NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
SEPTEMBER 26, 2013, BOARD MEETING

BOARD MEMBERS PRESENT:	Mike Gessner, President Kirsten Baesler, State Superintendent Clarence Corneil, Trustee Kim Franz, Trustee Rob Lech, Trustee Mel Olson, Trustee Kelly Schmidt, State Treasurer
STAFF PRESENT:	Connie Flanagan, Fiscal & Investment Officer Fay Kopp, Interim Executive Director Darlene Roppel, Retirement Assistant Darren Schulz, Interim CIO Shelly Schumacher, Retirement Program Manager
OTHERS PRESENT:	Erica Cermak, NDRTA Janilyn Murtha, Attorney General's Office Kayla Pulvermacher, ND United

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, September 26, 2013, at the State Capitol, Fort Totten Room, Bismarck, ND.

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

INTRODUCTION OF NEW BOARD MEMBER:

President Gessner welcomed Mr. Rob Lech, Superintendent of Jamestown Public Schools, appointed by Governor Dalrymple to represent active administrators. Mr. Lech gave a brief synopsis of his career.

APPROVAL OF AGENDA:

The Board considered the meeting agenda. President Gessner requested the addition of suggestions from the board for questions to be asked of the Chief Investment Officer (CIO) candidates at the State Investment Board (SIB) meeting to be held September 27, 2013.

SUPT. BAESLER MOVED AND MRS. FRANZ SECONDED TO APPROVE THE AGENDA WITH THE ADDITION OF INPUT FROM THE BOARD FOR QUESTIONS TO BE ASKED OF THE CIO CANDIDATES AT THE SIB MEETING SEPTEMBER 27, 2013.

AYES: MR. CORNEIL, TREASURER SCHMIDT, SUPT. BAESLER, MR. LECH, MRS. FRANZ, MR. OLSON, AND PRESIDENT GESSNER.
NAYS: NONE
MOTION CARRIED.

MINUTES:

The Board considered the minutes of the regular board meeting held July 25, 2013.

MRS. FRANZ MOVED AND MR. OLSON SECONDED TO APPROVE THE MINUTES OF THE REGULAR TFFR BOARD MEETING HELD JULY 25, 2013, AS PRESENTED.

AYES: MR. LECH, MR. OLSON, TREASURER SCHMIDT, MR. CORNEIL, SUPT. BAESLER, MRS. FRANZ, AND PRESIDENT GESSNER.
NAYS: NONE
MOTION CARRIED.

BOARD EDUCATION - FIDUCIARY DUTIES/ETHICS:

Ms. Jan Murtha, Attorney General's Office, presented information on the fiduciary duties of TFFR board members. Fiduciary responsibilities are set forth in the North Dakota Century Code (NDCC). Fiduciary duties include the duties of loyalty, impartiality, prudence, administration, skill, delegation, and prudent investor rule.

Board discussion 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, updated the board on the interim Legislative Government Finance Committee which met on July 30, 2013. This committee is responsible for a study of existing and potential state employee retirement plans including an analysis of defined benefit and defined contribution plans and the consequences of transitioning from one to the other.

The Legislative Employee Benefits Programs Committee (LEBPC) held their first meeting of the interim on August 29, 2013. Basic information was provided by Mrs. Kopp about the TFFR plan, and Mr. Darren Schulz, Interim CIO, provided information on the SIB. The deadline for filing legislative proposals with this committee is April 1 of even numbered years. TFFR's actuary, Segal Company, will provide the 2013 Valuation report at the next LEBPC meeting in early November.

Mrs. Kopp distributed letters that have been received from retired members noting concerns with the lack of a retiree cost of living adjustment.

Board discussion followed.

ANNUAL INVESTMENT REPORT:

Mr. Schulz presented the annual investment review. Total fund investment performance for fiscal year ended June 30, 2013, was 13.63%.

The report is on file at RIO.

TREASURER SCHMIDT MOVED AND MR. CORNEIL SECONDED TO APPROVE THE 2013 ANNUAL INVESTMENT REPORT.

AYES: TREASURER SCHMIDT, SUPT. BAESLER, MR. CORNEIL, MRS. FRANZ, MR. OLSON, MR. LECH, AND PRESIDENT GESSNER.
NAYS: NONE
MOTION CARRIED.

The board recessed at 3:10 p.m. and reconvened at 3:20 p.m.

