

TFFR Board Governance & Policy Review Committee Meeting

Wednesday, September 30, 2026, 3:00 PM - Virtual Only

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AGENDA

- I. **CALL TO ORDER AND ACCEPTANCE OF AGENDA - *(Committee Action)***
- II. **ACCEPTANCE OF MINUTES *(Committee Action)***
- III. **REVIEW TFFR POLICY MANUAL FOR CHANGES (45 minutes) *(Committee Action)* – MS. SMITH**
- IV. **DISCUSSION**
- V. **OTHER**
 - A. Next Meeting of TFFR GPR:
Tuesday, October 13, 2026, 3:30 p.m.
Virtual
- VI. **ADJOURNMENT**

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT GOVERNANCE & POLICY REVIEW COMMITTEE MINUTES OF THE AUGUST 11, 2026, MEETING (VIRTUAL)

MEMBERS PRESENT

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

STAFF PRESENT

Jodi Smith, Executive Director
Chase Kauffeld, Chief Retirement Officer
Denise Weeks, Retirement Manager
Sarah Mudder, Communications & Outreach Director
Adam Otteson, Chief Financial & Operating Officer
Sara Seiler, Supervisor of Internal Audit
Rachelle Smith, Retirement Program Administrator Assistant

GUESTS

Rick Funston, Funston Advisory
Evan Norton, Funston Advisory
Kirsten Tuntland, Assistant Attorney General

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 3:35 p.m. on Tuesday, August 11, 2026. The meeting was held virtually.

AGENDA

The Committee considered the agenda for the August 11, 2026, meeting.

**IT WAS MOVED BY DR. LECH AND SECONDED BY MR. BURTON AND CARRIED BY
VOICE VOTE TO ACCEPT THE AGENDA FOR THE AUGUST 11, 2026, MEETING.**

AYES: DR. LECH, MR. BURTON, MR. MICKELSON

NAYS: NONE

MOTION CARRIED

MINUTES

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

IT WAS MOVED BY MR. BURTON AND SECONDED BY DR. LECH AND CARRIED BY VOICE VOTE TO ACCEPT THE JULY 14, 2026, MINUTES AS PRESENTED.

AYES: DR. LECH, MR. BURTON, MR. MICKELSON

NAYS: NONE

MOTION CARRIED

TFFR GOVERNANCE MANUAL REWRITE UPDATE

The TFFR GPR Committee continued its work with Funston Advisory Services on the TFFR Governance Policy System (GPS), focusing on identified inconsistencies between the governance model and the current Governance Manual. Discussion included provisions to be confirmed, CRO selection and evaluation, absence and delegation, provisions that should remain unchanged, and the governance confirmations that Ms. Smith and Mr. Kauffeld believe provide the appropriate path forward to support future growth.

The objective of the rewrite is to mirror the framework established for the State Investment Board (SIB). Reviewing the current manual against that structure identified several inconsistencies, as illustrated in the comparison chart included in the packet. The revisions distinguish between "report to" and "report out." The CRO, Chief Investment Officer, and Chief Financial Officer report to the Executive Director; the CRO reports out to the TFFR Board, and the Chief Investment Officer reports out to the SIB. The Executive Director serves as the single point of communication to the boards.

The Committee discussed next steps and the timeline. RIO staff and Funston Advisory Services will use the Committee's guidance to develop the rewritten manual. The Committee will review the draft in September and redlined changes in October, with a first reading at the October Board meeting and adoption at a December meeting. The Committee noted the approximately six-month timeline is ambitious.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. BURTON AND CARRIED BY VOICE VOTE TO ACCEPT THE TFFR GOVERNANCE MANUAL REWRITE CONFIRMATIONS.

AYES: DR. LECH, MR. BURTON, MR. MICKELSON

NAYS: NONE

MOTION CARRIED

ADJOURNMENT

With no further business to come before the Committee, Mr. Mickelson adjourned the meeting at 3:55 p.m.

Submitted by:

Rachelle Smith, Assistant to the Board

MEMORANDUM

TO: TFFR GPR

FROM: Jodi Smith, Executive Director

DATE: September 30, 2026

RE: TFFR Governance Policy System — Review and Decisions Required

The Board directed this Committee on July 29 to advance the Delegation Register, the Accountability Service Level Agreement, and the manual rewrite as presented. The approved workplan targets Board approval on October 28, with November 18 as the alternate, and implementation on January 1, 2027. First reading was scheduled for week 14 of the project.

1. What changed from the original draft

1.1 The system now has all five parts, and they are populated

The system is organized as five parts — Fiduciary Foundation, Roles, Authorities and Delegation, Key Decisions, and Timing.

The two components the Board directed the Committee to advance are the most substantial additions:

- The Delegation Register now exists as Part 4 and is substantially complete. It carries ten delegation domains and roughly seventy-four decision rows, each showing the power exercised, the decision, the holder and the flow of authority, the statutory or policy basis, and the limits on discretion. It uses a notation that distinguishes authority vested in the Board, authority the Board has delegated to the Executive Director, authority reserved by the Legislature, authority reserved by the Board, and decisions requiring joint action with the SIB. In the draft it is titled the Decision Register (Delegations) rather than the Delegation of Authority Register.
- The Decision Calendar is present in Part 5. It defines six cadences — five-year, three to four years, biennial, annual, quarterly or monthly, and event-driven — and assigns roughly thirty-five decisions across them. The draft notes that the decision calendar and cadence were previously undefined.

1.2 The executive model the Committee confirmed in August is now carried through

The August 11, 2026, memo asked the Committee to confirm six points on the relationship between the Board, the Executive Director, and the Chief Retirement Officer. The Executive Director is stated throughout as the

Board's single point of communication with RIO and as the boards' single official link to the operating organization.

- The Decision Register records that the Executive Director holds the authority to hire, evaluate, and terminate the Chief Retirement Officer, as with the Chief Investment Officer.
- The stand-in convention is preserved: the Chief Retirement Officer may represent the Board in the Executive Director's absence or at the Executive Director's direction, and the Board may put forward an interim CRO to the SIB, with the decision resting there.
- The Director of Audit exception is stated explicitly. That position reports to the SIB through its Audit, Risk and Compliance Committee, independent of the Executive Director, and the draft confirms that the ARCC serves as this Board's audit committee.

1.3 Conduct policies and enforcement are built out

Part 1 now carries the full set of conduct policies — conflicts of interest and disclosure, external communications, Board access to confidential information, trustee travel, oath of office, and use of artificial intelligence — together with a three-tier enforcement framework running from administrative correction through notice and hearing to external referral.

1.4 Two statutory gaps are identified rather than papered over

The draft states plainly that ch. 15-39.1 does not mention an Executive Director, that the office rests on the SIB's chapter, and that the 2021 division of the investment director role has never been reflected in legislation. It also states that ch. 15-39.1 contains no personal-profit prohibition equivalent to the one binding the SIB. Both are candidates for the legislative agenda Funston identified.

1.5 Three policy statements have been separated

The Actuarial Funding Policy Statement, the Investment Policy Statement, and the TFFR Operations and Business Partner and Member Communications policies have been moved out of the governance system and will sit as separate tabs, on the basis that the scope of this project is governance.

2. How the draft marks what is not yet decided

The drafted version uses the tag [proposed] to mark text that has been drafted but not adopted. They are not drafting uncertainty — they are the decisions in front of this Committee, and the convention is deliberate so that nothing reads as settled that the Board has not settled.

Two provisions carry further instructions to confirm with counsel before adoption. Those are identified in the table below.

3. Decisions required before we can move to first reading

Decision group	What the Committee is being asked to settle	Who decides
Meeting materials standard	Seven-day distribution rule, late-material approval, the 48-hour bar on action, exclusions for externally scheduled reports, ADA standards, and annual on-time reporting — seven linked provisions.	Committee → Board
Continuing education regime	Ten hours annually and fifteen in a first full year, the rolling three-year subject distribution, self-study cap, record-keeping and reporting, and the catch-up plan — seven linked provisions.	Committee → Board
Personal-profit prohibition	Whether to adopt as Board policy the prohibition mirroring N.D.C.C. § 21-10-09, which binds the SIB but has no equivalent in ch. 15-39.1, and whether to pursue a statutory analogue through the EBPC.	Committee → Board; EBPC item
GPRC charter	Formal adoption of the Committee's own charter, its semi-annual meeting minimum, its role reviewing amendments before first reading, and its ownership of the self-assessment process.	Committee → Board
SIB and RIO interface	Whether service-level performance is monitored through the Scorecard and SLA, whether the GPRC monitors policy intersections with the SIB GPS, and the statement that TFFR representatives on the SIB are representatives rather than delegates and may not be instructed how to vote.	Committee → Board
Service Level Agreement	The Decision Register and Decision Calendar rest on the TFFR–SIB–RIO Accountability SLA, which is not part of this draft.	Both boards; AGO review
Event-driven triggers	The trigger list is drawn from investment governance — liquidity structure, internalization model, market drawdowns. It needs replacing with triggers a retirement board would actually face.	Committee direction

Two further items are completion work rather than policy decisions, and staff will carry them without Committee action unless the Committee directs otherwise: the glossary, which is currently the document's only empty placeholder.

4. Items requiring the SIB

The Accountability Service Level Agreement is a jointly adopted instrument, it is subject to Attorney General review, and eight rows of the Decision Register and Decision Calendar depend on it. Staff have begun the

discussions with the SIB that the Board directed on July 29 and will report on their status at the next meeting. The Committee should be aware that this is the item most likely to affect the October timeline, because it does not move on our schedule alone.

The Benefits Governance Scorecard is drafted in the appendix as a framing policy. Its metrics and tolerances are deliberately not set out in the governance system, so that they can be recalibrated without amending it. Those are adopted separately by Board action.

5. How we will proceed

This version is not final, and staff and Funston will continue to work and refine it from this point forward. The draft version is presented so the Committee can see the whole architecture at once and give directions on the decisions above, rather than reviewing the system in pieces.

For every version from here forward, we will provide a red line showing the changes from the version the Committee is seeing today. The Committee will not be asked to re-read the full document to find out what moved.

Subject to the Committee's direction today, the next steps are to resolve the [proposed] provisions in the groups, obtain counsel's confirmation on the two flagged items, continue the SLA discussions with the SIB, and complete the glossary. That work positions the system for first reading and keeps the October 28 Board approval date available.

Board Action Requested:

- A. Review the decision groups in Section 3 and give staff directions on each.
- B. Direct staff to continue the Service Level Agreement discussions with the SIB and to report on their status at the next meeting.

Teachers' Fund for Retirement (TFFR)

Governance Policy System

DRAFT

September 21, 2026



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Note: The governance policy system HTML will include three policy statements that have intentionally been separated from the governance policy system at this stage; because the scope of this project is governance.

- TFFR Actuarial Funding Policy Statement (Removed from Manual and to GPS HTML Tab)
- TFFR Investment Policy Statement (Removed from Manual and to GPS HTML Tab)
- TFFR Operations and Business Partner and Member Comms Policies (Removed from Manual and to GPS HTML Tab)

Introduction: TFFR Governance Policy System

The North Dakota Teachers’ Fund for Retirement Board of Trustees’ dynamic, navigable framework for disciplined collective fiduciary decision-making.

Why the GPS Was Created and What It Is

Fundamentally, board governance is about disciplined collective decision-making: identifying the key board decisions, assigning clear authority, and providing the insights required for prudent judgment. The GPS replaces a static policy manual with a living system organized around how the Board actually governs.

The GPS is structured around five integrated parts, each grounded in statute. Together they form a structured cycle of fiduciary decisions, policy approvals, governance discipline, and public accountability:

PART 1
Fiduciary
Foundation

The legal and statutory bedrock. Defines purpose, beneficiaries, fiduciary duties, and all conduct policies governing Board members and staff.

PART 2
Roles

Explicit role definitions across all levels — Legislature, Board, Committees, Executive Director, and all four lines of accountability.

PART 3
Authorities and
Delegation

Who has the power to act, under what conditions, and with what limitations. Maps authority explicitly across all governance domains.

PART 4
Key Decisions

The Decision Register — a complete inventory of key Board approvals, organized by committee and cadence.

PART 5
Timing

The Decision Calendar and cadence framework — when decisions are made and what triggers action outside the regular calendar.

Appendix	The measurement foundation of the TFFR–SIB–RIO service-level relationship.
Benefits	How the Board sets and monitors the service it expects from the SIB and RIO,
Governance	and escalates where it falls short.
Scorecard	

The Purpose of Governance Policy

Governance policy has two distinct but integrated targets. First, it guides the Board in how fiduciary decisions are made and how roles are exercised. Second, it provides executives and staff with clear, navigable delegation so that Board intent is executed consistently and without ambiguity. The two sections below explain each in turn.

For the Board — Key Decisions and How Decisions Get Made

Governance policy should define how the Board governs, not how staff operate. Trustees should be able to explain clearly how the Board reaches decisions and the role each committee and trustee plays. The focus is on fiduciary responsibilities, decision framing and resolution, authority reserved to the Board versus delegated, and committee roles and reporting. It establishes explicit decision architecture inputs, constraints, and timing. It reinforces a long-term orientation toward the security of member benefits and prevents drift into operational activity.

The Board has five fundamental powers:

1. Conducting the business of the Board and its committees;
2. Setting direction and policy;
3. Approving key decisions and prudently delegating authority;
4. Overseeing execution within policy; and
5. Verifying the reliability of information, advice, and reporting.

Governance policy primarily addresses the Board’s and trustees’ roles in the first three powers, enabling the Board to govern through direction and delegation while allowing execution, oversight, and verification to occur without confusion.

The decision architecture carries particular weight at TFFR. No resolution or action of the Board carries without four affirmative votes, a fixed number, not a majority of those present (NDCC § 15-39.1-05.1(3)). A single absence or recusal can therefore decide an outcome. The GPS is written so that every reserved decision, quorum condition, and delegation boundary can be located before a vote is taken, not reconstructed afterward.

For Executive Management and Staff — Clarity of Delegation

For executives and staff, governance policies function as an operational decision system. The purpose is to enable independent execution of the Board’s direction without continual interpretation or informal escalation. Staff should be able to determine what authority is delegated, to whom, within what limits, and when escalation is required.

A well-designed policy makes delegation boundaries easy to find and apply, reduces reliance on precedent or institutional memory, and supports consistent decision-making across the organization. Navigability is therefore a core delegation control: it assures staff can execute Board-approved authority consistently, within limits, and aligned with Board intent. Poor navigability increases discretion and workarounds; strong navigability reinforces discipline and accountability.

At TFFR that control does additional work. The Board sets policy for its fund’s investments and for the services its members receive. Both are delivered by the Retirement and Investment Office, which reports to the State Investment Board. Delegation must therefore be clear across two other governing bodies.

How TFFR, the SIB, and RIO Fit Together

Three bodies act on the plan. Each holds distinct statutory authority, and none may exercise another’s. A reader who understands this division will find the rest of the system straightforward.

TFFR Board of Trustees (TFFR)

Governs the plan.

The TFFR board sets the fund's policy and rules, its actuarial assumptions and funding policy, and its investment policy and long-range asset allocation targets, which the SIB then implements; TFFR resolves disability and benefit-calculation determinations, defines the member service levels delivered through RIO, and oversees benefit payments, the annual audit, and employer compliance — all within statutory limits that fix contribution rates and benefit formulas. NDCC chs. 15-39.1 and 21-10.

State Investment Board (SIB)

Supervises the investment of the TFFR’s assets and delivery of the Benefits program.

SIB is charged with investing the TFFR, under the investment policy and asset allocation targets established by the TFFR Board with the SIB's concurrence, subject to the prudent investor rule and the requirement that the TFFR be invested exclusively for the benefit of its members; and governs the State Retirement and Investment Office, through which both boards are administered while each retains its separate legal identity and authority. NDCC chs. 15-39.1 and 21-10.

Retirement and Investment Office (RIO)

Administers the program day to day.

Created to coordinate the activities of the SIB and the TFFR Board, RIO is governed by the SIB as its administrative board and delivers the

benefits administration, member services, and investment support functions the two boards specify — including the service levels the TFFR Board sets for its members — with each board retaining its separate legal identity and authority. NDCC §§ 15-39.1-05.2(6), (7); 21-10-02.1(2); ch. 54-52.5.

The TFFR Board and the SIB maintain separate legal identities and separate authority; nothing in this system transfers, limits, or enlarges the statutory powers of either board, of the Executive Director, or of RIO (NDCC § 54-52.5-02). TFFR's principal instruments for governing the relationship are its representatives to the SIB and its committees (Part 2, Roles) and the Benefits Governance Scorecard (Part 6).

How to Navigate and Use the GPS

The GPS works like a website or a map. Use the tabs at the top of the page to move between the parts of the system. Within each part, content is organized into expandable sections you can open and close as needed.

- **Tabs** — select any of the six parts from the navigation bar.
- **Search** — find a policy, term, committee, or decision by keyword; results link directly to the relevant section.
- **Glossary** — open the glossary drawer for definitions of key governance terms used throughout the system.
- **Expandable sections** — select a section heading to reveal its detail. The system is fully keyboard-operable and built to WCAG 2.1 AA accessibility standards.
- **Appendices** — the Board’s Public Participation Guidelines and the annual Code of Conduct affirmation are maintained as posted documents outside this system; the appendices record where each is held.
- **Related policy statements** — the Actuarial Funding Policy Statement, the Investment Policy Statement, and the Operations, Business Partner and Member Communications policies are published as separate tabs. They are plan and operating policies rather than governance policy, and are maintained outside this system.

Authority, Maintenance, and Precedence

The GPS reflects the Board’s current governance practices and is expected to evolve. Any trustee, the Executive Director, or legal counsel may propose a change for Board consideration.

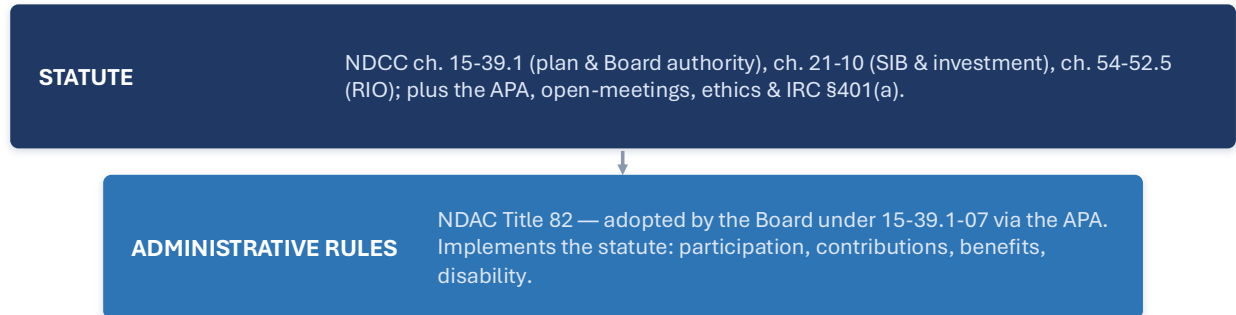
The Governance & Policy Review Committee reviews the policies on an annual cycle and recommends amendments to the TFFR Board for approval.

Adoption of, or amendment to, any element of the GPS requires four affirmative votes of the Board. Where an element of the system is an administrative rule, it takes effect only through the rulemaking process under NDCC ch. 28-32.

The contents of the GPS are intended to be consistent with state and federal laws, rules, and regulations. If any provision of this system conflicts with state or federal law, the law prevails.

Fiduciary Foundation

Statutory Framework



The TFFR’s fiduciary foundation rests on the legal and statutory bedrock of:

NDCC ch. 15-39.1 contains the primary legal authority and statutory language governing the TFFR plan, supplemented by the Board's administrative rules at NDAC tit. 82; related authority appears in NDCC ch. 21-10 (investment), ch. 54-52.5 (RIO), and ch. 28-32 (rulemaking). TFFR is a defined benefit governmental plan under IRC § 414(d), qualified under IRC § 401(a), with its trust exempt from federal income tax under IRC § 501(a).

All GPS policies are grounded in statute.

Our Mission

To administer a comprehensive retirement program that provides North Dakota public educators with a foundation for retirement security.

Beneficiaries

TFFR’s beneficiaries are its plan members, those receiving a benefit today and those who will receive one in the future, to whom the Board owes its fiduciary duties and whose retirement security the Fund exists to protect.

Member category	Who it covers
Active members	Licensed to teach in North Dakota and contractually employed in teaching, supervisory, administrative, or extracurricular service. Contributing now; benefit payable in the future.
Annuitants	Receiving a monthly benefit today.
Inactive members	No longer contractually employed in a covered position and not yet receiving a monthly benefit.

Member categories are established under NDCC ch. 15-39.1.

Stakeholder Alignment and Relations

Effective stakeholder relations are essential to sustaining trust, legitimacy, and long-term effectiveness in a public fiduciary organization. Because many stakeholders — members, benefit recipients, participating employers, policymakers, and the public — interact with the plan episodically or indirectly, the quality, consistency, and tone of those interactions materially shape confidence in the plan and its governance.

The Executive Director shall assure that all interactions with stakeholders, the public, and other government entities relating to the plan are conducted in a manner that reflects integrity, accountability, and service, and that reinforces the plan’s fiduciary purpose and public mandate. Communications shall be accurate, clear, timely, and professional, and shall appropriately distinguish established facts, policy positions, and analytical conclusions from personal opinions or commentary.

By maintaining disciplined, transparent, and respectful stakeholder relations — often without seeking visibility or advocacy — the plan supports informed oversight, reduces reputational and governance risk, and preserves the trust necessary to operate effectively across political cycles and market environments.

→ On who may speak for the Board: Fiduciary Conduct Policies — External Communications. On the Executive Director’s duty to maintain these relationships: Roles — Executive Director Charter.

Fiduciary Duties

TFFR trustees are fiduciaries, and as such, have the highest standard of law placed upon them. Trustees are expected to discharge their duties with the utmost honesty and integrity and to act solely in the interest of the members, retirees, and beneficiaries for the exclusive purpose of providing benefits and paying reasonable expenses of administering the TFFR program.

Fiduciary duties include the following:

a. Duty of loyalty.

Each Board and Committee member shall discharge their duties solely in the interest of the beneficiaries and participants, placing those interests above any personal, political, or external considerations, avoiding conflicts of interest, and acting with undivided loyalty to the beneficiaries whose retirement security depends on the TFFR.

b. Duty of compliance. The obligation to administer the plan in accordance with its governing documents and applicable law, the plan statute (NDCC ch. 15-39.1), the Board's administrative rules (NDAC tit. 82), and Board policy, in that order of precedence — including the federal qualification requirements applicable to governmental plans (IRC §§ 401(a), 414(d); NDCC § 15-39.1-34). The duty is affirmative: the Board must correct errors in records or benefit calculations (NDCC §§ 15-39.1-31, 15-39.1-32) and conform plan terms where federal law requires (NDCC § 15-39.1-35).

c. Duty of prudence. The obligation to act prudently in exercising power or discretion over the interests that are subject of the fiduciary relationship. Trustees are held to the standard of a prudent expert and must act with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. TFFR's adoption of the prudent expert standard rests on NDCC § 21-10-07, which holds the fiduciaries of the fund to the judgment and care of an institutional investor managing large investments rather than to the ordinary prudent-person standard, and aligns with the SIB. This standard requires trustees to bring the knowledge and judgment of an expert familiar with public pension and fiduciary matters to their decisions and, where a trustee lacks the expertise a particular matter requires, to obtain and prudently rely on the advice of qualified professionals.

Fund assets are held in trust and administered for the exclusive benefit of members and their beneficiaries, and may not be diverted to any other purpose. The retirement funds belonging to the teachers' fund for retirement must be invested exclusively for the benefit of their members and in accordance with the fund's investment goals and objectives (NDCC § 21-10-07; NDAC § 82-01-01-01(1)(c)(2)). The prudent investor rule applies to the investment of those assets; investment of the fund is under the supervision of the State Investment Board in accordance with NDCC ch. 21-10 (NDCC §§ 15-39.1-26, 21-10-07).

Procedural Prudence

Procedural prudence is a term that has evolved to describe the appropriate activities of a person (or persons) who act in a fiduciary role. Court decisions to date indicate that procedural prudence is more important in assessing fiduciary activities than actual portfolio performance. A fiduciary cannot be faulted for making the "wrong" decision provided that proper due diligence was performed.

