

MINUTES

**North Dakota Public Employees Retirement System
North Dakota Association of Counties
1661 Capitol Way, Bismarck, ND
Tuesday, January 14, 2020
8:30 A.M.**

Members Present: Chairman Mark Dosch
Representative Jason Dockter
Senator John Grabinger
Ms. Mylynn Tufte
Mr. Adam Miller
Ms. Yvonne Smith
Ms. Casey Goodhouse

Members Absent: Ms. Kim Wassim
Mr. Troy Seibel

Others Present: Mr. Paul Krajcir, TIAA
Dr. Tim Donelan, SHP
Mr. Steve Webster, SHP
Mr. Scott Miller, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. MaryJo Anderson, NDPERS
Ms. Aime Miller, NDPERS
Mr. Bryan Reinhardt, NDPERS

Chairman Dosch called the meeting to order at 8:30 a.m.

Chairman Dosch called for any questions or comments regarding the minutes of the December 10, 2019 meeting.

MS. SMITH MOVED APPROVAL OF THE DECEMBER 10TH MEETING MINUTES. THE MOTION WAS SECONDED BY MS. TUFTE AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

PRESENTATIONS

TIAA Annual Report

Mr. Paul Krajcir presented the TIAA communication and employee engagement plan for 2020, along with an update on the 401(a) Defined Contribution Plan and 457 Deferred Compensation Plan. Mr. Krajcir provided a summary of plan outcomes and employee retirement readiness. There are 95 members participating in the 401(a) Defined Contribution Plan and 6,000 members participating in the 457 Deferred Compensation Plan. He provided a comparison of NDPERS plan performance to peer benchmarks. Mr. Krajcir indicated that

53 percent of employees in the Defined Contribution Plan are on track to meet or exceed 80 percent income replacement in retirement.

The addition of an active choice open enrollment election (putting the voluntary benefit in front of members during the open enrollment process) had a positive impact on the number of active members contributing to supplemental savings and a rise in the total contributions. He also provided a summary of financial consultant activity for 2020.

Mr. Krajcir provided an update to TIAA's response to an article published in the New York Times in late 2017 concerning fiduciary responsibility. Additional follow-up will be provided when the New York Attorney General's recommendation or comments become available.

Sanford Health Plan Population Health Update

Dr. Tim Donelan provided a report on the efforts made by Sanford Health Plan related to Population Health. Population Health is defined as data management, not disease management or public health. The backbone of Population Health is metrics, wholistic data, assessment, and measuring cost and quality of care. Discussion followed.

GROUP INSURANCE

Sanford Health Plan Update on Prior Authorizations

Mr. Steve Webster reported that Sanford Health Plan has conducted an analysis of historical prior approvals and found a number of services were consistently meeting medical policy criteria and being approved. Seven services were removed from the Prior Approval list along all fully-insured lines of business. Discussion followed.

Health Plan Consultant Contract Amendment

Ms. Rebecca Fricke recapped discussion and action taken at the October meeting to approve the contract renewal for the health plan consultant with Deloitte. The renewal contract was drafted by legal counsel and approved by representatives from Deloitte.

MS. SMITH MOVED TO APPROVE THE CONTRACT AMENDMENT AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE CONTRACT. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

Ayes: Ms. Goodhouse, Representative Dockter, Senator Grabinger, Mr. Adam Miller, Ms. Tufte, Ms. Smith and Chairman Dosch

Nays: None

Absent: Mr. Seibel and Ms. Wassim

MOTION PASSED

Other Post-Employment Benefits (OPEB) Valuation

Mr. Bryan Reinhardt provided background regarding OPEB valuations, a historical accounting of the decreasing actuarial accrued liability, and cost of the study. Mr. Reinhardt reported that both the auditors and the Office of Management and Budget are in agreement with not having an implicit subsidy disclosed in our fiscal notes given that the liability has been drastically reduced. Because of the cost and immaterial significance of the study it may not be necessary to conduct a new study. Discussion followed.

REPRESENTATIVE DOCKTER MOVED TO NOT RENEW THE OTHER POST-EMPLOYMENT BENEFITS (OPEB) VALUATION STUDY. THE MOTION WAS SECONDED BY MR. ADAM MILLER.

Ayes: Ms. Goodhouse, Representative Dockter, Senator Grabinger, Mr. Adam Miller, Ms. Tufte, Ms. Smith and Chairman Dosch

Nays: None

Absent: Mr. Seibel and Ms. Wassim

MOTION PASSED

THE BOARD TOOK A SHORT BREAK FROM 9:29 A.M. TO 9:45 A.M.

RETIREMENT

Retiree Health Insurance Credit (RHIC) Plan Year

Ms. MaryJo Anderson outlined the Retiree Health Insurance Credit program administered by ASIFlex. She noted that employees hired after January 1, 2020 will not be eligible for the RHIC benefit. Ms. Anderson recapped discussion from the November Board Planning Meeting about changes to the RHIC program. The Board did not move forward on researching an option to implement RHIC as a taxable benefit. The Board directed staff to explore options to allow the RHIC benefit to be based on a calendar year rather than fiscal year. This would ease the claim substantiation process for Medicare retirees and for retirees with other eligible insurance premiums, based on calendar year.

