for Medicare. In determining premiums for
21 coverage under this subsection for retired employees and separated employees due
22 to reduction in force not eligible for Medicare, the rate for a non-Medicare retiree or
23 separated employee due to reduction in force single plan is one hundred fifty percent
24 of the active member single plan rate, the rate for a non-Medicare retiree or separated

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1 employee due to reduction in force family plan of two people is twice the non-Medicare
2 retiree or separated employee due to reduction in force single plan rate, and the rate
3 for a non-Medicare retiree or separated employee due to reduction in force family plan
4 of three or more persons is two and one-half times the non-Medicare retiree or
5 separated employee due to reduction in force single plan rate.

- 6 2. In addition to the coverage provided in subsection 1, another coverage option may be
7 provided for retired employees not eligible for Medicare, ~~except for employees who~~
8 ~~first retire after July 1, 2015, and are not eligible for Medicare on their retirement and~~
9 ~~former eligible employees of at least twenty-five years who separated from~~
10 ~~employment due to a reduction in force who are not eligible for Medicare~~, provided the
11 option does not increase the implicit subsidy as determined by the governmental
12 accounting standards board's other postemployment benefit reporting procedure. In
13 offering this additional option, the board may have an open enrollment but thereafter
14 enrollment for this option must be as specified in section 54-52.1-03.
15 3. Retired Medicare-eligible employee group medical and hospital benefits coverage.
16 4. Active eligible employee life insurance benefits coverage.
17 5. Retired employee life insurance benefits coverage.
18 6. Terminated employee continuation group medical and hospital benefits coverage.
19 7. Terminated employee conversion group medical and hospital benefits coverage.
20 8. Dental benefits coverage.
21 9. Vision benefits coverage.
22 10. Long-term care benefits coverage.
23 11. Employee assistance benefits coverage.
24 12. Prescription drug coverage.

25 **SECTION 2. APPLICATION.** This Act applies to an employee who retires or separates from
26 employment due to a reduction in force after July 31, 2021. The public employees retirement
27 system board shall offer a limited enrollment period for former employees who retired or
28 separated from employment due to a reduction in force after June 30, 2015, and before
29 August 1, 2021, or the surviving spouse of such former employee.

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Legislative Assembly
of North Dakota

BILL NO.

Introduced by

Representative Kasper

1 A BILL for an Act to amend and reenact sections 54-52.1-04, 54-52.1-04.1, 54-52.1-04.2,
2 54-52.1-04.7, 54-52.1-04.8, and 54-52.1-05 of the North Dakota Century Code, relating to
3 public employee uniform group insurance plans; to provide for application; and to declare an
4 emergency.

5 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

6 **SECTION 1. AMENDMENT.** Section 54-52.1-04 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **54-52.1-04. Board to contract for insurance -Approval by employee benefits
9 programs committee.**

10 1. The board shall receive bids for the providing of hospital benefits coverage, medical
11 benefits coverage, life insurance benefits coverage for a specified term, and employee
12 assistance program services; and may receive bids separately for all or part of the
13 prescription drug benefits coverage component of medical benefits coverage; and
14 shall accept one or more bids of and contract with the carriers the board determines
15 best serve the interests of the state and the state's eligible employees. Solicitations
16 must be made not later than ninety days before the expiration of an existing uniform
17 group insurance contract. Bids must be solicited by advertisement in a manner
18 selected by the board which will provide reasonable notice to prospective bidders. In-
preparing bid proposals and evaluating bids, the board may utilize the services of
19 consultants on a contract basis in order that the bids received may be uniformly
20 compared and properly evaluated

22 2. After the board identifies which bids of carriers, if any, the board determines best serve
23 the interests of the state and the state's eligible employees, the board shall forward a
24 recommendation and all the bids to the employee benefits programs committee. The

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1 board may recommend rejection of one or more bids received under this section.
2 Upon receipt of the board's recommendation, the employee benefits programs
3 committee shall determine which bid, if any, will best serve the interests of eligible
4 employees and the state. In identifying and determining which bid, if any, will best
5 serve the interests of eligible employees and the state, the board and the employee
6 benefits programs committee shall give adequate consideration to the following
7 factors:

- 8 a. The economy to be effected.
- 9 b. The ease of administration.
- 10 c. The adequacy of the coverages.
- 11 d. The financial position of the carrier, with special emphasis on the solvency of the
12 carrier.
- 13 e. The reputation of the carrier and any other information available tending to show
14 past experience with the carrier in matters of claim settlement, underwriting, and
15 services.
- 16 f. The price and contract guarantees.

