

## **MINUTES**

**North Dakota Public Employees Retirement System  
ND Association of Counties – 1661 Capitol Way, Bismarck  
Tuesday, March 12, 2019  
8:30 A.M.**

Members Present: Chairman Mark Dosch  
Senator Dick Dever  
Ms. Casey Goodhouse  
Mr. Adam Miller  
Ms. Kim Wassim  
Mr. Dirk Wilke  
Ms. Yvonne Smith  
Mr. Troy Seibel

Via Phone: Representative Anderson

Others Present: Mr. Scott Miller, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Ms. Jan Lund, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Mr. Derrick Hohbein, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Ms. MaryJo Anderson, NDPERS  
Ms. Aime Miller, NDPERS  
Ms. Sharon Kaiser, NDPERS  
Ms. Gail Soderberg, NDPERS  
Mr. Anders Odegaard, Office of Attorney General  
Mr. Aaron Knode, TIAA  
Mr. Paul Krajcir, TIAA  
Mr. Steve Webster, SHP  
Mr. Mike Klepatz, SHP  
Mr. Danny Weiss, SHP  
Ms. Lisa Carlson, SHP  
Mr. Kevin Schoenborn, BCBS

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

Chairman Dosch called for any questions or comments regarding the minutes of the February 12, 2019, meeting.

**SENATOR DEVER MOVED APPROVAL OF THE MINUTES FOR THE FEBRUARY 12, 2019, MEETING. THE MOTION WAS SECONDED BY MS. SMITH AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.**

## **PRESENTATIONS**

Deferred Compensation Plan Overview

The Board previously indicated an interest in learning more about NDPERS programs and services being offered to members. Ms. MaryJo Anderson presented an overview of the NDPERS 457 Deferred Compensation Plan, a pre-tax voluntary supplemental retirement plan. Her presentation covered enrollment options, a pre-tax versus after-tax savings comparison, annual deferral limits, eligible contributions and distributions, and the Portability Enhancement Provision (PEP). Discussion followed.

#### TIAA Annual Update

Mr. Aaron Knodel and Mr. Paul Krajcir were present at the Board meeting to discuss the 2019 communication and employee engagement plan that outlined targeted education and one-on-one support tailored to individual needs. Mr. Knodel shared information about TIAA's 'Begin Smart, Grow Smart, Stay Smart' approach to employee engagement. Mr. Krajcir reviewed the TIAA Outcome Assessment for 2018, an approach to measuring plan effectiveness and employee's retirement readiness. He also provided several updates to topics discussed at previous board meetings: 1) TIAA will continue to offer evening counseling appointments to better serve plan participants; 2) An Active Choice election was added to the open enrollment process in 2018 which resulted in a 6.6% increase in supplemental retirement savings; 3) The market decline occurring in December was showing signs in February and March of rebounding—diversification helped to weather the drop; 4) TIAA is still remediating internally concerning an article in the New York Times about fiduciary responsibilities, and TIAA will report again as more information becomes available. Discussion followed.

### **RETIREMENT**

#### TIAA Contract Renewal/Amendment

Ms. Anderson reviewed board discussion from the January 2019 meeting when the contract was renewed for another two years. Ms. Anderson reported that the renewal amendment has been reviewed by legal counsel and TIAA and is ready for the Board's approval.

**MS. SMITH MOVED TO APPROVE THE TIAA RENEWAL AGREEMENT FOR THE 401(A) DEFINED CONTRIBUTION AND 457 DEFERRED COMPENSATION COMPANION PLAN PROGRAMS. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Representative Anderson, Mr. Seibel, Senator Dever, Ms. Wassim, Mr. Adam Miller, Mr. Wilke, Ms. Smith and Chairman Dosch.

**Nays:** None

**Absent:** None

### **MOTION PASSED**

#### Quarterly Investment Report

Mr. Reinhardt presented the 4<sup>th</sup> Quarter 2018 investment report for the 401(a) & 457 Companion Plans as reviewed by the NDPERS Investment Subcommittee. The

Investment Subcommittee recommends making several fund changes. Mr. Scott Miller indicated this agenda item has been noticed as Executive Session for discussion between a governing body and its attorney should the Board wish to discuss the matter in closed session.

