

# MINUTES

## North Dakota Public Employees Retirement System

Thursday, July 19, 2007  
ND Association of Counties, Bismarck  
BCBS, 4510 13<sup>th</sup> Ave SW, Fargo  
8:30 A.M.

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

Via Conference Call: Chairman Jon Strinden

Others Present: Ms. Cheryl Stockert, NDPERS  
Ms. Kathy Allen, NDPERS  
Ms. Deb Knudsen, NDPERS  
Ms. Sharmain Dschaak, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. Diane Heck, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Ms. Barbara Dammen, NDPERS  
Mr. Dave Peske, ND Medical Association  
Mr. Bill Kalanek, AFPE/INDSEA  
Ms. Gisele Thorson, NDPEA, AFT #4660  
Mr. Weldee Baetsch

Via Conference Call: Mr. Sparb Collins, NDPERS  
Mr. Larry Brooks, BCBSND  
Mr. Rick Deschler, Sagitec  
Mr. Jeff Adair, Sagitec

Mr. Sage called the meeting to order at 8:40 a.m.

### MINUTES

Mr. Sage called for any questions or comments regarding the minutes of the June 21, 2007 Board meeting.

**MS. SMITH MOVED APPROVAL OF THE JUNE 21, 2007 NDPERS BOARD MINUTES. MR. TRENBEATH SECONDED THE MOTION. THE MINUTES WERE APPROVED.**

**RETIREMENT**

Ms. Dschaak introduced Ms. Barbara Dammen, newly hired Benefits Administrator, to the Board.

**DEFERRED NORMAL RETIREMENT OPTION**

Ms. Dschaak reported that Senate Bill 2048 provides for an actuarially increased retirement benefit as an option for retiring members who delay or inadvertently fail to apply for retirement benefits at their earliest full retirement age. Staff has worked with Segal and determined to use the tables as approved in 2005 for the partial lump sum option and would recommend the Board adopt the tables and method of calculation as provided by Segal.

**MR. TRENBEATH MOVED TO ACCEPT STAFF RECOMMENDATION TO ADOPT THE TABLES AND METHOD OF CALCULATION AS PROVIDED BY SEGAL FOR THE DEFERRED NORMAL RETIREMENT OPTION. THE MOTION WAS SECONDED BY MS. SMITH.**

Discussion followed. The Board requested staff review whether there is statutory authority to pay interest on the lump sum.

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

**Nays:** None

**MOTION PASSED**

**RETIREE HEALTH CREDIT**

Ms. Dschaak stated that Senate Bill 2045 provides, effective August 1, 2007, spouses who have both earned retiree health insurance credit may combine their respective credits and apply it toward the premium for NDPERS group health insurance coverage. Staff presented information relating to operating policies and procedures until implementation of this legislation and requested approval.

**MR. LEINGANG MOVED APPROVAL OF STAFF RECOMMENDATION TO IMPLEMENT OPERATING POLICIES AND PROCEDURES ON THE RETIREE HEALTH INSURANCE CREDIT LEGISLATION. THE MOTION WAS SECONDED BY MS. EHRHARDT.**

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

**Nays:** None

**MOTION PASSED**

### **CAREER AND TECHNICAL EDUCATION**

Ms. Dschaak reported that House Bill 1078 provides that employees of the State Board for Career and Technical Education may elect to transfer from TFFR to PERS. This would affect 16 individuals. Ms. Dschaak provided the Board with the timeline of activities relating to implementation of this bill.

### **13<sup>TH</sup> CHECK**

Mr. Collins reported that Senate Bill 2044 provides retirees with a 13<sup>th</sup> check equal to 75% of their monthly annuity, paid in January 2008, if the return is 9.06% or greater. The estimated return for the PERS fund for the year ending June 30, 2007 was approximately 18% (per RIO). The 13<sup>th</sup> check will be given to retirees. Board discussion related to exploring the possibility of future increases in the form of a graduated increase based on the estimated rate of return.

### **GROUP INSURANCE**

#### **DRUG FORMULARY EDUCATION**

Mr. Larry Brooks, BCBSND, presented information to the Board relating to how the drug formulary is developed and how development of the Part D formulary differs from development of the BCBSND commercial formulary. Mr. Brooks stated that pharmacy staff from BCBSND will present information at the next Board meeting relating to removal of a drug from the formulary as well as how members are notified when a drug is removed.

