

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

Wednesday, September 8, 2010

8:30 A.M.

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

Via Audit conference: Chairman Jon Strinden

Member Absent: Ms. Joan Ehrhardt

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Aaron, Webb, Office of Attorney General
Ms. Gisele Thorson, NDPEA, APT #4660
Mr. Pat Pechacek, Deloitte Consulting
Mr. Peter Roverud, Deloitte Consulting
Mr. Jim Schaefer, Gabriel Roeder Smith
Mr. Joe Easley, Ameritas
Ms. Kathy Graff, Ameritas
Mr. Jason Summers, Ameritas
Mr. Michael Reamer, Avesis
Mr. Jim Wegleitner, Avesis
Dr. Pete Liane, Avesis (via phone)
Mr. Ron Kemper, Superior Vision
Ms. Kimberley Hess, Superior Vision

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

VISION BID

Mr. Jim Schaefer, Gabriel Roeder Smith, reviewed with the Board the best and final offers from Ameritas, Avesis and Superior Vision Services. He also reviewed the Current Plan Design, Alternative Plan Designs I and II from the three proposers. The Board discussed the proposals and had questions relating to the plan designs and offers.

Representatives from Ameritas, Avesis and Superior Vision Services gave presentations on their vision products. The Board interviewed each company and discussed the information. The Board concurred that they needed further clarification on questions that were raised during the interviews. Staff will obtain further clarification from the vision proposers and bring this to the September 16 meeting for discussion and a final decision.

Copies of the presentations are available at the PERS office

HEALTH BID

Mr. Collins indicated to the Board they would have to determine if we should award the contract to BCBS, and determine its recommendation to the Governor on state rates for 2011-13. Mr. Pechacek and Mr. Roverud with Deloitte gave the Board some background on this two year bid and indicated BCBS met the requirements for award. BCBS was the only bidder. Prior to the meeting, Deloitte and staff had a conference call with BCBS and received updated information and clarifications. Deloitte also reviewed with the Board the premium projections, surplus estimates, buy down scenarios, and recommendations. The Board discussed the BCBS proposal and it was agreed the goal was to keep our grandfathered status.

MR. SANDAL MOVED TO ACCEPT THE BID FROM BCBS TO RENEW THE CONTRACT FOR GROUP HEALTH INSURANCE FOR TWO YEARS. THE MOTION WAS SECONDED BY MR. ERDMANN.

Ayes: Mr. Erdmann, Mr. Sage, Mr. Sandal, Mr. Trenbeath and Chairman Strinden

Nays: None

Absent: Ms. Ehrhardt and Ms. Smith

MOTION PASSED

Mr. Collins indicated to the Board there was need to further discuss the following issues with BCBS and the Board concurred: administrative fees (conversion charges, Accordant, and MyHealthCenter and Health Club Credit); risk/contingency fees; risk share arrangement; and performance guarantees.

Mr. Collins indicated to the Board that the recommendation to the Governor and OMB would be not to buy down less than the current premium rate of \$825.66, use what is necessary to help offset the cost of the retirement increase by having a low health premium and that the surplus should not be used for any other purpose except for the

benefit of the health fund. It is also recommended that NDPERS will establish a policy that only those groups or members on the plan in September 2010 would be eligible for the buy down. PERS will determine the official surplus estimate and report it to OMB and the Legislature for their consideration on how to use it. The Board concurred with this strategy.

PERSLink

Mr. Collins reported to the Board that since the last meeting, he and Mr. Webb, Assistant Attorney General, had a conference call with the bonding firm. They confirmed that one year after the go live date of October 4, PERS will have a discovery period to determine that the system is working as agreed. Extending the performance bond for two more months will give PERS two more months of discovery. The bond is not the only protection that PERS has. There is an acceptance period and warranty period in the contract with Sagitec. If, during the acceptance period, deficiencies are not corrected, PERS has the option to withhold payment of up to \$450,000. The Board discussed whether to require Sagitec to extend the performance bond for an additional two months through December 31, 2010.

MR. ERDMANN MOVED NOT TO EXTEND THE PERFORMANCE BOND FOR TWO MONTHS AND TO DETERMINE IF WE CAN RECEIVE ADDITIONAL BENEFITS FROM SAGITEC. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: Mr. Sandal and Mr. Trenbeath

Absent: Ms. Ehrhardt

MOTION PASSED

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 12:15 p.m.

Prepared by,

Cheryl Stockert
Secretary to the Board