

MINUTES

North Dakota Public Employees Retirement System

Thursday, April 19, 2007
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Ron Leingang
Mr. Howard Sage
Mr. Thomas Trenbeath

Via Video Conference: Chairman Jon Strinden
Ms. Rosey Sand

Member Absent: Ms Arvy Smith

Others Present: Mr. Sparb Collins, Executive Director, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Sharon Schiermeister, NDPERS
Mr. Aaron Webb, Attorney General's Office
Ms. Gisele Thorson, NDPEA, AFT
Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND

Via Video Conference Mr. Larry Brooks, BCBSND
Dr. Jon R. Rice, BCBSND
Ms. Jodi Carlisle, BCBSND
Ms. Shamayne Gerlach, BCBSND
Ms. Cheryl Wiggington, BCBSND

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

MINUTES

Chairman Strinden called for any comments or corrections to the March 28, 2007 Board meeting minutes.

THERE WERE NONE, MS. EHRHARDT MOVED APPROVAL OF THE MARCH 28, 2007 BOARD MEETING MINUTES. MS. SAND SECONDED THE MOTION. THE MINUTES WERE APPROVED.

GROUP INSURANCE

MEDICAL MANAGEMENT UPDATE

Ms. Wiggington, BCBSND, presented the Medical Management report for NDPERS Non-retirees and Retirees to the Board for the years 2004, 2005, and 2006. The five general categories presented related to case management, utilization management, disease management, reporting, and pharmacy management initiatives. The following were suggestions for future enhancements of Medical Management services: Health Dialog and Prevention Programs; Generic Rx Awareness; Member Education Opportunities. To view the full report, go to the NDPERS website.

Ms. Gerlach, BCBSND, presented the NDPERS Tobacco Program Update as of February 2007 to the Board. A total of 498 members began the smoking cessation program since its start in July 2003. At the end of June, BCBSND will report the success rate of those who began the smoking cessation program.

MEMBER ISSUE

Mr. Collins indicated that BCBSND will address an appeal for non-coverage of acupuncture services as well as the tone of the correspondence from BCBS. Mr. Brooks stated that acupuncture benefits are excluded from the PERS Plan. There currently are only two groups in the state that cover acupuncture services - one is for the federal employees and a large self-funded group. Concerning the complaint relating to the tone of the letters, Mr. Brooks reported that BCBS sends out many letters on a daily basis and they are all reviewed by a team before being used. Unfortunately, denial letters are perceived as very negative. Mr. Brooks suggested that BCBS include a question on the member survey form relating to the quality and clarity of correspondence to members.

PLAN DESIGN UPDATE

Mr. Webb provided the Board an update on the lawsuit relating to coverage of prescription contraceptives being heard in the U.S. Court of Appeals for the Eighth Circuit involving female employees of Union Pacific Railroad. The main issue related to whether the employer's health care plan violated federal antidiscrimination laws (Title VII). The first finding of the court was that the pregnancy discrimination act did not apply to the issue of contraception. The second finding found that Union Pacific's health care plans did not cover any contraception used by women or men; therefore, the court concluded that the coverage provided to women was not less favorable than that provided to men. The Eighth Circuit Court decision is the controlling law in North Dakota on this matter; however, Mr. Webb will continue to monitor this case should it be accepted for review by the U.S. Supreme Court.

HEALTH RATES

Ms. Allen presented the proposed health rates to the Board which will be in effect for the next biennium (2007-2009).

MS. SAND MOVED TO APPROVE THE HEALTH RATES FOR THE 2007 TO 2009 BIENNIUM. THE MOTION WAS SECONDED BY MR. LEINGANG.

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

Nays: None

Absent: Ms. Smith

MOTION PASSED

EMPLOYEE ASSISTANCE PROGRAM UPDATE

Mr. Reinhardt reported that the EAP request for proposal responses were due April 13 and PERS received 4 proposals (same vendors as two years ago). Staff will move forward with review of the proposals and notification to agencies within the next few weeks.

