

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
JULY 25, 2013, BOARD MEETING**

BOARD MEMBERS PRESENT: Mike Gessner, President
Kirsten Baesler, State Superintendent
Clarence Corneil, Trustee
Kim Franz, Trustee
Mel Olson, Trustee

STAFF PRESENT: Fay Kopp, Interim Executive Director
Darlene Roppel, Retirement Assistant
Darren Schulz, Interim CIO
Shelly Schumacher, Retirement Program Manager
Denise Weeks, Retirement Program Specialist

OTHERS PRESENT: Erica Cermak, NDRTA
Rolland Larson, NDRTA
Gloria Lokken, NDEA
Janilyn Murtha, Attorney General's Office

ABSENT: Rob Lech, Trustee
Kelly Schmidt, State Treasurer

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, July 25, 2013, at the State Capitol, Peace Garden Room, Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: PRESIDENT GESSNER, SUPT. BAESLER, MR. CORNEIL, MRS. FRANZ, AND MR. OLSON.

Mr. Lech and Treasurer Schmidt were absent.

APPROVAL OF AGENDA:

The Board considered the meeting agenda.

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

AYES: MR. CORNEIL, SUPT. BAESLER, MRS. FRANZ, MR. OLSON, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

INTRODUCTION OF NEW BOARD MEMBERS:

President Gessner welcomed Mr. Mel Olson, the newly appointed trustee, representing retired teachers. His five year term is July 1, 2013, - June 30, 2018. Mr. Olson gave a synopsis of his career.

Mr. Rob Lech, Superintendent of Jamestown Public Schools, has been appointed by Governor Dalrymple to represent active administrators. He is filling the unexpired term (July 1, 2013 - June 30, 2015) vacated by Mr. Bob Toso. Due to prior commitments, Mr. Lech was unable to attend this meeting.

MINUTES:

The Board considered the minutes of the regular board meeting held May 16, 2013.

SUPT. BAESLER MOVED AND MRS. FRANZ SECONDED TO APPROVE THE MINUTES OF THE REGULAR TFFR BOARD MEETING HELD MAY 16, 2013, AS PRESENTED.

AYES: MR. OLSON, MR. CORNEIL, SUPT. BAESLER, MRS. FRANZ, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ELECTION OF 2013-14 OFFICERS:

President Gessner opened the floor for nominations for President of the TFFR board.

MR. CORNEIL NOMINATED MR. GESSNER FOR PRESIDENT. SUPT. BAESLER SECONDED THE NOMINATION.

AYES: SUPT. BAESLER, MR. CORNEIL, MRS. FRANZ, MR. OLSON, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

President Gessner opened the floor for nominations for Vice President of the TFFR board.

SUPT. BAESLER NOMINATED MR. CORNEIL FOR VICE PRESIDENT. MRS. FRANZ SECONDED THE NOMINATION.

AYES: MRS. FRANZ, MR. CORNEIL, MR. OLSON, SUPT. BAESLER, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

SUPT. BAESLER MOVED AND MR. OLSON SECONDED TO REAPPOINT PRESIDENT GESSNER, ACTIVE TEACHER, AND MR. CORNEIL, RETIREE, AND APPOINT MR. LECH, ACTIVE ADMINISTRATOR, TO REPRESENT TFFR ON THE STATE INVESTMENT BOARD (SIB).

AYES: MR. OLSON, MRS. FRANZ, SUPT. BAESLER, MR. CORNEIL, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

MR. CORNEIL MOVED AND SUPT. BAESLER SECONDED TO REAPPOINT PRESIDENT GESSNER TO THE SIB AUDIT COMMITTEE.

AYES: SUPT. BAESLER, MRS. FRANZ, MR. OLSON, MR. CORNEIL, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

SUPT. BAESLER MOVED AND MR. OLSON SECONDED TO REAPPOINT MRS. FRANZ AS ALTERNATE TO THE SIB.

AYES: MRS. FRANZ, SUPT. BAESLER, MR. CORNEIL, MR. OLSON, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

BOARD EDUCATION - TFFR PLAN OVERVIEW:

Mrs. Shelly Schumacher, Retirement Program Manager, and Ms. Denise Weeks, Retirement Program Specialist, gave an overview of the TFFR pension plan. Topics included the type of plan, confidentiality of records, membership, service credit, eligible salary, ineligible salary, employee and employer contributions, purchase of service credit, divorce, refunds, benefit formula, benefit options, types of benefits, retiree re-employment and member and employer services. Board discussion and questions followed. The presentation is on file at the Retirement and Investment Office (RIO).

LEGISLATIVE UPDATE:

Mrs. Fay Kopp, Interim Executive Director and Chief Retirement Officer, presented information on the interim Legislative Committees which are responsible for retirement related studies and review of legislative proposals. The Legislative Government Finance Committee has been assigned to study state employee retirement plans, including the possibility of transitioning to a state defined contribution plan, and is scheduled to meet on July 30, 2013. The Legislative Employee Benefits Programs Committee has not yet scheduled their first meeting of the interim.

