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NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

EXECUTIVE DIRECTOR

POSITION SPECIFICATIONS

CLIENT

Our client is the North Dakota Public Employees Retirement System (NDPERS). NDPERS is the administrator of five 401(a) defined benefit pension plans and an optional 401(a) defined contribution retirement plan. NDPERS also manages and administers the retiree health insurance credit program, the uniform group insurance program which includes health, life, dental, and vision plans and an Employee Assistance Program, the 457(b) deferred compensation program and the Section 125 pretax benefits program. A brief overview of each benefit program follows.

Defined Benefit Plans

The Public Employees Retirement System (PERS) is a cost-sharing, multi-employer retirement plan. PERS was established on July 1, 1966 as a defined contribution plan but was later changed to a defined benefit plan by the North Dakota Legislature in 1977. PERS covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. It also covers Supreme and District Court Judges, the National Guard Security Officers and Firefighters, as of August 1, 2004, peace officers and correctional officers employed by political subdivisions and as of August 1, 2017, firefighters employed by political subdivisions. The Highway Patrolmen's Retirement System (HPRS) is a single-employer defined benefit plan established July 1, 1949 that covers substantially all sworn officers of the North Dakota Highway Patrol. NDPERS became the administrator of this plan effective July 1, 1983. The Retirement Plan for Employees of Job Service North Dakota (Job Service Plan) is a single-employer defined benefit plan established July 1, 1961 and is limited to employees participating in the plan as of September 30, 1980. NDPERS became the administrator of the Job Service Plan effective August 1, 2003.

PERS has 23,351 contributing members and 11,110 retirees and beneficiaries currently receiving benefits. HPRS has 151 contributing members and 127 retirees and

beneficiaries. The Job Service Plan has 8 contributing members and 139 retirees. The employers participating in PERS include 96 state agencies and 343 political subdivisions.

Defined Contribution Retirement Plan

An optional Defined Contribution Retirement Plan (DC Plan) was established effective January 1, 2000. The DC plan was available to state employees who are in positions not classified by the Human Resource Management Services division of the State of North Dakota. Employees of the judicial branch or the Board of Higher Education and State Institutions under the jurisdiction of the Board of Higher Education are not eligible to participate in the Plan. The 2013 Legislative Assembly passed legislation to expand eligibility to the Plan to include all new state employees hired on or after October 1, 2013 through July 31, 2017. The Plan has 104 participants.

Retiree Health Insurance Credit Program

This program was created by the North Dakota Legislature in 1989. It is designed to provide members with a benefit that can be used to offset the cost of their health insurance premiums during their retirement years. There are 23,605 contributing members and 11,071 retired participants currently receiving benefits. Starting in July 2015, NDPERS contracted with a benefits service company for processing premium reimbursements for retirees.

Uniform Group Insurance Program

Group Health Insurance. NDPERS began administering the group health insurance plan in 1971. There are 28,537 active and retired contracts under this plan as of June 30, 2017. Total covered lives, including spouses and dependents are 66,284. As of June 30, 2017, there were 156 political subdivisions participating in the group health program. The health insurance premiums paid to the carrier for the fiscal year ended June 30, 2017 totaled \$309.6 million.

Another component of this plan, which is being reported in compliance with GASB Statement 43, provides health care coverage to eligible retirees who are not yet eligible for Medicare. The premiums for this group are not age-rated and do not cover the costs of the coverage, therefore, the costs of this group are being subsidized through the active group rates. There are 353 retirees currently receiving the subsidized premium. This plan was closed to new retirees July 1, 2015.

Group Life Insurance. NDPERS began administering the group life insurance plan in 1971. There are 18,250 active and 3,238 retired employees covered under the basic life insurance plan. Active employees have the option of purchasing additional life insurance under the employee supplemental, dependent supplemental, and spouse supplemental provisions of the plan. The life insurance premiums paid to the carrier for the fiscal year ended June 30, 2017 totaled \$3.45 million. As of fiscal year end, there was \$1.671 billion of life insurance in force for all participants covered by this plan.

Voluntary Insurance Products. The 1995 North Dakota Legislature authorized NDPERS to offer voluntary insurance products, specifically dental, vision and long term care insurance. On January 1, 1997, NDPERS began offering a dental plan and long term

care plan and on January 1, 2003, a vision plan was offered. There are 9,897 participants in the dental plan, 10,766 participants in the vision plan, and 164 participants in the long term care plan.

Employee Assistance Program. The 1997 North Dakota Legislature authorized NDPERS to administer an employer-sponsored Employee Assistance Program (EAP) for all state employees, effective August 1, 1997. NDPERS has contracted with four EAP vendors to provide services to employees and their families. NDPERS collects the monthly premiums from the employers and remits them to the appropriate vendor. Approximately 15,200 state employees are covered under this program.

