

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
JANUARY 18, 2011, BOARD MEETING**

BOARD MEMBERS PRESENT: Mike Gessner, President
Kim Franz, Trustee
Wayne Sanstead, State Superintendent

VIA TELECONFERENCE Clarence Corneil, Trustee
Lowell Latimer, Vice President
Bob Toso, Trustee

BOARD MEMBER ABSENT: Kelly Schmidt, State Treasurer

STAFF PRESENT: John Geissinger, Executive Director/CIO
Fay Kopp, Deputy Executive Director
Darlene Roppel, Retirement Assistant
Shelly Schumacher, Retirement Program Manager

OTHERS PRESENT: Josh Askvig, NDEA
Greg Burns, NDEA
Erica Cermak, NDRTA
Dakota Draper, NDEA
Doug Johnson, NDCEL
Bruce Murry, NDRTA
Matthew Sagsveen, Attorney General's Office

CALL TO ORDER:

Mr. Mike Gessner, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the special meeting to order at 4:30 p.m. on Tuesday, January 18, 2011, in the conference room at the Retirement and Investment Office (RIO), 1930 Burnt Boat Dr, Bismarck, ND.

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

President Gessner announced the reason for the special board meeting is to discuss TFFR related legislation.

LEGISLATIVE UPDATE:

Mrs. Fay Kopp, Deputy Executive Director, updated the Board on legislative issues. A brief TFFR overview was presented to the House Government and Veterans Affairs Committee on January 13. The hearings on House Bill (HB) 1133 and HB 1134 were held January 14. There was a lot of support and testimony from the member and employer interest groups. Additional information was requested by the committee and is being gathered.

Mrs. Kopp described two new bills that have recently been filed. HB 1398 relates to the calculation of final average salary for administrators who work as administrators for less than eight years. HB 1443 provides an appropriation from the state's general fund of \$50 million each for the next four biennium for a total of \$200 million for the purpose of reducing TFFR's unfunded liability.

Mrs. Kopp also reviewed the provisions of HB 1258 which closes the existing defined benefit plan and creates a defined contribution (DC) plan for all new employees beginning July 1, 2012. She indicated there is no funding source provided in the bill to address the additional costs that would be incurred to fund benefits and pay off the unfunded liability in the closed defined benefit plan. Therefore, it is unknown whether the additional costs would be funded by the state or by the employers/school districts.

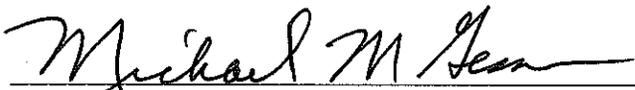
Mrs. Kopp reviewed the draft of the actuarial analysis provided by TFFR's actuary, Gabriel Roeder Smith & Company (GRS). She also reviewed the potential financial implications on school districts, counties, and the state if contributions for the defined benefit plan were increased to fund the additional transition costs.

The Board requested input from the interest groups in attendance. After discussion, it was the consensus of the board to take a neutral position on the bill and to express the Board's concerns, as fiduciaries of the trust fund, related to funding the additional transition costs.

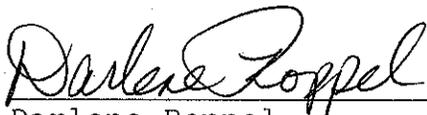
ADJOURNMENT:

With no further business to come before the Board, President Gessner adjourned the meeting at 5:35 p.m.

Respectfully Submitted:



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



Darlene Roppel
Reporting Secretary