

# MINUTES

## North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

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

Thursday, June 19, 2014

8:30 A.M.

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

Via Videoconference: Chairman Strinden

Member Absent: Mr. Howard Sage

Others Present: Mr. Sparb Collins, NDPERS  
Ms. Cheryl Stockert, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Ms. Deb Knudsen, NDPERS  
Ms. Kathy Allen, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Ms. MaryJo Steffes, NDPERS  
Ms. Mary Kae Kelsch, Attorney General's Office  
Ms. Onalee Sellheim, BCBSND  
Ms. Stacy Duncan, BCBSND  
Mr. Ron Leingang  
Ms. Yvonne Smith

Via Teleconference: Mr. Randy Gomez, Nyhart  
Mr. Patrick Pechacek, Deloitte

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

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

## **MINUTES**

Chairman Strinden called for any questions or comments regarding the minutes of the May 22, 2014 Board meeting.

**MR. SANDAL MOVED APPROVAL OF THE MAY 22, 2014 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. EHRHARDT. THE MINUTES WERE APPROVED.**

Chairman Strinden called for any questions or comments regarding the minutes of the May 29, 2014 special Board meeting.

**MR. TRENBEATH MOVED APPROVAL OF THE MAY 29, 2014 NDPERS SPECIAL BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. WASSIM. THE MINUTES WERE APPROVED.**

## **PRESENTATIONS**

### **OPEB Valuation**

Mr. Randy Gomez, Consulting Actuary with Nyhart, thanked the Board for hiring them for this effort. He reviewed the GASB 45 Actuarial Valuation as of July 1, 2013 with the Board. This valuation was done in accordance with GASB Statement 45 (Accounting and Financial Reporting for Employers for Post-Employment Benefits Other Than Pensions). He reviewed the GASB 45 results as of July 1, 2013 and 2014 compared to the last full valuation as of July 1, 2011. He explained what the Actuarial Accrued Liability (AAL), which is usually expected to increase, has decreased because of the elimination of the pre-Medicare health insurance as of July 1, 2015. Mr. Collins indicated that the state must report this liability.

### **Investment Update**

Mr. David Hunter, Executive Director/Chief Investment Officer, introduced himself to the Board. He presented the annual investment review. Specifically, he reviewed the following: PERS fund summary, asset allocation, PERS assets under management, fiscal year to date performance, PERS peer rankings, economic and capital market highlights, investment performance and attribution, and fiscal year activity. The Board had questions and discussed the investment report.

## **MISCELLANEOUS**

### **Board Election Results**

Ms. Allen reported that the ballots for the active and retiree candidates were tallied by the Election Committee on June 16. Mr. Sandal reported that Ms. Casey Goodhouse was elected the active member and Ms. Yvonne Smith was elected the retiree member and was seeking Board acceptance of these findings.

**MR. TRENBEATH MOVED APPROVAL OF THE ELECTION OF MS. GOODHOUSE AND MS. Y. SMITH. THE MOTION WAS SECONDED BY MS. A. SMITH.**

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

**Nays:** None

**Absent:** Mr. Sage

**MOTION PASSED**

**Budget**

Ms. Schiermeister reported that at the last meeting staff provided guidance from OMB regarding the 2015-17 biennium budget. The hold even budget applies to general funds not special funds. Since PERS is special funds, a restricted budget does not apply. Ms. Schiermeister shared base budget and optional budget request details with the Board. She reported that the base budget is increased by 2.14% over the hold even budget and that the optional budget is 17.64% increase over the hold even budget. The Board discussed the priorities of the optional budget with staff. It was determined that the electronic devices for the Board could be paid for at the end of this biennium.

**MS. SMITH MOVED APPROVAL OF THE BASE BUDGET AND THE OPTIONAL BUDGET. THE MOTION WAS SECONDED BY MR. TRENBEATH. MS. SMITH AMENDED THE MOTION BY INCLUDING PRIORITY RANKING OF THE OPTIONAL BUDGET ITEMS AND MR. TRENBEATH CONCURRED WITH THE AMENDED MOTION AND PRIORITY RANKING.**

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

**Nays:** None

**Absent:** Mr. Sage

**MOTION PASSED**

**Executive Director Review**

Chairman Strinden thanked the Board members for completing their evaluations and thanked Mr. Collins for his service and excellent work in leading the Board and staff through many new challenges. Chairman Strinden reported that six Board members completed a performance evaluation of Mr. Collins and the ratings came back very strong as they have in past years. Mr. Collins requested no greater than a 2% salary increase be granted because of budget constraints. Based on a favorable performance evaluation, the review committee recommended a 2% salary increase effective July 1, 2014.

**MS. WASSIM MOVED TO GRANT MR. COLLINS A SALARY INCREASE OF 2% EFFECTIVE JULY 1, 2014. THE MOTION WAS SECONDED BY MR. TRENBEATH.**

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

**Nays:** None

**Absent:** Mr. Sage

## **MOTION PASSED**

### **Legislative Employee Benefit Programs Committee**

Mr. Collins reported that the Legislative Employee Benefit Programs Committee met on June 5. There are five bills relating to PERS and a new bill was submitted to the Committee which would provide an opportunity to defined contribution plan members to rejoin the defined benefit plan (not a PERS bill).

### **Audit Committee Minutes**

The approved February 19, 2014 audit committee minutes were shared with the Board.

## **RETIREMENT**

### **Job Service Update**

Mr. Collins reported that the letters relating to the Job Service retirement program overpayments have been sent out to members.

