

MINUTES

North Dakota Public Employees Retirement System
Thursday, June 20, 2002
Missouri River Room
State Capital
Bismarck, North Dakota

Members Present: Chairman Jon Strinden
Mr. David Gunkel
Mr. Ron Leingang
Mr. Howard Sage
Mr. Weldee Baetsch
Ms. Tabor
Dr. Terry Dwelle

Others Present: Mr. Sparb Collins, Executive Director NDPERS
Mr. Scott Miller, Attorney General's Office
Ms. Denise Curfman, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Sharon Schiermeister, NDPERS
Mr. Michael Cote', The Segal Company, Denver
Mr. Howard Snortland, AFPE
Ms. Tracy Thomas, NDOA

Chairman Strinden called the meeting to order at 8:30 AM.

Minutes

Chairman Strinden called for any questions or comments regarding the June 20, 2002 NDPERS Board minutes.

Mr. Gunkel moved approval of the June 20th Board meeting minutes. Mr. Baetsch seconds the motion.

DENTAL PROPOSALS

Staff Review

Mr. Collins indicated pursuant to the action at the last board meeting staff had sent a supplemental request for information to all vendors. This request related to additional information concerning the administrative requirements and benefit provisions. Mr. Collins indicated that all vendors responded.

Discussion followed regarding the history of the current dental plans premiums, participation, adequacy of the coverages and ease of administration between ING and Delta.

Mr. Mike Cote, Consultant with the Segal Company was present to answer any questions on the interview and RFP's.

Delta Dental –

Mr. Christopher Baldwin and Mr. Jack Sattler of Delta Dental provided the Board with a presentation for the Boards consideration of Delta Dental program as the new dental plan.

Mr. DJ Braun appeared before the Board as a local broker who submitted a RFP with Delta Dental. Mr. Braun provided a brief biography on himself and his business for the Board to consider him as the agent for the dental program.

ING Employee Benefits-

Mr. Barry Carlson and Ms. Carol Kroger of ING Employee Benefits provided a presentation for the Boards consideration to renew the current dental contract.

Discussion followed after the two presentations.

Ms. Tabor moved approval to renew the dental contract with ING Employee Benefits. Dr. Dwelle seconded.

Ayes: Baetsch, Gunkel, Leingang, Sage, Tabor, Dwelle and Chairman Strinden.

Nays: None

Absent: None

PASSED

Ms. Tabor moved approval for staff to pursue additional plan designs with ING Employee Benefits. Mr. Baetsch seconded.

Ayes: Baetsch, Gunkel, Leingang, Sage, Tabor, Dwelle and Chairman Strinden.

Nays: None

Absent: None

PASSED

VISION PROPOSALS

Staff Review

Mr. Collins indicated that there were three vision vendors to interview. Two offer network products (VSP & Superior) and one is an indemnity product. The network products offer a certain level of coverage when using a network provider, participants only pay the co-payment

when using services and the provider may not balance bill the participant. The indemnity product allows participants to use any provider, the carrier reimburses based upon a fee schedule, and the participant must file a claim to be paid.

Mr. Collins indicated that staff had sent each vendor sample claims to determine how they would be paid. The results were included in the board materials. Staff also looked at the possibility of offering a combination of two plans. Those results were also included in the board materials.

Ameritas –

Mr. Dan Snyder, Ameritas and Mr. Frank Wald, local agent provided a presentation for the Boards consideration of Ameritas Vision program as the new vision plan.

VSP –

Mr. Mike Carlson and Mr. Tom Swartzaugh, VSP provided a presentation for the Boards consideration as the new vision plan. Mr. Frank Wald also appeared with VSP relating to a second proposal for services from VSP submitted through him.

Superior Vision Services, Inc. -

Mr. Rick Corbet, Mr. Rick Kjerstad and Ms. Kimberley Hess. Superior Vision Services, Inc. provided a presentation for the Board consideration as the new vision plan.

Discussion followed after hearing each of the vision presentations.

Ms. Tabor moved approval of Ameritas as the new vision plan. Mr. Gunkel seconded.

Ayes: Baetsch, Gunkel, Leingang, Tabor and Chairman Strinden.

