

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
JUNE 14, 2007, BOARD MEETING**

BOARD MEMBERS PRESENT: Mark Sanford, President
Clarence Corneil, Trustee
Kim Franz, Trustee
Mike Gessner, Vice President
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
Darlene Roppel, Administrative Assistant
Shelly Schumacher, Retirement Program Manager

OTHERS PRESENT: Faye Beck, Killdeer Education Assoc.
Sonja Bergstedt, Killdeer Education Assoc.
Paul Erlendson, Callan Associates
Ken Tupa, NDRTA
Chuck Wagner, Killdeer Education Assoc.
Aaron Webb, Attorney General's Office
Nick Whitman, NDEA Executive Director
Gary Wilz, Killdeer Public School Superintendent

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, June 14, 2007, at the State Capitol, Sakakawea Room, Bismarck, ND.

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

MINUTES:

The Board considered the minutes of the March 15, 2007, board meeting.

DR. LATIMER MOVED AND MRS. FRANZ SECONDED TO APPROVE THE MINUTES OF THE MARCH 15, 2007, BOARD MEETING.

AYES: DR. LATIMER, MRS. FRANZ, PRESIDENT SANFORD, MR. GESSNER, MR. CORNEIL, AND DR. SANSTEAD

NAYS: NONE

ABSENT: TREASURER SCHMIDT

MOTION CARRIED

Treasurer Schmidt entered the meeting.

EXECUTIVE SESSION:

President Sanford advised the Board that it would go into Executive Session to discuss confidential retirement information relating to an employer appeal of eligible TFFR salary determination. President Sanford reminded the Board that Executive Session discussion must be limited to the eligible salary issue only. Under North Dakota Century Code (NDCC) 44-04-19.1 (2), the Board has the legal authority to meet in Executive Session for the purpose of discussing confidential member information.

EXECUTIVE SESSION

Executive Session attendees included: Mrs. Franz, President Sanford, Dr. Latimer, Mr. Corneil, Mr. Gessner, Treasurer Schmidt, Dr. Sanstead, Mr. Webb, RIO staff, Killdeer Supt. Wilz, Killdeer Education Association members Faye Beck, Sonja Bergstedt and Chuck Wagner.

Executive Session began at 1:04 p.m. and ended at 2:15 p.m.

OPEN SESSION

MR. CORNEIL MOVED AND TREASURER SCHMIDT SECONDED TO UPHOLD STAFF DECISION AND DENY THE EMPLOYER'S APPEAL OF THE TFFR SALARY DETERMINATION.

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

NAYS: NONE

MOTION CARRIED.

INVESTMENT UPDATE:

Mr. Steve Cochrane, Investment Director, stated TFFR's estimated investment return year-to-date through June 13, 2007 is 18.06%. He then reviewed the agenda for the June 15, 2007, State Investment (SIB) Board meeting.

LEGISLATIVE WRAP UP:

Mrs. Fay Kopp, Deputy Executive Director, summarized the final TFFR bill passed by the 2007 Legislature. The approved bill: requires employer retirement contributions of 7.75% on re-employed retiree's salary beginning July 1, 2007, with an increase to 8.25% on July 1, 2008; increases employer retirement contributions from 7.75% to 8.25% of active member's salary beginning July 1,

2008, until the plan reaches a 90% actuarial funded level at which time it will return to 7.75%; creates a new tier of reduced member benefits for new TFFR members and returning refunded members employed on or after July 1, 2008; removes automatic refund requirement and reenacts various other provisions to comply with IRS qualification requirements. Mrs. Kopp also reviewed the estimated fiscal impact of this legislation on the state and school districts, and the projected actuarial impact on TFFR.

Mrs. Kopp reviewed the membership of the 2007-08 interim legislative Employee Benefits Programs Committee (EBPC) which considers all legislative proposals affecting TFFR.

Mrs. Kopp presented information relating to TFFR Revenue and Distributions from 1990-2006.

Mrs. Shelly Schumacher, Retirement Programs Manager, reported on the implementation of approved 2007 legislation. Mrs. Schumacher described the employer and employee communications, system programming modifications, employer reporting procedures, and other implementation issues relating to the legislation. Mrs. Schumacher also indicated changes to TFFR administrative rules will be needed to implement new legislation.

Board discussion followed.

RETIREMENT OFFICER'S REPORT:

Outreach Programs - Mrs. Kopp reported the TFFR outreach programs continue to expand and are tailored to member and employer needs. She also described the various programs for 2007-08.

TFFR Publications - Mrs. Kopp stated that all TFFR publications are available on the NDRIIO website. To save printing and mailing costs, a postcard will be included with the members' annual statements notifying them that the updated handbook is available on the RIO website, or upon request.

Social Security Number Replacement Project - As part of TFFR's continuing effort to protect members' privacy, staff is in the final stages of removing Social Security Numbers from forms, letters and other materials sent to members, unless required by law. It has been replaced by a Personal ID number generated by the new pension administration computer system.

