

## **MINUTES**

**North Dakota Public Employees Retirement System  
VIA TELECONFERENCE  
Tuesday, April 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 Present Via Phone: Mr. Scott Miller, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Mr. Derrick Hohbein, NDPERS  
Ms. MaryJo Anderson, NDPERS  
Ms. Shawna Piatz, NDPERS  
Mr. Jesse Rue, ND Pharmacy Association  
Ms. Bonnie Wurst, GRS  
Ms. Judith Kermans, GRS  
Mr. Paul Ashe, Securance Consulting

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 introduced herself to the Board and shared information about her background and experience.

Chairperson Rindy called for any questions or comments regarding the minutes of the March 10, 2020 meeting.

**MS. SMITH MOVED APPROVAL OF THE MARCH 10, 2020, MEETING MINUTES. THE MOTION WAS SECONDED BY MS. GOODHOUSE AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.**

## **PRESENTATIONS**

### GRS Experience Study Report

Mr. Scott Miller reported that NDPERS is required to conduct a full experience study every five years. Gabriel Roeder Smith (GRS) representatives, Ms. Bonnie Wurtz and Ms. Judith Kermans, presented a systematic review of assumptions, which is referred to as the Experience Review, for the period July 1, 2014 to July 1, 2019. Their analysis was based upon data submitted for the 2014 through 2019 annual valuations.

The following topics were reviewed, and recommendations proposed.

- 1) Decrease the price inflation from 2.50% to 2.25% bringing the assumption closer to recent inflation levels and to levels expected in the financial markets.
- 2) Decrease the investment return for PERS Main and Highway Patrol Plan from 7.50% to 7.00%, as the probability of exceeding 7.5% over the next 20 years is approximately 37 percent and the probability of exceeding 7.0% over the next 20 years improves to approximately 44 percent.
- 3) Decrease the investment return of the Retiree Health Insurance Credit (RHIC) Plan from 7.25% to 6.50% as the probability of exceeding 7.25% over the next 20 years is approximately 31 percent and the probability of exceeding 6.5% over the next 20 years improves to approximately 42 percent. Not factored into this analysis is the current market and that the RHIC was closed to new hires after December 31, 2019.
- 4) Decrease the investment return of the Job Service Plan from 4.75% to 4.25% as the probability of exceeding 4.75% over the next 20 years is approximately 39 percent and the probability of exceeding 4.25% over the next 20 years improves to approximately 54 percent. The Job Service Plan is funded at 150%.
- 5) Decrease the wage growth assumption from 3.75% to 3.50% and for Judges to decrease from 3.25% to 3.00%.
- 6) Decreasing salary increase assumptions for all plans as observed salary increases during the past five years were lower than predicted by current assumptions.
- 7) Recommend separate rates for retirement based on whether a member meets the Rule of 90, 85, or 80. For all plans except Highway Patrol, recommend an overall decrease in retirement rates to reflect observed experience; and for Highway Patrol, recommend an overall increase in retirement rates to reflect observed experience.
- 8) Recommend an overall increase in turnover rates to reflect observed experience as turnover rates are based on both age and service with higher turnover rates during the first five years of service.
- 9) Recommend decreasing the current rates for disability to reflect observed experience as the actual number of disabilities during the past five years was lower than predicted by current assumptions.
- 10) Recommend changing from the RP-2000 Mortality Tables to the newly issued Pub-2010 Public Retirement Plans Mortality Tables with rates projected from 2010 using projection scale MP-2019 (i.e., generational mortality). For Post-retirement mortality rates: Males - proposed rates are higher for ages under 65, and lower for ages 65 and up; Females - proposed rates are higher for ages under 65 and over 80, and lower for ages 65 to 80. It was noted that the new tables are based entirely on public employees.

GRS also proposed adopting the following methodology and assumptions for RHIC participation.

- 1) Incorporate participation rates for current active members (current assumption is 100%).

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

GRS also recommended the continued use of:

- 1) Actuarial cost method
- 2) Amortization method
- 3) Asset smoothing method
- 4) Administrative expense assumption
- 5) Percent married assumption
- 6) Form of payment assumptions
- 7) Pay increase timing assumption

GRS recommends changing the assumption that retirements occur at the beginning of the year to the middle of the year, consistent with other decrements.

