NORTH Dakota | Teachers' Fund For Retirement
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TFFR BOARD GOVERNANCE & POLICY REVIEW (GPR) COMMITTEE MEETING

Tuesday, August 11, 2026, 3:30 p.m.
Virtual Only
The open portions of this meeting are livestreamed. Join the meeting.

AGENDA

I. **CALL TO ORDER AND ACCEPTANCE OF AGENDA** ***(Committee Action)***

II. **ACCEPTANCE OF MINUTES** ***(Committee Action)***

III. **REVIEW TFFR GOVERNANCE MANUAL REWRITE UPDATE** ***(Committee Action)*** **– MS. SMITH (45 MIN)**

IV. **ADJOURNMENT**

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NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT GOVERNANCE & POLICY REVIEW COMMITTEE MINUTES OF THE JULY 14, 2026, MEETING (VIRTUAL)

MEMBERS PRESENT

Cody Mickelson, Chair
Mike Burton, TFFR Board
Rob Lech, TFFR Board

STAFF PRESENT

Chase Kauffeld, Chief Retirement Officer
Missy Kopp, Executive Assistant
Sarah Mudder, Communications & Outreach Director
Adam Otteson, Chief Financial & Operating Officer
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Executive Director

GUESTS

Rick Funston, Funston Advisory
Evan Norton, Funston Advisory

CALL TO ORDER

Mr. Cody Mickelson, Chair of the Teachers' Fund for Retirement (TFFR) Governance & Policy Review (GPR) Committee, called the meeting to order at 3:32 p.m. on Tuesday, July 14, 2026. The meeting was held virtually.

AGENDA

The Committee considered the agenda for the July 14, 2026, meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. BURTON AND CARRIED BY VOICE VOTE TO ACCEPT THE AGENDA FOR THE JULY 14, 2026, MEETING.

AYES: DR. LECH, MR. BURTON, MR. MICKELSON
NAYS: NONE
MOTION CARRIED

MINUTES

The Committee considered the minutes for the June 2, 2026, meeting.

IT WAS MOVED BY MR. BURTON AND SECONDED BY DR. LECH AND CARRIED BY VOICE VOTE TO ACCEPT THE JUNE 2, 2026, MINUTES AS PRESENTED.

AYES: DR. LECH, MR. BURTON, MR. MICKELSON
NAYS: NONE
MOTION CARRIED

TFFR GOVERANANCE MANUAL REWRITE UPDATE

The TFFR GPR Committee continued its work with Funston Advisory Services on the TFFR Governance Policy System (GPS). The discussion focused on clarifying authority, accountability, and reporting relationships among the Legislature, TFFR Board, State Investment Board (SIB), and RIO staff. Funston identified several areas where the current governance manual contains outdated references, unclear delegation language, and overlapping authority that will be addressed in the rewrite.

Key recommendations include creating a formal delegation authority register, establishing a service-level agreement to measure organizational performance, clarifying the Board's role in executive director evaluations, and defining a clearer oversight framework between TFFR, SIB, and RIO. The committee also discussed potential delegation of disability application and QDRO approvals to staff through future rule changes.

Funston presented the proposed governance framework, which is designed to make the manual more user-friendly, clearly define decision-making authority, and provide a structured governance calendar and decision register. Draft policies and the initial governance manual framework are expected to be developed over the coming months, with adoption targeted for January.

ADJOURNMENT

With no further business to come before the Committee, Mr. Mickelson adjourned the meeting at 4:20 p.m.

Submitted by:

Missy Kopp, Assistant to the Board

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MEMORANDUM

TO: **TFFR GOVERNANCE & POLICY REVIEW COMMITTEE**

FROM: **Jodi Smith, Executive Director**

DATE: **August 11, 2026**

RE: **TFFR Governance Manual Update**

The State Investment Board adopted its Governance Policy System on June 23, 2026. The TFFR Board has accepted that structure as it relates to the SIB and has indicated its intent to mirror it.

Independently, the current Governance Manual carries provisions written when RIO had a different executive structure — before the Executive Director and Chief Investment Officer were separate roles. Those provisions route certain Board business directly to the Chief Retirement Officer. The result is that the Manual behaves inconsistently.

Both considerations point to the same fix, and it is more efficient to resolve them together than to conform to the GPS and clean up the internal inconsistency in separate passes.

1. The model

One officer speaks for RIO to the Board: the Executive Director.

- The ED is the Board's single point of communication with RIO and delegates at the ED's discretion.
- The CRO reports directly to the ED — the same reporting line as the CIO has to the ED — while carrying the primary governance connection to the TFFR Board under the ED's direction.
- The ED reports to the SIB and serves at its pleasure as RIO's Chief Executive Officer.

The distinction the model turns on. *Reporting to* is a supervisory line: the person answers to, is directed by, and is accountable to whoever they report to. *Reporting out* is presentations, information, and analysis provided to an audience.

The CRO **reports to** the ED. The CRO **reports out** to the TFFR Board. The CRO is not a direct report of the TFFR Board.

