

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT**

**MINUTES OF THE**

**JUNE 21, 2012, SPECIAL 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:** Fay Kopp, Interim Executive Director  
Darlene Roppel, Retirement Assistant  
Darren Schulz, Interim CIO  
Shelly Schumacher, Retirement Program Manager

**OTHERS PRESENT:** Dakota Draper, NDEA  
Gloria Lokken, NDEA  
Janilyn Murtha, Attorney General's Office

**CALL TO ORDER:**

Mr. Mike Gessner, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the special board meeting to order at 8:30 a.m. on Thursday, June 21, 2012, at the State Capitol, Peace Garden Room, 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.

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

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

**NAYS: NONE**

**MOTION CARRIED.**

**MINUTES:**

The Board considered the minutes of the regular board meeting held March 15, 2012.

DR. LATIMER MOVED AND MRS. FRANZ SECONDED TO APPROVE THE MINUTES OF THE  
REGULAR TFFR BOARD MEETING HELD MARCH 15, 2012, AS PRESENTED.

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

NAYS: NONE

MOTION CARRIED.

**IRS DETERMINATION LETTER APPROVAL:**

Mrs. Fay Kopp, Interim Executive Director, reported that on May 30, 2012, the Internal Revenue Service (IRS) granted TFFR a favorable determination letter. This means the TFFR plan documents comply with IRS requirements and therefore, TFFR continues to maintain its qualified status. This determination is subject to adoption of certain proposed amendments which were submitted for interim study to the Legislative Employee Benefits Programs Committee (LEBPC). This determination letter expires on January 31, 2014. Another determination letter will be applied for in 2013-2014. The Board discussed the application process and timing.

**LEGISLATIVE UPDATE:**

Mrs. Kopp commented on the NDTFFR Funding Update fact sheet which includes current and projected funding information and a brief summary of plan provisions and contribution rates for Tier 1 grandfathered, Tier 2 non-grandfathered, and Tier 2 members.

The Legislative Employee Benefits Programs Committee (LEBPC) met on June 7, 2012, to begin consideration of 2013 legislative proposals. Mrs. Kopp gave a brief update on the Retirement and Investment Office (RIO), the interim appointments and the State Investment Board (SIB) search committee members. Mr. Darren Schulz, Interim CIO, also gave an update on TFFR and Public Employees Retirement System (PERS) investment performance and investment climate.

Mrs. Kopp reviewed the provisions of the TFFR Administrative Bill No. 99 which includes technical and administrative changes required to maintain compliance with federal statutes. Rep. Louser introduced Bill No. 43 which would maintain the TFFR member and employer contribution rates approved by the 2011 Legislature until the fund reaches a 100% funded ratio (instead of 90% as provided in current law), at which time rates would be reduced to 7.75% for members and 7.75% for employers. These bills will be sent to the actuary, Segal Company, for actuarial and technical analysis. The Board discussed the possibility of other legislative bills that could be introduced.

**SIB SEARCH COMMITTEE UPDATE:**

Mr. Bob Toso and Treasurer Schmidt, SIB Search Committee representatives, updated the Board on the Committee's exit interview with John Geissinger, and preliminary discussions regarding filling the position. One option under consideration is whether the Chief Investment Officer (CIO) to the State Investment Board (SIB) and Chief Executive Officer (CEO) to the Retirement and Investment Office (RIO) duties should be split. The organizational structure of SIB/RIO/TFFR would need to be carefully studied. Mrs. Kopp presented a brief summarized history of the RIO office. If the RIO office was split, there would most likely be increased administrative costs to implement the two programs separately. Changing the RIO organizational structure or increasing staff would need legislative approval. After discussion, the Board agreed they are open to discussion of different possibilities. The Search Committee will hold their next meeting June 28, 2012. Treasurer Schmidt requested the Search Committee meeting minutes be distributed to PERS and TFFR board members.

**ADJOURNMENT:**

The next regular TFFR board meeting is scheduled for July 18, 2012, with the regular business meeting in the morning, and special speakers in the afternoon to discuss the impact of the oil boom on North Dakota schools and education.

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

Respectfully Submitted:

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

  
\_\_\_\_\_  
Darlene Roppel  
Reporting Secretary