

MINUTES

North Dakota Public Employees Retirement System Tuesday, December 14, 2021 8:30 A.M.

Members in Person: Ms. Kim Wassim
Mr. Adam Miller
Senator Dick Dever

Members Via Teams: Chairperson Mona Rindy
Representative Pamela Anderson
Ms. Yvonne Smith
Mr. Troy Seibel
Mr. Dirk Wilke
Ms. Casey Goodhouse

Others: Mr. Scott Miller, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. MaryJo Anderson, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Allyson Hicks, Office of Attorney General
Mr. Jason Ostroski, CliftonLarsonAllen
Mr. John Snyder, SHP
Ms. Emily Griese, SHP
Mr. Steve Webster, SHP
Mr. Danny Weiss, SHP
Dr. Faber, SHP

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 any questions or comments regarding the minutes of the November 17, 2021 meeting. Ms. Wassim requested a change to the wording regarding the budget presentation. Ms. Lund will make the requested edits.

MS. WASSIM MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 17, 2021 BOARD MEETING SUBJECT TO THE CHANGES AS SUGGESTED. THE MOTION WAS SECONDED BY SENATOR DEVER AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

PRESENTATIONS

CliftonLarsonAllen External Audit Report

Mr. Jason Ostroski, CliftonLarsonAllen (CLA), reviewed the FY 2021 Audit Report. Mr. Ostroski's presentation included the audit results, required communications, financial highlights, and GASB 68 and 75 schedule audit updates. Mr. Ostroski noted that the result of the 2021 audit was an unmodified clean opinion issued on the financial statements.

Mr. Ostroski reviewed financial highlights of the PERS Main, Highway Patrol, Job Service, Group Insurance, and Retiree Health Insurance Credit (RHIC) Plans.

The full audit report was provided in the board packet. There were no questions from the Board.

Sanford Health Plan 2021 Quarter 2 Executive Summary

Mr. Steve Webster introduced SHP staff in attendance, Dr. Kevin Faber, Chief Medical Director for Sanford Health Plan; John Snyder, President of Sanford Health Plan; Emily Griese, VP of Operations and Population Health; Brian Maude, VP of Finance; Debbie Harris, Director of Finance; Mark Scharnberg, Executive Director of Government Programs; and Danny Weiss, Executive Director of Pharmacy. Mr. Snyder provided opening comments.

Mr. Steve Webster reviewed the annual membership summary showing a hold-steady status for Actives from Quarter 2 of 2020. There was a slight dip to political subdivisions. He noted that some political subdivision groups are looking at ND FITS because of lower premiums. Mr. Webster reflected on the effects of the pandemic during 2020 and into 2021 and noted that COVID had a larger impact on the Medicare Retiree group. Claims analysis information indicates North Dakota versus out-of-state claims is at, or slightly above, last year's utilization.

Dr. Faber reported that cancer continues to trend as the largest claims group followed by GI/GU.

Mr. Danny Weiss discussed the pharmaceutical portion of the report including generic, brand, and specialty utilization data. Mr. Weiss shared insight regarding the impact of television commercials promoting brand name drugs. Interestingly, only the United States and New Zealand allow such advertising.

Mr. Webster reported member participation in fitness center reimbursement is still trending down but there is a slight uptick with online wellness activities. He concluded his presentation with an overview of the Lifestyle Medicine Programs, Monthly Wellness Themes for the second quarter, and Performance Standards and Guarantees.

Ms. Emily Griese provided an educational presentation on Population Health. Population Health is a systematic approach to health and wellness that aims to use health resources effectively and efficiently to improve the health of a population. The goal of Population Health is to reverse the trend that 80% of the spend is on 20% of the population. Ms. Griese touched on several drivers of Population Health and discussed how they impact the NDPERS plan.

The Board took a short break at 10:12 A.M. The Board Meeting resumed at 10:21 A.M., a quorum was present.

RETIREMENT

Defined Contribution Administrative Fees

Mr. Derrick Hohbein provided an overview of the funding sources for administrative fees for the defined contribution plan. He talked about how administrative fees are currently handled and the balance of the cash on hand at the State Treasurer's office. The cash on hand exceeds what is necessary to cover administrative fees. The Board discussed options to modify how the fees are collected.

REPRESENTATIVE ANDERSON MOVED TO APPROVE THE REDUCTION OF THE DEFINED CONTRIBUTION ADMINISTRATIVE FEES TO ONE BASIS POINT. THE MOTION WAS SECONDED BY MR. ADAM MILLER.

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

Nays: None

Absent: None

MOTION PASSED

457 Companion Plan & 401(a) Plan 3rd Quarter 2021 Report

Mr. Bryan Reinhardt presented the 3rd Quarter Investment Report for the 457 Companion Plan & 401(a) Plan. The plans have a combined total of 8,790 participants with about \$206 million in assets. Core fund performance was mixed when compared to their benchmarks and peer funds. Index funds are expected to slightly underperform their benchmarks because of fund administration fees. The NDPERS Investment Subcommittee reviewed the 3rd quarter 2021 plan review. There are no recommendations at this time.