The Experience Review presentation also outlined the cost impacts of the proposed changes for each plan.

**MS. WASSIM MOVED TO ADOPT ALL RECOMMENDATIONS MADE IN THE ACTUARIAL PRESENTATION BY GRS AS FOLLOWS: 1) DECREASE PRICE INFLATION FROM 2.5% TO 2.25%; 2) DECREASE ECONOMIC ASSUMPTIONS—INVESTMENT RETURN ON PERS MAIN PLAN AND HIGHWAY PATROL PLAN FROM 7.5% TO 7.0%; 3) DECREASE ECONOMIC ASSUMPTIONS—INVESTMENT RETURN ON RETIREE HEALTH INSURANCE CREDIT FROM 7.25% TO 6.5%; 4) DECREASE ECONOMIC ASSUMPTIONS—JOB SERVICE FROM 4.75% TO 4.25%; 5) DECREASING WAGE GROWTH ASSUMPTION FROM 3.75% TO 3.5% AND FROM 3.25% TO 3.0% FOR JUDGES; 6) DECREASING SALARY INCREASE ASSUMPTIONS FOR ALL PLANS; 7) RETIREMENT: RECOMMEND SEPARATE RATES BASE ON RULE OF 90/85/80, RECOMMEND OVERALL DECREASE IN RETIREMENT RATES FOR ALL PLANS TO REFLECT OBSERVED EXPERIENCE, EXCEPT FOR HIGHWAY PATROL. RECOMMEND OVERALL INCREASE IN RETIREMENT RATES TO REFLECT OBSERVED EXPERIENCE FOR HIGHWAY PATROL PLAN; 8) RECOMMEND AN OVERALL INCREASE IN TURNOVER RATES TO REFLECT OBSERVED EXPERIENCE; 9) RECOMMEND DECREASING THE CURRENT RATES TO REFLECT OBSERVED EXPERIENCE FOR DISABILITY; 10) CHANGING TO MORTALITY TABLE TO THE NEWLY ISSUED PUB-2010 PUBLIC RETIREMENT PLANS MORTALITY TABLES; AND OTHER RECOMMENDATIONS AS OUTLINED IN THE EXPERIENCE REVIEW. TO INCLUDE A DELAYED IMPLEMENTATION OF JANUARY 1, 2021 FOR PROCESSES THAT IMPACT MEMBERS (I.E. SERVICE PURCHASES). THE MOTION WAS SECONDED BY MR SEIBEL.**

**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**

### About the Patient Annual Report

Mr. Jesse Rue, ND Pharmacists Association, reviewed the 2019 annual report for the NDPERS About the Patient diabetes management program. The opt-in program is run through local pharmacists. The program design change to divide the calendar into three equal blocks of time made it easier for participants to understand the schedule of qualifying visits and reimbursements.

Mr. Rue presented information about member satisfaction, demographics, and medication related problems. He provided data on Adverse Drug Events (ADE), which is an event resulting in harm from a medication, and shared information about the American Diabetes Association 2020 guidelines for blood pressure and A1c screening. Mr. Rue spoke briefly about the impact COVID-19 has had on this program. Social distancing during block 1 presents challenges to build momentum; efforts to reach retirees will intensify as COVID-19 recedes.

Mr. Rue expressed his appreciation to the NDPERS and Sanford Health Plan staff, and to the NDPERS Board for partnership efforts with the About the Patient program.

### IT Risk Assessment

At the December 2019 meeting the Board approved Securance Consulting to perform an IT Risk Assessment. Staff and NDIT gathered assessment information for the consultants. Securance was in the NDPERS office in February to perform scans on the business system. Paul Ashe, President and founder of Securance Consulting, was on the phone to present the findings to the Board. Mr. Scott Miller indicated this agenda item was noticed for Executive Session as the consultant's report contains sensitive and confidential information.

