

MINUTES

North Dakota Public Employees Retirement System

WSI Boardroom, Bismarck

WSI Meeting Room, Fargo

Thursday, January 21, 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
Mr. Bryan Reinhardt, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Paul von Ebers, BCBSND
Mr. Kevin Schoenborn, BCBSND
Mr. Stuart Savelkoul, NDPEA
Mr. Ron Leingang
Mr. Bill Kalanek, AFPE
Ms. Ruth Krystopolski, Sanford Health Plan
Mr. Ryan Bohy, Sanford Health Plan
Ms. Lisa Carlson, Sanford Health Plan
Ms. Martha Leclerc, Sanford Health Plan
Mr. Jason Hubers, Great Plains Brokerage

Via Videoconference: Ms. Onalee Sellheim, BCBSND
Ms. Jodi Crouse, BCBSND
Mr. Chad Niles, 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 November 19, 2009 Board meeting.

MS. SMITH MOVED APPROVAL OF THE NOVEMBER 19, 2009 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MR. SAGE. THE MINUTES WERE APPROVED.

Chairman Strinden called for any questions or comments regarding the minutes of the December 16, 2009 Board meeting.

MR. TRENBEATH MOVED APPROVAL OF THE DECEMBER 16, 2009 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MS. SMITH. THE MINUTES WERE APPROVED.

GROUP INSURANCE

BCBS Update

Mr. Collins introduced Mr. Paul von Ebers, the President and CEO of the BCBSND to the Board. Mr. von Ebers assured the Board that they value the NDPERS group which represents their largest customer. Mr. von Ebers presented information relating to key cost drivers of health care; current cost containment initiatives; and the impact of health care reform. Summary of information presented:

- Major factors contributing to health care inflation are reimbursement increases, cost shifting, utilization, and demographics (aging population). There has been an increase in costs at 8% a year over the last 10 years.
- Cost shifting occurs between government payers and private payers.
- When new technologies are available in health care, doctors want to cure, which creates a perfect inflationary machine.
- BCBS will look at how to address this inflation and recommit to the mission to do something about the health care inflation that has occurred these past few years.
- The Milliman Study shows that North Dakota is below the average compared with other states in all areas: average premium; private payer hospital reimbursement; hospital costs, and FY 2007 total hospital operating margin.
- Current cost containment initiatives include medical and disease management, quality assurance initiatives and reporting, wellness programs, member education and engagement, pharmacy management, and NDPERS programs.
- Longer range options were presented including MediQHome program, product options encouraging members to engage in their health care and personal wellness, and provider reimbursement initiatives directed at lowering the cost of health care.
- BCBS has put administrative cost containment in place, with a flat 2010 corporate budget, revisions to the executive compensation philosophy, and increased BCBS employee health insurance participation contribution.
- BCBS is supportive of the concept of tort reform.
- In the longer range options, BCBS is willing to do an actuarial valuation of the HRA/Blue Dollar product.
- Mr. von Ebers reported BCBS has a new Board Chair, Mr. Bob Lamp, who would be happy to meet with the PERS Board if requested.

The Board had questions that were answered and discussed with Mr. von Ebers. The Board found Mr. von Eber's comments encouraging as far as the progress which BCBS is making on the issues that have been addressed earlier.

Contracts

PBM Audit with TRICAST

Mr. Collins reported that Mr. Webb has been working with TRICAST on the contract, specifically the confidentiality provisions. TRICAST has accepted all changes.

MS. EHRHARDT MOVED APPROVAL OF THE TRICAST CONTRACT. THE MOTION WAS SECONDED BY MR. SANDAL.

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

Nays: None

MOTION PASSED

Health Consultant

Mr. Collins reported that Deloitte was awarded the fee for service portion of the health insurance effort pursuant to our recent RFP and included in the Board materials was the proposed contract for Board review and approval. Mr. Webb has reviewed and approved the contract and Business Associate Agreement.

MS. SMITH MOVED APPROVAL OF THE DELOITTE CONTRACT AND BUSINESS ASSOCIATE AGREEMENT. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

MOTION PASSED

COBRA Subsidy

Ms. Allen presented the Board with an update on the COBRA premium assistance subsidy program which was initially passed in February 2009 and has been extended to February 28, 2010. Staff is working on implementing the changes and notified participating employers the week of January 4. The Board had questions relating to this program.

Surplus/Affordability Update

Mr. Reinhardt presented the November surplus projections to the Board. Projections are that BCBS will take a loss of \$4 million. Since the plan is fully insured, NDPERS estimated gain/loss is \$0.

Heart of America Contract

Mr. Allen reviewed with the Board the request from Heart of America Health Plan in Rugby to continue to offer its health plan to state employees in the Rugby area for the period July 1, 2010 through June 30, 2011. The Board had questions of staff and discussed this plan.

MR. TRENBEATH MOVED APPROVAL OF THE HEART OF AMERICA HEALTH PLAN, RUGBY, FROM JULY 1, 2010 THROUGH JUNE 30, 2011. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

MOTION PASSED

Sanford Health Plan

Representatives from Sanford Health Plan presented information to the Board relating to their company. Information presented included: company profile, management, products and services, and worksite wellness program. Sanford does not currently have a statewide provider network, but they are working towards that goal. The Board discussed the Sanford Plan with the representatives and thanked them for attending.

Retiree Concern

Mr. Collins discussed with the Board a letter which was sent to each Board member expressing concern with the benefit services from a provider in Arizona. Ms. Sellheim, BCBS, reviewed with the Board the issues this retired member is dealing with relating to the provider not accepting Medicare as reimbursement for primary care services. After discussion, it was determined that Mr. Collins will write to the member and the provider on behalf of the Board.

RETIREMENT

Segal Contract

The Board previously discussed renewing the retirement consultant contract with Segal for one more year subject to reviewing the cost proposal from them. Included in the Board materials was the Segal renewal proposal that offered a one year extension with no change in fees from the existing period. The Board had questions of staff.

MR. SANDAL MOVED TO EXTEND THE SEGAL CONTRACT FOR ONE YEAR JULY 1, 2010 TO JUNE 30, 2011. THE MOTION WAS SECONDED BY MR. ERDMANN.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Retiree Health Plan

Mr. Collins indicated to the Board that at the December meeting it was discussed to allow members to use the retiree health credit program credit for not only the PERS health insurance plan but also other non-PERS health products. Currently, the retiree health credit is tied to PERS coverage only. In the 2005 session a bill was submitted that would have provided a similar provision. Segal conducted an actuarial report on allowing this and would have cost .12% of payroll to allow this expanded coverage. The Board indicated that it would also like to get information from Segal on allowing just the pre-Medicare retirees to use the credit for other products due to the premium costs levels. Mr. Collins will request Segal to look at this concept and bring information back to the Board at the February meeting.

Communication Efforts

Mr. Collins reported that two web videos for members have been produced by the Health Department and posted to the website discussing the challenge facing the PERS retirement plan as a result of the downturn in the financial markets and the various considerations relating to that challenge. Mr. Collins noted that a third video will be posted in March titled "The Proposals". In addition, Mr. Collins reviewed with the Board the member groups he has met with to review the status of the plans. The Board discussed with Mr. Collins how this information will be disseminated to members.

FLEX COMP

Enrollment Update

Ms. Allen presented a 2010 flex comp enrollment update to the Board. The Board discussed with staff how this program is promoted to employees.

DEFERRED COMPENSATION

Third Quarter 2009 401(a) and 457 Reports

Mr. Reinhardt reviewed with the Board the 3rd quarter investment report for the companion and defined contribution plans. In the 401(a) plan, assets increased to \$16.0 million; assets in the 457 plan increased to \$25.3 million. The number of participants in the companion plan is increasing and is now at 2,768. The Investment Subcommittee has been reviewing adding another international fund to the portfolio and has recommended adding the Fidelity Spartan International Index Fund to the core lineup.

MR. ERDMANN MOVED TO ADD THE FIDELITY SPARTAN INTERNATIONAL INDEX FUND TO THE CORE LINEUP. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

MOTION PASSED

MISCELLANEOUS

2010 Business Plan

Mr. Collins sought Board concurrence not to update the full Business Plan document as was done in 2009 due to the requirements of the PERSLink project. The Board concurred.

2009 Comprehensive Annual Financial Report

Mr. Collins indicated this report was submitted to the Government Finance Officers Association with an application for the GFOA Certificate of Excellence in Financial Reporting. The Board suggested this report be sent to all employees. It is available on the PERS website at <http://www.nd.gov/ndpers/forms-and-publications/publications/2009-annual-report.pdf>

Public Pension Coordinating Council Certificate of Recognition for Administration

NDPERS qualified for the PPCC Recognition Award for Administration. The Board congratulated staff on this effort.

International Foundation of Employee Benefit Programs

Mr. Collins indicated that two Board members expressed an interest in attending the annual Public Funds Conference/Investment Institute Conference this April in Arizona.

MS. SMITH MOVED APPROVAL FOR TWO BOARD MEMBERS TO ATTEND THE PUBLIC FUNDS CONFERENCE. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Mr. Sage suggested the Board include the NCPERS Conference approval in this motion.

MR. SMITH AMENDED THE ORIGINAL MOTION TO INCLUDE APPROVAL OF TWO BOARD MEMBERS TO ATTEND THE NCPERS CONFERENCE. THE AMENDMENT WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

MOTION PASSED

Quarterly Consultant Fees

The report of consultant fees paid during the quarter ending December 31, 2009 was presented to the Board for their information.

Hardship Withdrawal

Ms. Allen presented detailed information to the Board relating to a participant requesting a hardship withdrawal for expenses for unexpected dental treatment. The Board discussed this hardship withdrawal case.

MR. SAGE MOVED TO APPROVE THE HARDSHIP WITHDRAWAL. THE MOTION WAS SECONDED BY MS. SMITH.

Board discussion occurred.

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

Nays: None

MOTION PASSED

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:30 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Thursday, February 25, 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
Mr. Bryan Reinhardt, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Sharmain Dschaak, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. Diane Heck, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Kevin Schoenborn, BCBSND
Ms. Bethany Pfister, Prime Therapeutics
Ms. Jodi Crouse, BCBSND
Mr. Casey Martin, Prime Therapeutics
Mr. Brad Ramirez, Segal
Mr. Kurt Schneider, Segal
Mr. Stuart Savelkoul, NDPEA
Mr. Bill Kalanek, AFPE
Ms. Fay Kopp, RIO

Via Videoconference: Ms. Onalee Sellheim, BCBSND
Mr. Tom Christenson, BCBSND
Mr. Jim Sorenson, BCBSND
Mr. Don Schott, BCBSND
Ms. Marissa Parmer, 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 January 21, 2010 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE JANUARY 21, 2010 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MR. TRENBEATH. THE MINUTES WERE APPROVED.

GROUP INSURANCE

BCBS Pharmacy Strategies

Mr. Casey Martin and Ms. Bethany Pfister from Prime Therapeutics reviewed with the Board information relating to the pharmacy benefits including: characteristics of the benefits, cost implications, tactics; leveraging pharmacy for NDPERS in 2010; opportunities for focused NDPERS efforts in 2010; menu of clinical products and services; utilization management savings opportunities; generics plus formulary savings opportunities; Triessent specialty drug program savings; and PrimeMail savings opportunities. They focused on integrated programs that generate the greatest potential to positively impact health outcomes and hold down total cost. Appropriate management of pharmacy utilization and drug mix can impact total health spend. The Board had questions which were answered by Prime staff. The Board requested clarification on several issues which BCBS staff indicated they would provide for them.