**MS. SMITH MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.1 FOR DISCUSSION BETWEEN A GOVERNING BODY AND ITS ATTORNEY IN INSTANCES IN WHICH THE GOVERNING BODY SEEKS OR RECEIVES THE ATTORNEY'S ADVICE. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Mr. Seibel, Representative Anderson, Senator Dever, Ms. Wassim, Mr. Adam Miller, Mr. Wilke, Ms. Smith and Chairman Dosch.

**Nays:** None

**Absent:** None

#### **MOTION PASSED**

All trustees and PERS staff named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:14 a.m.

The Board returned to open session at 10:21 a.m.

**MS. WASSIM MOVED TO APPROVE THE INVESTMENT SUBCOMMITTEE RECOMMENDATION AS PRESENTED: 1) TO CLOSE THE ALLIANZ NFJ SMALL CAP FUND (PVADX) AND REPLACE IT WITH THE NORTHERN SMALL CAP VALUE FUND (NOSGX) IN THE 401(A) AND 457 COMPANION PLAN CORE FUND LINEUP; 2) TO CLOSE THE FRANKLIN MUTUAL DISCOVERY FUND (MDISX) AND REPLACE IT WITH THE AMERICAN FUNDS NEW PERSPECTIVE (RNPEX) IN THE 401(A) AND 457 COMPANION PLAN CORE FUND LINEUP; 3) TO CLOSE THE PIMCO REAL RETURN FUND (PARRX) AND REPLACE IT WITH THE MASSMUTUAL PREMIER INFLATION PROTECTION FUND IN THE 401(A) AND 457 COMPANION PLAN CORE FUND LINEUP. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Ms. Goodhouse, Mr. Seibel, Senator Dever, Ms. Wassim, Mr. Adam Miller, Mr. Wilke, Ms. Smith, Representative Anderson and Chairman Dosch.

**Nays:** None

**Absent:** None

#### **MOTION PASSED**

Mr. Reinhardt noted that communication will go out to members affected by the changes, and that investments will be mapped to other funds.

Investment Policies

During the last NDPERS Investment Subcommittee meeting, the Retirement and Investment Office (RIO) proposed making a change to the investment policy for the Main Plan. RIO suggested removing the following restriction from the policy: 7. Restrictions, G. Publicly traded REITS may not be used in the Real Estate asset allocation.

Mr. Reinhardt provided a copy of the Investment Policy reflecting the proposed change, and a revision to list Mr. Scott Miller as Executive Director, was provided for the Board's review. Discussion followed.

**MR. SEIBEL MOVED TO APPROVE THE INVESTMENT SUBCOMMITTEE SUGGESTION TO REMOVE ITEM "G. PUBLICLY TRADED REITS MAY NOT BE USED IN THE REAL ESTATE ASSET ALLOCATION" FROM SECTION 7. RESTRICTIONS. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Mr. Seibel, Senator Dever, Ms. Wassim, Mr. Adam Miller, Mr. Wilke, Representative Anderson, Ms. Smith and Chairman Dosch.

**Nays:** None

**Absent:** None

## **MOTION PASSED**

### Retiree Health Insurance Credit (RHIC) ASIFlex Contract Renewal/Amendment

Ms. Anderson reviewed discussion from the January 2019 meeting when the Board renewed the contract with ASIFlex for another two years for the period July 1, 2019 through June 30, 2021. Ms. Anderson reported that the renewal amendment has been reviewed by legal counsel and ASIFlex and is ready for the Board's approval.

**MS. WASSIM MOVED TO APPROVE THE RENEWAL CONTRACT WITH ASIFLEX FOR THE RHIC PROGRAM. THE MOTION WAS SECONDED BY MS. GOODHOUSE.**

**Ayes:** Ms. Goodhouse, Mr. Seibel, Senator Dever, Representative Anderson, Ms. Wassim, Mr. Adam Miller, Mr. Wilke, Ms. Smith and Chairman Dosch.

