

MINUTES

North Dakota Public Employees Retirement System

Thursday, January 17, 2008
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Chairman Jon Strinden

Member Absent: Mr. Thomas Trenbeath

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Sharmain Dschaak, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Sharon Schiermeister, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Kevin Schoenborn, BCBSND
Mr. Dan Ulmer, BCBSND
Mr. Mike Schwab, NDPhA/NDPSC
Mr. Bill Kalanek, AFPE
Ms. Nancy Kopp, ND Optometric Association
Mr. David Peske, ND Medical Association

Via Conference Call: Mr., Gary Dauenhauer, BCBSND
Ms. Onalee Sellheim, BCBSND
Mr. Tom Christensen, BCBSND
Mr. Dave Olig, NDPhA/NDPSC

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

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the November 15, 2007 Board meeting.

MR. LEINGANG MOVED APPROVAL OF THE NOVEMBER 15, 2007 NDPERS BOARD MINUTES. MS. EHRHARDT SECONDED THE MOTION. THE MINUTES WERE APPROVED.

Chairman Strinden called for any questions or comments regarding the minutes of the December 3, 2007 Board planning meeting.

MS. EHRHARDT MOVED APPROVAL OF THE DECEMBER 3, 2007 NDPERS BOARD PLANNING MINUTES. MR. SANDAL SECONDED THE MOTION. THE MINUTES WERE APPROVED.

AUDIT REPORT

Mr. John Mongeon from Brady Martz and Associates reviewed with the Board the audit report for the period June 30, 2007 and 2006. A clean opinion was issued. He noted the unfunded actuarial accrued liability which was approximately \$107 and \$166 million at June 30, 2007 and 2006. Mr. Mongeon reported that a management letter was issued June 30, 2007 which noted certain matters involving the internal control structure and its operation that could be improved. The complete audit report is on file at the NDPERS office. Chairman Strinden reported that the Audit Committee had reviewed the report in detail at its November meeting.

RETIREMENT

SEGAL UPDATE

Mr. Collins reported that Segal provides technical and actuarial support to NDPERS. He reported to the Board that PERS was notified in the beginning of January that staff changes have occurred and Mr. Brad Ramirez from the Denver office has been assigned to NDPERS. Mr. Collins indicated our next bid with Segal is scheduled for 2010, with a renegotiation in July 2008. The Board discussed and agreed that staff should continue to monitor the service provided by Segal, and to go out to bid as scheduled in 2010.

SOUTH DAKOTA ECONOMIC STUDY

Mr. Collins reviewed with the Board the information from the NASRA website regarding the South Dakota study relating to the economic effect of pensions. The Board discussed whether we should conduct a similar study and determined that there may be opportunities for a university student to conduct such a study.

SEGAL COLA REVIEW

As a follow up to the December Board meeting, Mr. Collins indicated it was discussed whether to have Segal assist with developing planning information relating to a possible retiree COLA approach based upon earnings. Mr. Collins reported that Segal would require approximately 26 hours of time to work on this project to establish one set of desirable parameters and prepare three investment return scenario projections.

MS. EHRHARDT MOVED THAT STAFF PROCEED WITH HAVING SEGAL PREPARE THREE INVESTMENT RETURN SCENARIO PROJECTIONS FOR THE BOARD'S REVIEW. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

BENEFIT OPTIONS REVIEW

Mr. Collins reviewed with the Board the possible benefit options and recommendations of the various committees for inclusion in proposed legislation that will be drafted and presented to the Board at the March meeting. All proposed legislation will need to be submitted to the Legislative Employee Benefits Committee by the end of March. Mr. Collins recommended that the legislation relating to automatic enrollment in the 457 plan not be pursued this session due to Higher Education's continued opposition. He suggested that we continue to work with them relating to their concerns over the next two years. He also noted that at that time this method should be fairly common in both the public and private sector which should help to alleviate many concerns.

MR. LEINGANG MOVED TO PROCEED WITH THE RECOMMENDATIONS FOR PROPOSED LEGISLATION. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

GROUP INSURANCE

SERVICE AGREEMENT AMENDMENT

Mr. Collins reported that the Dakota Retiree Plan service agreement amendment as submitted for Board review and approval relates to the change in the Medicare rates previously approved by the Board.

MS. SMITH MOVED TO AUTHORIZE THE BOARD CHAIRMAN TO SIGN THE SERVICE AGREEMENT AMENDMENT. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Sandal, and Chairman Strinden.
Nays: None
Absent: Mr. Trenbeath

MOTION PASSED

MINIMUM PARTICIPATION AND CONTRIBUTION REVIEW

Ms. Sellheim, BCBSND, reported to the Board that there was a 100% response rate and all participating employers for the 2007 calendar year are meeting the minimum participation and contribution requirements.

HB 1433, PROPOSAL FROM THE ND PHARMACISTS ASSOCIATION

Mr. Collins stated that Mr. Mike Schwab was attending the meeting to follow up with the Board relating to the diabetes management program. Mr. Schwab reviewed with the Board the ND Pharmacy Service Corporation's proposal for this program, presented a program overview, and explained other aspects of the program including the provider network, provider training and accreditation, program promotion and enrollment, patient education, data collection, flow of finances and cost, and timelines and organizational chart. The cost to all eligible participants will be a flat rate of \$800 per participant. It is anticipated that a maximum of 800 program participants can be enrolled. There will be incentives to get members to participate. Mr. Collins indicated that this program will be communicated to members via newsletter and mailings to members.

MS. SMITH MOVED TO GO FORWARD WITH THE DIABETES MANAGEMENT PROGRAM AS OUTLINED. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Sandal, and Chairman Strinden.
Nays: None
Absent: Mr. Trenbeath

MOTION PASSED

BCBSND ATTACHMENTS TO CONTRACT RENEWAL

Mr. Collins reviewed with the Board the attachments to the BCBS contract that had previously been before the Board in draft form. All suggested comments have been incorporated and Legal Counsel has reviewed the attachments.

MR. SANDAL MOVED TO APPROVE THE ATTACHMENTS TO THE BCBSND CONTRACT. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Sandal, and Chairman Strinden.
Nays: None
Absent: Mr. Trenbeath

MINUTE CLINICS

Mr. Collins presented follow-up information from BCBS relating to possible inclusion of a utilization question on the customer satisfaction survey. BCBS responded there was very little impact on utilization based on the minute clinic's close proximity to the RapidCare clinic in the same building.

VISION PLAN

Ms. Allen reported that the vision plan contract with Ameritas is scheduled for renewal in 2008. Ameritas has agreed in writing to guarantee the current rates and to extend the current contract for an additional year through December 31, 2009.

MR. LEINGANG MOVED TO EXTEND THE VISION CONTRACT FOR AN ADDITIONAL YEAR THROUGH DECEMBER 31, 2009 AS PROPOSED. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Sandal, and Chairman Strinden.
Nays: None
Absent: Mr. Trenbeath

SURPLUS/AFFORDABILITY UPDATE

Mr. Reinhardt presented the November surplus projection and affordability analysis for the NDPERS group medical plan to the Board.

DEFERRED COMPENSATION

3RD QUARTER 457 AND 401 (a) PLAN REPORTS

Mr. Reinhardt reviewed with the Board the 3rd quarter 2007 investment report for the 401(a) and 457 Companion Plan. Assets in the 401(a) plan increased to \$18.6 million and in the Companion Plan to about \$24 million.

MISCELLANEOUS

ADMINISTRATIVE RULES

Ms. Knudsen reported to the Board that a public hearing was held on Wednesday, November 21, at 11:00 a.m. No members of the public attended. The comment period was held open until 5:00 p.m. on December 10, 2007; no written comments were received. Subject to Board approval, the rules will be submitted to the Attorney General's Office for review, then to the Legislative Council for final promulgation.

MS. EHRHARDT MOVED TO APPROVE THE RULES AND TO SUBMIT THEM FOR FINAL PROMULGATION. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

QUARTERLY CONSULTANT FEES

The report of consultant fees paid during the quarter ending December 31, 2007 was presented to the Board for their information.

2007 BUSINESS PLAN

Mr. Collins presented the 2007 Business Plan to the Board for their information. It is used internally to guide our many business activities for the year. The 2008 plan will be shared with the Board at the February meeting.

PERSLink QUARTERLY UPDATE

The PERSLink quarterly status report was shared with the Board. The planning phase went well and the project is on time and on budget.

2007 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Mr. Collins shared the CAFR report with the Board and stated it has been submitted to the Government Finance Officers Association with an application for the GFOA Certificate of Excellence in Financial Reporting. The CAFR is available on the NDPERS website under Forms and Publications at <http://www.nd.gov/ndpers/forms-and-publications/index.html>

AUDIT COMMITTEE MINUTES

The approved August 22, 2007 audit committee minutes were shared with the Board for their information.

The State Investment Board agenda and approved minutes were shared with the Board.

Ms. Allen introduced the new Benefits Administrator, Mr. Srinivas Goluguri, to the Board.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 10:15 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

Thursday, February 21, 2008
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath
Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Kathy Allen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Kevin Schoenborn, BCBSND
Mr. Larry Brooks, BCBSND
Ms. Onalee Sellheim, BCBSND
Mr. Mike Schwab, NDPhA/NDPSC
Mr. Bill Kalanek, AFPE
Ms. Jodee Buhr, NDPEA
Mr. Howard Anderson, ND Board of Pharmacy
Mr. David Peske, ND Medical Association

Via Conference Call: Mr., Gary Dauenhauer, BCBSND
Mr. Tom Christensen, BCBSND
Mr. Dave Olig, NDPhA/NDPSC

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 January 17, 2008 Board meeting.

MS. SMITH MOVED APPROVAL OF THE JANUARY 17, 2008 NDPERS BOARD MINUTES. MS. EHRHARDT SECONDED THE MOTION. THE MINUTES WERE APPROVED.

RETIREMENT

LAW ENFORCEMENT PLAN REVIEW

Mr. Collins reported to the Board on the Segal review of the law enforcement plan with prior service. He noted that participation in the plan grew 22%, the average age decreased and the assets increased. Segal determined during their review that as participants had transferred from the main plan to the law enforcement plan their liabilities were transferred but not the corresponding assets. Therefore once this adjustment was made, the contribution margin changed from negative 4.08 to positive .63. Segal indicated they have established the appropriate protocols to insure in the future the transfer of both.

PROPOSED BENEFIT OPTIONS

Mr. Collins reviewed with the Board the benefit options for consideration as proposed legislation (referring to the matrix). With the lack of quantitative wellness program information, OMB and the Governor's Office have expressed concerns in moving forward with wellness incentive legislation. In recognition of this Mr. Collins indicated that it was staff recommendation to defer consideration of this topic until the next session. Mr. Collins then reviewed the other proposals on the matrix (a copy is available on the PERS web site). Board discussion followed.

Mr. Collins stated that pending approval, the next step is that proposed legislation will be drafted, which will be presented at the March meeting for Board approval, staff will then submit the approved draft legislation to the Employee Benefits Committee by April 1, they take jurisdiction of the bills, then refer it to the actuary who conducts both a technical and actuarial analysis on the bills. The technical analysis will be before the Board in the summer, with the actuarial analysis being completed in the fall.

MS. SMITH MOVED TO PROCEED WITH DRAFTING LEGISLATION ON THE BENEFIT CONCEPTS THAT HAVE BEEN APPROVED AND MARKED AS YES TO PROCEED. THE MOTION WAS SECONDED BY MR. LEINGANG.

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

Nays: None

MOTION PASSED

SEGAL RENEWAL

Based on Board action at the January 2008 meeting to move forward with the renewal of Segal for actuarial valuation and consulting services, Mr. Collins reviewed with the Board the proposed renewal terms and indicated that staff has recommended approval.