17 2.3. The ~~board~~employee benefits programs committee may reject any or all bids received
18 under this section. If the ~~board~~employee benefits programs committee rejects all bids
19 received, the board ~~again~~ shall ~~again~~ solicit bids as provided in this section. If the
20 committee does not reject all bids received, the board shall enter a contract with the
21 bidder selected by the committee under this section.

22 3.4. In preparing a bid proposal and evaluating a bid under this section, the board and the
23 employee benefits programs committee may use the services of a consultant on a
24 contract basis so the bids received may be compared uniformly and evaluated
25 properly. The board may not enter a contract for consultant services under this
26 subsection unless the employee benefits programs committee has approved the
27 selection of the consultant.

28 5. Under sections 54-52.1-04.1 and 54-52.1-04.2, following approval by the employee
29 benefits programs committee, the board may contract for health benefits coverage
30 through a health maintenance organization or establish a self-insurance health plan.

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1 **SECTION 2. AMENDMENT.** Section 54-52.1-04.1 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **54-52.1-04.1. Health maintenance organization contract - Membership option.**

4 Notwithstanding the provisions of section 54-52.1-04, but subject to approval by the
5 employee benefits programs committee, the board may contract with one or more health
6 maintenance organizations to provide eligible employees the option of membership in a health
7 maintenance organization. If itthe board makes such a contract, the board may not require that
8 the health maintenance organization be federally qualified if the health maintenance
9 organization has a certificate of authority issued by the North Dakota insurance commissioner.
10 The contract or contracts must be included in the uniform group insurance program.

11 **SECTION 3. AMENDMENT.** Section 54-52.1-04.2 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **54-52.1-04.2. Self-insurance health plan.**

14 1. This section applies to a self-insurance health plan for:
15 a. Health insurance and prescription drug benefits coverage;
16 b. Health insurance benefits coverage, excluding all or part of prescription drug
17 benefits coverage; or
18 c. All or part of prescription drug benefits coverage.
19 2. Except for prescription drug coverage under subdivision c of subsection 1, a
20 self-insurance health plan established by the board under this section must be
21 provided under an administrative services only (ASO) contract or a third-party
22 administrator (TPA) contract under the uniform group insurance program. The board
23 may not establish a self-insurance health plan unless the boardemployee benefits
24 programs committee determines the self-insurance health plan best serves the
25 interests of the state and the state's eligible employees. Except for prescription drug
26 coverage under subdivision c of subsection 1, if the boardIf the employee benefits
27 programs committee determines it is in the best interest of the plan, individual
28 stop-loss coverage insured by a carrier authorized to do business in this state may be
29 made part of a self-insurance health plan.

30 **SECTION 4. AMENDMENT.** Section 54-52.1-04.7 of the North Dakota Century Code is
31 amended and reenacted as follows:

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Legislative Assembly

1 **54-52.1-04.7. Uniform group insurance program - Vision and dental plans.**

2 The board may establish a dental plan, a vision plan, or both, for eligible employees. The
3 board shall receive bids for the plan or plans pursuant to section 54-52.1-04. The
4 ~~board~~employee benefits programs committee may reject any or all bids and provide a plan of
5 self-insurance. Premiums for this coverage must be paid by the eligible employee. Any refund,
6 rebate, dividend, experience rating allowance, discount, or other reduction of premium must be
7 credited as provided by section 54-52.1-06.

8 **SECTION 5. AMENDMENT.** Section 54-52.1-04.8 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **54-52.1-04.8. Uniform group insurance program - Long-term care plan.**

11 The board may establish a long-term care plan for eligible employees. The board shall
12 receive bids for the plan under section 54-52.1-04. The ~~board~~employee benefits programs
13 committee may reject any or all bids and provide a plan of self-insurance. Premiums for this
14 plan must be paid by the eligible employee. Any refund, rebate, dividend, experience rating
15 allowance, discount, or other reduction of premium must be credited as provided by section
16 54-52.1-06.