Deferred Compensation Program

This is a voluntary, supplemental retirement plan provided in accordance with Section 457(b) of the Internal Revenue Code. It allows eligible employees to defer and invest income on a pretax basis to be withdrawn at a later date, usually at retirement. NDPERS has administered the Plan since 1987. Fourteen companies have agreed to provide investment services for the State's deferred compensation program. NDPERS is the trustee for deferred compensation assets totaling \$97.9 million, provider companies hold the remaining plan assets of \$151.9 million in custodial accounts for the exclusive benefit of participants and their beneficiaries. Approximately 12,932 employees participate in this program.

Pretax Benefits Program (FlexComp)

This program was established by the North Dakota Legislature in 1989 in accordance with Section 125 of the Internal Revenue Code. It allows eligible employees to elect to reduce their salaries to pay for qualified insurance premiums, medical expenses, and dependent care expenses on a pretax basis. There are 2,873 participants in the medical and dependent care spending accounts. Employee contributions to the spending accounts totaled \$5.55 million. Starting in January 2013, NDPERS contracted with a benefits service company for processing spending account reimbursements.

Defined Benefit Plan Funding and Investments

The July 1, 2017 actuarial value of assets for PERS is \$2.633 billion and its funding status is 70.7%. The actuarial value of assets for HPRS are \$70.7 million and its funding status is 75.2%. The Job Service Plan is fully funded and the actuarial value of its assets are \$98.4 million

Investment Management

NDPERS does not manage the invested assets held in trust for the plans it administers. Investments for PERS, HPRS and the Job Service Plan are managed by the North Dakota State Investment Board (SIB) which adheres to the prudent investor role. The PERS and HPRS assets had an annualized return of 13.05% for the fiscal year ended June 30, 2017. The annualized rate of return was 5.48% for the last three years and 9.16% for the last five years. The annualized rate of return for fiscal year ended June 30, 2017 for the Job Service Plan was 5.63%. The annualized rate of return was 4.79% for the last three years and 7.85% for the last five years. The portfolio is broadly diversified

with holdings in domestic and international equities, domestic and international fixed income, real estate, private equity, timber, infrastructure, and cash equivalents. The assets of the Retiree Health Insurance Credit Program are also invested with the SIB.

The NDPERS offices are located in downtown Bismarck. For more information about NDPERS, please visit the website at www.ndpers.nd.gov

POSITION SUMMARY

The Role

The Executive Director is appointed by and reports to a nine member Board of Trustees. He/she is responsible for the day-to-day administration and direction of all programs delegated by State law to NDPERS which are:

- The defined benefit retirement programs for public employees, judges, law enforcement, highway patrol and Job Service;
- The defined contribution plans including the 401(A) and 457 plans, including the PERS Companion Plan;
- The Retiree Health Insurance Credit program;
- The Group Health, Life, Vision, Dental and Long Term Care insurance programs;
- The State's Employee Assistance Program;
- The 125 State FlexComp program

The Executive Director also serves as the Board's representative with the members, employee and retiree organizations, the Legislature, other State agencies, political subdivisions, State Administration, national organizations, the media and the general public.

NDPERS employs a workforce of 35 regular staff and 2 temporary staff and has an annual administrative budget of \$4.6 million. Functionally, NDPERS is organized into six major departments: Operations; Finance; Research and Planning; Benefits and Human Resources; Administrative Services; and Internal Audit. NDPERS disburses over \$170 million annually in retirement payments and over \$330 million annually in group insurance premiums. NDPERS has more than \$2.7 billion in assets in the Defined Benefit and Defined Contribution trusts, \$250 million in the Deferred Compensation program, and \$116 million in the Retiree Health Trust.

The Executive Director is responsible for overseeing the work of external vendors. These include the health and retirement actuarial consulting firms, the Group Life, Health, Vision, Dental, Long Term Care and EAP providers, deferred compensation providers, the 401(A) plan and 457 Companion plan recordkeeper, and benefit service providers for RHIC reimbursements and the FlexComp Spending accounts.

Duties and Responsibilities

The Executive Director is responsible for planning, organizing and managing the activities of NDPERS in accordance with the policies established by the Board of Trustees under the statutes and rules governing NDPERS.