**MS. WASSIM MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-24, §44-04-26 AND §44-04-27 TO DISCUSS DISASTER AND CYBERSECURITY INFORMATION, SECURITY PLAN, SECURITY-RELATED PLANS USED TO PROTECT ELECTRONIC INFORMATION OR TO PREVENT ACCESS TO COMPUTERS, COMPUTER SYSTEMS, OR COMPUTER OR TELECOMMUNICATIONS NETWORKS OF A PUBLIC ENTITY. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.**

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

**Nays:** None

**Absent:** Senator Grabinger

## **MOTION PASSED**

Representative Dockter, Ms. Goodhouse, Mr. Adam Miller, Mr. Seibel, Mr. Wilke, Ms. Smith, Ms. Wassim, Chairperson Rindy, PERS staff, and the attorney were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:01 A.M.

The Board returned to open session at 10:59 A.M. Roll call was taken; a quorum was present by phone.

## **RETIREMENT**

### Provider Fiduciary Language Amendment Update

Ms. MaryJo Anderson recapped discussion from the February 2020 meeting when the board reviewed responses to an agreement with investment providers requiring them to act as fiduciaries in the best interest of the NDPERS participant when providing services. Ms. Anderson presented four options outlined by staff, along with a communication plan for providers who refuse the fiduciary language amendment. Her comments included advantages and disadvantages to each option.

Discussion followed.

**MS. WASSIM MOVED TO APPROVE OPTION 3 AS OUTLINED IN THE BOARD MEMO TO FREEZE NEW PARTICIPANTS EFFECTIVE JANUARY 1, 2021. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Ms. Goodhouse, Ms. Wassim, Ms. Smith and Chairperson Rindy

**Nays:** Mr. Adam Miller, Mr. Seibel, and Mr. Wilke

**Abstain:** Representative Dockter

**Absent:** Senator Grabinger

## **MOTION PASSED**

### Shariah-compliant Retirement Plan Accommodations

Mr. Scott Miller was contacted by a Main PERS Plan member who is of the Muslim faith and was advised that the Muslim faith forbids both the paying and receipt of interest. Mr. Miller was able to confirm through research. Mr. Miller outlined programming costs to the PERSLink business system and a change to Administrative Rules in order to accommodate the request of one member. He reached out to the outside tax counsel and to the National Association of State Retirement Administrators (NASRA) to see how other systems have approached this situation.

**MS. WASSIM MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.1(2) & (5) FOR ATTORNEY CONSULTATION. THE MOTION WAS SECONDED BY MS. GOODHOUSE.**

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

**Nays:** None

**Absent:** Senator Grabinger

**MOTION PASSED**

Representative Dockter, Ms. Goodhouse, Mr. Adam Miller, Mr. Seibel, Mr. Wilke, Ms. Smith, Ms. Wassim, Chairperson Rindy, PERS staff, and the attorney were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 12:12 P.M.

The Board returned to open session at 12:32 P.M. Roll call was taken; a quorum was present by phone.

**MR. SEIBEL MOVED TO TAKE NO ACTION TO ACCOMMODATE THE REQUEST. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.**

**Ayes:** Representative Dockter and Mr. Seibel.

**Nays:** Ms. Goodhouse, Ms. Wassim, Mr. Adam Miller, Mr. Wilke, Ms. Smith, and Chairperson Rindy

**Absent:** Senator Grabinger

**MOTION FAILED**

**MS. WASSIM MOVED TO MODIFY ADMINISTRATIVE RULES DURING THE NEXT REGULAR CYCLE FOLLOWING LEGISLATIVE SESSION TO ALLOW MEMBERS TO ELECT TO NOT RECEIVE INTEREST ON THEIR ACCOUNT UPON REFUND OF THEIR ACCOUNT. THE MOTION WAS SECONDED BY MS. GOODHOUSE.**

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

**Nays:** Representative Dockter and Mr. Seibel.

**Absent:** Senator Grabinger

**MOTION PASSED**

Required Minimum Distribution Age Change

Mr. Scott Miller advised the Board that administering the changes in the federal SECURE Act to increase the required minimum distribution age from 70 ½ to age 72, needs to be done as soon as possible. Mr. Miller recommends the Board adopt the language in the

NDPERS Technical Corrections draft legislation to address this and direct staff to request the Employee Benefits Programs Committee approve the adopted language.

