

# **MINUTES**

## **North Dakota Public Employees Retirement System**

**ND Association of Counties, Bismarck**

**Thursday, October 19, 2017**

**8:30 A.M.**

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

VIA Conference phone: Dr. Tim Donelan, Sanford Health  
Mr. Lance Weiss, GRS

Others Present: Mr. Sparb Collins, NDPERS  
Ms. Jan Lund, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Ms. Kathy Allen, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Mr. Derrick Hohbein, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Ms. Aime Miller, NDPERS  
Ms. Mary Ann Welder, NDPERS  
Ms. MaryJo Steffes, NDPERS  
Ms. Robin Mistelski, NDPERS  
Ms. Jan Murtha, Office of the Attorney General  
Mr. Steve Webster, SHP  
Mr. Mike Klepitz, SHP  
Mr. Kirk Zimmer, SHP  
Ms. Amy Williams, GRS  
Mr. Kevin Schoenborn, BCBSND  
Mr. Darren Schulz, RIO

Absent: Representative Pamela Anderson

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

Chairman Dosch called for any questions or comments regarding the minutes of the September 21, 2017.

**MS. SMITH MOVED APPROVAL OF THE SEPTEMBER 21, 2017, NDPERS BOARD MEETING MINUTES AS CORRECTED. THE MOTION WAS SECONDED BY MR. SEIBEL AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED AS CORRECTED.**

Chairman Dosch called for any questions or comments regarding the minutes of the September 29, 2017, Special Board Meeting.

**MS. WASSIM MOVED APPROVAL OF THE SEPTEMBER 29, 2017, NDPERS BOARD MEETING MINUTES AS CORRECTED. THE MOTION WAS SECONDED BY MS. TUFTE AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED AS CORRECTED.**

## **PRESENTATIONS**

### Actuarial Valuations

Amy Williams, Gabriel Roeder Smith (GRS) presented an in-depth review of the July 1, 2017 Actuarial Valuation Results. Discussion followed. It was noted that this information will also be presented to the Legislative Employee Benefits Programs Committee on October 26.

The Board took a short recess at 10:03 a.m. to recognize Mr. Collins on his retirement effective October 31st. The Board thanked Mr. Collins for 28 years of dedicated service to NDPERS and its membership.

### Annual Investment Report

Darren Schulz, Deputy Chief Investment Officer, ND Retirement & Investment Office (RIO) reviewed the annual performance report which included investment returns and asset allocation data as well as information regarding all significant or material matters and changes pertaining to the investment of the Pension Funds. He also presented a fixed income structure proposal which has been referred to the Investment Subcommittee for further review. Discussion followed.

## **RETIREMENT**

### Job Service COLA

Ms. Allen provided information regarding the COLA index for the Federal Civil Service. A 2% COLA increase is indicated for the Job Service retirees paid by NDPERS as well as for the Job Service retirees paid by MetLife. The increase would be effective December 1, 2017. The last increase for annuitants in this system was 0.3 effective December 1, 2016.

The actuarial assumption used in the annual valuation for the COLA is 2.5% per year; therefore, the 2% increase represents a gain to the system.

**MS. SMITH MOVED APPROVAL OF THE 2% COLA INCREASE FOR JOB SERVICE ANNUITANTS. MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Ms. Smith, Mr. Seibel, Ms. Wassim, Senator Dever, Mr. Miller, Ms. Tufte and Chairman Dosch.

**Nays:** None

**Absent:** Representative Anderson

**MOTION PASSED**

GASB 74-75 Update

Mr. Hohbein presented information regarding the Governmental Accounting Standards Board (GASB) two new standards issued in 2015 that will change the accounting and financial reporting of systems that offer other post employment benefits (OPEB) and the state and local governments that participate in such plans. The Retiree Health Insurance Credit (RHIC) plan which NDPERS administers is covered under these standards.

Implementation of these standards will require additional audit work by PERS external audit firm CliftonLarsonAllen (CLA) and will require an amendment to the current audit contract. The state auditor's office requested an amendment to the contract, and agreed to a cost of \$17,500 and includes an audit of the census data as part of the 6/30/17 audit of the RHIC plan. These standards also require additional work by the actuary Gabriel Roeder Smith & Company (GRS) who will need to allocate the unfunded liability to each of the participating employers by providing a Schedule of OPEB amounts by Employer. The additional fee for GRS to provide these services for the fiscal year ending 6/30/17 is \$7,500.

TIAA Contract

Ms. Allen outlined the board action taken at the June meeting regarding approval of the TIAA contract which was subject to review by legal counsel. Ms. Allen explained a proposed addition to the agreement to build in administrative fees to cover any shortfall amount.

**SENATOR DEVER MOVED APPROVAL OF THE ADDITION OF WORDING TO THE TIAA CONTRACT. MOTION WAS SECONDED BY MS. GOODHOUSE.**

**Ayes:** Ms. Goodhouse, Ms. Smith, Mr. Seibel, Ms. Wassim, Senator Dever, Mr. Miller, Ms. Tufte and Chairman Dosch.

**Nays:** None

**Absent:** Representative Anderson

**MOTION PASSED**

## **GROUP INSURANCE**

### Applied Behavioral Analysis

Mr. Collins reviewed discussion from the August meeting and provided information in response to several questions that the staff was asked to follow-up on. The questions included: 1) does the Board have the authority to add this coverage? 2) what coverage is BCBS going to offer in their plans? and 3) does PERS provide expanded coverage in this area already through speech therapy benefits? Discussion followed.

