



# North Dakota Legislative Management

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November 8, 2021

## TO: PROSPECTIVE PUBLIC EMPLOYEES RETIREMENT SYSTEM CONSULTANTS

The North Dakota Legislative Management is seeking proposals for consultant services for assistance in the development of a plan for new hires under the Public Employees Retirement System to participate in the defined contribution plan and to close the defined benefit plan to new entries effective January 1, 2024. The Legislative Management has assigned the study responsibilities to its interim Retirement Committee, Representative Mike Lefor, Chairman. Your organization is invited to submit a proposal for providing consulting services to the committee by Friday, December 3, 2021.

The selection of the consultant will be made by the Retirement Committee subject to approval by the Legislative Management Chairman.

As provided for in [Section 1 of House Bill No. 1209 \(2021\)](#), the directive is to develop a plan for new hires under the Public Employees Retirement System to participate in the defined contribution plan and to close the defined benefit plan to new entries effective January 1, 2024. Specific areas the consultant should address include:

1. Actuarial estimates, including:
  - a. A replication valuation of the July 1, 2021, actuarial valuation for the defined benefit plan and resolve any discrepancies between the replication valuation and the valuation performed by the Public Employees Retirement System actuary;
  - b. The unfunded liability of the plan as it currently exists, identifying the state's share of the unfunded liability and each participating political subdivision's share of the unfunded liability;
  - c. The unfunded liability if the plan is closed to new hires effective January 1, 2024, and new hires participate in the state's existing or modified defined contribution plan, identifying the state's share of the unfunded liability, and each participating political subdivision's share of the unfunded liability;
  - d. The amount of a lump sum cash deposit into the plan on July 1, 2025, to enable the plan to be 100 percent funded in 20 years, 25 years, and 30 years for:
    - (1) The plan as it currently exists, identifying the cash infusion necessary for the state's portion of the plan and the cash infusion necessary for the political subdivision's portion of the plan; and
    - (2) The plan if closed to new hires effective January 1, 2024, identifying the cash infusion necessary for the state's portion of the plan and the cash infusion necessary for each political subdivision's portion of the plan;

- e. In any analysis of closing all or a part of the defined benefit plan, information on how the eventual de-risking of the plan's investment portfolio will affect investment returns over time, including the effect on the plan's assumed rate of return and the corresponding effect on liabilities;
  - f. Options to fund the defined benefit plan, including a lump sum contribution and increases in employer or employee contributions, or both;
  - g. The effect on the defined benefit plan of allowing current defined benefit plan members to elect to transfer to the current defined contribution plan or a new defined contribution or hybrid plan; and
  - h. Model proposals for new defined contribution or hybrid plans, including the percentage of a member's final average salary they might expect to receive under those plans over the course of their retirement.
2. Consultation regarding:
- a. Any federal provisions that affect the ability of a proposal to "carve out" the local plan or to keep the defined benefit plan open for political subdivision new hires while closing the plan to state new hires;
  - b. Options to address employees who have both state and local contributions and employees who leave state or local employment and return to the state or local employment later;
  - c. Options for political subdivisions to transfer their assets and liabilities from the existing plan to another program to avoid closure;
  - d. Options for administration of the plan;
  - e. Options for modification of the plan;
  - f. Estimated cost to implement changes; and
  - g. Potential impacts to bond ratings of the state and political subdivisions if unfunded liabilities increase.

The resulting contract will require periodic reports to the Retirement Committee on the status of the project and on tentative findings, participation at committee meetings, and recommendations with the final written report due by April 1, 2022 (or other date identified by the committee).

The Legislative Management intends to award the contract based on the information contained within the proposals received as well as information received from other sources. The Legislative Management reserves the right to accept or reject any or all proposals and to award a contract which the Legislative Management considers the most advantageous to the state. Consultants under contract for the state should be able to obtain lodging in the state at the rate provided by law for state government officials and employees (\$86.40 per night plus state and local taxes).

If you are interested in submitting a proposal for providing these services, please submit your proposal to the Legislative Council office at the address below by Friday, December 3, 2021. The committee plans to meet in December 2021 at the State Capitol in Bismarck to hear formal presentations from consultants submitting proposals chosen for final consideration.

The Legislative Council is the point of contact for this request for proposal (RFP). All consultant communications regarding this RFP should be directed to the Legislative Council.

Email Correspondence:

Legislative Council - Jennifer S. N. Clark, Senior Counsel

Email: [jclark@nd.gov](mailto:jclark@nd.gov)

Legislative Council - Chris J. Kadrmas, Senior Fiscal Analyst

Email: [cjkadrmas@nd.gov](mailto:cjkadrmas@nd.gov)

Postal Correspondence

North Dakota Legislative Council

State Capitol

600 East Boulevard Avenue

Bismarck, ND 58505

Telephone and Fax Correspondence

Telephone: 701-328-2916

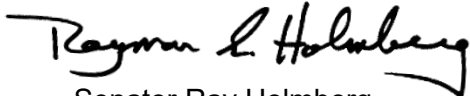
Fax: 701-328-3615

The RFP, any amendments to the RFP, and all questions submitted with responses will be posted on the following website at <http://www.legis.nd.gov/news/rfp-prospective-public-employees-retirement-system-consultants>.

Interested consultants are encouraged to check that website periodically for any updates related to this RFP.

Background information is enclosed relating to the committee's directive to develop a plan for new hires under the Public Employees Retirement System to participate in the defined contribution plan and to close the defined benefit plan to new entries effective January 1, 2024.

Sincerely,



Senator Ray Holmberg

Chairman

Legislative Management

RH/JJB