Annual Health Care Utilization Report

Mr. Schoenborn and Ms. Crouse from BCBS reviewed with the Board the annual health care utilization report. Information reviewed included: active and retiree summaries; EPO/PPO comparison; discount comparisons; demographics; total high dollar claims; total institutional utilization comparison; total professional utilization comparison; total office calls; emergency room utilization rates; prescription drugs; member education; MyHealthCenter and health club credit; wellness programs update; medical management; smoking cessation; the Pharmacy Disease Management Program; and recommendations. Mr. Schoenborn indicated that they will be changing the format of the utilization report in the future. The Board had questions which were answered by BCBS staff. The Board requested clarification and additional information on several issues which BCBS staff indicated they would provide for them. A detailed medical management report will be provided at a future Board meeting. BCBS will also provide a quarterly executive summary to the Board relating to an update on benefits, utilization trends, updates to the wellness program and other information.

BCBS Update

Mr. Collins reported to the Board the information in their materials was in follow-up to the last meeting relating to the Milliman Study and health trend.

RETIREMENT

Experience Study

Mr. Brad Ramirez and Mr. Kurt Schneider, Actuaries with the Segal Company, reviewed with the Board the results of the experience study. The purposes of the experience study are to evaluate the demographic and economic assumptions used in the annual valuations; evaluate the actuarial methods used in the annual valuations; and if needed, suggest possible changes to the above. Actual experience is compared against the projected experience, and if there are differences, the future contribution requirement is adjusted. Segal's summary of recommendations included: no change in the current 8% investment return; no change to the current inflation rate of 3.5%; increase the assumptions for promotional/merit increases; adjust the retirement rates by age; decrease the mortality rates by updating the table; increase the termination rates by age; and decrease the disability rates for PERS. Segal also studied the retiree health credit fund participation which was less than expected so the participation rate was adjusted. The Board had questions relating to the experience study which Segal responded to. Staff indicated they will be following up on several issues and bringing that information back to the Board for final action on the experience study recommendations. A copy of the report is available at the NDPERS Office.

TFFR

Ms. Fay Kopp with TFFR reviewed with the Board their funding challenge and what options TFFR is exploring to address the funding challenge. The TFFR Board will be meeting in March to develop proposed legislation to address the funding shortfalls. The Board had questions relating to their proposed legislation which was responded to.

Defined Contribution Update

Ms. Allen informed the Board that in 2009 six eligible members transferred to the defined contribution plan.

Retiree Health Credit for pre-Medicare Retirees

Mr. Collins reported to the Board that in response to ideas brought forth at the Board retreat in December, one idea was to allow pre-Medicare retirees to use their health credit for not only PERS health insurance plan, but any other health insurance plan. Segal has reviewed this issue and did a cost analysis of a retiree health credit eligibility change. The cost would increase by .03% from 1.00% to 1.03%. Mr. Ramirez further explained this analysis. The Board concurred the idea of allowing pre-Medicare retirees another option to use their retiree health credit should continue to be pursued. Currently, 57% of pre-Medicare retirees use the health credit for PERS health insurance coverage. Mr. Collins suggested the Board could review an alternative to amend the health insurance statute to offer pre-Medicare retirees an additional health insurance option with higher deductibles that would also be eligible for the credit. The Board further discussed this issue and asked for more information on the additional health insurance option.

Draft Legislation

Mr. Collins reviewed with the Board the first draft of three bills designed around the employer/employee contributions to the retirement fund beginning January 2012 for a period of four years. Also proposed is an administrative bill. The Board concurred with moving forward with an administrative bill draft and to change the cost sharing provision in the three draft bills to 50/50.

FLEX COMP

Flex Comp Update

Ms. Allen gave an update to the Board relating to the flex comp payment issue. The current status involves three outstanding accounts; two individuals have been contacted and one individual cannot be contacted as they have no address update. The Board discussed this issue.

MR. TRENBEATH MOVED TO DIRECT STAFF TO WRITE OFF THESE ACCOUNT BALANCES AND HAVE OMB ISSUE AMENDED 2009 W-2 FORMS. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

MOTION PASSED

Provider Training Compliance

Ms. Allen reviewed with the Board the deferred compensation provider training. There were representatives from several provider companies that did not satisfy the training requirements specified in the NDPERS administrative contract and to date PERS has received no response from Chase Life, The Hartford, and Symetra Financial. The Board, at its May 15, 2008 meeting, applied a "loss of active provider status" to Chase and Symetra due to failure to take action with regard to its agents out of compliance with the training requirements.

MR. SANDAL MOVED TO AUTHORIZE STAFF TO NOTIFY THE HARTFORD THAT THIS SITUATION HAS BEEN REVIEWED WITH THE BOARD, AND THAT AT ITS MARCH MEETING THE BOARD WILL CONSIDER TAKING ACTION TO IMPLEMENT A LOSS OF ACTIVE PROVIDER STATUS PURSUANT TO THE ADMINISTRATIVE RULES. THE MOTION WAS SECONDED BY MR. ERDMANN.

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

Nays: None

MOTION PASSED

Mr. Collins reported both companies are in a loss of active provider status. The Board discussed Chase and Symetra provider training compliance issue and requested staff to review the applicable rules and provide an update to the Board.

MISCELLANEOUS

Audit Report

Due to time constraints, Brady Martz will attend the March Board meeting to present the audit report.

Administrative Rules

Mr. Collins reported to the Board that, due to substantive errors in PERS proposed rules, it was determined that PERS re-advertise the rules and hold a new hearing. This process has begun. Mr. Collins went on to explain that staff has reviewed our internal rule making process which will be revised for the future. One of the changes will be to have Mr. Webb more involved with the process in the future as well as use a different method for tracking changes.

Personnel Policies Update

Ms. Allen reviewed with the Board the updated/revised sections of the PERS Personnel Policy Manual.

MR. TRENBEATH MOVED APPROVAL OF THE PERS PERSONNEL POLICY MANUAL CHANGES. 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

PERSLink Quarterly Report

Mr. Reinhardt presented the fourth quarterly 2009 status report to the Board and explained that this report must be filed with ITD for the duration of the system replacement project. The project continues to be on time and on budget.

ANNUAL INVESTMENT REPORT

Due to time constraints, Mr. Cochrane will attend a future Board meeting to present the annual investment report.

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February 25, 2010
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Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 12:40 p.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

WSI Meeting Room, Fargo

Thursday, March 25, 2010

8:30 A.M.

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

Via Videoconference: Chairman Jon Strinden

Member Absent: Mr. Thomas Trenbeath

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Srinivas Goluguri, NDPERS
Ms. Barbara Dammen, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Ms. Onalee Sellheim, BCBSND
Mr. Pat Pechacek, Deloitte Consulting LLP
Mr. Peter Roverud, Deloitte Consulting, LLP
Mr. Stuart Savelkoul, NDPEA
Mr. Bill Kalanek, AFPE
Mr. Josh Askvig, NDEA
Mr. Patrick Brown, Brady Martz & Associates
Mr. John Mongeon, Brady Martz & Associates
Ms. Robyn Goven, Brady Martz & Associates

Via Videoconference: Mr. Kevin Schoenborn, BCBSND
Ms. Jodi Crouse, BCBSND
Mr. Michael Carlson, BCBSND
Ms. Sandie Salisbury, BCBSND
Mr. Jim Wynstra, BCBSND
Ms. Marissa Parmer, 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 February 25, 2010 Board meeting.

MS. SMITH MOVED APPROVAL OF THE FEBRUARY 25, 2010 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MS. EHRHARDT. THE MINUTES WERE APPROVED.

LEGISLATION

Retirement/Administrative

Mr. Collins reviewed with the Board the final drafts of the proposed legislation. Three bills are proposed with each providing for an 8% increase in contributions phased in over four years beginning 2012. The bills differ who the contribution will apply to, with one assessing it to the employer, the other employee and the third having it split between the employer and employee. These bills offer three options for returning the plans to 100% funded status. The fourth bill is an administrative bill. Since the last meeting, PERS staff met with the law enforcement employees and these systems will also need an increase of 4%. The PERS Board has the authority to increase the employer contribution for the law enforcement plan. The Board discussed these bills and had questions that were answered by staff.

MS. EHRHARDT MOVED TO SUBMIT THE FOUR BILLS TO THE LEGISLATIVE EMPLOYEE BENEFITS COMMITTEE. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Group Insurance

Mr. Collins reported to the Board that the pre-Medicare retirees insurance has risen dramatically, with a family policy costing \$1200 per month. At a previous Board meeting it was discussed to allow the Board to authorize offering a second policy to the pre-Medicare retirees. The goal is to find a less costly policy for the retirees where they can use their retiree health insurance credit. This would require statutory authorization and staff would have to develop a bill to be submitted to the Legislative Employee Benefits Committee for consideration and further study.

Mr. Collins reviewed with the Board two questions in preparing the legislation: 1) would the current enrollment apply to the additional product, or could there be an open enrollment period, and 2) should a statement be included in the proposed statute stating that any additional product offering should not increase the liability? The Board discussed these questions.

MR. SAGE MOVED THAT A BILL BE DRAFTED TO OFFER PRE-MEDICARE RETIREES THE OPTION OF AN ADDITIONAL PLAN WITH AN OPEN ENROLLMENT PERIOD AND THAT THE ADDITIONAL PLAN SHOULD NOT INCREASE THE OPEB LIABILITY. THE MOTION WAS SECONDED BY MR. ERDMANN.

The Board discussed the motion.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

AUDIT REPORT

Mr. Brown and Mr. Mongeon from Brady, Martz and Associates reviewed the 2009 NDPERS audit report with the Board. Mr. Brown reported that it is a clean opinion this year. He thanked the staff at NDPERS for their cooperation during the audit. Mr. Collins reported that the audit report was shared with the Legislative Audit Committee.

DEFERRED COMPENSATION

Provider Training Compliance

Ms. Allen provided the Board an update since the February 25 meeting. Chase, Symetra, and The Hartford were sent letters. The Hartford has since contacted PERS to verify its intent to remain an active provider and will take the necessary action to comply with the training requirements. Therefore, The Hartford is now in compliance. An update will be provided to the Board at its April 29 meeting relating to Chase and Symetra.

457 and 401(a) 4th Quarter 2009 Reports

Mr. Reinhardt reviewed with the Board the 4th quarter 2009 report for the 401(a) and 457 Companion Plan. Assets in the 401(a) plan increased to \$16.9 million and the Companion Plan assets increased to \$27.2 million.

RETIREMENT

Investment Update

Mr. Collins reported that at the Board planning meeting it was decided that on a quarterly basis the investment committee members on the SIB would report on any actions taken.

Board members reported they are in the process of developing a reporting process and will present this at the next quarter.

Segal

Mr. Collins reviewed with the Board the Segal cost analysis of changing the interest rate on employee account balances. The current interest is 7.50% per annum compounded monthly. Segal calculated a 4% rate that would reduce the actuarial contribution rate by .29%. Mr. Collins also reviewed with the Board the summary of the amortization policy with several alternative policies that may be considered by the Board for future actuarial valuations. He indicated that Segal will review these options in more detail at the next meeting. The Board requested that Mr. Webb review the legal implications of reducing/adjusting the employee contribution interest rate.

GROUP INSURANCE

Preferred One

Mr. Collins reported that Preferred One representatives would not be attending the meeting today, and would be rescheduled for April 7.

