

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Thursday, November 29, 2012

8:30 A.M.

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

Via Videoconference: Chairman Jon Strinden

Member Absent: Mr. Thomas Trenbeath

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Srinivas Goluguri, NDPERS
Ms. Jan Murtha, Attorney General's Office
Mr. Alan Pearson

Via Videoconference: Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND
Ms. Jodi Crouse, BCBSND
Mr. Michael Carlson, BCBSND
Ms. Tara Roberts, BCBSND
Ms. Stacy Duncan, BCBSND
Mr. Jim Wynstra, BCBSND

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 October 25, 2012 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE OCTOBER 25, 2012 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MR. SAGE. THE MINUTES WERE APPROVED.

RETIREMENT AND RETIREE HEALTH INSURANCE CREDIT

Job Service Liability Driven Investment Study

Mr. Collins reported that the PERS Investment Subcommittee met with SEI, the company that will be conducting the Job Service liability driven asset allocation study. SEI indicated it will take approximately six months to complete this effort. Staff and the Investment Subcommittee will continue to meet with SEI as the study progresses and will report the findings to the Board once completed.

Legislation Update

Mr. Collins reported that the Legislative Employee Benefits Committee met on October 30, and gave final consideration to the PERS bills. The Committee gave the retirement bill a favorable recommendation. During Committee discussion of the bill, it was suggested that half of the proposal be done rather than the full proposal. Last session the recovery bill was for four years, but the legislature decided to approve just two of the four years. Segal provided an analysis of both a two year and four year recovery plan. The downward trend has been stopped. The next two years of the recovery is on an upward slope back to 100% funded status. If only half of the recovery plan was implemented, it would be at 90% funded status.

Mr. Collins reported there was an observation from the Committee, that PERS should have an automatic trigger on their recovery bill, similar to the Teachers Fund for Retirement bill, that if the fund reaches a certain funded status, the additional contributions would be stopped.

Mr. Collins also indicated there was an observation from the Committee that for some of our retirement plans such as Judges and Law Enforcement, the projections done two years ago showed the long term care projections would be in more of a stable path. The observation was made that since the plans were trending upward, a contribution increase for those systems may not be necessary. Mr. Collins informed the Board that these issues may be raised during the next session.

GROUP INSURANCE

Legislation Update

Mr. Collins reported the two bills relating to the group health insurance plan were also presented to the Legislative Employee Benefits Committee at their October 30 meeting. The first bill related to the health insurance plan, and specifically the definition of eligible employees, to provide for standardizing the definition to be consistent with the definition in the health care reform bill. Due to the uncertainty of the Affordable Care Act, the Committee gave the bill a no recommendation. The second bill related to the retiree

health insurance credit fund and pre-Medicare retiree program and has an effective date of January 2015. The bill provides the PERS will no longer offer pre-Medicare health insurance since those members will be able to receive guaranteed coverage through the health care exchange. The bill also makes the retiree health insurance credit portable. The Committee gave the bill a favorable recommendation.

Mr. Collins reported that the Committee gave the PERS administrative bill a favorable recommendation.

Wellness Information

Ms. Crouse, BCBSND, indicated this topic will be reviewed as part of the Quarterly Executive Summary report.

Quarterly Executive Summary

Ms. Crouse, BCBSND, reported to the Board that staff from BCBS will be reviewing the Quarterly Executive Summary for the third quarter of 2012. Mr. Wynstra, BCBSND, reviewed the financial/trend analysis with the Board. The twelve month moving average trend of 7.6% is greater than the overall trend of 2.9%. He reviewed the average monthly incurred claims for actives and Medicare retirees paid through September 30, 2012.

Ms. Crouse reviewed the following with the Board: membership and health utilization; claims paid per member per month; claim type paid per member per month; high dollar cases; and prescription drug analysis. She reviewed the obesity trends which included information by county, by age and gender, and comparison of NDPERS and state overall weight status rates by gender. She also reviewed health management which included AccordantCare participation, MediQHome key measures, and MediQHome outcome measures.

Ms. Crouse continued with review of the performance standards and guarantees which analyzed the measures to be achieved to date in the areas of cost management, health outcomes, operational performance, and provider network management. Also reviewed were efforts completed and ongoing activities.

Ms. Roberts, BCBSND, presented an overview of the wellness programs including: HealthyBlue, Health Club Credit, member engagement and education program participation. Also presented was information relating to future considerations and Wellness Specialist efforts. Mr. Collins reported that the Lt. Governor has agreed to work with PERS on this program and has put forth much effort. Mr. Collins shared a letter that the Lt. Governor sent to all state agencies promoting employee wellness in the workplace. The Board had questions relating to the BCBSND quarterly executive summary report.

Mr. Carlson, BCBSND, announced that Ms. Roberts has done an excellent job on behalf of BCBSND, for NDPERS and its members and has taken an opportunity to move into a leadership position within the wellness department at BCBSND. Ms. Duncan, BCBSND,

will be transitioning into this position over the next few months and working closely with Ms. Roberts to insure the appropriate level of support. Ms. Duncan addressed the Board, stating she is very excited to work with PERS wellness programs.

Dental Plan Implementation Update

Ms. Allen reviewed Delta Dental's implementation plan with the Board. Currently, PERS is on schedule in all activities required to meet the effective date of January 1, 2013.

Dental Plan Contract

Mr. Collins referred the Board to the contract which was included in the Board book. Legal Counsel has reviewed the contract and resolved all issues that were identified.

