

# MINUTES

## North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13<sup>th</sup> Ave SW, Fargo

Thursday, July 16, 2009

8:30 A.M.

Members Present: Ms. Joan Ehrhardt  
Mr. Levi Erdmann  
Mr. Howard Sage  
Mr. Mike Sandal  
Ms. Arvy Smith  
Mr. Thomas Trenbeath

Via Videoconference: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS  
Ms. Cheryl Stockert, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. Kathy Allen, NDPERS  
Ms. Sharmain Dschaak, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Ms. Diane Heck, NDPERS  
Mr. Aaron Webb, Attorney Generals Office  
Ms. Onalee Sellheim, BCBSND  
Mr. Stuart Savelkoul, NDPEA

Via Videoconference: Ms. Jodi Crouse, BCBSND  
Mr. Kevin Schoenborn, BCBSND

Chairman Strinden called the meeting to order at 8:35 a.m.

### **MINUTES**

Chairman Strinden welcomed Mr. Sage back to the Board as the retiree representative.

Chairman Strinden called for any questions or comments regarding the minutes of the June 18, 2009 Board meeting.

**MS. EHRHARDT MOVED APPROVAL OF THE JUNE 18, 2009 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MR. SANDAL. THE MINUTES WERE APPROVED.**

## **RETIREMENT**

### **Job Service QDRO Model**

Ms. Allen reviewed with the Board the QDRO provisions for active and retired members of the PERS defined benefit plan and that the Job Service plan does not have a QDRO model. Upon staff request, Segal developed a model for these members similar to the PERS plan. Ms. Allen stated staff suggested changing the language found under Section (c) relating to the alternate payee to also be consistent with the PERS defined benefit plan. Both models were reviewed by staff, legal counsel, and Segal. Board discussion followed.

**MR. TRENBEATH MOVED TO APPROVE THE ADOPTION OF THE JOB SERVICE RETIREMENT PLAN QDRO MODEL FOR RETIRED MEMBERS AND TO CHANGE THE JOB SERVICE ALTERNATE PAYEE OPTION TO BE CONSISTENT WITH THE PERS DEFINED BENEFIT PLAN. THE MOTION WAS SECONDED BY MS. EHRHARDT.**

**Ayes:** Ms. Ehrhardt, Mr. Erdmann, Mr. Sage, Mr. Sandal, Ms. Smith, Mr. Trenbeath, and Chairman Strinden

**Nays:** None

**MOTION PASSED**

### **Graduated Benefit Option**

Ms. Fricke presented information to the Board for consideration relating to the graduated benefit option as authorized through SB2153. Legislation allows for the Board to adopt rules to provide for the receipt of retirement benefits in optional forms. The Board took action in March to promulgate administrative policies on this option. Since the March Board meeting, Segal has prepared guidance on the calculation method and actuarial factor tables for the various plans based upon the 1% and 2% increase. Board discussion followed.

**MR. SANDAL MOVED TO ADOPT THE TABLES AND CALCULATION PROCEDURES FOR THE GRADUATED BENEFIT OPTION AS PROVIDED BY SEGAL. THE MOTION WAS SECONDED BY MS. SMITH.**

Board discussion followed on the motion.

**Ayes:** Ms. Ehrhardt, Mr. Erdmann, Mr. Sage, Mr. Sandal, Ms. Smith, Mr. Trenbeath, and Chairman Strinden

**Nays:** None

**MOTION PASSED**

### **Investment Expense Review**

Mr. Collins indicated that the Board, at its biennial planning meeting in 2007, assigned to the PERS Audit Committee, which was subsequently referred to the PERS Investment Committee, the task of reviewing the cost effectiveness of our investment program. The Investment Committee met several times to collect and review information on our existing program including CEM in benchmarking data. The committee concluded that the present investment policies are not specific relating to administrative fees nor is there a regular review of the fees. Therefore, the committee is recommending the Investment Policies be modified to include a statement on investment fees. Furthermore, it was decided that the Executive Director and the PERS Investment Committee should meet with the SIB chair and Mr. Cochrane of RIO to review the policy changes before submitting them to the SIB. Board discussion followed.