17 **SECTION 6. AMENDMENT.** Section 54-52.1-05 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **54-52.1-05. Provisions of contract - Term of contract - Renewal of contract.**

- 20 1. Each uniform group insurance contract entered by the board must be approved by the
21 employee benefits programs committee, must be consistent with the provisions of this
22 chapter, must be signed for the state of North Dakota by the chairman of the board,
23 and must include the following:
24 a. As many optional coverages as deemed feasible and advantageous by the
25 board.
26 b. A detailed statement of benefits offered, including maximum limitations and
27 exclusions, and such other provisions as the board may deem necessary or
28 desirable.
29 2. The initial term or the renewal term of a uniform group insurance contract through a
30 contract for insurance, health maintenance organization, or self-insurance health plan

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for hospital benefits coverage, medical benefits coverage, or prescription drug benefits coverage may not exceed two years.

a. The board may renew a contract subject to this subsection without soliciting a bid under section 54-52.1-04 if the board determinesrecommends and the employee benefits programs committee approves the renewal in the same manner as provided for approving a contract under section 54-52.1-04. In making a recommendation or determination, the board and employee benefits programs committee shall determine whether the carrier's performance under the existing contract meets the board's expectations of the board and the employee benefits programs committee, the proposed premium renewal amount does not exceed the board's expectations of the board and the employee benefits programs committee, and renewal best serves the interests of the state and the state's eligible employees.

b. In making a recommendation or determination under this subsection, the board or employee benefits programs committee, respectively, shall:

(1) Use the services of a consultant to concurrently and independently prepare concurrently and independently a renewal estimate the board and the employee benefits programs committee shall consider in determining the reasonableness of the proposed premium renewal amount. The board may not enter a contract for consultant services under this subsection unless the employee benefits programs committee has approved the selection of the consultant.

(2) Review the carrier's performance measures, including payment accuracy, claim processing time, member service center metrics, wellness or other special program participation levels, and any other measures the board determinesand employee benefits programs committee determine relevant to making the determination and shall consider these measures in determining the board's satisfaction with the carrier's performance.

(3) Consider any additional information the board determinesand the employee benefits programs committee determine relevant to making the determination.

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1 c. The board may recommend and the employee benefits programs committee may
2 determine the carrier's performance under the existing contract does not meet
3 the board's expectations, the proposed premium renewal amount exceeds the
4 board's expectations, or renewal does not best serve the interests of the state or
5 the state's eligible employees, and the board therefore may recommend or the
6 employee benefits programs committee may decide to solicit a bid under section
7 54-52.1-04.

8 **SECTION 7. APPLICATION.** This Act applies to contracts entered or renewed on or after
9 the effective date of this Act.

10 **SECTION 8. EMERGENCY.** This Act is declared to be an emergency measure.

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Legislative Assembly
of North Dakota

BILL NO.

Introduced by

Employee Benefits Programs Committee

1 A BILL for an Act to amend and reenact section 54-52.1-04.2 of the North Dakota Century
2 Code, relating to public employee uniform group insurance for health benefits; to provide for
3 application; and to declare an emergency.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 54-52.1-04.2 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-52.1-04.2. Self-insurance health plan.**

8 1. This section applies to a self-insurance health plan for:
9 a. Health insurance and prescription drug benefits coverage;
10 b. Health insurance benefits coverage, excluding all or part of prescription drug
11 benefits coverage; or
12 c. All or part of prescription drug benefits coverage.
13 2. Except for prescription drug coverage under subdivision c of subsection 1, a
14 self-insurance health plan established by the board under this section must be
15 provided under an administrative services only (ASO) contract or a third-party
16 administrator (TPA) contract under the uniform group insurance program. The board
17 may not establish a self-insurance health plan unless the board determines the self-
18 insurance health plan best serves the interests of the state and the state's eligible
19 employees. ~~Except for prescription drug coverage under subdivision c of subsection 1,~~
20 ~~if~~If the board determines it is in the best interest of the plan, individual stop-loss
21 coverage insured by a carrier authorized to do business in this state may be made part
22 of a self-insurance health plan.

23 **SECTION 2. APPLICATION.** This Act applies to self-insurance health plans effective on or
24 after the effective date of this Act.

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1 **SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure.

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of North Dakota

BILL NO.

Introduced by

Senator Matherm

1 A BILL for an Act to create and enact section 26.1-36-09.16 of the North Dakota Century Code,
2 relating to accident and health insurance coverage of diabetes drugs and supplies; to amend
3 and reenact section 26.1-36.6-03 of the North Dakota Century Code, relating to public
4 employees self-insurance health plans; to provide for application; to provide an effective date;
5 and to declare an emergency.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** Section 26.1-36-09.16 of the North Dakota Century Code is created and
8 enacted as follows:

9 **26.1-36-09.16. Insulin drug and supply cost-sharing limitations and formulary**
10 **limitations.**

