

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Thursday, October 31, 2013

8:30 A.M.

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

Member Absent: 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
Ms. Jan Murtha, Attorney General's Office
Mr. Brad Ramirez, Segal
Ms. Tammy Dixon, Segal

Via Videoconference: Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND

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

MINUTES

Acting Chairman Sage called for any questions or comments regarding the minutes of the September 19, 2013 Board meeting.

MS. EHRHARDT MOVED APPROVAL OF THE SEPTEMBER 19, 2013 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MS. WASSIM. THE MINUTES WERE APPROVED.

RETIREMENT

Member Benefits: Job Service Retirement Plan

EXECUTIVE SESSION

PURSUANT TO NDCC § 44-04-19.2(1), 44-04-19.2(2), AND 44-04-18.4(1) & (2)(b), AND THE BOARD WENT INTO EXECUTIVE SESSION TO DISCUSS CONFIDENTIAL MEMBER INFORMATION OR RECORDS.

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 8:35 a.m. The Executive Session closed at 8:50 a.m. and the Board returned to open session.

MS. EHRHARDT MOVED THAT THE OVERPAYMENT BE WAIVED AND TO ADJUST THE FUTURE MONTHLY BENEFIT TO \$1,704.06 BEGINNING OCTOBER 1, 2013. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Ehrhardt, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Ms. Wassim, and Mr. Sage.

Nays: None

Absent: Chairman Strinden

MOTION PASSED

Member Benefits: PERS Retirement Plan

EXECUTIVE SESSION

PURSUANT TO NDCC § 44-04-19.2(1), 44-04-19.2(2), AND 54-52-26 THE BOARD WENT INTO EXECUTIVE SESSION TO DISCUSS CONFIDENTIAL MEMBER INFORMATION OR RECORDS.

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 8:52 a.m. The Executive Session closed at 9:05 a.m. and the Board returned to open session.

MR. TRENBEATH MOVED THAT THE MONTHLY BENEFIT FOR THE MEMBER BE SET AT \$1,304.61. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Smith, Ms. Wassim, Mr. Trenbeath, Mr. Sandal, Ms. Ehrhardt, and Mr. Sage

Nays: None

Absent: Chairman Strinden

MOTION PASSED

Mr. Collins reviewed a proposed action plan with the Board relating to those members who have multiple retirements. Mr. Collins recommended that Segal review the actuarial methods used for calculating retirements and review methods used in multiple retirements. He explained there are procedures and administrative rules in place for the first and second retirements, and he recommended that staff review and, if necessary, update administrative rules for multiple retirements. The Board discussed this proposal.

MR. SANDAL DIRECTED STAFF TO MOVE FORWARD WITH THE PROPOSED ACTION PLAN AND TO INCLUDE A TIME FRAME FOR THE REVIEW TO BE COMPLETED SHOULD PROPOSED LEGISLATION BE NECESSARY. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Wassim, Mr. Sandal, Mr. Trenbeath, Ms. Smith, Ms. Ehrhardt and Mr. Sage

Nays: None

Absent: Chairman Strinden

MOTION PASSED

Actuarial Reports

Mr. Ramirez and Ms. Dixon from Segal reviewed the valuation results and projections as of July 1, 2013 with the Board. They explained the actuarial methods that were used in the calculations and the economic assumptions. Reviewed was: 1) membership of the main, Judges, National Guard, Law Enforcement with and without prior main system service systems; 2) market value of assets; 3) actuarial value of assets for the various systems; 4) asset returns; 5) contributions versus benefits and refunds for PERS; 6) actuarially recommended contributions for the various systems; 7) funded ratios for the various systems; 8) GASB 25 annual required contribution for the main system; and 9) the projected and targeted funded ratios for the various systems.

The Board and staff discussed the valuation results and had questions of Segal.