**MR. TRENBEATH MOVED TO APPROVE THE SEGAL RENEWAL AS PROPOSED.
THE MOTION WAS SECONDED BY MS. EHRHARDT.**

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

Nays: None

MOTION PASSED

PPA – INTEREST ON MEMBER ACCOUNT BALANCES

Mr. Collins discussed with the Board the current technical corrections bill relating to the Pension Protection Act that may move through Congress in the next several months concerning proposed IRS regulations relating to interest on member account balances. Currently, PERS rate of return on member account balances is ½% less than our actuarially assumed rate of return which is 8%, therefore, we pay 7 ½% on the interest on member accounts. The new regulations may require that interest not exceed a market rate of return. This would mean that PERS would need to drop its 7.5% return and this would be a benefit reduction for our members. Mr. Collins indicated he has shared PERS concerns with the congressional delegation and will keep the Board informed on this issue. He did note that unless the technical corrections bill provides relief, PERS may need to consider adjusting its interest rate.

GROUP INSURANCE

PRESCRIPTION DRUGS

As a follow-up to the Board planning meeting in December, Mr. Schwab and Mr. Olig from the ND Pharmacists Association discussed issues with the Board relating to prescription drugs. One issue related to certain chain type pharmacies being prohibited in the state of North Dakota. The question was raised as to why North Dakota has a law protecting an industry (pharmacists). Changing this law could potentially result in savings to NDPERS in the amount of \$250,000 per year. Mr. Olig explained that the law restricts the ownership of pharmacies in North Dakota; they must be owned by a North Dakota pharmacist. The prime focus of the law is to control the practice of a pharmacy. Mr. Olig continued to review possible cost savings options with the Board. The Board discussed this issue with the Pharmacists Association from a member's perspective and requested subsequent discussions on this issue.

ANNUAL HEALTH CARE UTILIZATION STUDY

Mr. Schoenborn from BCBSND reviewed with the Board the NDPERS Annual Management Information System Study for both active and retiree members. BCBSND staff responded to questions of Board members. This report is on file at the NDPERS office. The Board requested there be additional detailed information in the form of staff analysis which would be presented and discussed at future meetings.

HB1433 DIABETES PROGRAM CONTRACT

Mr. Collins reported that the North Dakota Pharmacy Services Corporation presented its proposal at the January meeting for the diabetes program pursuant to HB 1433 and the Board approved moving forward with the project. A proposed agreement has been drafted and approved by the Assistant Attorney General for Board approval.

MR. TRENBEATH MOVED TO ADOPT THE AGREEMENT FOR SERVICES FOR THE DISEASE STATE MANAGEMENT OF DIABETES PROGRAM. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

MOTION PASSED

HEART OF AMERICA MEDICAL CENTER HEALTH PLAN

Ms. Allen reviewed with the Board the request from Heart of America in Rugby to continue to offer its health plan membership to state employees in its Rugby service area for a one year period July 1, 2008 through June 30, 2009.

MR. LEINGANG MOVED TO APPROVE THE HEART OF AMERICA MEDICAL CENTER HEALTH PLAN PROVIDER AGREEMENT IN THE RUGBY SERVICE AREA. THE MOTION WAS SECONDED BY MR. SANDAL.

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

Nays: None

MOTION PASSED

SURPLUS/AFFORDABILITY UPDATE

Mr. Reinhardt reviewed with the Board the December surplus projection and affordability analysis for the NDPERS group medical plan.

QUARTERLY HEALTH GRAPHS

Mr. Reinhardt reviewed with the Board the NDPERS Health Plan quarterly health graphs through September 2007. Active membership is trending at about 7.5% annual rate.

FLEXCOMP

2008 ENROLLMENT

Ms. Allen recapped the 2008 flexcomp enrollment which increased slightly for dependent care accounts from 2007 with total dollars pretaxed increasing 4.4%. For medical spending accounts, participation for 2008 increased by 1.6% or 42 participants from 2007 with total dollars pretaxed increasing by 6%.

DEFERRED COMPENSATION

Ms. Allen reported to the Board on the deferred compensation provider training which was held in Bismarck, Grand Forks, Fargo, Williston, and Minot. Representatives from several provider companies did not satisfy the training requirements specified in the NDPERS administrative contract. The Board discussed the noncompliance issues relating to Chase and Symetra.

MR. SANDAL MOVED TO DIRECT STAFF TO NOTIFY CHASE AND SYMETRA IN WRITING THAT THE BOARD, AFTER REVIEWING THE SITUATION, HAS FOUND THEM OUT OF COMPLIANCE WITH OUR CONTRACT, AND AT ITS MARCH MEETING, THE BOARD WILL CONSIDER TAKING ACTION TO IMPLEMENT A LOSS OF PROVIDER STATUS PURSUANT TO OUR ADMINISTRATIVE RULES. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

MOTION PASSED

ELECTION COMMITTEE

Ms. Allen reported to the Board the term of Mr. Sage expired on December 31, 2007 and per Board action, a regular election will be scheduled. Ms. Allen reviewed the election schedule with the Board. As a result, three Board members (one as chair) will need to comprise the election committee. Board members Mr. Leingang, Ms. Ehrhardt, and Mr. Sandal volunteered to be on the election committee.

MS. SMITH MOVED TO ACCEPT MR. LEINGANG, MS. EHRHARDT, AND MR. SANDAL TO SERVE ON THE ELECTION COMMITTEE WITH MR. LEINGANG ACTING AS CHAIR. THE MOTION WAS SECONDED BY MR. TRENBEATH.

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

Nays: None

MOTION PASSED

2008 BUSINESS PLAN

The Plan, which is used to guide the business processes throughout the year, was included for the Board's review and information.

PERSLINK CONCEPT OF OPERATIONS

Mr. Collins shared this overview of the PERSLink project with the Board and indicated it was also shared with staff and various stakeholders.

BOARD MEETING DATE CHANGES

Mr. Collins indicated it will be necessary to reschedule the October and December regularly scheduled Board meetings. After Board discussion, it was determined October 22 will be acceptable. The December date will be determined at a later time.

13th CHECK REVIEW

Mr. Collins shared with the Board information relating to a member request on a concern with the 13th check, specifically relating to withholding taxes. After Board discussion, it was determined this was handled properly and that in the future staff will include a more detailed explanation in newsletters explaining the method for implementing the 13th check including information relating to withholding taxes. Mr. Collins will respond to the member on behalf of the Board.

FINANCIAL HARDSHIP

Ms. Allen presented detailed information to the Board relating to a participant requesting a hardship withdrawal to cover expenses accrued as a result of loss of income due to the spouse's disability which resulted in unemployment. The Board discussed this hardship withdrawal case.

**MR. LEINGANG MOVED TO APPROVE THE REQUEST FOR HARDSHIP
WITHDRAWAL. THE MOTION WAS SECONDED BY MR. TRENBEATH.**

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

Nays: None

MOTION PASSED

The State Investment Board agenda and approved minutes were shared with the Board.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 10:40 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

Thursday, March 20, 2008
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Sharmain Dschaak, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND
Mr. Alan Pertuz, Health Dialog
Mr. Brad LaPorte, Health Dialog
Mr. Bill Kalanek, AFPE

Via Conference Call: Mr. Larry Brooks, BCBSND

Chairman Strinden called the meeting to order at 8:37 a.m.

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the February 21, 2008 Board meeting.

MR. LEINGANG MOVED APPROVAL OF THE FEBRUARY 21, 2008 NDPERS BOARD MINUTES. MS. SMITH SECONDED THE MOTION. THE MINUTES WERE APPROVED.

GROUP INSURANCE

HEALTH DIALOG UPDATE

Mr. Pertuz and Mr. LaPorte from Health Dialog reviewed with the Board the year 2 program results for the NDPERS MyHealthConnection. Information included financial outcomes, estimated medical cost savings from the chronic population, estimated total per member per month cost savings, and compliance improvements in 8 of 14 clinical quality indicators. The Board had questions of Health Dialog staff and requested that when the agreement comes up for renewal, to include information on participation by dependents in the Health Dialog program.

UND WELLNESS UPDATE

Ms. Vogeltanz-Holm reviewed with the Board the year two findings and recommendations on the North Dakota Worksite Health Promotion Program. The report provided worksite health council members' responses to a survey regarding their views about their pilot health promotion program as well as Dr. Vogeltanz-Holm's data-based preliminary conclusions for worksite health promotion programming for PERS-enrolled agencies.

EPO SURVEY COMPREHENSIVE REPORT DECEMBER 2007

Ms. Sellheim with BCBSND reviewed the EPO Comprehensive Report with the Board. Overall results included a high interest in keeping the EPO as a health option.

LIFE INSURANCE PLAN RENEWAL

Mr. Collins informed the Board that the life insurance plan is up for renewal. NDPERS has contracted with Prudential since 2005 and they have agreed to reduce the optional rates by a total of 15%, the basic life rate would remain the same, and the dependent care rate would decrease by 12%. They have also agreed to guarantee these rates for a three year period. It is staff recommendation to renew with Prudential for three years. It was noted that after this renewal the plan would be put out to bid.

MR. LEINGANG MOVED TO APPROVE A THREE YEAR RENEWAL WITH PRUDENTIAL FOR LIFE INSURANCE. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

MOTION PASSED

CIGNA PERFORMANCE GUARANTEE AGREEMENT

Mr. Collins informed the Board the CIGNA Service Performance Guarantee Agreement is due for annual renewal. It has been reviewed for compliance by legal counsel and staff and no issues were noted. Mr. Collins also noted that we will continue the performance guarantee which will provide a point of monitoring for their services.

MR. SANDAL MOVED TO APPROVE THE CIGNA SERVICE PERFORMANCE GUARANTEE AGREEMENT FOR ONE YEAR. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

MOTION PASSED

SURPLUS/AFFORDABILITY UPDATE

Mr. Reinhardt reviewed with the Board the February surplus projection and affordability analysis for the NDPERS group medical plan.

2007 BCBS CLAIMS REVIEW

Mr. Reinhardt reviewed with the Board the 2007 claims review report. Claims errors found during this audit were one-time errors and have been corrected.

2007 EMPLOYEE ASSISTANCE PROGRAM UTILIZATION

Mr. Reinhardt reviewed with the Board the 2007 EAP utilization. The overall EAP utilization rate is 9% which is comparable to previous years.

RETIREMENT

FIDELITY RENEWAL

Mr. Collins stated that Fidelity is due for the last of their biennial renewals before a general bid is done. Fidelity has agreed to maintain the current service levels and offer the same pricing structure. It is recommended this be reviewed with the Investment Subcommittee before final consideration by the Board. The Board agreed with this approach. After Investment Subcommittee review, Mr. Collins will report back at the April meeting.

SEGAL INFORMATION

Mr. Collins reviewed with the Board a more detailed gain loss analysis and funding projections provided by Segal which was a follow-up after the valuation last November.

DEFERRED COMPENSATION

PROVIDER TRAINING COMPLIANCE

Mr. Collins requested this issue be carried over to the next Board meeting. The Board agreed.

NEW PROVIDER ADDITION

Mr. Collins reported that a new deferred compensation provider (American United Life in conjunction with OneAmerica Financial) has met the requirements with an effective date of participation of May 1, 2008.

4th QUARTER 2007 INVESTMENT REPORT

Mr. Reinhardt presented the 4th quarter investment report as reviewed by the Investment Subcommittee. The number of participants in the 401(a) plan remains around 300 and the assets decreased slightly to \$18.0 million as of December 31, 2007. The number of participants in the 457 Companion Plan increased to 2,019 and the funds increased to \$24.0 million as of December 31, 2007. Fund returns for the quarter were mostly negative. Fidelity met with the Investment Subcommittee and recommended adding more in the international area to the core lineup which the Subcommittee will be reviewing.

MISCELLANEOUS

LEGISLATION

Mr. Collins reviewed the draft bills with the Board. Mr. Webb discussed changes to Bill #2 relating to members of the NDPERS Board that serve on the ND State Investment Board. Board discussion followed.

MR. TRENBEATH MOVED TO REDRAFT BILL #2 TO CHANGE THE EXISTING LAW TO ALLOW TWO OF THE MEMBERS APPOINTED TO THE STATE INVESTMENT BOARD MUST BE FROM THE ELECTED MEMBERS AND THE THIRD MEMBER CAN BE APPOINTED FROM THE BOARD IN GENERAL. MR. LEINGANG SECONDED THE MOTION.

