

# MINUTES

## North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

Thursday, February 19, 2015

8:30 A.M.

Members Present: Ms. Casey Goodhouse  
Mr. Mike Sandal  
Ms. Arvy Smith  
Ms. Yvonne Smith  
Mr. Thomas Trenbeath  
Ms. Kim Wassim

Via Teleconference: Chairman Strinden

Others Present: Mr. Sparb Collins, NDPERS  
Ms. Cheryl Stockert, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Ms. Kathy Allen, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Ms. MaryJo Steffes, NDPERS  
Mr. Kevin Schoenborn, BCBSND  
Mr. Pat Pechacek, Deloitte  
Mr. Alan Hurley, Sanford Health, Bismarck  
Dr. Craig Lambrecht, Sanford Health, Bismarck  
Ms. Lisa Carlson, Sanford Health Plan  
Mr. Jason Hubers, Sanford Health Plan  
Ms. Cecily Tucker, Sanford Health Plan  
Mr. Kim Patrick, Sanford Health Plan  
Mr. Rich Adcock, Sanford Health Plan  
Dr. Richard Marsden, Sanford Health, Fargo  
Mr. Jeff Sandene, Sanford Health Plan  
Mr. Jon Datsko, NDID  
Representative George Keiser  
Mr. Stuart Savelkoul, ND United

Via Teleconference: Mr. Josh Johnson, Deloitte  
Ms. Linda Cahn, Pharmacy Benefit Consultants

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

## **MINUTES**

Chairman Strinden called for any questions or comments regarding the minutes of the January 15, 2015 Board meeting.

**MR. SANDAL MOVED APPROVAL OF THE JANUARY 15, 2015 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MR. TRENBEATH AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.**

Chairman Strinden called for any questions or comments regarding the minutes of the January 19, 2015 Board meeting.

**MR. TRENBEATH MOVED APPROVAL OF THE JANUARY 19, 2015 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. A. SMITH AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.**

Chairman Strinden called for any questions or comments regarding the minutes of the February 5, 2015 Board meeting.

**MS. A. SMITH MOVED APPROVAL OF THE FEBRUARY 5, 2015 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. WASSIM AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.**

## **GROUP INSURANCE**

Mr. Trenbeath opened the discussion and indicated that at the last board meeting he had proposed a motion to award the bid to Sanford. It was withdrawn but he went on to explain how the Board has worked the past seven months on the health insurance bid and performed their due diligence. He indicated that based upon that he felt the bid should be awarded to Sanford.

**MR. TRENBEATH RENEWED HIS MOTION MADE AT THE FEBRUARY 13, 2015 SPECIAL BOARD MEETING TO AWARD THE BID FOR THE NDPERS GROUP HEALTH INSURANCE TO SANFORD HEALTH PLAN TO PROVIDE FULLY INSURED HEALTH INSURANCE TO THE NDPERS MEMBERS WITHOUT BUNDLING THE PRESCRIPTION DRUG PLAN. THE MOTION WAS SECONDED BY MS. Y. SMITH.**

The Board further discussed the motion and reiterated the Board conducted due diligence in this matter. It was determined that if the Board decided to bundle the prescription drug plan, they would take the necessary action later in the meeting.

**Ayes:** Ms. Goodhouse, Mr. Sandal, Ms. A. Smith, Ms. Y. Smith, Mr. Trenbeath, Ms. Wassim, and Chairman Strinden  
**Nays:** None

**MOTION PASSED**

Mr. Collins indicated that it would be necessary to discuss the pharmacy benefit manager bid.

**MR. SANDAL MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.1(9) and 44-04-19.2 TO DISCUSS NEGOTIATING STRATEGY OR PROVIDE NEGOTIATING INSTRUCTIONS TO ITS ATTORNEY OR OTHER NEGOTIATOR. THE MOTION WAS SECONDED BY MS. Y. SMITH.**

**Ayes:** Mr. Sandal, Ms. Y. Smith, Ms. Goodhouse, Mr. Trenbeath, Ms. A. Smith, Ms. Wassim, and Chairman Strinden  
**Nays:** None

**MOTION PASSED**

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 8:45 a.m.

The Board reconvened and returned to open session at 10:15 a.m.

