

## MINUTES

### North Dakota Public Employees Retirement System Tuesday, December 13, 2022 8:30 A.M.

Members Via Teams: Chairperson Mona Rindy  
Ms. Casey Goodhouse  
Ms. Yvonne Smith  
Mr. Dirk Wilke  
Mr. Adam Miller  
Ms. Claire Ness  
Mr. Jason Grueneich  
Rep. Gretchen Dobervich  
Rep. Greg Stemen

Others: Mr. Scott Miller, NDPERS  
Mr. Derrick Hohbein, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Ms. Shawna Piatz, NDPERS  
Mr. Danny Weiss, SHP  
Mr. Daniel Sefick, CLA  
Ms. Julie Bodenski, Humana

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

Mr. Danny Weiss, Senior Executive Director for Pharmacy at Sanford Health Plan addressed the board. Mr. Weiss shared news of his resignation from Sanford Health Plan and expressed gratitude for the amicable working relationship with the board and staff during his tenure at SHP.

Chairperson Rindy called for questions or comments regarding the minutes of the November 8, 2022, board meeting.

**MR. GRUENEICH MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 8, 2022, BOARD MEETING. THE MOTION WAS SECONDED BY MR. WILKE AND CARRIED BY A VOICE VOTE. THE MINUTES WERE APPROVED.**

### PRESENTATIONS

#### CliftonLarsonAllen (CLA) External Audit Report

Ms. Shawna Piatz introduced Daniel Sefick, CliftonLarsonAllen (CLA), who joined the meeting by Teams to review the FY 2022 Audit Report. Mr. Sefick's presentation included the audit results, required communications, and financial highlights. Mr. Sefick noted that the result of the 2022 audit was an unmodified clean opinion issued on the financial statements and commented the audit was a very smooth process. Mr. Sefick reviewed the financial highlights and actuarial data of the PERS Main, Highway Patrol, Job Service, Group Insurance, and Retiree Health Insurance Credit

(RHIC) Plans. Mr. Scott Miller commented on the effect of reducing the rate of assumption and what the consequences would have been had the board not accepted the actuary's recommendation (Gabriel Roeder Smith – GRS) to reduce the rate of return. Mr. Sefick indicated it would have resulted in an audit finding.

The FY 2022 NDPERS Financial Statements and the full audit report were provided in the board packet.

**MR. GRUENEICH LEFT THE MEETING AT 9:00 A.M.**

**DEFERRED COMPENSATION / FLEXCOMP**

457 Deferred Compensation Provider Processes [Waddell & Reed/ Fiduciary Trust Company of New Hampshire (FTC)]

Mr. Scott Miller recapped discussions from the August and September board meetings regarding the transition of Waddell & Reed to Fiduciary Trust Company of New Hampshire (FTC). Active provider status has been removed from Waddell & Reed/FTC. After a meeting with the 457 provider, Waddell & Reed/FTC has appointed a point of contact and will correct the reporting problem and resolve the issue of the timely investment of funds. Staff will continue to closely monitor the situation.

**IT WAS THE CONSENSUS OF THE BOARD TO ACCEPT THE STAFF RECOMMENDATION TO MAINTAIN THE STATUS QUO AND KEEP WADDELL & REED/FTC AS A 457 PROVIDER BUT NOT ALLOW NEW ACCOUNTS.**

TIAA Revenue Shortfall

Mr. Derrick Hohbein stated that PERS is experiencing a revenue shortfall in both the 401(a) Defined Contribution plan and the 457 Deferred Compensation plan. The shortfall for the first half of 2022 in the 401 (a) plan is below TIAA's threshold. In the past when there was a shortfall, the board took action to pull the shortfall equally from each participant's account. Staff will address shortfalls with the next 401(a) Defined Contribution plan and the 457 Deferred Compensation plan Request for Proposal.

The Investment Subcommittee recommends to the full Board that the \$12,104.41 shortfall for the 457 plan be taken equally from each participant's account and to adopt a policy that any revenue shortfall in the future should also have the shortfall taken equally from each participant's account. Mr. Hohbein noted that the shortfall amount to be pulled is \$1.29 per account.