This preserves the Board's access to the CRO — which is substantial and should not diminish — while locating the supervisory line in one place.

The one deliberate exception in GPS is the Director of Audit, an independent direct report to the Board rather than to the ED. The Committee should note this exception exists by design and does not extend to the CRO.

2. What the current Manual says

The Manual already states the rule correctly in one place:

> *§I: "The RIO Chief Retirement Officer reports directly to the RIO Executive Director."*

And §P already handles the stand-in convention consistently with the model, authorizing the CRO to represent the Board "in the absence of or at the direction of the Executive Director."

The difficulty is that other provisions, most of them inherited, establish a second channel between the Board and the CRO. Individually each is minor. Together they create an undocumented parallel line to a staff member the Board does not hire, does not supervise, and does not evaluate.

3. Provisions that would be conformed

Manual provision	Current text routes to CRO	Proposed
§L.4 (Vacancies)	Officer and SIB-rep resignations submitted "to the Board and Chief Retirement Officer"	To the Board and the ED
Board President duties (g)	President executes documents "in conjunction with the Chief Retirement Officer"	In conjunction with the ED
§M.5 (Agendas)	Topics may be added by "the Executive Director, Chief Retirement Officer, Board President, and Board trustees"	ED, Board President, and trustees; CRO input through the ED
§Q.9 (Webinars, Reports, Studies)	"The Chief Retirement Officer will also provide links to recent published reports and studies with Board meeting materials"	ED coordinates, consistent with §M.6, which already assigns materials coordination to the ED
§Q.10 (Education expense reimbursement)	Trustees "notify the Chief Retirement Officer" of conference interest; arrangements "agreed to by the Chief Retirement Officer and trustee"	Through the ED, who already approves the travel under the same section
Introduction, purpose section	Modifications may be recommended by "trustees, the Executive Director, Chief Retirement Officer, and/or legal counsel"	Retain, or route CRO recommendations through the ED — Committee's preference

Note on §M.6 and §Q.9. The Manual already assigns coordination of Board materials to the Executive Director in §M.6. The §Q.9 provision assigning part of that same function to the CRO is inconsistent with it today, independent of the GPS question.

4. CRO selection

Current Manual. §I, §J.1, and Board Responsibility (t) each provide that the Board "will participate with the Executive Director in the hiring of the Chief Retirement Officer."

Proposed. The ED holds the authority to hire and terminate the CRO, as with the CIO.

Basis for the change. The CRO is a RIO staff role under the ED, not a statutory office. The SIB appoints the ED-equivalent under NDCC 21-10-02. The Delegation Register cites only the Manual itself — §I and §J.1 — as authority for the Board's participation in the hire; no statutory provision has been identified.

The Board's actual statutory levers here are its two SIB designees (NDCC 21-10-01) and its duty to set the service levels, goals, and objectives expected of RIO (NDCC 15-39.1-05.2(7)). Board input on the CRO hire rests on that footing.

6. CRO evaluation

Current Manual. Silent. There is no provision addressing Board input to the CRO's evaluation.

Proposed. The ED conducts the CRO's evaluation. The TFFR Board provides written input feeding that evaluation — mirroring the mechanism by which the Board President provides written input to the SIB Executive Review and Compensation Committee before the ED's annual evaluation.

Evaluation criteria would include the accuracy of benefit administration and the quality and reliability of information provided to the TFFR Board.

This is an addition rather than a conflict, and it is the provision that gives the Board a defined voice in exchange for relinquishing the informal channel. The Committee may wish to treat Sections 5 and 6 as a package.

7. Absence and delegation

Where the ED delegates a matter to the CRO, or is absent, the CRO may carry it to the Board in the ED's stead. This is a defined stand-in, not a standing parallel channel; the default returns to the ED.

Manual §P already reflects this. Manual §J.1.n further permits the Board to recommend an interim CRO to SIB where both the ED and CRO are absent — a recommendation only, which remains consistent with the model.

8. What does not change

- The Board's access to the CRO in Board and Committee meetings.
- The CRO's duty to report to the Board and to maintain the primary governance connection to it.
- The Board's fiduciary responsibility. Delegation of authority does not delegate fiduciary responsibility and does not relieve the ED of accountability for its proper exercise.

9. Confirmations requested

1. **Single point of communication.** Confirm the ED as the Board's single point of communication with RIO, subject to the defined exceptions in Section 8.
2. **Reporting line.** Confirm that the CRO reports to the ED and reports out to the TFFR Board and is not a direct report of the Board.
3. **Selection.** Confirm that Board involvement in the CRO hire is input channeled to the ED, and direct that §I, §J.1, and Board Responsibility (t) be conformed.
4. **Evaluation.** Confirm that the Board will provide written input to the ED's evaluation of the CRO, and direct that a provision be drafted.
5. **Stand-in.** Confirm the absence-and-delegation convention in Section 7.
6. **Conforming amendments.** Authorize drafting of the amendments listed in Section 4 for presentation under the §T two-reading process.