

MINUTES

North Dakota Public Employees Retirement System

Thursday, October 18, 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
Mr. Mike Sandal
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
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Diane Heck, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND
Dr. Vogeltanz-Holm, UND
Ms. Jeanne Prom, UND
Mr. Mike Moehle, Segal
Mr. Kurt Schneider, Segal
Mr. Bill Kalanek, AFPE
Mr. Dave Zentner

Via Conference Call: Mr. Larry Brooks, BCBSND

Chairman Strinden called the meeting to order at 8:35 a.m.

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the September 20, 2007 Board meeting.

MR. SAGE MOVED APPROVAL OF THE SEPTEMBER 20, 2007 NDPERS BOARD MINUTES. MS. EHRHARDT SECONDED THE MOTION. THE MINUTES WERE APPROVED.

RETIREMENT

ANNUAL VALUATIONS

Mr. Mike Moehle and Mr. Kurt Schneider from Segal Company presented an overview of the Actuarial Valuation Reports as of July 1, 2007 for the retirement system, retiree health insurance credit fund, ND Highway Patrolmen's retirement system, and the Job Service retirement plan. A complete report is on file at the NDPERS office. After questions and discussion, the Board requested Segal to provide additional information for discussion at the December planning meeting.

JOB SERVICE COST OF LIVING ADJUSTMENT

Ms. Allen reported that the Federal Civil Service Plan provides an annual adjustment of 2.3%. A cost of living adjustment increase is in line for the Job Service retirees paid by both NDPERS and The Travelers. The actuarial assumption used in the annual valuation for the adjustment is 5% per year, so the 2.3% increase represents a gain to the system.

MR. LEINGANG MOVED TO APPROVE THE 2.3% COST OF LIVING INCREASE TO JOB SERVICE RETIREES PAID BY NDPERS AND THE TRAVELERS EFFECTIVE DECEMBER 1, 2007. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sage, Ms. Smith, Mr. Trenbeath, and Mr. Sandal

Nays: None

Absent: Chairman Strinden

MOTION PASSED

SB2044 – JUDGES

Mr. Collins stated that SB2044 authorized an increase for the Judges retirement system if there was sufficient actuarial margin to do so. The actuarial report shows that the Judges retirement system has an actuarial margin of 5.21%. The cost of the 2% increase is 4.06% of active payroll. Based on this information, it was recommended to approve the 2% increase.

MR. TRENBEATH MOVED TO PROVIDE A 2% INCREASE TO THE JUDGES RETIREES EFFECTIVE JANUARY 1, 2008. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sage, Ms. Smith, Mr. Trenbeath, and Mr. Sandal
Nays: None
Absent: Chairman Strinden

MOTION PASSED

HB 1078 - CAREER & TECHNICAL EDUCATION

Mr. Collins presented information to the Board regarding the progress to date in implementing this legislation. Pursuant to legislation, TFFR will transfer funds from their trust fund to the NDPERS trust fund that is the actuarial equivalent of the benefit being transferred.

PREP, BISMARCK

Mr. Collins informed the Board that 209 members and 68 spouses attended the Pre-Retirement Education Program conducted in Bismarck on October 10.

COST OF LIVING ADJUSTMENTS, IMPLICATIONS FOR RETIREMENT PLANS

Mr. Moehle from Segal reviewed with the Board approaches for providing cost of living adjustments to retirees. Board discussion occurred and requests were made of Segal to provide additional information relating to the COLAs to be discussed at the December planning meeting.

GROUP INSURANCE

WELLNESS PILOT PROJECT

Dr. Nancy Vogeltanz-Holm, UND Center for Health Promotion and Prevention Research, presented the wellness program update to the Board, including an overview of the program, chronology of the program services and activities to date, participation data, and worksite initiatives. Four state agencies are involved in this program: Office of Management and Budget, State Historical Society, Department of Commerce, and Tax Department. The program is in its third and final year.

WELLNESS FORUM

Ms. Fricke presented the Board with an update on the upcoming Wellness Forum to be held at the Bismarck Heritage Center, November 14, 2007. An agenda was provided.

SURPLUS/AFFORDABILITY UPDATE

Mr. Reinhardt presented the August surplus projection and affordability analysis for the NDPERS group medical plan.

2005 NDPERS COMPARISON

Mr. Reinhardt reviewed with the Board the 2005 inpatient comparison which is a tool to use to benchmark or compare our health plan to the nation. Overall, NDPERS has about 68% of the 2005 national average hospital episodes.

DEFINED CONTRIBUTION

DEFERRED COMPENSATION AND COMPANION PLAN DOCUMENTS

Ms. Allen presented the restated plan documents for the 457 Deferred Compensation Plan and the Deferred Compensation Companion Plan for Board review and approval. The plan documents were revised to incorporate provisions of the Pension Protection Act of 2006 which allows non-spouse beneficiaries the option to rollover eligible amounts to inherited IRAs. Adopting this change will permit the option of a rollover which is a non-taxable event.

MR. TRENBEATH MOVED TO ADOPT THE RESTATED PLAN DOCUMENTS FOR THE 457 DEFERRED COMPENSATION PLAN AND THE DEFERRED COMPENSATION COMPANION PLAN. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

MOTION PASSED

DEFINED CONTRIBUTION PLAN DOCUMENT

Ms. Allen presented the restated plan document for the 401(a) Defined Contribution Plan for Board review and approval. Three sections were revised, one to allow participants who attain age 65 while employed to become 100% vested in their employer contributions; one to reduce mandatory cash out amount from \$5,000 to \$1,000 in order to comply with Code Section 401()(31)(b), and one to permit non-spouse beneficiaries to rollover eligible amounts to inherited IRAs.

MR. SANDAL MOVED TO APPROVE THE RESTATED PLAN DOCUMENT FOR THE 401(a) DEFINED CONTRIBUTION PLAN. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

MOTION PASSED

HARDSHIP WITHDRAWALS

Mr. Collins referred the Board to an excellent article on unforeseeable emergency deferred compensation hardship withdrawals which was presented at the NAGDCA conference.

FLEX COMP

FLEX COMP PLAN GRACE PERIOD REVIEW

Ms. Allen followed up with the Board in response to their request at the September 20, 2007 meeting to evaluate whether the flexcomp administrative policy relating to grace period claims should be changed. Ms. Allen stated that the policy gives the participant the authority and responsibility to make the election to have expenses paid out of either the current plan year or the previous plan year (if submitted during the grace period which is January 1 through April 30). After Board discussion, it was decided to leave the current policy in place which gives the participant the decision making authority of what plan year they request their funds to be taken from.

LASR

POST IMPLEMENTATION REPORT

Ms. Knudsen presented the post implementation report to the Board. This report was submitted to ITD at the end of Phase III of the LASR project. Phase III of the project was completed successfully and under budget.

MISCELLANEOUS

QUARTERLY CONSULTANT FEES

The consultant fees paid during the quarter ending September 30, 2007 report was presented to the Board for their information.

UPDATES

Mr. Collins reported that there are 60 individuals registered for the Retiree Forum scheduled to be held at the Bismarck Civic Center Exhibit Hall meeting rooms on Monday, November 19, at 1:00 p.m. Registration closes November 9. Mr. Collins stated that the flu shot program ran for two nights and approximately 600 vaccinations were given.

The GASB 45 Report and BSBSND Schedules that were on this month's agenda will be deferred to the November meeting.

NDPERS Board Meeting
October 18, 2007
Page 6 of 6

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:40 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board