**MR. TRENBEATH MOVED THAT THE PHARMACY BENEFIT MANAGER (PRESCRIPTION DRUG PLAN) BE AWARDED TO SANFORD HEALTH PLAN AS A BUNDLED PRODUCT. THE MOTION WAS SECONDED BY MS. GOODHOUSE.**

**Ayes:** Mr. Sandal, Ms. Wassim, Ms. Y. Smith, Ms. Goodhouse, Ms. A. Smith, Mr. Trenbeath, and Chairman Strinden  
**Nays:** None

**MOTION PASSED**

**Law Enforcement Retiree Health Insurance Tax Deductions**

Mr. Collins reviewed with the Board a provision in the Pension Protection Act of 2006 which permits eligible retired public safety officers to transmit up to \$3,000 of their benefits from certain governmental retirement plans such as NDPERS each year, tax free, to cover their qualified medical insurance premiums that are deducted from the pension check. The Highway Patrol has requested that PERS explore this option and determine the cost to implement. The Board discussed this provision and concurred that staff should proceed and obtain cost estimates and bring this before the Board for final consideration.

**Silver Sneakers Program Survey Results**

Ms. Fricke reported that based on Board action in January, a survey was conducted regarding the Silver Sneakers Program of the members in the Dakota Retiree Plan. The results of the survey indicated that the majority of the members indicated they would not participate in a Silver Sneakers program and they would not be willing to pay an additional \$3.25 in premium each month for this program. The Board concurred that, based on member response, the Silver Sneakers Program will not be offered at this time.

**Medicare Part D**

Ms. Fricke reported that BCBS and staff have been working on billing issues in the Medicare Part D prescription drug plan. The issues go back to inception of the plan which was January 1, 2006. Ms. Fricke explained the various scenarios, specifically the underpayments that have occurred since July 1, 2011 that involved 14 members. The Board discussed this situation.

**MR. TRENBEATH MOVED THAT PERS WILL NOT COLLECT THE UNDERPAYMENTS FOR THOSE FOURTEEN SPECIFIC MEMBERS. THE MOTION WAS SECONDED BY MS. WASSIM.**

The Board discussed the motion and determined that this decision not be considered as a precedent for future actions, and that all future underpayments must be reviewed by the Board. Staff concurred.

**Ayes:** Ms. Y. Smith, Mr. Trenbeath, Mr. Sandal, Ms. A. Smith, Ms. Wassim, Ms. Goodhouse, and Chairman Strinden

**Nays:** None

**MOTION PASSED**

**Retiree Health Insurance Credit Program RFP**

Ms. Allen reported that at the Board's direction, staff went out to bid to obtain a vendor for a two-year period to administer the retiree health insurance credit (RHIC) program. PERS received and reviewed four proposals and determined that ASIFlex had the highest overall score with the lowest pricing.

**MS. A. SMITH MOVED TO AWARD THE BID FOR ADMINISTRATION OF THE RETIREE HEALTH INSURANCE CREDIT PROGRAM FOR TWO YEARS TO ASIFLEX. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Wassim, Ms. A. Smith, Ms. Goodhouse, Ms. Y. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden

**Nays:** None

**MOTION PASSED**

At this point in the meeting, the Board took a five minute break.

## **RETIREMENT**

### **Experience Study RFP**

Mr. Collins indicated to the Board that a request for proposal was recently issued for the experience study. The North Dakota Century Code requires that PERS conduct an experience study every five years which ended in 2014. We received one bid response from Segal.

**MR. SANDAL MOVED TO AWARD THE BID FOR THE EXPERIENCE STUDY TO SEGAL. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Mr. Sandal, Ms. Y. Smith, Mr. Trenbeath, Ms. Wassim, and Chairman Strinden

**Nays:** None

**Absent:** Ms. A. Smith

**MOTION PASSED**

### **DC 401(a) and 457 Companion Plan Update**

Mr. Reinhardt reported that the Investment Committee has recommended offering the new TIAA-CREF 2060 Lifecycle Fund the core lifecycle lineup for the defined contribution 401(a) and 457 Companion Plans and to update the Investment Policies.

**MR. TRENBEATH MOVED APPROVAL TO ADD THE 2060 LIFECYCLE FUND TO THE 401(A) AND 457 COMPANION PLANS AND TO APPROVE THE CHANGES TO THE INVESTMENT POLICIES. THE MOTION WAS SECONDED BY MR. SANDAL.**

**Ayes:** Mr. Sandal, Ms. Y. Smith, Ms. Goodhouse, Mr. Trenbeath, Ms. Wassim, and Chairman Strinden

**Nays:** None

**Abstain:** Ms. A. Smith

**MOTION PASSED**

### **DC 401(a) Reporting**

Mr. Reinhardt provided an update to the Board on the defined contribution 401(a) enrollments through December 2014. Twenty six members out of 1,587 have elected to enroll in the defined contribution plan since October 2013.

### **Quarterly Investment Report**

Mr. Reinhardt provided information relating to the 3<sup>rd</sup> quarter investment report for the 401(a) and 457 Companion Plan. Assets in the 401(a) plan decreased slightly to \$33.1

million as of September 30, 2014 and assets in the 457 Companion Plan increased to \$64.3 million as of September 30, 2014. The number of participants is increasing and is currently at 5,293. The Investment Subcommittee continues to work on the Job Service and RHIC plans with the RIO staff.