Nays: None

Absent: Sage and Dr. Dwelle

PASSED

MISCELLANEOUS

ING Life Review – Informational

Mr. Barry Carlson and Ms. Carol Kroger appeared before the Board to discuss the specifics of this issue and to provide the Board with an over view of their life underwriting process and respond to any questions about the complaint.

Deferred Comp Provider Training Compliance – Board Action Requested

Staff informed the Board that there were still a number of provider representatives who have not satisfied the training requirements provided in the NDPERS administrative contract. On February 27, 2002 staff sent letters to the home office contacts for each provider company, citing the contract requirements and included a list of representatives not in compliance with the contract. Included in that letter staff also asked that any alternate training programs be submitted for Board approval by March 18, 2002. No alternate proposals were received at the April meeting. The Board directed staff to send a Notice of Suspension letter pursuant to NDCC 71-04-04-09 to the provider company's that were not in compliance. Letters were sent to the provider Companies not in compliance in early May. All providers have responded, however, Safeco and Zurich Kemper have not taken action to bring their company's into compliance. Both company's have indicated that they are interested in developing their own training programs, but at this point they have not taken any action to start the process.

Ms. Knudsen indicated that staff is suggesting the Board consider suspending the provider company's in 60 days unless they bring themselves into compliance by that date. Staff would then propose to offer the provider company's the opportunity to develop and conduct their own training. Staff would work with them, if they desire, within the 60 day window.

Mr. Leingang moved approval of staff's recommendation. Mr. Baetsch seconded.

Ayes: Baetsch, Gunkel, Leingang, Tabor, Sage, Dr. Dwelle and Chairman Strinden.

Nays: None

Absent: None

PASSED

Board Election – Informational

Mr. Collins indicated that Rosey Sand was elected by the active membership. Her term will begin July 1, 2002 and run through June 30, 2007.

Ms. Tabor moved approval to accept the election results. Mr. Leingang seconded.

Ayes: Baetsch, Gunkel, Leingang, Tabor and Chairman Strinden.

Nays: None

Absent: Sage and Dr. Dwelle

PASSED

Actuarial Study & Pension Adequacy – Board Action Requested

Mr. Collins indicated that at the last meeting the Board discussed several issues relating to the proposed legislation submitted by Representative Wald to expand the defined contribution plan to all state employees. The Board decided to have Gabriel, Roeder, Smith & Company (GRS) do the actuarial analysis again and requested staff to contact them for a proposal. The proposal was included in the board materials.

Mr. Baetsch moved approval of GRS conducting the actuarial analysis as outlined in the proposal. Mr. Leingang seconded.

Ayes: Baetsch, Gunkel, Leingang, and Chairman Strinden.

Nays: None

Absent: Sage, Tabor and Dr. Dwelle

PASSED

Discussion followed on additional work being done on Pension Adequacy.

Mr. Gunkel moved denial for a study on Pension Adequacy. Mr. Leingang seconded.

Ayes: Baetsch, Gunkel, Leingang, and Chairman Strinden

Nays: None

Absent: Sage, Tabor and Dr. Dwelle

PASSED

Agency Budget – Board Action Requested

Ms. Schiermeister indicated that in April of this year, staff was notified by the Office of Management and Budget that PERS would be allowed to submit a budget at the same level as the appropriation for the 2001-2003 biennium. To achieve the "hold-even" budget, a reduction in the level of effort currently provided will need to be made. Staff has identified two options for

the Board to consider. These options were included in the board materials. Excluding one of the options from the base budget will allow us to meet the OMB requirement.

Mr. Gunkel moved approval of staff recommendation option one, which is, eliminating two temporary positions, reducing the number of newsletters published and reducing travel. Mr. Leingang seconded.

Ayes: None

Nays: Baetsch, Gunkel, Leingang, and Chairman Strinden.

Absent: Sage, Tabor and Dr. Dwelle

PASSED

Chairman Strinden thanked Mr. Ron Leingang for his years of service on the PERS Board and presented him with a plaque of appreciation.

The next meetings have been scheduled for July 18th, and August 29th.

Chairman Strinden called for any other business, hearing none the meeting adjourned at 2:45 PM.

Respectfully Submitted

Denise A. Curfman

*Denise A. Curfman
Secretary, NDPERS Board*