

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
MAY 16, 2013, BOARD MEETING**

BOARD MEMBERS PRESENT: Mike Gessner, President
Kirsten Baesler, State Superintendent
Kim Franz, Trustee
Lowell Latimer, Vice President
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
Gary Vetter, Information Technology
Supervisor

OTHERS PRESENT: Rolland Larson, NDRTA
Janilyn Murtha, Attorney General's
Office
Ann Latimer
Gloria Lokken, NDEA
Ken Tupa, NDRTA

CALL TO ORDER:

Mr. Mike Gessner, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the board meeting to order at 1:00 p.m. on Thursday, May 16, 2013, at the State Capitol, Peace Garden Room, Bismarck, ND.

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

Supt. Baesler and Mr. Corneil were absent.

APPROVAL OF AGENDA:

The Board considered the meeting agenda.

MR. TOSO MOVED AND MRS. FRANZ SECONDED TO APPROVE THE AGENDA.

**AYES: TREASURER SCHMIDT, 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 21, 2013.

DR. LATIMER MOVED AND MRS. FRANZ SECONDED TO APPROVE THE MINUTES OF THE REGULAR TFFR BOARD MEETING HELD MARCH 21, 2013, AS PRESENTED.

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

NAYS: NONE

MOTION CARRIED.

Supt. Baesler arrived at 1:05 p.m.

2013 LEGISLATIVE WRAP UP:

Mrs. Fay Kopp, Interim Executive Director and Chief Retirement Officer, gave a recap of some of the 2013 legislative proposals that affected TFFR. Bills that failed included: HB 1203 and SB 2331-retiree re-employment; HB 1304-Iran divestiture; SB 2150-board member compensation; HCR 3003-State Retirement Stabilization Fund; and SCR 4010-oil taxes-State Retirement Stabilization Fund.

Bills that passed included: HB 1022-RIO (Retirement and Investment Office) budget which includes one new FTE (full time equivalent) for an Investment Analyst for the State Investment Board (SIB) program; HB 1230-reduces TFFR contributions at 100% funded level; HB 1452-PERS (Public Employees Retirement System) DC (defined contribution) option for new employees, PERS funding improvement and state retirement plan study; and SB 2061-TFFR technical changes.

The Board discussed concerns expressed during the 2013 legislative session, and potential issues in the future relating to defined benefit plans.

2011 LEGISLATIVE IMPLEMENTATION UPDATE:

Mrs. Shelly Schumacher, Retirement Program Manager, gave an update on the implementation of the 2011 legislative changes. The 2013 annual statement will include the member's new tier (Tier 1 Grandfathered, Tier 1 Non-grandfathered, or Tier 2), but no benefit estimates. The 2014 annual statements will again show benefit projections based on the new tier. All members can contact the TFFR office with questions on their individual accounts. All employers will have to again submit a new Employer Payment Plan form for the 2014-15 school year. Pension administration system programming changes are in the final

testing stage and should be ready prior to the effective date of the legislation.

Supt. Baesler requested that TFFR participate in the Department of Public Instruction (DPI) seminar for superintendents in August.

Mrs. Kopp commended Mrs. Schumacher and the RIO staff for their efforts in implementing the 2011 legislative changes.

BOARD EDUCATION: TFFR BOARD RESPONSIBILITIES:

Mrs. Kopp presented board education on TFFR Board responsibilities. RIO is the state agency that administers the TFFR pension program, as well as the SIB program. SIB is the governing body of RIO. The TFFR board has broad statutory authority to administer the TFFR pension program as stated in state law. The SIB has both investment program responsibilities and RIO agency administrative responsibilities. A copy of the presentation is on file at RIO.

The TFFR Board requested more frequent reports of Audit Committee activities. It is currently an annual report to the TFFR board. President Gessner will make the Audit Committee report to the TFFR Board on a quarterly basis. Mrs. Kopp reported 37 school audits have been completed fiscal year-to-date. Another five are expected to be completed by June 30, 2013, therefore the goal of 43 will likely be met this year.