The key to successfully discharging the Board's fiduciary duties is the establishment of and adherence to proper due diligence procedures. While not bound by ERISA (the Employee Retirement Income Security Act of 1974), from which governmental plans are exempt, the Board will use the procedural prudence outlined by ERISA as guidance in developing its procedures:

- An investment policy must be established for the fund and must be in writing.
- Plan assets must be diversified, unless under the circumstances it would be prudent not to do so.
- Investment decisions must be made with the skill and care of a prudent expert.
- Investment performance must be monitored.
- Investment expenses must be controlled.
- Prohibited transactions must be avoided.

The Board demonstrates prudence through process evidence, including:

- Consideration of alternatives and trade-offs.
- Clear delegation limits and escalation triggers.

- Ongoing oversight supported by agreed metrics.
 - Independent verification of results.
 - Transparent reporting, including exceptions and corrective actions.
- On the standard of care itself: Fiduciary Duties. On the delegation limits and escalation triggers: Authorities and Delegation — Delegation Principles. On independent verification: Roles — TFFR Board Charter — Verification.

Fiduciary Conduct Policies

Conflicts of Interest & Disclosure

Conflicts of interest and the appearance of impropriety must be avoided by the Board, the Executive Director, and all executives and staff. No individual subject to this policy shall allow family, social, professional, financial, political, or other relationships to influence, or appear to influence, their judgment in discharging their official responsibilities.

The Board, the Executive Director, and all executives and staff must refrain from financial and business dealings that tend to reflect adversely on the proper discharge of their duties or create the appearance of divided loyalty. They must avoid situations that compromise, or could reasonably be perceived to compromise, their independence, objectivity, or fiduciary obligation to act in the exclusive interest of the members, retirees, and beneficiaries of the fund.

Board members owe a duty to conduct themselves so as to inspire the confidence, respect, and trust of the members the fund serves. They shall perform the duties of their offices impartially and diligently and in accordance with the intent of all applicable laws and rules, refrain from any form of dishonest or unethical conduct, and be unswayed by partisan interest, public sentiment, or fear of criticism.

If a conflict of interest unavoidably arises, the individual shall immediately disclose the conflict in writing.

- A trustee shall disclose the conflict to the Board through the President, or to the Vice President where the conflict concerns the President.
- The Executive Director shall disclose the conflict to the President and to the Director of Audit.
- Executives and staff shall disclose the conflict to the Executive Director or designee.
- Matters involving the Executive Director, or systemic concerns, shall be referred to the SIB Audit, Risk and Compliance Committee, which serves as this Board's audit committee, through the Board's representative on that committee.

The individual shall comply with any subsequent recommendations or directives issued by the appropriate authority, including recusal, mitigation, or other remedial measures.

Prohibited Conduct

Conflicts of interest to be avoided include, but are not limited to:

- Receiving consideration, compensation, or benefit for advice given to a person concerning any matter over which the individual has direct or indirect control or influence.
- Acting as an agent, representative, or attorney for a person in a transaction involving the Board or the fund.
- Participating in any transaction, decision, or recommendation in which the individual has acquired material non-public information through their official position.
- Using confidential or privileged information obtained through employment or Board service for personal gain or for the benefit of another.
- Self-dealing, including the use of plan assets for personal gain, acting on behalf of a party whose interests are adverse to the plan, or receiving personal consideration in connection with a plan transaction.
- Profiting in any manner from transactions made on behalf of the fund. NDCC ch. 15-39.1 contains no personal-profit prohibition equivalent to NDCC § 21-10-09, which binds the State Investment Board; the Board adopts the prohibition as policy. [proposed]

The Board should not unnecessarily retain consultants. The hiring of consultants shall be based on merit, avoiding nepotism and preference based on considerations other than merit, including prior working relationships, and the compensation of consultants shall not exceed the fair value of the services rendered.

Definition

For purposes of this policy, “Conflict of Interest” means a situation in which a Board member, the Executive Director, an executive, or a staff member has a conflict of interest as that term is defined in North Dakota statute and in rules promulgated by the North Dakota Ethics Commission under NDAC ch. 115-04-01. This policy is intended to be interpreted consistently with all applicable provisions of the North Dakota Century Code, with ND Const. art. XIV and NDCC ch. 54-66, and with the regulations of the North Dakota Ethics Commission.

Affirmation and Disclosure

The Executive Director shall establish and maintain written policies and procedures governing: disclosure of conflicts of interest; annual affirmations of understanding of this policy; ongoing reporting of potential or actual conflicts; documentation and retention of disclosures; and procedures for review and determination of appropriate mitigation actions.

Board members shall affirm their understanding of this policy annually, in writing, and shall promptly disclose any actual, potential, or perceived conflict of interest that may arise. See TFFR Code of Conduct Annual Affirmation, posted on the TFFR website.

The Executive Director shall affirm annually, in writing, understanding of the RIO Administrative Policy — Code of Conduct for RIO Employees — and shall promptly disclose any conflict of interest that may arise.

Disclosure

1. Purpose. This policy is adopted under NDCC ch. 15-39.1 and the fiduciary duties stated in Fiduciary Duties above, to assure that trustees act solely in the interest of the members, retirees, and beneficiaries of the fund and maintain independence from actual or perceived conflicts of

interest. All activities and transactions performed on behalf of the fund must be for the exclusive purpose of providing benefits to members and beneficiaries and defraying the reasonable expenses of administering the plan, as the plan's federal qualification requires (IRC § 401(a); NDAC § 82-01-01-01(1)(c)(2)).

2. Definitions. The following terms apply to this policy.

- **Financial Interest** means any direct or indirect ownership, compensation arrangement, employment relationship, or other material economic interest held by a trustee or an Immediate Family Member.
- **Immediate Family Member** includes a spouse, domestic partner, dependent child, or any person residing in the trustee's household.
- **Material Relationship** means any relationship that a reasonable person could conclude may influence, or appear to influence, the trustee's judgment.
- **Event-Driven Disclosure** means disclosure required within ten business days of a material change in circumstances.

Meeting Disclosure. At the time of roll call for each meeting of the Board or a committee, each trustee shall affirm on the record whether they have any actual, potential, or perceived conflict of interest with respect to any item on the meeting agenda.

3. Annual Disclosure Certification. Each trustee shall complete and sign an annual written disclosure statement affirming compliance with the fiduciary duties of loyalty, compliance, and prudence stated in Fiduciary Duties above. The annual disclosure shall identify all Financial Interests and Material Relationships; affirm the trustee's understanding of the duty to act solely in the interest of members, retirees, and beneficiaries; and acknowledge the obligation to update disclosures promptly upon change. The Governance & Policy Review Committee shall review annual disclosures and report compliance status to the Board.

4. Event-Driven Disclosure. A trustee shall disclose any new or changed Financial Interest or Material Relationship within ten business days of becoming aware of it.

5. Recusal. If a matter presents an actual or potential conflict:

- the trustee shall disclose the conflict before discussion of the matter;
- the disclosure shall be recorded in the meeting minutes (NDCC §§ 44-04-19, 44-04-21);
- the trustee shall abstain from discussion and from voting on the matter unless counsel advises otherwise, and shall not be counted toward the four affirmative votes any action of the Board requires (NDCC § 15-39.1-05.1(3));
- where the President is conflicted, the Vice President assumes responsibility for enforcing this procedure.

6. Public Records. Disclosure forms and related materials are public records under NDCC § 44-04-18 and are retained under the office's records-retention schedule. Records relating to the retirement benefits of a member or beneficiary are confidential and are not public records (NDCC § 15-39.1-30).

External Communications

1. Authority to Speak for the Board. Pursuant to NDCC ch. 15-39.1, the Board acts only through official Board action taken in compliance with NDCC § 44-04-19. The President serves as official spokesperson on governance matters. The Executive Director serves as official spokesperson on operational matters and on the retirement program. Individual trustees have no independent authority to represent the Board unless expressly authorized by Board action. → TFFR Board President and Vice President Charter — President’s Role; Conduct the Business of the Board and its Committees — Board Communications.

2. Personal Capacity Statements. When speaking in a personal capacity, a trustee shall clearly state: “The views expressed are my own and do not represent the position of the Board of Trustees of the North Dakota Teachers’ Fund for Retirement.”

3. Legislative Communications. Board positions presented to legislative bodies must reflect official Board action. Testimony on behalf of the Board requires coordination with the President and the Executive Director. Proposed changes to the statutes governing the plan are submitted to the Legislative Management’s Employee Benefits Programs Committee (NDCC § 15-39.1-05.2(5)).

4. Crisis Communications. In the event of a material legal, reputational, or operational matter: the Executive Director shall notify the President promptly; the President, the Executive Director and legal counsel obtained through the Attorney General’s Office (NDCC § 54-12-08) shall determine the communication strategy; and no trustee shall independently issue a public statement regarding the matter without authorization.

5. Confidentiality. Trustees shall not disclose non-public investment, personnel, legal, or member and beneficiary information protected under NDCC §§ 15-39.1-30, 44-04-18.1, 44-04-18.4 and 44-04-19.1 or other applicable law. Digital and social media communications are subject to this restriction and to the records-retention requirements applicable to state agency records (NDCC ch. 54-46). → Board Access to Confidential Information.

Board Access to Confidential Information

Purpose. This policy is adopted under NDCC ch. 15-39.1 and the fiduciary duties stated in Fiduciary Duties above, to assure that trustees have timely and appropriate access to the information required to fulfill their fiduciary duties, while safeguarding confidential, sensitive and market-moving information protected by law and preserving the integrity of the TFFR—SIB—RIO governance and operating model.

Scope. This policy applies to all trustees and committee members; to the Executive Director and to RIO staff responding to information requests; and to all forms of information — written, verbal, digital and system access — held by the Retirement and Investment Office or its service providers. It governs information requests beyond the materials routinely provided in Board and committee

meeting packets. Materials included in approved meeting packets are, by definition, accessible to trustees and committee members.

Definitions. The following terms apply to this policy.

- Confidential Information means non-public information held by TFFR or RIO, including investment, personnel, legal, contractual, and member and beneficiary information protected under NDCC §§ 15-39.1-30, 44-04-18.1, 44-04-18.4 and 44-04-19.1 or other applicable law.
- Material Non-Public Information (MNPI) means information not generally available to the public that a reasonable investor would consider significant in making an investment decision, including pending transactions, manager evaluations in progress, deal pipeline, and material portfolio actions. Because the fund is invested under the supervision of the State Investment Board (NDCC § 15-39.1-26; ch. 21-10), a TFFR trustee will ordinarily encounter MNPI through service on the SIB or one of its committees rather than through this Board.
- Fiduciary Purpose means the exercise of a Board or committee responsibility to conduct business, set direction and policy, approve and delegate, oversee, or verify and report, consistent with the Board's five fundamental powers.

Guiding Principles. The Board affirms the following principles governing access to information.

- Fiduciary Purpose: access shall be directly linked to a defined fiduciary responsibility and shall support oversight and decision-making, not operational involvement.
- Need-to-Know Standard: information provided shall be limited to what is necessary, proportionate and relevant to the fiduciary purpose identified.
- Channel Integrity: information requests beyond routine meeting materials shall follow the formal governance channels established under this policy. Routine interaction between a committee chair and the designated staff liaison in furtherance of an approved committee work plan is not restricted by this policy.
- Confidentiality and Market Integrity: protection of MNPI, attorney-client privileged information, personnel information, member and beneficiary records, and sensitive operational data is paramount and shall not be subordinated to convenience or expediency.

Information Classification and Access Control. Board materials — approved Board and committee packets, decision memoranda and performance reports — are fully accessible to trustees and committee members. Confidential information — risk reports, service-provider and manager evaluations, internal audit working papers — is accessed through the Executive Director or, for retirement-program matters, the Chief Retirement Officer. Highly confidential information — personnel matters, active litigation, contract negotiations, and individual member and beneficiary records — is restricted to access through the Executive Director. Market-sensitive information (MNPI) is strictly limited, and access is exceptional and approved only by the Executive Director in consultation with the Attorney General's Office.

Access Request Protocol. All requests for information beyond routine meeting materials shall be submitted in writing through the Executive Director, who maintains the request log. A routine request is approved by the Executive Director or designee; a sensitive request by the Executive

Director; a highly sensitive request by the Executive Director with notification to the President; and an exceptional request, including any request for access to MNPI, by the Executive Director and the President, with consultation with the Attorney General's Office as required.

A written request for non-public information shall identify:

- the fiduciary purpose, linked to a Board or committee responsibility;
- the defined scope and timeframe of the information sought; and
- confirmation that the request does not duplicate existing Board materials.

The Executive Director shall acknowledge a request promptly and respond within a reasonable period appropriate to its complexity and sensitivity. A denial shall be in writing with a stated rationale and may be appealed to the President.

Prohibited Practices. A trustee or committee member shall not:

- request non-public information directly from staff outside the channels established in this policy;
- direct staff to perform analysis, research or work outside approved Board and committee work plans;
- access or use information obtained through Board service for personal, political, commercial or other non-fiduciary purposes;
- conduct independent or parallel due diligence on investment managers, transactions or counterparties outside Board-approved processes; or
- share confidential information with a person not authorized to receive it, including a spouse, family member, business associate or the media.

Information Handling and Security. Sensitive materials shall, where appropriate, be made available for review on-site at RIO offices or through secure electronic means designated by the Executive Director. Access restrictions may include view-only access, watermarking, time-limited availability, and a prohibition on copying, downloading or forwarding. Sensitive information shall not be transmitted through unsecured channels, including personal email, personal devices, text messaging or non-approved cloud storage. Records-retention requirements apply to all communications regardless of channel (NDCC § 54-46-05).

MNPI Receipt and Quarantine. A trustee or committee member who inadvertently receives or becomes aware of MNPI shall notify the Executive Director and counsel promptly; shall refrain from trading in any affected security or instrument and from sharing the information with any other person; and shall recuse from any Board or committee deliberation in which the inadvertent receipt could compromise the integrity of the decision-making process, pending guidance from counsel.

Confidentiality and Legal Obligations. A trustee or committee member shall:

- annually affirm in writing their confidentiality and fiduciary obligations under this policy and applicable law;
- comply with all restrictions on the use of MNPI and other non-public information;
- adhere to the applicable disclosure and recusal requirements of Conflicts of Interest & Disclosure; and

- comply with continuing obligations following the conclusion of Board or committee service with respect to information acquired during that service. → TFFR Trustees — Survival of confidentiality obligations.

Documentation and Audit Trail. The Executive Director shall maintain a log of all formal information requests submitted under this policy, recording the date of request, the requester, the classification, the approval authority and the disposition; the date and form of any access provided; and any access restrictions imposed. The Executive Director shall report on an exception basis on denied requests, withdrawn requests and material handling incidents, and shall escalate a material breach to the President and, through the Board’s representative, to the SIB Audit, Risk and Compliance Committee, which serves as this Board’s audit committee. Internal Audit may review the log as part of its risk-based audit plan.

Enforcement. A breach of this policy is handled under Enforcement of the Conduct Policies. The Board has no authority to remove or discipline a trustee, and nothing in this policy confers it. → Enforcement of the Conduct Policies.

Periodic Review. This policy is reviewed on the cycle the Governance & Policy Review Committee establishes and oversees, no less than every three years, and sooner upon a material change in regulatory or statutory requirements, in the Board’s governance structure or delegation framework, or in the technology, cybersecurity or information-handling standards relevant to access controls.

Trustee Travel Policy

1. Purpose. Trustee travel shall support the Board’s fiduciary obligations under NDCC ch. 15-39.1 and the fiduciary duties stated in Fiduciary Duties above.

2. Fiduciary Purpose Standard. Reimbursable travel must relate to one or more of the following:

- trustee education aligned with the Board-approved curriculum;
- due diligence on material matters before the Board;
- governance or peer benchmarking; or
- statutory representation responsibilities, including service as a TFFR representative to the State Investment Board or one of its committees.

3. Pre-Approval. Routine travel requires the prior approval of the Executive Director. Travel outside the continental United States, and unusually high-cost travel, requires the approval of both the President and the Executive Director. → On the conference list, the travel authorization form and the arrangements: Conduct the Business of the Board and its Committees — Education Conferences, Travel, and Reimbursement.

4. Reimbursement. Travel reimbursement complies with State of North Dakota travel policies and reimbursement rates (NDCC §§ 44-08-04, 54-06-09). Expense documentation must be submitted within thirty days of the completion of travel. → Conduct the Business of the Board and its Committees — Compensation and Expense Reimbursement.

5. Post-Travel Reporting. Within thirty days of the completion of travel the trustee shall provide the Board with a summary describing the key insights gained, their relevance to Board priorities, and any recommended follow-up. An oral report to the Board satisfies this requirement.

6. Transparency. An annual summary of trustee travel expenditure is included in Board materials, and is a public record (NDCC § 44-04-18).

Oath of Office

1. Statutory Requirement. Each trustee shall take and subscribe the oath of office prescribed by ND Const. art. XI, § 4 before entering on the duties of office (NDCC § 44-01-05). The oath is endorsed upon or attached to the commission, appointment or certificate of election, and the original is filed with the Secretary of State (NDCC § 44-05-04(1)). An appointing authority may rescind the appointment of a trustee who fails to file the oath (NDCC § 44-01-05.1). → On how an appointment is completed: Roles: TFFR Board — Vacancies, Holdovers & Continuity.

2. Fiduciary Acknowledgment. In addition to the constitutional oath, each trustee acknowledges in writing:

- the duty of loyalty to members, retirees and beneficiaries;
- the duty of care, held to the standard of a prudent expert (NDCC § 21-10-07);
- the duty of compliance with applicable statutes, administrative rules and Board policy;
- the obligation to avoid conflicts of interest; and
- the commitment to continuing fiduciary education.

3. Annual Reaffirmation. At the first regular meeting following July 1 of each year, trustees reaffirm the fiduciary acknowledgment above. The reaffirmation is recorded in the minutes (NDCC § 44-04-21) and is satisfied by the annual affirmation of the Code of Conduct. → TFFR Code of Conduct Annual Affirmation.

4. Record Retention. Executed oaths and acknowledgments are retained under the office's approved records-retention schedule (NDCC § 54-46-05).

5. Non-Compliance. A trustee who has not taken and subscribed the required oath may not participate in Board deliberations or vote. Where a trustee has taken the oath but has not completed the annual fiduciary acknowledgment, the matter is handled as an administrative correction. → Enforcement of the Conduct Policies — Tier 1.

Use of Artificial Intelligence

1. Purpose. This policy establishes the principles, governance standards and control requirements governing the use of artificial intelligence (AI) by the Board and by RIO staff in connection with the TFFR program. It is adopted under NDCC ch. 15-39.1 and is intended to assure that the use of AI

supports the fiduciary duties stated in Fiduciary Duties above, protects confidential information, and complies with applicable open meetings and open records law.

2. Scope. This policy applies to all trustees and committee members; to the Executive Director and RIO staff; and to contractors and service providers acting on behalf of the Board where AI tools are used in connection with Board business.

3. Definitions. The following terms apply to this policy.

- Artificial Intelligence (AI) means software systems or tools that perform tasks typically requiring human intelligence, including machine learning systems, predictive models, generative AI, large language models, natural language processing systems and automated decision-support tools.
- Generative AI means an AI system that generates text, images, code, models or other content in response to prompts.
- Material Decision Context means any matter involving benefit determination, administrative rules, actuarial assumptions and funding policy, investment policy and asset allocation, service levels, procurement, risk management, governance or personnel, or any other action that may materially affect members, retirees, beneficiaries or fund assets.

4. Guiding Principles.

- Fiduciary Primacy: AI tools may support but shall not replace the exercise of independent fiduciary judgment.
- Human Accountability: all material decisions remain the responsibility of identified individuals and of the Board acting collectively. AI outputs shall not be treated as authoritative without human review.
- Confidentiality Protection: confidential information, proprietary data and non-public records — in particular records relating to a member’s or beneficiary’s retirement benefits (NDCC § 15-39.1-30) — shall not be entered into a publicly available AI system unless explicitly authorized and protected by appropriate contractual safeguards.
- Transparency and Documentation: where AI tools materially inform analysis or recommendations presented to the Board, staff shall document the role of AI in the analytical process.
- Security and Risk Management: AI use shall comply with the cybersecurity, data governance and enterprise risk management policies applicable to RIO, including the statewide information technology standards RIO is subject to (NDCC ch. 54-59).

5. Permissible Uses. Subject to the safeguards in this policy, AI may be used for research support and background analysis; drafting and editing non-final documents; data summarization and pattern identification; scenario modeling and analytical support; administrative efficiency; and education and training.

6. Prohibited Uses. The following are prohibited unless expressly approved by the Executive Director and consistent with law:

- entering confidential information into a public AI platform without contractual data-protection safeguards;

- delegating a final benefit, eligibility or disability determination to an AI system;
- using AI to generate an official Board position without human validation and approval;
- circumventing public records retention requirements; or
- creating synthetic communications that misrepresent Board authority or an official Board position.

7. Decision Support. Where AI tools are used in connection with a Material Decision Context, AI outputs are advisory only; material assumptions must be independently validated; documentation shall identify the extent to which AI informed the analysis; and final recommendations shall clearly reflect professional judgment and fiduciary review. The use of AI shall not dilute the standard of care stated in Fiduciary Duties above.

8. Governance and Oversight. The Executive Director shall approve the AI tools used for official business, assure appropriate vendor due diligence and contractual safeguards, integrate AI risk into enterprise risk management, and report material AI-related risks or incidents to this Board and to the SIB Audit, Risk and Compliance Committee. The Board receives that reporting through its representative on that committee, and the Governance & Policy Review Committee reviews AI governance practice as part of its periodic review of this system.

9. Vendor and Third-Party AI Use. A contract with an external service provider that materially uses AI in connection with the TFFR program or fund assets shall disclose that use where it is more than incidental, provide assurances on data confidentiality and cybersecurity, and confirm compliance with applicable law and fiduciary standards.

10. Records Retention. AI-generated content used in Board business is a public record where NDCC § 44-04-18 so requires, and is retained under the office's approved records-retention schedule (NDCC § 54-46-05). A prompt history or AI interaction that materially informs a recommendation to the Board is retained as part of the decision-support record.

11. Training. Trustees and staff receive periodic education on appropriate AI use, data confidentiality risks, and the fiduciary implications of AI-supported analysis. → Conduct the Business of the Board and its Committees — Continuing Education.

12. Periodic Review. This policy is reviewed at least every two years, or more frequently if significant technological or regulatory developments warrant it. The Board recognizes that AI tools may enhance analytical depth and operational efficiency. Prudence, however, is measured by the quality of the human judgment exercised in oversight, not by the sophistication of the tools employed.

Enforcement of the Conduct Policies

Scope and limit of authority

The provisions above set the standards of conduct, disclosure, and annual affirmation. This section governs how an alleged breach is handled.

The Board has no authority to appoint, remove, or discipline a trustee. Trustees hold office by election or by gubernatorial appointment (NDCC § 15-39.1-05.1(1)(a)–(d)), and removal rests with the authority that placed them.

Where a matter of trustee conduct arises, the Board establishes the facts, states its conclusion, corrects the matter before it, directs measures within its authority over its own business and record, and refers the matter to the authority holding jurisdiction. It imposes no reprimand, censure, or other sanction.

This does not limit the Board's authority, or the fund's rights, to pursue recovery for loss caused by a breach.

Tiers of response

A matter is handled at the lowest tier that fits the conduct and escalates only on the triggers stated below. Response will be determined by the Board President.

Tier 1 — Administrative correction. Conduct that is inadvertent, promptly self-reported or acknowledged, and fully curable. Resolved by the President with counsel through documented correction. No determination, no measure beyond the correction, no transmittal.

Tier 2 — Board determination. Conduct that is contested, uncured, repeated, or material, or a Tier 1 correction not completed within the time set.

Tier 3 — External referral. Conduct that may constitute a crime or a misuse of fund assets, or that may violate ND Const. art. XIV or a rule of the Ethics Commission. Tier 3 runs concurrently with Tier 1 or Tier 2, not in place of them. Tier 3 is not the route for an ordinary breach of this Code — a missed affirmation, an incomplete disclosure, an unrecused conflict, or a confidentiality breach that is not itself criminal. Those are corrected at Tier 1 or determined at Tier 2, and the determination is transmitted to the authority having jurisdiction under “Notification of the authority having jurisdiction” below. No external body has jurisdiction over this Code as such.

Reporting and intake

Any Board member, RIO employee, plan member, or member of the public may report a suspected violation — to the President, to the Vice President if it concerns the President, or to the Executive Director if it concerns both. Counsel may also receive a report and shall notify the President or Vice President.

Promptly on receipt, and ordinarily within [twenty business days], the President or Vice President, with counsel, determines whether the report, if true, would describe conduct inconsistent with this Code; the tier that fits the conduct; and which external authority, if any, is to be notified. Where the screen takes longer, the reason is recorded and any identified reporter is told the matter remains open. A report that would not describe conduct inconsistent with this Code is closed and the closure recorded.