RETIREMENT

FIDELITY RECORDKEEPING AGREEMENT AMENDMENT

Mr. Allen presented two recordkeeping agreement amendments to the Board for review and approval. One amendment relates to the 401(a) defined contribution plan and the other for the 457 deferred compensation companion plan. The Board adopted the lifecycle fund default option for the companion plan last year. The Board also approved the addition of the Goldman Sachs Mid Cap Value Fund at its March 28, 2007 meeting.

MS. SAND MOVED APPROVAL OF THE RECORDKEEPING AGREEMENT AMENDMENTS TO ADOPT THE LIFECYCLE FUNDS AS THE DEFAULT OPTION FOR THE 401(a) DEFINED CONTRIBUTION PLAN AND TO ADD THE GOLDMAN SACHS MID CAP VALUE FUND. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

Absent: Ms. Smith

MOTION PASSED

DEFINED CONTRIBUTION PLAN – 2006 ENROLLMENT

Mr. Allen stated in 2006 100 members were offered the DC plan option and 12 transferred to this plan.

LASR

UPDATE

Ms. Knudsen presented the monthly report to the Board. Staff is moving ahead with the procurement activities and the project status is on schedule and within budget.

VENDOR PROPOSALS

Mr. Collins reviewed with the Board the methodology staff used to assess this vendor proposal. He noted that each section of the proposal was rated on a scale of 0 to 10. Based on the positive scoring by the review team and a proposed budget within the available funds, staff recommends beginning contract negotiations with Sagitec for the business system replacement project. The goal would be to bring the final contract to the Board by June or July. The plan is to start this project in October.

MR. LEINGANG MOVED TO ACCEPT STAFF RECOMMENDATION TO MOVE FORWARD WITH THE CONTRACT NEGOTIATIONS WITH SAGITEC WITH THE INTENT TO AWARD THEM THE CONTRACT. THE MOTION WAS SECONDED BY MS. SAND.

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

Nays: None

Absent: Ms. Smith

MOTION PASSED

Mr. Collins stated that, as reported at the February meeting, the starting date for the business system replacement project was moved back from July to October as a result of an ITD schedule changes in the system migration project. PERS has contracted with L. R. Wechsler (LRWL) for a fixed price for the RFP development, analysis and contract negotiations. It had been agreed that LRWL may also be contracted with for assistance in project management/quality control during the LASER project. Since the starting date for the project has been moved to October, PERS is suggesting deferring the decision on the project management portion until the vendor selection is completed and ITD has confirmed the mainframe migration schedule. However, staff would recommend beginning the development of the Requirements Traceability Matrix (RTM) or the project scope and contract with LRWL for this service. LRWL estimates that this effort will take between 80 to 100 hours at an estimated cost of \$22,000 to \$25,000.

MR. TRENBEATH MOVED TO APPROVE STAFF RECOMMENDATION TO CONTRACT WITH LRWL FOR THE DEVELOPMENT OF THE REQUIREMENTS TRACEABILITY MATRIX (RTM). THE MOTION WAS SECONDED BY MS. SAND.

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

Nays: None

Absent: Ms. Smith

MOTION PASSED

MISCELLANEOUS

NDPERS PERSONNEL POLICY MANUAL

Ms. Allen stated that staff has updated the personnel policy manual relating to computer access and internet use. The OMB policy for the use of electronic communication devices (ECD's) was used as the model.

**MS. SAND MOVED APPROVAL OF THE PERS PERSONNEL POLICY UPDATES.
THE MOTION WAS SECONDED BY MR. LEINGANG.**

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

Nays: None

Absent: Ms. Smith

MOTION PASSED

CONSULTANT FEES

Consulting, investment and administrative fees paid during the quarter ending March 31, 2007 was given to the Board for their information.

EXECUTIVE DIRECTOR REVIEW

Chairman Strinden stated that a year ago Mr. Leingang and he served on the committee to conduct the annual performance review of the Executive Director. Mr. Leingang and Ms. Ehrhardt volunteered to serve on this committee. Within the next couple of weeks Board members will receive the evaluation form to complete and return to Mr. Leingang.

The meeting adjourned at 9:45 a.m.

Prepared by,

Cheryl Stockert
Secretary to the NDPERS Board