Board discussion followed.

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

Nays: Mr. Sandal

MOTION PASSED

No further discussion on the remaining draft bills.

MR. LEINGANG MOVED TO APPROVE THE LEGISLATION WITH THE SUGGESTED CHANGES. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Enrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden

Nays: None

MOTION PASSED

PERSONNEL POLICY MANUAL UPDATE

Mr. Collins reported that the Personnel Policy Manual has been revised based on recommendations from our internal auditor and risk management division.

**MS. EHRHARDT MOVED APPROVAL OF THE PROPOSED PERSONNEL POLICIES.
THE MOTION WAS SECONDED BY MS. SMITH.**

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

Nays: None

MOTION CARRIED

HIPAA PRIVACY AND SECURITY POLICIES

Mr. Reinhardt reported to the Board that PERS is maintaining its compliance with the HIPAA privacy and security regulations. Staff training has been completed and no complaints have been filed against PERS with regard to violation of the HIPAA privacy regulations.

AUDIT COMMITTEE MINUTES

The audit committee minutes from the November 21, 2007 meeting were shared with the Board.

The State Investment Board agenda and approved minutes were shared with the Board.

Mr. Collins reported that the Legislative Employee Benefits Committee will be holding their meeting April 22, 2008 at which time the bills will be heard, then forwarded onto the actuaries for review. The cities of Fargo and Jamestown came onto the PERS retirement plan as of January 1, 2008. The city of Grand Forks has decided to come onto the plan beginning July 1, 2008. The city of Fargo Parks and Recreation Department is coming onto the plan this spring. Overall, this year the retirement plan will increase by about 800 members or about 2%. As a matter of information, when these new groups come onto the PERS plan it is all prospective with no assumed liabilities.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 10:50 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

Thursday, April 17, 2008
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND
Mr. Bill Kalanek, AFPE
Mr. David Peske, ND Medical Association
Ms. Jodee Buhr, NDPEA
Mr. Michael Schwab, ND Pharmacists Association

Via Conference Call: Mr. Larry Brooks, BCBSND
Mr. Tom Christenson
Mr. Dave Olig, NDPhA/NDPSC

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

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the March 20, 2008 Board meeting.

MS. EHRHARDT MOVED APPROVAL OF THE MARCH 20, 2008 NDPERS BOARD MINUTES. MR. SANDAL SECONDED THE MOTION. THE MINUTES WERE APPROVED.

GROUP INSURANCE

REDUCING RX COSTS (NDPhA)

Mr. Schwab and Mr. Olig from the ND Pharmacists Association gave a presentation in follow up to items discussed at the February Board meeting relating to options to reduce prescription drugs costs. The Pharmacists Association discussed with the Board the importance of increasing generic drug utilization among NDPERS members. Mr. Schwab presented statistics on drug utilization and that North Dakota is below the national average in many areas. It was reported that the Industry, Business and Labor Committee is conducting an interim study looking at various pharmacy issues, including the ND pharmacy ownership law. The Board requested that PERS staff contact Legislative Council staff to make them aware of the Board's considerations on this issue. In addition, Mr. Olig discussed the importance of establishing programs to inform members of generic alternatives such as for Lipitor. He also highlighted pill splitting as a strategy to reduce costs.

After Board discussion and questions, it was determined that the NDPERS staff should review the suggestions and present their findings at future Board meetings. The Board requested written information relating to Mr. Schwab's presentation.

HEALTH DIALOG (DEPENDENTS)

Mr. Collins informed the Board this issue was discussed at a previous meeting and questions were asked about dependents and BCBS had followup information to present on this issue. Mr. Schoenborn, BCBSND, reported to the Board that within the current framework of the disease management services offered by Health Dialog, children can be part of the program through inbound calls. The parent would need to initiate the inbound call to a health coach. The only "Health Dialog" exclusion to the program is that children will not receive targeted outreach. However, Health Dialog has suggested they can provide targeted outreach to children with asthma and diabetes for an additional fee. BCBSND has agreed to educate parents through newsletter articles, emails and possibly a poster informing members they can call a health coach anytime to ask questions about their child's condition(s). Mr. Collins reported that through the Wellness Benefit Program, a module has been developed to educate members on the Health Dialog program.

HEALTH PLAN BENEFIT DESIGN

Mr. Brooks, BCBSND, reviewed with the Board the differences between the PERS plan design and the standard BCBS plan design and what the additional rates would be should the benefit be added to the plan. Mr. Collins reported to the Board that the benefits committee reviewed similar information and recommends that the plan design be updated

to include all CDC approved immunizations. The Health Plan design will be discussed at future Board meetings.

Health Club Credit Program: Mr. Brooks explained to the Board that the health club credit program benefit was recently added to standard BCBS fully insured contracts. He reviewed with the Board information relating to this program, specifically eligibility, what participants can earn, how to enroll in the program and reimbursement. He also provided the Board information on the additional cost per contract of adding this benefit. PERS was not included in this program as determined by the Executive Staff of BCBSND since it is not a traditional fully insured plan. The Board discussed this issue and noted that since it was not a part of the renewal and the existing premium consideration could not be given to adding it at this time.

GALLAGHER BENEFIT SERVICES RENEWAL

Mr. Collins indicated to the Board will need to consider the renewal with Gallagher Benefit Services and if we continue with them, this would be the last of our renewals and it will be necessary to go out to bid in two years. After Board discussion, they directed Mr. Collins to proceed with the renewal with Gallagher Benefit Services for the next two years, first obtaining renewal pricing, as well as giving consideration to allowing other firms to do efforts such as OPEB and specific legislative reviews. Mr. Collins will share the renewal information with the Board at a future meeting.

HB1433 UPDATE

Mr. Collins reviewed with the Board information relating to the implementation of the diabetes disease management program. He reviewed the implementation matrix and reported the decision is to waive the copayment as an incentive for participation in this program which is consistent with the legislative considerations of this bill. A consultant still needs to be hired to monitor this program and a request for proposal will be developed. The goal is to implement this program July 1, 2008, with enrollment beginning in June. Mr. Collins will provide periodic updates to the Board.

PRUDENTIAL RATES

Mr. Collins provided follow-up information on the rate schedules for the group life plan for the retiree and active groups which are effective July 1, 2008. The rate schedules will be distributed to agency payroll staff.

PPO PARTICIPATION/DISCOUNTS

Ms. Allen presented information to the Board relating to the PPO network participation/discounts.

SURPLUS/AFFORDABILITY UPDATE

Mr. Reinhardt reviewed with the Board the March surplus projection and affordability analysis for the NDPERS group medical plan.

DEFERRED COMPENSATION

FIDELITY RENEWAL

Mr. Collins informed the Board that at its March meeting they directed the Investment Subcommittee to review and discuss with Fidelity their proposed renewal. The Investment Subcommittee met and conducted a telephone conference call with Fidelity to review the 401(a) and 457 Companion Plans. The subcommittee is recommending renewal and identified some additional study areas for the upcoming year relating to the participant fee structure, an increase for the expedited enrollment option, allowing brokers the opportunity to participate in the Companion Plan and a cash out provision for inactive accounts with a balance below \$1,000. The committee will report back its findings relating to these areas at a future meeting.

MR. TRENBEATH MOVED TO APPROVE RENEWAL WITH FIDELITY FOR THE 401(a) and 457 COMPANION PLANS. THE MOTION WAS SECONDED BY MR. LEINGANG.

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

Nays: None

MOTION PASSED

MISCELLANEOUS

PERSLINK (SAGITEC) CONTRACT AMENDMENT

Mr. Collins reported there is a need to amend the contract with Sagitec relating to the release of the 20% fee withholding (Section 6.4). The amendment has been drafted by Mr. Webb, assistant attorney general.

MR. TRENBEATH MOVED TO APPROVE THE SAGITEC CONTRACT AMENDMENT. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

MOTION PASSED

LEGISLATION

Mr. Collins gave the Board a legislative update; the proposed legislation was submitted to the Legislative Employee Benefits Committee on March 26 and the Employee Benefits Committee meets on April 22.

QUARTERLY CONSULTANT FEES

The report of consultant fees paid during the quarter ending March 31, 2008 was presented to the Board for their information.

EXECUTIVE DIRECTOR REVIEW

Chairman Strinden indicated to the Board that in the past there has been a committee of 2-3 to solicit input from all trustees for the annual review of the Executive Director. Mr. Leingang and Mr. Sandal volunteered to be on the review committee with Chairman Strinden. The evaluation forms will be mailed to Mr. Leingang's home address for compilation and evaluation by the Board. A follow-up email will be sent to Board members.

NCPERS

Mr. Collins informed the Board that the National Conference of Public Employees Retirement Systems conference is in May. Board discussion followed.

MS. EHRHARDT MOVED TO APPROVE THE ATTENDANCE OF UP TO TWO BOARD MEMBERS TO ATTEND THE NCPERS CONFERENCE. THE MOTION WAS SECONDED BY MR. SANDAL.

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

Nays: None

MOTION PASSED

The State Investment Board agenda was distributed to the Board.

Mr. Mike Sandal distributed a web article to the Board relating to Wal-Mart prescription drugs.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 10:50 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

Thursday, May 15, 2008
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Ron Leingang
Mr. Mike Sandal

Members Absent: Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Sharmain Dschaak, NDPERS
Ms. Diane Heck, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Michael Fix, ND Insurance Department
Ms. Rebecca Ternes, ND Insurance Department
Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND
Mr. Bill Kalanek, AFPE
Mr. David Peske, ND Medical Association
Ms. Jodee Buhr, NDPEA

Via Conference Call: Mr. Larry Brooks, BCBSND
Mr. Rob Scheiring, BCBSND
Ms. Rhonda Peterson, BCBSND
Ms. Peg Dickelman, BCBSND
Mr. Steve Lindemann, BCBSND
Ms. Angie Kacans, BCBSND
Mr. Brent Solseng, BCBSND
Mr. Mike Potts, BCBSND
Mr. Don Schott, BCBSND

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

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the April 17, 2008 Board meeting.

MR. LEINGANG MOVED APPROVAL OF THE APRIL 17, 2008 NDPERS BOARD MINUTES. MR. SANDAL SECONDED THE MOTION. THE MINUTES WERE APPROVED.

RETIREMENT

FICA UPDATE

Mr. Collins indicated to the Board the handling of FICA taxes on employee contributions “picked up” by the employer has been an ongoing issue. There have been recent IRS determinations issued. Mr. Webb, Assistant Attorney General, and Ms. Carol Calhoun, a Washington, D.C. attorney, have reviewed this issue to determine if any of the more recent items had any affect on our previous interpretation of this statute. Currently, North Dakota law (which mirrors the federal position) allows the employer to fund pickups of employee contributions to the PERS plan through 3 methods: (1) salary reduction to the employee, (2) offset against future salary increases to the employee, and (3) a combination of one and two. NDPERS has created an employer payment model and instructions. PERS and TFFR held the position that the pickups were not subject to FICA taxation of 414(h)(d) contributions. Ms. Calhoun answered questions of the Board and staff and reported to the Board that NDPERS may continue to instruct employers to maintain the current employer payment models.

NEW FEDERAL SPECIAL TAX NOTICE

Ms. Fricke reviewed with the Board the information relating to the revisions to the federal special tax notice regarding plan payments which will impact the NDPERS defined benefit plan. She reported that changes have been made to the tax notice and the older version will be replaced. Ms. Fricke reviewed with the Board the short-term and long-term implementation concepts relating to the automatic rollover to an IRA of any accounts being forced out that are greater than \$1,000. In the long term, it was recommended to update state law to address the \$1,000 threshold for non-vested members so that automatic rollovers would not be required. The Board suggested this legislation could be presented during the next legislative session, if feasible.