DEPUTY EXECUTIVE DIRECTOR/CHIEF RETIREMENT OFFICER POSITION:

Ms. Jan Murtha, Attorney General's office, explained the unique structure and the laws that govern the relationship between the TFFR Board, SIB, the Executive Director/Chief Investment Officer and the Deputy Executive Director/Chief Retirement Officer. The TFFR board methods for communicating with the SIB are: by resolution (statutes), by formal request (updates to TFFR Program Manual and/or SIB Governance Manual), by informal request (rely on existing provisions of TFFR Program Manual and SIB Governance Manual), and no action (current level of communication is sufficient). There was discussion of ways the TFFR board could provide input on performance evaluations and employment decisions affecting the Deputy Executive Director/Chief Retirement Officer. At this time, no action was taken.

BOARD RESOLUTIONS FOR BOB TOSO AND LOWELL LATIMER:

President Gessner recognized Dr. Latimer for his nine years of distinguished service on the TFFR board, and read the following resolution:

**ND TFFR Board Resolution
in Appreciation of
Lowell F. Latimer**

WHEREAS, Dr. Lowell Latimer served as trustee and vice president of the ND Teachers' Fund for Retirement Board representing retired members with distinction for 9 years, from 2004 to 2013; and

WHEREAS, Dr. Latimer has honorably served the education community in a career spanning more than four decades having worked as a teacher, principal, and administrator in Minot and Minot area schools until his retirement in 1993, and as director of the Minot Public School Foundation since his retirement; and

WHEREAS, Dr. Latimer has been actively involved in numerous professional, civic, community, church, and state activities and associations; and

WHEREAS, Dr. Latimer has been a passionate defender of defined benefit plans and their ability to provide retirement security, and has been dedicated to protecting the interests of the pension system and its active and retired members; and

WHEREAS, Dr. Latimer has provided thoughtful guidance and leadership on pension issues, supported efforts to strengthen TFFR's funding structure and safeguard the financial integrity of the fund, and was fully dedicated to the mission of the Fund; and

WHEREAS, Dr. Latimer has distinguished himself as a knowledgeable and experienced trustee whose commitment to integrity and excellence have earned him the respect of those who have worked with him; now therefore, be it

RESOLVED, that the TFFR Board express its heartfelt thanks to Dr. Latimer for his energetic and compassionate service to the Board, and for his legacy of trust, respect, and caring for others; and be it further

RESOLVED, that the Board wishes Dr. Latimer, and his wife, Ann, good health and happiness in their retirement; and be it further

RESOLVED, that a copy of this Resolution be presented to Dr. Latimer, printed in the official TFFR Board minutes, and submitted to the National Council on Teacher Retirement, on behalf of the many lives he has so positively touched.

Mrs. Kopp recognized Mr. Toso for his six years of distinguished service on the TFFR board, and read the following resolution:

**ND TFFR Board Resolution
in Appreciation of
Robert B. Toso**

WHEREAS, Mr. Robert (Bob) Toso served as trustee of the ND Teachers' Fund for Retirement Board representing school administrators with honor for 6 years, from 2007 until his retirement in 2013; and

WHEREAS, Mr. Toso also honorably served as trustee of the ND State Investment Board representing TFFR members during his tenure; and

WHEREAS, Mr. Toso dedicated his professional career to the ND education community for 37 years as teacher, coach, principal, assistant superintendent, and superintendent in the school districts of Pingree, Rolette, Glenburn, New Rockford, Valley City, and Jamestown; and

WHEREAS, Mr. Toso has been actively involved in many professional, civic, community, church, and state activities and associations; and

WHEREAS, Mr. Toso has been a zealous defender of pension security for ND educators and has earned a reputation as a strong advocate for defined benefit plans, cost efficient pension administration, and high-quality customer service; and

WHEREAS, Mr. Toso provided steadfast leadership on pension issues, and supported efforts to strengthen TFFR's funding structure, prudently invest trust fund assets, and safeguard the financial integrity of the fund; and

WHEREAS, Mr. Toso has distinguished himself as an outstanding trustee whose invaluable knowledge, experience, integrity, and compassion has served trust fund members with respect; now therefore, be it

RESOLVED, that the TFFR Board express its sincere appreciation to Mr. Toso for his dedicated service to the Board, and for his positive leadership and unwavering support of educators, students, and citizens of North Dakota; and be it further

RESOLVED, that the Board extends its best wishes to Mr. Toso, and his wife, Alaine, for a long and happy retirement; and be it further

RESOLVED, that a copy of this Resolution be presented to Mr. Toso, printed in the official TFFR Board minutes, and submitted to the National Council on Teacher Retirement, on behalf of the many lives he has so positively touched.