Key responsibilities include:

- Managing the day-to-day activities of the NDPERS staff and staff recruitment.
- Working closely with the Board of Trustees and its standing committees which include: Investment; Audit; Benefits; and Retiree.
- Representing NDPERS in national retirement and benefit organizations.
- Representing NDPERS before State and Federal elected officials, as appropriate.
- Ensuring the objectives established by the Board of Trustees in its strategic long-term plan are achieved.
- Ensuring that NDPERS operates efficiently.
- Evaluating performance of the direct reports to the Executive Director and General Counsel.
- Ensuring that NDPERS complies with all applicable laws and regulations.
- Ensuring that NDPERS maintains an effective public relations strategy; overseeing communications, and communicating with, the media regarding NDPERS issues.
- Ensuring that the following general principles, under which the Board sets policy and the staff operates, are complied with:
 - Providing excellent service to NDPERS members and retirees.
 - Maintaining high ethical and fiduciary standards in policy development and fund operations.
 - Preserving the financial integrity of the funds.
 - Maintaining actuarial soundness, while balancing the cost of benefits between present and future members and employers.
 - Participating actively in the benefits industry.
- Building and maintaining effective relationships to strengthen the efforts of the system.
- Planning monthly board meetings.
- Conducting elections for vacant board positions in accordance with the rules of the Board.
- Maintaining an understanding of employee benefit plan qualifications and requirements under the Internal Revenue Code, and other state and federal laws and regulations.
- Monitoring program compliance and activities and regularly reporting to the Board regarding plan qualification and other issues affecting the agency and plans it administers, including making recommendations for adjustments as circumstances require.
- Developing, recommending and implementing goals and objectives designed to achieve the mission statement established by the Board.
- Developing budget requests regarding staffing, equipment, and other requirements upon which the budget is based for consideration by the Board, the Governor, and the Legislature.
- Developing and recommending legislation and administrative rule changes relating to programs administered by the agency, and serve as the agency's chief spokesperson with the Legislature.

EDUCATION AND EXPERIENCE

- Undergraduate degree from an accredited college or university; advanced degree in business or public administration or related field is preferred.
- Significant successful leadership experience (5 or more years) in a complex organization of similar or larger size than PERS preferably one involving retirement, health insurance or financial services, with strong customer service focus.
- Ideally a minimum of two years involving significant supervisory and budgetary oversight. Experience in group health, group life, and flexible spending programs is highly desirable.
- Certification as a Certified Employee Benefits Specialist (CEBS), Certified Retirement Administrator (CRA), Certified Public Accountant (CPA) or other comparable certification will distinguish the most attractive candidates.
- Experience working with/reporting to a Board of Trustees using an inclusive style and consensus orientation.
- Proven management experience, including the ability to hire, motivate, develop and delegate to a strong senior staff.
- Demonstrated success serving as the spokesperson with external stakeholders, including the media.
- Understanding of the legislative process and the necessary political skills to work successfully with legislative committees and legislators.
- Strong financial acumen and the ability to construct and manage an approved annual budget.

SKILLS AND ABILITIES

- Demonstrated dedication to customer service, including the desire and ability to make this an organizational mentality.
- The highest level of character and integrity combined with a strong sense of fiduciary duty.
- Projects confidence but with humility; a servant leader.
- Open and welcoming; approachable and visible to board, staff, employers and members; empathetic with strong emotional intelligence.
- A thoughtful decision-maker who values both people and process; willing to get input in the decision-making process; makes the decision but is willing to admit mistakes.
- The ability to communicate a vision, combined with strong strategic skills.
- Excellent oral, written and listening communication skills, including strong presentation skills.
- A belief in and commitment to, full disclosure of information (including uncomfortable information) to the Board, as well as dealing even-handedly with all board members.
- Flexibility and adaptability, including a willingness to hear and act on uncomfortable information.
- High energy level and strong work ethic.

COMPENSATION

Compensation will consist of an attractive base salary commensurate with experience and qualifications. There is no incentive compensation. In addition, the Executive Director will be entitled to the States' generous benefits package, which includes fully-paid family health insurance, a defined benefit or defined contribution retirement plan, dental, vision, and life/AD&D coverage; a generous annual and sick leave policy; optional 457(b) deferred compensation plan; flexible spending account; and an employee assistance program. Relocation assistance, if necessary, will be negotiated on an individual basis.

APPLICATION PROCESS

EFL Associates, an executive search firm, is assisting NDPERS with this important search. All calls and inquiries must be made through the search firm. Referrals and applications will be treated in accordance with the North Dakota open records law; noting that NDPERS anticipates applications will meet the requirements of N.D.C.C. 44-04-18.27, such that initial applications will be considered confidential under state law, except that records relating to finalists are open to the public after the finalists are designated. Review of applications will begin immediately and will continue until the position is filled.

NON-DISCRIMINATION

The State of North Dakota and EFL Associates do not discriminate on the basis of race, color, national origin, sex, genetics, religion, age or disability in employment or the provisions of services and complies with the provisions of the North Dakota Human Rights Act.

As an employer, the State of North Dakota prohibits smoking in all places of state employment in accordance with N.D.C.C. § 23-12-10.

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