Health Care Reform

Mr. Collins appeared before the Industry, Business and Labor Committee on March 17 to discuss the implications of health care reform on PERS and shared this information with the Board. There are many details that need to be sorted out.

BCBS

Quarterly Report

Mr. Schoenborn, Mr. Wynstra, and Ms. Crouse 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; and claims and inquiry timeliness. The quarterly trend analysis shows a 2.1% trend which is below the BCBS overall trend of 7%.

Tobacco Program Update

Ms. Salisbury with BCBS reviewed with the Board the 2005-2009 outcomes of the NDPERS Tobacco Cessation Program. Information included data such as demographics of members participating in this program and expenditures incurred. Mr. Schoenborn reported that quit rate data was very limited at this time and will be working with the Department of Health to determine if this data should continue to be collected.

Wellness Program and Benefits Update

Mr. Carlson the Wellness Director with BCBS, reviewed with the Board the wellness program activities including the health club credit program and MyHealthCenter program. NDPERS participation in both programs is higher than the BCBS plan average. Mr. Collins requested that in the future it would be beneficial to have information on the retiree participation in wellness activities. The Board had questions relating to the wellness

program that was responded to by Mr. Carlson. Mr. Carlson introduced Ms. Marissa Parmer to the Board who is the NDPERS wellness specialist. Ms. Parmer has been on staff for five weeks and presented an update on her activities.

BCBS Update

Mr. Collins reviewed with the Board the March 3, 2010 follow-up letter from Mr. von Ebers responding to the incentive issue, specifically BCBS executive compensation philosophy and processes. Mr. Collins also shared with the Board that Mr. von Ebers welcomes the opportunity to meet with the PERS Board, and that the PERS Board chair and Executive Director would be welcome to attend one of the BCBS Board meetings. Mr. Collins discussed these options with the Board. The Board concurred that the idea of PERS meeting with their Board and BCBS meeting with the PERS Board was a good idea. The Board believed it would be best to wait until the health care reform legislation becomes clearer within the next 30 to 60 days. In May PERS will be releasing the health insurance bid document and it will continue through September. However, the Board concurred that meeting with BCBS Board should not occur during the bid review process and to wait until we know more about how health care reform will impact PERS. Mr. Collins and the Board believed that the best date to meet with the BCBS Board would be at the April 29 meeting which is prior to the bid review process which begins in July.

Mr. Sage reported to the Board that there are two consumer seats up for election to the BCBS Board. BCBS policies provide that if the current office holder is eligible for another term and decides to run again then additional nominations will not be sought. The Board discussed this and concurred they would like to see BCBS open this election process up to the membership and directed Mr. Collins to send correspondence to BCBS with the request that the election be an open process and nominations for other candidates in addition to the incumbents should be sought. Mr. Collins indicated he would send a letter to the BCBS Nominating and Governance Committee prior to their March 29 meeting.

Quarterly Health Graphs

Mr. Reinhardt reviewed the quarterly health graphs through September 2009 with the Board. The trend has dropped from 7.5% and is now almost flat. The Board had questions relating to this information.

BCBS Claims Review

Mr. Reinhardt reported that he conducted a yearly claims review to check the accuracy of BCBS claims processing. A select sample from specific areas was reviewed. There were fewer errors in this review than in previous reviews. The Board had questions relating to the claims review.

2009 EAP Utilization

Mr. Reinhardt reviewed with the Board the self-reported EAP utilization for 2009. Overall utilization rate is 9% which is consistent with previous years. The Board had questions relating to this information.

PPO Update

Mr. Reinhardt reviewed with the Board the 2009 PPO participation and discounts. The total PPO discount for last year for the professional providers was \$2.93 million.

MISCELLANEOUS

IRS Letter Ruling

Mr. Collins shared information with the Board relating to the IRS letter on the PERS main system and the follow-up that was sent in response to that request.

Audit Committee

The August 2009 Audit Committee minutes and Charter Activity Review were shared with the Board. The Board had questions relating to this information.

SIB Agenda and Board Meeting Schedule

Mr. Collins reminded the Board about the two meetings scheduled in April (April 7 and April 29).

HEALTH BID

Mr. Collins indicated to the Board that representatives from Deloitte were in attendance and recommended that the Board go into executive session to discuss strategy relating to the health bid.

EXECUTIVE SESSION

MR. ERDMANN MOVED THAT THE BOARD GO INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.1(9) TO DISCUSS STRATEGY WITH DELOITTE ON THE HEALTH BID. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

Absent: Mr. Trenbeath, Ms. Smith, and Mr. Sandal

MOTION PASSED

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:45 a.m.

Chairman Strinden directed the Board to return to open session. The Executive Session closed at 11:55 a.m. and the Board returned to open session.

NDPERS Board Meeting
March 25, 2010
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Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:58 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

WSI Meeting Room, Fargo

Thursday, April 7, 2010

8:30 A.M.

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

Via Videoconference: Chairman Jon Strinden

Member Absent: Ms. Joan Ehrhardt

Others Present: Mr. Sparb Collins, NDPERS
Ms. Kim Humann, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Ms. Gisele Thorson, NDPEA
Mr. Pat Pechacek, Deloitte Consulting, LLP
Mr. Peter Roverud, Deloitte Consulting, LLP
Mr. Jim Kasper, Asset Management Group/Preferred One
Mr. Mike Thielen, Preferred One
Ms. Darcee Weber, Preferred One

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

PREFERRED ONE

Mr. Collins introduced staff from Preferred One. Representatives from Preferred One presented an overview of the firm including: Company History, Network Coverage Area, Revenue, Membership, National Network Affiliations, Market Path, Integrated Care programs, Internet Resources, and Consumer Education Programs. A copy of this presentation is on file at the NDPERS office.

ADMINISTRATIVE RULES

Ms. Knudsen reported to the Board that the hearing on the administrative rules was held on March 23, 2010 with the comment period open until 5:00 p.m. on April 6. Ms. Knudsen conveyed no one attended the hearing and no written comments or only one inquiry was received during the process. She reviewed the enclosed materials and requested Board approval to proceed with final promulgation of the rules.

MR. SANDAL MOVED TO APPROVE THE PROPOSED RULES AND AUTHORIZE STAFF TO SUBMIT THE REQUIRED MATERIALS TO THE ATTORNEY GENERAL'S OFFICE AND LEGISLATIVE COUNCIL. THE MOTION WAS SECONDED BY MR. TRENBEATH.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

GROUP INSURANCE BID

Mr. Collins indicated to the Board that representatives from Deloitte were in attendance and recommended that the Board go into executive session to discuss strategy relating to the health bid.

EXECUTIVE SESSION

MR. SAGE MOVED THAT THE BOARD GO INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.1(9) TO DISCUSS STRATEGY WITH DELOITTE ON THE HEALTH BID. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 9:20 a.m.

As Chairman Strinden had to leave the meeting, Acting Chairman Sage directed the Board to return to open session. The Executive Session closed at 10:55 a.m. and the Board returned to open session.

UPON RETURNING TO OPEN SESSION, MR. SAGE MOVED TO GIVE DELOITTE APPROVAL TO PROCEED WITH THE CONCEPTS AND TIME LINE TO DEVELOP THE REQUEST FOR PROPOSAL FOR THE GROUP INSURANCE BID.

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

Nays: None

Absent: Ms. Ehrhardt and Chairman Strinden

MOTION PASSED

The Board discussed the idea of holding a question and answer session with potential vendors which would be facilitated by Deloitte Consulting. Ms. Smith will check if the Health Department has any sites available in Fargo to webcast this session.

The Board also discussed the funds that would be necessary for a self-funded health insurance plan. Mr. Collins indicated that a formal Attorney General's Opinion may be required. Mr. Trenbeath suggested doing a request for an informal opinion.

Acting Chairman Sage called for any other business or comments. Hearing none, the meeting adjourned at 11:10 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Thursday, May 20, 2010

8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Levi Erdmann
Mr. Howard Sage
Mr. Mike Sandal

Via Videoconference: Chairman Jon Strinden

Members Absent: Ms. Arvy Smith
Mr. Thomas Trenbeath

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. Diane Heck, NDPERS
Mr. Srinivas Goluguri, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND
Ms. Nancy Kopp, ND Optometric Assn.
Ms. Joan Enderle, American Heart Association
Ms. June Herman, American Heart Association
Mr. David Zentner

Via Videoconference: Ms. Jodi Crouse, BCBSND
Mr. Pat Pechacek, Deloitte
Mr. Pete Roverud, Deloitte

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 April 29, 2010 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE APRIL 29, 2010 BOARD MINUTES. THE MOTION WAS SECONDED BY MS. EHRHARDT. THE MINUTES WERE APPROVED.

Mr. Collins introduced the interim CIO and CEO of the Retirement and Investment Office, Mr. Leroy Gilbertson, to the Board. Mr. Gilbertson addressed the Board and indicated he had met with the PERS investment subcommittee. Mr. Gilbertson indicated he has committed to the Lt. Governor to serve as acting CIO as long as necessary and until a new CEO/CIO is on board. He is willing to meet with the PERS Board at request. Chairman Strinden welcomed Mr. Gilbertson to this interim position and indicated we look forward to working with him.

GROUP INSURANCE

The MediQHome and Accordant Update will be held over to the June agenda.

Vision Plan RFP

Ms. Allen reported to the Board that staff has reviewed the draft request for proposal as developed by its consultant, Gabriel, Roeder & Smith (GRS). Proposers will be required to submit a bid based on the current plan design and may propose two alternative plan designs on a fully insured basis. Ms. Allen reviewed with the Board the key dates for the proposal process. Staff is seeking Board approval to move forward with this request for proposal. The Board had questions relating to the vision plan RFP.

MS. EHRHARDT MOVED APPROVAL OF THE VISION PLAN REQUEST FOR PROPOSAL AND DIRECTED STAFF TO MOVE FORWARD WITH ITS ISSUANCE, CONTINGENT ON REVIEW BY LEGAL COUNSEL AND THE CONSULTANT. THE MOTION WAS SECONDED BY MR. ERDMANN.

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

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

Go Red Program

Ms. Fricke introduced staff from the Go Red for Women initiative, who PERS has partnered with over the past three years to provide educational programs on cardiovascular disease and promote healthy lifestyles. Ms. Joan Enderle with the American Heart Association and Director of the Go Red for Women program presented the Board with an update on the efforts in this area and discussed the results of the special services made available to three of the PERS employer groups in this three year project. Ms. Enderle also reviewed the Go Red ND Vision for the Future.

Health Care Reform

Mr. Collins indicated to the Board there were two issues relating to the recent health care reform bill which are the extension of coverage to dependents to age 26 and the pre-

Medicare retiree reinsurance provision. Mr. Collins reviewed with the Board the extension of dependent coverage to age 26 which included a letter from BCBS. According to the federal statute, NDPERS is required to implement these changes on July 1, 2011 biennium renewal. If adopted early, the increase in claims for the remainder of the 2009-2011 biennium is estimated to be \$600,000. The Board discussed this issue and had questions of staff and BCBS.

MR. SAGE MOVED TO IMPLEMENT THIS PROVISION JULY 1, 2011. THE MOTION WAS SECONDED BY MR. ERDMANN.

Board discussion followed on the motion.