**MR. SAGE MOVED THAT THE INVESTMENT POLICIES SHOULD INCLUDE THE GOALS AND ANNUAL REVIEW OF THE INVESTMENT FEES. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Ms. Ehrhardt, Mr. Erdmann, Mr. Sage, Mr. Sandal, Ms. Smith, Mr. Trenbeath, and Chairman Strinden

**Nays:** None

**MOTION PASSED**

### **GROUP INSURANCE**

#### **BCBS Agreement**

Mr. Collins reported to the Board that the final BCBS agreement needs approval and a motion authorizing the Board chairman to sign. Mr. Collins also reported that the summary plan document will be changing based on the new plan design. Once approved, BCBS will then file with the ND Insurance Commissioner for approval.

**MR. TRENBEATH MOVED APPROVAL AND AUTHORIZATION OF THE BOARD CHAIRMAN TO SIGN THE BCBS AGREEMENT. THE MOTION WAS SECONDED BY MR. SANDAL.**

Board discussion followed on the motion.

**Ayes:** Ms. Ehrhardt, Mr. Erdmann, Mr. Sage, Mr. Sandal, Ms. Smith, Mr. Trenbeath, and Chairman Strinden

**Nays:** None

**MOTION PASSED**

### **Tobacco Cessation Program**

Ms. Allen reported to the Board that the Tobacco Cessation Program funding through the Department of Health was approved in the amount of \$150,000 to continue tobacco prevention activities for state employees for the 2009-2011 biennium. Ms. Allen reviewed the grant application with the Board and requested their approval. Board discussion followed.

**MR. SANDAL MOVED TO APPROVE CONTINUATION OF THE TOBACCO CESSATION PROGRAM FOR THE 2009-2011 BIENNIUM AND AUTHORIZED STAFF TO SUBMIT THE GRANT APPLICATION. THE MOTION WAS SECONDED BY MS. ERHARDT.**

Board discussion followed on the motion.

**Ayes:** Ms. Ehrhardt, Mr. Erdmann, Mr. Sage, Mr. Sandal, Ms. Smith, Mr. Trenbeath, and Chairman Strinden

**Nays:** None

### **MOTION PASSED**

### **Wellness Efforts Update**

Mr. Collins reported that based on the final report from UND on the pilot wellness program, the conclusion is that effective employer-based programs do help reduce health care costs. It was reported that one area that was found to be lacking in the pilot wellness efforts related to technical assistance and support. Staff will be working with BCBS to determine how we can address this and develop a proposal for the Board's consideration this fall. Board questions and discussion followed.

### **Employer Based Wellness Program Renewal**

Ms. Fricke reviewed with the Board the employer based wellness program renewal. There are a total of 187 out of 281 employers participating in the wellness program. Of this number, 97% of employees covered on the insurance plan are working for employers offering wellness programs.

### **Surplus/Affordability Update**

Mr. Reinhardt presented the May 2009 surplus projection and affordability analysis for the NDPERS group medical. Board discussion followed.

### **DEFERRED COMPENSATION**

#### **Hardship Withdrawal Guidelines/Education**

Ms. Allen reviewed information with the Board titled "Guide to Unforeseeable Emergency Withdrawals". This guide reviews the criteria used to evaluate hardship requests, including best practices, evaluating the eligibility of the unforeseeable emergency request, events that are generally not unforeseeable emergencies, and required documentation

when applying for a withdrawal request. Staff recommended using these guidelines for evaluation of hardship requests. Board discussion followed.

**MR. SANDAL MOVED TO INCLUDE A COPY OF THE GUIDELINES WITH FUTURE REQUESTS FOR THE BOARD'S REFERENCE. THE MOTION WAS SECONDED BY MR. TRENBEATH.**

Board discussion followed on the motion. It was noted that when including these guidelines, they would only be for reference and would not be viewed as Board policy or rules.

