

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
JANUARY 27, 2011, BOARD MEETING**

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

VIA TELECONFERENCE Clarence Corneil, Trustee

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

OTHERS PRESENT: Greg Burns, NDEA
Erica Cermak, NDRTA
Doug Johnson, NDCEL
Rolland Larson, NDRTA
Gloria Lokken, NDEA
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 meeting to order at 1:00 p.m. on Thursday, January 27, 2011, in the Conference room at the Workforce Safety & Insurance Office (WSI), 1600 E Century Ave, Bismarck, ND.

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

APPROVAL OF AGENDA:

The Board considered the meeting agenda.

TREASURER SCHMIDT MOVED AND MRS. FRANZ SECONDED TO APPROVE THE AGENDA AS PRESENTED WITH THE ADDITION OF ONE DISABILITY APPLICATION TO THE CONSENT AGENDA.

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

NAYS: NONE

MOTION CARRIED.

MINUTES:

The Board considered the minutes of the November 18, 2010, board meeting.

DR. LATIMER MOVED AND DR. SANSTEAD SECONDED TO APPROVE THE MINUTES OF THE NOVEMBER 18, 2010, BOARD MEETING AS PRESENTED.

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

NAYS: NONE

MOTION CARRIED.

LEGAL ASSISTANCE UPDATE:

Mr. Matt Sagsveen, Assistant Attorney General, reported that the Attorney General's Office has hired a replacement for Mr. Aaron Webb as legal counsel for TFFR. She will begin on February 22, 2011.

LEGISLATIVE UPDATE:

Mrs. Fay Kopp, Deputy Executive Director, updated the Board on legislative issues. An overview of the TFFR plan and funding challenge was presented to the House Government and Veterans Affairs (HGVA) Committee on January 13.

Hearings on HB 1133 (technical changes) and HB 1134 (funding improvement) were held January 14. Additional information was requested by the committee for HB 1134 including a breakdown of the impact of increased employer contributions on each school district which Mrs. Kopp reviewed with the board.

HB 1258 closes membership in the TFFR defined benefit plan and creates a defined contribution plan for all future hires. TFFR testified in a neutral position on the bill, but informed the committee of the potential funding shortfall that would be created by closing the existing plan unless a funding source was included in the bill to cover the additional costs.

HB 1398 relates to the calculation of final average salary for administrators who work as administrators for less than eight years. A hearing has not yet been scheduled for this bill. The Board agreed that Mrs. Kopp should testify in a neutral position. The bill is not expected to have any negative actuarial impact on the fund. It would, however, pose many technical and administrative questions which should be explained to the legislative committee.

HB 1443, which provided for an appropriation to TFFR from the state's general fund, has been withdrawn by the sponsor.

Mr. John Geissinger, Executive Director/CIO, commented on newly introduced bills that relate to the State Investment Board (SIB). Hearings have been scheduled for next week.

SB 2302 establishes a second state investment board that would consist of three members from the Senate, three members from the House of Representatives, Governor, State Treasurer, and Insurance Commissioner. This board would be solely responsible for the management of the budget stabilization fund and the legacy fund.

SB 2312 requires the SIB to establish investment policy and asset allocation for the legacy fund, and invest at least 15% in ND projects and investments.

SB 2344 changes the makeup of the SIB by adding six legislators and removing two TFFR and two Public Employees Retirement System (PERS) representatives. The SIB would consist of the Governor, three members of the Senate, three members of the House of Representatives, State Treasurer, Commissioner of University and School Lands, director of WSI, Insurance Commissioner, one member of the TFFR board and one member of the PERS board.

The Board discussed testimony, actuarial reports, and legislative actions taken to date.

SIB UPDATE:

Mr. Geissinger reported that Callan Associates is completing the asset allocation study which will include target ranges utilizing the modified asset classifications. The report is scheduled to be presented at the March meeting.

TFFR estimated investment performance fiscal year to December 31, 2010, is about 17%.

ACTUARIAL SERVICES RFP:

Mrs. Kopp reported that a Request for Proposal (RFP) for Actuarial Services went out January 14, 2011, to a number of actuarial service providers, and is posted on the TFFR and state procurement websites. January 28th is the deadline for submitting questions. Proposals are due February 25. Mr. Geissinger, Mrs. Kopp and Mrs. Schumacher will review the proposals, and will bring recommendations to the March board meeting. After board consideration, finalists will be invited to the April board meeting for board interviews.

ANNUAL PENSION PLAN COMPARISONS REPORT:

Mrs. Kopp presented the annual Pension Plan Comparison Report, comparing TFFR to the 2009 Public Fund Survey conducted by National Council on Teacher Retirement (NCTR) and National Association of State Retirement Administrators (NASRA). The survey provides information about funding levels, investments, membership changes, contribution rates, pension and retirement security, and actuarial assumptions.

The report is on file at the Retirement and Investment Office (RIO).

MR. TOSO MOVED AND DR. SANSTEAD SECONDED TO ACCEPT THE ANNUAL PENSION PLAN COMPARISON REPORT.

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

NAYS: NONE

MOTION CARRIED.

The meeting recessed at 2:50 p.m. and reconvened at 3:00 p.m.

ANNUAL RETIREMENT TRENDS REPORT:

Mrs. Shelly Schumacher, Retirement Program Manager, presented the annual Retirement Trends report. There are 1,359 active members currently eligible to retire. Almost 600 of those eligible to retire are over 60 years old. This report is on file at RIO.

DR. SANSTEAD MOVED AND TREASURER SCHMIDT SECONDED TO ACCEPT THE ANNUAL RETIREMENT TRENDS REPORT.

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

NAYS: NONE

MOTION CARRIED.

SECURITIES AND EXCHANGE COMMISSION (SEC) RULE-MUNICIPAL ADVISORS:

Treasurer Schmidt shared a letter she has drafted on behalf of the National Association of State Treasurers to all state treasurers, members, legislative committees and state debt management networks. It encourages them to comment on proposed new rules that would require all members (who are not elected officials or government employees) of state and local finance boards to be registered with the SEC as municipal advisors. These proposed rules will have a significant adverse impact on the finance functions of state, county and municipal governments.

CONSENT AGENDA:

MR. TOSO MOVED AND DR. SANSTEAD SECONDED TO APPROVE THE CONSENT AGENDA WHICH INCLUDED ONE QUALIFIED DOMESTIC RELATIONS ORDER (QDRO) AND TWO DISABILITY APPLICATIONS.

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

NAYS: NONE

MOTION CARRIED.

OTHER BUSINESS:

Mrs. Kopp referred the board to the link to the 2010 Comprehensive Annual Financial Report (CAFR) on the TFFR website. Mrs. Kopp also reported that TFFR received the 2010 Recognition Award for Administration by the Public Pension Coordinating Council which recognizes plans for meeting professional standards for plan administration.

The next regular meeting will be held Thursday, February 24, 2011, at WSI.

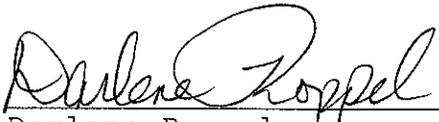
ADJOURNMENT:

With no further business to come before the Board, President Gessner adjourned the meeting at 3:30 p.m.

Respectfully Submitted:



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



Darlene Roppel
Reporting Secretary