Ayes: Mr. Sage, Mr. Erdmann, and Chairman Strinden

Nays: Mr. Sandal and Ms. Ehrhardt

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

Mr. Collins reviewed with the Board the pre-Medicare retiree reinsurance provision of the federal health care reform legislation. He indicated it will be difficult to determine how many employers will submit for this initially, how many individuals will be eligible, and what the criteria will be. Staff was seeking Board direction on whether PERS should submit an application for the reinsurance subsidy and determine how the dollars be allocated. The Board discussed this issue and had questions of staff.

MR. SANDAL MOVED THAT PERS APPLY FOR THE RETIREE REINSURANCE SUBSIDY IMMEDIATELY, AND ANY MONIES RECEIVED WILL BE USED TO HELP REDUCE HEALTH CARE COSTS FOR PERS MEMBERS. THE MOTION WAS SECONDED BY MR. ERDMANN.

Board discussion followed on the motion.

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

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

BCBS Update

Mr. Collins included in the Board book an update from BCBS on changes to their election process bylaws.

RETIREMENT

State Investment Board Update

Mr. Erdmann gave an update on the SIB executive committee that is in the process of searching for a permanent executive director and chief investment officer. Mr. Sandal reported that the search committee will be moving forward to identify candidates the full board can review for final consideration. The search committee has issued a request for proposal to hire an executive recruitment service; the RFP was issued May 11, with proposals due back to the search committee on May 27. The goal is to review the RFP's and issue a contract on June 25. The RFP is on the state procurement website if Board members wish to review the scope and other details.

The audit committee will look at the process to conduct the audit prior to hiring a new executive director. The SIB has asked the audit committee to do an audit prior to a new executive director coming on board. The audit committee met and issued an RFP on April 30. Proposals were due back on May 14 and 5 proposals were received. The intent is to have a contract signed on May 25. Recent issues were raised by the Legislative Audit and Fiscal Review Committee as well as the State Auditor's office dealing with the scope of the audit identified in the original RFP. The audit committee will meet to discuss the issues and decide whether or not to continue with the RFP as initially solicited or do a new RFP. Mr. Sandal will provide updates to the Board as they become available.

Asset Allocation Study

Mr. Collins reported that the PERS Investment Subcommittee met since the last PERS Board meeting. Given the situation with the State Investment Board, it is the recommendation of the Investment Subcommittee to delay the initiation of an asset allocation study until a later date.

MR. SANDAL MOVED TO ACCEPT THE RECOMMENDATIONS OF THE PERS INVESTMENT SUBCOMMITTEE AND DELAY THE ASSET ALLOCATION STUDY. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

FLEX COMP

Plan Amendment

Ms. Allen informed the Board that under the current plan, individuals that terminate employment have the option to elect to continue contributions to the flex comp plan medical spending account through the end of the plan year on an after tax basis. The IRC Section 125 regulations also permit these payments to be made on a pre-tax basis as a

lump sum deduction from the participant's final paycheck. Staff is recommending that the PERS plan be amended to include this provision.

MS. EHRHARDT MOVED TO APPROVE THE FLEX COMP PLAN AMENDMENT. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

MISCELLANEOUS

PERS Budget

Mr. Collins indicated to the Board that state agencies received the Governor's executive budget guidelines. Agencies are being required to submit a budget with no additional FTE's. Staff sought Board direction relating to 1) health care reform; 2) ongoing maintenance and support of the new PERSLink business system; and 3) PERS staffing. Mr. Webb, assistant attorney general, has reviewed the PERS budget relating to consulting services. Specifically staff recommended that we not request any additional appropriation for health care reform efforts and as costs arise in 2011-2013 we draw from our contingency line item. Second, staff recommended that we add the maintenance and support costs for the new business system into our budget and have the consulting costs paid through our continuing appropriation. Third, that we not request any additional staff and that in the 2011-13 biennium, we do a study of staffing levels after implementing the new business system.

Mr. Collins indicated we will bring the budget to the Board in June for final approval. The Board had questions of staff relating to the budget.

MS. EHRHARDT MOVED THAT PERS CONTINUE TO DEVELOP THE BUDGET FOR 2011-13 BASED ON STAFF RECOMMENDATION. THE MOTION WAS SECONDED BY MR. ERDMANN.

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

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

DEFERRED COMPENSATION

Hardship Withdrawal

Ms. Allen presented detailed information to the Board relating to a member requesting hardship withdrawal because of expenses incurred by the member for the unforeseeable

illness of an immediate family member. The Board discussed this hardship withdrawal case.

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

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

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

Hardship Withdrawal

Ms. Allen presented detailed information to the Board relating to a member requesting hardship withdrawal because of repossession of a vehicle. The Board discussed this hardship withdrawal case.

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

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

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

HEALTH BID

Mr. Collins indicated to the Board that representatives from Deloitte were in attendance via videoconference and recommended that the Board go into executive session to discuss strategy relating to the health bid.

EXECUTIVE SESSION

MR. ERDMANN MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.1(9) TO DISCUSS STRATEGY WITH DELOITTE ON THE HEALTH BID. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:45 a.m.

Chairman Strinden directed the Board to return to open session. The Executive Session closed at 11:10 a.m. and the Board returned to open session.

MR. SANDAL MOVED TO APPROVE A TWO YEAR BID FOR GROUP INSURANCE BASED UPON THE EXISTING PROVISIONS IN OUR CURRENT CONTRACT WITH BCBSND (FULLY INSURED). HE FURTHER MOVED THAT THE EXECUTIVE DIRECTOR BE GIVEN THE AUTHORITY TO MOVE FORWARD WITH THE LEGISLATIVE EMPLOYEE BENEFITS COMMITTEE TO SEEK LEGISLATIVE RELIEF FOR THE CONTINGENCY RESERVE PROVISION FOR A SELF-FUNDED PLAN, AND THE ISSUE RELATING TO Rx SERVICES ; ALSO THAT PERS USE THE SERVICES OF DELOITTE TO COMMUNICATE THE REASONS AND JUSTIFICATIONS FOR OUR DECISION TO THOSE VENDORS WHO HAVE EXPRESSED INTEREST IN THIS BID PROCESS AND THAT STAFF WOULD BE INVOLVED IN THAT COMMUNICATION. THE MOTION WAS SECONDED BY MS. EHRHARDT.

The Board had questions of staff.

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

Nays: None

Absent: Ms. Smith and Mr. Trenbeath

MOTION PASSED

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:25 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

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

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Thursday, July 15, 2010

8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Levi Erdmann
Mr. Mike Sandal
Mr. Thomas Trenbeath

Via Videoconference: Chairman Jon Strinden

Members Absent: Mr. Howard Sage
Ms. Arvy Smith

Others Present: Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Ms. Gisele Thorson, NDPEA
Mr. Bill Kalanek, AFPE
Mr. Alan Person

Via Videoconference: Mr. Sparb Collins, NDPERS
Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND
Ms. Jodi Carlisle, BCBSND
Ms. Jodi Crouse, 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 June 17, 2010 Board meeting.

MS. EHRHARDT MOVED APPROVAL OF THE JUNE 17, 2010 BOARD MINUTES. THE MOTION WAS SECONDED BY MR. TRENBEATH. THE MINUTES WERE APPROVED.

GROUP INSURANCE

It was noted that the first agenda item was moved to the September Board meeting when representatives from the ND Medical Association will be able to attend.

Medical Management Update

Ms. Carlisle, BCBS, presented the Board with the Medical Management Update for actives and retirees as well as the performance and financial overview for the actives and retirees. The goal of medical management is to improve members' quality of life and maintain cost-effectiveness on a case-by-case basis. The activities within medical management that were reviewed with the Board included Case Management, Utilization Management, Disease Management, Quality Management and Reporting, and Pharmacy Management Initiatives. The performance and financial overview included information relating to utilization rates, demographics, expenditures, emergency room utilization rates, admission rates, ETG base class utilization, and HEDIS measures. The Board had questions regarding the medical management update.

Annual Wellness Renewal

Ms. Fricke reviewed with the Board the renewal of the Employer Based Wellness Program for the plan year July 1, 2010 through June 30, 2011. There are a total of 188 out of 282 employers electing to participate in the wellness program. It was noted that the participating employers cover over 97% of the members. The Board had questions that were answered by Ms. Fricke.

Retiree Subsidy Application

Mr. Collins reported that the application for the retiree health subsidy was released on June 29, 2010 and PERS submitted the application to Washington, D.C. that day. PERS is awaiting a response.

BCBS Update

Mr. Collins updated the Board on the ongoing communication efforts with BCBS.

RETIREMENT

Investment Office Update

Mr. Gilbertson was not able to attend the Board meeting and will be scheduled for the next meeting. Mr. Sandal reported that the search committee met with the consultant, Board members and key staff to develop specifications for the Executive Director/CIO position. This will be reviewed with the full State Investment Board before moving forward with the search. The Audit Committee has met with the auditors who are conducting the performance audit and they have started their work.

Asset Liability Study

Mr. Collins reported that the Investment Subcommittee met to discuss how to proceed on the asset liability study. The Teachers Fund for Retirement is doing an asset allocation study at this time and it would be beneficial for PERS to review the asset allocation before the end of the year and prior to the legislature convening. The experience study was completed this spring and based upon past practice the asset liability study is usually done shortly thereafter. The Investment Subcommittee recommended to proceed with conducting an asset/liability study. The Subcommittee further recommended, subject to Board approval to proceed, to have Callan conduct the study. Callan is the SIB investment consultant and NDCC 21-10 requires PERS to use the SIB consultant. Callan provided a proposal for the Board which Mr. Collins reviewed.

MR. TRENBEATH MOVED APPROVAL OF THE ASSET LIABILITY STUDY TO BE CONDUCTED BY CALLAN AS RECOMMENDED BY THE PERS INVESTMENT SUBCOMMITTEE. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

Absent: Mr. Sage and Ms. Smith

MOTION PASSED

DEFERRED COMPENSATION

Plan Document Amendment

Ms. Allen reviewed with the Board the federal regulations that require PERS to amend the 457 Deferred Compensation Plan and the Deferred Compensation Companion Plan. She also reviewed the plan amendments with the Board.

MR. SANDAL MOVED APPROVAL OF THE AMENDMENTS TO THE 457 DEFERRED COMPENSATION PLAN AND THE DEFERRED COMPENSATION COMPANION PLAN. THE MOTION WAS SECONDED BY MR. TRENBEATH.

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

Nays: None

Absent: Mr. Sage and Ms. Smith

MOTION PASSED

Flex Comp Plan Document Amendment

Ms. Allen reviewed with the Board the latest federal regulations that require PERS to amend the Flex Comp Plan Document. She also reviewed the plan amendments with the Board.

MR. ERDMANN MOVED APPROVAL OF THE AMENDMENT TO THE FLEX COMP PLAN DOCUMENT. THE MOTION WAS SECONDED BY MR. SANDAL.

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

Nays: None

Absent: Mr. Sage and Ms. Smith

MOTION PASSED

MISCELLANEOUS

Administrative Rules

Ms. Knudsen reported that PERS received notice on June 25 that the revisions submitted to the Legislative Council have been accepted and prepared for publication and will be published in the North Dakota Administrative Code effective July 1, 2010.

Quarterly Consultant Fees

The report of consultant fees paid during the quarter ending June 30, 2010 was presented to the Board for their information.

Mr. Collins shared with the Board member letters expressing concern about the retirement plan and dependent coverage in the health insurance plan.

