

MINUTES

North Dakota Public Employees Retirement System Tuesday, January 10, 2023 8:30 A.M.

Members Via Teams: Chairperson Mona Rindy
Ms. Casey Goodhouse
Ms. Yvonne Smith
Mr. Dirk Wilke
Mr. Adam Miller
Mr. Jason Grueneich

Members Absent: Ms. Claire Ness
Rep. Gretchen Dobervich
Rep. Greg Stemen

Others: Mr. Scott Miller, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. Katheryne Korom, NDPERS
Mr. John Ward

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

Chairperson Rindy called for questions or comments regarding the minutes of the December 13, 2022, board meeting.

MR. WILKE MOVED TO APPROVE THE MINUTES OF THE DECEMBER 13, 2022, BOARD MEETING. THE MOTION WAS SECONDED BY MR. GRUENEICH AND CARRIED BY A VOICE VOTE. THE MINUTES WERE APPROVED.

RETIREMENT

Main PERS Plan Employer Contribution

Mr. Hohbein discussed three bills that are before the Legislative Assembly that affect the Defined Benefit (DB) retirement plan. House Bill 1039 and House Bill 1040 propose to close the DB plan. The difference between the two bills is the effective date. The bills increase the employer contribution for all state agencies and a slight increase to political subdivisions.

Another proposed bill to close the DB plan is expected to be introduced by Rep. Kasper. It is the same as HB 1040 except that the employer increase is spread to political subdivisions. The increases are proposed to be 20% for the state and 20.2% for political subdivisions.

Gabriel Roeder Smith (GRS) provided the board with an actuarial analysis of the contribution rate for each of the bills. The board is required to provide the required contribution rate to the Legislative Assembly. Discussion followed.

MS. SMITH MOVED APPROVAL OF A 39.9% INCREASE TO THE EMPLOYER CONTRIBUTION RATE FOR THE STATE AND AN INCREASE OF 1.0% FOR POLITICAL SUBDIVISIONS FOR HB 1040; EMPLOYER CONTRIBUTION RATE INCREASE OF 37.9% FOR THE STATE AND AN INCREASE OF 1.0% FOR POLITICAL SUBDIVISIONS FOR HB 1039. THE MOTION WAS SECONDED BY MR. ADAM MILLER.

Ayes: Ms. Goodhouse, Mr. Grueneich, Ms. Smith, Mr. Wilke, Mr. Adam Miller, and Chairperson Rindy

Nays: None

Absent: Representative Stemen, Representative Dobervich, and Ms. Ness

MOTION PASSED

Required Minimum Distribution Age

Mr. Hohbein reported the federal SECURE 2.0 Act was passed at the Federal level in December 2022. SECURE 2.0 changes the required minimum distributions (RMD) that are effective January 1, 2023, when the age is increased from 72 to 73. SECURE 2.0 also changed the RMD effective January 1, 2033, when it increases from age 73 to 75.

NDCC 54-52-28 requires NDPERS to follow section 401(a)(9) of the Internal Revenue Code. Staff recommends submitting a technical corrections bill to the 2025 Legislative Assembly with an August 1, 2025, effective date. This would allow staff to update plan documents by January 1, 2027, as required by SECURE 2.0.

MR. WILKE MOVED TO DELAY SUBMITTING A BILL DURING THIS SESSION TO CLEAN UP LANGUAGE REGARDING THE FEDERAL CHANGE TO THE REQUIRED MINIMUM DISTRIBUTION AGE AND INSTEAD INCLUDE LANGUAGE IN A TECHNICAL CORRECTIONS BILL TO THE NEXT LEGISLATIVE ASSEMBLY IN 2025. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Mr. Wilke, Mr. Grueneich, Ms. Smith, Ms. Goodhouse, Adam Miller, and Chairperson Rindy

Nays: None

Absent: Representative Stemen, Representative Dobervich, and Ms. Ness

MOTION PASSED

GROUP INSURANCE

Vision Plan Request for Proposal (RFP)

Ms. Katheryne Korom presented a draft RFP for the Vision Plan bid. The draft copy was provided by Buck Consulting and reviewed by staff. Ms. Korom shared the proposed timeline for the RFP process. The coverage will be effective January 1, 2024.

MR. GRUENEICH MOVED TO APPROVE THE VISION PLAN REQUEST FOR PROPOSAL AND TIMELINE. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Goodhouse, Mr. Wilke, Mr. Grueneich, Ms. Smith, Mr. Adam Miller, and Chairperson Rindy

Nays: None

Absent: Representative Stemen, Representative Dobervich, and Ms. Ness

MOTION PASSED

Life Plan Request For Proposal (RFP)

Ms. Korom reported that five proposals were received by the submission deadline on December 22, 2022. Due to inclement weather conditions, two proposals were late which disqualified the bids. The vendors were able to provide shipment tracking information showing an expected delivery date of December 22 and the weather-related delays in shipping. The board discussed the situation and determined that the vendors made a good-faith effort to get their proposals to our office by the deadline. That brings the number of proposals to seven; Buck Consulting is in the process of narrowing the field down to the top two to three for further consideration.