GROUP INSURANCE

Medicare Part-D (EGWP) Plan Update

Mr. Reinhardt updated the Board on activities and timelines relative to the Humana implementation. The plan is on track for the January 1, 2022 start date. Staff report that Humana has been great to work with and it's been a remarkable transition.

Health Insurance Consultant Contract Amendment

At the October Board meeting, the Board approved extending the Deloitte contract for the NDPERS retirement consultant an additional 18 months. Legal counsel drafted the Third Addendum for Agreement for Services which would extend the existing contract with Deloitte until December 31, 2023. It was noted there would be no cost increase in the extension.

MS. SMITH MOVED TO APPROVE THE CONTRACT ADDENDUM TO EXTEND THE EXISTING CONTRACT WITH DELOITTE AN ADDITIONAL EIGHTEEN MONTHS, AND TO AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE CONTRACT. THE MOTION WAS SECONDED BY MR. WILKE.

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

Nays: None

Absent: None

MOTION PASSED

MISCELLANEOUS

Audit Committee Minutes

Ms. Shawna Piatz shared the approved minutes from the August 16, 2021 Audit Committee Meeting.

Office Equipment Lease

Mr. Hohbein reviewed plans to replace the multi-functional Canon that serves as a printer, scanner, copier, and fax. The 5-year lease expires in March. Staff is looking at a replacement that offers the same functionality but with a smaller footprint that would fit the space much better. The 5-year lease on the new machine is a cost savings of nearly \$3,700 for the term of the lease. Because the amount over a five-year period exceeds \$10,000, it requires board approval.

MS. WASSIM MOVED TO APPROVE THE OFFICE EQUIPMENT LEASE AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE CONTRACT. THE MOTION WAS SECONDED BY SENATOR DEVER.

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

Nays: None

Absent: None

MOTION PASSED

Microfiche Analysis

Mr. Hohbein updated the Board on work effort to analyze the permanent records that are stored on microfiche. The reader used to access the records is 19 years old and replacement parts are no longer available. Staff has assessed the number of inches of microfiche and reels of data that would need to be converted into an electronic format if the reader is not replaced with a newer model. Staff has received estimates on the cost to lease a new reader and the cost to outsource the conversion of the microfiche records.

MR. WILKE MOVED TO APPROVE ISSUING A REQUEST FOR PROPOSAL TO OUTSOURCE THE CONVERSION OF PERMANENT RECORDS CURRENTLY STORED ON MICROFICHE. THE MOTION WAS SECONDED BY SENATOR DEVER.

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

Nays: None

Absent: None

MOTION PASSED

Contracts Under \$10,000

Mr. Scott Miller updated the Board on contracts under \$10,000 that he has signed in 2021.

Legislative Relations

Mr. Scott Miller discussed upcoming Legislative Committee meetings and presentation topics he will be covering. Board discussion focused on EGWP.

Administrative Rules Update

Mr. Scott Miller reported the Administrative Rules have been submitted to the Office of the Attorney General for a legal review and are on track for consideration at the March meeting of the Administrative Rules Legislative Committee.

Strategic Planning

This agenda item was not discussed; the topic will be brought back at the January meeting.

Representative Anderson left the meeting at 11:00 A.M.

MEMBER

Member Hardship Withdrawal Case # 715 and Case # 716

These agenda items were noticed for Executive Session.

MS. WASSIM MOVED TO ENTER INTO 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 FOR APPEAL CASE NUMBERS 697 AND 706. THE MOTION WAS SECONDED BY MR. ADAM MILLER.

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

Nays: None

Absent: Representative Anderson

MOTION PASSED

All members named above, attorney Allyson Hicks, NDPERS staff members Scott Miller, Rebecca Fricke, Derrick Hohbein, MaryJo Anderson, Mandy Nagel, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 11:00 A.M. The Members were present by phone for their respective case reviews.

The meeting returned to Open Session at 11:17 A.M.

MR. WILKE MOVED TO APPROVE THE APPLICANT'S REQUEST FOR A HARDSHIP WITHDRAWAL OF \$3,000 FROM THE 457 ACCOUNT FOR CASE #715. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Representative Anderson

MOTION PASSED

MS. GOODHOUSE MOVED TO APPROVE THE APPLICANT'S REQUEST FOR A HARDSHIP WITHDRAWAL OF \$2,880.20 FROM THE 457 ACCOUNT FOR CASE #716. THE MOTION WAS SECONDED BY MR. WILKE.

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

Nays: None

Absent: Representative Anderson

MOTION PASSED

Chairperson Rindy called for any other business or comments.

With no further business, the meeting was adjourned at 11:24 A.M.

Prepared by,

Jan Lund
Assistant to the Board