TREASURER SCHMIDT MOVED AND MRS. FRANZ SECONDED TO APPROVE THE RESOLUTIONS HONORING DR. LATIMER AND MR. TOSO.

AYES: TREASURER SCHMIDT, SUPT. BAESLER, MRS. FRANZ, DR. LATIMER, MR. TOSO, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

On behalf of the board and staff, President Gessner presented Dr. Latimer and Mr. Toso with retirement gifts. Dr. Latimer and Mr. Toso commented on their tenure with the board.

The board recessed at 2:55 p.m. for cake and coffee in their honor.

The board reconvened at 3:18 p.m.

ANNUAL TECHNOLOGY REVIEW:

Mr. Gary Vetter, Supervisor of Information Technology, updated the board on technology accomplishments, status of online services for TFFR members and employers, office software and hardware updates, agency disaster recovery plan, records

retention and purging, and system security. He also gave the status of other IT updates and future directions of IT. A copy of the report is on file at RIO.

MR. TOSO MOVED AND DR. LATIMER SECONDED TO ACCEPT THE ANNUAL TECHNOLOGY REPORT.

AYES: MRS. FRANZ, MR. TOSO, DR. LATIMER, TREASURER SCHMIDT, SUPT. BAESLER, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

SIB UPDATE:

Mr. Darren Schulz, Interim CIO, reported the estimated total investment return for fiscal year to May 13, 2013, is 15.44%. There has been very strong performance across all the major markets. Mr. Schulz reviewed the agenda for the SIB meeting to be held May 17, 2013.

SIB SEARCH COMMITTEE UPDATE:

Treasurer Schmidt updated the board on the progress in hiring the SIB Executive Director/CIO. The search firm, KornFerry, has been hired by the SIB to conduct the search. They will begin the process next week. The proposed timeline for filling the position will be sent to TFFR board members.

TFFR CENTENNIAL CELEBRATION:

Mrs. Kopp reported she has been making contacts with the educational groups, DPI staff, and other interested individuals. The date for TFFR's centennial event has not yet been scheduled. If the event is not able to be coordinated with other education related functions this fall, it will likely be held at the October TFFR board meeting.

2013-14 BOARD CALENDAR AND EDUCATION PLAN:

Mrs. Kopp presented the board calendar and education plan for 2013-14. There will be several basic educational presentations since there will be three new board members.

TREASURER SCHMIDT MOVED AND MRS FRANZ SECONDED TO ACCEPT THE 2013-14 BOARD CALENDAR AND EDUCATION PLAN.

AYES: DR. LATIMER, MR. TOSO, MRS. FRANZ, SUPT. BAESLER, TREASURER SCHMIDT, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

CONSENT AGENDA:

TREASURER SCHMIDT MOVED AND MR. TOSO SECONDED TO APPROVE THE CONSENT AGENDA WHICH INCLUDES FOUR DISABILITY APPLICATIONS - 2013-6D, 2013-7D, 2013-8D AND 2013-9D.

AYES: SUPT. BAESLER, MRS. FRANZ, DR. LATIMER, TREASURER SCHMIDT, MR. TOSO, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

OTHER BUSINESS:

Mrs. Kopp suggested the board review the reading material included in their packets as it provides information on pension funds in other parts of the country. The next board meeting will be held July 25, 2013, which will include the annual board review.

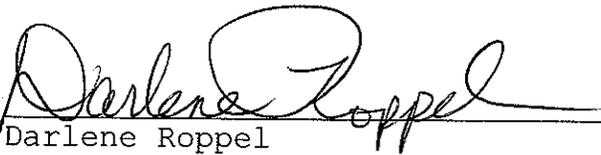
ADJOURNMENT:

With no further business to come before the Board, President Gessner adjourned the meeting at 3:52 p.m.

Respectfully Submitted:



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



Darlene Roppel
Reporting Secretary