The Board can give a reporter no assurance of confidentiality. A person seeking a confidential channel may use the Ethics Commission's whistleblower hotline (ND Const. art. XIV, § 3), which reaches conduct within the Commission's subject-matter jurisdiction — transparency, corruption, elections, and lobbying (ND Const. art. XIV, § 3(2); NDCC § 54-66-01(2)). Conduct outside those subjects has no confidential reporting channel at the Board, and the Board says so rather than implying one exists.

Tier 1 — Administrative correction

Where the conduct is inadvertent, promptly self-reported or acknowledged, and fully curable, the President with counsel may resolve it by directing the correction — filing the annual affirmation, amending a disclosure, returning or refusing a gift, recusal going forward, correcting an affected Board record — and setting a completion date not more than [thirty days] out.

The direction and its completion are documented, reported to the Board in summary at its next regular meeting, and entered in the record. No determination is made and no transmittal is sent. A correction not completed by the date set escalates to Tier 2, and the non-completion is stated in the matter.

Tier 1 is unavailable where the conduct is contested, has recurred after a prior correction, involves personal financial benefit, involves disclosure of confidential information, or may constitute a crime.

Tier 2 — Notice and hearing

Before any determination the trustee receives written notice of the conduct alleged and the standard said to have been breached, and a reasonable opportunity — not less than [fifteen business days] — to respond in writing and to be heard. This is not waivable, whether or not the matter has also been referred. The Board's aim is to complete a Tier 2 review within [ninety days] of intake; where it does not, the reason is recorded.

Pending determination the President may direct interim measures: recusal from the matter that gave rise to the allegation, and suspension of access to confidential material relating to it. Interim measures are protective, not disciplinary; they are recorded and end on determination.

The Board may consult counsel in closed session and may discuss closed or confidential records in executive session (NDCC §§ 44-04-19.1, 44-04-19.2). Final action is taken in open meeting.

Recusal and vote threshold

The subject trustee does not deliberate or vote, except to be heard, and is not counted in determining whether the Board may act on the matter. Four members constitute a quorum and four affirmative votes are required for any Board action regardless of attendance

(NDCC § 15-39.1-05.1(3)); the vote is a recorded roll call vote (NDCC § 44-04-21(1)). Before the matter is called, the President confirms that four trustees eligible to act remain available.

If four affirmative votes cannot be assembled, by reason of recusal, absence, or vacancy, the matter is not closed. The inability to act is recorded, any authority to which the matter was referred is notified, and the President transmits the record to the authority having jurisdiction without a determination.

Determination and measures

By four affirmative votes the Board determines whether the conduct occurred and whether it is inconsistent with this Code. The determination is a finding only: no sanction attaches, and the Board makes no recommendation as to continued service — that rests with the appointing authority or, for an elected officeholder, the electorate.

The Board may direct measures within its authority over its own business and record: recusal going forward; correction of a disclosure; return or refusal of a gift; correction of an affected Board record; additional education or training; reassignment or removal from an office of the Board or a committee position (NDCC § 15-39.1-06); and reassignment of the Board's designation to the State Investment Board (NDCC § 21-10-01). These are not discipline and do not affect a trustee's seat, vote, or term.

A directed measure not complied with is stated in the transmittal under this section and may be the subject of a further determination.

Tier 3 — External referral and notification

Appointed trustees are appointed officials of the state's executive branch, and the state treasurer and superintendent of public instruction are elected officials, each a public official under NDCC § 54-66-01(8). A designee of an ex officio member is a public official only where the designee is independently an elected or appointed official of the state's executive or legislative branch; NDCC § 54-66-01(8) contains no designee provision.

The **Board requires referral** to the Attorney General and to the state's attorney of the county having jurisdiction where the conduct may constitute fraud against the fund (NDCC § 15-39.1-29), theft, another crime, or a misuse of fund assets. No North Dakota statute compels this referral; the Board imposes it on itself. The referral is made by the President with counsel as soon as that conclusion is reached (without prior Board action and without waiting for the intake screen to conclude) and is reported to the Board at its next regular meeting. Referral does not displace the Board's separate duty to correct a resulting record error and adjust payments to the actuarial equivalent of the benefit correctly owed (NDCC § 15-39.1-29; see Decision Register (Delegations)).

Referral is **discretionary** where the conduct may violate ND Const. art. XIV or a rule of the Ethics Commission, in which case it goes to the Ethics Commission (ND Const. art. XIV, § 3; NDCC ch. 54-66). The Commission's authority is confined to transparency, corruption, elections, and lobbying (ND Const. art. XIV, § 3(2); NDCC §§ 54-66-01(2), 54-66-12(1)); a missed disclosure, an unrecused conflict, or a breach of confidentiality is not, without more, a matter the Commission can take. The Ethics Commission has no jurisdiction over this Code as such. Any person may complain to the Commission directly, and nothing in this section affects that right.

Referral does not pause the Board's own review. Where the receiving authority asks the Board to defer, the Board defers, records the request, reviews the deferral at each regular meeting, and resumes on notice that the hold has lifted or on that authority's disposition of the matter.

Where a matter is referred to the Ethics Commission, counsel advises the Board on NDCC § 54-66-12 which makes the contents of a complaint and information identifying a respondent confidential until a violation is determined and affirmed. Counsel advises on how that section bears on the Board's own record and open-session determination.

Notification of the audit committee. Where a matter is referred to the Attorney General and the state's attorney under this section, the Executive Director on the same day reports it to the Chair of the SIB Audit, Risk and Compliance Committee, which serves as this Board's audit committee, and to RIO Internal Audit. The report states the fact, the nature of the matter, and its implications for internal control, and excludes records made confidential by NDCC § 15-39.1-30. The scope of any internal review is coordinated with the Attorney General so that it does not compromise the referral. Escalation to the State Investment Board is made by the ARCC Chair under the SIB Governance Policy System, which requires significant fraud matters to be reported promptly to the ARCC Chair and escalated to the Board as appropriate.

Where the Executive Director or the ARCC Chair is the subject of the matter, or where the subject also holds a seat on the State Investment Board, the President notifies the ARCC Chair and the SIB

Chair directly and at once. The Board's representative on the ARCC receives a copy of any notification under this section and takes no part in the matter where that trustee is the subject.

Notification of the authority having jurisdiction

On determination the President transmits the determination, the trustee's response, and the record of the review to the authority having jurisdiction:

- **appointed trustee** — the Governor, with a copy to the organization that submitted the nominee list, which controls future nominations under NDCC § 15-39.1-05.1(1)(a)–(c);
- **state treasurer or superintendent of public instruction serving personally** — that officeholder, and where applicable the Ethics Commission; the Board has no authority over an elected officeholder's tenure;
- **designee of an ex officio member** — the officeholder who made the designation, who alone may replace the designee.

A transmittal is notification only. It carries no request or recommendation as to removal or discipline and is copied to any authority to which the matter was referred. No transmittal is sent for a matter resolved at Tier 1.

Records, access, and protection

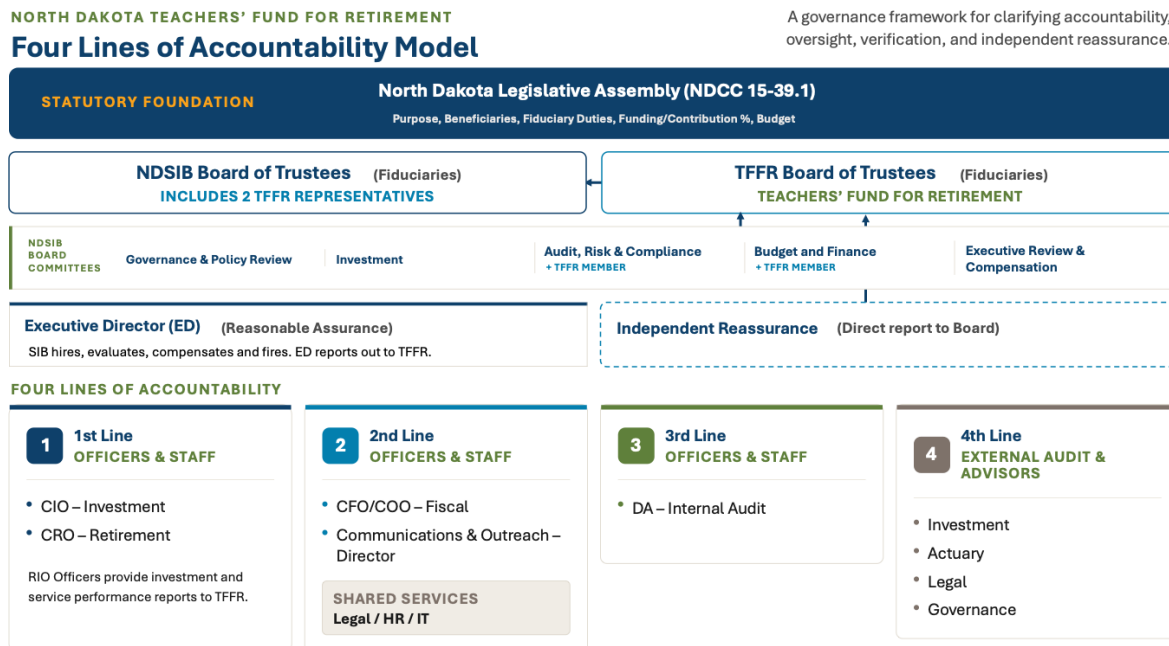
The report, intake screen, notice, response, determination, measures, corrections, and referrals are documented and retained under the office's records-retention schedule. Determinations are made in open session and entered in the minutes, and nonprocedural votes are recorded roll call votes (NDCC §§ 44-04-19, 44-04-21). Recordings of executive sessions are retained not less than six months (NDCC § 44-04-19.2(5)).

Records of the review are open under NDCC § 44-04-18 unless a specific exception applies. Attorney work product and attorney consultation are exempt under NDCC § 44-04-19.1. NDCC § 15-39.1-30 makes records relating to the retirement benefits of a member or beneficiary confidential; because every appointed trustee is also a plan member, that section reaches a trustee's own retirement records where a review touches them, but it does not close the conduct review itself. No broader assurance may be given to a reporter.

No person may be subjected to retaliation for reporting in good faith or for participating in a review. Retaliation is itself a breach of this Code, as is a report made in bad faith. For RIO employees, reprisal for reporting a violation of law or a misuse of public resources is separately prohibited by NDCC § 34-11.1-04.

Roles

Four Lines of Accountability Model



The Board recognizes the 4 Lines Model as the foundation for reasonable assurance and independent reassurance and accountability:

1st Line — Benefits and Investment Services

Officers & Staff: CIO — Investment, CRO — Retirement. Provide reasonable assurance through execution, controls, and monitoring.

2nd Line — Middle and Back Offices and Enterprise Services

Officers & Staff: CFO/COO — Fiscal, Communications & Outreach Director. Shared Services: Legal / HR / IT. Provide reasonable assurance through controls and monitoring.

3rd Line — Internal Audit Services

Officers & Staff: DA (Director of Audit), Internal Audit. Provides independent reassurance through objective review and assurance.

4th Line — External Audit & Advisors

External Audit & Advisors: Investment Consultant, Actuary, Legal, Governance Advisor. Provides independent reassurance — direct report to Board.

The TFFR Board, through the SIB, relies on all four lines to support prudent delegation and informed oversight. 1st and 2nd Lines provide reasonable assurance through execution, controls, and monitoring. 3rd and 4th Lines provide independent reassurance through objective review and assurance.

The ND Statutory Framework & Legislature

The North Dakota Legislature establishes the statutory framework within which the TFFR operates. The Legislature's role is one of policy-setting, fiscal authorization, and accountability oversight, not pension administration. The Legislature defines the rules, benefit structure, resources, and accountability expectations; the TFFR Board governs and oversees the retirement program within those statutory boundaries; and management executes, with RIO administering the program and implementing investments.

The Legislature:

- **Sets governing law and public purpose:** Enacts and amends statutes (primarily NDCC Chapter 15-39.1) that define TFFR's mandate, powers, fiduciary duties, governance structure, membership, benefit provisions, and contribution rates, and the Fund under its care.
- **Approves budgets and resource authority:** Authorizes the operating budget, staffing levels, and major expenditure categories that support TFFR administration through the biennial appropriations process.
- **Provides oversight and accountability:** Exercises oversight through interim Committees, hearings, reporting requirements, audits, and confirmation or review processes.
- **Does not administer the plan or direct investments:** The Legislature does not determine individual benefit eligibility or calculations, administer the plan day-to-day, select investments, or set asset allocation.

Reporting Role of TFFR to the Legislature

TFFR has a statutory duty to report to the North Dakota Legislature to support transparency, accountability, and legislative oversight, without compromising the Board's fiduciary independence. TFFR reports what has been done, how the Fund and member benefits are safeguarded, and whether statutory intent is being met, while the Legislature retains oversight authority and TFFR retains fiduciary and operational independence.

TFFR's reporting role includes:

- **Periodic and statutory reports:** Providing required reports on the actuarial funding status, investment results, financial condition, Fund status, benefit administration, and compliance with governing statutes and policies.
- **Budget and appropriation support:** Submitting budget requests, expenditure reports, and staffing information necessary for the Legislature to exercise its appropriation and fiscal oversight responsibilities.
- **Actuarial, audit, risk, and compliance reporting:** Communicating actuarial valuations and funding adequacy, the results of independent external audits, internal audit activity, and material risk, control, or compliance matters relevant to legislative oversight.

- **Testimony and legislative engagement:** Appearing before legislative Committees to explain results, respond to inquiries, and provide factual, non-advocacy information on TFFR's activities and governance, including the fiscal and actuarial impact of proposed benefit or contribution changes.

TFFR Board Charter

The Teachers' Fund for Retirement Board of Trustees is the fiduciary governing body of the fund, responsible for the long-term security of the retirement, disability and survivor benefits promised to North Dakota's public-school educators and their beneficiaries. The Board holds the fund in trust for the exclusive purpose of providing those benefits and defraying the reasonable expenses of administering the plan.

The Board governs through policy, delegation and oversight. It sets the fund's actuarial assumptions and funding policy, its investment policy and long-range asset allocation targets, its administrative rules, and the levels of service its members receive. It does not invest the fund — that is supervised by the State Investment Board — and it does not administer the plan day to day — that is carried out by the Retirement and Investment Office under the State Investment Board's governance. Authority may be delegated; fiduciary responsibility may not.

A TFFR trustee is a long-horizon fiduciary steward of benefit security, governing policy and oversight rather than execution, in a system where execution rests with other bodies.

The Board adopts and maintains this Governance Policy System and reviews each element of it on a stated cycle. It obtains and instructs its legal counsel through the Attorney General's Office, which appoints all counsel acting for the Board; TFFR may not employ legal counsel except upon written appointment by the Attorney General (NDCC § 54-12-08).

Board Authority

The authority to set policy for the fund rests in the TFFR Board of Trustees (NDCC § 15-39.1-05.1(1)). The Board sets direction and policy, submits necessary or desirable statutory changes to the Legislative Management's Employee Benefits Programs Committee, determines the levels of service its members receive, including benefits counseling and preretirement programs, and informs the State Investment Board — the administrative board of the Retirement and Investment Office — of the service levels, goals and objectives expected to be provided through RIO (NDCC § 15-39.1-05.2(5)–(7)). It oversees administration and investment; it does not conduct them.

The Board's powers are enumerated at NDCC § 15-39.1-05.2, and it may adopt rules necessary to fulfill its responsibilities (NDCC § 15-39.1-07), following the procedures of NDCC ch. 28-32 and published at NDAC tit. 82. The Board has the powers and privileges of a corporation, including the right to sue and be sued in its own name, and the venue of any action to which the Board is a party is Burleigh County (NDCC § 15-39.1-05.2(1)). Counsel acting for the Board is appointed by the Attorney General (NDCC § 54-12-08); that governs who represents the Board, not the Board's

capacity to be a party. Trustees serve as fiduciaries — see Fiduciary Duties for the standards that follow from that, and Authorities and Delegation for how each power is exercised.

Board Composition

Seven trustees serve under NDCC § 15-39.1-05.1(1):

Subd.	Seats	Trustee	Selection
(a)	2	Actively employed as elementary or secondary teachers in full-time positions not classified as school administrators	Appointed by the Governor from a list of three nominees submitted by North Dakota United (NDU). A trustee appointed as an active teacher or school administrator who terminates that employment may not continue to serve.
(b)	1	Actively employed as a full-time school administrator	Appointed by the Governor from a list of three nominees submitted by the North Dakota Council of Educational Leaders (NDCEL)
(c)	2	Retired members of the fund	Appointed by the Governor from a list of three nominees submitted by the North Dakota Retired Teachers Association (NDRTA)
(d)	2	State Treasurer; Superintendent of Public Instruction	Serve ex officio by virtue of office. Each may be represented by a designee from the office of state treasurer, or from the Department of Public Instruction, respectively

Charge and management of the business: The Board will have general charge and management of the business of the Fund, subject to law, administrative rules and regulations, and governance policies (NDCC 15-39.1-05.2). The Board will make such policy as necessary to fulfill this obligation. Investment of the Fund is under the supervision of the State Investment Board (NDCC 15-39.1-26; NDCC ch. 21-10), and RIO is governed by the SIB (NDCC 54-52.5-02); each board retains its separate legal identity and authority.

Representation by Designees: When the statutes allow a designee to represent a member of the TFFR, the President will recognize the individual for the record, and the individual(s) will then have the right to vote on matters before the TFFR.

Committee Composition

The Board may establish standing and special (ad hoc) committees. Its standing committee is the Governance & Policy Review Committee (GPRC).

Three trustees serve on a committee, elected by the Board each July for one-year terms. The President appoints the chair of the standing committee, and appoints the chair and members of each special committee. Membership must not include a quorum of the Board.

→ On meeting cadence, notice, attendance, and all other conduct of committee business: Conduct the Business of the Board and its Committees.

Committee Authority and Role

The Board holds the exclusive authority to approve policies, delegations, and major decisions, and remains ultimately responsible for prudent fiduciary processes, while committees serve in an advisory and oversight capacity by conducting detailed research, developing recommendations for Board consideration, and overseeing and verifying that Board-approved decisions are implemented and performing as intended — without exercising independent approval or execution authority.

Committees act as extensions of the Board’s fiduciary authority, performing detailed review, analysis, and oversight within scopes defined by a Board-approved charter or, for a special committee, by the motion establishing it. Committee authority is collective and advisory unless explicitly delegated by Board action. Committees:

- Prepare recommendations for full Board consideration.
- Monitor delegated activities within assigned domains.
- Escalate material risks, exceptions, or policy issues to the full Board.
- Verify performance and risk through the use of independent third parties.

Committees do not exercise independent governing authority unless expressly delegated by the Board, and all material decisions remain subject to full Board approval on four affirmative votes. A committee is not a quorum of the Board and may not act as one.

→ On the Board’s own oversight and verification duties: TFFR Board Charter — Oversight and Verification. On what the Board has and has not delegated: Key Decisions — Decision Register (Delegations).

Governance & Policy Review Committee Charter

Purpose

The Governance & Policy Review Committee (GPRC) is a standing committee of the Board of Trustees of the North Dakota Teachers’ Fund for Retirement. The GPRC assists the Board in fulfilling its fiduciary responsibilities by overseeing the integrity, coherence, and effectiveness of the Board’s governance framework.

The GPRC’s role is governance and policy stewardship, not management execution. The GPRC assures that Board policies remain clear, current, internally consistent, and aligned with fiduciary duties, statutory authority, and the long-term objectives of the fund.

The GPRC is intentionally policy-centric rather than operational, and serves as the Board’s institutional memory and governance steward. Its effectiveness is measured by improved clarity and consistency, fewer governance-related surprises, and stronger long-term decision discipline.

The GPRC shall periodically review the Board’s governance framework against recognized governance standards and leading practices and recommend enhancements as appropriate.

Authority and Limitations

- Has authority to review, assess, and recommend.
- Does not have authority to approve policy, except where specifically delegated by the Board. Adoption of a policy, a charter, or an administrative rule is reserved to the Board.
- Does not direct management operations, and does not supervise the Executive Director, the Chief Retirement Officer, or Retirement and Investment Office staff.
- Does not provide legal review. Legal advice to the Board is the responsibility of the Attorney General’s office.
- May request information, analyses, and assistance from management and external advisors as necessary to fulfill its duties, including staff training on governance topics.

Recommended Capabilities

Collectively, members of the Committee should possess the following capabilities, and where gaps exist, a targeted continuing education plan shall be established to address them: [proposed]

- Fiduciary Duties & Public Governance Law
- Board–Management Delegation & Accountability
- Governance Frameworks, Policies & Charters
- Ethics, Conflicts & Independence
- Board Effectiveness & Self-Assessment
- Compliance with the Americans with Disabilities Act (ADA)

Staff Liaison

Executive Director, supported by the Chief Retirement Officer.

Powers and Responsibilities

1. Conduct — *annual self-assessments*

The GPRC shall conduct its own self-assessment and oversee the completion of the annual self-assessments of the Board, its committees and individual trustees, and shall report the results to the Board. The GPRC designs the assessments, sets their timing and reports the results, including the confidential evaluation of the President; the President implements them with the assistance of the Executive Director and the Director of Audit. [proposed]

2. Set — research and recommend

Charter and delegations framework. The GPRC shall periodically review this charter and all committee charters, no less than every three years, and recommend updates to reflect statutory or regulatory changes, evolving governance practices, Board priorities, clearer decision-making, delegation and accountability, and delegations of authority.

The GPRC shall review and recommend Board delegations to committees, to the Executive Director, and to staff — recorded in the Decision Register (Delegations) — assuring that delegations are clearly defined, include appropriate limits and reporting expectations, and preserve Board accountability and its reserved powers while enabling effective operations.

Statutory and rule changes. The GPRC shall review and recommend changes to the governance provisions of NDCC ch. 15-39.1 and NDAC tit. 82 for the Board's submission to the Legislative Management's Employee Benefits Programs Committee (NDCC § 15-39.1-05.2(5)). Benefit design, eligibility, and contribution statute remain with the Board. The GPRC shall review proposed administrative rules before they are advanced under NDCC ch. 28-32; adoption is reserved to the Board (NDCC § 15-39.1-07).

The GPRC may recommend governance enhancements that strengthen long-term stewardship, informed challenge, constructive Board–management relationships, and disciplined decision-making.

3. Approve — not authorized

The committee is not authorized to approve, except where explicitly delegated by the Board.

4. Oversee

a. Governance risk and alignment.

- Monitor emerging governance, fiduciary, and regulatory risks.
- Oversee alignment of Board policies with statute, administrative rules, fiduciary standards, and leading practices.
- Coordinate as appropriate with the SIB Audit, Risk and Compliance Committee, which serves as this Board's audit committee, with the Attorney General's office, and with external governance advisors, through the Board's representative on that committee and the Executive Director.

Material governance issues shall be elevated to the Board with clear recommendations.

b. Board effectiveness and development.

The GPRC shall oversee processes that support effective Board performance, including annual Board and committee self-assessments; trustee orientation, mentoring, and continuing education expectations; and practices relating to meeting effectiveness, agenda design, and the quality and timeliness of Board materials.

c. Governance policy system.

The GPRC shall oversee the design and coherence of the Board’s governance system, including governance policies, delegations of authority, committee charters, and Board procedures. The committee shall monitor for gaps, overlaps, or ambiguity that could undermine fiduciary oversight, with particular attention to the TFFR–SIB–RIO intersections.

d. Governance policy review cycle.

The GPRC shall establish and oversee a structured review cadence, no less than every three years, assuring that reviews are risk-informed, aligned with statute and leading practice, and reflective of Board intent. Periodic review does not imply revision.

5. Verify and report to the Board

a. Verification.

The GPRC shall verify that governance documents clearly define roles, authorities, and accountability; distinguish Board oversight from management execution; and remain internally consistent and free of conflict or duplication. The GPRC shall also verify that the Attorney General’s opinion as to legality is obtained before the Board adopts an administrative rule (NDCC § 28-32-14).

b. Reporting.

The GPRC shall report regularly to the Board on policy review activities, governance assessments, and recommendations for action. Recommendations shall be decision-ready and shall include rationale, implications, and alternatives where appropriate.

Special Committees

The Board may establish special ad hoc committees to carry out duties the Board specifies. A special committee’s authority is limited to the duties stated in the motion establishing it, and its chair organizes the committee’s work and reports to the Board.

