

MINUTES

**North Dakota Public Employees Retirement System
VIA TELECONFERENCE
Tuesday, July 14, 2020
8:30 A.M.**

Members Via Phone: Chairperson Rindy
Representative Jason Dockter
Senator John Grabinger
Ms. Casey Goodhouse
Mr. Adam Miller
Ms. Kim Wassim
Mr. Dirk Wilke
Mr. Troy Seibel
Ms. Yvonne Smith

Others Via Phone: Mr. Scott Miller, NDPERS
Mr. Bryan Reinhardt, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. MaryJo Anderson, NDPERS
Ms. Shawna Piatz, NDPERS
Ms. Emily Griese, SHP
Mr. Steve Webster, SHP
Ms. Katie Nermoe, SHP
Mr. Shawn Tronier, SHP

Chairperson Mona Rindy called the meeting to order at 8:30 A.M. The meeting was held by teleconference; roll call was taken and a quorum was present.

Chairperson Rindy called for any questions or comments regarding the minutes of the June 9 meeting.

MS. SMITH MOVED APPROVAL OF THE JUNE 9, 2020, MEETING MINUTES. THE MOTION WAS SECONDED BY MR. WILKE AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

PRESENTATIONS

Fiduciary Responsibility

Mr. Scott Miller provided an educational presentation on the Board's fiduciary responsibility. The presentation included basic terminology, an overview of fiduciary duty and duty of loyalty and prudence, settlor and fiduciary functions, dealing with conflicts of interest, and fiduciary liability and risk. Discussion followed.

GROUP INSURANCE

Health Plan Request for Proposal Update

Mr. Bryan Reinhardt updated the Board on the status of the Health Plan Request for Proposal that was released on June 1. Mr. Reinhardt reported that everything is on track with the published timeline and the bids are due on Wednesday, July 15. A bidder's conference was held on June 16; seven vendors submitted 62 questions. He reviewed a

list of five factors that the board must consider when determining which bid will best serve the interests of eligible employees and the state. The Board reviewed the evaluation template and evaluation criteria required under statute. Discussion followed.

Sanford Health Plan (SHP) Member Survey Results

Mr. Steve Webster and Mr. Shawn Tronier presented the results of the 2020 Sanford Health Plan Member Experience Survey. This is the third wave of member surveys since 2016. The methodology remained the same with a survey done by mail to a random sample of 7,500 health plan participants. Mr. Webster was pleased to report a 24 percent increase from last time. Survey questions included member satisfaction with benefits, experience as a plan member, health prevention services and wellness program benefit participation, and an opportunity to positively or negatively rate health plan benefits. Overall appreciation and satisfaction with the level of care were common responses among the 420 handwritten positive comments received. Sanford Health Plan officials dialed into the negative comments concerning customer service and viewed it as an opportunity for education and improvement. The Survey touched on the usage and satisfaction of the Member Service Center; SHP representatives stated every call offers opportunity to engage with members. The presentation closed with information regarding respondent demographics. A majority of the respondents specified they were in the age range of 55 and older, 93 percent of the respondents live in North Dakota with 25 percent located in Bismarck and Mandan. The full survey results were provided to the Board. Discussion followed.

Legislative Diabetes Burden Report

A bi-annual diabetes report to legislative management is required by NDCC 23-01-40. The report is compiled by the Department of Health, Indian Affairs, NDPERS, and the Department of Human Services. The full report was provided to the Board and the topic was informational only.

Employer-based Wellness Renewal

The renewal of the Employer Based Wellness Program determines those employers that will qualify for the 1 percent health insurance premium discount for the plan year July 1, 2020 to June 30, 2021. A total of 188 of 240 employers are electing to participate in the wellness program. Staff provided a breakdown of the participating employers.

THE BOARD TOOK A BRIEF BREAK FROM 9:58 A.M. TO 10:03 A.M.

The Meeting resumed at 10:03. Roll call was taken, and a quorum was present.

