

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

Thursday, May 21, 2015

8:30 A.M.

Members Present: Ms. Casey Goodhouse
Mr. Mike Sandal
Ms. Arvy Smith
Ms. Yvonne Smith
Ms. Kim Wassim

Via Videoconference: Chairman Strinden

Member Absent: Mr. Thomas Trenbeath

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. MaryJo Steffes, NDPERS
Ms. Laura Balliet, Attorney General's Office
Ms. Lisa Carlson, Sanford Health Plan
Mr. Jason Hubers, Sanford Health Plan
Mr. Michael Klepatz, Sanford Health Plan
Ms. Nancy Kopp, ND Optometric Association
Mr. Stuart Savelkoul, ND United
Mr. Jim DeForest, Bismarck Fire Department
Mr. Dan Hurley, Bismarck Fire Department
Mr. Gerald Kulish
Mr. Alan Person

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

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

Chairman Strinden called for any questions or comments regarding the minutes of the April 16, 2015 Board meeting.

MS. WASSIM MOVED APPROVAL OF THE APRIL 16, 2015 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. GOODHOUSE AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

GROUP INSURANCE

Health Plan Implementation Update

Ms. Knudsen presented the Board with an update on the health plan implementation with Sanford Health Plan, reviewing the specific efforts in each area. Staff continues to meet weekly with the Sanford Health Plan team and BCBS transition team. Internal transition teams meet weekly or more often as necessary to address issues that require further efforts or where concerns and/or risks have been identified.

Ms. Carlson, Sanford Health Plan, introduced Mr. Mike Klepatz, the new NDPERS Account Executive. She updated the Board on implementation efforts. Mr. Klepatz spoke with the Board and provided information about himself and his experience. The Board thanked Sanford Health Plan representatives and PERS staff for their hard work in the implementation efforts these past few months. The Board had questions of Sanford Health Plan staff.

EAP Update

Mr. Reinhardt reported that four proposals were received for the Employee Assistance EAP for the 2015-17 biennium – St. Alexius, The Village, Deer Oaks, and Live Well Solutions. They are the four existing providers. Each agency will select their provider for the biennium. The Board had questions of staff relating to the selection process.

MR. SANDAL MOVED APPROVAL OF THE FOUR EMPLOYEE ASSISTANCE PROGRAM PROVIDERS FOR THE 2015-17 BIENNIUM. THE MOTION WAS SECONDED BY MS. Y. SMITH.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Certificates of Insurance and Summary of Benefits

Ms. Allen referenced the documents in the Board book and indicated they were filed with the State Insurance Department for approval. The Board had suggestions relating to the notice of privacy practices and covered immunizations. Ms. Carlson, Sanford Health Plan, explained that the notice of privacy practices is patterned after model language. The Board had questions relating to the review of these documents by the Insurance Commissioners Office that was further explained by staff.

RETIREMENT

Experience Study Results

Mr. Collins indicated that Mr. Brad Ramirez, Segal, was at the meeting to review the Experience Study results with the Board. The goal is to review the information with Mr. Ramirez and then determine how to proceed going forward.

Mr. Ramirez explained the reasons an experience study is conducted and that the current study is based on the period July 1, 2009 through June 30, 2014. The last experience study for PERS and HPRS was done in 2009. He explained that Segal's role is to make the appropriate best estimate recommendations to the Board for each assumption. The assumptions are the Board's responsibility. Mr. Ramirez reviewed the analysis and recommendations with the Board. Mr. Collins outlined to the Board what additional guidance will occur before any changes, if any, are made to the assumptions. He indicated this will be on the June agenda along with the review of the Investment Report by Mr. Hunter of the Retirement and Investment Office. Segal will develop information on what impact any changes in assumptions could have on Governmental Accounting Standards reporting. Mr. Collins indicated there could be an additional cost out of the scope of the current contract to research and prepare a GASB update. The Board concurred.

DC 401(a) Reporting

Mr. Reinhardt provided an update to the Board on the defined contribution 401(a) enrollments through April 2015. Only 48 out of 1,969 members have elected to enroll in the defined contribution plan since October 2013.

RHIC Implementation Update

Mr. Reinhardt provided the RHIC implementation progress to the Board. Staff continues to work with the vendor ASIFlex and the implementation is moving along on target. Ms. Fricke reported the informational mailing has generated a larger than normal volume of calls into the Member Services unit. A temporary staff has been hired and measures were put in place to ensure the calls are taken care of as efficiently as possible.