MR. LEINGANG MOVED TO APPROVE STAFF RECOMMENDATIONS RELATING TO THE SHORT-TERM AND LONG-TERM IMPLEMENTATION STEPS FOR AUTOMATIC ROLLOVERS. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, and Chairman Strinden

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

GROUP INSURANCE

NORTH DAKOTA INSURANCE DEPARTMENT

Mr. Fix with the ND Insurance Department presented information to the Board relating to the Partnership Program (long term care insurance policies initiative) and shared trends, issues and developments regarding health insurance in North Dakota. The Long Term Care Partnership Program was established by Congress between the public sector and the insurance industry to increase the asset limit for Medicaid. There are currently 15 companies certified as eligible in the Partnership Program. The program stresses that the consumer must have a need for long term care insurance.

Mr. Collins stated that PERS current long term care carrier, UNUM, does not presently qualify for this Partnership Program and he was seeking Board approval to move forward with going out to bid for a new long term care product. Mr. Collins also stated that there are currently 50 or less enrolled in the UNUM plan. Board consensus was to have staff review the present product and share the information with the Board, with the goal of rebidding in the future.

Mr. Fix informed the Board that their department continues to receive calls from concerned citizens regarding the issue of the uninsured as well as the underinsured in North Dakota, the level of rate increases, cancer policies, and Medicare Advantage (Part D). Average premium increases for major medical has been around the 15-20% range. He stated that companies need a provider network to be viable in the state, they need to determine if the state is a good place to do business, is there quality and is it easy to do business.

ADVANCE MEMBER NOTICE

Mr. Brooks reported that BCBS is developing a process for advance member notice. It will be used when a member requests services potentially not covered by BCBSND due to lack of medical necessity and for the provider to bill BCBS in order that the member receives the explanation of benefits for use in flexible spending program or other purposes. Implementing the advance member notice policy will allow BCBS to more closely monitor these services, determine medical necessity, and allow for members to get explanations of benefits showing their liability. Implementation may be included in the 2009 rewrite.

RX COSTS

Mr. Brooks from BCBS indicated that at last month's Board meeting, it was requested to have BCBS review generic utilization in more detail. Mr. Solseng from BCBS reviewed

with the Board what has been occurring in the generic drug market, with generic utilization being at 65%. He also reviewed generic terminology including generic substitution (generic equivalent) and therapeutic substitution (generic alternative). Mr. Collins concluded by directing BCBS implement their program "Prime Talk About Generics Toolkit" to continue to educate members on the use of generic drugs. The Board concurred.

HEALTH CLUB CREDIT PROGRAM

Mr. Collins shared with the Board information (comments from members) relating to the health club credit program. Ms. Allen indicated that a standard response was developed in cooperation with BCBS in order to be consistent. In the response they thanked the individual for their input and indicated it would be taken under consideration. It also indicated their plan of benefits for the current biennium was already in place and at this time PERS is unable to add or decrease benefits. Mr. Collins added that a general more detailed email was sent to the wellness coordinators, who sent this information out to their employees.

GALLAGHER BENEFIT SERVICES RENEWAL

Mr. Collins reported to the Board this is the last of the renewals with Gallagher Benefit Services. Gallagher has indicated they will keep their existing time charges for the next contract year which begins July 1, 2008. The review team will be supplemented with a new individual, Mr. Jerry Rueschhoff, who is an actuary in the health area.

MR. SANDAL MOVED TO RENEW THE HEALTH CONSULTANT AND ACTUARY SERVICES WITH GALLAGHER BENEFIT SERVICES. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, and Chairman Strinden

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

DEFERRED COMPENSATION

PROVIDER TRAINING COMPLIANCE

Ms. Allen informed the Board that at their February 21, 2008 meeting they were notified that Chase and Symetra were out of compliance with training requirements. The Board approved a recommendation to issue both providers a notice of intent to suspend participation in the deferred compensation program. Both companies were sent a certified letter and no response was received from Chase. A response was received from Symetra and staff requested additional information, but has received nothing. Mr. Collins added that, in terms of the Board's fiduciary responsibilities, there has been no indication that either of these companies is mishandling the funds, or they are in violation of Securities

and Exchange Commission issues, and there is no violation of state laws or procedures. The Board discussed this issue.

MR. LEINGANG MOVED TO APPLY A LOSS OF ACTIVE PROVIDER STATUS TO CHASE AND SYMETRA. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, and Chairman Strinden

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

MISCELLANEOUS

PERSLINK

Ms. Schiermeister presented the first quarter 2008 PERSLink status report to the Board for their information. This report was filed with the ITD Large Project Oversight Committee. Ms. Schiermeister explained that during the system design sessions, there were two issues that needed to be brought before the Board for action. One related to the individual insurance billing policy for delinquent accounts. Individual billings are for those individuals who are retired and are carrying PERS insurance. Our current system has some limitations, but with the new system, we will have the capability of changing our billing cycles. The goal would be to change our billing system in PERSLink to pattern it after BCBS. If approved, this will be implemented in October 2010. Another issue relates to the interest on member accounts. The new system will allow the capability to automate the calculation and awarding of interest on adjustments for the month they are effective. This would also be implemented with the new PERSLink system in October 2010.

The Board discussed these two changes.

MR. LEINGANG MOVED TO RECOMMEND STAFF MAKE THE CHANGES TO THE INDIVIDUAL INSURANCE BILLING FOR DELINQUENT ACCOUNTS AND INTEREST ON MEMBER ACCOUNTS PROCESSES IN THE NEW PERSLINK SYSTEM TO BE EFFECTIVE OCTOBER 1, 2010. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, and Chairman Strinden

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

LEGISLATION

Mr. Collins shared with the Board information on bills that have been submitted in addition to the PERS bills. Two are from Senator Mathern, relating to opening up PERS to the

general public and also a healthy North Dakota bill. Another bill was submitted by Senator O'Connell for health insurance coverage for prosthetics. Senator Lyson submitted a bill to expand the law enforcement plan. Representative Potter submitted a bill for colorectal cancer screenings. The committee will be meeting in late July and at that time there will be technical evaluations of the bills ready for review.

BOARD ELECTION

Mr. Allen reported to the Board that there are three candidates running for the PERS Board. Results of the Board election will be presented to the Board at their June 19 meeting.

FLEX COMP

FLEX COMP APPEAL

Ms. Allen reviewed with the Board detailed information regarding a participant appeal of denial of payment from their 2007 medical spending account to cover expenses incurred during the grace period. The Board discussed this appeal.

MS. EHRHARDT MOVED TO DENY THE APPEAL. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, and Chairman Strinden

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

The State Investment Board agenda and approved minutes were shared with the Board.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 10:55 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

Thursday, June 19, 2008
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.

Members Present: Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Members Absent: Ms. Joan Ehrhardt

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Kevin Schoenborn, BCBSND
Mr. Bill Kalanek, AFPE
Ms. Gisele Thorson, NDPEA

Via Conference Call: Mr. Larry Brooks, BCBSND
Ms. Onalee Sellheim, BCBSND
Dr. Jon Rice, BCBSND

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

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the May 15, 2008 Board meeting.

MR. TRENBEATH MOVED APPROVAL OF THE MAY 15, 2008 NDPERS BOARD MINUTES. MR. LEINGANG SECONDED THE MOTION. THE MINUTES WERE APPROVED.

ADMINISTRATIVE

Mr. Collins presented the 2009-2011 biennium base budget to the Board for approval. NDPERS budget is a hold even budget as requested by OMB.

MR. TRENBEATH MOVED APPROVAL OF THE 2009-2011 BUDGET. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

IT 2009-2011 BIENNIUM PLAN

Mr. Collins reviewed with the Board the IT strategic plan which must be submitted pursuant to ITD guidelines. NDPERS primary focus will be development of the new business system; however, there are projects that will be tied to the proposed legislation that will need to be updated in the existing mainframe system.

MR. SANDAL MOVED TO APPROVE THE 2009-2011 IT STRATEGIC PLAN. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

RETIREMENT

LEGISLATION

Mr. Collins reviewed with the Board the issues that have occurred since their approval of the proposed legislation. The legislation in bill 90112.01 did not include a 5% increase for OASIS participants. Board discussion followed.

MS. SMITH MOVED TO AMEND BILL 90112.01 TO INCLUDE A 5% INCREASE FOR OASIS PARTICIPANTS. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Mr. Collins reviewed with the Board the issue relating to applying the graduated benefit to the level social security option. Segal has recommended that PERS not offer this benefit and staff agreed due to the fact that the purpose of the current level income benefit is designed to maintain a generally steady benefit amount, and it is not recommended that graduated increases be offered with this benefit form. Board discussion followed.

MR. SANDAL MOVED TO NOT APPLY THE GRADUATED BENEFIT TO THE LEVEL SOCIAL SECURITY OPTION. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Mr. Collins reported that Segal has evaluated the estimated cost of a one time 2% benefit for retirees and beneficiaries for members of the NDPERS and Highway Patrol plans. It is proposed to fully fund this through an employer contribution increase of 1.15%. It was suggested that a more conservative method could be applied by assuming the rate of return is less than 8% (such as the treasury bill rate of return which is 4.25% per year). The Board discussed this issue and consensus was reached that the actuary would proceed at the 8% return for the funding valuation.

Mr. Webb reviewed with the Board the effects Senator Mathern's proposed healthy North Dakota health insurance coverage bill 90033.033 would have on NDPERS operations and the potential changes affecting its membership. Mr. Collins indicated that the technical review will be completed focusing on NDPERS which is a very minimal part of this bill. The Board concurred with this approach and directed Mr. Collins to send a letter to the Legislative Employee Benefits committee chair indicating that this is the approach the consultant will take in the review.

DISABILITY CONSULTANT AGREEMENT

Ms. Allen reported the annual disability consultant agreement is scheduled for renewal July 1. Mid Dakota Clinic is interested in continuing to perform these services for NDPERS with a rate increase from \$160 to \$200 per hour. Staff has been satisfied with the services provided. Board discussion followed.

MR. LEINGANG MOVED TO APPROVE THE CONTRACT WITH MID DAKOTA CLINIC TO PROVIDE DISABILITY CONSULTING SERVICES. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

JOB SERVICE RETIREMENT PLAN

Ms. Allen explained to the Board that with the implementation of the new business system, there is an opportunity under the Job Service retirement plan to automate the interest calculation on a monthly basis, which is consistent with how the other retirement systems are calculated.

MR. TRENBEATH MOVED TO APPROVE CHANGING THE CALCULATION OF INTEREST FOR THE JOB SERVICE PLAN FROM AN ANNUAL CALCULATION TO A MONTHLY CALCULATION EFFECTIVE WITH THE NEW PERSLINK SYSTEM TO BE EFFECTIVE OCTOBER 1, 2010. THE MOTION WAS SECONDED BY MR. LEINGANG.

Ayes: Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

ASSET ALLOCATION STUDIES

Mr. Reinhardt reported that at the last NDPERS Investment Subcommittee meeting representatives from State Street Global Advisors discussed the poor performance of the investments in the NDPERS Retiree Health Credit Fund. The subcommittee also discussed the Job Service Retirement Plan. After review and discussion the Subcommittee is recommending that NDPERS, in cooperation with RIO complete an asset allocation study of both funds. Mr. Collins indicated to the Board that they will have an opportunity to review and take action on any possible expenditures for these studies.

MR. LEINGANG MOVED TO DIRECT THAT AN ASSET ALLOCATION STUDY BE CONDUCTED ON THE RETIREE HEALTH CREDIT FUND AND THE JOB SERVICE RETIREMENT PLAN, AND THAT THE BOARD WILL HAVE THE OPPORTUNITY TO REVIEW AND TAKE THE NECESSARY ACTION ON EXPENDITURES INVOLVED WITH THESE STUDIES. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

GROUP INSURANCE

BCBS UPDATE

Mr. Brooks, BCBSND, reviewed with the Board survey information relating to the Medicare Part D program as well as an update on their efforts to negotiate performance

standards with the carrier. The survey, which was conducted in December by Kenexa, focused on satisfaction with the pharmacy, enrollment process, benefits and features (such as website, CSR). Mr. Brooks also reviewed with the Board information relating to opportunities and improvements in this program as well as the metrics that will be used to measure performance and subsequent penalties.