RETIREMENT

Highway Patrol Indexing

Ms. MaryJo Anderson stated the Board sets a rate to be used in establishing the index factor for deferred members of the Highway Patrol retirement plan as provided in NDCC 39-03.1-11(5). Currently there are 26 members in a deferred status and North Dakota

Highway Patrol leadership is recommending a 2.5 percent increase to their final average salary. The increase is in line with the 2.5 percent increase to agencies' budgets for salaries as provided by the 2019 legislative assembly for the 2019-2021 biennium. Discussion followed.

MS. SMITH MOVED TO ACCEPT THE RECOMMENDATION OF THE HIGHWAY PATROL ADMINISTRATION TO INCREASE THE INDEXING PERCENTAGE BY 2.5 PERCENT. THE MOTION WAS SECONDED BY MS. WASSIM.

Ayes: Ms. Goodhouse, Representative Dockter, Ms. Wassim, Senator Grabinger, Mr. Adam Miller, Mr. Seibel, Mr. Wilke, Ms. Smith, and Chairperson Rindy.

Nays: None

Absent: None

MOTION PASSED

Investment Policies

Mr. Bryan Reinhardt reviewed changes to the Investment Policies for the retirement plans. Recent fund changes require the update for the DC 401(a) plan and 457 Companion Plan. The board-adopted assumptions from the recent Experience Study require the following changes to the defined benefit policies: Main Plan Return Assumption 7.00%, Retiree Health Insurance Credit (RHIC) Plan Return Assumption 6.50%, and Job Service Return Assumption 4.25%. No change was made to the Insurance Fund Investment Policy other than to add Scott Miller's name. Discussion followed.

MS. WASSIM MOVED TO APPROVE THE UPDATES TO THE INVESTMENT POLICIES ACCORDING TO THE BOARD-ADOPTED ASSUMPTIONS FROM THE RECENT EXPERIENCE STUDY. THE MOTION WAS SECONDED BY MR. ADAM MILLER.

Ayes: Ms. Goodhouse, Representative Dockter, Ms. Wassim, Senator Grabinger, Mr. Adam Miller, Mr. Seibel, Mr. Wilke, Ms. Smith, and Chairperson Rindy.

Nays: None

Absent: None

MOTION PASSED

Provider Fiduciary Language Amendment Update

Ms. MaryJo Anderson reported that Nationwide, a NDPERS 457 Deferred Compensation provider, has requested a revision to the proposed fiduciary language contract amendment requiring the investment providers to act as fiduciaries in the best interest of the NDPERS participant when providing services. The response from Nationwide has been reviewed by legal counsel and determined that the proposed edit does not seem to detract from the intent of the amendment. The proposed amendment was provided to the Board for their review.

MS. WASSIM MOVED TO APPROVE THE PROPOSED AMENDMENT LANGUAGE REVISIONS FROM NATIONWIDE AS PRESENTED. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Goodhouse, Representative Dockter, Ms. Wassim, Senator Grabinger, Mr. Adam Miller, Mr. Seibel, Mr. Wilke, Ms. Smith, and Chairperson Rindy.

Nays: None

Absent: None

MOTION PASSED

MISCELLANEOUS

Budget

Mr. Hohbein recapped discussion from the May and June Board Meetings regarding the upcoming budget. The request by the Governor was for NDPERS to develop a 5% reallocated budget to invest in high-impact areas of the agency. The budget presented takes that recommendation into consideration and is a hold-even base budget of \$9,346,193. This amount equals the base budget calculation provided by OMB. This hold even budget incorporates a 5% reallocation of the following:

- Reallocation of the Public Information Specialist partially into a marketing intern and partially into a receptionist for our agency
- Reallocation of the Auditor III position into accounting
- Reallocating the mobile app to enhancing the performance in our external portals
- Elimination of rent to offset salary increases & operating inflationary increases

Cost information relating to the optional packages was presented.

Initiative	FTE	Cost	% Increase Over Base Budget
Restore Public Information Specialist III	0.8	\$ 169,913	1.8%
Upgrade PERSLink to BPM	-	257,600	2.8%
Additional Developers for PERSLink	-	209,000	2.2%
Self-Funded Health Insurance	4.0	837,337	9.0%
Make Receptionist a 1.0 FTE	0.2	21,216	0.2%
TOTAL	5.0	\$ 1,495,066	16.0%

Discussion followed.