**MR. WILKE MOVED TO APPROVE THE STAFF'S RECOMMENDATION THAT THE \$12,104.41 SHORTFALL ON THE 457 PLAN BE PULLED EQUALLY FROM EACH PARTICIPATING MEMBER'S ACCOUNT AND THAT ANY FUTURE REVENUE SHORTFALLS SHOULD FOLLOW THIS SAME METHODOLOGY. THE MOTION WAS SECONDED BY MS. GOODHOUSE.**

**Ayes:** Ms. Smith, Mr. Wilke, Ms. Goodhouse, Ms. Ness, Representative Dobervich, Mr. Adam Miller, Representative Stemen, and Chairperson Rindy

**Nays:** None

**Absent:** Mr. Grueneich

## **MOTION PASSED**

### **RETIREMENT**

#### 457 Companion Plan & 401(a) Plan 3rd Quarter 2022 Report

Mr. Hohbein presented the 3rd Quarter Investment Report for the 457 Companion Plan & 401(a) Plan.

The 401(a) plan has 93 active participants and assets decreased to \$16.1 million on September 30, 2022. The 457 Companion Plan has 6,450 active participants and assets decreased to \$161.3 million on September 30, 2022. Overall, investments are performing poorly.

The Investment Subcommittee reviewed the 3rd quarter 2022 plan review and field activity report with TIAA. Callan Consultants gave a market overview and investment performance report. The investment subcommittee did not have any concerns. The information is posted on the NDPERS website.

#### Investment Policies

Mr. Hohbein summarized the Investment Committee's review of the investment policies for the PERS defined benefit plan, the RHIC plan, and the Group Insurance fund. The proposed changes were shared in a redlined version of the policies. The changes made were to update the multipliers and long-term rate of return assumptions, the contribution increases that are scheduled to take place, and the timing of transfers from premiums to the fund investment account to allow for weekends. Lastly, remove an allocation threshold on excess cash and update the signature lines of authorized signers.

After the changes have been approved the investment policy will be sent to the State Investment Board for review and signature.

**MS. NESS MOVED TO APPROVE THE REVISIONS TO THE INVESTMENT POLICIES AS APPROVED BY THE INVESTMENT SUBCOMMITTEE AT THEIR NOVEMBER MEETING. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Ms. Goodhouse, Ms. Ness, Representative Dobervich, Ms. Smith, Mr. Wilke, Mr. Adam Miller, Representative Stemen, and Chairperson Rindy

**Nays:** None

**Absent:** Mr. Grueneich

## **MOTION PASSED**

### **GROUP INSURANCE**

Medicare Part D Plan Updates Due to the Inflation Reduction Act

Ms. Rebecca Fricke introduced Ms. Julie Bodenski, Group Medicare Senior Account Executive with Humana. Ms. Bodenski reviewed benefit changes in the August 2022 Inflation Reduction Act (IRA) bill that will impact the Part D prescription drug plan for the 2023 plan year. Under the IRA law, Part D coverage is required for adult vaccines such as whooping cough, shingles, tetanus, and diphtheria, and with no cost share to the member. Part D coverage of insulin products can be no more than a \$35 copay for a 30-day supply. Ms. Bodenski stated that a review of claims indicates a positive impact for 505 NDPERS Part D members and an average savings of \$95 for a 30-day claim of insulin.

#### Group Life Insurance Request For Proposal (RFP) Update

Ms. Kathyne Korom provided an update regarding the RFP that was issued on November 1<sup>st</sup>. Staff worked with Buck Consultants on responses to vendor questions and Non-Disclosure Agreements. The consultant will analyze and narrow down the proposals to 3 or 4 for the staff's review.

**THE BOARD TOOK A SHORT BREAK FROM 9:30 A.M. TO 9:40 A.M.**

#### **MISCELLANEOUS**

##### Audit Committee Minutes

Ms. Shawna Piatz provided a recap of the May 16, 2022, Audit Committee meeting.

##### Committee and Board Appointments

Mr. Scott Miller informed the board about open positions on subcommittees. Current vacant seats are on the Investment Committee, Audit Committee, and Benefits and Retiree Committees. Discussion followed.

**CHAIRPERSON RINDY APPOINTED MR. GRUENEICH TO THE AUDIT COMMITTEE, REPRESENTATIVE STEMEN AS AN ALTERNATE MEMBER TO THE INVESTMENT SUBCOMMITTEE, AND MS. RINDY TO THE INVESTMENT SUBCOMMITTEE.**

##### Strategic Planning

Mr. Scott Miller reviewed the status of the current strategic plan. Considering the demands of the approaching Legislative Session, staff will be adding only what is necessary and topics that must be addressed in the third year of the plan such as RFPs. A proposed revised strategic plan was shared with the board.