Ms. Allen reviewed with the Board the status of the loss of provider status for Symetra. PERS notified Symetra and the active participants of this status. Symetra has been removed as a provider in the payroll systems.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 9:35 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Thursday, August 26, 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
Mr. Bryan Reinhardt, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Ms. Onalee Sellheim, BCBSND
Mr. Bill Kalanek, AFPE
Ms. Lois Sundquist, NDPEA
Mr. Pat Pechacek, Deloitte Consulting
Mr. Peter Roverud, Deloitte Consulting
Mr. Jim Schaefer, Gabriel Roeder Smith

Via Videoconference: Mr. Jim Sorensen, BCBSND
Ms. Jodi Crouse, 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 July 15, 2010 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE JULY 15, 2010 BOARD MINUTES. THE MOTION WAS SECONDED BY MS EHRHARDT. THE MINUTES WERE APPROVED.

RETIREMENT

RIO Update

Mr. Gilbertson reported to the Board that the search committee for the new executive director will meet on September 17, to review applications, with interviews scheduled for late September early October. Candidates that are recommended will be interviewed by the full State Investment Board. The audit will be presented to the full SIB on August 27. There were no negative findings; however, there were operational suggestions. Interviews with all the money managers are almost concluded.

Highway Patrol Indexing

Ms. Allen stated that it is necessary for the Board to determine the rate to be used in establishing the index factor for deferred members of the Highway Patrol. During this last legislative session, agency budgets were increased by 5% for salary increases for the second year of the 2009-10 biennium and employees were to receive a minimum monthly increase of \$100. The North Dakota Highway Patrol leadership is recommending that deferred members in its system have their final average salary indexed by 5%.

MR. TRENBEATH MOVED APPROVAL OF A FIVE PERCENT ANNUAL INCREASE IN THE FINAL AVERAGE SALARY INDEXING FOR HIGHWAY PATROL MEMBERS EFFECTIVE JULY 1, 2010. 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

IRS Letter Determination/Highway Patrol Plan

Ms. Knudsen presented updated information to the Board relating to the IRS request for a determination on the Highway Patrolmen's Retirement System. Staff will continue to work with Segal and Mr. Webb on this issue.

GROUP INSURANCE

Quarterly Executive Summary/Tobacco Report

Ms. Onalee Sellheim with BCBS reviewed with the Board the Tobacco Cessation Program Outcome report. She reviewed information relating to demographics, claims and program expenditures. The Board had questions of Ms. Sellheim.

Ms. Jodi Crouse, Ms. Onalee Sellheim and Mr. Michael Carlson 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; claims and inquiry timeliness, wellness programs, and opportunities and activities.

Health Reform

Mr. Collins presented an update including a legislative report he presented to the Industry, Business and Labor Committee. The retiree subsidy which has been submitted to HHS with no further information received as of this date. As part of the health care reform, there is a new program called the Community Assistance Services and Supports (CLASS) Act. This program is designed to expand long term care services and support options for people who become functionally disabled. Each employer can determine if they want to participate in the program or not. Mr. Webb has reviewed and determined that PERS does not have the authority/responsibility to determine whether the State should participate in this federal program. Mr. Collins stated that as PERS moves forward with the long term care RFP, vendors will want to know whether the state is participating in this program, so he suggested that we wait to issue an RFP to allow time for the Governor and Legislature to determine if the state will participate or not. The Board concurred that PERS should defer the long term care RFP until there is a decision by the state on the CLASS Act.

Wellness Program

Ms. Allen reported that a Retiree Wellness Fair is scheduled for October 7, at Bismarck State College. The fair will feature various speakers promoting health and wellness topics, screenings and vendors. Since this is a pilot program, the retirees from Burleigh and Morton counties are being invited. The Board had questions that were responded to by staff.

Wellness Program Logo

Ms. Allen presented the Board with four wellness program logos developed by BCBS and reviewed with the coordinators. Logo #4 "Building Healthy Members" received the most votes from the wellness coordinators.

MR. SANDAL MOVED THE USE OF LOGO #4 WITH THE TAGLINE "BUILDING HEALTHY MEMBERS" AS THE WELLNESS PROGRAM LOGO. 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

PERSLink

Project Update

Ms. Schiermeister presented an update to the Board regarding the PERSLink business system replacement project. The project remains on schedule and on budget with a go live date scheduled for October 4, 2010. Ms. Schiermeister reported that there have been no major issues found during parallel testing. She reviewed with the Board the components of Employer Self Service. There were over 450 employers that have registered for training. Sessions have been held in Minot, Dickinson, and Bismarck. In the coming weeks, there will be training in Grand Forks, Fargo, and Valley City. Staff training will occur September 13 through 29. There will be a period of time during the deployment phase that processing of incoming documents will be on hold (September 28-October 4). Staff is making every effort to keep their workload up to date as the expectation is that productivity will drop initially. Staff continues to be satisfied with the vendor and quality of product being delivered. The Board had questions of Ms. Schiermeister that were responded to.

LR Wechsler Contract

Mr. Collins indicated to the Board that the contract with our project oversight consultant LR Wechsler will expire September 30. When we go live with our new PERSLink system in October, it would be beneficial for PERS to maintain their expertise through December. He reported if we extend this contract through December, it will continue to be under budget. The Board had questions of staff relating to this issue.

MS. SMITH MOVED TO APPROVE EXTENDING THE CONTRACT WITH LR WECHSLER THROUGH DECEMBER 31, 2010. THE MOTION WAS SECONDED BY MR. ERDMANN.

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

Nays: None

MOTION PASSED

Performance Bond

Mr. Collins reported to the Board that the Sagitec performance bond expires September 30, 2010. If PERS were not to require the extension to the performance bond through November, Sagitec would be willing to either delay the timing of the 60-day holdback release from January 2011 to March 2011, or they would be willing to provide an additional 200-400 hours to the project. The contract with Sagitec does include a one year warranty. The Board discussed this issue and had questions of staff. The Board requested additional information before a final decision is made. PERS staff will provide information to the Board at their September 8 meeting.

MISCELLANEOUS

Mr. Collins included the updated 2011 legislative matrix in the Board books for information. Bill 10103.0100 had been added since the last Employee Benefits Committee meeting as well as an update on Bill 10080. These bills have been referred to Deloitte or Segal for technical and actuarial valuation.

Board Meeting Schedule

Mr. Collins updated the Board on the meeting schedule for the remainder of 2010.

Audit Committee Minutes

The approved February 17, and March 12, 2010 PERS Audit Committee minutes were shared with the Board.

FLEX COMP

Appeal 2010-001F

Ms. Allen presented detailed information to the Board relating to a participant appealing the denial of payment from the 2009 medical spending account to cover expenses incurred during the 2009 plan year. The Board discussed this flex comp appeal case.

MR. TRENBEATH MOVED TO ACCEPT THE PARTICIPANT'S REQUEST TO PROCESS AND REIMBURSE THE CLAIM SUBMITTED FROM THE REMAINING 2009 MEDICAL SPENDING ACCOUNT BALANCE. 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

Health and Vision Bids

Mr. Collins indicated to the Board that representatives from Deloitte and Gabriel Roeder Smith were in attendance and recommended that the Board go into executive session to discuss strategy relating to the health and vision bids.

EXECUTIVE SESSION

MR. TRENBEATH MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.1(9) TO DISCUSS STRATEGY ON THE HEALTH BID WITH DELOITTE AND THE VISION BID WITH GABRIEL ROEDER SMITH. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

MOTION PASSED

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:25 a.m.

Chairman Strinden directed the Board to return to open session. The Executive Session closed at 11:40 a.m. and the Board returned to open session.

MR. TRENBEATH MOVED TO ACCEPT FOR REVIEW THE AVESIS PROPOSAL ON THE VISION BID AND TO INVITE ALL THREE VISION BID PROPOSERS TO COME BEFORE THE BOARD FOR AN INTERVIEW AND BEST AND FINAL OFFER ON SEPTEMBER 8, 2010. 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

Ms. Smith reviewed with the Board a follow-up memo she received from an individual. The first email was shared at the last meeting and related to the Board's decision not to approve the change in dependent coverage in the health insurance plan until the federally mandated date of July 1, 2011. The Board discussed this issue and the Board's decision based on the cost implications of adding this benefit or any other new benefits. No further action was taken on this issue.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:55 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Thursday, September 16, 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
Mr. Bryan Reinhardt, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Aaron Webb, Office of Attorney General
Ms. Onalee Sellheim, BCBSND
Ms. Marissa Parmer, BCBSND
Ms. Nancy Kopp, ND Optometric Association

Via Conference Call: Mr. Jim Schaefer, Gabriel Roeder Smith

Via Videoconference: Mr. Kevin Schoenborn, BCBSND
Mr. Brad Bartle, BCBSND
Mr. Jayme Steig, ND Pharmacy Services Corporation

Chairman Strinden called the meeting to order at 8:25 a.m.

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the August 26, 2010 Board meeting.

MS. SMITH MOVED APPROVAL OF THE AUGUST 26, 2010 BOARD MINUTES. THE MOTION WAS SECONDED BY MS EHRHARDT. THE MINUTES WERE APPROVED.

Chairman Strinden called for any questions or comments regarding the minutes of the September 8, 2010 Board meeting.

Board members noted some discrepancies in the minutes. The September 8, 2010 minutes will be corrected and brought before the Board at the next meeting for approval.

RETIREMENT

State Investment Board Update

Mr. Gilbertson gave an update to the Board relating to the recruitment efforts of the RIO Executive Director. He indicated that they will be reviewing the applications. Interviews will be conducted September 30 through October 1, where three or four candidates will be recommended to the full SIB for further interview. Mr. Gilbertson indicated he will be making a presentation to the legislature in October relating to the performance audit. The audit recommendations have been addressed and will be presented to the State Investment Board. There are some ideas relating to how to structure asset classes within the asset allocations. Mr. Gilbertson invited the PERS Board to the TFFR meeting on September 23. The financial audit was completed last week and there are no issues.

Defined Contribution Analysis Update

Mr. Collins shared with the Board the updated DC Plan Analysis conducted by Segal. Overall, the DC plan benefits are on average 50% less than if they would have stayed in the DB plan. Proposed legislation does include an increase in the contribution rate for DC plan members. Segal noted that this increase will help those with less years of service, with more time to invest and receive a return their investment.

Legislation

Mr. Collins reported to the Board that the Legislative Employee Benefits Committee will meet September 21 at which time they will review the technical and actuarial reviews of the PERS bills. He noted that in Bills 51 and 53 we did not include a contribution increase for the BCI employees which was intended to be done.

MR. TRENBEATH MOVED TO ADD THE CONTRIBUTION INCREASE FOR BUREAU OF CRIMINAL INVESTIGATION (BCI) EMPLOYEES TO BILLS 51 AND 53. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

MOTION PASSED

In Bill 59, which is the administrative bill for PERS, the IRS has requested that we include in statute more specific wording as it relates to the IRS requirements. Segal and Mr. Webb have worked with the IRS on the specific wording to satisfy the requirements both for the PERS and Highway Patrol plans.

MR. TRENBEATH MOVED TO AMEND BILL 59 TO INCLUDE MORE SPECIFIC LANGUAGE AS REQUIRED BY THE IRS. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

MOTION PASSED

Mr. Collins also suggested that we amend Bill 59 to remove the option for a new political subdivision to join the PERS retirement plan until the funding status improves. The Board discussed this issue. The consensus was to take no action on this recommendation.