RHIC Nondiscrimination Testing

Mr. Reinhardt reported that staff and Segal determined that the IRC 105(h) nondiscrimination rules apply to the retiree health insurance credit (RHIC) plan. Since all full-time employees automatically participate in the RHIC plan, the plan should pass the eligibility test under IRC 105(h).

Investment Update

Mr. Collins indicated this would be discussed in detail at the July meeting.

DEFERRED COMPENSATION & DEFINED CONTRIBUTION

457 Plan Transfer

Ms. Steffes reported to the Board that members in the Fire Pension plan with the City of Bismarck are requesting they be allowed to transfer funds from the NDPERS 457 deferred compensation plan for the purchase of service credit in the City of Bismarck Fire Pension Plan. The City of Bismarck has a defined benefit 401(a) fire pension plan and participates as a group in the NDPERS 457 plan. Based on guidance received from legal counsel and Segal, the transfer from the statewide 457(b) plan to the Bismarck 401(a) defined benefit plan to purchase service credit would be permitted under IRS rules for service purchases. Legal counsel determined there is a discrepancy between the deferred compensation plan document and the administrative rules. Administrative rules do not allow the proposed transfer. Segal is working on a project to restate both the Deferred Compensation Plan and Companion Plan documents which will utilize the IRS model language for governmental 457(b) plans where in-service transfer for service purchase would clearly be permitted using that language. Ms. Steffes indicated staff has developed three options that could address this situation. Ms. Balliet, Attorney General's Office, reiterated that all three options would be acceptable, with no option preferable from a legal standpoint. It is a policy decision for the Board as to which approach to take.

MR. SANDAL MOVED TO ALLOW THE PLAN TO PLAN TRANSFER PURSUANT TO OPTION 1 (NDAC SECTION 71-03-03-07 DOES NOT APPLY) AND DIRECTED STAFF TO REVIEW AND CLARIFY ADMINISTRATIVE RULES AS APPROPRIATE BASED ON THIS INTERPRETATION. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Quarter 1 Investment Report

Mr. Reinhardt presented the 1st quarter investment report for the 401(a) and 457 Companion Plan. Assets in both plans have increased. The Investment Subcommittee met to review the plan and recommended that T.Rowe Price Equity Income Fund (PRFDX) be put on formal fund review.

MS. WASSIM MOVED THAT T.ROWE PRICE EQUITY INCOME FUND BE PLACED ON FORMAL FUND REVIEW. THE MOTION WAS SECONDED BY MS. Y. SMITH.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

MISCELLANEOUS

Legislation Update

Mr. Collins reviewed the PERS legislative update. SB 2022, PERS budget bill, did not get finalized this last session and staff is awaiting an Attorney General's opinion to determine how to proceed.

APPEALS

Group Insurance Appeal Case #252

Ms. Allen reported to the Board that the member was appealing the underpayment of insurance benefits and that the member is present at the meeting today.

MS. WASSIM MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.2(1) AND 54-52.1-11 TO DISCUSS CONFIDENTIAL MEMBER INFORMATION. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

Ayes: Ms. Goodhouse, Mr. Sandal, Ms. A. Smith, Ms. Y. Smith, Ms. Wassim, 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 10:50 a.m.

The Board returned to open session at 11:02 a.m.

MR. SANDAL MOVED THAT THE BOARD RELEASE THE MEMBER FROM THE LIABILITY PURSUANT TO 71-03-05-09(2)(a). THE MOTION WAS SECONDED BY MS. Y. SMITH.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Deferred Compensation Hardship Case #248

Ms. Allen reported to the Board that the member was requesting a hardship withdrawal in the amount of \$2,115 to cover expenses related to orthodontic treatment and braces for a dependent. She reviewed the details of the request with the Board and the Board discussed the case.

MS. WASSIM MOVED TO DENY THE APPEAL. THE MOTION WAS SECONDED BY MS A. SMITH.

Ayes: Ms. Goodhouse, Mr. Sandal, Ms. Wassim, Ms. Y. Smith, Ms. A. 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 11:15 a.m.

Prepared by,

Cheryl Stockert
Assistant to the Board