The board recessed at 2:50 p.m. and reconvened at 3:05 p.m.

ANNUAL TFFR PROGRAM REVIEW:

Mrs. Kopp reviewed the 2012-13 program monitoring summary and the board accomplishments. Mrs. Kopp also provided an overview of the TFFR Board Program Manual. The board discussed the mission, goals, policies and by-laws of the TFFR program. Mrs. Kopp will bring suggested changes for policies B-5, "Investment Policy Statement, C-7 "Employer Reporting Errors" and C-8 "Employer Reports", to the September board meeting. The board members and Mrs. Kopp completed the Code of Conduct affirmation that is required annually.

After discussion,

MR. CORNEIL MOVED AND MRS. FRANZ SECONDED TO APPROVE THE ANNUAL PROGRAM REVIEW.

AYES: SUPT. BAESLER, MR. CORNEIL, MRS. FRANZ, MR. OLSON, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ANNUAL TFFR CUSTOMER SATISFACTION REPORTS:

Mrs. Kopp reviewed responses to the Customer Satisfaction Surveys received from North Dakota Council of Educational Leaders (NDCEL), North Dakota Education Association (NDEA), North Dakota Retired Teacher Association (NDRTA), North Dakota School Board Association (NDSBA), and the North Dakota Association of School Business Managers (NDASBM).

Mrs. Kopp expressed appreciation to the RIO staff for doing an excellent job as is evidenced by the comments and evaluations that were given by members and business managers. Mr. Corneil also expressed his appreciation for the wonderful atmosphere provided by the RIO staff.

With input from the board members, President Gessner completed the SIB annual Customer Satisfaction Survey with an "excellent" in all areas.

MR. OLSON MOVED AND MRS. FRANZ SECONDED TO APPROVE THE ANNUAL CUSTOMER SATISFACTION REPORTS.

AYES: MR. OLSON, MR. CORNEIL, MRS. FRANZ, SUPT. BAESLER, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

Supt. Baesler left the meeting at 4:35 p.m.

MRS. FRANZ MOVED AND MR. CORNEIL SECONDED TO SUBMIT THE SIB CUSTOMER SATISFACTION SURVEY.

AYES: MRS. FRANZ, MR. CORNEIL, MR. OLSON, AND PRESIDENT GESSNER.
NAYS: NONE
MOTION CARRIED.

SIB UPDATE:

Mr. Darren Schulz, Interim CIO, gave an investment performance recap for the fiscal year. Mr. Schulz reported the estimated total investment return for fiscal year 2012-13 is 13.55%. Mr. Schulz reviewed the agenda for the SIB meeting to be held July 26, 2013.

SIB SEARCH COMMITTEE UPDATE:

Mr. Schulz updated the board on the progress in hiring the SIB Executive Director/CIO. Approximately 90 investment professionals were contacted by Mr. Michael Kennedy, KornFerry, of whom 14-15 expressed interest in the job. The SIB Search Committee will be conducting three interviews on July 26, 2013, with another interview session to be held soon after. Finalists will be interviewed by the full SIB in September.

SIB AUDIT COMMITTEE UPDATE:

President Gessner gave an update on the Audit Committee activities. Forty-five school district compliance audits were completed by the audit division in 2012-13. Mr. Les Mason, Supervisor of Internal Audit, retired as of July 12, 2013. The position and audit function will be evaluated by the Audit Committee and SIB to see if changes should be made.

CONSENT AGENDA:

MR. CORNEIL MOVED AND MRS. FRANZ SECONDED TO APPROVE THE CONSENT AGENDA WHICH INCLUDES FIVE DISABILITY APPLICATIONS - 2013-10D, 2013-11D, 2013-12D, 2013-13D AND 2013-14D.

AYES: MR. OLSON, MRS. FRANZ, MR. CORNEIL, AND PRESIDENT GESSNER.
NAYS: NONE
MOTION CARRIED.

OTHER BUSINESS:

The annual NCTR conference will be held October 5-9, 2013, in Washington, DC. Board members should let the office know by August 30, 2013, if they plan to attend.

Mrs. Kopp encouraged the board to review the reading material included in their packets between board meetings.

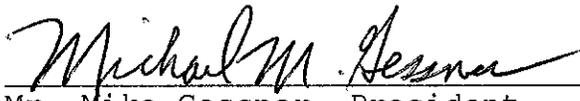
No further plans have been made for the TFFR centennial celebration.

The next board meeting will be held September 26, 2013.

ADJOURNMENT:

With no further business to come before the Board, President Gessner adjourned the meeting at 5:02 p.m.

Respectfully Submitted:



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



Darlene Roppel
Reporting Secretary