GASB Requirement

Mr. Ramirez reviewed the Statement 67, Financial Reporting for Pension plans and Statement No. 68, Accounting and Financial Reporting for Pensions with the Board. GASB 67 provides for accounting with respect to PERS. GASB 68 provides for financial reporting by employers with respect to PERS. The Net Pension Liability is required to be reported on the employer's balance sheet. Net Pension Liability is total pension liability minus market value of assets and is a snapshot of unfunded liabilities as of a point in time. Mr. Ramirez also explained how Moody's is proposing standard adjustments in evaluating pension plans for public sector entities.

TIAA-CREF Update

Mr. Collins updated the Board on the efforts made by TIAA-CREF in response to the member survey, which included specific time frames and efforts. Mr. Collins indicated another survey will be done next year as well as a survey of the members enrolled in the 457 Companion Plan with TIAA-CREF. The Board had questions relating to this plan.

Defined Contribution Implementation

Ms. Knudsen reported the defined contribution for state employees was implemented on October 1. Staff is trained on internal processes and documents are available on the web. Staff continues to meet regularly to monitor and address any further action items. Enhancements have been identified for PERSLink and will be implemented when possible. To assist with the workload, a temporary employee will be hired.

Job Service Cost of Living Adjustment

Ms. Allen informed the Board that the Department of Labor publicized the cost of living adjustment index for the federal civil service plan at 1.5%. The Board is authorized under Article VII (3) of the Job Service Plan document to give an increase to Job Service annuitants based on what is provided to federal employees. The last increase for annuitants in this system was 1.7% effective December 1, 2012. It was also noted that this increase is less than the actuarially assumed increase and it represents a gain to the system.

MR. SANDAL MOVED APPROVAL OF A 1.5% COST OF LIVING ADJUSTMENT FOR JOB SERVICE ANNUITANTS EFFECTIVE DECEMBER 1, 2013. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Mr. Trenbeath, Ms. Smith, Ms. Ehrhardt, Ms. Wassim, Mr. Sandal, and Mr. Sage

Nays: None

Absent: Chairman Strinden

MOTION PASSED

Employee Contributions

Mr. Collins shared a NASRA Issue Brief that discussed changes in employee contributions which have occurred in the last several years.

GROUP INSURANCE

Medicare Retirees Trend Analysis

Mr. Collins reported that BCBS responded to a question from a previous Board meeting regarding why the Medicare trend was high. The trend chart shows that retiree trend has now decreased to 4.9% and it is now more in line with expectations.

UNUM Rate Adjustment Update

Ms. Allen updated the Board on the UNUM rate increase and that personalized notices will be sent to members with an explanation of why the rate was increased. Also, UNUM has provided an informational website where members can view information about the plan design, utilize a cost calculator and view or print enrollment materials and other necessary disclosure forms.

DEFERRED COMPENSATION

Investment Options Summary Booklet

Mr. Reinhardt informed the Board that the Investment Options Summary has been updated and is posted to the PERS website. The Summary includes information on all providers and the available investment options. The Board thanked staff for development of the comprehensive information for members.

MISCELLANEOUS

Benefits Committee Update

Mr. Collins updated the Board on the meeting that was recently held where long term care insurance considerations and other benefits issues were discussed. The next meeting of this committee will be in November or December.

Administrative Rules Update

Ms. Knudsen reported that a hearing will be held on November 6 and staff will update the Board at the next meeting.

Quarterly Consultant Fees

The quarterly consultant report for fees paid for the quarter ending September 30, 2013 was provided for information.

Mr. Collins handed out the Government Finance Committee agenda for next week. He shared a member letter with the Board relating to concerns about the retirement plan.

Mr. Sandal informed the Board that the SIB made an offer to Mr. David Hunter for the Chief Investment Officer position, that he has accepted the position and will begin employment in December.

Acting Chairman Sage called for any other business or comments. Hearing none, the meeting adjourned at 11:20 a.m.

Prepared by,

Cheryl Stockert
Assistant to the Board