

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT  
MINUTES OF THE  
MARCH 16, 2006, BOARD MEETING

**BOARD MEMBERS PRESENT:** Mark Sanford, President  
Barb Evanson, Vice President  
Clarence Corneil, Trustee  
Michael Gessner, Trustee  
Lowell Latimer, Trustee  
Wayne Sanstead, State Superintendent  
Kelly Schmidt, State Treasurer

**STAFF PRESENT:** Steve Cochrane, Executive Director  
Fay Kopp, Deputy Executive Director  
Bonnie Heit, Office Manager  
Les Mason, Internal Audit Supervisor  
Shelly Schumacher, Retirement Supervisor  
Dottie Thorsen, Internal Auditor

**OTHERS PRESENT:** Dan Hinnenkamp, NDEA  
Scott Miller, Attorney General's Office  
Tami Wahl, NDRTA  
LaDonna Whitmore, NDRTA

**CALL TO ORDER:**

Dr. Mark Sanford, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:00 p.m. on Thursday, March 16, 2006, at the State Capitol, Fort Union Room, Bismarck, North Dakota.

**THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: TREASURER SCHMIDT, MRS. EVANSON, PRESIDENT SANFORD, DR. SANSTEAD, MR. GESSNER, DR. LATIMER, AND MR. CORNEIL.**

**MINUTES:**

The Board considered the minutes of the February 16, 2006, meeting.

**MRS. EVANSON MOVED AND DR. SANSTEAD SECONDED TO APPROVE THE MINUTES OF THE FEBRUARY 16, 2006, MEETING AS PRESENTED.**

**AYES: TREASURER SCHMIDT, MRS. EVANSON, PRESIDENT SANFORD, DR. SANSTEAD, MR. GESSNER, MR. CORNEIL, AND DR. LATIMER.**

**NAYS: NONE**

**MOTION PASSED.**

**BOARD EDUCATION:**

NDPERS Health Insurance Study - Mrs. Fay Kopp, Deputy Executive Director, introduced Mr. Sparb Collins, Executive Director, ND Public Employees Retirement System (NDPERS). Mr. Collins reviewed with the Board the retiree prescription drug plan study recently completed by the NDPERS Board. A copy of the presentation is on file at the Retirement and Investment Office (RIO).

**LEGISLATIVE PLANNING:****Employee Benefits Programs Committee (EBPC):**

Mrs. Kopp updated the Board on the Employee Benefits Programs Committee (EBPC) meeting which was held on February 22, 2006. Mr. Scott Miller, Assistant Attorney General, and Mrs. Kopp provided testimony at the meeting. Mr. Miller presented information on the constitutionality of benefit changes and Mrs. Kopp reviewed proposed benefit and contribution changes. Mrs. Kopp also provided testimony on retiree reemployment statistics.

**Study Bill Draft:**

The Board reviewed a draft study bill which included increasing the employer contribution rate from 7.75% to 8.75% on active member salaries; collecting employer contributions of 8.75% on reemployed retired member salaries; and creating a new tier of member benefits for new members hired after July 1, 2007 to include Rule of 90, 5 year vesting, and 5 year final average salary calculation. The bill draft also includes changes relating to automatic refunds and IRS qualification requirements. After review and discussion,

MR. CORNEIL MOVED AND MRS. EVANSON SECONDED TO REVISE THE STUDY BILL LANGUAGE TO REQUIRE EMPLOYER CONTRIBUTIONS OF 16.50% ON REEMPLOYED RETIRED MEMBER SALARIES UNDER THE GENERAL RULE AND CRITICAL SHORTAGE OPTIONS.

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

AYES: DR. SANSTEAD, PRESIDENT SANFORD, MR. CORNEIL, MRS. EVANSON, TREASURER SCHMIDT, DR. LATIMER, AND MR. GESSNER  
NAYS: NONE

MOTION CARRIED.

DR. SANSTEAD MOVED AND MRS. EVANSON SECONDED TO DIRECT STAFF TO MAKE NECESSARY AMENDMENTS AND APPROVE THE STUDY BILL DRAFT AS AMENDED. A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

AYES: MR. CORNEIL, MRS. EVANSON, DR. LATIMER, DR. SANSTEAD, TREASURER SCHMIDT, PRESIDENT SANFORD, AND MR. GESSNER  
 NAYS: NONE

MOTION CARRIED.

Actuarial Audit:

In January 2006, the Board approved extension of the actuarial contract with Gabriel Roeder & Smith (GRS) for another two - year period (July 1, 2006 - June 30, 2008). At that time, the Board also discussed the possibility of having an actuarial audit conducted prior to the 2007 legislative session. The last actuarial audit was delivered in 2000.

MRS. EVANSON MOVED AND DR. SANSTEAD SECONDED TO HAVE AN ACTUARIAL AUDIT CONDUCTED IN 2006. A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

AYES: DR. LATIMER, PRESIDENT SANFORD, TREASURER SCHMIDT, MRS. EVANSON, MR. GESSNER, MR. CORNEIL, DR. SANSTEAD  
 NAYS: NONE

MOTION CARRIED.

The Board discussed the process for selecting a firm to conduct the actuarial review. After discussion,

TREASURER SCHMIDT MOVED AND DR. SANSTEAD SECONDED TO HAVE STAFF WORK THROUGH THE REQUEST FOR PROPOSAL (RFP) PROCESS AND BRING THE TOP TWO CANDIDATES BEFORE THE BOARD FOR INTERVIEWS IN MAY, IF POSSIBLE. A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

AYES: TREASURER SCHMIDT, MR. CORNEIL, MR. GESSNER, DR. SANSTEAD, DR. LATIMER, MRS. EVANSON, AND PRESIDENT SANFORD  
 NAYS: NONE

MOTION CARRIED.

TFFR INVESTMENT UPDATE:

Mr. Steve Cochrane, Executive Director, reviewed the State Investment Board's (SIB) March 17, 2006 agenda. He informed the Board TFFR's estimated fiscal year-to-date return through March 15, 2006, is 14.52%.

CONSENT AGENDA:

TREASURER SCHMIDT MOVED AND MR. GESSNER SECONDED TO APPROVE ONE QUALIFIED DOMESTIC RELATIONS ORDER AND ONE MEMBER ELIGIBLE FOR PERMANENT DISABILITY.

AYES: MR. CORNEIL, MRS. EVANSON, TREASURER SCHMIDT, PRESIDENT SANFORD, DR. LATIMER, MR. GESSNER, AND DR. SANSTEAD.

NAYS: NONE

MOTION CARRIED.

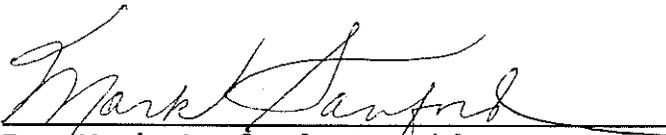
OTHER:

The Board discussed their next board meeting date. The Board elected to schedule a May 18, 2006 meeting.

ADJOURNMENT:

With no further business to come before the Board, President Sanford adjourned the meeting at 3:15 p.m.

Respectfully Submitted:

  
Dr. Mark Sanford, President  
Teachers' Fund for Retirement Board

  
Bonnie Heit  
Reporting Secretary