→ On membership and appointment: Committee Composition. On meeting cadence, agenda-setting, the conduct of meetings, and dissolution on completion of the committee’s duties: Conduct the Business of the Board and its Committees.

Vacancies, Holdovers & Continuity

Terms. Appointed trustees serve five-year terms beginning July 1. Initial terms of four years under subdivision (a) and five years under subdivision (c) applied to the first appointments made under those subdivisions, and are what produce the current pattern of expirations (NDCC § 15-39.1-05.1(2)). The statute sets no limit on the number of terms a trustee may serve. Ex officio trustees serve for so long as they hold the office that places them on the Board.

How an appointment is made. The steps below reflect practice rather than statutory requirement except where cited. On an anticipated term expiration or a known vacancy, the Executive Director notifies the Board, and the President notifies the Governor's Office and the applicable nominating organization — North Dakota United, the North Dakota Council of Educational Leaders, or the North Dakota Retired Teachers Association. The Board's trustee capabilities and its responsibilities are provided to the Governor's Office and to the nominating organization to inform the selection.

The nominating organization submits a list of three nominees to the Governor's Office, as NDCC § 15-39.1-05.1(1)(a)–(c) requires. Each nominee completes the Application for Boards and Commissions issued by the Governor's Office, covering background, education, experience, financial disclosures, and references. The Governor makes the appointment and notifies the nominee and the Executive Director.

The Governor's Office sends the newly appointed trustee a Certificate of Appointment, together with an Oath of Office and Statement of Intent to be signed and returned. On their return the appointment is complete, and the trustee may carry out the duties of office and be reimbursed for authorized expenses (NDCC § 15-39.1-08).

Vacancies. A vacancy occurs upon a written resignation, effective on its stated date or on receipt; death; permanent incapacity; loss of statutory eligibility; disqualifying legal status; or expiration of a term without holdover. A trustee appointed under subdivision (a) or (b) who terminates the employment that qualified them may not continue to serve (NDCC § 15-39.1-05.1(1)). An office also becomes vacant by operation of law where the holder fails to discharge the duties of office for sixty consecutive days, except where prevented by service in the armed forces, sickness, or other unavoidable cause, and the Governor may for good cause extend that period (NDCC § 44-02-01(5)). Whether that provision is met in a given case is not the Board's determination; the Board's role is to keep an accurate record and report it. See Attendance Expectations.

The Governor fills a vacancy among the appointed trustees, and the appointee completes the term for which the original trustee was selected (NDCC § 15-39.1-07). An ex officio seat is filled by operation of law by the successor officeholder or that officer's designee. An appointed trustee resigns to the Governor as the appointing authority (NDCC § 44-02-02), with a written copy to the President — or to the Vice President where the President resigns — and to the Executive Director, which starts the notification below; the resignation is acknowledged in the minutes.

Notification. The Executive Director notifies the Board within five business days of a known vacancy event. The President notifies the Governor’s Office and the applicable nominating organization within ten business days, requesting the required list of nominees. For an anticipated term expiration, the same notice is given at least ninety days before the term expires.

Holdovers. A trustee continues to serve until a successor is named and qualified (NDCC § 54-07-01.2(3)). A holdover should not exceed ninety days without written notice from the President to the Governor’s Office and Board discussion in open session. That expectation is a Board standard: it does not limit the Governor’s appointment authority, shorten any term, or affect the validity of a holdover trustee’s actions.

Continuity. The Board maintains a rolling twenty-four-month view of anticipated expirations, known departures, and the capability gaps they would create, reviewed annually by the Governance & Policy Review Committee. Because four affirmative votes are required regardless of attendance, two concurrent vacancies leave no margin for an absence or a recusal; vacancies are a quorum risk, not an administrative matter.

Gubernatorial transition. The TFFR Board is one of the boards named in NDCC § 54-07-01.2, under which appointed members are considered to have resigned effective January 1 of the first year of each four-year gubernatorial term. The Governor may reappoint a member for completion of the original term or appoint a replacement and must reappoint no fewer than one less than a simple majority so that the Board retains continuity. A member whose resignation the Governor has not acknowledged in writing before July 1 is considered reappointed for the balance of the term. The section does not apply to the ex officio trustees, who are constitutional officers (ND Const. art. V, § 2; NDCC § 54-07-01.2(5)).

Voting and quorum. Each trustee is entitled to one vote. Four trustees constitute a quorum, and four affirmative votes are required for any resolution or action of the Board regardless of how many trustees are present (NDCC § 15-39.1-05.1(3)). Votes are open and recorded in the minutes (NDCC § 44-04-21).

Removal. The Board has no authority to appoint, remove, or discipline a trustee, and no North Dakota statute confers on the Governor a power to remove a seated trustee mid-term. Conduct matters are handled under the Board Members’ Code of Conduct, which provides for findings and referral to the authority holding jurisdiction.

Oversight

Oversight is the Board’s continuing attention to whether the plan is being administered and invested consistently with the direction the Board has set. It is exercised through reporting, the escalation of exceptions, and independent verification — not through participation in execution.

Oversight of management and organization

- The administration of the plan against Board policy.
- Member and employer outreach and service programs against the levels of service the Board has set.
- The RIO budget, expenditures and financial reporting system, informed through the Board’s representative on the SIB Budget and Finance Committee.
- The information technology systems, projects and information security on which the retirement program depends.

Stewardship of the fund

- Funding progress against the Board’s funding policy and objectives.
- Investment program activities, fund performance, and compliance with the Board’s investment policy and asset allocation.
- Plan benefit payments, consulting fees, and administrative and investment expenditures.

Risk, compliance and accountability

- The plan’s compliance with the qualification requirements of the Internal Revenue Code applicable to governmental plans (NDCC §§ 15-39.1-34, 15-39.1-35).
- Audit program activities, through the Board’s representative on the SIB Audit, Risk and Compliance Committee, which serves as this Board’s audit committee.
- The plan’s risk profile, including funding, investment, operational, information security and fiduciary risks.
- Employer compliance with reporting and payment obligations, and the exercise of the Board’s penalty and waiver authority (NDCC § 15-39.1-23).
- The performance of the actuarial, medical and investment consultants, and of other advisors and service providers, against their engagement terms.

Stakeholder and legislative accountability

- Legislation affecting the plan.
- The annual financial report of the fund, which RIO prepares and publishes within the State Investment Board’s governance of the agency; and, separately, the Board’s own annual report to members and participating employers on funded status, investment results and administrative performance. The Board’s report to its members is the Board’s to approve and issue.

Verification

Verification provides objective evidence, obtained independently of the administration and investment of the plan, that what the Board has been told is so.

- The Board receives and accepts the annual actuarial valuation and the GASB reporting required of the plan and of participating employers.
- The Board verifies the audit program through its representative on the SIB Audit, Risk and Compliance Committee, and receives the results of internal and external audits of the plan and of RIO.

- The Board obtains periodic independent verification that its policies are being complied with, including a periodic fiduciary or governance review.
 - The results of the Board’s self-assessment and of its trustee education program are recorded.
- On the verification events and their cadence — the annual audit of the fund, the actuarial valuation, the investigation of actuarial experience conducted at least every five years, independent actuarial audits, and independent analysis of proposed legislation: Decision Calendar. On the annual report from the Executive Director on the exercise of delegated authority and any exception taken to Board policy: Key Decisions — Decision Register (Delegations).

TFFR Trustees

Composition, terms, voting and vacancies are set out under Roles: TFFR Board.

Trustee Duties, Expectations & Continuing Education

Role

A trustee serves as a member of the Board of Trustees of the Teachers’ Fund for Retirement, providing leadership, overseeing plan administration, and setting the strategic direction of the TFFR program (NDCC § 15-39.1-05.1). *These responsibilities are those of the individual trustee; the responsibilities of the Board as a body are set out separately under the five powers of the Board. They apply equally to a designee attending for an ex officio member.*

Trustee Standards

Each Board member is expected to: prepare for and actively participate in Board and Committee assignments; exercise independent judgment while respecting collective Board decisions; ask informed, prudent questions focused on risk, assumptions, and long-term implications; avoid conflicts of interest and comply with ethics and disclosure requirements (see Fiduciary Conduct Policies — Conflicts of Interest & Disclosure); maintain confidentiality of non-public information; and support a culture of integrity, respect, and continuous improvement.

The table below states those expectations in the terms of the trustee’s fiduciary duties, with the statutory requirements that attach to each.

Duties and Responsibilities	Explanation
Duty of loyalty	• A trustee shall act solely in the interest of the plan’s members and beneficiaries, and shall require that fund assets be held in trust for their exclusive benefit and not diverted to any other purpose (NDAC § 82-01-01-01(1)(c)(2)). • A trustee shall disclose conflicts of interest, recuse where required, and take no personal benefit from the position. <i>See Fiduciary Conduct Policies. (new)</i>

Duty of prudence	• A trustee shall prepare for and attend meetings of the Board and of each committee on which the trustee serves. <i>See Attendance Expectations.</i> • A trustee shall participate fully in the decisions and actions of the Board and its committees, making independent assessments and reasonable judgments. • A trustee shall acquire and maintain the knowledge and skills necessary to perform trustee duties. <i>See Continuing Education.</i> • A trustee shall seek the advice of the Executive Director, legal counsel, the Board’s consultants, and other trustees when necessary to discharge the trustee’s fiduciary duties.
Duty of compliance	• A trustee shall follow Board policies and procedures and applicable state and federal law and rules. • <i>See Fiduciary Conduct Policies.</i> • A trustee shall maintain the confidentiality of member and beneficiary records as required by law (NDCC § 15-39.1-30). • A trustee shall observe North Dakota open meetings and open records requirements (NDCC ch. 44-04).
Survival of confidentiality obligations	A trustee’s obligation of confidentiality does not end with the trustee’s service. NDCC § 15-39.1-30 attaches confidentiality to the records themselves rather than to the holder of the office, and a former trustee remains bound as to member and beneficiary information acquired while serving. On leaving the Board, a trustee returns or destroys confidential material in the trustee’s possession as directed by the Executive Director and confirms in writing that the trustee has done so.
Candor and collegiality	• A trustee shall communicate accurately with other trustees, members, beneficiaries, interested parties, the public, and RIO staff. • A trustee shall act collegially with other trustees and with staff in the conduct of TFFR business. • A trustee shall bring to the attention of the Board matters of concern affecting the plan. • A trustee shall support a decision once adopted by the Board, while preserving the right to have a dissent recorded in the minutes (NDCC § 44-04-21). (new)
Accountability	• A trustee shall complete an annual individual self-assessment and participate in the annual evaluation of the Board’s performance as a whole. <i>See Governance & Policy Review Committee Charter.</i> • A trustee shall cooperate fully with audits, actuarial and governance reviews, and any review conducted under the Fiduciary Conduct Policies. (new)

Committee Service

Board members may serve on one or more standing Committees. Committee service includes deeper research, recommendations and oversight within delegated scopes, while ultimate authority and responsibility remains with the full Board.

TFFR has one standing committee of its own, the Governance & Policy Review Committee, and holds seats on the State Investment Board and on two of its committees.

→ On committee composition, quorum and terms: Roles — Committee Composition. On the election of representatives: Election of TFFR Board Officers and SIB trustee positions.

Time Commitment

Trustees must be willing and able to devote the time necessary to fulfill their duties on the Board. The commitment includes:

- Regularly scheduled Board meetings
- Committee meetings as assigned
- Periodic education, retreats, and special sessions
- Ongoing preparation and review of materials between meetings

The Board's attendance expectations, and what follows where attendance falls short, are set out below.

Attendance Expectations

Attendance	Explanation
Expectation	Each trustee is expected to attend every regular and special meeting of the Board and every meeting of each committee on which the trustee serves, to arrive prepared, and to remain for the duration. Attendance is a condition of effective service, not a courtesy. With seven seats, and four affirmative votes required for any action however many trustees are present, a single absence combined with one recusal or one vacancy can leave the Board unable to act on the matter before it. → On quorum and voting: Conduct the Business of the Board and its Committees — Quorum.
Ex officio members and designees	The state treasurer and the superintendent of public instruction may attend personally or by a designee from their offices (NDCC § 15-39.1-05.1(1)(d)); attendance by a designee satisfies this expectation for that seat. Each officeholder is asked to maintain a standing designation and to notify the President when it changes, so that the seat is never unrepresented for want of a designee.

Notice of absence and participation	A trustee who cannot attend notifies the President and the Executive Director in advance and identifies any item on the agenda on which the trustee’s absence may affect the Board’s ability to act. Participation by electronic means counts as attendance, to the extent allowed by North Dakota open meetings law and Board policy. Confirm the applicable notice and public-access requirements with counsel before adoption. → On the permitted means of attendance: Conduct the Business of the Board and its Committees — Meeting Attendance.
Support and compensation	A trustee whose employer questions release time for Board service should notify the President, who will address it with the employer. Compensation is payable for meetings attended and does not accrue for a meeting not attended (NDCC § 15-39.1-08). → On rates, mileage, the protection of salary and leave, and the payment form: Conduct the Business of the Board and its Committees — Compensation and Expense Reimbursement.
Record	The Executive Director reports a summary of Board and committee attendance to the Board annually, and it is included in the Board’s self-assessment record. → Attendance at each meeting is recorded in the minutes: Conduct the Business of the Board and its Committees — Minutes and Records.
Where attendance falls short	A trustee who misses more than [two] regular meetings of the Board in a fiscal year, or [three] consecutive meetings of the Board or of a committee, is contacted by the President to determine whether the trustee is able to continue to serve and whether the Board can assist. The Board has no authority to remove or discipline a trustee, and nothing in this section confers it. Within its own authority the Board may adjust committee and officer assignments and its designations to the State Investment Board, and may withdraw or change its recommendations for the SIB Budget and Finance Committee and the SIB Audit, Risk and Compliance Committee, where the appointment rests with the SIB Chair. Where non-attendance persists, the President reports the attendance record to the appointing authority — for an appointed trustee, the Governor, with a copy to the organization that submitted the nominee list; for an ex officio seat, the officeholder, who alone may replace a designee.
Relation to vacancy	This section does not itself create a vacancy. → On when an office becomes vacant, how a vacancy is filled, and the Board’s role in recording and reporting it: Roles: TFFR Board — Vacancies, Holdovers & Continuity. See also the automatic disqualification of a trustee appointed as an active teacher or administrator who terminates employment (NDCC § 15-

	39.1-05.1(1)(a), (b)), and resignation, which for an appointed trustee is submitted to the Governor (NDCC § 44-02-02).
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Knowledge, Skills and Competencies

Board members are not expected to be investment or actuarial professionals but are expected to govern prudently and intelligently. Desired competencies include an understanding of fiduciary responsibility and public trust; the ability to evaluate long-term risk and reward tradeoffs; financial, economic, or organizational literacy; strategic thinking and sound judgment; and a willingness to engage in continuing education. The matrix below sets those competencies out by role.

Capabilities each board role should possess or develop. Officer and committee roles build on the shared trustee baseline.

Role	Capabilities
Trustees (all members)	• Unwaveringly ethical, open, and accountable to stakeholders. • Perpetually inquisitive, with strong critical-thinking skills. • Knowledgeable about the membership and responsive to member needs. • Able to understand complex actuarial, financial, and investment concepts. • Committed to strong governance and to learning best pension practices. • Diligent, committed, and engaged; willing to commit the time required. • Professional, respectful demeanor with active listening and communication skills. • Able to make fair and timely decisions.
President	See TFFR Board President and Vice President Charter
Vice President	See TFFR Board President and Vice President Charter
Committee: TFFR Governance and Policy Review	All trustee capabilities, plus: • See the Governance & Policy Review Committee Charter for the full capability set and the continuing-education plan that closes gaps.
SIB Committee: Audit, Risk, and Compliance	All trustee capabilities, plus: • Strong financial and accounting literacy. • Understanding of audit, financial reporting, risk, and internal controls. • Independence and objectivity.
SIB Committee: Budget and Finance	All trustee capabilities, plus: • Strong budget and financial-management skills. • Financial planning and oversight of the administrative budget.

Continuing Education

The Board requires annual continuing education of each trustee, with the curriculum based on the Board's and the Committee's capability requirements set out above.

→ On the annual minimum hours and their scope, the curriculum subjects, the rolling three-year subject coverage, the biennial fiduciary-ethics and open-meetings sessions, catch-up plans, and conference travel and reimbursement: Conduct the Business of the Board and its Committees — Continuing Education.

Institutional Investor Standard of Care

Trustees are expected to govern consistent with the standards of a large, long-term institutional investor, informed by peer practices, fiduciary norms, and evolving governance and risk oversight frameworks. This includes:

- Awareness of peer governance, funding, and investment practices.
- Use of benchmarking and external expertise where appropriate.
- Commitment to disciplined, evidence-based decision-making over market cycles.

Continuing education supports the Board's ability to meet institutional investor standards and evolving fiduciary expectations. Trustees are expected to engage in ongoing fiduciary and governance education to:

- Strengthen approval and oversight capabilities.
- Remain informed about evolving benefits administration, investment, risk, and governance practices among peers.
- Fulfill fiduciary standards of care.

→ On the standard itself: Fiduciary Foundation — Fiduciary Duties. On the capability requirements the curriculum is built from: Knowledge, Skills and Competencies.

Collective Responsibility

Authority rests with the Board acting as a body, not with individual members. Individual trustees do not direct staff or make unilateral decisions on behalf of TFFR. → On the quorum and the four-vote requirement: Conduct the Business of the Board and its Committees — Quorum.

Board performance is evaluated through annual self-assessment. → Governance & Policy Review Committee Charter.

Election of TFFR Board Officers and SIB trustee positions

1. Board Officers

The TFFR Board will elect the following Board officers each year. Any trustee may serve as a TFFR Board officer:

- Board President
- Board Vice President

Board Officer Elections

Each year the TFFR Board elects trustees to serve in the following positions on the SIB Board, SIB Committees and the TFFR Governance Policy Review Committee (GPRC). Any trustee may be selected, except the State Treasurer, who already serves ex officio on both boards.

- Two TFFR representatives to SIB
- One Alternate TFFR representative to SIB, who performs the duties of a TFFR representative on the SIB in that representative's absence.
- A TFFR trustee recommended by the Board and appointed by the SIB Chair serves as a voting member of the SIB's SIB Audit, Risk and Compliance Committee.*
- A TFFR trustee recommended by the Board and appointed by the SIB Chair serves as a voting member of the State Investment Board's Budget and Finance Committee.*
- Three Board members to serve on the TFFR GPRC.

TFFR Representatives to SIB

The TFFR Board selects two trustees to represent TFFR on the SIB. As a matter of Board policy those representatives are drawn from its active and retired member trustees, although the statute permits the Board to select designees who need not be members of the fund (NDCC § 21-10-01(1)(f)). The Board elects a third trustee, from either category, as its alternate. The TFFR representatives to the SIB have the same authority and responsibilities as do other SIB trustees as provided in NDCC ch. 21-10 and outlined in the SIB Governance Policy System.

TFFR Representatives to SIB Committees

The TFFR Board recommends one trustee for appointment to the SIB Audit, Risk and Compliance Committee (ARCC) and one trustee for appointment to the SIB Budget and Finance Committee (BFC) (see Decision Calendar). The recommendation is TFFR's to make; the appointment is not. SIB committee members are appointed by the SIB Chair at the first SIB meeting in July of each year, or as a vacancy arises, on a slate the Chair proposes for SIB approval. Terms are one year and run with the trustee's term on the SIB committee. *The TFFR representatives on SIB ARCC and BFC have the same authority and responsibilities as do other trustees on the SIB committees.

The representative has no authority to bind or speak for this Board. Each representative reports to the TFFR Board on the committee's activity following each committee meeting, so the Board can discharge its own oversight and coordinate with the SIB.

TFFR Representative to the SIB Audit, Risk and Compliance Committee

The ARCC serves as this Board's audit committee; TFFR has no audit committee of its own. The representative participates in the committee's oversight of enterprise risk management, internal and external audit, financial reporting and internal controls, and compliance and ethics. This seat is the Board's channel for verifying the audit program and

receiving the results of internal and external audits of the plan and of RIO (see TFFR Board Charter — Verification).

TFFR Representative to the SIB Budget and Finance Committee

The BFC provides oversight of RIO's budget, financial plans, and the alignment of resources with Board-approved priorities — the administrative side of the enterprise through which the TFFR program is delivered. The representative contributes a TFFR perspective to the committee's deliberations on budget, financial, and administrative matters affecting RIO and the funds it serves.

2. Election Procedure

The TFFR Board elects Board officers, TFFR representatives to the SIB and their alternate, and members of any committees at the first regular Board meeting following July 1 of each year (NDCC § 15-39.1-06). As with all Board action, four affirmative votes are required (NDCC § 15-39.1-05.1(3)). Any trustee may nominate any trustee, self-nomination is permitted, and no second is required. The default voting method is a recorded roll call; a written ballot may be used on request only if ballots are signed, the Executive Director records and announces the totals and each trustee's vote, and the ballots are retained with the meeting record. Unattributed (secret) ballots are not used, because the Board acts in open meeting and its votes are part of the public record (NDCC §§ 44-04-19, 44-04-21). *[proposed — confirm with counsel before adoption]*

Where more than two candidates stand and none receives four affirmative votes, the candidate with the fewest votes is dropped and the vote retaken until two candidates remain. Where two candidates remain and neither receives four affirmative votes, the Board may take up to two further votes before deferring the position to the next regular or special meeting. A deferral leaves no position empty: the incumbent continues to serve, the Vice President acts as President where there is no incumbent, and the sitting SIB representatives and alternate continue to serve. Election by acclamation or unanimous consent may not be used, because those methods do not produce the four recorded affirmative votes the statute requires. The minutes record, for each position, the candidates nominated, the voting method, each trustee's vote, the number of rounds taken, and the outcome. *[proposed]*

3. Term

TFFR representatives to the SIB, and their alternate, hold their positions for one year or until their successors are elected. → On the term of the offices of President and Vice President: TFFR Board President and Vice President Charter. On the number of terms a trustee may serve in the Board seat: Roles: TFFR Board — Terms.

4. Vacancy in an office or representative seat

A Board officer or TFFR representative to the SIB may resign the position by written notice to the Board and the Executive Director; resignation from a position is not resignation from the Board. A vacancy occurring before the end of a term is filled by the Board at its next regular meeting by four affirmative votes, and the successor serves the remainder of the term. Where the office of President is vacant, the Vice President acts as President until the Board elects a successor.

→ On a vacancy in a trustee's seat on the Board: Vacancies, Holdovers & Continuity.

TFFR Board President and Vice President Charter

Leadership

The officers of the Board are a President and a Vice President, elected by the Board to a one-year term. → On the election procedure and its timing: TFFR Trustees — Election of TFFR Board Officers and SIB trustee positions. A vacancy in an office is filled by the Board at its next regular meeting. NDCC § 15-39.1-06 requires the annual election of a president and does not address a vice president; the office of Vice President is established by the Board under its authority to set policy for the fund and to adopt the rules necessary to fulfill its responsibilities (NDCC §§ 15-39.1-05.1(1), 15-39.1-07).

The President will preside at all meetings of the Board. In the absence of the President, the Vice President will perform the duties of the President. Neither officer has authority to act for the Board except as law, Board policy, or Board action provides.

→ On the election procedure, the term of office, and the filling of a vacancy in an office: TFFR Trustees — Election of TFFR Board Officers and SIB trustee positions.

President's Role

The President's primary responsibility is to assure the integrity of the Board's process. The President is the only Board member authorized to speak for the Board other than in specifically authorized instances. The duty of the President is to see that the Board operates consistently with state and federal law, administrative rules, and its own policies.

Meetings. The President convenes and presides over all meetings of the Board in a collegial, fair, and efficient manner. The President may call a special meeting, and a meeting may also be called by any two members of the Board on reasonable notice in writing to the other members (NDCC § 15-39.1-06). Meetings are conducted in compliance with open meetings requirements, including notice, executive session procedure, and open recorded roll call voting (NDCC §§ 44-04-19, 44-04-19.2, 44-04-20, 44-04-21). Before a matter is called for action, the President confirms that four trustees eligible to act are available. → On quorum and voting: Conduct the Business of the Board and its Committees — Quorum.

Agenda and information flow. The Board agenda is the responsibility of the President and is coordinated with the assistance of the Executive Director. The President reviews and approves the agenda for regular and special meetings and assures the proper and timely flow of adequate information to the Board. Meeting discussion content will only be those issues which, according to Board policy, clearly belong to the Board and not the Executive Director, or in a trustee's opinion, may deal with fiduciary responsibilities. The President assures that the Board's agenda over the year covers the matters its policy calendar and annual work plan require.

