

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
NOVEMBER 18, 2010, BOARD MEETING**

BOARD MEMBERS PRESENT: Mike Gessner, President
Clarence Corneil, Trustee
Kim Franz, Trustee
Lowell Latimer, Vice President
Wayne Sanstead, State Superintendent
Kelly Schmidt, State Treasurer
Bob Toso, Trustee

STAFF PRESENT: Connie Flanagan, Fiscal & Investment Officer
John Geissinger, Executive Director/CIO
LeRoy Gilbertson, Interim Executive Director/CIO
Fay Kopp, Deputy Executive Director
Les Mason, Internal Audit Supervisor
Darlene Roppel, Retirement Assistant
Shelly Schumacher, Retirement Program Manager

OTHERS PRESENT: Greg Burns, NDEA
Sparb Collins, NDPERS
Levi Erdmann, NDPERS
Paul Erlendson, Callan Associates, Inc.
Jay Kloepfer, Callan Associates, Inc.
Mike Sandal, NDPERS
Ken Tupa, NDRTA
Aaron Webb, Attorney General's Office

CALL TO ORDER:

Mr. Mike Gessner, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:00 p.m. on Thursday, November 18, 2010, at the State Capitol, Peace Garden Room, Bismarck, ND. President Gessner recognized and welcomed Mr. Sparb Collins, Public Employees Retirement System (PERS) and PERS Investment Subcommittee members, Mr. Levi Erdmann and Mr. Mike Sandal.

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

APPROVAL OF AGENDA:

The Board considered the meeting agenda.

DR. LATIMER MOVED AND MR. CORNEIL SECONDED TO APPROVE THE AGENDA AS PRESENTED.

AYES: MR. CORNEIL, DR. SANSTEAD, MR. TOSO, PRESIDENT GESSNER, TREASURER SCHMIDT AND DR. LATIMER.

NAYS: NONE

MOTION CARRIED.

MINUTES:

The Board considered the minutes of the October 25, 2010, board meeting.

MR. CORNEIL MOVED AND DR. SANSTEAD SECONDED TO APPROVE THE MINUTES OF THE OCTOBER 25, 2010, BOARD MEETING AS PRESENTED.

AYES: PRESIDENT GESSNER, MR. TOSO, DR. LATIMER, TREASURER SCHMIDT, MR. CORNEIL, AND DR. SANSTEAD.

NAYS: NONE

MOTION CARRIED.

SIB/RIO UPDATE:

Mr. LeRoy Gilbertson, Interim Executive Director/Chief Investment Officer (CIO), introduced Mr. John Geissinger, who has accepted the position of Executive Director/CIO. He will officially begin December 6, 2010.

The next State Investment Board meeting is scheduled for December 15, 2010, at 8:30 a.m. The SIB Audit Committee will be meeting Friday, November 19, 2010, in the Peace Garden room in the Capitol.

ASSET LIABILITY STUDY:

Mr. Paul Erlendson, Senior Vice President, Callan Associates, and Mr. Jay Kloepfer, Executive Vice President, Callan Associates, updated the Board on the TFFR asset liability study and implementation considerations. TFFR and PERS currently have seven broad asset categories. Although the current definitions include most of the asset classes traditionally employed by large public pension plans, the Board has been considering expanding the current framework. Callan suggests an asset allocation framework that defines broad asset classes that capture the opportunity set, with clearly defined components that are specific enough to enable clear accounting of market exposures, yet flexible enough to allow for innovation and the inclusion of new strategies as they arise. The five broad categories suggested are: global equity, global fixed income, global real assets, global alternatives and cash equivalents. The portfolio would be divided into categories defined by their reactions to specific capital market factors: equity (growth and capital appreciation), fixed income (income, low risk, flight to quality, deflation), and real assets (inflation, income diversification). The fundamental building blocks for embracing this proposed framework are already in place.

After discussion, it was the consensus of the Board to have Callan come back to the January 27, 2011, board meeting with target ranges utilizing the new classifications.

Mrs. Franz arrived at 1:45 p.m.

Mr. Gilbertson thanked the board for their support and confidence. Mr. Gilbertson's last day with the Retirement and Investment Office (RIO) will be December 15, 2010.