### **DEFENSE OF MARRIAGE ACT (DOMA)**

Mr. Collins reported that PERS and TFFR had identified two law firms with expertise in the areas relating to public funds. Based upon a survey, it was determined that one of the firms, Ice Miller, is used by the most public funds. Ice Miller was contacted and staff requested a scope of work be submitted. In preliminary discussions, it was determined that complying with the provisions of DOMA will have to be done this legislative session. The Board concurred that staff should move forward with a contract with Ice Miller to assist with DOMA and the affordable care act issues.

### **GASB Update**

Mr. Collins indicated that in April it was reported to the Board that staff had developed an action plan to coordinate with TFFR and to contract with Eide Bailly, with costs to be shared with TFFR. A meeting has been scheduled for June 26 to review the GASB 67 and 68 financial reporting requirements at the Civic Center. A statewide meeting will be held in November. The contract has been reviewed by legal counsel.

**MS. SMITH MOVED APPROVAL OF THE CONTRACT WITH NORTH DAKOTA TEACHERS FUND FOR RETIREMENT AND EIDE BAILLY. THE MOTION WAS SECONDED BY MR. SANDAL.**

The Board further discussed this.

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

**Nays:** None

**Absent:** Mr. Sage

## **MOTION PASSED**

### **Defined Contribution Enrollments**

Mr. Reinhardt shared information with the Board relating to defined contribution plan enrollments. The defined contribution plan has been open to all new employees in October 2013, and since that time, 11 out of 713 members have elected to enroll. There currently are 219 active employees enrolled in the defined contribution plan.

### **DC Plans in the Public Sector**

Mr. Collins shared a report with the Board relating to the defined contribution plans in the public sector.

### **Data Request Update**

Mr. Collins updated the Board on the data request from the Legislative Council to Gallagher Benefits. By June 4 all data from PERS and Segal had been uploaded to secure sites for transfer.

## **GROUP INSURANCE**

### **Fully Insured Group Health Insurance Bid**

Mr. Collins indicated the first draft of the fully insured group health insurance bid was included in the Board books. In July, the self insured group health insurance bid will be brought to the Board. Group health insurance is usually bid as a six year bid, but since enactment of ACA, the Board has only approved two year bids. Mr. Collins reviewed the draft request for proposal for fully insured group medical and prescription drug coverage with the Board. The Board had suggested changes and requested review and approval of the final request for proposal. The Board concurred that a special Board meeting will be scheduled to review and approve the final request for proposal.

### **Healthy Blue Authorization**

Ms. Allen reported that based on suggestions by the Board at the April meeting, BCBS has incorporated proposed language in the HealthyBlue Authorization for Release of Information. Also, the member, who had expressed concerns relating to this authorization, was in agreement with the changes.

**MR. SANDAL MOVED APPROVAL OF THE AMENDED HEALTHYBLUE AUTHORIZATION FOR RELEASE OF INFORMATION – WELLNESS PROGRAMS. THE MOTION WAS SECONDED BY MS. SMITH.**

The Board further discussed this authorization.

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

**Nays:** None

**Absent:** Mr. Sage

## **MOTION PASSED**

### **Member Survey Results**

Ms. Sellheim, BCBSND, reviewed the member satisfaction results with the Board. The Board and staff had questions, with one area to be reported back which related to unresolved calls.

### **Superior Vision Rate Renewal**

Ms. Allen reviewed the Superior Vision rate renewal with the Board and reported that Deloitte reviewed the reasonableness of the rate increase. Deloitte indicated that the increase of 27% was reasonable given the plan's experience. The Board discussed the renewal options.

**MR. SANDAL MOVED THAT STAFF CONTACT SUPERIOR VISION TO REQUEST RECONSIDERATION OF THE RATE TO A LOWER RATE, AND THEN COUNTER OFFER TO EXTEND THE GUARANTEE PERIOD FROM TWO TO THREE YEARS IF THERE IS NO RATE DECREASE OFFERED OR IF IT IS NOMINAL. THE MOTION WAS SECONDED BY MS. WASSIM.**

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

**Nays:** None

**Absent:** Mr. Sage

## **MOTION PASSED**

### **House Bill 1443, Diabetes Coalition**

Mr. Collins shared the final North Dakota Diabetes Report with the Board. This report included information on diabetes-related efforts within various state agencies which was required by the 2013 legislature. Mr. Collins acknowledged the efforts of Ms. Tera Miller from the Department of Health who took the lead in coordinating the preparation of this report.

## **FLEX COMP**

### **ADP Renewal**

Ms. Allen provided a follow up to the May meeting indicating that, based on Board request, staff submitted a counter offer to ADP requesting they consider renewing the contract with no increase for the January 1 through December 31, 2015 plan in order to provide the Board the opportunity to assess efforts as set forth in their action plan. ADP responded and indicated they were willing to renew at the current rate for three years (January 1, 2015 through December 31, 2017). ADP developed the Second Amendment to the Master Services Contract for consideration.

**MR. TRENBEATH MOVED APPROVAL OF THE THREE YEAR RATE RENEWAL (JANUARY 1, 2015 THROUGH DECEMBER 31, 2017) AT THE CURRENT RATE. THE MOTION WAS SECONDED BY MS. SMITH.**

The Board discussed the motion.

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

**Nays:** Ms. Wassim and Mr. Sandal

**Absent:** Mr. Sage

### **MOTION PASSED**

Chairman Strinden thanked Mr. Sage and Ms. Ehrhardt for their service to the Board. He indicated there have been many challenging issues and they have represented members well. Mr. Collins presented Ms. Ehrhardt with a plaque in appreciation for her work.

Chairman Strinden 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