MR. SEIBEL MOVED TO APPROVE THE 2021-2023 BASE BUDGET AND OPTIONAL PACKAGES TO BE SUBMITTED TO THE OFFICE OF MANAGEMENT AND BUDGET AS PRESENTED IN THE BOARD MEMO. THE MOTION WAS SECONDED BY MS. WASSIM.

Ayes: Ms. Goodhouse, Representative Dockter, Ms. Wassim, Senator Grabinger, Mr. Adam Miller, Mr. Seibel, Mr. Wilke, Ms. Smith, and Chairperson Rindy.

Nays: None

Absent: None

MOTION PASSED

Discontinuation of the Mobile App

Board Action taken at the June 9, 2020 meeting following discussion of the 2021-23 budget, directed staff to discontinue the Mobile App. Mr. Derrick Hohbein reported that Sagitec (the vendor that develops the PERSLink Business System) had offered the Mobile App five years ago. Only a small number of members have downloaded the mobile app over the past five years. MVVM wasn't available at that time, but now is a much better option as the Mobile App is not effective because it is not an interactive tool. Staff recommends the Mobile App be discontinued effective August 31 to provide adequate time to communicate the transition to employers and membership prior to open enrollment, and to allow for redirecting support hours to upgrading servers for the Employer Self Service (ESS) and Member Self Service (MSS). Discussion followed.

MS. WASSIM MOVED TO APPROVE AUGUST 31, 2020, AS THE EFFECTIVE DATE TO DISCONTINUE THE MOBILE APP. THE MOTION WAS SECONDED BY MR. WILKE.

Ayes: Ms. Goodhouse, Representative Dockter, Ms. Wassim, Senator Grabinger, Mr. Adam Miller, Mr. Seibel, Mr. Wilke, Ms. Smith, and Chairperson Rindy.

Nays: None

Absent: None

MOTION PASSED

Quarterly Consultant Fees

Mr. Derrick Hohbein shared the quarterly report showing the consulting, investment and administrative fees paid during the second quarter of 2020.

Audit Committee Chair Position

This agenda item was carried over from the April meeting. Ms. Shawna Piatz indicated the Board needs to fill a vacancy on the Audit Committee.

MS. WASSIM MOVED TO APPROVE THE APPOINTMENT OF MR. DIRK WILKE TO THE AUDIT COMMITTEE. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

Ayes: Ms. Goodhouse, Representative Dockter, Ms. Wassim, Senator Grabinger, Mr. Adam Miller, Mr. Seibel, Mr. Wilke, Ms. Smith, and Chairperson Rindy.

Nays: None

Absent: None

MOTION PASSED

Board Self-Evaluation

Mr. Scott Miller informed the Board that the SurveyMonkey self-evaluation survey will be emailed soon and the results will be reviewed at the August 18th Board Meeting.

Board Policy Review

Mr. Scott Miller shared several policies that have not been reviewed by the Board over the past year. Mr. Bryan Reinhart confirmed that the HIPAA policy is routinely reviewed by the Office of Attorney General. The policies were included in the meeting materials for the Board's review; the Board may bring questions and/or comments to the next meeting.

Contracts Under \$10,000

During a recent internal audit, Chief Audit Officer, Shawna Piatz found that contracts under \$10,000 were overlooked in reporting to the board as stipulated in the Operating Policies. Mr. Scott Miller indicated there are several contracts meeting the criteria that occur annually. The Board was asked about the frequency in which they would like to review these types of contracts. Discussion followed.

IT WAS THE CONSENSUS OF THE BOARD TO SEE THESE CONTRACTS ON A MONTHLY BASIS AS THEY COME UP.

This will be added as a standing topic each month.

Assurance NM Testing

The meeting concluded with a quarterly test of the emergency notification system. The test message was sent by email, text message and phone call. Board Members were asked to report if they did not receive the communication.

Chairperson Rindy called for any other business or comments. Hearing none the meeting was adjourned at 11:03 A.M.

Prepared by,

Jan Lund
Assistant to the Board