MR. WILKE MOVED TO ALLOW AFLAC AND SECURIAN LIFE PLAN PROPOSALS FURTHER CONSIDERATION. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Mr. Adam Miller, Ms. Goodhouse, Mr. Wilke, Mr. Grueneich, Ms. Smith, and Chairperson Rindy

Nays: None

Absent: Representative Stemen, Representative Dobervich, and Ms. Ness

MOTION PASSED

Sanford Health Plan (SHP) Administrative Services Agreement

In a follow-up to the board approving the renewal of the Sanford Health Plan at the September meeting, Mr. Hohbein presented the Administrative Services Agreement.

MR. ADAM MILLER MOVED TO APPROVE THE SANFORD HEALTH PLAN ADMINISTRATIVE SERVICES AGREEMENT AND AUTHORIZE THE CHAIR TO SIGN THE AGREEMENT. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Mr. Adam Miller, Ms. Smith, Ms. Goodhouse, Mr. Wilke, Mr. Grueneich, and Chairperson Rindy

Nays: None

Absent: Representative Stemen, Representative Dobervich, and Ms. Ness

MOTION PASSED

PRESENTATIONS

Operating Guidelines

Mr. Derrick Hohbein presented the Operating guidelines which illustrate the responsibilities of the board and those delegated to the Executive Director. The document outlines plan oversight, personnel decision-making, and financial responsibilities. The information was provided to assist board members when completing the Board Evaluation.

MISCELLANEOUS

Quarterly Consultant Fees

Mr. Hohbein provided an overview of off-budget expenses for consulting, investment, and administrative fees paid during Quarter 4, 2022. Costs incurred from Deloitte Consulting and the PBM Audit are starting to hit resulting in Quarter 1, 2023 expected to be heavier.

Annual Comprehensive Financial Report (ACFR)

Mr. Hohbein informed the board that the annual report is available on the NDPERS website. The report was submitted to the GOFA for consideration for their Certificate of Excellence in Financial Reporting.

Operations Update

Mr. Hohbein provided a summary for 2022 of all the operational accomplishments that the agency realized. Some of the topics covered were the array of educational efforts done for our membership (including the Lunch & Learn series, the Financial Essentials Workshop (FEW) and Pre-retirement Educational Program (PREP) seminars, and annual enrollment), employers, and new efforts to assist members of the Legislative Assembly by providing educational information about NDPERS. It also included updates on the PERSLink business system, operational efficiencies that staff gained over the last year, and projects that are both in process and upcoming. Derrick noted the achievement of transitioning from a board election when paper ballots were printed and mailed to electronic voting through Member Self Service, has been a cost savings of almost \$10,000 per election. Discussion followed.

Mr. Grueneich left the meeting at 11:30 A.M.

Mr. Scott Miller and Ms. Rebecca Fricke joined the meeting at 11:38 A.M.

Contracts Under \$10,000

Mr. Scott Miller provided an update to Contracts Under \$10,00 and noted that he signed a new Service Level Agreement (SLA) with NDIT for disaster recovery processes.

Legislative Relations

The Board heard a summary of each bill and discussed what position to take on each.

Bills:

HB 1095 relating to the inclusion of comprehensive medication management services in health benefit plans.

SB 2135 relating to the assignment of dental insurance benefits; and to provide for an application.

SB 2140 relating to accident and health insurance coverage of diabetes drugs and supplies.

SB 2158 relating to a legislative management study of the comprehensive health association of North Dakota.

SB 2160 relating to health insurance coverage of telehealth.

SB 2171 relating to public employees retirement system health benefits.

MR. WILKE MOVED APPROVAL TO TAKE A NEUTRAL POSITION ON THE FOLLOWING BILLS: HB 1095, SB 2135, SB 2140, SB 2158, SB 2160, AND SB 2171 THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Mr. Adam Miller, Ms. Smith, Ms. Goodhouse, Mr. Wilke, and Chairperson Rindy

Nays: None

Absent: Representative Stemen, Representative Dobervich, Ms. Ness, and Mr. Grueneich

MOTION PASSED

Chairperson Rindy called for any other business or comments.

Mr. Scott Miller reminded the Board of the Special Meeting scheduled for Thursday, January 19, 2023, at 1:00 PM.

With no further business, the meeting was adjourned at 12:12 P.M.

Prepared by,

Jan Lund
Assistant to the Board