Mr. Collins reviewed with the Board Bill 80 which was introduced by Representative Wald which puts new employees into a defined contribution plan and closes the defined benefit plan to new members. Mr. Collins indicated that an analysis of the comparability and equity issues on Bill 80 has been completed and suggested that this information be shared with the Legislative Employee Benefits Committee at their next meeting. The Board concurred that Mr. Collins share this evaluation with the Legislative Committee.

GROUP INSURANCE

Wellness Update

Ms. Parmer with BCBSND presented a summary to the Board on wellness activities. Other information shared included the NDPERS Wellness Coordinator Newsletter and an update on the NDPERS Wellness Retiree Fair to be held in Bismarck on October 7. The Board had questions of Ms. Parmer.

Diabetes Project Update

Mr. Jayme Steig presented the Board with an update on the NDPERS Diabetes Management Program. Information included a program overview, the pharmacist provider network, program promotions, patient enrollment, patient incentives, program costs, data overview, clinical outcomes, and patient surveys. The Board had questions of Mr. Steig. Mr. Collins indicated that information on the UND Study will be discussed at the November meeting.

Life Insurance Plan

Mr. Collins reported staff will be developing a life insurance request for proposal for services starting on July 1, 2011. Concerning the existing life insurance plan, Mr. Collins shared the Prudential plan and performance report with the Board.

Health Plan

Mr. Collins reviewed with the Board their previous action in awarding the health insurance bid to BCBS for a two year period. Mr. Collins discussed with the Board the buy down options and implications. The Board discussed this issue and had questions of staff.

MR. SAGE MOVED THAT PERS NOT HAVE BCBSND REPROJECT THE RATES IN FEBRUARY OF 2011. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Mr. Sage, Ms. Ehrhardt, Ms. Smith, Mr. Erdmann

Nays: Mr. Sandal and Chairman Strinden

Absent: Mr. Trenbeath

MOTION PASSED

MR. SANDAL MOVED TO APPLY ANY BUY DOWN TO THOSE GROUPS OR MEMBERS ON THE PLAN AS OF SEPTEMBER 2010. THE MOTION WAS SECONDED BY MR. SAGE.

The Board further discussed this issue.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Vision Plan

Mr. Jim Schaefer from Gabriel Roeder Smith reviewed responses from Superior Vision on their benefits, business system capabilities, network expansion strategy network guarantees, and enrollment processes. Mr. Schaefer also reviewed with the Board a detailed comparison of the proposed plan of benefits for Superior and Ameritas. The Board had questions of Mr. Schaefer and discussed the proposals.

MR. SAGE MOVED TO APPROVE SUPERIOR VISION SERVICES AS THE VISION VENDOR FOR NDPERS. THE MOTION WAS SECONDED BY MR. SANDAL.

The Board discussed the motion.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

The Board discussed the transition process for existing members from Ameritas to Superior at the end of the year. The Board also discussed the proposed rate scale for Superior. It was observed that the proposed scaling of rates resulted in one category being slightly higher while all the others were lower when compared to the existing rates. It was further observed that if the rates were slightly rescaled without altering the total premium, it could provide for a more even flow with all rates taking on the same characteristic when compared to the existing rates.

MR. SAGE MOVED THAT NDPERS TRANSFER THE EXISTING VISION MEMBERS TO THE NEW COVERAGE AND TO RESCALE THE RATES. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

2009 Active Health Report

Mr. Reinhardt reviewed with the Board the active health report for 2009 which included both average charge and average paid amounts which increased only slightly from 2008. Generic drug use is up from the previous year and the drug trend has leveled off. A similar report is produced for each active group with over 100 employees and sent to the director and wellness coordinator.

Part D Renewal

Mr. Collins reviewed with the Board the Medicare Part D Renewal for 2011. The increase for pharmacy coverage is 9.1% from \$63.70 to \$69.70 based on the annual trend factor, CMS payments and the estimated drug rebates for 2011.

MR. ERDMANN MOVED APPROVAL OF THE MEDICARE PART D RENEWAL. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Legislation

Mr. Collins reviewed with the Board the technical reviews of the bills relating to group health insurance. Mr. Collins indicated that we are trying to preserve our grandfathered status and Deloitte has provided guidance. While Deloitte has indicated that political subdivisions that join the plan will not jeopardize this status, they have also indicated that if any PERS employer, including political subdivisions, changes the employer contribution to these plans by more than 5%, they could endanger the grandfathered status of the entire plan according to federal law. Mr. Collins indicated that in order for PERS to maintain our grandfathered status we need to consider a new provision which would limit political subdivisions from changing their participation by more than would be allowed by the federal law. Also, Mr. Collins indicated that if a political subdivision did make such a change, PERS should work with BCBS to establish a non-grandfathered plan for such entities. Mr. Webb noted that this could be accomplished pursuant to NDCC 54-52.1-08.2. The Board discussed this issue.

MR. SANDAL MOVED THAT STAFF MOVE FORWARD PURSUANT TO NDCC 54-52.1-08.2. THE MOTION WAS SECONDED BY MR. SAGE.

The Board discussed the motion.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Early Retiree Subsidy Application

Mr. Collins reported that Health and Human Services has approved PERS application for this subsidy. Based on the Board's decision several months ago, PERS is informing members that these funds will be used to help reduce future premium increases.

DEFERRED COMPENSATION

457 Companion Plan & 401(a) Plan 2nd Quarter Report

Mr. Reinhardt reviewed with the Board the 2nd quarter 2010 report for the 401(a) and 457 Companion Plan. Assets in the 401(a) plan decreased to \$16.5 million and the Companion Plan assets decreased to \$27.6 million.

FLEX COMP

Flex Payments

Ms. Allen provided the Board with an update regarding the progress made in correcting the error discovered in May 2009 due to an upgrade to the PeopleSoft flex comp claims processing system. Three accounts remain unresolved. The Board previously approved writing off these accounts and issuing new W-2's. OMB was consulted relating to the efforts necessary to amend the W-2 forms. As a result of this discussion and small amounts, staff is recommending that OMB not recalculate taxable earnings and re-issue the W-2's to these individuals. The Board discussed this issue.

MR. SAGE MOVED THAT THE THREE ACCOUNTS BE WRITTEN OFF AND NOT REQUEST OMB TO RECALCULATE TAXABLE EARNINGS.THE MOTION WAS SECONDED BY MR. ERDMANN.

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

Nays: Mr. Sandal

Absent: Mr. Trenbeath

MOTION PASSED

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:50 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Thursday, October 21, 2010

8:30 A.M.

Members Present: Mr. Levi Erdmann
Mr. Howard Sage
Mr. Mike Sandal
Mr. Thomas Trenbeath

Via Videoconference: Chairman Jon Strinden

Members Absent: Ms. Joan Ehrhardt
Ms. Arvy Smith

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Aaron Webb, Office of Attorney General
Ms. Onalee Sellheim, BCBSND
Mr. Brad Ramirez, Segal
Ms. Kim Nicholl, Segal

Via Conference Call: Mr. Peter Roverud, Deloitte

Via Videoconference: Mr. Kevin Schoenborn, BCBSND
Mr. Rod St. Aubyn, BCBSND
Representative Bette Grande

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 September 8, 2010 Board meeting.

MR. TRENBEATH MOVED APPROVAL OF THE SEPTEMBER 8, 2010 BOARD MINUTES. THE MOTION WAS SECONDED BY MR SANDAL. THE MINUTES WERE APPROVED.

Chairman Strinden called for any questions or comments regarding the minutes of the September 16, 2010 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE SEPTEMBER 16, 2010 BOARD MINUTES. THE MOTION WAS SECONDED BY MR. ERDMANN. THE MINUTES WERE APPROVED.

Chairman Strinden called for any questions or comments regarding the minutes of the September 28, 2010 Board meeting.

MR. ERDMANN MOVED APPROVAL OF THE SEPTEMBER 28, 2010 BOARD MINUTES. THE MOTION WAS SECONDED BY MR. SAGE. THE MINUTES WERE APPROVED.

PERSLink UPDATE

Ms. Schiermeister gave the Board an update on the new PERSLink business system. The system went live on October 4, it is stable and we are able to process our work, but there many challenges ahead of us. Upcoming events include annual enrollment with a huge volume, switching to a new vision carrier January 1, and insurance rate increases which go into effect January 1.

She discussed with the Board the issues that occur with starting a new system such as decreased productivity because of learning the new system as well as starting with a backlog of work. PERS prides itself on a high standard. When PERS issues members their first retirement check it is based on actual calculations. Many retirement systems do not have their data that up to date, issue pension checks based on estimates, then a few months later, they recalculate the benefits. Ms. Schiermeister went on to explain that PERS is working very closely with the employers to get them set up and downloading files. Another challenge will be sending enrollment files to our vendors (Blue Cross, Cigna and Ameritas) using an electronic file.

Mr. Sandal thanked Ms. Schiermeister and the staff at PERS for a job well done. He indicated there is much effort, hours, and stress to get this system to work. The Board appreciates all the hard work. Ms. Schiermeister thanked the Board and indicated she would relay this message to all staff.

RETIREMENT

RIO Update

Mr. Gilbertson indicated to the Board that the State Investment Board will interview candidates for Executive Director/SIO at their October 22 meeting.

Actuarial Valuations

Mr. Brad Ramirez and Ms. Kim Nicholl, Segal, reviewed with the Board the results of the July 1, 2010 actuarial valuations for the NDPERS. Mr. Ramirez explained that the purpose of the actuarial valuation was: to report the Plan's assets, estimate the Plan's liabilities, determine the recommended contribution for 2010-2011, provide information for annual financial statements, and identify emerging trends. Mr. Ramirez and Ms. Nicholl reviewed with the Board the issues during 2009-2010, presented the valuation results for all Plans, reviewed PERS financial information and funded ratio history for all Plans, asset smoothing method for PERS and HPRS. Segal concluded that recommendations from experience study resulted in increases in costs for most groups and significant asset losses will be recognized over the next five years, potentially leading to increased contribution requirements (they noted that the HP study is ongoing and those findings will be incorporated into the next valuation). The following is summary of the results for each system:

	July 1, 2010 Actuarial Employer Rate	July 1, 2009 Actuarial Employer Rate	Statutory/Approved Employer Rate
Main System	10.76%	7.74%	4.12%
Judges	14.10	10.48	14.52
National Guard	7.00	3.71	6.50
LE with prior Main	10.80	9.11	8.31
LE without prior Main	7.53	6.83	6.43
Highway Patrol	22.54	18.73	16.70
Retiree Health	0.89	1.00	1.14
Job Service	0.00	0.00	0.00

The potential risks to the system include continued aging of population, unforeseen demographic shocks, and changes in asset return environment. Segal recommended specific contributions to each plan. Segal further recommended that the Board should consider projections, studies, etc. to help quantify these risks, and make changes to the system, if appropriate. The Board and staff had questions of Segal and discussed the actuarial valuations

Mr. Ramirez then reviewed the technical review of bill drafts with the Board. Actuarial cost and technical analysis was provided on Bills 1, 51, 52, 53, 59, and 80. The Board and staff had questions of Segal relating to the technical reviews.

Job Service Retirement Plan COLA

Ms. Allen informed the Board that the Consumer Price Index increased 0.1 percent. The Bureau of Labor Statistics publicized that there will be no COLA increase for the federal Civil Service Retirement Plan. The Board determined that Article VII (3) of the job service plan document does not allow the PERS Board to give an increase unless one is provided to federal employees.