**MS SMITH MOVED TO DIRECT STAFF TO REQUEST THE EMPLOYEE BENEFITS PROGRAMS COMMITTEE APPROVE THE ADOPTED LANGUAGE AT ITS NEXT MEETING. THE MOTION WAS SECONDED BY MS. WASSIM.**

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

**Nays:** None

**Absent:** Senator Grabinger and Ms. Goodhouse

**MOTION PASSED**

## **GROUP INSURANCE**

### Health Plan RFP Update

Mr. Bryan Reinhardt provided an update on progress staff has made in preparing the Request for Proposal (RFP) for the health plan. Mr. Reinhardt reviewed a proposed timeline and details of the scope of the RFP. The RFP will include seven options to respond:

1. Fully insured medical and pharmacy proposal.
2. Self-insured medical and pharmacy proposal
3. Fully insured medical proposal only
4. Self-insured medical proposal only
5. Fully insured pharmacy proposal only
6. Self-insured pharmacy proposal only
7. Stop loss insurance for all self-insured options

Bidders may choose the option(s) they will submit proposals for.

It was noted that NDPERS is required to do all options except for the stop loss insurance provision.

### 2019 Sanford Health Plan Claims Review

In January, Mr. Reinhardt and Ms. Shawna Piatz conducted the annual audit of the Sanford Health Plan to check the accuracy of the NDPERS health plan claims processing. Mr. Reinhardt provided details of the findings of the review of a select sample of 100 claims. After analyzing results of the audit, staff recommended a few changes.

Discussion followed.

**MS. WASSIM MOVED TO ADOPT STAFF RECOMMENDATION TO ALLOW LIPID AND A1C SCREENINGS TO GO TOWARD THE \$200 WELLNESS BENEFIT ONCE**

**PER YEAR FOR ANY DIAGNOSIS AND ADDITIONAL TESTS WOULD BE SUBJECT TO COST SHARE; TO REMOVE LIMIT ON DILATED EYE EXAMS AND PROCESS SIMILAR TO OFFICE VISITS; TO REMOVE THE COINSURANCE FOR AN ANNUAL PSA TEST FALLING UNDER THE COI CRITERIA AND PROCESS SIMILAR TO THE MAMMOGRAM AND PAP WELLNESS BENEFITS. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.**

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

**Nays:** None

**Absent:** Senator Grabinger and Ms. Goodhouse

### **MOTION PASSED**

#### FlexComp CARES Act and Plan Deadline Extension

Ms. Rebecca Fricke provided an update regarding how the federal CARES Act provisions impact Flexible Medical Spending Accounts.

Discussion followed.

**MS. SMITH MOVED TO ADOPT STAFF RECOMMENDATION TO EXTEND THE 2019 CLAIMS SUBMISSION DEADLINE FROM APRIL 30, 2020 TO JUNE 30, 2020. THE MOTION WAS SECONDED BY MS. WASSIM.**

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

**Nays:** None

**Absent:** Senator Grabinger and Ms. Goodhouse

### **MOTION PASSED**

#### FlexComp Plan Contract Renewal

Ms. Fricke shared information about the renewal rate confirmed by ASIFlex. ASIFlex has proposed the same program services and fee structure as current with no changes for the January 1, 2021 through December 31, 2022 plan years. Staff checked with Higher Ed regarding their experience with ASIFlex; the two issues identified are easy to resolve. Member survey results indicate an overall satisfaction with the plan and the services provided by ASIFlex.

**MS. WASSIM MOVED TO ADOPT STAFF RECOMMENDATION TO AMEND THE CURRENT CONTRACT TO CONTINUE WITH ASIFLEX FOR THE JANUARY 1, 2021 THROUGH DECEMBER 31, 2022 CONTRACT PERIOD. THE MOTION WAS SECONDED BY MS. SMITH.**

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

**Nays:** None

**Absent:** Senator Grabinger and Ms. Goodhouse

## **MOTION PASSED**

### Dental Plan Contract Renewal

Ms. Fricke informed the board that the dental plan is up for renewal for the second two-year renewal option with Delta Dental. She outlined the renewal proposal submitted by Delta Dental. Although utilization would warrant an increase above 3% Delta Dental proposes to provide a 3% premium rate cap guarantee to the current contract period rates, and no more than a 3% premium rate cap guarantee for the January 1, 2023 through December 31, 2024 contract period. Ms. Fricke reviewed the current and proposed renewal rates shared information about active and retiree member participation in the dental plan.