Ms. Anderson discussed plan year considerations including messaging to members, claim processing exceptions, and deadline reminders. Discussion followed.

MS. SMITH MOVED TO APPROVE SWITCHING TO A CALENDAR YEAR PLAN AND PHASE IN A 6-MONTH EXTENSION OF THE CURRENT CONTRACT WITH ASIFLEX. THE MOTION WAS SECONDED BY MS. TUFTE.

Ayes: Ms. Goodhouse, Representative Dockter, Senator Grabinger, Mr. Adam Miller, Ms. Tufte, Ms. Smith and Chairman Dosch

Nays: None

Absent: Mr. Seibel and Ms. Wassim

MOTION PASSED

Retirement Plan Consultant Amendment

Ms. Rebecca Fricke reviewed action taken at the December meeting to approve the renewal for the retirement plan actuarial and consulting services contract with Gabriel, Roeder and Smith (GRS). The contract amendment was drafted by legal counsel and approved by representatives from GRS. Discussion followed.

SENATOR GRABINGER MOVED TO APPROVE THE CONTRACT AMENDMENT FOR THE RETIREMENT PLAN ACTUARIAL AND CONSULTING SERVICES WITH GRS FOR JULY 1, 2020 THROUGH JUNE 30, 2022 CONTRACT PERIOD AND AUTHORIZE THE

EXECUTIVE DIRECTOR TO SIGN THE CONTRACT. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

Ayes: Ms. Goodhouse, Representative Dockter, Senator Grabinger, Mr. Adam Miller, Ms. Tufte, Ms. Smith and Chairman Dosch

Nays: None

Absent: Mr. Seibel and Ms. Wassim

MOTION PASSED

MISCELLANEOUS

Comprehensive Annual Financial Report (CAFR)

Mr. Derrick Hohbein reported that the 2019 CAFR has been completed. The report details financial, investment, actuarial and statistical information for the plans administered by NDPERS. Mr. Hohbein stated that each participating employer has been notified that the annual report is available on the website. The report has been submitted to the Government Finance Officers Association with an application for the GFOA Certificate of Excellence in Financial Reporting.

Quarterly Consultant Fees

Mr. Hohbein provided a report of consulting, investment and administrative fees paid in the 4th Quarter. He noted there is nothing out of the ordinary in the report.

Communication Plan

Ms. Aime Miller provided an overview of communication messages and campaign for 2020. The board is very supportive of the use of social media and views it as an important component of a comprehensive communication plan. Discussion followed.

Administrative Rules Update

Mr. Scott Miller reported that the proposed rules were submitted to the Office of Attorney General for review of the legality, and that we just heard back that they were approved. The rules are on track to be placed on the agenda for the March 4th meeting of the legislative Administrative Rules Committee.

Proposed Legislation

At the November and December Board meetings several topics were discussed as possible legislation to present to the 2021 Legislative Assembly. Mr. Scott Miller was directed to begin drafting proposed legislation based on the discussion. Staff provided five bill drafts for the Board's review.

The first bill draft addresses options for funding and contribution increases to the Main Plan, Highway Patrol Plan, and Judges Plan. Options discussed for the main plan were 1) to increase employer contribution to the actuarially determined contribution rate; 2) increase employer contribution to the 30-year fully funded rate; and 3) increase employer contribution to equalize employee benefit reductions. Options discussed for the Highway Patrol Plan were 1) to increase employer contribution to the actuarially determined contribution rate; 2) increase employer contributions to the 30-year fully funded rate; 3) increase both employer and employee contribution rate; 4) one-time cash infusion; and 5) eliminate the Final

Average Salary (FAS) indexing for future employees who become vested deferred members. Discussion followed; the Board delayed further consideration to the next meeting.

The second bill draft relates to payment of administrative expenses for the deferred compensation plan. Discussion followed; the Board directed staff to move forward with the bill draft.

The third bill draft relates to the uniform group insurance program Part D contracts with pharmacy benefits managers and provides an exemption from the HB 1374 requirements. Discussion followed; the Board directed staff to move forward with the bill draft.

The Board reviewed a bill draft that provides for penalty provisions for late payments or failures to follow required processes for payment of employer contributions. Discussion followed; the Board directed staff to move forward with the bill draft.

The last bill draft reviewed is for technical corrections. Mr. Scott Miller indicated that it may be necessary to include additional sections to the technical corrections bill draft to address the impact of the Secure Act. Staff has reached out to Ice Miller Consultants regarding the impact of the age change for Required Minimum Distributions in the Secure Act. Staff will bring back additional information at the February Board Meeting. Discussion followed; the Board directed staff to move forward with the bill draft.

Staff will forward the deferred compensation, HB 1374 correction, penalties, and the technical corrections bills to the Office of Attorney General to finalize the drafts. April 1st is the deadline to submit proposed legislation to the 2021 Legislative Assembly.

Assurance NM Quarterly Test

Staff conducted a quarterly test of the emergency notification system.

Chairman Dosch called for any other business or comments.

MS. GOODHOUSE MOVED TO ADJOURN. THE MOTION WAS SECONDED BY MS. SMITH AND CARRIED BY VOICE VOTE.

The meeting adjourned at 10:38 a.m.

Prepared by,

Jan Lund
Assistant to the Board