SIB UPDATE:

Mr. Schulz reviewed the agenda for the SIB meeting to be held September 28, 2013. The two finalists for the CIO position will be interviewed by the full board.

Mr. Schulz announced that Mrs. Connie Flanagan, Fiscal and Investment Officer, has accepted a position at the University of Mary, and her last day with RIO will be October 15, 2013. He expressed appreciation for the great job she has done and wished her well in her new job opportunity.

ANNUAL RIO BUDGET AND EXPENSE REPORT:

Mrs. Flanagan reviewed the annual RIO budget and expense report. The report is on file at RIO.

MR. OLSON MOVED AND MR. LECH SECONDED TO APPROVE THE ANNUAL RIO BUDGET AND EXPENSE REPORT.

AYES: MRS. FRANZ, MR. CORNEIL, MR. LECH, MR. OLSON, TREASURER SCHMIDT, SUPT. BAESLER, AND PRESIDENT GESSNER.
NAYS: NONE
MOTION CARRIED.

SIB SEARCH COMMITTEE UPDATE:

Treasurer Schmidt updated the board on the progress in hiring the SIB Executive Director/CIO. The final two candidates will be interviewed September 27, 2013.

Board discussion followed.

SIB AUDIT COMMITTEE UPDATE:

President Gessner gave an update on the Audit Committee activities. President Gessner reviewed the agenda for the next meeting to be held September 27, 2013. The auditors are on their third cycle of auditing all of the school districts. Due to the vacant positions in the RIO office, it will take longer to complete the work plan.

Board discussion followed.

TFFR POLICY CHANGES:

Mrs. Kopp brought four draft board policy changes before the Board for consideration as discussed at the July 2013 board meeting.

After review of each policy revision,

SUPT. BAESLER MOVED AND TREASURER SCHMIDT SECONDED TO APPROVE THE AMENDED POLICY B-5 "INVESTMENT POLICY STATEMENT."

AYES: MR. OLSON, MR. LECH, MRS. FRANZ, SUPT BAESLER, MR. CORNEIL, TREASURER SCHMIDT, AND PRESIDENT GESSNER.
NAYS: NONE
MOTION CARRIED.

MR. LECH MOVED AND SUPT. BAESLER SECONDED TO APPROVE THE AMENDED POLICY C-7 "EMPLOYER REPORTING ERRORS."

AYES: SUPT. BAESLER, MRS. FRANZ, MR. OLSON, TREASURER SCHMIDT, MR. LECH, MR. CORNEIL, AND PRESIDENT GESSNER.
NAYS: NONE
MOTION CARRIED.

TREASURER SCHMIDT MOVED AND MR. CORNEIL SECONDED TO APPROVE THE AMENDED POLICY C-8 "EMPLOYER REPORTS."

AYES: MRS. FRANZ, MR. LECH, TREASURER SCHMIDT, SUPT. BAESLER, MR. CORNEIL, MR. OLSON, AND PRESIDENT GESSNER.
NAYS: NONE
MOTION CARRIED.

MR. OLSON MOVED AND MRS. FRANZ SECONDED TO APPROVE THE AMENDED POLICY C-9 "HEAD START PROGRAM EMPLOYEES."

AYES: SUPT. BAESLER, MR. CORNEIL, MRS. FRANZ, MR. OLSON, TREASURER SCHMIDT, MR. LECH, AND PRESIDENT GESSNER.
NAYS: NONE
MOTION CARRIED.

TFFR CENTENNIAL:

Mrs. Kopp informed the board that TFFR's centennial was recognized at the NDRTA annual convention in Fargo on August 28. In addition, ND United will celebrate TFFR's 100-year anniversary at the NDU Common Core Assessment Conference on October 17, 2013, from 3:00-3:30 p.m. at Century High School. The North Dakota Council of Educational Leaders (NDCEL) will honor TFFR from 9:00-9:30 a.m. at their annual conference on October 18 at the Ramkota Inn. Mrs. Kopp will present a centennial slide show highlighting TFFR's history. Board members are welcome to attend.

The TFFR Board will also observe their centennial at the October 24 board meeting. RIO staff is also invited to attend.

OTHER BUSINESS:

Mrs. Kopp commented on the board reading materials on public pension plans across the country.

The next board meeting will be held October 24, 2013. Segal will be presenting the results of the 2013 valuation.

ADJOURNMENT:

With no further business to come before the Board, President Gessner adjourned the meeting at 4:35 p.m.

Respectfully Submitted:

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

Darlene Roppel
Reporting Secretary