

**FIRST ENGROSSMENT
with Senate Amendments**

Fifty-fifth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1142

Introduced by

Government and Veterans Affairs Committee

(At the request of the Teachers' Fund for Retirement)

1 A BILL for an Act to create and enact two new sections to chapter 15-39.1 of the North Dakota
2 Century Code, relating to the composition and administrative authority of the teachers' fund for
3 retirement board; to amend and reenact subsection 1 of section 54-07-01.2 of the North Dakota
4 Century Code, relating to appointments to the teachers' fund for retirement board; and to repeal
5 section 15-39.1-05 of the North Dakota Century Code, relating to management of the teachers'
6 fund for retirement.

7 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

8 **SECTION 1.** A new section to chapter 15-39.1 of the North Dakota Century Code is
9 created and enacted as follows:

10 **Board composition - Terms - Voting.**

- 11 1. The authority to set policy for the fund rests in a board of trustees composed as
12 follows:
- 13 a. The governor shall appoint from a list of three nominees submitted to the
14 governor by the North Dakota education association two board members who
15 are actively employed in full-time positions not classified as school
16 administrators. A board member appointed under this subdivision who
17 terminates employment may not continue to serve as a member of the board.
- 18 b. The governor shall appoint from a list of three nominees submitted to the
19 governor by the North Dakota council of educational leaders one board
20 member who is actively employed as a full-time school administrator. A
21 board member appointed under this subdivision who terminates employment
22 may not continue to serve as a member of the board.

c. The governor shall appoint from a list of three nominees submitted to the governor by the North Dakota retired teachers association two board members who are the retired members of the fund.

d. The state treasurer and the superintendent of public instruction.

2. All current appointees of the board shall serve the remainder of their term as members of the board until their terms expire and their successors are appointed. The first newly appointed board member under subdivision a of subsection 1 must be appointed to serve an initial term of four years. The first newly appointed board member under subdivision c of subsection 1 must be elected to serve an initial term of five years. Newly appointed board members shall serve a term of five years. Each newly appointed term begins on July first.

3. Each board member is entitled to one vote, and four members constitute a quorum. Four votes are required for resolution or action by the board.

SECTION 2. A new section to chapter 15-39.1 of the North Dakota Century Code is created and enacted as follows:

Board authority - Continuing appropriation. The board:

1. Has the powers and privileges of a corporation, including the right to sue and be sued in its own name. The venue of all actions to which the board is a party must be Burleigh County.

2. Shall establish investment policy for the trust fund under section 21-10-02.1. The investment policy must include:

a. Acceptable rates of return, liquidity, and levels of risk; and

b. Long-range asset allocation targets.

3. Shall arrange for actuarial and medical consultants. The board shall cause a qualified, competent actuary to be retained on a consulting basis. The actuary shall:

a. Make a valuation of the liabilities and reserves of the fund and a determination of the contributions required by the fund to discharge its liabilities and pay administrative costs;

- b. Recommend to the board rates of employer and employee contributions required, based upon the entry age normal cost or other accepted actuarial method, to maintain the fund on an actuarial reserve basis;
 - c. Once every five years make a general investigation of the actuarial experience under the fund including mortality, retirement, employment turnover, and other items required by the board;
 - d. Recommend actuarial tables for use in valuations and in calculating actuarial equivalent values based on the investigation provided for in subdivision c; and
 - e. Perform other duties assigned by the board.
4. May pay benefits and consultant fees as necessary which are hereby appropriated from the fund.
 5. Shall submit to the legislative council's employee benefits programs committee any necessary or desirable changes in statutes relating to the administration of the fund.
 6. Shall determine appropriate levels of service to be provided to members, including benefits counseling and preretirement programs.
 7. Shall, through resolution, inform the state investment board, which is the administrative board of the retirement and investment office, the levels of services, goals, and objectives expected to be provided through the retirement and investment office.

SECTION 3. AMENDMENT. Subsection 1 of section 54-07-01.2 of the 1995 Supplement to the North Dakota Century Code is amended and reenacted as follows:

1. Notwithstanding sections 2-05-01, 4-18.1-04, 4-27-04, 6-01-03, 6-09-02.1, 12-55-01, 12-59-01, 15-21-17, 15-38-17, ~~45-39.1-05~~ section 1 of this Act, 15-65-02, 20.1-02-23, 23-01-02, 23-25-02, 36-01-01, 37-18.1-01, 50-06-05.6, 50-06.1-16, 54-34.3-10, 54-54-02, 55-01-01, 55-06-01, 61-02-04, and 61-28-03, all members of the following boards and commissions must, subject to the limitations of this section, be considered to have resigned from such boards and commissions effective January first of the first year of each four-year term of the governor:
 - a. The aeronautics commission.
 - b. The milk marketing board.

- 1 c. The dairy promotion commission.
- 2 d. The state banking board.
- 3 e. The state credit union board.
- 4 f. The advisory board of directors to the Bank of North Dakota.
- 5 g. The board of pardons.
- 6 h. The state parole board.
- 7 i. The state board of public school education.
- 8 j. The education standards and practices board and the administrator's
- 9 professional practices board.
- 10 k. The board of trustees for the teachers' fund for retirement.
- 11 l. The educational telecommunications council.
- 12 m. The state game and fish advisory board.
- 13 n. The health council.
- 14 o. The air pollution control advisory council.
- 15 p. The board of animal health.
- 16 q. The administrative committee on veterans' affairs.
- 17 r. The committee on aging.
- 18 s. The committee on employment of people with disabilities.
- 19 t. The commission on the status of women.
- 20 u. The North Dakota council on the arts.
- 21 v. The state historical board.
- 22 w. The Yellowstone-Missouri-Fort Union commission.
- 23 x. The state water commission.
- 24 y. The state water pollution control board.

25 **SECTION 4. REPEAL.** Section 15-39.1-05 of the North Dakota Century Code is
26 repealed.