Dr. Rice, BCBSND, presented information to the Board relating to the ND Advanced Medical Home Project. BCBSND is embarking on a change in the way that primary care is provided in the state of North Dakota. Dr. Rice explained that the quality and quantity of primary care directly influences population health status and comprehensiveness of primary care directly influences outcomes of disease management. This program will be starting in January 2009.

HEALTH PLAN

Mr. Collins reviewed with the Board the sequence of events for the BCBS renewal process. At the Board planning meeting, several plan design alternatives were discussed and have been developed as alternative plan designs 1, 2, and 3. In addition plan design option has been developed to incorporate more wellness incentives into the plan. Mr. Collins stated the PERS Benefits Committee has reviewed the plan design options and agreed NDPERS should move forward with these alternatives. This information will be submitted to the actuaries for their review and will be presented at a subsequent Board meeting.

MS. SMITH MOVED TO APPROVE THE HEALTH PLAN DESIGN APPROACH. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Mr. Collins reviewed with the Board the renewal options for the retiree plan for those individuals on Medicare. The retiree subcommittee met and recommended the NDPERS Board seek renewal information from BCBS relating to an optional plan for Medicare retirees based upon the Medicare Supplement F with a unified premium and change the Medicare plan design to allow retirees to make a separate election for the medical coverage and the Rx coverage. Currently, retirees are required to take both if they want to participate in the NDPERS medical plan. The Board discussed these options.

MR. LEINGANG MOVED TO APPROVE THE RECOMMENDATIONS OF THE RETIREE SUBCOMMITTEE. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Mr. Collins stated that the audit committee had previously brought to the Board's attention the need to conduct an audit of the pharmacy benefits manager. Mr. Collins indicated it is staff's intention to seek Board approval to issue a request for proposal and seek the assistance of Gallagher Benefit Services in this effort. Staff will work with the audit committee and prepare a final recommendation for Board consideration.

MR. TRENBEATH MOVED TO PROCEED WITH THE REQUEST FOR PROPOSAL, TO HAVE GALLAGHER BENEFIT SERVICES PUT TOGETHER A PROPOSAL FOR THE PBM AUDIT. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

DENTAL RENEWAL

Ms. Allen reported that the dental contract with CIGNA expires on December 31, 2008. NDPERS, in conjunction with Gallagher Benefit Services, requested a renewal proposal from CIGNA and they provided two options for consideration. Board discussion followed relating to the renewal options.

MR. TRENBEATH MOVED TO APPROVE THE OPTION THAT THE PREMIUM INCREASE REMAIN AT 9% FOR 2009 AND NOT EXCEED 18% FOR 2010 (SUBJECT TO SUCCESSFUL RENEWAL NEGOTIATIONS). THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

HB 1433 IMPLEMENTATION UPDATE

Mr. Collins presented an update to the Board relating to the diabetes management program. Upon approval of the prescriptive practices committee, a mailing will be sent to members outlining information about the program, including enrollment information. NDPERS has issued a request for proposal to provide an evaluation of the program.

MEDICARE BLUE RX CONTRACT

Ms. Allen presented the BCBS MedicareBlue RX Retiree contract to the Board for the annual renewal. Legal counsel has reviewed the contract and no issues were noted.

MR. SANDAL MOVED TO APPROVE THE CONTRACT. THE MOTION WAS SECONDED BY MR. LEINGANG.

Ayes: Mr. Leingang, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

SURPLUS/AFFORDABILITY UPDATE

Mr. Reinhardt presented the April surplus projection and affordability analysis for the NDPERS group medical plan to the Board.

DEFERRED COMPENSATION

PROVIDER TRAINING PILOT PROGRAM

Ms. Knudsen provided the Board with information relating to the pilot 457 provider training conducted this spring. Representatives outside of the Bismarck-Mandan area were able to use the GoToMeeting online meeting website via a conference call. Very positive responses were received as these representatives did not have to travel to Bismarck in order to receive their required continuing education credits. Staff intends to provide similar training opportunities to representatives in the future.

457 COMPANION PLAN AND 401 (a) PLAN 1ST QUARTER 2008 REPORTS

Mr. Reinhardt presented the 1st quarter 2008 investment report to the Board for the 401(a) and 457 Companion Plans. Assets in the 401(a) plan decreased to \$16.8 million and in the Companion Plan decreased to \$22.7 million.

MISCELLANEOUS

INVESTMENT COMMITTEE MEETING MINUTES

The February 13, 2008 investment committee meeting minutes were shared with the Board for their information.

CONTACT INFORMATION

Ms. Knudsen reviewed with the Board information relating to NDPERS business continuity/disaster recovery plan, specifically personal contact information. The Board concurred that their information can be included to enable them to become notified in the event of an emergency.

BOARD ELECTION RESULTS

Ms. Allen reported that the election committee canvassed the ballots on Monday, June 16, 2008 at 9:00 a.m. at the NDPERS office. Because the election results were very close (by 13 votes), a recount was conducted. Mr. Levi Erdmann received the highest number of votes.

MR. LEINGANG MOVED TO CERTIFY THE ELECTION THAT MR. LEVI ERDMANN IS THE NEW BOARD MEMBER. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

The February 20, 2008 audit committee minutes were shared with the Board.

The State Investment Board agenda and approved minutes were shared with the Board.

The Board agreed to change the August Board meeting date from the 21st to either the 26th or 27th and they will be notified.

The results of the Executive Director evaluation will be deferred to the July Board meeting.

Mr. Collins shared information with the Board relating to a COBRA retiree rate increase issue and letters that were sent to these members.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:25 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

Thursday, July 17, 2008

WSI, Bismarck

WSI, Fargo

8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Levi Erdmann
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Kathy Allen, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Ms. Onalee Sellheim, BCBSND
Ms. Jodi Buhr, NDPEA

Via Conference Call: Mr. Larry Brooks, BCBSND
Mr. Kevin Schoenborn, BCBSND

Chairman Strinden called the meeting to order at 8:30 a.m. Chairman Strinden welcomed the new Board member Mr. Levi Erdmann.

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the June 19, 2008 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE JUNE 19, 2008 NDPERS BOARD MINUTES. MS. EHRHARDT SECONDED THE MOTION. THE MINUTES WERE APPROVED.

GROUP INSURANCE

MEDICA PRESENTATION

Mr. Collins introduced Mr. Halvorson, Vice President of Business Development with Medica Health Plans, a group insurance carrier in North Dakota. Mr. Halvorson reviewed with the Board facts about Medica Health Plans, which is headquartered in Minneapolis, MN. They are the second largest health plan in the upper Midwest, serving 1.5 million members through 12,000 group customers. Board members had questions of Mr. Halvorson relating to the Medica plan.

RENEWAL

Mr. Collins reviewed with the Board information relating to the BCBSND renewal. The August Board meeting is scheduled for August 26 to allow staff ample time to put the renewal information together.

BCBS MEMBER SATISFACTION SURVEY

Ms. Sellheim from BCBSND reviewed with the Board the 2008 member satisfaction survey results. The Board had questions that were responded to by Ms. Sellheim.

HB 1433 UPDATE

Mr. Collins presented updated information to the Board relating to the Disease State Management of Diabetes Program. He reported there were 172 members signed up for the program. The program can handle up to 800 members.

MEDICARE PART D

Mr. Collins reported an issue with Medicare Part D where members inadvertently signed up with another Part D carrier, ending up with two coverages. The federal government does not allow individuals to have two coverages. The consequence for a member is that they have paid premium to two plans. For those members who paid for not only the PERS plan but also another plan and when the members claims were paid by the other carriers, PERS staff is suggesting that we prorate the PERS premiums that relate to the Part D coverage and reimburse that back to the member. Prospectively these people would be reenrolled in the PERS coverage. Mr. Brooks, BCBSND, stated that Ms. Sellheim contacted each of these individuals and most of them had no intention of leaving the PERS policy; it was inadvertent.

MR. LEINGANG MOVED TO APPROVE THE APPROACH TO REIMBURSE RETIREES PREMIUMS FOR THE MONTHS WHERE THERE WAS ALTERNATE MEDICARE PART D COVERAGE AND NDPERS WAS NOT THE PRIMARY COVERAGE. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

FORMULARY CHANGES

Mr. Schoenborn, BCBSND, reviewed with the Board formulary changes that will be effective September 1, 2008. BCBSND will work with Prime Therapeutics to identify all members that have taken these drugs in the last six months and letters will be sent to these members informing them of the formulary drugs that will become nonpayable.

SURPLUS/AFFORDABILITY UPDATE

Mr. Reinhardt presented the May surplus projections and affordability analysis for the NDPERS group medical plan to the Board.

RETIREMENT

DISABILITY

Mr. Collins indicated to the Board that staff needs guidance in making a disability retirement issue decision. The specific issue relates to a member applying for disability benefits, electing a joint and survivor benefit and the member passing away before they received their first disability check. Pursuant to standard procedures for nondisability retirement benefits, the statute states a benefit is deemed final when the member accepts the retirement benefit. However, since the disability retirement is different than the standard benefits, staff is recommending PERS establish the PERS policy for disabilities to be that the election is valid at the time of the award under North Dakota Administrative Code 71-02-05-06(5). The Board discussed this issue.

MR. TRENBEATH MOVED TO ACCEPT STAFF RECOMMENDATION BASED ON THE NORTH DAKOTA ADMINISTRATIVE CODE THAT THE ELECTION IS VALID AT THE TIME OF THE AWARD. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

ASSET ALLOCATION STUDIES

Mr. Collins followed up with the Board relating to information on the asset/liability studies for the Job Service retirement plan and the retiree health plan. Since the last meeting, RIO has contacted SEI who did our last study and they have agreed to do the review again at no cost. The studies will be started when the actuarial evaluations for this year are complete in October. The studies should be available for your review late this year.

NEW EMPLOYER UPDATE

Mr. Collins provided information to the Board relating to the number of members reached through education services provided by PERS staff from July 1, 2007 to June 30, 2008.

MISCELLANEOUS

LEGISLATIVE TECHNICAL REVIEWS

Mr. Collins referred the Board to the draft technical and actuarial reviews that have been completed relating to PERS bills and indicated that in October the final reviews will be presented for final review and Board recommendations. Mr. Collins also recommended to the Board that on non PERS bills, we remain neutral. There have been no significant actuarial or technical issues. Relating to Senator Mathern's bill relating to establishment of a healthy North Dakota health insurance plan, Mr. Collins recommended the Board consider requesting that the Executive Director of PERS' assignment to chair the board of this new agency be withdrawn because of time constraints. Board discussion occurred.

MR. LEINGANG MOVED THAT THE BOARD SUGGEST TO SENATOR MATHERN THAT HE CONSIDER CHANGING HIS PROPOSED BILL TO ELIMINATE THE PROVISION THAT THE EXECUTIVE DIRECTOR OF NDPERS BE REQUIRED TO SERVE ON THE HEALTHY NORTH DAKOTA HEALTH INSURANCE PLAN BOARD. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

Mr. Collins reported that relating to Bills 90111 and 90112, these bills be modified to move the implementation date to March 1, 2011. These enhancements could then be incorporated into the new business system.

MR. TRENBEATH MOVED TO AMEND BILLS 90111 AND 90112 TO POSTPONE IMPLEMENTATION DATES TO MARCH 1, 2011. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

Mr. Collins reviewed with the Board highlights of the draft technical and actuarial reviews of PERS bills.

BOARD COMMITTEE ASSIGNMENT

Mr. Collins stated there is a vacancy on the Investment Committee. Mr. Trenbeath has been serving as an alternate and statute states that the three members appointed by PERS must be from the elected members to the Board. Mr. Erdmann expressed an interest in serving on this committee.

MS. EHRHARDT MOVED TO APPOINT MR. ERDMANN TO THE INVESTMENT COMMITTEE, WITH MR. TRENBEATH SERVING AS THE ALTERNATE MEMBER. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

INTERNAL AUDIT POLICIES

Mr. Collins reported to the Board that at the May Audit Committee meeting it was suggested that Internal Audit Policy 104, Independence, be changed removing reference to signing a conflict of interest statement. This step will be considered a part of planning an audit.