11 1. **As used in this section:**

12 a. **"Insulin drug"** means a prescription drug that contains insulin and is used to treat
13 a form of diabetes mellitus. The term does not include an insulin pump, an
14 electronic insulin-administering smart pen, or a continuous glucose monitor, or
15 supplies needed specifically for the use of such electronic devices. The term
16 includes insulin in the following categories:

- 17 (1) **Rapid-acting insulin;**
18 (2) **Short-acting insulin;**
19 (3) **Intermediate-acting insulin;**
20 (4) **Long-acting insulin;**
21 (5) **Premixed insulin product;**
22 (6) **Premixed insulin/GLP-1 RA product; and**
23 (7) **Concentrated human regular insulin.**

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- 1 b. "Medical supplies for insulin dosing and administration" means supplies needed
2 for proper insulin dosing, as well as supplies needed to detect or address medical
3 emergencies in an individual using insulin to manage diabetes mellitus. The term
4 does not include an insulin pump, an electronic insulin-administering smart pen,
5 or a continuous glucose monitor, or supplies needed specifically for the use of
6 such electronic devices. The term includes:
7 (1) Blood glucose meters;
8 (2) Blood glucose test strips;
9 (3) Lancing devices and lancets;
10 (4) Ketone testing supplies, such as urine strips, blood ketone meters, and
11 blood ketone strips;
12 (5) Glucagon, injectable or nasal forms;
13 (6) Insulin pen needles; and
14 (7) Insulin syringes.
15 c. "Pharmacy or distributor" means a pharmacy or medical supply company, or
16 other medication or medical supply distributor filling a covered individual's
17 prescriptions.
18 d. "Policy" means an accident and health insurance policy, contract, or evidence of
19 coverage on a group, individual, blanket, franchise, or association basis.
20 2. An insurer may not deliver, issue, execute, or renew a policy that provides coverage
21 for an insulin drug or medical supplies for insulin dosing and administration unless the
22 policy complies with this section.
23 3. The policy must provide cost-sharing for a thirty-day supply of:
24 a. Prescribed insulin drugs which may not exceed twenty-five dollars per pharmacy
25 or distributor, regardless of the quantity or type of insulin drug used to fill the
26 covered individual's prescription needs.
27 b. Prescribed medical supplies for insulin dosing and administration, the total of
28 which may not exceed twenty-five dollars per pharmacy or distributor, regardless
29 of the quantity or manufacturer of supplies used to fill the covered individual's
30 prescription needs.

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- 1 4. A policy may not allow a pharmacy benefits manager or the pharmacy or distributor to
2 charge, require the pharmacy or distributor to collect, or require a covered individual to
3 make, a cost-sharing payment for a covered insulin drug or medical supplies for insulin
4 dosing and administration in an amount that exceeds the amount of the cost-sharing
5 payment for the prescribed insulin drugs or prescribed medical supplies for insulin
6 dosing and administration under subsection 3.
- 7 5. A policy may not allow for the use of a formulary to determine coverage of an insulin
8 drug or medical supplies for insulin dosing and administration.
- 9 6. Subsection 3 does not require a policy to implement cost-sharing and does not
10 prevent the implementation of cost-sharing in an amount less than the amount
11 specified under subsection 3. Subsection 3 does not limit cost-sharing on an insulin
12 pump, an electronic insulin-administering smart pen, or a continuous glucose monitor.
13 This section does not limit whether a policy classifies an insulin pump, an electronic
14 insulin-administering smart pen, or a continuous glucose monitor as a drug or as a
15 medical device or supply.

16 **SECTION 2. AMENDMENT.** Section 26.1-36.6-03 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **26.1-36.6-03. Self-insurance health plans - Requirements.**

- 19 1. The following policy provisions apply to a self-insurance health plan or to the
20 administrative services only or third-party administrator, and are subject to the
21 jurisdiction of the commissioner: 26.1-36-03, 26.1-36-03.1, 26.1-36-05, 26.1-36-10,
22 26.1-36-12, 26.1-36-12.4, 26.1-36-12.6, 26.1-36-13, 26.1-36-14, 26.1-36-17,
23 26.1-36-18, 26.1-36-19, 26.1-36-23, 26.1-36-29, 26.1-36-37.1, 26.1-36-38, 26.1-36-39,
24 26.1-36-41, 26.1-36-44, and 26.1-36-46.
- 25 2. The following health benefit provisions applicable to a group accident and health
26 insurance policy under chapter 26.1-36 apply to a self-insurance health plan and are
27 subject to the jurisdiction of the commissioner: 26.1-36-06, 26.1-36-06.1, 26.1-36-07,
28 26.1-36-08, 26.1-36-08.1, 26.1-36-09, 26.1-36-09.1, 26.1-36-09.2, 26.1-36-09.3,
29 26.1-36-09.5, 26.1-36-09.6, 26.1-36-09.7, 26.1-36-09.8, 26.1-36-09.9, 26.1-36-09.10,
30 26.1-36-09.11, 26.1-36-09.12, 26.1-36-09.13, 26.1-36-09.14, 26.1-36-09.15,

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1 26.1-36-09.16, 26.1-36-11, 26.1-36-12.2, 26.1-36-20, 26.1-36-21, 26.1-36-22,
2 26.1-36-23.1, and 26.1-36-43.