**MS. WASSIM MOVED TO APPROVE ADDING COVERAGE FOR APPLIED BEHAVIORAL ANALYSIS TO THE PERS PLAN EFFECTIVE JANUARY 1, 2018, AND FUND IT FROM RESERVES. THERE WAS NO SECOND RECORDED.**

**MOTION FAILED.**

**THE BOARD PROVIDED DIRECTION TO STAFF TO BRING THE TOPIC BACK FOR DISCUSSION AT THE DECEMBER MEETING.**

### Dental RFP

Mr. Reinhardt reported that staff and the consultant, Conduent, have begun work on the RFP for the dental plan. The timeline was shared with the Board.

### Claims Processing Review

Mr. Reinhardt reported on results of the annual review to verify accuracy of the health plan claims processing which was conducted on September 1 at the Sanford Corporate office in Fargo. The member cost sharing for the institutional and professional audit claims were found to have been applied correctly. An error in the processing of a pharmacy claim was discovered. ESI indicated they are fixing the error and Sanford requested a summary of the issue including corrective actions being taken. Discussion followed.

### Health Statutes

Mr. Collins shared the information he presented to the Health Care Reform Committee and the Legislative Employee Benefits Committee concerning the statutory requirements that PERS must meet in bidding out the health plan.

### About the Patient

Mr. Collins reviewed discussion and board action taken at a recent meeting regarding the renewal of the About the Patient Program for the 2017-19 biennium and provided follow up information on the following questions: 1) Does state statute require PERS to offer this program? and 2) Has the effectiveness of this program been reviewed and is there an estimate of return on investment? Further discussion followed.

**THE BOARD PROVIDED DIRECTION TO STAFF TO BRING THE TOPIC BACK FOR DISCUSSION AT THE DECEMBER MEETING.**

## **DEFERRED COMP**

### Investment Options Summary

Mr. Reinhardt reported that the updated Investment Options Summary for the 457 Deferred Compensation Plan is now available on the NDPERS website. The summary contains information on the providers and investment options available in the plan.

## **FLEXCOMP**

### FlexComp Plan Document

Ms. Allen reviewed information provided at the April meeting regarding updates to the FlexComp Plan Document. Staff requested Groom Law to review the plan document and identify any other areas that may require updating to ensure compliance with the Section 125 regulations. Groom Law made various revisions regarding citing specific IRS 125 code sections as they apply to provisions already included in our document as well as some corrections to language contained in the document. None of the Groom recommendations represented any material change to the provisions or administration of the plan. The document was also reviewed and approved by legal counsel.

**MS. SMITH MOVED TO APPROVE THE RESTATED FLEXCOMP PLAN DOCUMENT EFFECTIVE JANUARY 1, 2018. MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Ms. Smith, Mr. Seibel, Ms. Wassim, Senator Dever, Mr. Miller, Ms. Tufte and Chairman Dosch.

**Nays:** None

**Absent:** Representative Anderson

## **MOTION PASSED**

## **MISCELLANEOUS**

### Transition Update

Mr. Collins provided an update of EFL Associates activities in the Executive Director Recruitment process. The search firm has questions regarding salary range, benefits and moving expenses. Discussion followed. The Board deferred decisions to the Transition Subcommittee who will work with the search firm concerning these topics. The Transition Subcommittee will also be involved in the initial screening of the list of applicants provided by EFL, and will make a recommendation to the full board regarding interviews of the top candidates.

### 2018 Board Meeting Dates

Staff was asked to consider changing board meeting dates for 2018 to the second Tuesday. Ms. Schiermeister reviewed a list of proposed dates and noted that all meetings are scheduled to be held at the North Dakota Association of Counties conference room unless noted otherwise. It was pointed out that August 23rd is a Thursday. Once the

dates are confirmed, the dates will be posted with the Secretary of State's office and set up on Outlook calendars.

**THE BOARD CHANGED THE DATE OF THE DECEMBER 2017 MEETING TO TUESDAY, DECEMBER 12.** Jan will secure a location and send out a meeting notice.

Electronic Payment Policy

Mr. Hohbein summarized discussion from the September 2017 Board meeting regarding a proposed Electronic Payment Policy. Staff reviewed different incoming and outgoing payment streams, the demographics for those receiving and making payment by check and the OMB policy. Mr. Hohbein provided an overview of staff recommendations for the following groups: new retirees, existing retirees, refunds & rollovers, flex comp reimbursements, individual insurance billings for new retirees, individual insurance billings for existing retirees, individual insurance billings for COBRA coverage, individual insurance billings TFFR /Higher Ed Retirees and Employer Payments.

**MS. SMITH MOVED TO APPROVE THE ELECTRONIC PAYMENT POLICY AS PRESENTED, AND THAT STAFF PURSUE IMPLEMENTING A RELOADABLE CARD AS A PAYMENT OPTION FOR RETIREES. MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Ms. Smith, Mr. Seibel, Ms. Wassim, Senator Dever, Mr. Miller, Ms. Tufte and Chairman Dosch.

**Nays:** None

**Absent:** Representative Anderson

**MOTION PASSED**

November Meeting

Mr. Collins outlined the proposed schedule for the November Board meeting to be held in Fargo. The Board is scheduled to meet with BCBS to hear what new programs and services they are providing. Following that meeting the Board and staff will tour the new Sanford Hospital. The NDPERS board meeting will be held on Thursday morning at the Sanford Health Plan corporate office. The meeting will include a presentation by Sanford Health Plan officials. The Board indicated they will each make their arrangements for transportation and lodging.

Chairman Dosch called for any other business or comments. Hearing none the meeting was adjourned at 1:19 p.m.

Prepared by,

Jan Lund  
Assistant to the Board