

MINUTES

North Dakota Public Employees Retirement System Tuesday, October 29, 2024 8:30 A.M.

Members Present: Representative Greg Stemen
Representative Jason Dockter
Senator Dick Dever
Mr. Tyler Erickson
Mr. Joe Morrissette
Mr. Jeffry Volk

Members By Teams: Senator Shawn Vedaa
Ms. Casey Goodhouse
Chairman Mike Seminary
Mr. Adam Miller
Mr. Gerald Buck

Others Present: Ms. Rebecca Fricke, NDPERS
Ms. Shawna Piatz, NDPERS
Ms. Marcy Aldinger, NDPERS
Ms. Lindsay Schaf, NDPERS
Ms. Bonnie Wurst, GRS

Chairman Seminary called the meeting to order at 8:30 A.M. Roll call was taken, and a quorum was present. Because Chairman Seminary attended virtually, he suggested Mr. Volk serve as acting chair for today's meeting.

REPRESENTATIVE STEMEN MOVED TO APPROVE MR. VOLK TO SERVE AS ACTING CHAIR. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER AND CARRIED BY A VOICE VOTE. THE MINUTES WERE APPROVED.

CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

No conflicts were reported.

PRESENTATIONS

Actuarial Valuation Presentation

Ms. Fricke introduced Bonnie Wurst, Senior Consultant with GRS Consulting. Ms. Wurst presented an overview of the PERS actuarial valuation process and July 1, 2024, actuarial valuations of the PERS fund, the Highway Patrolmen's retirement system fund, the Job Service North Dakota retirement system fund, and the Retiree Health Insurance Credit Program (RHIC) fund.

The purpose of the annual actuarial valuation is to determine funding status, develop actuarial contribution rates to compare to statutory rates and provide accounting and other data. Ms. Wurst reviewed the actuarial valuation process, changes in provisions, and actuarial assumptions.

She discussed cash infusions received and its effect on the Plan, she also spoke about the potential future cash infusions.

She outlined several causes of unfunded liability and touched on current funding policy for the Main System, Judges, Highway Patrol, Public Safety, RHIC, and Job Service plans. She shared demographic data for each of the plans. Ms. Wurst shared actuarial results recommendations and projection results.

Projections and key takeaways from the presentation:

- The statutory employer contribution rate is significantly lower than the actuarial employer contribution rate for the Highway Patrol System and is not expected to ever amortize the unfunded liabilities.
- Although the contribution rates for the Main System as of July 1, 2024, are not adequate to improve the funding status of the plan, actuarial contributions beginning in 2026 are expected to bring the plan to full funding in 30 years.
- The Actuarially Determined Employer Contribution (ADEC) increase for the 2025-2027 biennium is 5.92% of pay.
- When the recent contribution increases are reflected in the Public Safety plans, contributions are expected to amortize the unfunded liability in approximately 10 to 20 years.
- The Judges plan has a current funded ratio of over 112% and the statutory employer contribution rate is significantly higher than the actuarial rate.
- The RHIC contribution rate is expected to amortize the unfunded liability in 27 years.

Ms. Wurst will present this information to the Legislative Employee Benefits Programs Committee at their October 31, 2024, meeting.

The Board took a short break from 10:30 A.M. to 10:40 A.M.

DEFINED CONTRIBUTION PLAN IMPLEMENTATION

Special Election Window Board Policies

Ms. Fricke explained that the Qualified Domestic Relations Orders (QDROs) portion of the board memo will be brought back to the November 12th meeting for discussion. The topic requires additional time for staff to work further with NDPERS' legal counsel.

Ms. Piatz shared information about the application due date for the special three-month election window that runs from January 1, 2025, through March 31, 2025. Staff is seeking guidance to set policy needed regarding the timing of the cut off period.

The first point that was discussed concerned Electronic and Dropbox Submissions. Option 1: All electronic submissions and paper forms that are dropped off at the NDPERS office need to be submitted and date stamped by NDPERS by March 31, 2025, 5:00 PM Central Time. NDPERS would check the drop box at 5 pm and review electronic submissions for those submitted prior to 5:00 PM Central. Option 2: All electronic submissions and paper forms that are dropped off at the NDPERS office need to be submitted and date stamped by NDPERS by March 31, 2025, midnight Central Time. NDPERS would review electronic submissions for those submitted prior to midnight central time zone. The drop box would be checked at 7:00 AM Central on April 1, 2025, however, this could allow forms to be dropped off in the early hours of April 1, 2025. Discussion followed.