## **MISCELLANEOUS**

### **Website Request for Proposal**

Mr. Collins reported that in November a request for proposal was issued for assistance in developing a new web site and social media connection. We received six proposals. Staff evaluated and ranked each proposal and MABU, a Bismarck firm, ranked on the top. They meet the requirements as requested in the RFP and have worked with state ITD over the last several years and have done similar work for other state agencies.

**MS. WASSIM MOVED THAT THE WEB SITE BID BE AWARDED TO MABU CONTINGENT ON RECEIVING THE FUNDING FROM THE LEGISLATURE. THE MOTION WAS SECONDED BY MS. Y. SMITH.**

**Ayes:** Ms. Goodhouse, Mr. Sandal, Ms. A. Smith, Ms. Y. Smith, Mr. Trenbeath, Ms. Wassim, and Chairman Strinden

**Nays:** None

## **MOTION PASSED**

### **CAFR**

Ms. Schiermeister reported that the 2014 report has been completed, employers have been notified, and the report is available on the PERS website at <http://www.nd.gov/ndpers/forms-and-publications/index.html>

### **Legislation Update**

Mr. Collins provided the Board with an update on the status of the bills.

### **Appeal #237**

Ms. Allen reported to the Board that the member was appealing the election to participate in the defined contribution plan and is requesting to be allowed to transfer back to the defined benefit plan and that the member is present at the meeting today. Ms. Murtha indicated that since the members were present at the meeting, it would be appropriate to enter into executive session to discuss confidential member information.

**MS. A. SMITH MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.2(1) AND 54-52-26 TO DISCUSS CONFIDENTIAL MEMBER INFORMATION. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Ms. A. Smith, Mr. Trenbeath, Ms. Wassim, Ms. Y. Smith, Mr. Sandal, and Chairman Strinden  
**Nays:** None

**MOTION PASSED**

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 11:00 a.m.

The Board returned to open session at 11:20 a.m.

**MR. TRENBEATH MOVED THAT THE APPEAL BE HONORED AND ALLOW THE MEMBER TO RE-ELECT THE DEFINED BENEFIT PLAN. THE MOTION WAS SECONDED BY MS. GOODHOUSE.**

The Board further discussed the motion, specifically, the legal justification for the motion. It was noted that the statute contains an element of equity which this motion is based on.

**Ayes:** Ms. Wassim, Ms. Goodhouse, Ms. A. Smith, Ms. Y. Smith, Mr. Trenbeath, and Chairman Strinden  
**Nays:** Mr. Sandal

**MOTION PASSED**

**Appeal #238**

Ms. Allen reported to the Board that the member was appealing the election to participate in the defined contribution plan and is requesting to be allowed to transfer back to the defined benefit plan and that the member is present at the meeting today.

**MS. A. SMITH MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.2(1) AND 54-52-26 TO DISCUSS CONFIDENTIAL MEMBER INFORMATION. THE MOTION WAS SECONDED BY MS. Y. SMITH.**

**Ayes:** Ms. Goodhouse, Mr. Sandal, Ms. Y. Smith, Ms. Wassim, Ms. A. Smith, Mr. Trenbeath, and Chairman Strinden  
**Nays:** None

**MOTION PASSED**

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 11:25 a.m.

The Board returned to open session at 11:35 a.m.

**MS. A. SMITH MOVED TO DENY THE APPEAL. THE MOTION WAS SECONDED BY MR. SANDAL.**

The Board further discussed this motion noting that there was not latitude under state law to honor the appeal.

**Ayes:** Mr. Trenbeath, Ms. Wassim, Mr. Sandal, Ms. A. Smith, Ms. Y. Smith, and Chairman Strinden

**Nays:** None

**Abstain:** Ms. Goodhouse

**MOTION PASSED**

Mr. Collins indicated there was a data breach by Anthem which is a fellow but separate BCBS company. This could have implications for members of North Dakota BCBS. Those members that had services in one of the out of state networks where Anthem provides services and had claims processed would be affected. BCBS is evaluating this and determining what members were affected. Once our members have been determined, Anthem will notify the members directly.

Ms. Murtha reported that staff will begin to work on the Sanford Health Plan contract. The Board concurred that the contract should move forward and that the Board would want to review and approve the contract. A special meeting should be called for this purpose.

Chairman Strinden called for any other business or comments.

**MR. TRENBEATH MOVED TO ADJOURN. THE MOTION WAS SECONDED BY MS. Y SMITH.**

Motion carried by voice vote and the meeting adjourned at 11:45 a.m.

Prepared by,

Cheryl Stockert  
Assistant to the Board