LEGISLATIVE UPDATE:

Mrs. Fay Kopp, Deputy Executive Director, updated the Board on legislative issues. The Legislative Employee Benefits Programs Committee (LEBPC) gave recommendations on the seven legislative study bills relating to TFFR. Bill 54 and Bill 56 received a favorable recommendation; Bill 55 received an unfavorable recommendation. Bills 2, 39, and 217 received no recommendation. Bill No. 40 was withdrawn by the sponsor. After Board discussion,

MR. CORNEIL MOVED AND MR. TOSO SECONDED TO PRE-FILE BILLS NO. 54 AND 56 WITH THE 2011 LEGISLATURE.

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

NAYS: NONE

MOTION CARRIED.

Mrs. Kopp stated there will be a newsletter sent to members in December or early January with information on the Board's legislative proposals. Legislative updates will be sent to board members weekly.

The meeting recessed at 2:45 p.m. and reconvened at 3:00 p.m.

ACTUARIAL REQUEST FOR PROPOSAL (RFP):

Mrs. Kopp presented a preliminary schedule for the actuarial services RFP. The Board discussed the RFP process, weighting factors, and timeline. The Board agreed on the following weighting factors: technical understanding - 40%, experience and qualifications - 40%, and price - 20%. The RFP will be issued in January 2011. It will be available on the RIO website, State Procurement and sent to various actuarial service providers. Mr. Geissinger, Mrs. Kopp and Mrs. Schumacher, will review and score the submitted proposals. Finalists will be interviewed at the April board meeting, and the Board will make the final decision. The start date of the new contract will be July 1, 2011. These dates are tentative and may be modified.

TREASURER SCHMIDT MOVED AND MRS. FRANZ SECONDED TO BEGIN THE RFP PROCESS FOR ACTUARIAL SERVICES USING THE CRITERIA DISCUSSED.

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

NAYS: NONE

MOTION CARRIED.

ANNUAL TFFR PROGRAM AUDIT REPORT:

Mr. Les Mason, Internal Audit Supervisor, presented the TFFR Audit Program annual review for the year ended June 30, 2010. Thirty-five school district audits were completed of which three districts were not in compliance, seven districts were generally in compliance, and 25 districts were in compliance. Other audits conducted include the compliance audit for benefit payments, participants' data for the actuarial valuation and file maintenance audit. No significant exceptions were noted. A Performance Audit was conducted by Clifton Gunderson LLP which concluded the former Executive Director/CIO adhered to the policies of the SIB Governance Policy Manual. Eide Bailly LLP conducted the annual financial audit of RIO for the year ended June 30, 2010 and issued a clean, unqualified opinion. A copy of Mr. Mason's report is on file at RIO. After discussion,

TREASURER SCHMIDT MOVED AND MR. TOSO SECONDED TO APPROVE THE 2010 ANNUAL TFFR AUDIT PROGRAM REPORT.

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

NAYS: NONE

MOTION CARRIED.

ANNUAL TFFR ENDS AND STATISTICS REPORT:

Mrs. Shelly Schumacher, Retirement Program Manager, presented the annual TFFR Ends and Statistics report for the year ended June 30, 2010. Updating contingent beneficiaries on CPAS software has been completed. Member services outreach programs have been attended by 1,770 people this year. Annual benefits statements were sent to 11,514 non-retired members in August. Annual statements were sent to 6,472 retired members in December. A copy of the report is on file at RIO. After discussion,

TREASURER SCHMIDT MOVED AND MR. TOSO SECONDED TO APPROVE THE 2010 ANNUAL TFFR ENDS AND STATISTICS REPORT.

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

NAYS: NONE

MOTION CARRIED.

CONSENT AGENDA:

TREASURER SCHMIDT MOVED AND MRS. FRANZ SECONDED TO APPROVE THE CONSENT AGENDA WHICH INCLUDED ONE DISABILITY APPLICATION.

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

NAYS: NONE

MOTION CARRIED.

OTHER BUSINESS:

TFFR board meetings are scheduled at Workforce Safety & Insurance (WSI) during the 2011 legislative session. The next meeting will be held January 27, 2011 at WSI.

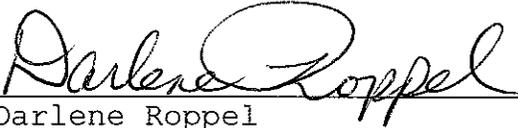
ADJOURNMENT:

With no further business to come before the Board, President Gessner adjourned the meeting at 4:10 p.m.

Respectfully Submitted:



Mr. Mike Gessner, President
Teachers' Fund for Retirement Board



Darlene Roppel
Reporting Secretary