MR. SAGE MOVED TO RECOGNIZE NO INCREASE FOR JOB SERVICE RETIREES IS POSSIBLE UNDER ARTICLE VII (3) OF THE PLAN DOCUMENT. THE MOTION WAS SECONDED BY MR. TRENBEATH.

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

Nays: None

Absent: Ms. Smith

MOTION PASSED

GROUP INSURANCE

Technical Reviews of Legislation

Mr. Peter Roverud with Deloitte reviewed the actuarial and technical analysis with the Board on Bills 9, 36, 38, 60, 68, and 103. The review of each bill included an overview of the proposed bill, expected financial impact, additional financial impacts, and technical comments. The Board had questions of Mr. Roverud and discussed the analysis of the group insurance legislation.

Mr. Collins clarified with the Board that he would share these technical comments and analysis with the Legislative Employee Benefits Committee and the Board concurred.

Judges Health Savings Plan

Ms. Knudsen reported that a vote was conducted for the active District Court judges and the Supreme Court judges to determine whether a health savings account program would be established for that group. Seventy-five percent of all active judges must concur that the plan be created. PERS received most of the ballots back and the initiative did not pass. Following is the recap of the balloting: 48 ballots were received with 26 yes votes, 14 no votes, and 8 no response. The judges were notified and no further action will be taken.

Superior Vision Plan

Ms. Allen reported that since the September Board meeting, Gabriel Roeder Smith, our consultant, staff, and Superior Vision Services have been conducting weekly meetings to coordinate efforts for the transition of our group vision plan from Ameritas to Superior. Superior has been doing network expansion as well as communicating to PERS membership and employers. Additional communication efforts for active and retiree members is planned for November.

MISCELLANEOUS

Health Care Reform Meeting

Mr. Collins reported to the Board that he had been invited by the Milbank Memorial Fund to attend a meeting on health care reform and its implications for state sponsored plans/ Milbank will pay all expenses. Board policy requires approval of any travel that is paid by an outside group.

MR. SANDAL MOVED TO APPROVE MR. COLLINS ATTENDANCE AT THE MILBANK MEMORIAL FUND MEETING ON HEALTH CARE REFORM. THE MOTION WAS SECONDED BY MR. ERDMANN.

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

Nays: None

Absent: Ms. Smith

Mr. Collins indicated to the Board that they had previously approved his participation in the International Foundation public employee's board and the Foundation board of directors which has three meetings per year. He noted that he has been elected to continue on the board. In addition, Mr. Collins has been serving as a presenter/instructor for the Health CAPPP certification program which is twice a year.

MOTION PASSED

Board Meeting Dates for 2011

Mr. Collins shared with the Board the dates for the 2011 meetings. These dates will be filed with the Secretary of State.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:13 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Thursday, November 18, 2010

8:30 A.M.

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

Via Videoconference: Chairman Jon Strinden

Members Absent: Mr. Howard Sage

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Aaron Webb, Office of Attorney General
Mr. Kevin Schoenborn, BCBSND
Mr. Bill Kalanek, AFPE

Via Conference Call: Ms. Sara Herbert, Tricast

Via Videoconference: Mr. Mike Carlson, BCBSND
Ms. Jodi Crouse, BCBSND
Ms. Marissa Parmer, BCBSND
Mr. Brian Cornelius, BCBSND
Mr. Tom Christensen, BCBSND
Mr. Jim Wynstra, BCBSND
Mr. Bob Stroup, BCBSND
Mr. Brad Bartle, 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 October 21, 2010 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE OCTOBER 21, 2010 BOARD MINUTES. THE MOTION WAS SECONDED BY MR TRENBEATH. THE MINUTES WERE APPROVED.

RETIREMENT

RIO Update

Mr. Collins introduced Mr. Gilbertson and the new Executive Director and Investment Officer of the Retirement and Investment Office Mr. John Geissinger. Mr. Gilbertson thanked the PERS Board and PERS staff for making things run so smoothly during his time at RIO, and especially thanks to those members of the Board who served on all the special committees. He wished everyone the best of luck and indicated that RIO will be in good hands with Mr. Geissinger. Chairman Strinden thanked Mr. Gilbertson for attending the PERS Board meetings and keeping everyone informed. Mr. Geissinger will begin his new position at RIO on December 6. Mr. Geissinger shared with the Board that he is looking forward to this new challenge, and gave background on his professional career. He indicated they will be working with Callan on an asset liability study, followed by a full manager review, focusing on the structure of the manager lineup making sure there is diversification. Chairman Strinden indicated that the PERS Board looks forward to working with Mr. Geissinger.

Legislation

Mr. Collins shared with the Board a summary of the actions taken by the Legislative Employee Benefits Committee. PERS submitted three bills (51, 52, 53) of which the Committee gave unfavorable recommendation to Bill 51 and Bill 52 and a favorable recommendation to Bill 53 which splits the employee and employer contribution 50/50. Mr. Collins indicated he has met with the State Employees Compensation Commission to review the challenges we face. The bills acted on by the Board will be submitted after the Executive Budget is released on December 6 and by the due date of December 9. The Board had questions relating to these bills.

MR. SANDAL MOVED TO SUBMIT BILLS 53 AND 59 FOR LEGISLATIVE CONSIDERATION. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

Absent: Mr. Sage and Ms. Smith

MOTION PASSED

GROUP INSURANCE

PBM Audit

Ms. Herbert with Tricast gave the Board an overview of the results of the Pharmacy Benefits Manager Audit of Prime Therapeutics. She shared with the Board several recommendations/next steps that will need to be negotiated with BCBSND and Prime to address the action required items. Mr. Collins indicated that Prime Therapeutics will attend the next meeting to present their response to the recommendations and next steps for Board action.

Noridian Insurance Services, Inc. US Able Life Cancer and Accident Products

Mr. Collins shared with the Board the letter from Noridian expressing interest in offering some of their products as part of the voluntary products that are eligible for PERS flex program premium conversion. Mr. Collins suggested before we respond to Noridian, we need to take the opportunity to review how we set up pre-tax programs to bring our flex program up to date since we have not done this since the program inception in 1989. Mr. Collins suggested that before we respond to Noridian, staff review the existing process and products and have Segal update the Board on the existing IRS rules, then identify approaches on how to continue the program and determine which approach to implement.

After Board discussion, the Board concurred on Mr. Collins approach to review the existing process and products, have Segal present an update on IRS rules, then review which approach to implement.

Part D Contract

Mr. Collins indicated that at the September meeting the Board approved the renewal of the Part D (prescription drug plan for Medicare retirees with BCBS) for 2011. The contract was shared with the Board and it has been reviewed and approved by Attorney General staff. Mr. Collins indicated that the appendix in the group contract will need to be updated with the new rates.

MS. SMITH MOVED APPROVAL OF THE GROUP MEDICARE BLUE RX RETIREE PRESCRIPTION DRUG PLAN CONTRACT FOR 2011 AND APPROVED ADDING THE RATE INCREASES TO THE APPENDIX. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

Absent: Mr. Sage

MOTION PASSED

Quarterly Executive Summary

Representatives from BCBSND presented information to the Board relating to quarterly financial/trend analysis, health utilization summary for actives, early retirees and Medicare retirees, claims and inquiry timeliness, wellness programs update, and opportunities and activities for the Plan. The Board and PERS staff had questions of BCBSND staff relating to this report.

Legislation

Mr. Collins reported to the Board that Bill 60 had been submitted and received no recommendation out of the Legislative Employee Benefits Committee. One provision regarding self-funded is that there must be \$60 million in reserves in the bank and this should be discussed further by the Legislature. Mr. Collins indicated that the explanation on this bill must be refined. Other provisions of the bill include offering another pre-Medicare plan with a higher deductible and coinsurance to get a lower premium rate. The Board discussed this bill.

**MR. SANDAL MOVED TO SUBMIT BILL 60 FOR LEGISLATIVE CONSIDERATION.
THE MOTION WAS SECONDED BY MS. EHRHARDT.**

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

Nays: None

Absent: Mr. Sage

MOTION PASSED

Health Care Reform/Grandfather Provision

Mr. Collins reviewed with the Board their previous discussions relating to maintaining PERS grandfathered status, specifically what would happen if one of the existing political subdivisions changed their premium contribution by an amount greater than allowed by federal law, which could cause us to lose this status. At that time, the Board required political subdivisions provide a ninety day notice prior to any action to reduce the level of their current employer contribution. In implementing this, staff needs further direction in two major areas: policy for existing participating political subdivisions and policy for new political subdivisions.

Mr. Collins explained if a political subdivision would make changes greater than allowed by federal law, they could be moved to this non-grandfathered plan. Mr. Collins reviewed the interpretations from BCBS and Deloitte on this issue and indicated that BCBS has agreed to set up a non-grandfathered plan beginning July 1, 2011. The Board discussed both options. BCBS and staff responded to questions of the Board.

MR. TRENBEATH MOVED THAT PERS DIRECT BCBSND TO SET UP A NON-GRANDFATHERED PLAN FOR THOSE POLITICAL SUBDIVISIONS THAT HAVE

CHANGED PREMIUM CONTRIBUTIONS BY AN AMOUNT GREATER THAN ALLOWED BY FEDERAL LAW EFFECTIVE WITH THE NEW PLAN YEAR BEGINNING JULY 1, 2011. THE MOTION WAS SECONDED BY MR. ERDMANN.

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

Nays: None

Absent: Mr. Sage

MOTION PASSED

Mr. Collins asked the Board, based on this motion, for permission to move forward with the necessary amendments to the political subdivision contracts.

MS. SMITH MOVED THAT STAFF PROCEED WITH UPDATING POLITICAL SUBDIVISION CONTRACTS WITH THE NECESSARY AMENDMENTS. THE MOTION WAS SECONDED BY MR. SANDAL.

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

Nays: None

Absent: Mr. Sage

MOTION PASSED

Mr. Collins then reviewed with the Board the second issue relating to the grandfathered status which relates to new political subdivisions who want to join the PERS plan. Deloitte has recommended that for any new political subdivisions, PERS have them complete a questionnaire which guarantees that they do not come onto the Plan with some issues that could endanger the grandfathered status. It is the intent of PERS not to deny any political subdivision the opportunity to come onto the Plan, but, based on how they complete the questionnaire, would establish a minimum requirement for when they could come onto the Plan. Mr. Collins reported that the City of Fargo will not come onto the Plan until January of 2012.

MS. SMITH MOVED THAT PERS REQUIRE POLITICAL SUBDIVISIONS WISHING TO JOIN THE PLAN TO COMPLETE A QUESTIONNAIRE TO VERIFY THAT PERS GRANDFATHERED STATUS WILL NOT BE JEOPARDIZED. IF PERS DETERMINES THAT BY THEM JOINING THE PLAN COULD ENDANGER THE GRANDFATHERED STATUS, THE SOONEST THEY WOULD BE ABLE TO JOIN THE NONGRANDFATHERED PLAN WOULD BE JULY 2011. THE MOTION WAS SECONDED BY MS. EHRHARDT.

There was discussion on the motion and clarifications from Attorney General legal counsel.

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

Nays: None

Absent: Mr. Sage

MOTION PASSED

DEFERRED COMPENSATION

Roth IRA's

Ms. Allen reported that the Small Business Jobs Act allows governmental 457(b) plans to add designated Roth accounts starting with the 2011 plan year. It will also allow plans to permit participants to convert existing 401(k) and 403(b) plan balances to a designated Roth account. These provisions are voluntary. Adding this provision will require an amendment to PERS plan document and recordkeeping agreement. Inclusion of a Roth account option has been addressed in the RFP for the deferred compensation Companion plan. The Board had questions of staff.