MR. MORRISSETTE MOVED TO APPROVE APPLICATION DUE DATE DECISION 1, OPTION #2. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

Ayes: Mr. Morrissette, Mr. Miller, Senator Dever, Senator Vedaa, Mr. Volk, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Representative Dockter, and Chairman Seminary

Nays: Representative Stemen

Absent: None

MOTION PASSED

The second point that was discussed concerned US Postal Service Submissions and FedEx. Option 1: All applications sent through the US Postal Service must be received and date stamped by NDPERS between January 1, 2025, and March 31, 2025, 5:00 PM or midnight Central Time Zone. Option 2: All applications sent through the US Postal Service must be postmarked between January 1, 2025, and March 31, 2025.

Ms. Piatz noted that postmarked envelopes will be scanned into the member files in case the date is in dispute. Forms dropped at the office or received electronically will be date stamped on the day of receipt. Discussion followed.

MR. MORRISSETTE MOVED TO APPROVE APPLICATION DUE DATE DECISION 2, OPTION #2. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

Ayes: Mr. Morrissette, Mr. Miller, Senator Dever, Senator Vedaa, Representative Stemen, Mr. Volk, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Representative Dockter, and Chairman Seminary

Nays: None

Absent: None

MOTION PASSED

DEFINED BENEFIT

Job Service COLA

Ms. MaryJo Anderson stated the plan document for the Retirement Plan for Employees of Job Service North Dakota allows for a Cost-of-Living Increase for annuitants based on the Consumer Price Index. The Plan practice has been to provide COLAs consistent with the Federal Civil Service Plan. The COLA index for the Federal Civil Service Plan is 2.50% which represents a slight loss to the system. The increase would be effective December 1, 2024.

Discussion followed.

REPRESENTATIVE STEMEN MOVED TO APPROVE THE 2.50% COST OF LIVING INCREASE (COLA) FOR JOB SERVICE ANNUITANTS. THE MOTION WAS SECONDED BY SENATOR DEVER.

Ayes: Mr. Morrissette, Mr. Miller, Senator Dever, Senator Vedaa, Representative Stemen, Mr. Volk, Ms. Goodhouse, Mr. Erickson, Mr. Buck, Representative Dockter, and Chairman Seminary

Nays: None

Absent: None

MOTION PASSED

LEGISLATION / ADMINISTRATIVE RULES

Proposed Administrative Rules

Ms. Fricke reported the promulgation process is on track for consideration for formal adoption by the Legislative Administrative Rules Committee when they meet in December. NDPERS received approval as to their legality from the Attorney General's examination of the proposed rules. The rules packet has been forwarded to Legislative Council on October 11, 2024, and are expected to take effect January 1, 2025.

Legislation

The board reviewed six bill drafts that were submitted to the Employee Benefits Programs Committee. Bill draft #116 (457 Plan Administrative Fees), #117 (Final Average Salary Calculation), #118 (Insulin & Diabetic Supplies), #119 (Disability Benefit Eligibility), #120 (Highway Patrol Cash Infusion), and #121 (Technical Corrections) all received a favorable recommendation from the Committee.

The deadline to pre-file bills is December 5, 2024. Regarding bill draft 117, Ms. Fricke indicated there is a need to continue to analyze the number of new retirees that retire under the old final average salary calculation or the new final average salary calculation. Submitting this bill for consideration in the 2025 session is premature.

Staff will work with GRS on bill draft 120 to have updated cash infusion information based on the July 1, 2024 valuation and bring back to November meeting for discussion.

Ms. Fricke shared information about bill draft 121. There are additional modifications needed related to the passing of HB 1309 last session as it relates to references to the BCI Public Safety Plan vesting schedule. The board reviewed an amended version of bill draft 121.

If legislator members of the board wish to be included as a sponsor on any or all the proposed bills, they are to notify Rebecca Fricke.

Discussion followed.

SENATOR DEVER MOVED TO APPROVE THE PRE-FILING OF BILL DRAFTS 116, 118, AND 119 TO LEGISLATIVE COUNCIL AS LEGISLATION FOR THE UPCOMING 69TH LEGISLATIVE ASSEMBLY. THE MOTION WAS SECONDED BY REPRESENTATIVE STEMEN.

