

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Thursday, June 17, 2010

8:30 A.M.

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

Via Videoconference: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Sharon Schiermeister, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Gilbertson, RIO
Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND
Dr. Jon Rice, BCBSND
Mr. Bob Lamp, BCBSND
Mr. Paul von Ebers, BCBSND
Ms. Denise Kolpack, BCBSND
Ms. Erica Cermak, AFPE, APT, Inc.
Mr. Stuart Savelkoul, NDPEA
Ms. Michelle Walker, ND Dept. of Health
Ms. Micki Savelkoul, ND Dept. of Health
Mr. Alan Person

Via Videoconference: Mr. Gary Dauenhauer, BCBSND
Mr. Jim Wynstra, BCBSND
Mr. Michael Carlson, 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 20, 2010 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE MAY 20, 2010 BOARD MINUTES. THE MOTION WAS SECONDED BY MS. EHRHARDT. THE MINUTES WERE APPROVED.

RETIREMENT

Investment Update

Mr. LeRoy Gilbertson with RIO gave the Board an update on the status of the request for proposal for the executive recruitment services and performance audit efforts. Mr. Sandal indicated that the search committee had good competition. An RFP was issued for the performance audit effort and Clifton Gunderson LLP has been selected. An RFP was issued to provide executive recruitment services and EFL Associates has been selected. Mr. Gilbertson has scheduled meetings with the money managers for June, July and August. The Board had questions of Mr. Gilbertson.

457 Companion Plan/401(a)

Mr. Reinhardt reviewed with the Board the 457 and 401(a) plans first quarter 2010 report. Assets in the 401(a) plan increased to \$17.8 million with the number of participants at 292. Assets in the 457 Companion Plan increased to \$29.1 million with the participants increasing to 2,985. At the last meeting of the PERS Investment Subcommittee they voted to recommend adding the USAA funds to the mutual fund window. The Investment Subcommittee also recommended removing the Fidelity Dividend Growth and Fidelity Blue Chip Growth from under review status.

MR. ERDMANN MOVED TO ACCEPT THE RECOMMENDATION OF THE INVESTMENT SUBCOMMITTEE RELATING TO THE USAA AND FIDELITY DIVIDEND GROWTH AND BLUE CHIP GROWTH FUNDS. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

MOTION PASSED

Judges Health Savings Plan

Ms. Knudsen reviewed with the Board the status of implementation of the Judges health savings account. The implementation will be delayed until July 2011. A plan document, trust agreement and proposed voting procedure have been developed for Board review and approval.

MR. SANDAL MOVED TO APPROVE THE PROPOSED PLAN DOCUMENT, TRUST AGREEMENT AND PROPOSED VOTING PROCEDURE, AUTHORIZING STAFF TO PROCEED WITH SENDING OUT BALLOTS IN JULY. THE MOTION WAS SECONDED BY MS. SMITH.

The Board had questions of staff relating to implementation of this plan.

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

Nays: None

MOTION PASSED

Disability Consulting Contract

Ms. Allen reported to the Board that the disability consulting services contract with Mid Dakota Clinic expires June 30, 2010. The clinic has indicated they wish to continue these services at the same rate of \$200 per hour for the period July 1, 2010 through June 30, 2011. Staff has been satisfied with their services.

MR. ERDMANN MOVED TO CONTRACT WITH MID DAKOTA CLINIC FOR DISABILITY CONSULTING SERVICES AS PROPOSED FOR THE PERIOD JULY 1, 2010 THROUGH JUNE 30, 2011. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

MOTION PASSED

PERS Update Webcast

Mr. Collins reported that the third webcast relating to legislation and the recent experience study has been completed and posted to the PERS website. The next webcast will be September. The Board relayed to staff the importance of doing outreach to all membership.

GROUP INSURANCE

Quarterly Executive Summary

Mr. Schoenborn, Mr. Wynstra, Mr. Carlson and Mr. Dauenhauer with BCBS presented a quarterly executive summary to the Board. Information included a financial/trend analysis; health utilization summary for actives, early retirees, and Medicare retirees; wellness programs, claims and inquiry timeliness, and opportunities and activities.

Member Services Survey

Ms. Sellheim with BCBS reviewed with the Board the 2010 Member Services Survey. The survey summarized information taken from the Member Services Survey relating to overall satisfaction with the services provided by the NDPERS Member Services Department at BCBS. The overall member satisfaction rating was 92.7%. The Board had questions of BCBS.