Retiree Count - Mrs. Kopp noted staff has processed about 275 retirement applications from teachers and administrators retiring at the end of the 2006-07 school year. During the fiscal year July 1, 2006 - June 30, 2007, there were 337 retirement claims processed.

BOARD EDUCATION:

Disability Statistics - Mrs. Schumacher reviewed TFFR disability benefits and statistics. A copy of her presentation is on file at the Retirement and Investment Office. Board discussion followed.

CONSENT AGENDA:

TREASURER SCHMIDT MOVED AND MR. CORNEIL SECONDED TO APPROVE TWO MEMBERS' DISABILITY BENEFIT APPLICATIONS.

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

NAYS: NONE

MOTION CARRIED.

2007-08 BOARD CALENDAR AND EDUCATION PLAN:

Mrs. Kopp presented a draft of TFFR and State Investment Board (SIB) meeting schedules, TFFR board calendar and education plan for fiscal year 2007-08. After discussion, the Board directed Mrs. Kopp to include other educational topics as appropriate.

TREASURER SCHMIDT MOVED AND MR. GESSNER SECONDED TO ADOPT THE 2007-08 BOARD CALENDAR AND EDUCATION PLAN.

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

NAYS: NONE

MOTION CARRIED.

TRUSTEE APPOINTMENT PROCESS:

Mrs. Kopp reported that as a result of the retirement of President Sanford on June 30, 2007, there will be a vacancy on the TFFR and SIB. The ND Council of Educational Leaders (NDCLE) is in the process of gathering names to be submitted to the Governor. Until the appointment is made, the school administrator position on the TFFR Board will be vacant, but the TFFR alternate will fill the SIB seat. Dr. Sanstead is currently the designated alternate to the SIB.

BOARD RESOLUTION:

Mrs. Kopp recognized President Sanford for his 15 years of dedicated service to the educators of North Dakota through his service on the TFFR and SIB, and read the following resolution:

*TFFR Board Resolution
in Appreciation of*

DR. MARK SANFORD

WHEREAS, Dr. Mark Sanford served as trustee and president of the ND Teachers' Fund for Retirement Board with honor for 15 years from 1992 to his retirement in 2007; and

WHEREAS, Dr. Sanford also served as trustee, vice chairman, and chairman of the ND State Investment Board representing TFFR members during his tenure; and

WHEREAS, Dr. Sanford dedicated his professional career to the ND education community as math teacher, coach, principal, and superintendent for 46 years, the last 31 years of which were in Grand Forks; and

WHEREAS, Dr. Sanford is highly regarded by public officials, state and community leaders, and education professionals for his foresight, wisdom, integrity, leadership, and judgment in his many years of public service; and

WHEREAS, Dr. Sanford was instrumental in improving TFFR benefits, strengthening its funding structure, and building one of the most widely respected public pension plan investment programs in the country; and

WHEREAS, Dr. Sanford demonstrated the highest level of excellence, and distinguished himself as an outstanding trustee whose thoughtful guidance, sincerity, and genuine compassion served trust fund members with respect;

WHEREAS, Dr. Sanford leaves a legacy of invaluable knowledge, expertise, and leadership; now therefore, be it

RESOLVED, that the TFFR Board express its sincere appreciation to Dr. Sanford for his dedicated service on behalf of the active and retired members of the TFFR trust fund; and be it further

RESOLVED, that the Board extends its best wishes to Dr. Sanford, and his wife, Gloria, for a long and happy retirement; and be it further

RESOLVED, that a copy of this Resolution be presented to Dr. Mark Sanford and printed in the official TFFR Board minutes, on behalf of the many lives he has so positively touched.

TREASURER SCHMIDT MOVED AND DR. LATIMER SECONDED TO APPROVE THE RESOLUTION HONORING PRESIDENT SANFORD AND TO INCLUDE IT IN THE OFFICIAL TFFR BOARD MINUTES.

AYES: MRS. FRANZ, DR. LATIMER, DR. SANSTEAD, MR. GESSNER, MR. CORNEIL AND TREASURER SCHMIDT.

NAYS: NONE

MOTION CARRIED.

On behalf of the board and staff, Dr. Sanstead presented President Sanford with a retirement gift. President Sanford commented on his tenure with TFFR and SIB.

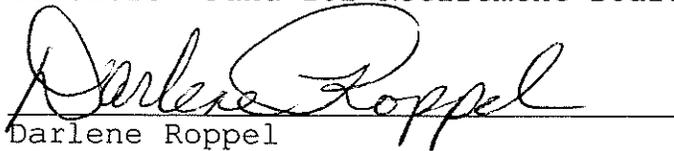
ADJOURNMENT:

With no further business to come before the Board, Treasurer Schmidt moved to adjourn. President Sanford adjourned the meeting at 3:46 p.m.

Respectfully Submitted:



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



Darlene Roppel
Reporting Secretary