MR. LEINGANG MOVED TO APPROVE THE AMENDED INTERNAL AUDIT POLICY NO. 104. MR. TRENBEATH SECONDED THE MOTION.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

QUARTERLY CONSULTANT FEES

The quarterly consultant fees report was presented to the Board for their information.

EXECUTIVE DIRECTOR REVIEW

Chairman Strinden thanked Mr. Leingang for his efforts in coordinating the executive director evaluation process with the Board members. Mr. Leingang reviewed with the Board the evaluation review results as well as the results of the Executive Director Performance Review and Compensation Committee meeting. Mr. Leingang reviewed with the Board the recommended adjustment for Mr. Collins. Discussion followed.

MS. SMITH MOVED TO RECOMMEND A 3.5% GENERAL LEGISLATIVE INCREASE AND A 1.5% EXTERNAL EQUITY INCREASE EFFECTIVE JULY 1, 2008. THE MOTION WAS SECONDED BY MR. LEINGANG.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

Mr. Leingang stated that one of the recommendations of Executive Director Performance Review and Compensation Committee related to procedures for managing sick and

NDPERS Board Meeting

July 17, 2008

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annual leave for non-classified staff such as the NDPERS Executive Director. It is generally up to boards to establish such rules. The Board reached consensus that this will be reviewed and a policy should be developed for Board approval.

The State Investment Board agenda and approved minutes were shared with the Board.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 10:40 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

Tuesday, August 26, 2008
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Levi Erdmann
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. Anne Bahr, LRWL
Mr. Aaron Webb, Attorney Generals Office
Mr. Bill Robinson, Gallagher Benefit Services
Ms. Onalee Sellheim, BCBSND
Mr. Bill Kalanek, AFPE
Ms. Jodi Buhr, NDPEA
Ms. Gisele Thorson, NDPEA

Via Conference Call: Mr. Kevin Schoenborn, BCBSND
Mr. Brad Bartle, BCBSND
Mr. Rob Scheiring, BCBSND
Mr. Jim Sorensen, BCBSND

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

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the July 17, 2008 Board meeting.

Ms. Smith had a question relating to the minutes and the motion that was made on the Executive Director's salary adjustment. She believed the motion should have read a 3.5% general legislative increase, with a 1.5% external equity adjustment. Mr. Collins indicated staff will review the taped transcript and report back at the September Board meeting. Approval of the July meeting minutes will be held over to September.

PERSLINK

Quarterly Report

Ms. Schiermeister reviewed with the Board the 2nd quarter 2008 PERSLink status report which is required to be filed with ITD. The project is on time and on budget.

LRWL Report

Ms. Bahr, with LRWL, project oversight vendor, presented information on her work experience and background and reviewed with the Board the PERSLink project status. The project is nearing 1/3 completion with the first release scheduled for October 1. It was recommended that NDPERS will need to begin planning for future ongoing maintenance, enhancement and support beyond the warranty period. Board questions and discussion followed.

RETIREMENT

Highway Patrol Indexing

Ms. Allen stated that it is necessary for the Board to determine the rate to be used in establishing the index factor for deferred members of the Highway Patrol. During this last legislative session, agency budgets were increased by 4% for salary increases the second year of 2007-09 and employees were to receive a minimum monthly increase of \$75. The North Dakota Highway Patrol leadership is recommending that deferred members in its system have their final average salary indexed by 4%.

MR. LEINGANG MOVED APPROVAL OF A FOUR PERCENT ANNUAL INCREASE IN THE FINAL AVERAGE SALARY INDEXING FOR HIGHWAY PATROL MEMBERS EFFECTIVE JULY 1, 2008. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

IRA'S

Ms. Fricke stated that the Board, at its May meeting, approved the short and long term plan of action relating to the new federal special tax notice regarding plan payments. The amendment to the statute has been presented to the Legislative Employee Benefits Committee and the legislation has been modified accordingly. PERS staff contacted the Bank of North Dakota and they indicated they would set up the IRA's in a money market account with a fixed yearly rate (adjusted January each year). Currently the rate is 3.65%

with an APR of 3.71%. The Bank of North Dakota does not assess any fees on IRA accounts at this time. A proposed contract was drafted by legal counsel for Board consideration. Board questions and discussion followed.

MR. SANDAL MOVED TO APPROVE THE CONTRACT WITH THE BANK OF NORTH DAKOTA AS A CUSTODIAN TO SET UP IRA'S FOR NONVESTED PARTICIPANTS WITH AUTOMATIC ROLLOVERS OVER \$1,000. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

GROUP INSURANCE

Renewal

Mr. Collins reviewed with the Board information relating to the 2009-2011 renewal with BCBSND. Mr. Collins reported that Mr. Larry Brooks has retired and Mr. Kevin Shoenborn will be representing BCBSND as the consultant to NDPERS. Mr. Shoenborn stated that they value us as the largest employer group in the state. He stated they have proven to be open, fair and consistent in their dealings with NDPERS in providing a comprehensive fully-insured health plan with a high level of service, and efficient, low cost operations at competitive rates. He and Brad Bartle, the BCBS actuary, presented their proposal and response to questions submitted by PERS, with the key points relating to the administrative charge and other retention, contingency margin and trend assumption. Board questions followed.

Mr. Robinson from Gallagher Benefit Services, shared with the Board their observations and analysis of the BCBSND renewal proposal. He informed the Board that the BCBSND proposal is about \$14.5 million (or about 3.6%) higher than their independent projection. The differential is almost entirely due to differences in assumed retention/contingency margin (\$4.2 million or 1.0%) and trend (\$10.3 million or 2.6%). Board questions followed.

Self-Insured Bid

Mr. Collins indicated to the Board that, due to the number of issues in the BCBSND proposal that need to be resolved in the next several weeks and in recognition of the possibility that an agreement may not be reached, this could bring about the need for PERS to go to bid. One element of going to bid is getting quotes on a self-funded plan and the ND Century Code requires that such bids must be received by January 1, with a decision made by March 1 of next year. Staff recommends that Gallagher Benefit Services begin work on the request for proposal for both a self-funded and fully insured product immediately so a draft will be available by early October if the Board finds it necessary to go to bid. Board discussion followed.

MR. TRENBEATH MOVED TO AUTHORIZE GALLAGHER BENEFIT SERVICES TO WORK ON A SELF-FUNDED AND FULLY INSURED PLAN BID DOCUMENT. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

Wellness Program Update

Ms. Fricke presented information to the Board relating to the renewal of employers participating in the Employer Based Wellness Program. There are a total of 187 out of 279 employers electing to participate in the wellness program (67%). Ninety-seven percent of employees covered on the insurance plan are working for employers that are offering wellness programs and activities to their employees.

HB1433

Mr. Collins reported to the Board that currently there are 320 individuals signed up for the Diabetes State Management Program. A request for proposal for program assessment of this project was sent out and four proposals were received and evaluated and rated in the technical and price categories. The Board discussed the proposals and ratings.

MR. TRENBEATH MOVED TO APPROVE THE UNIVERSITY OF NORTH DAKOTA PROPOSAL TO PROVIDE PROGRAM ASSESSMENT OF THE DIABETES STATE MANAGEMENT PROGRAM. THE MOTION WAS SECONDED BY MR. LEINGANG.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

2007 Active Health Report

Mr. Reinhardt reviewed with the Board the 2007 health report for active employees. He will provide agency specific reports for those agencies over 100 employees. The report recapped the following: average charge and average paid amounts increased by approximately 10% from 2006 to 2007; active claims per month remained about the same throughout 2007; and the 2007 overall per capita costs increased for the NDPERS health plan.

Surplus/Affordability Update

Mr. Reinhardt presented the July surplus projection and affordability analysis for the NDPERS group medical plan to the Board.

MISCELLANEOUS

The State Investment Board agenda and approved minutes were shared with the Board.

Leave Policy

Mr. Leingang reviewed with the Board the proposed annual/sick leave policy for the NDPERS Executive Director (unclassified staff). He noted that the proposed policy was to follow the one in place for classified employees except the Board could set a different accrual level. It was recommended that if implemented, the Board recognized Mr. Collins's current accrued annual and sick leave and continue with his monthly leave accrual. Board discussion followed.

MR. LEINGANG MOVED TO APPROVE THE ANNUAL AND SICK LEAVE POLICY FOR NDPERS APPOINTED OR UNCLASSIFIED EMPLOYEES, AND TO ALSO APPROVE MR. COLLINS' CURRENT ACCUMULATION OF LEAVE. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

DEFERRED COMPENSATION

Financial Hardship Withdrawal #2008-002DC

Ms. Allen presented detailed information to the Board relating to a participant requesting a hardship withdrawal to cover medical expenses incurred by the participant's dependent. The Board discussed this hardship withdrawal case.

MR. LEINGANG MOVED TO DENY THE REQUEST FOR HARDSHIP WITHDRAWAL. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: Ms. Smith and Mr. Sandal

MOTION PASSED

Appeal for Premium Underpayment

Ms. Allen reported to the Board that an error was discovered during a recent audit which related to undercharging individuals that elected COBRA continuation of their health benefit at the time of retirement. The COBRA rate was effective for 18 months and once the 18 months ended, the members should have been changed to the higher non-Medicare rate which did not occur. Five members have appealed and are requesting to be released from liability for the repayment. Board questions and discussion followed.

MR. TRENBEATH MOVED TO APPROVE THE APPEALS OF EACH OF THE FIVE INDIVIDUALS. THE MOTION WAS SECONDED BY MR. ERDMANN.

Board discussion followed.

Ayes: Ms. Ehrhardt, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: Mr. Leingang, Ms. Smith, and Mr. Sandal

MOTION PASSED

EXECUTIVE SESSION

MR. ERDMANN MOVED THAT THE BOARD GO INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.1(9) TO DISCUSS THE NEGOTIATION STRATEGY RELATING TO THE BCBS RENEWAL. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, 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 11:30 a.m.

MR. TRENBEATH MOVED THAT THE BOARD RETURN TO OPEN SESSION. THE MOTION WAS SECONDED BY MR. ERDMANN.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

The Executive Session closed at 11:55 a.m. and the Board returned to open session.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:57 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

Thursday, September 18, 2008
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Levi Erdmann
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. Sharmain Dschaak, NDPERS
Mr. Leon Heick NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Jerry Rueschhoff, Gallagher Benefit Services
Mr. Kevin Schoenborn, BCBSND
Mr. Brad Bartle, BCBSND
Mr. Don Schott, BCBSND
Mr. Bill Kalanek, AFPE
Ms. Jodi Buhr, NDPEA

Via Conference Call: Ms. Onalee Sellheim, BCBSND

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

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the July 17, 2008 Board meeting.

MS. SMITH MOVED APPROVAL OF THE JULY 17, 2008 NDPERS BOARD MINUTES. MS. EHRHARDT SECONDED THE MOTION. THE MINUTES WERE APPROVED.

Chairman Strinden called for any questions or comments regarding the minutes of the August 26, 2008 Board meeting.

MR. LEINGANG MOVED APPROVAL OF THE AUGUST 26, 2008 NDPERS BOARD MINUTES. MS. SMITH SECONDED THE MOTION. THE MINUTES WERE APPROVED.

RETIREMENT

Segal Presentation

Mr. Collins stated that Ms. Cathie Eitelberg, Senior Vice President and National Director for the Public Sector Market, Segal Company, Washington, along with Ms. Melanie Walker, Vice President, Compliance Leader, with the Segal Denver office, who has been providing service to us on federal compliance for many years, would present information to the Board.

Ms. Eitelberg and Ms. Walker reviewed with the Board information from the IRS, who has recently stated its intent to significantly increase audits of governmental pension plans. The IRS expressed a strong desire to have all governmental plans obtain a favorable determination letter which provides assurance from the IRS that the form of the plan document complies with qualifications rules under IRC 401(a). All governmental plans are in the Cycle C category. Mr. Collins stated that PERS has never received a letter of determination from the IRS. After Board discussion, it was agreed to move towards a Cycle C review. Segal will conduct a compliance review of the NDPERS plan to be concluded at the end of December. If, after the review, it becomes necessary to amend PERS statutes, these amendments could be presented to the Legislature in January.