MediQHome and Accordant Update

Dr. Jon Rice, BCBS, presented a medical management update to the Board which included information relating to MediQHome, Accordant, and the Cost Calculator programs. Dr. Rice explained the MediQHome program, which is an electronic tool for providers that provides real time information that is patient specific at the time of care. It is a tool that can improve chronic disease care and prevention, thus lowering health care costs. The Accordant program, a new service coming next month, is a disease management program for rare and uncommon conditions. This project is pending BCBS Board approval. The Cost Calculator is an electronic tool to help understand the cost estimate ranges of common elective procedures, specific to geographic locations. The Board had questions of Dr. Rice.

BCBS Update

Mr. von Ebers, Mr. Lamp and Ms. Kolpack of BCBS presented an update to the Board. They informed the Board that they value and appreciate the long-standing relationship with NDPERS and this partnership helps all of North Dakota. They wish to continue to work collaboratively with Board-to-Board and face-to-face meetings and updates. Board questions and discussion followed. The BCBS presentation is available from the PERS office.

Tobacco Cessation Program

Ms. Walker, the Cessation Coordinator for the Tobacco Prevention and Control Program of the Department of Health, provided the Board an update on the NDPERS Tobacco Cessation Program. Ms. Walker gave a program overview, program utilization, clinical practice guidelines, and information relating to the shift in focus to quit lines. She introduced Ms. Savelkoul, the Cessation Outreach Coordinator, who is also available to work with PERS in this program.

Dental Renewal

Ms. Allen reported to the Board that the contract with CIGNA expires on December 31, 2010 (contract in effect since January 1, 2007). A renewal proposal was requested from CIGNA for one year beginning January 1, 2011. Ms. Allen reviewed with the Board the proposal and discussed the renewal rate information. The Board discussed this issue.

MR. ERDMANN MOVED TO RENEW WITH CIGNA FOR ONE YEAR USING THE CURRENT PLAN DESIGN WITH A 6% ACROSS THE BOARD INCREASE. THE MOTION WAS SECONDED BY MR. TRENBEATH.

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

Nays: None

Absent: Ms. Smith

MOTION PASSED

PERSLink Update

Ms. Schiermeister presented an update to the Board regarding the PERSLink business system replacement project. The project is still on schedule and on budget with a go live date scheduled for October 4, 2010. Because of the need for additional PERS staff for system testing, the decision was made to defer deployment of member self-service until after January 1, 2011. Ms. Schiermeister reviewed with the Board the training, communication, and parallel testing efforts. Staff continues to be satisfied with the vendor and quality of product being delivered.

MISCELLANEOUS

PERS Budget

Ms. Schiermeister reviewed with the Board the 2011-2013 biennium budget request for NDPERS which required Board approval before being submitted to OMB. The budget that was presented was based on the guidance provided at the May Board meeting. It included an approximate 4.5% increase over the hold even budget amount.

MS. EHRHARDT MOVED TO APPROVE THE NDPERS BUDGET FOR THE 2011-2013 BIENNIUM. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

Absent: Ms. Smith

MOTION PASSED

Legislation

Mr. Collins gave the Board an update on the status of the bills sponsored by PERS. He reported that Legal Counsel is working on amendments to Bill number 60 relating to the uniform group insurance provisions approved at the last Board meeting.

Executive Director Review

Chairman Strinden indicated that all Board members had completed a performance evaluation on Mr. Collins. Based on a favorable performance evaluation, the review committee of Mr. Sage, Mr. Erdmann, and Chairman Strinden recommended a 4.5% salary increase effective July 1, 2010.

MR. SANDAL MOVED TO GRANT MR. COLLINS A SALARY ADJUSTMENT OF 4.5% EFFECTIVE JULY 1, 2010. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

Absent: Ms. Smith

MOTION PASSED

Discussion followed concerning updating the Executive Director evaluation document before the next evaluation cycle. Mr. Collins will include this on a future Board meeting agenda.

DEFERRED COMPENSATION

Valic Restitution Payments

Ms. Allen reported to the Board that NDPERS received two checks from VALIC pursuant to a settlement reached between the Securities and Exchange Commission and various fund administrators. According to the settlement agreement, the checks can be used for plan administration expenses or several other options. In the past, we have used these dollars for plan administration expenses.

MR. TRENBEATH MOVED TO USE THESE DOLLARS FOR PLAN ADMINISTRATION EXPENSES. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

Absent: Ms. Smith

MOTION PASSED

Hardship Withdrawal

Ms. Allen presented detailed information to the Board relating to a member requesting hardship withdrawal to cover expenses resulting from a debt incurred as a result of remodeling their home. The Board discussed this hardship withdrawal case.

MR. SANDAL MOVED TO DENY THE HARDSHIP WITHDRAWAL. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

Absent: Ms. Smith

MOTION PASSED

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 12:10 p.m.

Prepared by,

Cheryl Stockert
Secretary to the Board