Deliberation. Deliberation will be fair, open, and thorough, but also efficient, timely, orderly, and brief. The President shall appoint a parliamentarian. The President is empowered to chair Board

meetings with all the commonly accepted authority of that position (for example, ruling and recognizing), may call a recess, may enforce agenda and time rules, and may refer disputes to the Governance & Policy Review Committee for follow-up. The President assures that deliberation remains within fiduciary scope, solicits input from trustees on matters before the Board, assures adequate time for effective study and discussion, and assures that minority views are heard and that a trustee's dissent is recorded in the minutes when requested (NDCC § 44-04-21).

Limits on the office. The President has no authority to make decisions about policies created by the Board, and therefore has no authority to supervise or direct the Executive Director. The President may represent the Board to outside parties in announcing Board-stated positions and in stating the President's decisions and interpretations within the area delegated to the President, conveying the Board's adopted positions rather than the President's own views. The President is the Board's principal point of contact with the Executive Director and the Chief Retirement Officer on the conduct of the Board's business.

Conduct and conflicts. The President is the initial point of contact for an in-meeting conflict of interest disclosure and may request a temporary recusal pending review by the Governance & Policy Review Committee or by counsel, the Committee making the final recommendation to the Board. Under the Fiduciary Conduct Policies the President receives reports of suspected violations, screens them with counsel, directs Tier 1 corrections and interim measures, confirms the vote threshold, and transmits determinations to the authority having jurisdiction. → Fiduciary Conduct Policies — Conflicts of Interest & Disclosure, and Enforcement of the Conduct Policies.

Records and instruments. The President reviews draft minutes for accuracy and completeness before they are presented for approval, and executes documents and other legal instruments on behalf of TFFR as required by state law or as authorized by the Board, any standing signature authority being recorded in the Board's Decision Register (Delegations). → Key Decisions — Decision Register (Delegations).

Organizing and developing the Board. The President makes committee assignments and appoints committee chairs, leads the Board's self-assessment and self-development processes, and supports leadership bench development with the Governance & Policy Review Committee — encouraging participation in continuing education, orienting new trustees, and identifying future officer candidates. The President assures that committee outputs reach the Board with clear decision points, that cross-committee coordination issues are identified, and that follow-ups are assigned. → On committee composition and the appointment of committee chairs: Roles — Committee Composition. On the self-assessment and the mentor assigned to each new trustee: Governance & Policy Review Committee Charter; TFFR Board Charter — Verification.

Other duties. The President contacts a trustee whose attendance falls below the Board's expectation, addresses employer release time where questioned, and reports a persistent attendance record to the appointing authority. The President, with the Executive Director, approves Board travel outside the continental United States. The President performs such other duties as the

Board assigns by resolution or policy. → TFFR Trustees — Attendance Expectations; Conduct the Business of the Board and its Committees — Education Conferences, Travel, and Reimbursement.

Vice President's Role

The Vice President works with the President on agenda planning, supports the integrity of the meeting process, participates in the governance self-assessment review, and attends key briefings as appropriate. The Vice President does not act as spokesperson except in the President's absence or on Board authorization, and has no authority independent of the office of President, exercising the President's duties only as provided in this charter or by Board action.

The Vice President performs the duties of the President when the President is absent, is unable to act, or has recused from a matter, and presides at a meeting at which the President is not present or has recused from the matter before the Board. If the President is unable to serve, or the office of President becomes vacant — by resignation from the office, resignation from the Board, or a vacancy in the President's seat arising under law — the Vice President serves as acting President until the Board elects a successor at its next regular meeting, or sooner at a special meeting.

The Vice President receives a report under the Fiduciary Conduct Policies that concerns the President, screens it with counsel, and performs each function assigned to the President under those policies with respect to the matter. Where a matter concerns both the President and the Vice President, the report is made to the Executive Director and the Board designates a trustee to perform those functions for the matter.

The Vice President is expected to be sufficiently informed of the Board's business, its policy calendar, and its work in progress to assume the President's duties without interruption to the Board's work.

Treasurer-equivalent oversight. TFFR has no treasurer. The oversight a treasurer would provide is obtained through the Board's representatives on the SIB Budget and Finance Committee and the SIB Audit, Risk and Compliance Committee, which together define the handoffs from budget to financial reporting to controls and audit findings. → TFFR Trustees — Election of TFFR Board Officers and SIB trustee positions.

State Investment Board

The SIB is responsible for oversight, policy making, and administration of the state investment program under NDCC ch. 21-10. TFFR assets, along with other state pension, insurance, and public funds, are invested by the SIB. Membership of the SIB is set by NDCC § 21-10-01 and includes two members selected by the TFFR Board (see *TFFR Representatives to the SIB*).

Investment of TFFR assets follows the asset allocation and investment policy statement approved by the TFFR Board and accepted by the SIB, subject to the prudent investor rule.

The SIB is also the governing body of RIO.

Retirement and Investment Office

RIO administers the TFFR program day to day and coordinates the activities of the SIB and the TFFR Board (NDCC ch. 54-52.5). The SIB is RIO's governing body; each board retains its separate legal identity and authority.

Executive Director Charter

The Executive Director (ED) is hired by the SIB, serves in an unclassified position at the SIB's pleasure, and is paid such salary as the SIB determines.

Executive role. As the boards' single official link to the operating organization, RIO's total performance is considered synonymous with the Executive Director's performance. It is the responsibility of the State Investment Board to establish and maintain a job description for the Executive Director.

The statutory “investment director” and the Executive Director. The State Investment Board governs the Retirement and Investment Office, is responsible for overseeing and operating the agency, and may do all things necessary to coordinate the activities of the SIB and TFFR; each board maintains its legal identity and authority as otherwise provided by law (NDCC § 54-52.5-02). That chapter addresses the agency and does not mention an Executive Director. The office rests instead on the SIB's own chapter: the board may appoint an investment director (NDCC § 21-10-02), whose powers and duties are set out at NDCC § 21-10-05. In 2021 the SIB divided that role into an Executive Director and a Chief Investment Officer, with the Chief Investment Officer reporting to the Executive Director; the legislation has not been amended to reflect it. For purposes of the SIB and TFFR Governance Policy Systems, references to the investment director in NDCC §§ 21-10-02 and 21-10-05 are understood to refer to the office held by the Executive Director of RIO. The Executive Director has delegated the day-to-day exercise of that authority to the Chief Investment Officer, retains the statutory authority, and remains accountable for its proper exercise; the delegation does not relieve the Executive Director of that responsibility.

Chief executive authority: execution within delegated authority. The Executive Director is responsible for executing board-approved direction within the scope of delegated authority — implementing approved strategies, policies and plans; managing operations, resources, personnel

and risk; maintaining appropriate controls and professional standards; and providing timely, insightful reporting to committees and to the boards.

Role and authority. The Executive Director is retained by the SIB, serves at the SIB's pleasure, is responsible for keeping the records of SIB and TFFR Board actions, and performs such duties as the SIB prescribes. The Executive Director makes out and gives out all notices required to be given by law, procedures, or the rules and regulations of the two boards. As chief executive officer the Executive Director is accountable to each board acting as a body; each board instructs the Executive Director only through its written policies, delegating to the Executive Director the implementation and administration of those policies, and the Executive Director is accountable for assuring compliance with laws, rules and policies.

Authority granted by the SIB. The SIB authorizes the Executive Director to approve expenditures within approved budgets; to approve the hiring and termination of the Chief Investment Officer, the Chief Retirement Officer and the Chief Financial and Operating Officer; to approve the hiring and termination of external managers; to approve all contracts unless the Executive Director delegates that approval; to approve material contract amendments within budget; and to approve securities monitoring and litigation. These authorities are the SIB's to grant and to limit. → On what this Board delegates and what it reserves: Key Decisions — Decision Register (Delegations).

Communication and counsel to the Board. With respect to providing information and counsel to this Board, the Executive Director: provides the monitoring data the Board requires, in a timely, accurate and understandable form that directly addresses the Board policies being monitored; keeps the Board informed of relevant trends, anticipated adverse media coverage, material external and internal changes, and particularly changes in the assumptions on which a Board policy was established; advises the President and the Governance & Policy Review Committee if, in the Executive Director's opinion, the Board is not in compliance, particularly where Board behavior is detrimental to the working relationship between the Board and the Executive Director or between the Executive Director and staff; provides the Board with varying staff and external points of view on issues and options, so that its choices are fully informed; presents information in a short and simple form; provides a mechanism for official Board, officer and committee communications; deals with the Board as a whole, except in fulfilling an individual request for information, responding to an officer or committee duly charged by the Board, or as otherwise delegated under Board policy; reports in a timely manner any actual or anticipated non-compliance with a Board policy; informs the President and the full Board in a timely manner of any change in the resignation or hiring of the Chief Retirement Officer, the Chief Investment Officer, the Director of Audit or the Chief Financial and Operating Officer; and keeps the Board informed of the delegation of fiduciary authority to any staff member, every person to whom such authority is delegated remaining ultimately accountable to the board that delegated it.

Operational risk. In the absence of a Chief Risk Officer the Executive Director is the senior accountable officer for the operational risk program and reports operational risk matters to the SIB

Audit, Risk and Compliance Committee and to the boards. This Board receives those matters through its representative on that committee. → TFFR Board Charter — Verification.

Duties and Responsibilities include:

Duties and Responsibilities	Explanation
Reporting relationships and authority	• The State Investment Board governs the Retirement and Investment Office and is responsible for overseeing and operating the agency (NDCC § 54-52.5-02). The Executive Director is appointed by, and accountable to, the SIB under the SIB’s own chapter (NDCC § 21-10-02) <i>(new)</i> • RIO exists to coordinate the activities of the SIB and the TFFR Board, and the two boards maintain their separate legal identities and authority (NDCC §§ 54-52.5-01, 54-52.5-02). <i>(new)</i> • With respect to the TFFR plan, the Executive Director delivers the levels of service, goals and objectives the TFFR Board establishes and conveys to the SIB (NDCC §§ 15-39.1-05.2(6), (7)). <i>(new)</i> • The Executive Director exercises only the authority the boards have delegated. See Key Decisions — Decision Register (Delegations). <i>(new)</i>
Agency leadership and administration	• Administer the investment and retirement programs of RIO, and plan, supervise, and direct overall RIO programs in accordance with SIB and TFFR governance policies and applicable federal and state law and rules. • Carry out the day-to-day administrative operations of the agency. • Perform related work as assigned by the SIB and the TFFR Board.
Planning, budget, and legislative agenda	• Develop the annual, biennial, and strategic long-range plans for RIO and for both the SIB and the TFFR Board. • Direct the preparation and execution of the RIO budget and the legislative agenda for the agency and both boards. • Provide the TFFR Board the information it requires to monitor the RIO budget, expenditures, and financial reporting system. See TFFR Board Charter — Oversight. <i>(new)</i>
Rules, policies, and procedures	• Develop administrative rules, policies, and procedures necessary to administer the retirement and investment programs. • Present to the appropriate committee and board, for approval, any matter that constitutes a board policy or an administrative rule. An

Duties and Responsibilities	Explanation
	administrative rule takes effect only through the rulemaking process (NDCC § 15-39.1-07; ch. 28-32). • Approve operating procedures for the effective operation of the Office that are within, and do not alter, board policy.
Support to the Boards	• Prepare or direct the preparation of agendas, materials, meeting minutes, required notices, and applicable procedures and rules for the retirement and investment programs. • Attend all meetings of the SIB and the TFFR Board and their corresponding committees. • Advise the SIB and the TFFR Board on significant issues, problems, or developments pertaining to the plan, and recommend courses of action regarding board policy or action. • Ensure that meeting notices, agendas, minutes, and records are prepared and retained as North Dakota open meetings and open records law requires (NDCC §§ 44-04-18 through 44-04-21). <i>(new)</i>
Staffing and executive team	• Hire staff as necessary to carry out the responsibilities of RIO, under the authority of the SIB as the agency’s governing body (NDCC § 54-52.5-02). • Provide leadership, coaching, and feedback to assigned staff, and recommend measures to improve performance and increase efficiency. • Refer the evaluation, compensation and succession of executive team members to the State Investment Board’s Executive Review and Compensation Committee, which conducts the formal evaluation of the Executive Director and recommends that compensation to the SIB on materials prepared independently of the Executive Director. → Key Decisions — Decision Register (Delegations).
Stakeholder relations and representation	• Represent RIO and promote its programs. • Maintain effective relationships with members, beneficiaries, business partners, state officials, legislators and legislative committees, member and business partner stakeholder groups, the media, and the public at large, relevant to both the retirement and investment programs.

Duties and Responsibilities	Explanation
Accountability to the TFFR Board	• Report to the TFFR Board on the levels of service delivered against those the Board has set (NDCC § 15-39.1-05.2(6)). (new) • Report annually on the exercise of the authorities the TFFR Board has delegated and on any exception taken to Board policy. See Key Decisions — Decision Register (Delegations). (new) • Cooperate fully with the annual audit, actuarial and governance reviews, and any review conducted under the Code of Conduct. (new) • Receive a report under the Fiduciary Conduct Policies that concerns both the President and the Vice President. See Fiduciary Conduct Policies — Enforcement of the Conduct Policies. (new)

1st–4th Lines: Staff and Advisor Charters

Execution lines. RIO’s management is responsible for financial and other reporting, internal controls, and compliance with laws, regulations and ethics. RIO first- and second-line unit supervisors are responsible for seeing that corrective action on reported weaknesses is planned or taken within thirty days of receipt of a report disclosing them, and that a written report of the action planned or completed is sent to the Executive Director; where a plan is reported, a second report is made promptly on its completion.

These officers and advisors serve RIO under the Executive Director and the governance of the State Investment Board. The charters below state what this Board expects of each line as it bears on the TFFR program and on the Board’s own oversight. They do not create a reporting line to this Board and do not alter the SIB’s authority over RIO or its staff. → Roles — Four Lines of Accountability Model.

1st Line — Benefits and Investment Services

Chief Retirement Officer Charter

Purpose. Assure the Teachers’ Fund for Retirement program is administered prudently and in accordance with applicable statutes, administrative rules, and policies adopted by the TFFR Board of Trustees. The Chief Retirement Officer supports the governance responsibilities of the TFFR Board by implementing Board policies, providing analysis and recommendations on retirement program matters, and ensuring the effective administration of benefits and member services. The Chief Retirement Officer operates within the Retirement and Investment Office under the direction of the Executive Director, with the position’s primary governance connection to the TFFR Board.

Evaluation criteria. Compliance with applicable state and federal laws governing the retirement program; effective implementation of TFFR Board policies; accuracy and timeliness of benefit administration, member services and contribution processing; quality and reliability of the information provided to the TFFR Board; responsiveness to plan members, stakeholders and oversight authorities; and the successful coordination of the actuarial, legal and consulting services supporting the retirement program.

Policy development and program administration. The Chief Retirement Officer assists the Executive Director and the TFFR Board in developing the administrative rules, policies and procedures necessary to administer the retirement program, provides analysis and recommendations on retirement program issues, legislative proposals and operational matters affecting the plan, and supports the Board in carrying out its statutory responsibilities.

Retirement program operations. RIO staff, under the direction of the Chief Retirement Officer, are responsible for the administration of the retirement program, including the collection and processing of contributions, maintenance of member records, calculation and payment of retirement and disability benefits, and coordination with actuaries, legal counsel and other service

providers. Staff provide the TFFR Board with the accurate and timely information necessary to support its oversight responsibilities and fiduciary duties.

The CRO reports out to the Board on TFFR service delivery, goals, and objectives (NDCC § 15-39.1-05.2(6)–(7)) and on other retirement program matters as directed by the Executive Director, who remains the Board's single point of communication with RIO.

The CRO advises the Board and supports its fiduciary and oversight responsibilities but is not a direct report of the Board and is not subject to Board supervision, evaluation, or discipline; Board feedback on program delivery is directed to the Executive Director.

Chief Investment Officer Charter

Purpose. Assure the investment of the Teachers' Fund for Retirement is carried out prudently and in accordance with the investment policy and asset allocation the TFFR Board approves and the State Investment Board accepts. The Chief Investment Officer is an officer of the Retirement and Investment Office who reports to the Executive Director and leads the investment program administered through the agency, with the position's primary governance connection to the State Investment Board. → On the statutory investment director and the delegation of that authority to the Chief Investment Officer: Executive Director Charter.

Evaluation criteria. Set by the State Investment Board and the Executive Director, not by this Board. The Chief Investment Officer's charter is established by the State Investment Board, and the duties and responsibilities of the position are established by the Executive Director rather than fixed by this system.

Investment policy development. As approved by the SIB, the Chief Investment Officer participates on the SIB Investment Committee and reports to the SIB as required; advises on and then implements the investment policies the Committee and the SIB approve; recommends investment policies and procedures appropriate for governing the investment of entrusted funds; leads the development of asset allocations, investment strategies, manager mandates, manager guidelines and investment implementations for Committee and SIB approval; and recommends new investment strategies, portfolios and instruments before their implementation.

Investment program operations. The Chief Investment Officer provides research and administration for SIB client funds, including the TFFR fund; negotiates manager contract terms and conditions as delegated by the Executive Director; evaluates manager adherence to investment objectives, mandate requirements and guidelines; provides performance reports to the Committee, the SIB and the boards of participating funds; selects, hires and terminates money managers, custodians, consultants and other outside services; manages the direct investment strategies the Committee approves; and provides rebalancing instructions that comply with client policy statements.

The CIO reports out to this Board on investment matters as directed by the Executive Director, who remains the Board's single point of communication with RIO. Because investment of the fund is

under the supervision of the SIB (NDCC § 15-39.1-26; NDCC ch. 21-10), the CIO's primary governance connection runs to the SIB.

The CIO advises the Board and supports its fiduciary and oversight responsibilities but is not a direct report of the Board and is not subject to Board supervision, evaluation, or discipline; Board feedback on the investment program is directed to the Executive Director.

2nd Line — Middle and Back Offices and Enterprise Services

Fiscal services. Purpose: to assure that the funds and accounts of SIB clients and of TFFR members and beneficiaries are managed prudently under applicable accounting standards and practices. Evaluation criteria: internal and external audit reports, internal compliance controls, the publication of timely and accurate performance reports and financial statements, and the responsiveness and accuracy of reporting to oversight authorities.

Accounting. The master custodian provides RIO staff with such accounting detail, and at such frequency, as the staff considers necessary to fulfill the SIB's reporting requirements. From that information RIO staff generate monthly and annual financial statements for each of the trust funds managed by the SIB, including the TFFR fund. RIO staff are responsible for assuring the proper valuation of all assets, and formal valuation policies must be developed and implemented using industry best practices and GAAP requirements.

Compensation and benefits. Compensation, benefits and employment terms for RIO staff comply with applicable state and federal law.

Communications and outreach. The Communications and Outreach Director leads member and employer communication, education and outreach for the TFFR program. Specific questions from members, beneficiaries, business partners and the public are referred to that office or to other RIO staff. → On the levels of service the Board sets and monitors: TFFR Board Charter — Oversight. On who speaks for the Board: Conduct the Business of the Board and its Committees — Board Communications.

Shared services. Legal, human resources and information technology are not RIO functions. RIO depends on three external state agencies for them and manages, rather than controls, their availability, cost and service levels. Legal: the Attorney General appoints all counsel acting for a state entity, and this Board obtains and instructs its counsel through the Attorney General's Office (NDCC § 54-12-08). Human resources: North Dakota Human Resource Management Services, created within the Office of Management and Budget, administers the state's central personnel system (NDCC ch. 54-44.3; § 54-44.3-11). Information technology: North Dakota Information Technology provides and governs state information technology; state agencies procure wide area network services through it and comply with the statewide policies and standards it sets unless the chief information officer grants an exemption (NDCC ch. 54-59; §§ 54-59-02, 54-59-08, 54-59-09). Because these services sit outside the agency, the Board should read them as a dependency rather than a capability RIO holds. → On the operational risk that dependency carries, and how it reaches the Board: Executive Director Charter — Operational risk.

→ The Board's oversight of the RIO budget, expenditures and financial reporting system runs through its representative on the SIB Budget and Finance Committee: TFFR Trustees — Election of TFFR Board Officers and SIB trustee positions.

3rd Line — Internal Audit Services

Purpose. The internal audit division provides an independent, objective assurance and advisory activity designed to add value and improve RIO's operations. Its mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight.

Independence and reporting. The Director of Audit reports directly to the SIB, typically through the SIB Audit, Risk and Compliance Committee, and coordinates administrative matters with the Executive Director. The Director of Audit is independent of the Executive Director. Audit staff have full, free and unrestricted access to all RIO activities, records, property and personnel relevant to the subject under review.

Scope and quality. Functions and units within RIO are reviewed at appropriate intervals to determine whether they are effectively carrying out their responsibilities of planning, organizing, directing and controlling, in accordance with SIB and management instructions, applicable laws, policies and procedures, and consistently with RIO's objectives and high standards of administrative practice. The internal audit charter requires a quality assurance and improvement program comprising ongoing internal monitoring, annual internal assessments, and an external quality assessment at least every five years.

This Board's connection. The SIB Audit, Risk and Compliance Committee serves as this Board's audit committee; TFFR has no audit committee of its own. The Board verifies the audit program, and receives the results of internal and external audits of the plan and of RIO, through its representative on that committee. → TFFR Board Charter — Verification.

4th Line — Independent External Auditors and Advisors

The fourth line consists of independent external professionals engaged to provide objective assurance, expert judgment and independent validation across the fiduciary, financial, investment, actuarial and governance functions. These parties do not manage or execute operations; they assess, test, advise and opine — strengthening Board oversight, reducing blind spots and reinforcing accountability.

Actuary. Performs the annual actuarial valuation of the fund, the investigation of actuarial experience conducted at least every five years, and the GASB reporting required of the plan and of participating employers, and recommends the actuarial assumptions and methods the Board adopts (NDCC § 15-39.1-05.2(3)). An independent actuarial audit provides periodic verification of that work. → Timing — Decision Calendar and Cadence.

Medical consultant. Provides independent medical review supporting disability determinations under the plan.

Investment consultant. Provides independent advice on investment policy, asset allocation, risk, benchmarks, manager structure and performance evaluation, and challenges assumptions and validates staff recommendations.

Independent external auditor. Performs the independent financial statement audit and internal control assessments, and provides assurance on the integrity of financial reporting and on compliance.

Governance advisor. Assesses governance structure, policies, delegation, board effectiveness and fiduciary practice, and benchmarks them against leading practice and statutory requirements.

Master custodian. Independently safeguards assets, settles trades, reconciles holdings, and provides independent books and records supporting valuation, performance and control assurance.

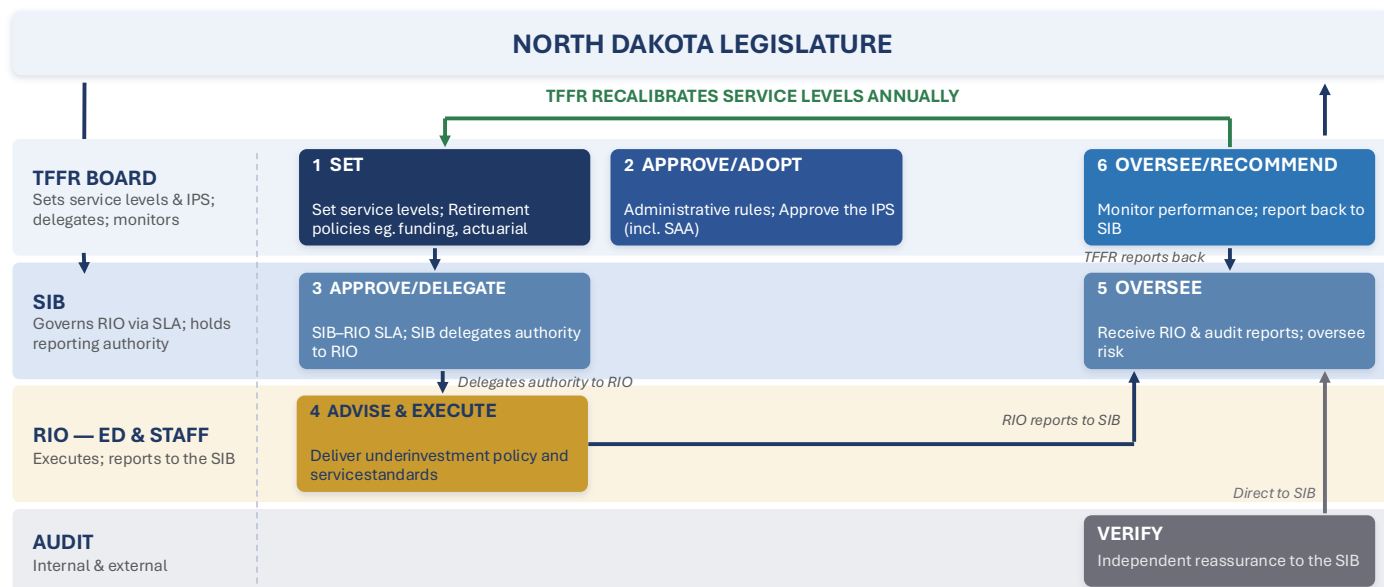
External legal counsel. Provides independent legal advice on fiduciary duties, statutory authority, contracts, litigation, ethics and regulatory compliance. Counsel acting for the Board is appointed by the Attorney General (NDCC § 54-12-08).