DEFINED CONTRIBUTION PLAN

Request for Proposal for 401(a) and 457 Plan

Mr. Collins reported that Segal is working with PERS on developing the request for proposal. The contract with Fidelity had been extended to August 1, 2011. Attorney General review has been completed. Mr. Webb reviewed with the Board his suggestions relating to this request for proposal which will be incorporated into the document. The Board had questions and discussed this request for proposal.

MS. EHRHARDT MOVED THAT STAFF BEGIN THE REQUEST FOR PROPOSAL PROCESS FOR THE 401(a) AND 457 PLAN RENEWAL, INCLUDING THE ATTORNEY GENERAL REVISIONS. THE MOTION WAS SECONDED BY MR. SANDAL.

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

Nays: None

Absent: Mr. Sage

MOTION PASSED

Mr. Collins reported that PERS is currently conducting annual enrollment for members, changing the Medicare Part D rates in the system, is in the process of transitioning to a new vision carrier. Another effort that was scheduled was to send out retiree statements. Because of our current workload constraints and working through our new PERSLink business system, PERS will not send out annual retiree statements this December.

Information will be included in the next Retiree Perspectives newsletter and they can call the office at any time.

Chairman Strinden called for any other business or comments. Mr. Trenbeath moved for adjournment with Mr. Sandal seconding the motion. Board members concurred and the meeting adjourned at 11:13 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Tuesday, December 21, 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

Member Absent: Ms. Joan Ehrhardt

Others Present: Ms. Kim Humann, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Jamie Kinsella, NDPERS
Mr. Bryan Reinhardt, NDPERS
Mr. Aaron Webb, Office of Attorney General
Mr. Kevin Schoenborn, BCBSND
Mr. John Mongeon, Brady Martz
Mr. John Geissinger, RIO
Ms. Julie Klassen, Great West Retirement Services
Mr. Jay Kloepfer, Callan Associates
Mr. Paul Erlendson, Callan Associates

Via Videoconference: Mr. Sparb Collins, NDPERS
Ms. Jodi Crouse, BCBSND
Mr. Tom Christensen, BCBSND
Ms. Jane Nephew, BCBSND
Ms. Onalee Sellheim, BCBSND
Mr. Mike Potts, 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 November 18, 2010 Board meeting.

MR. TRENBEATH MOVED APPROVAL OF THE NOVEMBER 18, 2010 BOARD MINUTES. THE MOTION WAS SECONDED BY MS. SMITH. THE MINUTES WERE APPROVED.

AUDIT

Mr. Collins reported that the audit committee had reviewed the 2010 audit report. Mr. Mongeon from Brady Martz reviewed with the Board the 2010 audit report that was conducted as of June 30, 2010. It was a clean audit. Mr. Mongeon indicated there were no instances of noncompliance with laws in disclosing deficiencies or weaknesses in internal controls. There were no questions from the Board relating to the audit.

PERSLink Update

Ms. Schiermeister presented an update on the PERSLink business system. The system is stable and PERS is able to conduct daily business. Ms. Schiermeister presented highlights on issues and challenges currently facing PERS with the new system. Work is being reassigned and temporary help has been hired to assist us in keeping up with daily work. A training session is being scheduled in January for PeopleSoft agencies to address their questions and concerns relating to the Employer Self-Service portal. The retiree payments were processed for two months with success. A file upload has been done from PERSLink to PeopleSoft for all annual enrollments. This eliminated the need for state payroll staff to do data entry into PeopleSoft. Ms. Schiermeister reported that we continue to have problems with the insurance billings and have asked Sagitec to devote more resources to this area so we can get this corrected. The certificate of completion has not yet been signed off on until these issues are resolved. The Board had questions of staff relating to the new PERSLink business system.

GROUP INSURANCE

Prime Therapeutics Response (PBM Audit)

This agency item will be held over to the January 2011 meeting.

Health Plan

Mr. Collins updated the Board on issues relating to the health plan. First, the executive budget did recommend the 7.4% increase and this was incorporated into the appropriation bill. Second, the Board previously had discussed the premium reprojected done in February. The thought was that the premiums would remain flat. Given there was an increase, Mr. Collins suggested that we do the premium reprojected.

MS. SMITH MOVED THAT THE HEALTH PREMIUMS BE REPROJECTED IN FEBRUARY. THE MOTION WAS SECONDED BY MR. ERDMANN.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Mr. Collins indicated that at previous Board meetings, BCBS presented information on the Accordant program (a disease management program for rare or unique medical conditions) and the Triessent specialty pharmacy program. Mr. Collins raised the question whether we want to include these programs in the 2011-13 biennium. The Board had questions relating to these programs. Mr. Tom Christenson with BCBSND explained the specialty pharmacy program to the Board and answered questions.

MR. ERDMANN MOVED TO INCLUDE THE TRIESSENT AND ACCORDANT PROGRAMS FOR THE 2011-13 BIENNIUM. THE MOTION WAS SECONDED BY MR. TRENBEATH.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Mr. Collins reported that the Legislative Employee Benefits Committee gave a positive recommendation on Representative Carlson's bill to offer a high deductible health plan (health savings account). This bill will have no affect on PERS health care plan.

Mr. Collins reviewed with the Board the letter from BCBS relating to changing the pharmacy benefit portion of the health insurance business from Prime National Network to Prime Select Network. Also, he shared information relating to the Plan Document changes for 2011 which have no cost impact on our plan.

Life Insurance Bid

Ms. Allen indicated that information relating to the Group Life AD&D Insurance Plan request for proposal has been included in the Board book. She reviewed with the Board the key dates for this request for proposal. The Board had questions of staff relating to this request for proposal.

MR. SANDAL MOVED TO APPROVE THE GROUP LIFE AD&D INSURANCE PLAN REQUEST FOR PROPOSAL. THE MOTION WAS SECONDED BY MR. ERDMANN.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

RETIREMENT

Asset/Liability Study

Mr. Collins reported that Callan Associates will be conducting an asset allocation and liability study for the Public Employees Retirement System. Representatives from Callan reviewed with the Board a proposed asset allocation framework. The current asset class categorization for TFFR and PERS includes several broad asset classes: domestic equity, international equity, domestic fixed income, international fixed income, real estate, alternatives, and cash equivalents. Callan recommends changing the framework into five broad groups: global equity, global fixed income, global real assets, global alternatives, and cash equivalents. This broad approach is used by large public funds around the country, and allows for flexibility in the implementation of the investment program. The Board had questions and comments relating to these asset classes.

MR. SANDAL MOVED TO APPROVE THE PROPOSED ASSET ALLOCATION FRAMEWORK FOR CALLAN TO CONDUCT THE ASSET ALLOCATION AND LIABILITY STUDY FOR EACH NDPERS PLAN. THE MOTION WAS APPROVED BY MR. SAGE.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Retirement Plan

Mr. Collins reported that the Governor has included funding for Bill 53 in the executive budget. Mr. Collins noted that it is likely that the DC bill will be introduced. He suggested maintaining a neutral position on the bill. The Board concurred and indicated that we have to make sure the legislators understand what the facts are there. Relating to the funding of the DB plan, the Board indicated that PERS should propose an amendment to the bill to insure the DB plan will remain funded. The Board reiterated that the goal is to make sure the DB plan remains actuarially sound.

Mr. Collins asked for guidance on the RIO administrative bill. They are requesting one additional FTE for the investment area. The Board agreed that it would be acceptable to take a positive position on this if asked by the legislature.

Relating to the PERS administrative bill, Mr. Collins and legal counsel reviewed the statute at NDCC 54-52-0211(3). In 2003, this subsection was changed when the law enforcement system was created. After further review, it appears that the current language in the bill created had a broader effect than originally anticipated since we would have a unique rate for each subdivision. Mr. Collins reviewed with the Board the history of this law and recommended an amendment be included in the PERS administrative bill to return PERS to the status quo.

MS. SMITH MOVED TO APPROVE INCLUDING A CHANGE TO THIS SUBSECTION IN THE PERS ADMINISTRATIVE BILL. THE MOTION WAS SECONDED BY MR. SAGE.

The Board further discussed the motion.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Segal Contract

Mr. Collins reported to the Board that the contract with Segal for actuarial work is scheduled to go to bid this year with the new contract being effective July 1, 2011. The contract was extended by the Board last year because of the challenges facing the retirement plans and the bill review process before the legislature. Mr. Collins requested to extend the contract with Segal for one more year because the actuarial valuation will be done in 2011 and this will be the first year that the data will be drawn from our new business system. An extension would be drafted with rates and terms and brought before the Board at the January meeting for final approval.

MR. TRENBEATH MOVED TO REQUEST A PROPOSAL FROM SEGAL TO EXTEND THE CONTRACT FOR ONE MORE YEAR ENDING JUNE 30, 2012 SUBJECT TO REVIEW OF THE SEGAL PROPOSAL. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

DEFERRED COMPENSATION

Mr. Reinhardt reported that the 2010-2011 NDPERS Summary of Investment Options for the Deferred Compensation Plan is available on the NDPERS website. There are currently nine providers and over three hundred funds to choose from.

MISCELLANEOUS

Audit Committee Minutes

The August 18, 2010 PERS Audit Committee minutes were shared with the Board.

Deferred Compensation Hardship Withdrawal

Ms. Allen presented detailed information to the Board relating to a member requesting hardship withdrawal to cover debt incurred as a result of a medical condition that required the participant to take a leave of absence without pay. The Board discussed this hardship withdrawal case.

MR. SAGE MOVED TO APPROVE THE HARDSHIP WITHDRAWAL IN THE AMOUNT OF THE MEMBER'S ACCOUNT BALANCE OF \$438.84. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Flex Comp Appeals

Ms. Allen presented detailed information to the Board relating to a member request to reprocess and reimburse the claim submitted on June 23, 2010 from the remaining 2009 medical spending account balance (Appeal Case #6). The Board discussed this appeal.

MR. ERDMANN MOVED TO APPROVE THE APPEAL CASE NUMBER 6. THE MOTION WAS SECONDED BY MR. TRENBEATH.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Ms. Allen presented detailed information to the Board relating to a member request for a member to elect COBRA continuation of coverage for July 1, 2010 through December 21, 2010 and pay claim (Appeal Case #7). The Board discussed this appeal.

MR. SAGE MOVED TO DENY THE APPEAL CASE NUMBER 7. THE MOTION WAS SECONDED BY MR. TRENBEATH.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Retiree Health Insurance Credit Appeal

Ms. Allen presented detailed information to the Board relating to an appeal relating to retiree health insurance credit of two NDPERS members with the RHIC combined under one member's retirement file. Upon the death of the spouse, the RHIC should have been adjusted and was not. As a result, the health insurance premium was underpaid from February 2009 through October 2010 in the amount of \$1,452.87. The member has offered to repay 50%. Mr. Collins further explained PERS administrative procedures relating to this matter. The Board discussed this appeal.

MR. TRENBEATHY MOVED TO FORGIVE THE UNDERPAYMENT IN THE AMOUNT OF \$1,452.87. THE MOTION WAS SECONDED BY MR. SANDAL.

Staff, the Board and legal counsel further discussed this motion.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

Chairman Strinden called for any other business or comments. Board members concurred and the meeting adjourned at 11:18 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board