

MINUTES

North Dakota Public Employees Retirement System
Thursday, April 15, 2004
North Dakota Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo

Members Present:

Mr. David Gunkel
Mr. Howard Sage
Mr. Weldee Baetsch
Ms. Arvy Smith
Ms. Sandi Tabor

Via Video Conference:
Fargo

Chairman Jon Strinden
Ms. Rosey Sand

Others Present:

Mr. Scott Miller, Attorney General's Office
Mr. Sparb Collins, Executive Director NDPERS
Ms. Denise Curfman, NDPERS
Ms. Kathy Allen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Cheryle Masset-Martz, NDPERS
Ms. Rhonda Peterson, BCBS
Mr. Larry Brooks, BCBS
Mr. Tom Tupa, SEA/AFPE
Mr. Howard Snortland, AFPE
Dr. Patricia Hill, ND Pharmacists Assoc.

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

Minutes

Chairman Strinden called for any questions or comments regarding the March 24, 2004 NDPERS Board minutes.

Mr. Baetsch moved approval of the March 24, 2004. Mr. Gunkel seconds.

Chairman Strinden called for any questions or comments regarding the March 25, 2004 NDPERS Board minutes.

Mr. Baetsch moved approval of the March 25, 2004 minutes. Mr. Gunkel seconds. With the following correction to the motion on page four made by Mr. Gunkel to: “*staff recommendation to require payment by employee for the retiree health insurance credit prior to entering a pre-tax payroll deduction agreement for service credit purchases.*”

Hardship Withdrawal (Board Action Requested)

Mr. Collins indicated that during the reconciling of the year-end semi-annual reports of the deferred compensation provider companies, three companies were identified as having made unauthorized in-service distributions to plan participants. This means that PERS did not have copies of any paperwork on file indicating that the PERS board had authorized these distributions. The companies were:

Hartford
Nationwide
Waddell & Reed

PERS staff accountant contacted the appointed representatives of each company and requested copies of any paperwork related to the transactions. In all cases, the paperwork submitted by the providers indicated the distribution reason as “unforeseeable emergency/financial hardship.” The applications used in all cases were the provider company forms and none had an authorized signature by PERS. Our Provider Representative Handbook, summary plan description, and our provider training materials include complete instructions on how to apply for a hardship withdrawal and stipulate that the completed application and supporting documentation must be considered by the NDPERS Board to determine whether the request meets IRC requirements for a hardship distribution.

Each of the provider companies were notified of this violation in writing and asked to give their interpretation of the issues and propose any remedies.

Each provider responded to the PERS notification of the violation those responses were included in the board materials.

Ms. Allen handed out to the board a memo with staff recommendations.

Mr. Gunkel moved approval of staff recommendation option 2. Require the provider company to reinsate the distribtuions to the affected accounts back to the date of distribtuion and including any gains or losses. Also for the PERS board to review each hardship prior to the provider requesting reimbursement from the member. Ms. Sand seconds.

Ayes: Baetsch, Gunkel, Sand, Sage, Smith, Tabor, and Chairman Strinden.

Nays:

Absent:

PASSED

401(a) 4th Quarter 2003 Reports (Informational)

Included with the board materials was the 401(a) Defined Contribution 4th Quarter 2003 Report.

457 NDPERS Companion Plan 4th Quarter 2003 Reports (Informational)

Included with the board materials was the NDPERS 457 Companion Plan 4th Quarter Report.

Health Consultants (Board Action Requested)

Mr. Collins indicated that there were three firms had been invited to interview with the board concerning the actuarial and consulting work for the health plan.

- Gallagher Benefit Service appeared before the board and provided a comprehensive overview of their services as it related to the Request for Proposal.
- The Segal Company appeared before the board and provided a comprehensive overview of their services as it related to the Request for Proposal.
- Deloitte Consulting LLP appeared before the board and provided a comprehensive overview of their services as it related to the Request for Proposal.

Discussion followed.

Mr. Gunkel moved approval of Gallagher Benefit Services as NDPERS new Health Consultant.

Mr. Sage seconds.

BCBS Prescription Drugs (Informational)

Included with the board materials was a letter from BCBS updating the letter dated January 21, 2004, which detailed the position of BCBS related to reimbursing BCBS members for the costs of drugs imported by BCBS member into the United States from any foreign country.

Health Care Discussion (Informational)

Included with the board materials was the latest Health Care Discussion newsletter.

PERS Business Plan – 2004 (Informational)

Included with the board materials was PERS 2004 Business Plan. The board had no additions or changes to the plan for 2004.

PERS November 18, 2003 Audit Committee Minutes (Informational)

Included with the board materials was the PERS November 18, 2003 Audit Committee Minutes.

PERS Board Meeting Dates (Informational)

Included with the board material were the upcoming Board meeting dates and locations.

Chairman Strinden called for discussion, hearing none the meeting adjourned at 11:30 AM.

Respectfully Submitted

Denise A. Curfman

*Denise A. Curfman
Secretary, NDPERS Board*