MR. SANDAL MOVED TO HAVE SEGAL CONDUCT A COMPLIANCE REVIEW OF THE NDPERS PLAN. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

Ms. Eitelberg and Ms. Walker also presented information on national trends, federal legislation and activities in others states. It was decided that they should return to the November or December meeting to continue the presentation.

DEFERRED COMPENSATION

Workshops

Mr. Collins updated the Board with information relating to the defined contribution plan 401(a) and deferred compensation companion plan 457(b) educational workshops scheduled in October.

Single Fund Initiative

Mr. Collins updated the Board with information relating to the single fund campaign to educate participants on the advantages of diversification to be held in conjunction with National Save for Retirement Week (week of October 19).

MISCELLANEOUS

Board Election Petitions

Mr. Collins indicated to the Board that a question came up regarding when a member interested in running for a Board position could collect the required signatures, specifically if they could collect the signatures in advance. The Election Committee sought the advice of legal counsel and they concluded that there is nothing in the rules prohibiting the practice of collecting signatures in advance. The Board concurred.

Internal Audit Policy 101

Mr. Collins, based on recommendation of the Audit Committee, presented internal audit policy 101 with suggested revisions to the Board.

MR. LEINGANG MOVED TO APPROVE INTERNAL AUDIT POLICY 101. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

Audit Committee Minutes

The May 21, 2008 PERS Audit Committee minutes were shared with the Board.

GROUP INSURANCE

BCBS Renewal

Mr. Collins stated that BCBS staff will review with the Board the renewal information and the answers to questions posed by PERS staff.

Mr. Schott, BCBS, reviewed with the Board PERS specific data on health care trends relating to inpatient, outpatient, professional and Rx drugs and claims volume.

Mr. Schoenborn, BCBS, reviewed with the Board trend and rate increase history information, and indicated to the Board that in February 2009 if the recalculated premiums decrease as a result of lower than expected claims experience, NDPERS will receive the lower premiums. Mr. Schoenborn indicated BCBS would roll over two wellness programs to the PERS group to keep them in line with other lines of business and the cost would come out of the BCBS administrative fee.

Mr. Bartle discussed with the Board the BCBS administrative fees. The Board further discussed the renewal with Mr. Bartle relating to the trend for the remainder of this biennium, the trend for 2009-2011, the proposed contingency of 1% and the conversion charge. Mr. Collins indicated that by October 6, the plan design and funding priorities will need to be submitted to OMB and the Governor's office. Mr. Collins reported he met with the State Employees Compensation Committee to review with them the health insurance options and they recommended to fund health insurance at the existing plan level. The Board agreed to defer the plan design and funding options to the October meeting.

Bid Document

Mr. Collins reviewed with the Board the timeline for the work effort relating to the bid document in the event we would have to go out for bid the middle of October. Gallagher Benefit Services is working on this document (refer to proposed timeline).

MR. TRENBEATH MOVED APPROVAL OF THE PROPOSED TIMELINE FOR THE HEALTH INSURANCE BID DOCUMENT. THE MOTION WAS SECONDED BY MR. ERDMANN.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

Medicare Part D Renewal

Mr. Collins suggested and the Board agreed to defer this renewal to the October Board meeting.

Industry, Business, and Labor Pharmacy Study

Information was presented to the Board relating to the study of the regulation and licensing of pharmacists and pharmacies in North Dakota being conducted by the interim IBL legislative committee.

Flu Shot Program

Information was presented to the Board relating to the annual flu shot program held through the UND Center for Family Medicine. PERS will distribute the information to agency contacts for dissemination to employees as well as post it to the PERS website home page for the duration of the program.

EXECUTIVE SESSION

MR. ERDMANN MOVED THAT THE BOARD GO INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.2 TO DISCUSS NEGOTIATING STRATEGY RELATING TO THE BCBS RENEWAL. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, 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 11:10 a.m.

MR. TRENBEATH MOVED THAT THE BOARD RETURN TO OPEN SESSION. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

The Executive Session closed at 12:10 p.m. and the Board returned to open session.

Appeal for Premium Underpayment

Ms. Allen reported to the Board that an error was discovered during a recent audit which related to undercharging individuals that elected COBRA continuation of their health benefit at the time of retirement. The COBRA rate was effective for 18 months and once the 18 months ended, the members should have been changed to the higher non-Medicare rate which did not occur. Five members previously appealed and two more appeals have been received and the members are requesting to be released from liability for the repayment. Mr. Collins indicated there are four members who have not responded and PERS will send them another notice. Board questions and discussion followed. Board members who had previously voted against the appeals, indicated their intention to vote to approve these appeals to be consistent with previous Board action.

MR. ERDMANN MOVED TO APPROVE THE APPEALS OF EACH OF THE TWO INDIVIDUALS. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Board discussion followed.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: None

NDPERS Board Meeting
September 18, 2008
Page 6 of 6

MOTION PASSED

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 12:20 p.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

Thursday, October 16, 2008, 2008
WSI, Boardroom, Bismarck
WSI Meeting Room, Fargo
8:30 A.M.

Members Present: Mr. Levi Erdmann
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Member Absent: Ms. Joan Ehrhardt

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Sharon Schiermeister, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Steve Cochrane, RIO
Mr. Paul Erlendson, Callan
Mr. Brad Ramirez, Segal
Mr. Curt Schneider, Segal
Mr. Bill Kalanek, AFPE

Via Conference Call: Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND
Mr. Jayme Steig, Frontier Pharmacy Services
Representative Bette Grande, District 41

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 September 18, 2008 Board meeting.

MS. SMITH MOVED APPROVAL OF THE SEPTEMBER 18, 2008 NDPERS BOARD MINUTES. MR. SANDAL SECONDED THE MOTION. THE MINUTES WERE APPROVED.

Chairman Strinden called for any questions or comments regarding the minutes of the October 2, 2008 Board meeting.

MR. LEINGANG MOVED APPROVAL OF THE OCTOBER 2, 2008 NDPERS BOARD MINUTES. MS. SMITH SECONDED THE MOTION. THE MINUTES WERE APPROVED.

RETIREMENT

Investment Update & Retiree Health Fund

Mr. Cochrane reported to the Board that there are extreme adverse economic conditions affecting our financial markets today. Mr. Erlendson reviewed with the Board what has occurred in the market and what to plan for. He indicated that PERS and the investment board are in it for the long term and it is believed that risk spreads (both credit and equity) have reached extreme levels and that patient investors will be handsomely rewarded from recent price levels. Mr. Erlendson explained that prudent long term investors such as PERS and the Investment Board experience both investment rewards and volatility as a consequence of their participation in the capital markets. Successful investors should stick with their prudently developed investment policies and maintain their resolve.

Mr. Cochrane indicated the Investment Board will be looking at rebalancing the PERS and TFFR investment funds during these difficult times. Mr. Cochrane also reiterated that long term investment will bring success where short term investment will bring failure. An investment update will be presented to the Board at the December meeting.

Mr. Cochrane also reported to the Board on the current status of the Retiree Health Plan and our current investments with State Street.

Annual Actuarial Valuations

Mr. Brad Ramirez and Mr. Curt Schneider with Segal reviewed with the Board the actuarial valuations as of June 30, 2008 for the main system, Judges, National Guard, Job Service, law enforcement with and without prior main service and the retiree health insurance credit fund. Overall, all the plans had a loss due to negative returns. Market returns for the current year as well as next year will have a significant affect on each plan's funded status. A copy of the report is available in the PERS office

Job Service COLA

Mr. Collins indicated that the consumer price index was just received and there was not ample time for review. It was suggested that the Board defer its consideration of this topic to the November meeting.

GROUP INSURANCE

BCBS Renewal

Mr. Collins reported that since the Board's October 3 meeting, staff has relayed the decision to BCBS, reviewed and finalized all schedules (attached), and set up meetings with OMB and Legislative Council.

HB1433

Mr. Steig, project manager for the implementation of HB1433 (diabetes management program), presented an update to the Board of what has occurred in the program since July 1, 2008. He presented a program overview and information relating to pharmacist-provider network, patient enrollment, current enrollment status, and web info (go to www.aboutthepatient.net). The Board had questions for Mr. Steig.

Surplus/Affordability Update

Mr. Reinhardt presented the August surplus projection and affordability analysis for the NDPERS group medical plan to the Board. The PERS projection for the 2007-09 biennium shows a loss of \$3.57 million, BCBS believes the loss will be between 6-12 million. The plan is fully insured, so the June 30, 2009 NDPERS estimated gain is \$0.

Health Promotion

Ms. Fricke reported that during the month of June PERS conducted a promotion through the wellness program for members and their eligible dependents age 18 or over to complete the health risk assessment survey available through Health Dialog website. Over 680 individuals completed the survey. A drawing was held to give away an iPod that was given by BCBS. The winner will be announced in the next active issue of *PERSpectives* Newsletter.

MISCELLANEOUS

Legislation

Mr. Collins reviewed with the Board the technical review, implementation issues and staff recommendations on the proposed legislation. The actuarial report relating to Bill 90111 indicates that allowing members to designate nonspouse beneficiaries has an actuarial effect on the Judges and the HP plans. This bill also allows the designation of a subsequent beneficiary. Staff recommends that this provision be withdrawn due to the actuarial cost. Staff also recommends withdrawing this provision for the PERS system to keep plans consistent. In addition, it is recommended that the subsequent beneficiary provision be withdrawn. Mr. Collins indicated this bill also includes the purchase of service credit up to 5 additional years. Given the current environment, it is recommended this provision be withdrawn.

MR. LEINGANG MOVED STAFF RECOMMENDATION. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Mr. Leingang, Mr. Sandal, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: None

Absent: Ms. Ehrhardt and Ms. Smith

MOTION PASSED

Mr. Collins reviewed with the Board the technical review and implementation issues and staff recommendations relating to Bill 90112. Staff recommends that the following be withdrawn because of the actuarial costs associated with the legislation: the PEP enhancement provision; the increase in the normal form of benefit for the HP plan from 50% to J&S to 100%; amend the bill to add an appropriation for the increased employer contribution to support the 2% increase in retiree contributions; amend the bill to provide that retirees would be eligible to receive the increase would be those that had 3 years of employment with an employer that elects to pay the increased benefits instead of having retirees from an employer that elects to participate; amend the bill to add a late election opportunity; and amend the bill to clarify employer elections.

MR. SANDAL MOVED STAFF RECOMMENDATION ON THE WITHDRAWAL AND AMENDMENT OF SECTIONS OF BILL 90112. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Mr. Leingang, Mr. Sandal, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: None

Absent: Ms. Ehrhardt and Ms. Smith

MOTION PASSED

Mr. Collins reviewed with the Board the technical review and implementation issues and staff recommendations relating to Bill 90113.. The Board previously indicated its preference to fund this bill from reserves and requested that up to \$2 million be used. As written, the bill would require about \$2.5 million. The Retiree Subcommittee met and staff recommendation is to propose a ratio of 130% (13% increase) for a two year period.

MR. TRENBEATH MOVED STAFF RECOMMENDATION TO PROPOSE A 130 PERCENT RATIO OF PREMEDICARE PREMIUMS TO ACTIVE PREMIUMS. THE MOTION WAS SECONDED BY MR. ERDMANN.

Ayes: Mr. Leingang, Mr. Sandal, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: None

Absent: Ms. Ehrhardt and Ms. Smith

MOTION PASSED

Relating to Bill 90114, Mr. Collins stated we will need to wait for the Executive Budget to determine if we need to request an appropriation. Relating to Bill 90118, Mr. Collins

suggested and the Board agreed that the concerns be communicated to the legislative council. As discussed, PERS will remain neutral on Bills 90124, 90125, and 90206.