Collectively the fourth line strengthens the Board's ability to verify, challenge and validate the information and the decisions on which it relies. The Board oversees the performance of the actuarial, medical and investment consultants, and of other advisors and service providers, against their engagement terms. → TFFR Board Charter — Oversight.

Investment of the fund is under the supervision of the State Investment Board in accordance with NDCC ch. 21-10, as provided under NDCC § 15-39.1-26. The SIB selects the investment consultants, managers, custodian, and advisors serving the investment program, and investment costs may be paid directly from the fund under NDCC § 21-10-06.2.

The Board draws on RIO staff and the SIB's investment consultants in developing its investment policy and asset allocation and those consultants have performed asset-liability modeling studies supporting that work.

Authorities and Delegation



Powers of the Board — Key Standards

Key decisions can only be made by the Board. Each must meet three standards:

- Must be in the best interests of current and future members and benefit recipients, and for the exclusive purpose of providing their benefits and defraying the reasonable expenses of administering the plan (NDAC § 82-01-01-01(1)(c)(2); NDCC § 21-10-07; IRC § 401(a)).
- Must be prudent, taking into account peer practices (NDCC § 21-10-07).
- Must be compliant with laws, administrative rules, plan documents, and the Board's own policies (NDCC ch. 15-39.1; NDAC tit. 82).

→ On the decisions themselves: Key Decisions — Decision Register (Delegations). On the duties these standards restate: Fiduciary Foundation — Fiduciary Duties.

Authority by Domain

The Board's powers — Conduct · Set · Approve and Delegate · Oversee · Verify — allocated across the ten delegation domains. The columns below carry the four powers the Board itself allocates. Conduct: the Board's conduct of its own business, and the decisions held by the Legislature, the Governor, the State Investment Board and external parties, is traced in the Decision Register (Delegations) and in Conduct the Business of the Board and its Committees. The register that follows traces each individual power to its statutory source and to the party that exercises it.

Delegation Domain	SET — TFFR Board	APPROVE & DELEGATE — TFFR Board	OVERSEE — RIO / SIB	OVERSEE — INFORM TFFR → SIB	VERIFY — proven to Board
1. Governance, Board Structure & Meetings	Sets governance policy, committees, meeting standards	Elects officers; selects SIB reps & Audit liaison; seats GPRC; adopts governance & program policies on two readings	ED prepares agendas & materials (OPS-2)	Informs SIB of governance interfaces	Board, committee & individual self-assessment; materials ≥7 days prior

Draft – TFFR – Governance Policy System (GPS)

Delegation Domain	SET — TFFR Board	APPROVE & DELEGATE — TFFR Board	OVERSEE — RIO / SIB	OVERSEE — INFORM TFFR → SIB	VERIFY — proven to Board
2. Rulemaking, Legislative & IRC-Compliance	Adopts rules & policy; sets positions & IRC mods	Adopts administrative rules; approves IRC-compliance modifications jointly with EBPC; may reduce or suspend the conditional annual benefit adjustment; delegates drafting & hearings to AGO + staff	RIO/ED, CRO + AGO draft & track; APA process (LEG-1)	Informs SIB & EBPC of the agenda; reports the annual actuarial-adequacy test to the EBPC	Rules current; delegations documented
3. Investment of Assets	Sets goals/objectives/allocation; adopts IPS	Approves asset allocation & changes jointly with SIB; adopts the IPS, which SIB accepts; delegates management to SIB	SIB invests (prudent investor); RIO staff execute	Transmits IPS; SIB approves allocation jointly	Return vs benchmark; cost vs CEM; compliance
4. Actuarial & Funding	Adopts assumptions, methods, funding & Plan Mgmt Policy	Retains actuary & actuarial auditor; adopts assumptions, Funding Policy & Plan Management Policy; delegates valuation and experience study to the actuary	RIO staff + Actuary deliver valuation & data	Directs studies	Valuation on time; study every 5 yrs; Tier 1 score

Delegation Domain	SET — TFFR Board	APPROVE & DELEGATE — TFFR Board	OVERSEE — RIO / SIB	OVERSEE — INFORM TFFR → SIB	VERIFY — proven to Board
5. Benefits Admin & Member Determinations	Sets service standards & eligibility criteria	Adopts purchase factors; waives the 120-day refund period; determines QDRO status; decides appeals & overpayment releases; delegates calculation and corrections to ED/staff	RIO CRO/staff deliver; ED manages	Communicates Statement of Service Expectations <i>[proposed]</i>	Quarterly scorecard; CEM Service Score; audit
6. Disability Determinations	Sets disability policy; reserves final determinations	Determines eligibility, suspension & cessation; hears appeals in closed session; ratifies ED interim determinations; delegates medical review to the consultant	RIO staff + medical consultant (DIS-1/2/3)	Each case to the Board; SIB governs staffing	Case ratification; quarterly recertification
7. Financial Management, Budget & Audit	Provides budget input & priorities; audit expectations	Approves payment of benefits, fees & expenses from the fund; delegates budget development to the ED and uses the SIB ARCC as its audit committee	ED prepares budget; fiscal disburses; audit (FIN-1..4)	Input to SIB budget; appropriation is the Legislature's	Clean opinion; GASB/ACFR on time; cost/member

Delegation Domain	SET — TFFR Board	APPROVE & DELEGATE — TFFR Board	OVERSEE — RIO / SIB	OVERSEE — INFORM TFFR → SIB	VERIFY — proven to Board
8. Personnel & Staffing	Sets no personnel policy; states the service levels the staffing must support	Delegates administration of the plan to the Executive Director (NDAC tit. 82); may put forward an interim Chief Retirement Officer, which the SIB decides	SIB appoints, supports, evaluates, compensates, terminates and plans the succession of the ED (NDCC § 54-52.5-02); ED hires RIO staff	Raises retirement-program capacity and resourcing needs; the SIB governs staffing	ED's annual report on delegated authority and exceptions; resource constraints escalated rather than absorbed
9. Adjacent Agencies & External Parties	Sets employer-reporting & penalty framework	Retains actuary & medical consultant; may waive an employer penalty for an unintentional and excusable delay, but not all interest (NDCC § 15-39.1-23); counsel and rule & legislative drafting run through the AGO by statute (NDCC § 54-12-08)	RIO staff administer reporting; ED admin contracts	Coordinates w/ ESPB, AGO, Auditor, Actuary	Posting within agreed service levels; error rate; vendor service level agreements
10. Service-Level Governance	Adopts annual Statement of Service Expectations <i>[proposed]</i>	Sets the annual Statement of Service Expectations and its targets; delegates delivery to RIO through the SIB <i>[proposed]</i>	RIO delivers; ED goals embed standards	Transmits to SIB ahead of budget; SIB directs ED	Quarterly scorecard; CEM; ED-eval input; escalation

Sources. Plan Management Policy: TFFR Program Manual §B (metrics established 24 Jul 2019; adopted 24 Oct 2019). Delegations & reserved powers: Decision Register (Delegations) and Governance Discovery — Delegation Analysis (FAS, Jul 2026). Service expectations and tolerances: Benefits Governance Scorecard Policy, and the TFFR–SIB–RIO DRAFT Accountability Service Level Agreement (FAS, Jul 2026), pending adoption. Statutory basis: NDCC ch. 15-39.1, 21-10, 54-52.5; NDAC Title 82.

Authority Framework

The ND Legislature created TFFR. The Board governs the plan and exercises its authority through a prudent delegation architecture which embeds prudence across how authority is informed,

delegated, exercised, overseen, independently verified, and reported. The Board may delegate authority to committees, to the Executive Director, and others; however, delegation of authority does not and cannot delegate fiduciary responsibility.

The State Investment Board hires, evaluates, compensates and plans for the succession of the Executive Director. The Executive Director hires officers and staff and advises this Board — typically through its committee. Committees may retain independent consultants, perform due diligence and make recommendations to the Board for its approval.

The Board sets direction and policy and exercises its authority to approve certain key decisions. The budget is subject to biennial approval by the Legislature. Once approved, the Board delegates authority and resources to the Executive Director, who leads the Retirement and Investment Office under the governance of the State Investment Board. The Executive Director executes directions within Board-approved policy and the levels of service the Board has set. Committees oversee performance and risk and escalate and report exceptions to the Board. The Board reports to the Legislature, to its members, benefit recipients and participating employers, and to the general public.

→ On the division of authority between the TFFR Board, the State Investment Board and the Retirement and Investment Office: Introduction — How TFFR, the SIB, and RIO Fit Together.

Delegation Principles

The Board delegates authority consistent with the following principles:

- Delegation of authority and resources is intentional, explicit, and documented.
- Authority is delegated with clear purpose, scope, limits, and expectations.
- Execution authority is accompanied by oversight, verification, and reporting requirements.
- The Board retains ultimate accountability and responsibility for prudent processes.
- Only the Board can delegate the authority the Legislature has vested in the Board.
- A delegation to the Executive Director or to Retirement and Investment Office staff operates through the State Investment Board's governance of the agency and creates no separate reporting line to this Board.
- Every delegation is recorded in the Decision Register (Delegations) and is reviewed on the Board's governance policy review cycle.

Governance Process — The Flow of Authority

In exercising delegation, the Board follows a disciplined governance process:

- The Executive Director and Retirement and Investment Office staff advise the Board and its committees.
- Committees, and the Board's consultants and actuary, recommend to the full Board.
- The Board sets direction aligned to purpose, members and benefit recipients, and fiduciary duties.
- The Board approves decisions and delegates authority and resources, defining limits and escalation thresholds.
- The Executive Director executes within delegated authority and the levels of service the Board has set.

- Committees oversee performance and risk.
 - Independent functions — internal and external audit, the actuary and the actuarial auditor, and independent governance review — verify outcomes and controls.
 - The Board reports transparently to its members, benefit recipients, participating employers, the Legislature, and the public.
- On the role and authority of committees: Roles — Committee Composition — Committee Authority and Role. On the Board's oversight and verification: Roles — TFFR Board Charter. On when each step falls in the year: Timing.

Conduct the Business of the Board and its Committees

Board and Committee Meetings

Conduct Dimension	TFFR Board of Trustees and its Committees
Purpose	Statutory board of trustees in which the authority to set policy for the fund rests (NDCC § 15-39.1-05.1(1)). Governs plan policy, rulemaking, actuarial and funding policy, benefit determinations and appeals, service levels, delegation, and fiduciary accountability under ch. 15-39.1. Investment of the fund is supervised by the SIB (NDCC § 15-39.1-26; ch. 21-10) against an investment policy the Board establishes (NDCC § 15-39.1-05.2(2)). Committees: Research, recommend, oversee, verify, and report to the Board within delegated subject-matter areas. Standing: Governance & Policy Review Committee (GPRC); special (ad hoc) committees as the Board determines. The SIB Audit, Risk & Compliance Committee (ARCC) serves as TFFR’s audit committee through TFFR’s designated representative. The SIB Budget and Finance Committee (BFC) serves as TFFR’s oversight of RIO’s budget, and financial plans.
Fiduciary Status	Acts as fiduciary with duties of care, loyalty, and prudence owed to members and beneficiaries. Trustees affirm the Code of Conduct annually in writing and disclose conflicts. Committees: Committee members act as fiduciaries when exercising delegated responsibilities on behalf of the Board. The same duties, Code of Conduct, and disclosure obligations apply in committee as at the Board table.
Authority	Holds all authority granted by ch. 15-39.1, beginning with the authority to set policy for the fund (NDCC § 15-39.1-05.1(1)). Establishes the investment policy under NDCC § 21-10-02.1; arranges actuarial and medical consultants; pays benefits and consultant fees by continuing appropriation; submits statutory changes to the Legislative Management Employee Benefits Programs Committee; determines member service levels; and informs the SIB of expected service levels, goals, and objectives (NDCC § 15-39.1-05.2). Adopts administrative rules (NDCC § 15-39.1-07; NDAC tit. 82), conducts the annual audit (NDCC § 15-39.1-22), corrects errors (NDCC §§ 15-39.1-29, -31, -32), and maintains Internal Revenue Code compliance (NDCC §§ 15-39.1-34, -35). May delegate specific accountability while retaining ultimate responsibility. Committees: Advise, oversee, and verify only, unless expressly delegated authority by the Board.

Conduct Dimension	TFFR Board of Trustees and its Committees
	May not bind the Board, exceed delegated scope, or act on matters the Board has reserved to itself.
Limitations	Bounded by ch. 15-39.1, NDAC tit. 82, open meetings and open records law (ch. 44-04), member-record confidentiality (NDCC § 15-39.1-30), and state ethics requirements (N.D. Const. art. XIV; ch. 54-66). Benefit design is set by the Legislative Assembly; the Board recommends through the Employee Benefits Programs Committee (NDCC §§ 15-39.1-05.2(5), 54-35-02.4). Benefits, consultant fees, and investment costs are continually appropriated from the fund, but administration is delivered by RIO on a biennial legislative appropriation. The Executive Director is appointed by and accountable to the SIB, and investment of assets is supervised by the SIB. Committees: Authority is limited to Board-approved charters; committees have no independent or implied powers.
Open Meetings	All Board and committee meetings are open to the public in accordance with North Dakota open meetings law (NDCC § 44-04-19). A meeting is any gathering of a quorum — four trustees — regarding public business, however the gathering is labeled, and includes committees, subcommittees, informal gatherings, work sessions, and discussions where a quorum participates by phone or other electronic communication, either at the same time or in a series of individual contacts. Emails or text messages between trustees regarding public business may constitute a meeting and violate open meetings law, even on personal devices, under the circumstances and within the parameters established by the North Dakota Office of Attorney General. Training seminars and purely social gatherings attended by a quorum are not meetings, but become meetings as soon as the members discuss any public business. Committees: Same standard applies; committees and subcommittees are expressly covered.
Meeting Schedule	The Board holds meetings as often as necessary for the transaction of business and conducts a minimum of four Board meetings each year. The Board approves an annual meeting schedule identifying the time, date, and location of regular meetings, generally the same day as the SIB meeting, beginning in July, unless the Board determines a different day (SIB meetings are generally the last Wednesday of each month). The Board or Board President may modify the schedule if needed. The Board President, or any two trustees, may call special or emergency Board meetings (NDCC § 15-39.1-06). At the July meeting each year the Board reviews governance and program policies and develops the annual board agenda and education plan. → On the election of officers and

Conduct Dimension	TFFR Board of Trustees and its Committees
	representatives at that meeting: TFFR Trustees — Election of TFFR Board Officers and SIB trustee positions. The Board may hold an annual retreat, on-site or off-site, on board development, strategic planning, legislative planning, developments in public pension administration, and other topics determined by the Board, which must be noticed as a meeting of the Board. Committees: Committees meet on the call of the Committee Chair as often as necessary to complete their workplan, and at least semi-annually for the GPRC. <i>[proposed]</i> A special committee automatically ceases to exist when its assigned duties are completed.
Meeting Notice	Public notice of all Board and committee meetings is made in accordance with NDCC § 44-04-20. Notices are posted on the Secretary of State website, the RIO public website, at the RIO office, and at the meeting location.
Meeting Attendance	See Attendance Expectations Trustees may attend in person, by telephone, or by video conference. The Board may invite RIO staff, the actuary, auditors, or others as necessary to provide information and conduct business. <i>[proposed]</i>
Quorum	Four of the seven trustees constitute a quorum and must be present for the Board to conduct business, and <i>four votes are required for resolution or action (NDCC § 15-39.1-05.1(3))</i>. This is a fixed number, not a majority of those present — four affirmative votes are required however many trustees attend. Committees: A majority of the committee’s appointed members constitutes a quorum, and the committee acts only on the affirmative vote of a majority of its members. Should a quorum not be present, the Chair announces the absence of a quorum and the members disperse.
Voting	Voting on matters before the Board is by roll call vote, except on procedural matters. Each trustee is entitled to one vote, proxy voting is not allowed, and trustees have a duty to vote unless a statute requires or permits abstention. The minutes show the recorded vote of each trustee. → On the quorum and the four-vote requirement: Quorum. Committees: Same, except that committee action requires an affirmative majority of committee members rather than four votes.
Meeting Agendas	An annual schedule of agenda topics, reports, and education items for each regular meeting is developed by the Executive Director and approved by the Board, and includes review of the Governance Policy System over several meetings.

Conduct Dimension	TFFR Board of Trustees and its Committees
	Individual agendas are prepared by the Executive Director and approved by the Board President using the annual schedule as the basis for topics. Additional topics may be added by the Executive Director, Chief Retirement Officer, Board President, or any trustee, subject to the President’s approval. Agendas must contain enough detail that trustees, members, interested parties, and the general public can understand the nature of each item. Each item is identified as action, information only, consent agenda, or executive session, with the estimated time noted. Action items require Board discussion and vote, such as annual reports, policy changes, benefit determinations, and legislative positions. Information only items are important for the Board to know but require no action or vote, such as project updates, status reports, and education. An anticipated executive session must be listed as an agenda item, such as confidential member information or attorney consultation. Regular meeting agendas may be added to or altered at the meeting; for special or emergency meetings only the specific topics in the notice may be discussed. → On a request from an individual or organization to appear on the agenda, and the notice it requires: Public Access and Comment. Committees: Same — except agendas are prepared by the committee staff liaison in coordination with the Executive Director and approved by the Committee Chair. <i>[proposed]</i>
Meeting Materials	The Executive Director coordinates the preparation of Board meeting materials and develops an Executive Summary. Materials are posted on the public RIO website, except executive session or confidential items, which are sent to trustees by secure email. Complete materials are distributed to trustees not later than seven (7) calendar days before the meeting. <i>[proposed]</i> Late material requires the Board President’s approval and must be identified as late when distributed. <i>[proposed]</i> An item whose supporting material is distributed less than forty-eight (48) hours before the meeting is not taken up for action unless the President states on the record that the matter is time-sensitive. <i>[proposed]</i> The seven-day standard does not apply to special or emergency meetings, or to actuarial, audit, and investment reports received on an external schedule, which are distributed on receipt. <i>[proposed]</i> Trustees are expected to read materials in advance and presentations are prepared on that assumption, reducing time spent presenting and increasing time spent on dialogue. <i>[proposed]</i>

Conduct Dimension	TFFR Board of Trustees and its Committees
	Materials must meet ADA design standards and must not rely solely on visual content. <i>[proposed]</i> The Executive Director records the actual distribution date for each meeting and reports on-time distribution to the Board annually. <i>[proposed]</i>
Consent Agendas	Consent agenda items primarily consist of disability applications, QDROs, business partner reviews, and other routine administrative matters that require Board action as recommended by staff but typically require no Board discussion. Any trustee may request that an item be removed from the consent agenda to allow Board discussion and separate action.
Rules of Order	All Board and committee meetings are conducted in accordance with Robert’s Rules of Order Newly Revised, except as superseded by state law and Board governance policies.
Public Access and Comment	Public participation or comment may be allowed at the Board President’s discretion and limited to reasonable time limits, by written request to appear on the agenda, to speak on a specific agenda topic, or to speak on any TFFR-related topic not on a regular agenda, or by submitting a letter or written document for distribution to the Board. A request to appear must reach the Executive Director in writing at least ten working days before the meeting, stating the reason or topic, and the item is placed on the agenda subject to the President’s approval. A request to speak on a specific agenda topic, or under Other Business on a TFFR-related topic that is not on the agenda, must reach the Executive Director in writing at least two hours before the meeting, stating the topic. A speaker is allowed five minutes unless the President allows more. A member of the public with a question about the operation of the plan, or about an individual member or business partner matter, is encouraged to contact the Executive Director or the Chief Retirement Officer directly, so that Board time is not taken with matters staff can answer. The Board’s published participation guidelines set out the procedure at the meeting itself, including how a speaker is recognized and the conduct expected. → TFFR Board Public Participation Guidelines, posted on the TFFR website.
Executive Sessions	The Board or a committee may conduct business in executive session only as permitted by NDCC § 44-04-19.2. Only the portions of a public meeting that are specifically confidential or exempt from open meetings law may be closed, and the remainder of the meeting must be open. Procedure: convene in open session preceded by public notice; announce the topics to be considered and the legal authority for the session; pass a motion unless unnecessary because a confidential meeting is required to discuss confidential information; record the session electronically; limit topics to those announced and authorized; take final action during the open portion of a meeting; and record all substantive votes by roll call. Committees: Executive sessions are presided over by the Board President or, in committee, the Committee Chair.

Conduct Dimension	TFFR Board of Trustees and its Committees
Confidentiality	Records relating to a member’s or beneficiary’s retirement benefits are confidential and are not public records (NDCC § 15-39.1-30). Disclosure is permitted only to the persons and for the purposes listed in that section, under rules adopted by the Board.
Minutes and Records	Minutes are taken at all Board and committee meetings and presented for approval at the next regular meeting. Minutes must include, at a minimum, the names of the members attending; the date and time the meeting was called to order and adjourned; a list of topics discussed regarding public business; a description of each motion and whether it was seconded; the results of every vote taken; and the vote of each member on every recorded roll call vote. Approved minutes are made available on the RIO–TFFR website or upon request, and minutes and records of Board and committee activities and actions are maintained as required by state law. Committees: Approved committee minutes are submitted to the Board.
Compensation and Expense Reimbursement	Trustees, excluding ex officio members, receive compensation and travel expenses for attending Board and committee meetings as provided in NDCC § 15-39.1-08. Trustees are paid \$148 for each Board or committee meeting attended that lasts two or more hours, and one-half that amount for a meeting lasting less than two hours. Mileage and travel expense reimbursement is paid as provided in state law (NDCC §§ 44-08-04, 54-06-09). No trustee may lose regular salary, vacation pay, vacation or any personal leave, or be denied attendance by the state or a political subdivision while serving on official TFFR business. To receive meeting payment, a trustee completes the Board Meeting Payroll & Expenses form SFN 62436 and submits it to RIO.
Reporting	Receives reports from committees, the Executive Director and Chief Retirement Officer, the actuary, auditors, external advisors, and the SIB, the SIB ARCC on investment and audit matters, and the SIB Budget and Finance Committee on budget and finance matters. Reports should be exception-based wherever appropriate. <i>[proposed]</i> Submits necessary or desirable statutory changes to the Employee Benefits Programs Committee (NDCC § 15-39.1-05.2(5)) and informs the SIB of service. Committees: Reports regularly to the full Board and escalates material issues promptly. Reports should be decision-ready, identifying issues, options from least to most, implications, and recommended actions. <i>[proposed]</i> TFFR’s representative on the SIB ARCC and/or the Director of Audit provides ARCC monitoring reports to the Board.

Conduct Dimension	TFFR Board of Trustees and its Committees
Decision-Making	Makes final decisions unless authority is explicitly delegated under the Decision Register (Delegations). Benefit determinations on appeal, rule adoption, actuarial assumptions and funding policy, the investment policy statement, and service-level expectations are Board decisions. Committees: Makes recommendations; decides only where authority is expressly delegated by the Board.
Policy Approval Process	Governance and program policies may be adopted or amended on proposal by RIO staff or a trustee, with the Executive Director maintaining an internal agency process for developing and presenting staff recommendations. Legal review before Board approval is required where the law requires it, or where the change has legal effect. Required: an administrative rule, which must go to the Attorney General for an opinion on its legality before adoption (NDCC § 28-32-14); a new or amended policy that creates, alters or removes a legal obligation, a delegation of authority, or an interpretation of statute; and any change carrying contractual, tax-qualification or litigation implications. Counsel for the Board is obtained through the Attorney General’s Office, which appoints all counsel acting for the Board (NDCC § 54-12-08). Legal review is not required for a change with no legal effect — correcting a citation or a cross-reference, renumbering, formatting, updating a name or title, or an editorial revision that does not change meaning — nor for a change within a committee charter that does not alter the committee’s authority, membership or reporting. The Executive Director, consulting counsel where the characterization is unclear, determines which route applies and records that determination in the materials for first reading, so the Board can see the call and take a different view if it disagrees. First reading: a brief explanation or summary is presented, and on approval the policy is placed on the next scheduled meeting agenda for second reading and adoption and, when appropriate, distributed to interested parties. Second reading and adoption: the Board takes final action, and the policy takes effect immediately following adoption unless a different effective date is stated. Open meetings law requires that the meeting be open to the public; it does not require that the public be given an opportunity to speak, and nothing in this system creates a right to comment on a governance policy or obliges the Board to place public comment on the agenda for a reading. Where the Board or the President considers comment useful, it may be invited under the Board’s public participation policy. Where the instrument is an administrative rule rather than a Board policy, the public process in NDCC ch. 28-32 governs instead, including the comment period and, for a substantive rule, an oral hearing (NDCC §§ 28-32-11, 28-32-12). → Public Access and Comment; TFFR Board Public Participation Guidelines. Amendments may be proposed at any time before final adoption, and where the Board determines an amendment is a substantive change that significantly changes the meaning or effect of the policy, second reading is continued to the next meeting for further review.