3 **SECTION 3. APPLICATION.** This Act applies to a policy delivered, issued, executed, or
4 renewed after June 30, 2021.

5 **SECTION 4. EFFECTIVE DATE.** This Act becomes effective July 1, 2021.

6 **SECTION 5. EMERGENCY.** This Act is declared to be an emergency measure.

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1 2. The following health benefit provisions applicable to a group accident and health
2 insurance policy under chapter 26.1-36 apply to a self-insurance health plan and are
3 subject to the jurisdiction of the commissioner: 26.1-36-06, 26.1-36-06.1, 26.1-36-07,
4 26.1-36-08, 26.1-36-08.1, 26.1-36-09, 26.1-36-09.1, 26.1-36-09.2, 26.1-36-09.3,
5 26.1-36-09.5, 26.1-36-09.6, 26.1-36-09.7, 26.1-36-09.8, 26.1-36-09.9, 26.1-36-09.10,
6 26.1-36-09.11, 26.1-36-09.12, 26.1-36-09.13, 26.1-36-09.14, 26.1-36-09.15,
7 26.1-36-09.16, 26.1-36-11, 26.1-36-12.2, 26.1-36-20, 26.1-36-21, 26.1-36-22,
8 26.1-36-23.1, and 26.1-36-43.



North Dakota
Public Employees Retirement System
400 East Broadway, Suite 505 • Box 1657
Bismarck, North Dakota 58502-1657

Scott A. Miller
Executive Director
(701) 328-3900
1-800-803-7377

Fax: (701) 328-3920 Email ndpers-info@nd.gov Website <https://ndpers.nd.gov>

Memorandum

TO: NDPERS Board
FROM: Scott
DATE: October 27, 2020
SUBJECT: Contracts under \$10,000

Attached is a document that shows the contracts under \$10,000 that I have recently signed. Please let me know if you have any questions on any of those contracts.

This topic is informational only.

Vendor	Amount	Frequency Incurred
Westlaw (PeopleMap)	\$ 170.00	Monthly
PreSort Plus Contract	\$ 27.55	Daily
MABU Website Maintenance	\$ 9,999.00	Hourly as incurred, not to exceed
Brighthouse	\$ 374.25	Quarterly
Quadient	\$ 625.00	Quarterly
Fireside	\$ 185.55	Monthly
Advanced Business Methods		
Scanner Lease	\$ 118.12	Monthly
Copier Lease	\$ 371.95	
*RecordKeepers	\$ 16.00	Weekly
*EduTech	\$ 600.00	One-time

*Newly signed agreements since last board meeting



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Memorandum

TO: NDPERS Board
FROM: Scott Miller
DATE: October 27, 2020
SUBJECT: 2021 Board Meeting Schedule

Following are the proposed meeting dates for 2021. All meetings are scheduled to be held on the second Tuesday of the month, with the exception of August and October.

Executive Order 2016-16 “susends the requirements that a meeting room be available to the public and that a speaker phone or monitor be provided at a physical location under N.D.C.C. §44-04-19 when members of a governing body are attending a meeting via remote means”. Providing Executive Order 2016-16 is rescinded, meetings will be held at the North Dakota Association of Counties (NDACo) conference room located at 1661 Capitol Way. If not, we will continue holding Board Meetings by teleconference or Teams Meetings.

- January 12 NDACo
- February 9 NDACo
- March 9 NDACo
- April 13 NDACo
- May 11 NDACo
- June 8 NDACo
- July 13 NDACo
- August 17 NDACo (3rd Tuesday)
- September 7 NDACo
- October 26 NDACo (4th Tuesday)
- November 9 NDACo
- December 14 NDACo

Please review and let us know if one of the dates should be changed. Once the dates are finalized, Jan will post the dates with the Secretary of State's office and set these meetings up on your Outlook calendars.

VI. MEMBER

Material for the Executive Session will be sent under separate cover.