

# MINUTES

## North Dakota Public Employees Retirement System

Thursday, June 21, 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  
Ms. Rosey Sand  
Ms. Arvy Smith  
Mr. Thomas Trenbeath

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS  
Ms. Cheryl Stockert, NDPERS  
Ms. Kathy Allen, NDPERS  
Ms. Sharmain Dschaak, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Ms. Diane Heck, NDPERS  
Mr. Dave Peske, ND Medical Association  
Ms. Onalee Sellheim, BCBSND  
Mr. Kevin Schoenborn, BCBSND  
Mr. Tom Tupa, AFPE/INDSEA  
Mr. Weldee Baetsch  
Mr. Mike Sandal

Via Conference Call: Mr. Larry Brooks, BCBSND  
Mr. Tom Christensen, BCBSND

Chairman Strinden called the meeting to order at 8:40 a.m.

### MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the May 17, 2007 Board meeting.

**MR. SAGE MOVED APPROVAL OF THE MAY 17, 2007 NDPERS BOARD MINUTES.  
MS. SAND SECONDED THE MOTION. THE MINUTES WERE APPROVED.**

## **GROUP INSURANCE**

### **RETIREE COMMITTEE**

Mr. Collins stated that PERS proposes to establish a retiree committee to review the retiree health plan and make recommendations for changes based upon legislation that was passed last session. It is suggested the committee be composed of two retirees from each of the retiree organizations, one representative from the staff of each of the retiree organizations, past PERS retiree representatives, and Mr. Leingang from the Board.

**MR. LEINGANG MOVED TO PROCEED IN ESTABLISHING A RETIREE COMMITTEE AND GIVE FORMER NDPERS BOARD MEMBERS AN OPPORTUNITY TO PARTICIPATE. THE MOTION WAS SECONDED BY MR. SAGE.**

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

**Nays:** None

## **MOTION PASSED**

### **MEDICARE PART D UPDATE**

Mr. Brooks from BCBSND presented an overview of activity relating to the Medicare Part D program for Medicare retirees. The following information was presented to the Board: a new option for handling the formulary; the 2006 utilization summary; implemented changes for 2007 and proposed changes for 2008 including timelines. The 2008 rating will be up for Board consideration at its September meeting. After discussion, the Board concurred the retiree committee would meet and make a recommendation to the Board.

### **ASHEVILLE PROJECT**

Mr. Collins stated that House Bill 1433 directs PERS to establish a collaborative drug therapy program to improve the health of individuals with diabetes. The Asheville Project is what brought this legislation forward. Mr. Barry Bunting, Pharm.D, Clinical Manager of Pharmacy Services at Mission Hospitals, Asheville, North Carolina, presented the Board with information relating to the Asheville Project which is a case management model for 7 employers. The program targets high risk populations, provides intense self-care education, provides frequent face-to-face follow-up by a personal health coach (which are specially trained community pharmacists/educators), and financial incentives encourage patient participation. Significant outcomes experienced through this project are a net decrease in total health care costs and a decrease in missed work hours by 50%. PERS staff approach to implementing the bill include: beginning July-August, request a proposal from the ND Pharmacy Association; September-November work with the Pharmacy Association to refine the proposal, work with BCBS to identify possible cost incentives; in November-December, present the proposal to the Board; in January report on the RFP for a consultant to evaluate the project. Board discussion followed.

**MR. SAGE MOVED TO PROCEED WITH STAFF RECOMMENDATION RELATING TO IMPLEMENTATION OF HOUSE BILL 1433. THE MOTION WAS SECONDED BY MS. EHRHARDT.**

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

**Nays:** None

**MOTION PASSED**

**SMOKING CESSATION PROGRAM**

Ms. Allen reported that the Health Department has approved funding in the amount of \$150,000 to continue tobacco prevention activities for state employees for the 2007-09 biennium. This project is a joint effort among PERS, BCBS and the Health Department. A grant application must be submitted.

**MR. TRENBEATH MOVED TO APPROVE THE CONTINUATION OF THE SMOKING CESSATION PROGRAM FOR THE 2007-09 BIENNIUM AND DIRECTED STAFF TO SUBMIT THE GRANT. THE MOTION WAS SECONDED BY MR. LEINGANG.**

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

**Nays:** None

**Absent:** Ms. Sand

**MOTION PASSED**

**TEMPORARY EMPLOYEES**

Ms. Allen stated that Senate Bill 2045 passed by the legislature and effective August 1, 2007 contains a provision to allow employers the option to pay the health premium (subject to budget authority) on behalf of temporary employees. Staff recommends for employers electing to pay the premium for temporary employees that they be assessed the single and family rates instead of the flat rate. The Board discussed this issue.

**MS. SMITH MOVED TO ACCEPT STAFF RECOMMENDATION TO ESTABLISH THE SINGLE AND FAMILY RATES FOR TEMPORARY EMPLOYEES THAT HAVE BEEN USED IN THE PAST. THE MOTION WAS SECONDED BY MR. LEINGANG.**

**Ayes:** Ms. Ehrhardt, Mr. Leingang, Ms. Sand, Ms. Smith, and Chairman Strinden

**Nays:** Mr. Sage, Mr. Trenbeath

**MOTION PASSED**

**RETIREE MEDICAL**

Ms. Fricke reported that health insurance increase notices were sent to retirees and COBRA participants on May 31, 2007. Because there was a large volume of calls and comments received relating to this issue, staff shared information with the Board.