**Nays:** None

**Absent:** None

## **MOTION PASSED**

THE BOARD TOOK A SHORT BREAK FROM 10:34 A.M. TO 10:41 A.M.

## **GROUP INSURANCE**

### Employee Assistance Program (EAP) 2018 Utilization

EAP is a prepaid service and currently there are four vendors contracted to provide this service to state employees and their families. The 2018 self-reported EAP utilization

chart included statistics broken down by vendors for case types such as psychiatric, family/personal, work problems, financial/legal, drugs/alcohol and other/unknown. Mr. Reinhardt noted that the overall utilization rate is at 6.6%. Discussion followed.

#### Employee Assistance Program (EAP) Request for Proposal (RFP)

Mr. Reinhardt reviewed a draft of the RFP for the EAP renewal for 2019-2021 and the proposal timeline. NDPERS issues the RFP every other year. Each agency is the focal point for the decision on which EAP vendor would be the most appropriate for their employees. EAP vendors that can successfully meet the requirements in the RFP and provide the service at or below the specified price, are placed on a list of qualified vendors. Each agency is offered the list and can select one vendor from that list to provide services for that agency.

For the existing EAP vendors, staff is proposing that the providers be allowed to file a renewal instead of having to do an entirely new proposal. Renewal bids, and any new proposals, will be reviewed with the Board at the May meeting. Notice would then be sent to agencies allowing them to select a vendor.

#### **MS. WASSIM MOVED TO APPROVE THE EMPLOYEE ASSISTANCE PROGRAM RENEWAL PROCESS. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Ms. Goodhouse, Representative Anderson, Mr. Seibel, Senator Dever, Ms. Wassim, Mr. Adam Miller, Mr. Wilke, Ms. Smith and Chairman Dosch.

**Nays:** None

**Absent:** None

#### **MOTION PASSED**

#### 2018 Sanford Health Plan Claims Review

Mr. Reinhardt reported that the annual audit to check the accuracy of the health plan claims processing was conducted in late January. The audit looked at a select sample of 100 claims from specific areas. The Board was provided with details regarding the findings. Discussion followed.

#### Retiree Insurance Part G Option

Ms. Fricke summarized discussion from the November 29<sup>th</sup> Retiree Benefits Committee meeting regarding whether NDPERS should offer a Part G Plan. The Committee made the following observations: 1) Premium for a Part G plan would be lower; 2) Only difference from Part F plan is that Part G plan has a deductible for Part B services (physician/clinic); 3) Current projections show that reduction in premium will cover the cost of the deductible, however, the committee recognized that this may not always be the case as deductibles might change each year; and 4) May cause confusion when retirees start getting a bill for the deductible portion. The committee concluded it would be best to continue to only offer the Part F plan. Discussion followed. Staff was directed to continue to monitor a Part G Plan offering.

Life Plan Renewal/Rebid

Ms. Fricke reviewed several plan enhancements from Voya as a part of their bid. Because of the enhancements, NDPERS staff continues to see increased activity from membership to increase their coverage levels for employee, dependent and spouse supplemental coverage. Premiums are driving an increase during open enrollment with an overall number of 1,700 new increases from members.

**SENATOR DEVER MOVED TO AMEND THE CURRENT CONTRACT TO RENEW WITH VOYA FOR THE GROUP LIFE INSURANCE PLAN FOR THE PERIOD JULY 1, 2019 THROUGH JUNE 30, 2021. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Mr. Seibel, Senator Dever, Ms. Wassim, Mr. Adam Miller, Representative Anderson, Mr. Wilke, Ms. Smith and Chairman Dosch.

**Nays:** None

**Absent:** None

**MOTION PASSED**

Vision Plan Renewal/Rebid

Ms. Fricke provided information regarding Superior Vision's current rates, member utilization and a decrease in premium guaranteed through December 31, 2023. Discussion followed.