Ayes: Mr. Morrissette, Mr. Miller, Senator Dever, Senator Vedaa, Mr. Volk, Ms. Goodhouse, Mr. Erickson, Representative Stemen, Mr. Buck, Representative Dockter, and Chairman Seminary

Nays: None

Absent: None

SENATOR DEVER MOVED TO APPROVE THE PRE-FILING OF BILL DRAFT 120 TO LEGISLATIVE COUNCIL AS LEGISLATION FOR THE UPCOMING 69TH LEGISLATIVE ASSEMBLY. THERE WAS NO SECOND TO THE MOTION.

Senator Dever withdrew the motion. Bill draft 120 will be discussed at the November 12th meeting.

REPRESENTATIVE STEMEN MOVED TO APPROVE THE AMENDED VERSION OF BILL DRAFT 121 TO ADDRESS ADDITIONAL CLARIFICATIONS NEEDED RELATED TO THE BCI PUBLIC SAFETY PLAN AND TO PRE-FILE BILL 121 TO LEGISLATIVE COUNCIL AS LEGISLATION FOR THE UPCOMING 69TH LEGISLATIVE ASSEMBLY. THE MOTION WAS SECONDED BY MR. ERICKSON.

Ayes: Mr. Morrissette, Mr. Miller, Senator Dever, Senator Vedaa, Mr. Volk, Ms. Goodhouse, Mr. Erickson, Representative Stemen, Mr. Buck, Representative Dockter, and Chairman Seminary

Nays: None

Absent: None

Ms. Goodhouse left the meeting at 11:25 A.M.

MEMBER

Unforeseeable Financial Hardship Case #884 *Executive Session

This agenda item was noticed for Executive Session to discuss confidential records relating to retirement benefits of a member or a beneficiary in regard to member appeals or hardship withdrawal requests.

All members named above, attorney Allyson Hicks, NDPERS staff members Rebecca Fricke, Marcy Aldinger, MaryJo Anderson, Mandy Nagel, Shawna Piatz, Brittany Berreth, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 11:24 A.M. The meeting returned to Open Session at 11:41 A.M. The member joined by phone.

Discussion followed in Open Session.

MR. ERICKSON MOVED TO DENY THE MEMBER'S REQUEST FOR A HARDSHIP WITHDRAWAL FROM THE 457 ACCOUNT IN CASE #888. THE MOTION WAS SECONDED BY SENATOR DEVER.

Ayes: Senator Dever, Mr. Erickson, Representative Stemen, Mr. Buck, Mr. Morrissette, Representative Dockter, Senator Vedaa, Mr. Miller, Mr. Volk, and Chairman Seminary

Nays: None

Absent: Ms. Goodhouse

MOTION PASSED

Insurance Benefit Appeal Case #892 **Executive Session

This agenda item was noticed for Executive Session to discuss information pertaining to an eligible employee's group medical records for claims, employee premium payments made, salary reduction amounts taken, history of any available insurance coverage purchased, and amounts and types of insurance applied for under the supplemental life insurance coverage.

All members named above, attorney Allyson Hicks, NDPERS staff members Rebecca Fricke, Lindsay Schaf, Shawna Piatz, Mandy Nagel, Brittany Berreth, and Jan Lund were in

attendance for the Executive Session (closed meeting, electronically recorded) which began at 12:07 P.M. The meeting returned to Open Session at 12:22 PM. The member and the employer joined by phone.

Discussion followed in open session.

REPRESENTATIVE STEMEN MOVED TO AFFIRM THE DENIAL FOR HEALTH, DENTAL, AND VISION INSURANCE AS A NEW HIRE WITH AN EFFECTIVE DATE OF JULY 1, 2024, IN CASE #892. THE MOTION WAS SECONDED BY SENATOR DEVER.

Ayes: Senator Dever, Senator Vedaa, Mr. Erickson, Representative Stemen, Mr. Buck, Mr. Morrissette, Representative Dockter, Mr. Miller, Mr. Volk, and Chairman Seminary

Nays: None

Absent: Ms. Goodhouse

MOTION PASSED

Senator Vedaa's term as a Legislator will end after the 2024 general election. The board and staff expressed their appreciation and thanked Senator Vedaa for his service on the NDPERS Board.

The next regular meeting date of the NDPERS board is Tuesday, November 12th.

The meeting was adjourned at 12:26 P.M.

Submitted by:

Jan Lund
Assistant to the NDPERS Board