**Ayes:** Ms. Ehrhardt, Mr. Erdmann, Mr. Sage, Mr. Sandal, Ms. Smith, Mr. Trenbeath, and Chairman Strinden

**Nays:** None

**MOTION PASSED**

### **MISCELLANEOUS**

#### **Board Committee Assignments**

Mr. Collins stated there are vacancies on the Investment and Audit Committees. Mr. Trenbeath has been serving as an alternate on the Investment Committee and statute states that the three members appointed by PERS must be from the elected members to the Board. Mr. Sage was nominated by Ms. Ehrhardt to serve on the Investment Committee and Ms. Smith volunteered to serve on the Audit Committee.

**MS. EHRHARDT MOVED TO APPOINT MR. SAGE TO THE INVESTMENT COMMITTEE AND MS. SMITH VOLUNTEERED TO SERVE ON THE AUDIT COMMITTEE. THE MOTION WAS SECONDED BY MR. SANDAL.**

Voice vote taken to appoint Mr. Sage to the Investment Committee

**PASSED**

Voice vote taken to appoint Ms. Smith to the Audit Committee.

**PASSED**

#### **RFP For Experience Study and OPEB**

Mr. Collins informed the Board that PERS recently issued a request for proposal for the experience study and the retiree health valuation (OPEB analysis). Five firms submitted a proposal on the experience study and four firms submitted a proposal on the OPEB analysis. After staff review and scoring of the OPEB proposals, it was determined Van Iwaarden scored the highest. Staff recommends Van Iwaarden for the OPEB effort. Board discussion followed.

**MR. SAGE MOVED TO CONTRACT WITH VAN IWAARDEN FOR THE RETIREE HEALTH VALUATION (OPEB). THE MOTION WAS SECONDED BY MS. EHRHARDT.**

**Ayes:** Ms. Ehrhardt, Mr. Erdmann, Mr. Sage, Mr. Sandal, Ms. Smith, Mr. Trenbeath, and Chairman Strinden

**Nays:** None

**MOTION PASSED**

Mr. Collins informed the Board that during the course of evaluating the proposers for the experience study it was noted that some of the firms included in their costs the task of providing detailed cost numbers relating to any proposed changes and others did not. Specifically Segal, in their bid, included this last step; some of the others did not or that the bid was not clear that they had. Mr. Collins indicated this could cost between \$3,000 to \$5,000. The Board discussed this issue and determined that the bid should be clarified, that this cost should be included, and that all proposers should be given equal opportunity in this bid. After discussion, it was decided that each proposer be sent written notice asking them if their proposal included the effort of doing a detailed cost impact of any suggested assumption changes, or if it did not include this effort, they be given an opportunity to update their cost proposal. A decision on awarding the experience study will be held over until the next Board meeting at which time additional information will be obtained from the five proposers and shared with the Board.

**Request for Proposal Schedule for 2009-2010**

Mr. Collins reviewed with the Board the RFP schedule for the 2009-2010. In order for this to go as smoothly as possible, an RFP timeline and process was developed for Board approval. The Board meeting schedule for 2010 will be developed to include the review of the RFP's.

**MS. EHRHARDT MOVED TO APPROVE THE RFP TIMELINES AND PROCESS AS INCLUDED IN THE BOARD BOOK. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Ms. Ehrhardt, Mr. Erdmann, Mr. Sage, Mr. Sandal, Ms. Smith, Mr. Trenbeath, and Chairman Strinden

**Nays:** None

**MOTION PASSED**

**Consultant Fees**

The report of consultant fees paid during the quarter ending June 30, 2009 was presented to the Board for their information.

**Conference Approval**

Mr. Collins informed the Board that NAGDCA will be holding their annual meeting in September and in the past the Board has approved two to attend.

**MR. SAGE MOVED APPROVAL OF TWO BOARD MEMBERS TO ATTEND THE NAGDCA CONFERENCE. THE MOTION WAS SECONDED BY MR. SANDAL.**

**Ayes:** Ms. Ehrhardt, Mr. Erdmann, Mr. Sage, Mr. Sandal, Ms. Smith, Mr. Trenbeath, and Chairman Strinden

**Nays:** None

**MOTION PASSED**

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:10 a.m.

Prepared by,

Cheryl Stockert  
Secretary to the Board