**MS. SMITH MOVED TO ADOPT STAFF RECOMMENDATION TO AMEND THE CURRENT CONTRACT TO CONTINUE WITH DELTA DENTAL FOR THE JANUARY 1, 2021 THROUGH DECEMBER 31, 2022 CONTRACT PERIOD. THE MOTION WAS SECONDED BY MS. WASSIM.**

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

**Nays:** None

**Absent:** Senator Grabinger and Ms. Goodhouse

## **MOTION PASSED**

## **MISCELLANEOUS**

### Quarterly Consultant Fees

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

### Audit Committee Chair Position

This agenda item was carried over from the March meeting. Ms. Shawna Piatz indicated the Board needs to fill a vacancy on the Audit Committee and to appoint a chair of the committee.

**MR. SEIBEL MOVED TO HAVE THE NEW CHAIRPERSON SERVE ON THE AUDIT COMMITTEE AND ALSO SERVE AS THE CHAIR OF THE COMMITTEE. THE MOTION WAS SECONDED BY MS. SMITH.**

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

**Nays:** None

**Absent:** Senator Grabinger and Ms. Goodhouse

## **MOTION PASSED**

### Business System Upgrade Statement of Work Contract

Mr. Hohbein reviewed Board Action taken at the March meeting to approve the use of \$148,000 in contingency funds to upgrade the PERSLink Line-Of-Business (LOB) application to the Model-View-View-Model platform. In follow-up, Mr. Hohbein presented the Statement of Work (SOW) contract as drafted by Sagitec and reviewed by legal counsel.

**MS. WASSIM MOVED TO APPROVE THE CONTRACT AMENDMENT FOR UPGRADING THE LOB APPLICATION; AND TO AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN OF THE CONTRACT AMENDMENT. THE MOTION WAS SECONDED BY MS. SMITH.**

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

**Nays:** None

**Absent:** Senator Grabinger and Ms. Goodhouse

## **MOTION PASSED**

### Legislation

Mr. Scott Miller reported that the legislative bill drafts have been submitted to Legislative Council and the group of bills included a Part D exemption bill draft. He recommends that the board submit a new version to replace the current Part D proposed legislation. The new version grants NDPERS a continuing appropriation of moneys in the health plan fund to pay administrative expenses for and retain FTEs to administer a self-insurance plan. Staff is attempting to quantify potential staffing needs and additional administrative costs if we were to move to a self-insured medical/Rx health plan, whether bundled or unbundled. The bill that would allow some flexibility in creating the most efficient and customer-focused structure to administer a self-insurance health plan.

Discussion followed.

**MS. WASSIM MOVED TO APPROVE THE SUBMISSION OF THE UPDATED PROPOSED BILL DRAFT TO REPLACE THE CURRENT PART D EXEMPTION BILL DRAFT EARLIER SUBMITTED TO THE EMPLOYEE BENEFITS PROGRAMS COMMITTEE. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Ms. Wassim and Ms. Smith

**Nays:** Representative Dockter, Mr. Seibel, Mr. Adam Miller, Mr. Wilke, and Chairperson Rindy

**Absent:** Senator Grabinger and Ms. Goodhouse

## **MOTION FAILED**

### Coronavirus (COVID-19) Discussion

Mr. Scott Miller reported that the process of transitioning staff to working remotely went well with only minor technical glitches, and for the most part it has been business as usual. Regarding how the CARES Act impacts our plans, in-service distributions or plan loans currently are not allowed. Telehealth has also received a lot of deserved attention over the past few weeks.

Discussion followed.

### Executive Director Evaluation Report/Recommendations

Mr. Scott Miller reported that Ms. Wassim, Ms. Goodhouse, and Representative Dockter met to discuss the Annual Performance Evaluation with him. The committee recommends a 2.5% salary increase which is in line with the salary increases granted by the Legislative Assembly for the second year of the 2019-2021 biennium and appropriate for the rating received in the performance appraisal.

Discussion followed.

## **THE TOPIC WILL BE BROUGHT TO THE MAY MEETING FOR FURTHER DISCUSSION.**

Chairperson Rindy called for any other business or comments. Hearing none the meeting was adjourned at 2:16 P.M.

Prepared by,

Jan Lund  
Assistant to the Board