**MS. SMITH MOVED APPROVAL TO AMEND THE CURRENT CONTRACT TO RENEW WITH SUPERIOR VISION FOR THE GROUP VISION INSURANCE PLAN CONTRACT FOR THE PERIOD JANUARY 1, 2020, THROUGH DECEMBER 31, 2021. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Mr. Seibel, Senator Dever, Ms. Wassim, Representative Anderson, Mr. Adam Miller, Mr. Wilke, Ms. Smith and Chairman Dosch.

**Nays:** None

**Absent:** None

**MOTION PASSED**

Sanford Health Plan (SHP) Pharmacy Benefit Manager (PBM) Transition Update

Mr. Scott Miller stated he continues to receive inquiries from interested parties and Legislators regarding the PBM transition.

Mr. Steve Webster and Mr. Danny Weiss updated the Board on issues reported with the PBM transition. Mr. Weiss indicated SHP is not hearing concerns from members and the call volume is low in the SHP Fargo call center. Ms. Fricke echoed that NDPERS is not hearing dissatisfaction from members. Mr. Weiss noted there is a slight decline in total interactions with pharmacies and that nine open issues last month is down to five.

Mr. Weiss informed the Board of an issue with two recent mailings from OptumRx to NDPERS membership regarding prescription mail order availability and specialty medication. The letters were not a message that SHP support and Sanford is now meeting with Optum Rx marketing staff on a regular basis to work together on future communications. It was noted that the letters were not generating calls to the NDPERS office or SHP Fargo call center and no further follow-up is necessary.

#### Sanford Health Plan (SHP) Renewal Repricing Update

SHP reviewed the NDPERS renewal increase using one year of incurred claims through December 31, 2018, with claim payments through January 31, 2019. As standard practice, SHP re-evaluates each February prior to the biennium renewal to assess whether favorable claims experience warrants a lower renewal increase. Ms. Fricke reported that Sanford Health Plan still supports the original rate increase calculations and that a lower rate increase is not warranted. Discussion followed.

### **MISCELLANEOUS**

#### Legislative Update

Mr. Scott Miller provided a summation of the status of several bills filed with the Legislative assembly that would directly affect NDPERS if passed. The Board had questions about HB 1374, Department of Human Services Pharmacy Benefits Management Program, and a proposed amendment which would make NDPERS participation optional and not mandatory.

For more information on the bills and links to testimony presented, the Board was invited to visit the NDPERS website: <https://ndpers.nd.gov/legislation-update>.

Discussion followed.

#### Audit Committee Meeting Minutes

This agenda item was included in board materials as informational and was not reviewed.

### **MEMBER**

#### Hardship Withdrawal Case #558

Mr. Scott Miller indicated that this agenda item has been noticed as Executive Session.

**MS. WASSIM MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.2 AND §44-04-19.2(1) TO DISCUSS CONFIDENTIAL MEMBER INFORMATION. THE MOTION WAS SECONDED BY MR. WILKE.**

**Ayes:** Ms. Goodhouse, Representative Anderson, Mr. Seibel, Mr. Adam Miller, Mr. Wilke, Ms. Wassim, Ms. Smith and Chairman Dosch.

**Nays:** None

**Absent:** Senator Dever

**MOTION PASSED**

All trustees and PERS staff named above were in attendance and the member was present by phone for the Executive Session (closed meeting, electronically recorded) which began at 12:00 p.m.

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

**MR. SEIBEL MOVED TO APPROVE THE MEMBER'S REQUEST FOR A HARDSHIP WITHDRAWAL FROM THE 457 DEFERRED COMPENSATION ACCOUNT TO AN AMOUNT UP TO WHERE THE MEMBER WOULD NET \$12,269.07. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Ms. Goodhouse, Representative Anderson, Ms. Wassim, Ms. Goodhouse, Mr. Adam Miller, Mr. Wilke, Ms. Smith and Chairman Dosch.

**Nays:** None

**Absent:** Senator Dever

**MOTION PASSED**

Chairman Dosch called for any other business or comments. Hearing none the meeting was adjourned at 12:18 p.m.

Prepared by,

Jan Lund  
Assistant to the Board