

MINUTES

North Dakota Public Employees Retirement System

Wednesday, March 28, 2007
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.

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

Via Video Conference: Chairman Jon Strinden
Ms. Rosey Sand

Others Present: Mr. Sparb Collins, Executive Director, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Sharmain Dschaak, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Aaron Webb, Attorney General's Office
Ms. Gisele Thorson, NDPEA, AFT
Mr. David Peske, ND Medical Association

Via Video Conference Mr. Kevin Schoenborn
Mr. Steve Webster, BCBSND
Mr. Brad LaPorte, Health Dialog

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

MINUTES

Chairman Strinden called for any comments or corrections to the January 18, 2007, February 15, 2007 and March 13, 2007 Board meeting minutes.

THERE WERE NONE, MR. LEINGANG MOVED APPROVAL OF THE JANUARY, FEBRUARY AND MARCH 2007 BOARD MEETING MINUTES. MS. SMITH SECONDED THE MOTION. THE MINUTES WERE APPROVED.

GROUP INSURANCE

HEALTH DIALOG

Mr. Brad LaPorte from Health Dialog presented Year 1 overall NDPERS program results (through September 2006). Medical cost savings from the chronic population segment was about \$1.4 million. Estimated total PMPM cost savings equal \$2.43. Eight of ten members indicate they are satisfied with the program, while nine in ten would recommend it to a friend or family member. All operational performance metrics are exceeding contractual standards program-to-date.

EPO UPDATE

Mr. Steve Webster, BCBS, stated they received confirmation from the existing EPO members of their acceptance of the revised arrangement. At the last Board meeting it was approved to remove the risk component of the current EPO provider agreement. Consequently, BCBS was able to secure all existing EPO networks for the next biennium.

SURPLUS/AFFORDABILITY UPDATE

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

2006 EAP UTILIZATION RATE

Mr. Reinhardt presented information regarding the utilization rate for 2006 for the Employee Assistance Program and it was about 8.9% which is comparable to previous years. The RFP for EAP for the 2005-07 biennium was recently issued.

CIGNA PERFORMANCE GUARANTEE AGREEMENT

Ms. Allen stated that the CIGNA Performance Guarantee Agreement for the group dental plan has been revised and reviewed by PERS staff and legal counsel. CIGNA has made the requested revisions.

MS. SAND MOVED TO APPROVE THE CIGNA PERFORMANCE GUARANTEE AGREEMENT. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

RETIREMENT

4TH QUARTER 2006 INVESTMENT REPORT

Mr. Reinhardt presented the 4th quarter investment report as reviewed by the Investment Subcommittee. The number of participants in the 401(a) plan remains around 300 and the funds increased to approximately \$16.2 million as of December 31, 2006. The number of participants in the 457 Companion Plan dropped from 1,319 after the transition to Fidelity, but is now at 1,555 and the funds increased to \$20.9 million as of December 31, 2006 (73% increase from December 31, 2003). All fund returns for the quarter were positive. Mr. Reinhardt stated that the Investment Subcommittee recommended adding the Goldman Sachs Mid Cap Value Fund to the core lineup and approved putting the Fidelity Dividend Growth Fund and the Fidelity Blue Chip Growth Fund on formal watch. With this action, PERS will mark these funds as "Under Watch" on reports and notify the membership through an article in the next newsletter.

MR. SAGE MOVED TO ADD THE GOLDMAN SACHS FUND TO THE CORE LINEUP AND AS RECOMMENDED PUT THE TWO FIDELITY FUNDS ON FORMAL WATCH. THE MOTION WAS SECONDED BY MR. LEINGANG.

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

Nays: None

MOTION PASSED

FIDELITY RECORDKEEPING AGREEMENT AMENDMENTS

Mr. Collins stated the Fidelity Recordkeeping Agreement Amendments were not received from Fidelity so this item will be carried over to the April Board meeting.

INVESTMENT POLICIES

Mr. Reinhardt reported that the Investment Subcommittee, including Mr. Sage, Mr. Leingang, Ms. Sand and Mr. Reinhardt, reviewed the Statement of Investment Goals, Objectives and Policies for NDPERS, the NDPERS Retiree Health Insurance Credit Fund, the Investment Policy Statement for Job Service of North Dakota, Statement of Investment Policy for the Deferred Compensation Companion Plan and the Defined Contribution Plan. The policies were revised to make the language more consistent and uniform in format across all policies as well as easier to understand. Mr. Reinhardt explained that no asset allocation, monthly employee contributions or actuarial assumed rates of return on assets were changed on any of the policies.

MR. SAGE MOVED TO APPROVE THE INVESTMENT POLICIES AS PRESENTED. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

MOTION PASSED

LASR UPDATE

Ms. Knudsen presented a status report for the business system replacement project. Staff conducted site visits to Kansas PERS and also to the Colorado Fire and Police. The procurement is progressing on schedule.

MISCELLANEOUS

AUDIT COMMITTEE MINUTES

The minutes of the December 6, 2006 PERS Audit Committee were presented with no discussion or questions.

LEGISLATIVE UPDATE

Mr. Collins stated that the amended agency budget bill came out of the House Appropriations Committee with a do pass. The bill will go to the full House, and if accepted, will continue to conference committee.

MEMBER REQUEST

Mr. Collins stated one of the members has asked staff to share his information with the Board. The member understands that the Board does not handle appeals. The Board asked BCBS to respond to the issues relating to acupuncture and member relation procedures and report back at a subsequent meeting.

The meeting adjourned at 9:50 a.m.

Prepared by,

Cheryl Stockert
Secretary to the NDPERS Board