**IT WAS THE CONSENSUS OF THE BOARD TO ADOPT THE REVISED STRATEGIC PLAN AS PRESENTED AND MOVE FORWARD FOR 2023-2025.**

**MR. GRUENEICH JOINED THE MEETING AT 10:00 A.M.**

##### Legislative Relations

Mr. Scott Miller shared two presentations he made to the Employee Benefits Programs Committee at the June 21, 2022, and October 26, 2022, EBPC meetings. The

presentations provided a consultant analysis of proposed legislation before the Committee. The Board heard a summary of each bill and discussed what position to take on each.

**Bills:**

- #2 regarding prosthetic limb coverage
- #8 regarding state-employed peace officers
- #16 regarding TFFR membership exception
- #34 regarding the requirement of submission of bills affecting PERS or TFFR to the Employee Benefits Programs Committee
- #45 regarding Retirement Board Membership and Health Insurance Contracts
- #54 regarding Final Average Salary (FAS) computation
- #77 regarding BCI agent retirement benefits
- #87 regarding Legacy Earnings Fund PERS transfer
- #92 regarding prescription drug reference rate
- #93 regarding infertility benefits
- #147 regarding increased infertility benefits
- #160 regarding employee contributions
- #196 regarding the closure of the Defined Benefit (DB) plan effective January 2024
- #203 regarding a diabetes pilot program
- #280 regarding the closure of the Defined Benefit (DB) plan effective January 2025

**MR. GRUENEICH MOVED APPROVAL TO TAKE A NEUTRAL POSITION ON THE FOLLOWING BILLS THAT HAVE BEEN PROPOSED TO THE EMPLOYEE BENEFIT PROGRAMS COMMITTEE: #2, #8, #77, #93, #147, AND #160; OPPOSITION ON THE FOLLOWING BILLS: #34, #45, #92, AND #203; AND SUPPORT OF BILL #87. THE MOTION WAS SECONDED BY MS. GOODHOUSE.**

**Ayes:** Ms. Goodhouse, Ms. Ness, Mr. Grueneich, Representative Dobervich, Ms. Smith, Mr. Wilke, Mr. Adam Miller, and Chairperson Rindy

**Nays:** Representative Stemen

**Absent:** None

**MOTION PASSED**

**MS. SMITH MOVED APPROVAL OF OPPOSITION ON BILLS #196 AND #280 THAT HAVE BEEN PROPOSED TO THE EMPLOYEE BENEFIT PROGRAMS COMMITTEE. THE MOTION WAS SECONDED BY MR. GRUENEICH.**

**Ayes:** Representative Dobervich, Ms. Goodhouse, Mr. Grueneich, Ms. Smith, Mr. Wilke, Ms. Ness, Mr. Adam Miller, and Chairperson Rindy

**Nays:** Representative Stemen

**Absent:** None

**MOTION PASSED**

Representative Stemen stated that he misunderstood the previous question

*[approval to take a neutral position on the following bills that have been proposed to the employee benefit programs committee: #2, #8, #77, #93, #147, and #160; opposition on the following bills: #34, #45, #92, and #203; and support of bill #87]* and that if he had understood the question, he would have voted yes. Note: pursuant to Robert's Rules, once the result of a vote is announced, a member may change their vote only with the unanimous consent of the governing body - and then only immediately after the consent is given. Representative Stemen's statement is included in the minutes but the vote itself cannot be changed.

Mr. Scott Miller stated it will be necessary to hold a Special Meeting in January for the purpose of hearing a final audit report presentation from the audit firm Myers & Stauffer. The outside firm was contracted by the Office of the State Auditor to conduct an audit of the Pharmacy Benefit Manager (PBM) in compliance with legislation that was passed in 2021. Mr. Miller noted that the audit was performed on laws that were in effect at the time which is prior to the PBM statute. Jan Lund will reach out to board members regarding their availability on January 17 or January 19, 2023.

Chairperson Rindy revisited the topic of the appointment of Mr. Grueneich to the Audit Committee because he was absent during the board discussion and appointment. Mr. Grueneich stated he will accept the appointment.

Chairperson Rindy called for any other business or comments. With no further business, the meeting was adjourned at 12:01 P.M.

Prepared by,

Jan Lund  
Assistant to the Board