MS. EHRHARDT MOVED APPROVAL OF THE DELTA DENTAL MINNESOTA CONTRACT WHICH IS EFFECTIVE JANUARY 1, 2013. THE MOTION WAS SECONDED BY MR. ERDMANN.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

FLEXCOMP

Flexcomp Implementation Update

Ms. Allen reviewed the ADP's implementation plan with the Board. All tasks are on schedule for the January 1, 2013 start date. Ms. Allen explained how the transitioning of claims processing will be handled.

MISCELLANEOUS

Board Meeting Schedule for 2013

Mr. Collins shared the 2013 Board meeting schedule with the Board indicating one change on the schedule for the November meeting to November 27, 2013. This schedule will be filed with the ND Secretary of State.

Quarterly Consultant Fees

The report showing consulting, investment and administrative fees paid through the quarter ending September 30, 2012 was shared with the Board.

Audit Committee Minutes

The August 29, 2013 approved PERS Audit Committee minutes were shared with the Board. The next meeting is tentatively scheduled for February 20, 2013.

DEFERRED COMPENSATION

TIAA-CREF Update

Mr. Collins indicated one fund was closed in the 401(a) plan and transferred to a new fund. A letter was sent to all members advising them that this was taking place and no member calls have been received. The revenue sharing funds have been approved to be deposited in the member accounts. Mr. Collins indicated there are 7 basis points of revenue sharing for the 457 plan, which is approximately \$14,750 of revenue sharing funds that needs to be applied. There are two ways to apply this to the accounts. One is to deposit a fixed dollar amount to each account, the second is to deposit the money in the account based on the number of dollars that are in each member's account. The Board discussed this and concurred the most reasonable approach is to deposit the money based on the number of dollars in each member's account and gave Mr. Collins the authorization to direct TIAA-CREF to do so in this manner.

Provider Training Update

Ms. Knudsen gave an update on the statewide training that was conducted for the 457 providers whose attendance is a requirement every two years. As part of the training, an overview of the TIAA-CREF Investment Advisor Representative (IAR) option was provided and it was explained that the Board was considering implementing it. Provider comments were requested. Ms. Knudsen reported there was not a majority consensus amongst the 457 provider representatives either way on the IAR option. Staff recommended deferring the final decision on offering the IAR program, but suggested authorizing TIAA-CREF to contact the companies to assess their interest in participating should the Board approve this in the future. This will allow the Board the opportunity to keep moving forward, while collecting additional information. The Board discussed the IAR option.

MR. SANDAL MOVED STAFF RECOMMENDATION TO DEFER THE FINAL DECISION ON OFFERING THE TIAA-CREF INVESTMENT ADVISOR REPRESENTATIVE OPTION, AND TO AUTHORIZE TIAA-CREF TO CONTACT THE COMPANIES TO ASSESS THEIR INTEREST IN THE PROGRAM. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Mr. Sage inquired about the option of offering a 457 Roth. Mr. Collins responded that the board had authority to add it to the NDPERS plan of benefits. The Board requested more information on this option which will be discussed at a future Board meeting.

Financial Hardship Case ID 103

Ms. Allen presented detailed information to the Board relating to a deferred compensation hardship withdrawal in the amount of \$700.48 to cover expenses incurred as a result of two unforeseen emergency surgeries in 2012. The Board discussed this financial hardship request.

MR. SAGE MOVED TO APPROVE THE FINANCIAL HARDSHIP REQUEST. THE MOTION WAS SECONDED BY MR. SANDAL.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Financial Hardship Case ID 108

Ms. Allen presented detailed information to the Board relating to a deferred compensation hardship withdrawal in the amount of \$15,000 to cover expenses in arrears due to various circumstances and incidents as documented on the hardship application. The Board discussed this financial hardship request.

MR. ERDMANN MOVED TO APPROVE THE FINANCIAL HARDSHIP REQUEST. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Hartford Update

Mr. Collins reviewed the ongoing considerations relating to the Hartford with the Board and their proposed sale of their retirement business to MassMutual. At previous meetings, the Board had taken the position that before this sale occurs, MassMutual would have to become an approved deferred compensation provider in North Dakota. In addition, Mr. Collins noted that separate from the contract, we needed a memorandum detailing which party is responsible for each part of those provider contracts. Staff had a conversation with a representative from Hartford and relayed to them that this was the expectation and that we felt this should be completed by the early part of November. Mr. Collins indicated that he had not received the requested information from Hartford or MassMutual.

Mr. Collins noted that they are moving forward with the sale, and that their goal is to be completed by the end of the year or early next year.

Ms. Murtha advised that the Board go into Executive Session pursuant to NDCC §44-04-19.1(2), (5) and §44-04-19.2 for Attorney Consultation.

EXECUTIVE SESSION

MS. EHRHARDT MOVED THAT THE BOARD GO INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.1(2), (5) AND §44-04-19.2 FOR ATTORNEY CONSULTATION. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:10 a.m.

Chairman Strinden determined that the Board could return to open session. The Executive Session closed at 10:38 a.m. and the Board returned to open session.

Ms. Murtha requested that the motion reflect that Mr. Anderson be authorized to proceed as instructed.

MR. SANDAL MOVED THAT LEGAL COUNSEL IS AUTHORIZED TO PROCEED AS INSTRUCTED. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 10:40 a.m.

Prepared by,

Cheryl Stockert
Assistant to the Board