Conduct Dimension	TFFR Board of Trustees and its Committees
	Emergency measures: on determining that an emergency or other circumstance calling for expeditious action exists, the Board may waive second reading and approve the policy immediately following first reading. Board policies are reviewed on the cycle the Governance & Policy Review Committee establishes and oversees, no less than every three years, and at any time on the motion of the Board or on the recommendation of the Executive Director. Periodic review does not imply revision. → Governance & Policy Review Committee Charter — Governance policy review cycle. Committees: The GPRC reviews proposed governance policy amendments before first reading and recommends them to the Board. <i>[proposed]</i>
Rulemaking	The Board may adopt such rules as are necessary to fulfill its responsibilities (NDCC § 15-39.1-07), codified at NDAC tit. 82, including rules governing disclosure of confidential member records. Rulemaking follows NDCC ch. 28-32, including Attorney General review and Legislative Management Administrative Rules Committee review. Committees: The GPRC reviews proposed rules for consistency with the governance policy system, and adoption is reserved to the Board. <i>[proposed]</i>
Board Appeals	Any member, beneficiary, business partner, or affected individual may appeal a determination made by the Executive Director or designee regarding TFFR eligibility, benefits, or other plan provisions. A written request for Board review must be filed within thirty days after notice of the determination, and if it is not filed within that period the decision of the agency is final. The request must include the decision being appealed, the reasons the individual believes it should be reversed or modified, and any relevant documentation. The appeal hearing is scheduled as part of a regularly scheduled Board meeting, a summary of the relevant facts and documentation is presented, and the affected individual or designee may attend and speak. The Board decides after reviewing the facts, documentation, and testimony, and communicates its decision in writing to the affected individual within thirty days. An aggrieved individual may initiate a formal administrative action against the Board in accordance with NDAC § 82-10-01-01 and NDCC ch. 28-32. When sitting on appeals the Board acts in a quasi-adjudicative capacity, avoiding ex parte contact with a party and preserving the record. <i>[proposed]</i> Committees: No committee may hear or decide an appeal or make an individual benefit determination. <i>[proposed]</i>
Board Communications	The Board President and the Executive Director — or the Chief Retirement Officer in the Executive Director’s absence or at the Executive Director’s direction — are authorized to represent the Board on retirement program issues and to announce Board positions and decisions, unless otherwise determined by the Board.

Conduct Dimension	TFFR Board of Trustees and its Committees
	Trustees may respond to general inquiries about the TFFR retirement program. Specific questions from members, beneficiaries, business partners, and the public should be referred to the Communications and Outreach Director or other RIO staff for more detailed information. Committees: A Committee Chair speaks for the committee only on matters within its charter, and reports committee positions to the Board rather than externally. <i>[proposed]</i>
Strategic Planning	The Board and the Executive Director work collaboratively to develop a long-term strategic plan. The plan may identify and prioritize TFFR program issues and initiatives; assess strengths, weaknesses, opportunities, and threats; focus resources on high-value activities; develop strategies to address priorities; monitor progress and implementation; and work with RIO to ensure adequate resources support successful execution. Committees: The GPRC aligns the governance policy system and committee workplans to the strategic plan. <i>[proposed]</i>
Litigation Governance	Governs threatened and pending litigation, administrative proceedings, claims, investigations, subpoenas, demands, and material disputes affecting TFFR, so matters are identified early, assigned to the correct authority, directed through authorized counsel, preserved, and resolved in members' interests; controlling law prevails. TFFR governs benefit, QDRO, overpayment, employer-reporting, tax-qualification, records, open-meeting, fiduciary, and TFFR-vendor matters. Asset-allocation, overlapping-trustee, and cross-program matters are shared with SIB and RIO under a designated lead authority, and securities, investment-manager, custody, and trading litigation is governed by the SIB, which provides TFFR only the information its fund-level and overlapping-trustee duties require. The Board is the client for entity and governance advice and reserves authority to approve the policy, risk appetite, and reporting thresholds, authorize institutional positions, receive privileged advice, and approve material or reserved settlements, without directing tactics. The Attorney General represents the State and controls appointment of any assistant or special counsel; TFFR may not employ legal counsel except upon written appointment by the Attorney General (NDCC § 54-12-08), and counsel represents the Board rather than any individual absent express authorization. Specialist advice the Attorney General's Office does not itself provide — Internal Revenue Code plan-qualification work being the standing example — is obtained by asking the Attorney General to appoint that specialist as a special assistant attorney general. That route is open to the Board; independent retention by TFFR is not. The President coordinates Board access to counsel, agendas, and conflicts, with no unilateral authority to direct counsel, settle, or speak for TFFR. The Executive Director and Chief Retirement Officer administer the policy, and the Chief Retirement Officer maintains the litigation register, intake, preservation, deadlines, cost tracking, and reporting.

Conduct Dimension	TFFR Board of Trustees and its Committees
	Any trustee or staff member receiving legal process, a demand, a credible threat, or notice of circumstance must forward it immediately to the Chief Retirement Officer, Executive Director, and counsel and take no action beyond preserving rights. Only counsel may assert or waive privilege, no individual may waive TFFR privilege, and legal holds override routine destruction until counsel releases them. The President or designee is the sole spokesperson, and trustees avoid ex parte contact with litigants, witnesses, adjudicators, or opposing counsel and forward unsolicited contact to counsel. Reporting escalates by materiality: routine matters quarterly, significant matters promptly to the President and Committee, and material or systemic matters immediately to the Board. The Board reviews this policy annually and after any material matter or change in authority, and amendments require Board approval. Committees: The GPRC oversees the litigation register, compliance, and remediation, and tracks corrective actions and recurring causes. The GPRC may not initiate, settle, appeal, waive privilege, or direct counsel unless expressly delegated.

Succession Planning	Succession is treated as a fiduciary and enterprise-risk discipline preserving continuity of Board leadership, institutional knowledge, and critical relationships, not as the replacement of an individual. The Board controls Board officer succession, committee and SIB-representative assignments, trustee onboarding and mentorship, TFFR-retained providers, and this policy. The Board influences, but does not control, Executive Director and Chief Retirement Officer succession and RIO retirement-program staffing and resources, through competency input, service expectations, and recommendations to the SIB. The Board reacts to, and maintains readiness for, ex officio turnover, statewide election outcomes, gubernatorial appointment decisions, and statutory composition changes, which it does not select or prevent. The Board reviews annually a continuity-readiness dashboard covering trustee terms, officer readiness, critical retirement functions, key providers, and overdue actions, and confirms the order of officer succession and interim coverage. The Vice President acts if the President is unavailable, and if both offices are vacant the trustees present select a temporary presiding trustee solely to conduct necessary business and schedule the election. On an Executive Director vacancy the Chief Retirement Officer continues TFFR program administration within existing delegations while the President seeks the SIB’s confirmation of who is authorized to act for RIO; the Board does not designate acting RIO leadership. The President, Executive Director, or Chief Retirement Officer may activate emergency stabilization to preserve records and benefit-payment controls, confirm lawful decision authority, and document temporary assignments and their limits, which suspends no law and creates no new authority. Reviewed annually for readiness, comprehensively at least every three years, and after any material transition or change in the TFFR–SIB–RIO allocation of authority. Committees: The GPRC receives the continuity-readiness dashboard and the Executive Director’s and Chief Retirement Officer’s assurance on TFFR-facing critical-role coverage, cross-training, documentation, and access.
Board–Staff Interaction	Board authority is exercised by lawful vote, policy, resolution, or express delegation, not by an individual trustee or officer. The Board sets direction, approves policy, oversees results, and verifies accountability; management organizes staff and executes. The Executive Director heads RIO and is the official link between the Board and the agency. → On the Chief Retirement Officer’s reporting line, and the limits on this Board’s authority over the position: Roles — Chief Retirement Officer Charter. An individual trustee may prepare, ask questions, request routine information, communicate concerns, and offer views, but may not bind TFFR, assign or reprioritize work, set deadlines, approve operations, direct or supervise staff, evaluate or discipline staff, or conduct a parallel investigation. Board direction runs from the President to the Executive Director and must reflect documented collective action; routine information requests go to the Chief Retirement Officer’s designated channel with Executive Director visibility; and requests for new or

	material analysis go to the President, Executive Director, and Chief Retirement Officer for scoping before work begins. Management may consolidate, narrow, defer, decline, or elevate a request that is duplicative, unduly burdensome, intrusive, legally restricted, outside TFFR authority, or inconsistent with Board priorities, with the reason documented. Responses containing material new information, correcting a prior understanding, or likely to influence deliberation are distributed to all trustees. Individual briefings may support orientation, technical understanding, conflicts, accessibility, or urgency, but may not secure commitments or enable serial deliberation outside a lawful meeting. Staff may pause a disputed, burdensome, inappropriate, coercive, or apparently unauthorized request and escalate, and good-faith refusal, disagreement, record preservation, and escalation are protected from retaliation. At least annually the Board receives a non-personnel report on request timeliness, material deferrals, significant communications, boundary concerns, retaliation allegations, repeated bypass attempts, and recommended improvements. Board feedback on TFFR program delivery is directed to the Executive Director rather than to the Chief Retirement Officer, and the Board reviews this policy annually and after any material failure or structural change. Committees: A Committee Chair works with a designated staff liaison within an approved charter, workplan, agenda, and Board-authorized assignment. A Committee Chair may not expand scope, direct operations, or bind the Board.
Trustee Orientation	Each new trustee should attend new trustee orientation session(s) as soon as possible after being appointed to the Board or elected to office. Orientation is developed by the Executive Director and includes, at minimum: introduction to RIO staff and a tour of the RIO office; the Governance Policy System; Board duties and responsibilities; history and overview of the plan; the TFFR–SIB–RIO organizational structure; laws, rules, and Board policies governing the plan; benefit structure, administration, and outreach services; fiduciary responsibilities, conflicts of interest, and ethics; open meetings and open records; Board meeting schedule, protocol, minutes, and materials; the actuarial valuation, experience, and audit reports and funding policy; the annual financial report; the investment program, investment policy statement, asset allocation, and performance; the RIO website; legislative issues; and the list of educational conferences and training sessions. Committees: A trustee joining a committee receives a briefing from the staff liaison on the committee’s charter, workplan, and current agenda. <i>[proposed]</i>
Mentor	The Board President assigns each new trustee an experienced Board mentor with at least two years of Board service to assist the new trustee in becoming familiar with Board responsibilities. The mentor contacts the new trustee periodically outside regularly scheduled meetings, and the new trustee should contact the mentor as often as necessary.

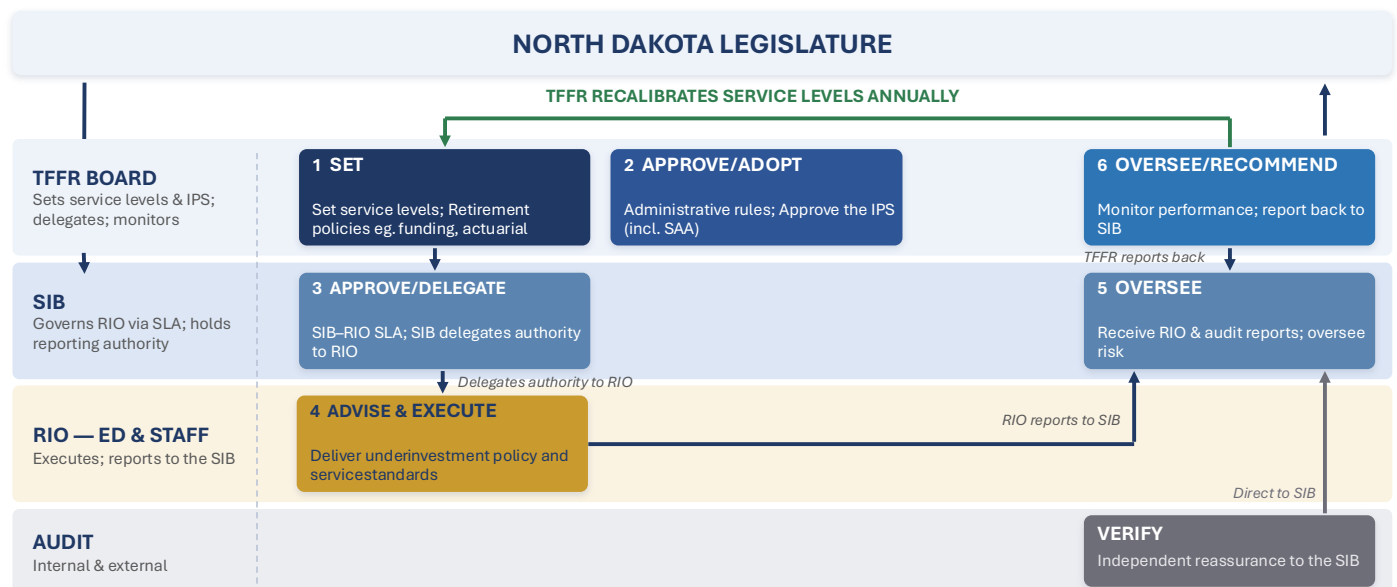
	Appointment of a mentor does not constitute appointment of a committee and does not implicate open meeting notice requirements. Committees: Not applicable.
Continuing Education	Trustees make policy decisions affecting all major aspects of plan administration and should acquire and maintain the knowledge and skills necessary to govern a large, complex pension fund. → On the competencies expected of trustees and of each committee role: TFFR Trustees — Knowledge, Skills and Competencies. Curriculum subjects: public pension plan governance; asset allocation and investment management; actuarial principles and funding policies; financial reporting, controls, and audits; benefits administration; open meeting and open records laws; fiduciary responsibilities; and ethics and conflicts of interest. The Board encourages education through new trustee orientation, the mentoring program, educational conferences, workshops and training programs, in-house education sessions, fiduciary education and ethics training, open meetings and open records training, and webinars, reports, and studies. Trustees should identify areas where additional education would help and work with the Executive Director to find or develop opportunities. Each trustee completes a fiduciary education and ethics session and an open meetings and open records session at least every two years, through an e-learning platform or at a regularly scheduled Board meeting. The Executive Director arranges continuing education based on needs identified by trustees, through either in-house sessions at regular Board meetings or through an e-learning platform. Topics may include: pension board governance, actuarial and funding issues, investments, retirement operations and benefits, and workforce demographics and shortages. E-learning platforms should record completion of platform modules automatically and the Executive Director reports those records to the Board. Trustees annually report education received outside the platform on the TFFR Board Education Report Form. Each trustee completes a minimum of ten (10) hours of continuing education each fiscal year, fifteen (15) in a trustee's first full fiscal year, with new trustee orientation required in addition to and excluded from the count. Service on the State Investment Board or on its committees does not add to this requirement, and continuing education completed in that capacity counts toward this minimum: a trustee who serves on both boards completes ten (10) hours in total, not ten for each. Over any rolling three-year period each trustee's record must include actuarial principles and funding, benefits administration, and the investment program. → Fiduciary ethics and open meetings and open records are covered by the biennial sessions required above. Credits may be earned through any combination of online or in-person training including conferences and in-house sessions, and also through workshops, webinars, courses, and up to three hours per year of structured self-study, counting instructional content only. RIO staff will track completion. The Executive Director, who may delegate to the Chief Retirement Officer, maintains the education record and reports to the Board at the January and July meetings, with the annual summary reviewed by the GPRC.

	Where a trustee falls short of the minimum, the Board President and the Executive Director agree a written catch-up plan for the following quarter. The requirement is a governance expectation and does not affect any trustee’s statutory right to hold office, attend, or vote. Committees: Each committee member completes continuing education aligned with the committee’s responsibilities and required capabilities.
Education Conferences, Travel, and Reimbursement	The Executive Director or designee maintains a list of educational conferences, workshops, and training programs appropriate for trustees and provides it to trustees at least annually. Subject to budget availability, trustees may attend at least one out-of-state educational conference each year, and new trustees or trustees with investment or other specialized responsibilities may attend additional training to develop the knowledge and skills the role requires. The Executive Director reviews conference agendas and materials to ensure they are geared toward trustee education and, subject to budget availability, approves Board travel requests. Board travel outside the continental United States must be approved by both the Board President and the Executive Director. Any trustee who attends a conference, workshop, or training program presents an oral report to the Board, and the Executive Director informs the Board annually of the programs attended by trustees. Trustees notify the Chief Retirement Officer of interest in a program; RIO completes the travel authorization form for the trustee’s signature and the Executive Director’s approval; and RIO makes travel arrangements and pays registration fees unless otherwise agreed. Travel-related expenses are paid in accordance with State of North Dakota travel policies, and reimbursement requires a completed expense form with receipts as required. Committees: Committee-related travel follows the same approval and reimbursement process.
Self-Assessment	Conducted annually. See Governance & Policy Review Committee Charter.
Charter / Governance Review	Reference — Governance & Policy Review Committee Charter.
Accountability	Accountable to members, beneficiaries, participating employers, the Legislative Assembly, and the public for statutory compliance, plan funding, and long-term stewardship. Committees: Accountable to the Board for research and recommendations, oversight of performance and risk within the delegated scope, and verification and reporting to the Board.
Annual Workplans	At the July meeting the Board adopts the annual board agenda schedule and education plan.

	Extend this into a multi-year workplan, cadence, and decision calendar built from the approvals the Board is required to make. <i>[proposed]</i> Committees: Every standing committee creates at least an annual workplan designed to provide timely recommendations to the Board according to the agreed Board calendar. <i>[proposed]</i>
Appointment	Reference → Roles: TFFR Board
Terms	Reference → Roles: TFFR Board
Vacancy Notification and Continuity → Roles: TFFR Board — Vacancies, Holdovers & Continuity. → On officer and representative vacancies: TFFR Trustees — Election of TFFR Board Officers, 4. Vacancy in an office or representative seat.	Committees: Committee vacancies are filled by the Board at its next regular meeting, and special committee vacancies are filled by the Board President. The Board President may designate a trustee to cover a committee seat until the Board acts. <i>[proposed]</i>
Leadership	Reference — Roles: TFFR Board President and Vice President Charter
Election of Officers	Reference — TFFR Trustees, Election of TFFR Board Officers and SIB trustee positions, 2. Election Procedure
Committees	Reference — Governance & Policy Review Committee Charter
Ad hoc and Sub-Committees	Reference — Committees: Special Committees.
Staff Support	The Executive Director serves as the Board’s primary liaison, supported by the Chief Retirement Officer and RIO retirement staff.

	TFFR’s accountability for the Executive Director runs through the service-level duties in NDCC § 15-39.1-05.2(6)–(7) and written TFFR input to the Executive Director’s evaluation. → On the appointment of the office and to whom it answers: Roles — Executive Director Charter. Committees: The Executive Director designates a senior staff liaison appropriate to the committee’s scope, typically the Chief Retirement Officer.
Independent Advisors	See Decision Calendar and the Decision Register (Delegations). The Board conducts an annual audit of the fund (NDCC § 15-39.1-22). → On the continuing appropriation of benefits and consultant fees: Authority. Reference – Fiduciary Conduct Policies Committees: Same, subject to Board approval.
Independence and Conflicts of Interest	Chapter 15-39.1 contains no personal-profit prohibition equivalent to the SIB’s, at NDCC § 21-10-09. → Fiduciary Conduct Policies — Affirmation and Disclosure. Five of seven trustees are plan members or beneficiaries by statutory design, and that dual role is managed through the duty of loyalty to the fund, disclosure, and recusal rather than exclusion. Proposed as a Prohibited Conduct provision under Fiduciary Conduct Policies — Conflicts of Interest & Disclosure, mirroring NDCC § 21-10-09. <i>[proposed]</i> That prohibition expressly excludes plan entitlements available to a trustee as a member on the same terms as all similarly situated members, and compensation and expenses authorized by NDCC § 15-39.1-08 and Board policy. <i>[proposed]</i> Board policy cannot create a criminal penalty, so a statutory analogue to NDCC § 21-10-09 should be pursued through the Employee Benefits Programs Committee under NDCC § 15-39.1-05.2(5). <i>[proposed]</i> Committees: Committee members are subject to the same Code of Conduct, disclosure, and recusal requirements. Any non-trustee external committee member must be independent and free from material conflicts of interest, reviewed at appointment and periodically thereafter. <i>[proposed]</i>
Interface with SIB and RIO	The Board establishes the investment policy. See Timing — The Governance Cycle, 2. Set direction and policy. Service-level performance is monitored through the Benefits Governance Scorecard Policy and, once adopted, the TFFR–SIB–RIO service level agreement. Committees: The GPRC monitors policy intersections between the TFFR and SIB governance documents and recommends alignment. <i>[proposed]</i> Trustees serving on the SIB and its committees act as SIB fiduciaries when serving there, subject to SIB governance policies; they are TFFR-selected representatives, not TFFR delegates, and may not be instructed how to vote. <i>[proposed]</i>

Key Decisions



Decision Register (Delegations)

The Decision Register (Delegations) traces powers from their statutory source through the party that holds them to the party that exercises them, organized by functional domain and, within each domain, by board power. It reads as a delegation chain: the Legislative Assembly is the ultimate source; it reserves some powers to itself, vests others in the TFFR Board or the State Investment Board, and those bodies in turn delegate execution to RIO staff or rely on external parties.

Purpose and functions

The Governance Policy System is designed to assure that the Board exercises its fiduciary authority in a disciplined, transparent, and repeatable manner across multiple years. At its core are two reinforcing governance tools: the Decision Register (Delegations) — a structured inventory of all recurring and non-recurring Board decisions; and the Governance Cycle — a calendarized multi-year cadence of Board and committee activities through which policies are set, decisions are approved, authority is delegated, performance is overseen, and results are verified. Together these establish a governance cycle that organizes the Board’s fiduciary responsibilities into a structured sequence of decisions, oversight activities, and policy refinements, so that the Board governs proactively rather than reactively, maintains disciplined oversight of delegated authority, and continuously improves the governance framework over time.

The register is the central operating instrument of the system. It is a structured record that identifies, documents, and schedules the key Board decisions required to govern the plan and the organization serving it. It serves several governance functions:

- Provides clarity regarding which decisions belong to the Board;
- Establishes decision ownership and delegation;
- Schedules just-in-time intelligence and insights (continuing education) in preparation for decisions;
- Assures that decisions are made with adequate preparation and due diligence;
- Aligns Board activity with the plan’s strategic and fiduciary responsibilities;
- Enables multi-year governance planning.

To support each major decision, the system provides just-in-time intelligence reports and curated board insights — relevant context, peer practice, and suggested questions to ask in advance of each significant vote or action.

Each entry identifies the Board power being exercised, the decision, the party that holds the authority and the party that exercises it, the statutory or policy source of that authority, and the limits on discretion. The Decision Calendar adds the cadence at which each recurs, the parties that advise or execute, and the point at which the intelligence and insights supporting the decision are delivered.

→ On when each decision arrives: Timing — Decision Calendar and Cadence. On the education linked to the calendar: Authorities and Delegation — Conduct the Business of the Board and its Committees — Continuing Education.

How to read a row

Each row carries one of the Board’s five powers. Where the holder is not the Board — the Legislature, the Governor, the State Investment Board, an external body — the row is marked Conduct, because what it records is a constraint on how the Board conducts its business rather than a power the Board may exercise.