### **SURPLUS/AFFORDABILITY UPDATE**

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

### **DEFERRED COMPENSATION**

#### **457 AND 401(a) PLANS 1<sup>st</sup> QUARTER 2007 REPORTS**

Mr. Collins reported the NDPERS Investment Subcommittee has met and recommends moving Mutual Shares A (TESIX) to a Large Cap Value Fund which would involve a change in Appendix 1 of the Companion Plan and Defined Contribution Statement of Investment Policy.

**MR. SAGE MOVED TO APPROVE MOVING MUTUAL SHARES A (TESIX) FROM A MID CAP VALUE FUND TO A LARGE CAP VALUE FUND. THE MOTION WAS SECONDED BY MS. SAND.**

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

**Nays:** None

### **MOTION PASSED**

#### **DEFERRED COMPENSATION AUTOMATIC ENROLLMENT UPDATE**

Ms. Allen stated that during this last legislative session Senate Bill 2047, which would have allowed for automatic enrollment of employees in the deferred compensation program, was vetoed by the Governor. In 2005 the Board approved the concept of an expedited enrollment for employees (PEP). She indicated the expedited process will continue as a result of the veto of SB 2047. Also staff will continue to promote awareness of PEP and encourage participation in supplemental retirement savings plans.

#### **ING REQUEST**

Ms. Allen reported that ING was put on a Loss of Active Provider Status by the Board at its July 2005 meeting. Under this status, providers may not enroll new participants, but may continue to receive contributions from existing participants. Senate Bill 2205 was passed this last legislative session which provides that child enforcement officers that are employees of a regional office must transfer to the Department of Human Services effective July 1, 2007. There are five Ward County enforcement officers currently enrolled with ING who would like to roll over their accounts to the ING group established for the state's 457 plan. ING is requesting that the Board consider allowing an exception to the suspension to allow the five Ward County employees to roll over their accounts to ING under the state's plan. The Board discussed this issue.

**MS. SAND MOVED TO GRANT ING AN EXCEPTION IN ORDER TO ALLOW ANY INDIVIDUALS AFFECTED BY SENATE BILL 2205 WHO ARE ENROLLED WITH ING TO ROLL OVER THEIR ACCOUNTS TO ING UNDER THE STATE'S PLAN. THE MOTION WAS SECONDED BY MS. EHRHARDT.**

Discussion followed.

**Ayes:** Ms. Ehrhardt, Mr. Leingang, Ms. Sand, Ms. Smith, and Chairman Strinden.

**Nays:** Mr. Sage, Mr. Trenbeath

## **MOTION PASSED**

### **LASR UPDATE**

Mr. Collins reported staff is currently in its final stages of contract negotiations with Sagitec.

## **MISCELLANEOUS**

### **2006 AND 2007 BUSINESS PLANS**

Mr. Collins stated these business plans were presented to the Board at its May meeting for information. The Board requested educational information be presented relating to retiree cost of living adjustments. In response to this request, Mr. Collins stated staff would initiate topics as part of the Board education relating to possible methods and options.

### **BOARD ELECTION**

Ms. Allen stated that canvassing was conducted on Monday, June 18, 2007 in accordance with the election rules. The Election Committee reviewed and accepted the results of the election as presented. Mr. Mike Sandal will be the newly elected active member to the PERS Board for a 5 year term beginning July 1, 2007 ending June 30, 2012.

**MR. TRENBEATH MOVED TO ACCEPT THE ELECTION RESULTS. THE MOTION WAS SECONDED BY MS. SMITH.**

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

**Nays:** None

## **MOTION PASSED**

### **LEGISLATIVE EMPLOYEE BENEFITS COMMITTEE**

Mr. Collins provided information to the Board relating to the appointments to the interim Legislative Employee Benefits Committee.

**AUDIT COMMITTEE MINUTES**

The February 21, 2007 minutes were provided to the Board for information with no discussion or questions.

**NAGDCA MEETING**

Mr. Collins indicated that the annual NAGDCA conference is being held this fall and Mr. Leingang is interested in attending.

**MS. SAND MOVED TO ALLOW TWO BOARD MEMBERS TO ATTEND THE NAGDCA CONFERENCE. THE MOTION WAS SECONDED BY MS. SMITH.**

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

**Nays:** None

**MOTION PASSED**

**EXECUTIVE DIRECTOR REVIEW**

Chairman Strinden thanked Mr. Leingang for his efforts in coordinating the executive director evaluation process with the Board members. Prior to the next Board meeting, Chairman Strinden will discuss the evaluation results with Mr. Collins. Chairman Strinden indicated to the Board that action must be taken on the resolution passed in 2006 which would allow the salary of the Executive Director to increase to \$146,839 effective July 1, 2007 subject to approval of the 2007-2009 budget. Mr. Strinden indicated that this was approved in the budget.

**MS. SAND MOVED TO APPROVE THE SALARY INCREASE. THE MOTION WAS SECONDED BY MS. EHRHARDT.**

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

**Nays:** None

**MOTION PASSED**

Chairman Strinden announced that this was Ms. Sand's last Board meeting. He expressed his appreciation for her efforts and thanked her for her valuable service to the Board. A plaque was presented to Ms. Sand.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:15 a.m.

Prepared by,

Cheryl Stockert  
Secretary to the Board