

MINUTES

North Dakota Public Employees Retirement System

Bank of North Dakota Conference Room

Monday, January 5, 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 Conference Call: Chairman Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Jan Murtha, Attorney General's Office
Mr. Josh Johnson, Deloitte
Mr. Pat Pechacek, Deloitte

BCBSND Executive Session only
Ms. Becky Balk, Prime/BCBSND
Mr. Bill Karolski, Prime/BCBSND
Mr. Kent Wangsness, Prime/BCBSND
Mr. Tim Huckle, BCBSND
Mr. Kevin Schoenborn, BCBSND
Mr. Zack Keeling, BCBSND
Mr. Brad Bartle, BCBSND
Mr. Michael Potts, BCBSND
Mr. Pat Bellmore, BCBSND
Mr. Jim Wynstra, BCBSND

Sanford Health Plan Executive Session Only
Ms. Ruth Krystopolski, Sanford Health Plan
Mr. Jason Hubers, Sanford Health Plan
Ms. Cecily Tucker, Sanford Health Plan
Ms. Sarah Delaney, Sanford Health Plan

Via Conference Call: BCBSND Executive Session only
Ms. Onalee Sellhein, BCBSND
Ms. Jodi Crouse, BCBSND
Ms. Stacy Duncan, BCBSND
Ms. Sonja Nyhof, BCBSND
Ms. Chelsey Matter, BCBSND
Mr. Brent Solseng, BCBSND

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

Group Health Vendor Interviews

Staff Review of Proposals

MS. WASSIM 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 MR. SANDAL.

Ayes: Ms. Goodhouse, Mr. Sandal, Ms. A. Smith, Ms. Y. Smith, Mr. Trenbeath, 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 8:32 a.m.

The Board reconvened and returned to open session at 8:55 a.m.

Job Service Plan Asset Allocation

Mr. Collins reported that the NDPERS Investment Subcommittee studied de-risking the Job Service retirement plan which is a closed plan. The Subcommittee has been studying this plan and the recommendation is to change the return assumption from 8% to 7% with the long term perspective that it will be reduced further to between 5% and 6%. The Subcommittee also recommended moving the asset allocation to Portfolio B which has an expected return of 7% and is administered by SEI.

MR. TRENBEATH MOVED TO CHANGE THE RETURN ASSUMPTION FROM 8% TO 7% AND TO USE SEI AS THE ASSET MANAGER FOR THESE FUNDS. THE MOTION WAS SECONDED BY MS. Y. SMITH.

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

Nays: None

MOTION PASSED

BCBSND Presentation

Mr. Collins thanked BCBSND staff for their proposal and for attending the Board meeting.

MR. SANDAL MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-17.1(2) AND (5), 44-04-18.4(6), AND 44-04-19.2(1) AND (6) TO HEAR AND DISCUSS ORAL PRESENTATIONS REGARDING BIDS OR PROPOSALS RECEIVED BY A PUBLIC ENTITY IN RESPONSE TO A REQUEST FOR

PROPOSALS AND TO SEQUESTER ALL COMPETITORS IN A COMPETITIVE SELECTION OR HIRING PROCESS FROM THAT PORTION OF A PUBLIC MEETING WHEREIN PRESENTATIONS ARE HEARD OR INTERVIEWS ARE CONDUCTED. THE MOTION WAS SECONDED BY MS. A. SMITH.

Ayes: Ms. Goodhouse, Mr. Sandal, Ms. A. Smith, Ms. Y. Smith, Mr. Trenbeath, 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 9:05 a.m.

The Board reconvened and returned to open session at 10:30 a.m.

Proposed Legislation

Mr. Collins reviewed proposed amendments to the defined contribution bill which are to insure the funding of the integrity of the Trust. He explained that PERS will need to respond back to the legislature which will be very similar to the testimony given to the Government Finance Committee in September 2014 and will now include information relating to the amendments PERS is offering.

Mr. Collins explained that one of the amendments relates to setting aside monies to put directly in the Trust not the stabilization fund. The purpose of this amendment is to preserve the integrity of the Trust fund. The amendment provides for a Contingent Effective Date and a Contingent Expiration Date provision.

The other amendment provides a continuing appropriation to pay for the implementation costs. The final amendment relates to a methodological change relating to the transfer out from actuarial present value or employer/employee contributions plus interest to actuarial contributions or employer/employee contributions with interest.

Mr. Collins suggested adding a statement of legislative intent to this Bill. The statement would address an issue with PERS retirees and would include wording that if the Plan is closed, retirees will not receive an increase, and if this Bill would pass, it would be the intent of this legislature that our retirees should receive the same level of increases that are provided to TFFR retirees and the PERS open plan. Mr. Collins was seeking approval to move forward with these amendments. The Board discussed these amendments and testimony.

MS. Y. SMITH MOVED APPROVAL OF SUBMITTING THE AMENDMENTS TO SENATE BILL 2038 AND TO INCLUDE THE STATEMENT OF INTENT. THE MOTION WAS SECONDED BY MR. SANDAL.

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

Nays: None

MOTION PASSED

Mr. Collins indicated there was a bill submitted at the last Employee Benefits Committee by Representative Kasper. This bill provides the authority for PERS to set up its own preferred provider network. Mr. Collins indicated Deloitte has reviewed the bill and finds it to be beneficial. It will be heard before the Employee Benefits Committee tomorrow and Mr. Collins was seeking Board direction. The Board discussed this Bill.

MR. SANDAL MOVED APPROVAL FOR PERS TO SUPPORT THIS BILL. THE MOTION WAS SECONDED BY MS. Y. SMITH.

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

Nays: None

MOTION PASSED

Mr. Collins indicated to the Board that he would recommend taking a neutral position on Senate Bill 2039 and Senate Concurrent Resolution 4003 which relate to the stabilization fund and amending the state Constitution. The Board discussed and concurred to take a neutral position on these bills.

Sanford Health Plan Presentation

Mr. Collins thanked Sanford Health Plan staff for their proposal and for attending the Board meeting.

MR. SANDAL MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-17.1(2) AND (5), 44-04-18.4(6), AND 44-04-19.2(1) AND (6) TO HEAR AND DISCUSS ORAL PRESENTATIONS REGARDING BIDS OR PROPOSALS RECEIVED BY A PUBLIC ENTITY IN RESPONSE TO A REQUEST FOR PROPOSALS AND TO SEQUESTER ALL COMPETITORS IN A COMPETITIVE SELECTION OR HIRING PROCESS FROM THAT PORTION OF A PUBLIC MEETING WHEREIN PRESENTATIONS ARE HEARD OR INTERVIEWS ARE CONDUCTED. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Goodhouse, Mr. Sandal, Ms. A. Smith, Ms. Y. Smith, Mr. Trenbeath, 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 11:20 a.m.

The Board reconvened and returned to open session at 12:50 p.m.

Mr. Collins indicated it would be necessary to discuss further negotiating strategy with the Board.

MR. TRENBEATH 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. Trenbeath, Ms. Wassim, Ms. A. Smith, Mr. Sandal, Ms. Goodhouse, Ms. Y. Smith, 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 12:55 p.m.

The Board reconvened and returned to open session at 1:50 p.m.

Chairman Strinden called for any other comments. Hearing none, the meeting adjourned at 1:52 p.m.

Prepared by,

Cheryl Stockert
Assistant to the Board