#### **COORDINATION OF BENEFITS**

Mr. Brooks, BCBSND, reported to the Board relating to the change in the coordination of benefits procedure. The change in procedure is going from pursue and then pay the claim, to a pay the claim then pursue. Approximately 98% of the time, claims should have been paid. This new procedure, which was implemented July 9, 2007, should increase member satisfaction.

#### **BCBS CONTRACT**

Mr. Collins discussed the proposed administrative agreement for the 2007-2009 biennium with the Board (changes highlighted in red). The agreement has been reviewed and approved by the Attorney General's office. The SPD will be printed and sent to members within the next few weeks. The Board discussed the definition of Subscriber (page 2 of the Agreement) which will be reviewed by the Attorney General's office.

**MR. LEINGANG MOVED TO APPROVE THE BCBSND ADMINISTRATIVE AGREEMENT FOR 2007-2009 BIENNIUM, REQUESTING REVIEW OF THE DEFINITION OF SUBSCRIBER BY THE ATTORNEY GENERAL'S OFFICE. THE MOTION WAS SECONDED BY MS. SMITH.**

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

**Nays:** None

## **MOTION PASSED**

### **HEALTH DISTRICTS/GARRISON DIVERSION CONSERVANCY**

Ms. Allen stated that House Bill 1179 authorizes, effective August 1, 2007, the Garrison Diversion Conservancy District and district health units may participate in the uniform group insurance program under the same terms and conditions as state agencies. Passage of this bill means they are required to offer their employees enrollment in health, life, dental, vision, long term care and employee assistance program. PERS has assisted these entities with enrollment. Mr. Collins stated that some of the smaller health districts have indicated the provisions of this bill are presenting a hardship.

### **SURPLUS/AFFORDABILITY UPDATE**

Mr. Collins presented the May surplus projection and affordability analysis for the NDPERS group medical plan and reviewed the estimated surplus projection figures with the Board.

### **LASR**

### **MONTHLY STATUS REPORT**

Ms. Knudsen presented the monthly status report to the Board, indicating that during June, staff had been involved in contract negotiations.

### **SAGITEC CONTRACT**

Mr. Collins presented the proposed contract with Sagitec for the business system replacement project to the Board for approval. The contract has been approved by the Attorney General's office as well as with the Ice Miller Law Firm that has extensive experience with IT contracts.

Mr. Knudsen reported that the intent to award will be posted to the procurement website at which time there will be seven days for appeal.

**MR. EHRHARDT MOVED APPROVAL OF THE SAGITEC CONTRACT. THE MOTION WAS SECONDED BY MS. SMITH.**

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

**Nays:** None

## **MOTION PASSED**

### **SAGITEC INFORMATION**

Mr. Rick Deshler and Mr. Jeff Adair presented information about their company, Sagitec, as well as critical success factors of project management. Mr. Collins informed the Board that staff will present an update at each monthly meeting. Staff will also be required to report to ITD as a requirement of the Large Project Management process through SITAC.

## **MISCELLANEOUS**

### **BOARD COMMITTEES**

Mr. Collins indicated to the Board that the Wellness Committee should also be included as a standing committee; Ms. Smith is on that committee. Chairman Strinden welcomed Mr. Sandal to the Board. Board members will continue to serve as currently assigned with the following changes: Mr. Trenbeath will serve on the Benefits Committee; Mr. Sandal will replace Ms. Sand to serve on the Investment Committee; and Mr. Trenbeath will serve as the alternate on the Investment Committee.

### **MS. SMITH MOVED TO ACCEPT THE APPOINTMENT CHANGES TO THE STANDING COMMITTEES. THE MOTION WAS SECONDED BY MR. SAGE.**

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

**Nays:** None

### **MOTION PASSED**

### **CONSULTANT FEES**

The consultant fees paid during the quarter ending June 30, 2007 report was presented to the Board for their information.

### **STATE INVESTMENT BOARD**

SIB agenda and minutes were distributed at the Board meeting.

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

Prepared by,

Cheryl Stockert  
Secretary to the Board