

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
MAY 15, 2014, BOARD MEETING**

BOARD MEMBERS PRESENT: Mike Gessner, President
Clarence Corneil, Vice Chair
Kirsten Baesler, State Superintendent
Kim Franz, Trustee
Rob Lech, Trustee
Mel Olson, Trustee
Kelly Schmidt, State Treasurer

STAFF PRESENT: David Hunter, ED/CIO
Fay Kopp, Deputy ED/CRO
Darlene Roppel, Retirement Assistant
Shelly Schumacher, Retirement Program Manager

OTHERS PRESENT: Mary Kae Kelsch, Attorney General's Office

CALL TO ORDER:

Mr. Mike Gessner, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the board meeting to order at 3:30 p.m. on Thursday, May 15, 2014. It was conducted via teleconference from the Retirement and Investment Office (RIO) conference room.

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

APPROVAL OF AGENDA:

The Board considered the meeting agenda.

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

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

NAYS: NONE

MOTION CARRIED.

MINUTES:

The board considered the minutes of the regular TFFR board meeting held March 27, 2014.

MR. OLSON MOVED AND MR. LECH SECONDED TO APPROVE THE MINUTES OF THE REGULAR TFFR BOARD MEETING HELD MARCH 27, 2014.

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

NAYS: NONE

MOTION CARRIED.

GASB 67/68 IMPLEMENTATION:

Mrs. Fay Kopp, Deputy Executive Director/Chief Retirement Officer, presented information on plans for the implementation of the Governmental Accounting Standards Board (GASB) Statements No. 67 and 68. TFFR has been working closely with PERS and the State Auditor's Office (SAO) in order to reduce costs, reduce duplication of effort, and provide consistent reporting to participating employers. Discussions have also included the plan actuaries (two different Segal consultants for PERS and TFFR) and plan auditors (CliftonLarsonAllen for TFFR and Brady Martz for PERS). The plan that has been developed includes three basic tasks: educate our stakeholders and participating employers; develop the necessary information for RIO/TFFR financial statements and the information which will be sent to participating employers for inclusion in employer financial statements; integrate this effort into the ongoing operations of the plan going forward. June 26, 2014, has been tentatively scheduled for a working group meeting with six employers each from TFFR and PERS, state fiscal and audit personnel, and other interested stakeholders. The business manager, administrator and auditor of each employer would be invited. A statewide educational session for all TFFR and PERS employers is tentatively planned for November 18, 2014. It will be recorded so that it can be made available on the website also.

Eric Berman, a consultant from Eide Bailly who has been working with other state and local governments around the country to implement GASB 67/68, has been contacted to conduct the educational sessions. Mrs. Kopp reviewed the April 24, 2014, proposal received from Eide Bailly. The cost will be shared with PERS, however work relating specifically to one system or the other would be that system's responsibility. Mrs. Kopp stated an estimate was also received from Segal to conduct the educational sessions.

TREASURER SCHMIDT MOVED AND MRS. FRANZ SECONDED TO APPROVE THE APRIL 24, 2014, PROPOSAL FROM ERIC BERMAN, EIDE BAILLY, TO CONDUCT THE GASB 67/68 EDUCATIONAL SESSIONS, AND PROVIDE CONSULTING SERVICES AS NEEDED.

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

NAYS: NONE

MOTION CARRIED.

Mrs. Kopp explained the additional schedules, disclosures, and information which will need to be developed for RIO/TFFR financial statements and the information which will need to be sent to participating employers for inclusion in employer financial statements. She also reviewed Segal's letter dated April 22, 2014, which describes the estimated cost of developing this additional information and production timeline.

MR. OLSON MOVED AND MR. CORNEIL SECONDED TO APPROVE THE GASB 67/68 IMPLEMENTATION PLAN AND ASSOCIATED EFFORTS.

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

NAYS: NONE

MOTION CARRIED.

DOMA UPDATE:

Mary Kae Kelsch, Director of State and Local Division of the ND Attorney General's Office (AGO), reviewed guidance from the Internal Revenue Service (IRS) relating to the Defense of Marriage Act (DOMA). The AG office is recommending that specialized legal expertise by outside tax counsel be attained to review current statutes and advise the board on what, if any plan amendments are needed to respond to this guidance, and the deadline for making any plan amendments. Mrs. Kelsch stated PERS is also hiring outside tax counsel, and it would be advisable for TFFR and PERS to jointly retain counsel.

TREASURER SCHMIDT MOVED AND MR. LECH SECONDED TO GRANT MRS. KOPP THE AUTHORITY TO CONTRACT WITH OUTSIDE TAX COUNSEL TO ADDRESS THE DOMA ISSUE, IN COLLABORATION WITH THE AGO AND PERS.

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

NAYS: NONE

MOTION CARRIED.

LEGISLATIVE UPDATE:

Mrs. Kopp informed the board there is a Legislative Employee Benefits Programs Committee (LEBPC) meeting June 5, 2014, at which time she will review the provisions of TFFR's technical corrections bill. Mrs. Kopp also updated the Board on the status of the state retirement plan study by the Legislative Government Finance Committee (LGFC).

OTHER BUSINESS:

The approved board meeting schedule is included in the board packet. The next scheduled meeting will be held July 24, 2014.

ADJOURNMENT:

MR. CORNEIL MOVED AND MRS. FRANZ SECONDED TO ADJOURN THE MEETING.

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

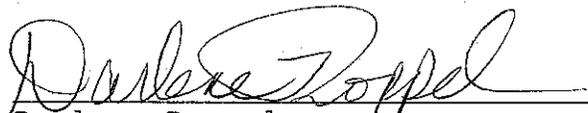
NAYS: NONE

MOTION CARRIED.

The meeting adjourned at 4:16 p.m.

Respectfully Submitted:


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


Darlene Roppel
Reporting Secretary