

# MINUTES

**North Dakota Public Employees Retirement System  
Tuesday, June 16, 2004  
Supreme Court Conference Room, State Capital, Bismarck**

**Members Present:**

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

**Via Phone Conference:  
Fargo**

Mr. 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  
Mr. Jay Buringrud, NDLC  
Mr. John Walstad, NDLC

Chairman Strinden called the meeting to order at 8:00 AM.

#### 401(a) & 457 Plan Investment Options (Board Action Requested)

Mr. Collins indicated the first item of discussion was the decision of Fidelity to close the Low Priced Stock Fund. Since the last meeting, the Investment Subcommittee had met several times to review possible replacement funds. The committee is proposing the PIMCO Small Cap Value fund. Included in the board materials was a matrix showing the style box category the fund is proposed to fit and some information on the fund. It was also suggested that this fund be treated in the same manner as the other closed funds. It would continue to be offered in the funds window network.

Mr. Collins indicated that the question to be decided is if they should automatically maintain the election of the member in the funds window network without requiring election material or require that election be automatically mapped to PIMCO unless they make an election for the window by a specific date. Some considerations relating to this decision would be:

- let them automatically continue with the Low Priced Stock Fund without completing a Funds Net election, they may be confused as to why they couldn't invest in other Funds Net options they become aware of without filling out an election. By letting them go into the Funds Net automatically, they also have not had to acknowledge in writing that they understand the NDPERS Board neither endorses nor monitors the mutual funds available through the Mutual Fund Window, nor does NDPERS make any representation that the funds available through the window are proper investments for retirement monies.
- Allowing them to go into the Funds Net option automatically would ensure that they did not lose their eligibility to invest in the Low Priced Stock Fund inadvertently, due to an incorrect address or unread mail.

**Mr. Gunkel moved approval of staff recommendation to replace the Fidelity Low Priced Stock Fund with PIMCO, with the option of the members in the low price stock being mapped automatically over to the new fund unless they complete the funds net application paper work. Mr. Baetsch seconds.**

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

**Nays:**

**Absent:** Tabor

**PASSED**

### Stable Value Fund 457 Plan

Mr. Collins indicated that the stable value fund is a non allocate account with VALIC and one of the provisions in this contract is that employer directed withdrawals with that plan are limited to 20% per year so it takes 5 years for the employer to direct those funds out to another fund. There are no similar restrictions at the member lever so a member can move the money as they elect.

In August the 457 plan assets are going to move from VALIC to Fidelity. VALIC indicated that once the transfer of assets occurs they will no longer be record keeping the assets at the member level. The record keeping that VALIC would be doing on the non allocated account would be at the plan level not at the member specific level. This also means that the member would no longer receive a report on their account. Fidelity has indicated that they will not do the record keeping on a fund they do not have as part of their system.

Staff has and will continue to work with both Fidelity and VALIC to resolve this issue.

Mr. Collins informed the board that due to this issue the communication pieces to the members may be delayed and that once a plan of action is developed another special board meeting maybe necessary.

Chairman Strinden called for discussion, hearing none the meeting adjourned at 8:45 AM.

*Respectfully Submitted*

*Denise A. Curfman*

*Denise A. Curfman  
Secretary, NDPERS Board*