

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
MARCH 26, 2015, BOARD MEETING**

BOARD MEMBERS PRESENT: Mike Gessner, President
Kirsten Baesler, State Superintendent
(teleconference)
Mike Burton, Trustee
Kim Franz, Trustee
Mel Olson, Trustee
Kelly Schmidt, State Treasurer

ABSENT: Rob Lech, Trustee

STAFF PRESENT: Terra Miller Bowley, Audit Services Supervisor
David Hunter, ED/CIO
Fay Kopp, Deputy ED/CRO
Darlene Roppel, Retirement Assistant
Shelly Schumacher, Retirement Program Manager

OTHERS PRESENT: 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 board meeting to order at 1:00 p.m. on Thursday, March 26, 2015, at Workforce Safety & Insurance Office (WSI), 1600 E Century Avenue, Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: MR. BURTON, MRS. FRANZ, MR. GESSNER, MR. OLSON, AND TREASURER SCHMIDT.

Mr. Lech was absent.

APPROVAL OF AGENDA:

The Board considered the meeting agenda. President Gessner asked to include comments by Ms. Jan Murtha, Attorney General's Office, regarding board mentors after Agenda item 2.

TREASURER SCHMIDT MOVED AND MR. OLSON SECONDED TO APPROVE THE AGENDA WITH THE ADDITION OF BOARD MENTOR COMMENTS.

AYES: TREASURER SCHMIDT, MR. BURTON, MRS. FRANZ, MR. OLSON, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER AND MR. LECH

MINUTES:

The board considered the minutes of the TFFR board meeting held January 22, 2015.

MRS. FRANZ MOVED AND TREASURER SCHMIDT SECONDED TO APPROVE THE MINUTES OF THE TFFR BOARD MEETING HELD JANUARY 22, 2015.

AYES: MR. OLSON, TREASURER SCHMIDT, MR. BURTON, MRS. FRANZ, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER AND MR. LECH

President Gessner asked Mrs. Fay Kopp, Deputy Executive Director/Chief Retirement Officer, to explain the studies that will be conducted in the future. Mrs. Kopp described the general timing and purpose of upcoming studies including the actuarial experience study, asset liability study, actuarial audit, and IRS compliance review.

BOARD MENTORSHIP:

Ms. Murtha explained that the purpose of a TFFR board mentor is to act as an additional and informal resource for a new board member due to their board knowledge and experience. Ms. Murtha stated that while the board chair at the January 2015 meeting briefly inquired as to the availability of board members to act as mentors and encouraged that a new board member contact another board member with questions, this conversation does not appear to constitute appointment of a board committee and would not implicate open meeting notice requirements because no formal appointment or action by the board was made, directed, or intended. Board discussion followed.

Supt. Baesler joined the meeting at 1:20 p.m. by teleconference.

2015 LEGISLATIVE UPDATE:

Mrs. Kopp reported that the TFFR technical corrections bill, HB1064, has passed and is awaiting the Governor's signature.

The RIO budget bill, SB2022, includes the budget authority and continuing appropriations for the Retirement and Investment Office (RIO) administrative expenses for operating the retirement program for the TFFR Board and the investment program for the State Investment Board (SIB). The bill was amended in the Senate, but no action has been taken by House Appropriations Committee to date.

Mrs. Kopp also commented on other bills being monitored. Board discussion followed.

TFFR INVESTMENT UPDATE:

Mr. David Hunter, Executive Director/Chief Investment Officer, reviewed a presentation on TFFR investment performance, capital markets update, labor market conditions, and asset class performance as of December 31, 2014. Board discussion followed.

The presentation is on file at RIO.

PUBLIC PENSION PLAN COMPARISONS:

Mrs. Kopp presented the annual Public Pension Plan Comparisons report, comparing TFFR to the 2013 Public Fund Survey (PFS) conducted by the National Association of State Retirement Administrators (NASRA) and the National Council on Teacher Retirement (NCTR). It includes key characteristics of 126 large public retirement plans like TFFR. The survey contains information about funding levels, investments, membership changes, and actuarial assumptions. The report and presentation is on file at RIO.

Mrs. Kopp also reported on a recent National Council on Teacher Quality (NCTQ) report, as well as other surveys and reports comparing various NDTFFR plan provisions with other public pension plans.

After discussion,

MR. BURTON MOVED AND MRS. FRANZ SECONDED TO ACCEPT THE ANNUAL PENSION PLAN COMPARISON REPORT.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: MR. LECH

The board recessed at 2:45 p.m. and reconvened at 3:00 p.m.

ACTUARIAL CONTRACT:

Mrs. Kopp reviewed the current contract with Segal and their proposal dated February 10, 2015 to extend their contract for 2015-17. The Segal proposal appears to be very competitive when compared to other public pension plans with varying actuarial consultants and payment structures. Staff recommends accepting Segal's proposal.

TREASURER SCHMIDT MOVED AND MR. OLSON SECONDED THE MOTION TO ACCEPT SEGAL'S PROPOSAL TO EXTEND THE ACTUARIAL CONSULTING CONTRACT FOR 2015-17 AS OUTLINED IN THEIR 2/10/2015 LETTER.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: MR. LECH

Supt. Baesler left the meeting at 3:20 p.m.

GASB UPDATE:

Mrs. Shelly Schumacher, Retirement Program Manager, reported CliftonLarsonAllen (CLA) completed the census data audit of 17 TFFR employers with very positive results.

More information has been added to the TFFR website. GASB talking points have been drafted to assist TFFR staff, employers, and others in communicating the pension standards. This will be sent to administrators this spring and will also be posted to the TFFR website.

Board discussion followed.

AUDIT SERVICES UPDATE:

Ms. Terra Miller Bowley, Supervisor of Audit Services, provided an update of audit activities that have occurred from July 1, 2014-March 13, 2015. The Office of the State Auditor has awarded the contract for external auditor to CliftonLarsonAllen, LLC for both RIO and PERS for the next three fiscal years. Audit Services is now current with regards to the school district audit inventory.

Board discussion followed. Ms. Miller Bowley will report quarterly to the TFFR board. The board commended her on a job well done.

The report is on file at RIO.

RETIREMENT STAFFING UPDATE:

Mrs. Kopp reported that Ms. Denise Osmond has been hired as Retirement Program Specialist and is doing an excellent job.

BOARD EDUCATION TOPICS:

Mrs. Kopp requested suggestions from board members for topics they would like for board education and to help them carry out their board responsibilities. Mrs. Kopp will present the 2015-16 board calendar and education plan at the April meeting for approval.

CONSENT AGENDA:

TREASURER SCHMIDT MOVED AND MRS. FRANZ SECONDED TO APPROVE THE CONSENT AGENDA WHICH INCLUDES THREE DISABILITY APPLICATIONS: 2015-3D, 2015-4D, 2015-5D, AND ONE QUALIFIED DOMESTIC RELATIONS ORDER (QDRO): 2015-1Q.

AYES: MR. OLSON, MRS. FRANZ, TREASURER SCHMIDT, MR. BURTON, AND
PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER AND MR. LECH

OTHER BUSINESS:

The next board meeting will be held April 30, 2015.

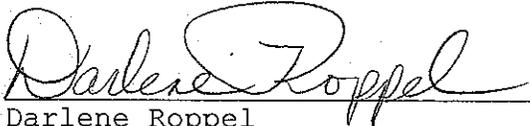
ADJOURNMENT:

With no further business to come before the Board, President Gessner
adjourned the meeting at 3:40 p.m.

Respectfully Submitted:



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



Darlene Roppel
Reporting Secretary