Quarterly Consultant Fees

The report of consultant fees paid during the quarter ending September 30, 2008 was presented to the Board for their information

DEFERRED COMPENSATION

2nd Quarter 2008 Investment Report

Mr. Reinhardt reviewed with the Board the 2nd quarter 2008 report for the 401(a) and 457 Companion Plan. Assets in the 401(a) plan increased to \$17 million and in the Companion Plan to about \$23.4 million.

Financial Hardship Withdrawal

Ms. Allen reported that a hardship withdrawal had previously been considered and denied for the participant at the August Board meeting. The participant has since provided additional information documenting the loss of income which the Board reviewed and discussed.

MR. ERDMANN MOVED TO APPROVE THE HARDSHIP WITHDRAWAL. THE MOTION WAS SECONDED BY MR. LEINGANG.

Ayes: Mr. Leingang, Mr. Sandal, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: None

Absent: Ms. Ehrhardt and Ms. Smith

MOTION PASSED

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:20 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

Bank of North Dakota, Room 238, Bismarck

November 7, 2008, 2008

1:30 p.m.

Members Present: Mr. Levi Erdmann
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Conference Call: Ms. Joan Ehrhardt
Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Brad Ramirez, Segal
Mr. Mitchell Tjaden
Mr. David Weaver
Mr. Warren Boyd
Mr. Don Bitz
Mr. Harry Bieber
Ms. Susan Pederson
Mr. Tom Pederson
Mr. Mike Deisz
Mr. Ed Kouba

Chairman Strinden called the meeting to order at 1:35 p.m.

RETIREMENT

Job Service COLA

Mr. Collins indicated to the Board that at the October meeting a decision was not made relating to the Job Service cost of living adjustment since the federal government had only released the consumer price index the day of the meeting. Mr. Collins reviewed with the Board information relating to the history of the plan, the agreement on the unfunded liability, background on the COLA, 2009 CPI, the plans investment performance since July, and the funding implications of granting or not granting the increase and related work efforts that are ongoing. Mr. Ramirez from Segal reviewed with the Board the funded ratio which was at 107% on July 1, 2008. Based upon the funded status of the plan and the review by Segal, staff recommended the 5.8% cost of living adjustment for Job Service retirees to be effective December 1, 2008.

MR. TRENBEATH MOVED TO GRANT JOB SERVICE RETIREES A 5.8% COST OF LIVING ADJUSTMENT EFFECTIVE DECEMBER 1, 2008. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Several individuals in attendance had questions of the Board. Mr. Collins indicated that in early December a meeting will be arranged to address future issues and concerns regarding the funded status of the Job Service Plan.

DEFERRED COMPENSATION

457 Limits

Ms. Allen presented information to the Board relating to the limits for the Section 457 deferred compensation plan. The annual deferral limit, age 50 catch-up limit, as well as the 457 special catch-up (3 year) were increased. This information will be shared with all payroll contacts.

GROUP INSURANCE

Wellness Forum

Ms. Fricke reported to the Board that the 2008 Wellness Forum will be held on Wednesday, November 19 at the Heritage Center Auditorium. This forum is an opportunity to learn more about the program, specifically the requirements for the 2009-2010 plan year. It will be webcast and archived for future viewing.

MISCELLANEOUS

Proposed Legislation

Mr. Collins reviewed with the Board the four PERS bills, three of these bills received favorable recommendations from the Legislative Employee Benefits Committee and one received no recommendation. Staff recommendation is to prefile PERS bills 90111, 90112, 90113, and 90114 by the required deadline.

MS. EHRHARDT MOVED TO ACCEPT STAFF RECOMMENDATION TO PREFILE BILLS 90111, 90112, 90113, and 90114. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Retirement Appeal

Ms. Allen reviewed with the Board detailed information relating to a retirement appeal based on NDPERS request to repay an overpayment of pension benefits. The member has requested to be released from liability for the overpayment of benefits that occurred. The Board discussed this appeal.

MR. TRENBEATH MOVED TO DENY THE RETIREMENT APPEAL. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Board Education

Mr. Collins reported that the International Foundation of Employee Benefit Plans has scheduled an employee benefits conference next spring. Mr. Erdmann has expressed interest in attending and this will require Board authorization.

MR. TRENBEATH MOVED TO APPROVE MR. ERDMANN'S ATTENDANCE AT THE FOUNDATION SUMMIT THIS SPRING. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Proposed 2009 Board Meeting Dates

Mr. Collins shared with the Board the 2009 meeting dates. The October meeting will be changed to one week later to accommodate necessary action on the Job Service COLA. The 2009 schedule will be updated and shared with the Board at the December meeting.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 2:40 p.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Tuesday, December 16, 2008

8:30 A.M.

Members Present: Mr. Levi Erdmann
Ms. Joan Ehrhardt
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Jamie Kinsella, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Steve Cochrane, RIO
Mr. Brad Ramirez, Segal
Ms. Melanie Walker, Segal
Mr. Pat Brown, Brady, Martz and Associates
Mr. John Mongeon, Brady, Martz and Associates
Mr. Gary Rath, NDEA
Mr. Stuart Savelkoul, NDPEA

Via Conference Call: Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, 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 October 16, 2008 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE OCTOBER 16, 2008 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MR. TRENBEATH. THE MINUTES WERE APPROVED.

Chairman Strinden called for any questions or comments regarding the minutes of the November 7, 2008 Board meeting.

MR. LEINGANG MOVED APPROVAL OF THE NOVEMBER 7, 2008 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MS. EHRHARDT. THE MINUTES WERE APPROVED.

MISCELLANEOUS

Audit Report

Mr. Brown and Mr. Mongeon from Brady, Martz and Associates reviewed the 2008 NDPERS audit report with the Board. Mr. Brown reported that it is a clean opinion this year. He thanked the staff at NDPERS for their cooperation during the audit.

PERSLink Quarterly Report

Mr. Reinhardt reviewed with the Board the PERSLink status report for the period July 1, through September 30, 2008. Overall, the project is on time, on budget, and within scope.

Audit Committee Minutes

The approved August 20, 2008 audit committee minutes were shared with the Board for their information.

Executive Budget Update

Mr. Collins reviewed with the Board the executive budget for 2009-2011 as released by the Governor. Key points discussed were:

1. The PERS administrative budget was approved as proposed by the Board
2. The Governor included and recommended the retiree health increase
3. The health plan was funded at the priority #2 level

NDPERS 2009 Board Meeting Schedule

Mr. Collins presented the Board with the 2009 Board meeting schedule. The Board concurred with the schedule.

RETIREMENT

Annual Investment Update

Mr. Cochrane from the Retirement and Investment Office presented the annual investment update to the Board. The update included information relating to current economic conditions, PERS asset allocation, and performance review. The estimated rate of investment returns is minus 22%.

The Board discussed this information and had questions of Mr. Cochrane.

Segal Compliance Review of PERS Hybrid Plan & Highway Patrol Retirement Plan

Ms. Knudsen reviewed with the Board the results of the compliance review that was conducted by Segal Company at the end of November. The review focused on written plan requirements for qualified defined benefit plans under the Internal Revenue Code section 401(a). She also reviewed with the Board the difference if we elect to submit under Schedule C or Schedule E. After discussion, the Board determined that PERS should submit under Schedule C.

MS. EHRHARDT MOVED TO SUBMIT TO THE IRS UNDER SCHEDULE C AND SUBMIT THE AUTOMATIC ROLLOVER IN THE VOLUNTARY COMPLIANCE PROGRAM. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Retirement/Legislation Update

Mr. Collins presented a legislative update to the Board.

Mr. Collins presented the Board with an overview of where things are with the retirement program from a funding standpoint to coincide with what Mr. Cochrane has reported from an investment standpoint. There are two parts to the funding equation – investment returns and contributions. The only way to change contributions is through legislative action. Mr. Collins indicated that Segal has provided a range of options which are prudent actions at this time. Mr. Collins suggested a proposed plan of action including the Board chairman and Executive Director meeting with the chair of the Legislative Employee Benefits Committee, meeting with interest groups, employers and employer organizations. Mr. Collins reported he has met with OMB and Legislative Council to review this information.

Mr. Collins reviewed with the Board a range of options. Staff recommends the conservative option which includes taking action immediately based upon a 10 year recovery. It is recommended to increase contributions 3% beginning July 1, 2009 for a period of 2 years. It was also suggested that a special PERS Board meeting be scheduled the last week of December to review the information from the various group meetings and to determine what option is to be pursued.

MR. TRENBEATH MOVED TO SUPPORT STAFF RECOMMENDATION TO TAKE THE CONSERVATIVE APPROACH WITH THE BOARD APPROVAL TO OCCUR AT A BOARD MEETING LATER IN THE MONTH OF DECEMBER. THE MOTION WAS SECONDED BY MR. SANDAL.

Board discussion occurred. The Board agreed to meet on December 30.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Proposed Legislation LC90118

Mr. Collins reviewed with the Board the bill and Segal technical comments relating to the proposed supplemental savings plan for state law enforcement personnel.

Law Enforcement Plan Transfer Policy

Mr. Collins reviewed with the Board the proposed methodology from Segal relating to establishing a formal policy for the transfer of assets from PERS to the PERS law enforcement plan which would occur on an annual basis.

MR. TRENBEATH MOVED TO ADOPT THE RECOMMENDED PROCEDURE TO TRANSFER ASSETS NEAR JANUARY 1 OF EACH YEAR. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Retiree Health

EXECUTIVE SESSION

MR. TRENBEATH MOVED THAT THE BOARD GO INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.1(9) TO DISCUSS THE STATE STREET CASE. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, Mr. Erdmann, 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 Executive Session closed at 11:35 a.m. and the Board returned to open session.

GROUP INSURANCE

2009 Group PDP Contract

Ms. Allen reviewed with the Board the BCBS MedicareBlue RX contract which is renewed on an annual basis. The contract has been reviewed by legal counsel with no issues noted. The Board had questions relating to the new contract and a suggestion was made to rename the plan to include the word NDPERS for more specific identification. Ms. Allen indicated this name is one given by BCBS.

MR. LEINGANG MOVED APROVAL OF THE GROUP MEDICAREBLUE RX RETIREE PRESCRIPTION DRUG PLAN CONTRACT FOR THE PERIOD JANUARY 1, THROUGH DECEMBER 31, 2009. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Part D Rates

Ms. Allen reviewed with the Board the premium structure for the MedicareBlue RX Part D prescription drug plan which increased by 12.94% and is effective January 1, 2009.

MS. EHRHARDT MOVED TO APPROVE THE PREMIUM STRUCTURE FOR MEDICAREBLUE RX EFFECTIVE JANUARY 1, 2009. THE MOTION WAS SECONDED BY MR. ERDMANN.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Surplus/Affordability Update

Mr. Reinhardt reviewed with the Board the October surplus projection and affordability analysis for the NDPERS group medical plan. The projection for the 2007-2009 biennium shows total surplus at minus \$4.69 million. Discussion followed.

DEFERRED COMPENSATION

401(a) and 457 Companion Plan 3rd Quarter Reports

Mr. Reinhardt reviewed with the Board the 3rd quarter investment report for the companion and defined contribution plans. In the 401(a) plan assets decreased to \$15.3 million; assets in the 457 plan decreased to \$21.5 million. The number of participants in the companion plan is increasing and is now at 2,328.

AUL Contract

Ms. Allen reported that a new plan provider, American United Life, had met the requirements to provide services under the state's deferred compensation plan. AUL had sent PERS their contract for approval which has been reviewed and modified by legal counsel. The effective date of participation is expected to be March 1, 2009. Board discussion occurred. Mr. Collins indicated the Board may want to consider adding the revised wording to all of the contracts.

MR. SANDAL MOVED TO APPROVE THE REVISED PROVIDER ADMINISTRATIVE AGREEMENT WITH AUL. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Hardship Withdrawal

Ms. Allen presented detailed information to the Board relating to a participant requesting a hardship withdrawal to cover medical and other expenses incurred by the participant's spouse. The Board discussed this hardship withdrawal case.

MR. TRENBEATH MOVED TO APPROVE THE HARDSHIP WITHDRAWAL. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:40 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board