Notation	Means
LEG → TFFR	Vested by statute in the Board.
LEG → TFFR → ED	Vested in the Board; the Board has delegated execution to the Executive Director.
LEG ∅	Reserved by the Legislature and not delegated.
TFFR ∅	Reserved by the Board and not delegated.
TFFR + SIB	Joint approval. Neither body can act alone.
TFFR → SIB (accept)	The Board adopts; the SIB accepts or approves.
Office-based ∅	Held by virtue of another office. The seat is not in the gift of the Board, the Governor or any other body.
Entity codes	ACT — consulting actuary · AGO — Attorney General’s Office · APA — Administrative Agencies Practice Act (NDCC ch. 28-32) · ARCC — SIB Audit, Risk and Compliance Committee, which serves as this Board’s audit committee · AUD — State Auditor · CRO — Chief Retirement Officer · EBPC — Legislative Management’s Employee Benefits Programs Committee · ED — RIO Executive Director · EMP — participating employer · ESPB — Education Standards and Practices Board · ETH — North Dakota Ethics Commission · GOV — Governor · GPRC — Governance & Policy Review Committee · Inv. Dir. — the statutory investment director (NDCC § 21-10-02) · LEG — Legislative Assembly · MBR — member or benefit recipient · MED — medical consultant · NDU, NDCEL, NDRTA — the trustee nominating organizations · RIO — Retirement and Investment Office · SIB — State Investment Board · STAFF — RIO retirement staff · TFFR — TFFR Board of Trustees.

The last entity in a chain is the one that acts. A parenthetical names the officer within that body who performs the function.

Entity key

LEG — ND Legislative Assembly · EBPC — Legislative Management Employee Benefits Programs Committee · GOV — Governor · TFFR — TFFR Board of Trustees · SIB — State Investment Board · ED — RIO Executive Director · CRO — Chief Retirement Officer · STAFF — RIO retirement staff · ACT — Actuary · MED — Medical consultant · AGO — Attorney General’s Office · AUD — State Auditor · ESPB — Education Standards and Practices Board · EMP — Participating employer · MBR — Member or beneficiary · ETH — Ethics Commission · NDU, NDCEL, NDRTA — nominating organizations.

Power	Decision	Holder & flow	Authority	Notes / discretion limits
D1. Governance, Board Structure & Meetings				
Conduct	Create the plan; set benefit levels, contribution rates, tiers	LEG ☉	NDCC ch. 15-39.1 (esp. -09, -10, -11)	Benefits and statutory contribution rates are fixed by statute; the Board administers but cannot alter them. Rate step-downs to 7.75% are triggered by the 100%-funded actuarial test.
Conduct	Serve as ex officio trustees	Office-based ☉	NDCC § 15-39.1-05.1(1)(d)	The state treasurer, or a designee from the office of state treasurer, and the superintendent of public instruction, or a designee from the department of public instruction.
Conduct	Appoint the five appointed trustees; fill vacancies	GOV ☉	NDCC §§ 15-39.1-05.1, -07	Governor appoints from three-name lists submitted by NDU, NDCEL or NDRTA. The Board only notifies the Governor and the nominating organization of a vacancy.
Conduct	Trustee compensation and travel	LEG → TFFR (administers)	NDCC § 15-39.1-08	Per diem set by statute. Excludes ex officio members.
Conduct	Convene executive session	LEG → TFFR (President)	NDCC § 44-04-19.2	Only for statutorily permitted topics — confidential member data, attorney consultation, disability applications.
Conduct	Board, committee and individual self-assessment	TFFR ☉ (President)	Board policy	President leads, GPRC designs.
Conduct	Set meeting schedule, agendas, quorum, voting	LEG → TFFR → ED (agenda)	NDCC § 15-39.1-05.1(3)	Meet as necessary to fulfill fiduciary duty. Quorum four; four votes required for resolution or action. ED prepares the agenda; the President approves it.
Conduct	Elect Board officers; elect SIB representatives and their alternate, and recommend the ARCC and Budget and Finance Committee liaisons; seat the GPRC	TFFR ☉	NDCC § 15-39.1-06	Annual, at the first meeting following July 1; four votes required. The Treasurer may not hold one of the Board’s two representative seats on the SIB, because the Treasurer already sits on the SIB in the Treasurer’s own right (NDCC § 21-10-01(1)(b)). That does not bar the Treasurer from an ARCC or BFC seat, which requires only SIB membership.
Set	Set policy for the fund	LEG → TFFR	NDCC § 15-39.1-05.1(1)	“The authority to set policy for the fund rests in a board of trustees.” Core reserved power of the Board.
Approve	Adopt and amend governance and program policies	TFFR ☉	NDCC § 15-39.1-07	Two-reading process; AGO legal review before adoption; emergency waiver of the second reading permitted. Distinguish administrative rules adopted under NDCC ch. 28-32 from

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Power	Decision	Holder & flow	Authority	Notes / discretion limits
				Board policies adopted under the two-reading process.
D2. Rulemaking, Legislative & IRC-Compliance Authority				
Approve	Adopt and amend administrative rules	LEG → TFFR → AGO/STAFF	NDCC § 15-39.1-07; ch. 28-32; NDAC § 82-01-01-01	Board is the named rulemaker; APA procedure applies. Drafting and hearings delegated to the AGO and staff.
Set	Draft proposed legislation and administrative rules	AGO → TFFR → LEG	Board policy	AGO provides drafting and legal review support.
Set	Set legislative priorities and positions; submit proposals	LEG → TFFR → EBPC	NDCC § 15-39.1-05.2(5)	Board sets its own priorities and positions as a matter of policy. The statute requires submission of necessary or desirable statutory changes to the Legislative Management's Employee Benefits Programs Committee.
Approve	Approve IRC-compliance plan modifications	TFFR + EBPC	NDCC § 15-39.1-35	Board may adopt conforming terminology to preserve qualified status, but only "subject to the approval of the employee benefits programs committee." Shared authority.
Approve	Reduce or suspend the conditional annual benefit adjustment	LEG → TFFR	NDCC § 15-39.1-10.11	Discretionary, not automatic. The Board may act where the shortfall between the benchmark and the statutory contribution rate exceeds six-tenths of one percent in a year, or three-tenths of one percent in any two consecutive years.
Oversee	Receive the actuarial-adequacy test report	LEG → TFFR → EBPC	NDCC § 15-39.1-10.11	The Board receives the annual actuarial-adequacy test and reports it to the EBPC. The decision the test may trigger is recorded separately in this domain.
D3. Investment of Assets				
Set	Establish investment goals, objectives and asset-allocation policy	LEG → TFFR	NDCC §§ 15-39.1-05.2(2), 21-10-02.1(1); IPS § 3	The Board sets acceptable return, liquidity and risk and long-range allocation targets. Reserved TFFR policy power.
Set	Use RIO staff and consultants to develop allocation and investment policy	LEG → TFFR (mandatory)	NDCC § 21-10-02.1(2)	The fund governing body "shall use the staff and consultants of the retirement and investment office." TFFR has contracted with the SIB's consultant for asset-liability studies.
Set	Reserved investment-management authority not assigned in ch. 21-10	TFFR → SIB	IPS	The IPS delegates to the SIB all management responsibility not assigned to it in ch. 21-10 — a broad grant; the policy and implementation line is not sharply drawn. The broad delegation does not remove the Board's own duty to establish investment policy under NDCC § 15-39.1-05.2(2), which the Board retains.
Approve	Approve the asset allocation and any change to it	TFFR + SIB	NDCC § 21-10-02.1(2)	Allocation "must be approved by the governing body of that fund and the state investment board." Dual-key decision; neither body can act alone.
Approve	Adopt the Investment Policy Statement	TFFR → SIB (accept)	IPS	Adopted by the TFFR Board and accepted by the SIB.

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Power	Decision	Holder & flow	Authority	Notes / discretion limits
Oversee	Invest assets; implement policy under the prudent investor rule	LEG → SIB	NDCC §§ 15-39.1-26, 21-10-02, -07	Assets invested “under the supervision of the state investment board.” Implementation authority reserved to the SIB.
Oversee	Hire and terminate money managers; security selection; benchmarks; performance measurement	LEG → SIB	NDCC § 21-10-02(3); IPS § 3	SIB establishes criteria and decides manager retention; its role over managers is supervisory, not advisory.
Oversee	Set quality, diversification and restriction guidelines; custodian; pooling; rebalancing	LEG → SIB	NDCC §§ 21-10-02.1(1)(e), 21-10-08.1; IPS §§ 6–8	SIB master custodian holds the assets; rebalancing per SIB policy. Social and ETI investing barred unless the exclusive-benefit rule is met.
Oversee	Appoint the investment director or advisory service; execute investment contracts	LEG → SIB → Inv. Dir.	NDCC §§ 21-10-02(3), 21-10-05	Appointment sits with the SIB under NDCC § 21-10-02(3). Contracts executed under a continuing appropriation. Whether the Executive Director holds this office is an SIB arrangement, not a statutory identity.
D4. Actuarial & Funding				
Approve	Retain the consulting actuary; RFP cycle	LEG → TFFR	NDCC § 15-39.1-05.2(3)	RFP every six to ten years at Board discretion; may extend in two-year terms.
Approve	Retain an independent actuarial auditor	TFFR ☉	Board policy	Separate RFP; periodic audit of the consulting actuary at least every five years.
Approve	Adopt actuarial assumptions, methods, tables and factors	LEG → TFFR	NDCC § 15-39.1-05.2(3); NDAC ch. 82-05-04	Assumed return, mortality and salary tables and 415 and service-purchase factors are fixed in rule, and so are adopted through Board rulemaking. Current assumed rate 7.15%.
Approve	Adopt and modify the Actuarial Funding Policy	TFFR ☉	NDCC § 15-39.1-05.2(3); Actuarial Funding Policy Statement	Entry Age Normal; five-year asset smoothing; closed thirty-year amortization from 2013, with Board discretion from the July 1, 2024 valuation to shorten to twenty years or fewer.
Approve	Adopt and update the Plan Management Policy score	TFFR ☉	Benefits Governance Scorecard	Forward-looking risk score updated after each valuation; staff and the actuary weigh outside factors.
Oversee	Compute the valuation and ADEC; conduct the experience study	TFFR → ACT	NDCC § 15-39.1-05.2(3)	Actuary values liabilities and recommends contribution rates, and conducts a general investigation of actuarial experience at least every five years or at Board direction.
Oversee	Receive actuarial recommendations on rates and statutory changes	ACT → TFFR → EBPC	NDCC § 15-39.1-05.2(3), (5)	Actuary recommends; the Board decides its positions; statutory changes go to the EBPC.
D5. Benefits Administration & Member Determinations				
Set	Determine eligible retirement salary; bonus and performance-pay eligibility	TFFR ☉	NDCC § 15-39.1-04(10)(h); NDAC §§ 82-02-01-01, 82-04-02-01	Expressly the Board’s determination; staff apply the criteria day to day.
Approve	Approve service purchase and repurchase; set the cost basis	LEG → TFFR → STAFF	NDCC §§ 15-39.1-15, -24, -33; NDAC	Board adopts the actuarial factors; “the fund” calculates the cost. Some cost-calculation provisions name no actor.

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Power	Decision	Holder & flow	Authority	Notes / discretion limits
			§§ 82-03-01-04, -05, -09	Qualified domestic relations orders, service purchases and other routine benefit determinations are administered by the Executive Director and the Chief Retirement Officer under Board policy. The Board reserves the determination of exceptions and of appeals from staff determinations.
Approve	Waive the 120-day refund waiting period	LEG → TFFR	NDCC § 15-39.1-20; NDAC § 82-03-01-01	Discretionary Board waiver on evidence the teacher will not return to North Dakota teaching.
Approve	Approve a beneficiary change under the joint-and-survivor option	LEG → TFFR	NDAC § 82-05-02-02	Board approves the change and makes the actuarial adjustment; medical examination required.
Approve	Determine QDRO qualified status; administer the distribution	LEG → TFFR → STAFF (administers)	NDCC § 15-39.1-12.2; NDAC ch. 82-08-01	Statute requires Board rules for qualifying QDROs. Board makes the final determination; RIO administers. Any change to the delegation runs through NDAC tit. 82.
Approve	Release a person from overpayment liability on equity grounds; hear payment appeals	TFFR ☉	NDAC § 82-05-03-07	Board hears appeals of the ED's repayment decisions and may release on "equity and good conscience" grounds.
Approve	Decide member appeals on eligibility, benefits and plan provisions	ED → TFFR (review) → APA	NDCC ch. 28-32; Board policy	Thirty-day window to request Board review; the Board's decision is appealable under the Administrative Agencies Practice Act.
Oversee	Optional benefit form and partial lump sum; spousal-consent handling	LEG → TFFR (factors) → STAFF (administers)	NDCC §§ 15-39.1-16, 15-39.1-05.2(3); NDAC chs. 82-05-02, 82-05-04	Member elects. Absent spousal consent the election defaults to a 50% joint-and-survivor form. The Board adopts by rule the actuarial equivalence factors that price the optional forms.
Oversee	Approve repayment arrangements; offset future benefits; pursue estate recovery	TFFR → ED / STAFF (by rule)	NDAC § 82-05-03-05	ED approves arrangements and orders offset; "the fund" may pursue estates.
Oversee	Determine "teacher" status and employer-reporting compliance	LEG → TFFR → STAFF (monitors)	NDCC § 15-39.1-04(12); NDAC tit. 82	Staff monitor reporting; contested eligibility interpretations rise to the Board or to appeal.
Oversee	Approve alternative proof of death	TFFR → ED (by rule)	NDAC § 82-05-03-02	ED approves documentation other than a death certificate.
Oversee	Correct records; adjust over- and underpayments to the actuarial equivalent	LEG → TFFR → STAFF (by rule)	NDCC §§ 15-39.1-29, -31, -32; NDAC §§ 82-05-03-03, -05, -06	Statute places the duty on the Board; rule delegates the correction to staff.
D6. Disability Determinations				
Approve	Determine disability eligibility	LEG → TFFR • ED (interim)	NDCC § 15-39.1-18(1); NDAC § 82-07-01-03	Statute: disability "as determined by the board." The rule allows the ED an interim determination, ratified by the Board at its next meeting.
Approve	Consider applications in closed session; extend the 36-month filing window	LEG → TFFR	NDCC § 44-04-19.2; NDAC § 82-07-01-03(4)	Applications heard confidentially; the Board may extend the filing period case by case.

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Notes / discretion limits
Approve	Suspend or cease disability benefits; set a trial-return period	LEG → TFFR	NDCC § 15-39.1-18(3); NDAC § 82-07-04-01	Board presumes recovery on non-recertification or return to work and suspends, or allows a trial return of up to six months.
Approve	Decide an appeal from an adverse recertification	MBR → TFFR ☉	NDAC § 82-07-01-03(5)	Annuitant may appeal to the Board in the same manner as the initial determination.
Oversee	Make continued-eligibility recertification decisions	TFFR → ED (by rule)	NDAC § 82-07-01-03(5)	ED “must make the redetermination and recertification decision and bring the matter to the board only if warranted.”
Oversee	Review medical evidence; advise on diagnosis	TFFR → MED	NDCC § 15-39.1-05.2(3)	Medical consultant evaluates and recommends; may order a specialist examination or accept records.
D7. Financial Management, Budget & Audit				
Conduct	Appropriate RIO’s biennial budget	LEG ☉	NDCC § 54-52.5-03	RIO administers within legislative appropriation authority.
Conduct	Select the external financial auditor	AUD ☉ (ARCC input)	GPS — Service Providers: Auditor	State Auditor selects; results reported to the SIB Audit, Risk and Compliance Committee, then to the TFFR Board.
Approve	Pay benefits, consultant fees and administrative and investment costs	LEG → TFFR / SIB	NDCC §§ 15-39.1-05.2(4), 15-39.1-26, 21-10-06.2	Benefits and consultant fees are appropriated from the fund; investment costs are paid directly from the fund.
Oversee	Develop the agency budget and legislative agenda	TFFR + SIB → ED	NDCC ch. 54-52.5	ED directs budget preparation for the agency and both boards; TFFR and SIB provide input.
Oversee	RIO budget, expenditures, financial reporting and information technology	SIB → TFFR (oversees)	NDCC § 54-52.5-02	Oversight, not control; RIO is SIB-governed. One TFFR trustee serves as a voting member of the SIB Budget and Finance Committee, and liaison between the committee and TFFR.
Oversee	Allocate RIO operating costs across funds	LEG → SIB	NDCC § 54-52.5-03	Administrative expenses charged to the NDCC § 21-10-06 funds “in proportion to services rendered as estimated by the SIB.”
Oversee	Audit oversight for TFFR	SIB ARCC (shared)	GPS — Committees	The SIB Audit, Risk and Compliance Committee serves as TFFR’s audit committee; One TFFR trustee serves as a voting member of the ARCC, and liaison between the committee and TFFR. TFFR has no audit committee of its own.
Verify	Conduct the annual audit of the fund	LEG → TFFR	NDCC § 15-39.1-22	“The board shall conduct an annual audit of the fund,” discharged through the RIO and State Auditor process.
Verify	Internal audit and compliance monitoring	SIB / RIO → STAFF	GPS — Four Lines of Accountability	RIO internal audit reports compliance to the Board, with a direct reporting line to the SIB ARCC.
D8. Personnel & Staffing				
Conduct	Hire, evaluate, terminate and set the salary of the Executive Director	LEG → SIB	NDCC § 54-52.5-02	ED serves at the SIB’s pleasure. The TFFR Board does not hire the ED.

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Notes / discretion limits
Conduct	Hire, evaluate and terminate the Chief Retirement Officer	SIB → ED	Board policy	The Executive Director holds the authority to hire and terminate the CRO, as with the CIO.
Conduct	Hire RIO staff	SIB → ED	Board policy	ED hires staff to carry out RIO responsibilities.
Conduct	Approve the investment incentive-compensation program	LEG → SIB	NDCC § 54-52.5-04	Approved annually by the SIB and reported to Legislative Management.
Conduct	Designate an acting CRO in the absence of the ED and CRO	TFFR → SIB	Board policy	The Board may put forward an interim CRO to the SIB. The decision rests with the SIB.
Oversee	Administer the TFFR program day to day	TFFR → ED → CRO → STAFF	NDAC tit. 82	The Board delegates administration of the plan to the RIO Executive Director.
D9. Adjacent Agencies & External Parties				
Conduct	Legal counsel; representation; drafting of rules and legislation; IRC advice	AGO ☉ (+ outside)	GPS — Service Providers: Legal Counsel	An assistant attorney general advises the Board; outside counsel is used on IRC plan-qualification issues.
Conduct	Sue and be sued in the Board's own name	LEG → TFFR	NDCC §§ 15-39.1-05.2(1), 54-12-08	The Board has the powers and privileges of a corporation and is a party in its own name; venue for any action to which it is a party is Burleigh County. Counsel is appointed by the Attorney General, which governs who represents the Board, not the Board's capacity to be a party.
Conduct	Set conflict-of-interest standards for trustees	ETH (floor) • TFFR ☉	NDAC ch. 115-04-01; Board policy	The Ethics Commission's rules set the floor, and the Board incorporates its conflict definition by reference. The Board sets its own standards above that floor in the Board Members' Code of Conduct, over which the Commission has no jurisdiction as such.
Conduct	Determine critical-shortage areas and disciplines; license teachers; define the signing bonus	ESPB ☉	NDCC §§ 15-39.1-19.2, -04(12), -04(10)(g)	Retiree return-to-work under NDCC § 15-39.1-19.2 and "teacher" status depend on ESPB determinations outside TFFR control.
Conduct	Submit trustee nominee lists	NDU/NDCEL/NDRTA ☉	NDCC § 15-39.1-05.1(1)	Each nominating organization submits three nominees per applicable seat to the Governor.
Conduct	Elect optional forms, beneficiaries, refunds, purchases and the PERS election	MBR ☉	NDCC §§ 15-39.1-09(3), -16, -17, -20	Member elections are self-executing choices administered by staff.
Approve	Retain actuarial and medical consultants; external financial audit; investment consulting	TFFR / SIB / AUD	Board policy	Actuary and medical consultant retained by TFFR; investment consultant, managers and custodian by the SIB; external auditor selected by the State Auditor.
Oversee	Remit contributions; report salary and service; certify 414(h) pickup;	LEG → EMP • TFFR (enforce)	NDCC §§ 15-39.1-09, -23, -33; NDAC ch. 82-04	The duty is imposed on employers by statute and rule; the Board enforces. Employers remit by the fifteenth and face civil penalty and interest for late reports or payments. The Board

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Notes / discretion limits
	employer service purchase			may waive the penalty where the delay was unintentional and excusable, but may not waive all interest (NDCC § 15-39.1-23).
D10. Service-Level Governance				
Set	Determine appropriate levels of service to members, including benefits counseling and preretirement programs	LEG → TFFR	NDCC § 15-39.1-05.2(6)	To be set through the service expectations in the TFFR–SIB–RIO service level agreement, once adopted.
Set	Inform the SIB of expected service levels, goals and objectives	LEG → TFFR → SIB	NDCC § 15-39.1-05.2(7)	The Board's formal lever over RIO, delivered as the annual Statement of Service Expectations. [proposed]
Oversee	RIO's delivery against the service levels	TFFR ∅ · RIO reports	NDCC § 15-39.1-05.2(6)–(7); service level agreement, once adopted	To be exercised through the service level agreement, once adopted; RIO produces the reports and the SIB governs delivery. Follows from the duty to set service levels together with the duty of care. Quarterly service scorecard; input to the ED evaluation. Oversight, not control of SIB staff.
Verify	Accuracy of reported performance (independent reassurance)	TFFR ∅ via ARCC liaison	NDCC § 15-39.1-22; service level agreement, once adopted	Internal and external audit provide the assurance. Independent reassurance that the scorecard is reliable rather than self-reported. Ties to Internal Audit in the operating model.

Timing

The Governance Cycle

The Governance Cycle is the structured multi-year timing and cadence through which the Board fulfills its fiduciary responsibilities. It is designed to span five years, with individual decisions occurring at annual, biennial or multi-year intervals depending on their importance and on statutory or fiduciary requirements.

The cycle organizes governance activity into a continuous decision-making loop, assuring that policies remain current, that delegated authority is monitored, and that performance outcomes inform future decisions. This system organizes the Board's activity by its five powers.

1. Conduct the business of the Board and its committees

Subject to governing statutes, the Board determines how it will conduct business, make decisions collectively, and delegate. This is where agendas and calendars are set, committee assignments and the Board's representatives to the State Investment Board are chosen, and self-assessments are scheduled. See Authorities and Delegation — Conduct the Business of the Board and its Committees.

2. Set direction and policy

The Board establishes policy direction and objectives — the plan's funding policy and actuarial assumptions, its investment policy and long-range asset allocation targets, its administrative rules, the levels of service its members receive, and the governance policies and delegation framework. Its committee may assist in developing proposals, but policy authority remains with the Board.

3. Approve and delegate authority

Following due diligence, the Board approves policies and the decisions it reserves to itself. Once approved, it delegates the authority and resources necessary to implement them, with defined limits, reporting requirements and performance expectations. Delegation is always accompanied by clear accountability and monitoring: authority may be delegated, fiduciary responsibility may not.

4. Oversee execution within policy

The Executive Director and Retirement and Investment Office staff implement Board policy, under the State Investment Board's governance of the agency and its supervision of the investment of the fund. The Board oversees performance, practices and controls associated with delegated authority,

through performance reports, risk monitoring, financial condition reviews, operational updates and progress against the service levels it has set. See TFFR Board Charter — Oversight.

5. Verify and report

Independent assurance provides verification of results and of governance practice — internal and external audit, independent actuarial and investment analysis, and periodic fiduciary or governance review. The Board evaluates whether its policies remain appropriate, whether delegated authority has been exercised prudently, and whether governance practice requires refinement; where necessary it updates policy, beginning the next cycle. See TFFR Board Charter — Verification.

Continuous governance improvement

The cycle creates a continuous improvement loop in which each stage informs the next: direction and policy → approval and delegation → implementation → oversight → verification → reporting and policy refinement. Governance evolves on evidence and on oversight findings rather than by ad hoc decision.

Governance calendar

The cycle is operationalized through the multi-year decision calendar below, derived from the Decision Register (Delegations) and from the decisions the Board reserves to itself. The calendar schedules Board approvals and oversight activity, aligns committee work with Board decision timing, assures that decisions arrive with sufficient preparation and due diligence, and distributes governance workload across the year.

Decision Calendar and Cadence

The decision calendar and cadence was previously undefined. Timing establishes when decisions are made — creating predictability and preparation time for trustees, staff, and committees. The Decision Calendar gives the Board a prospective view of what is coming and when. Timing is governance: knowing when a decision arrives is as important as knowing who makes it or how it flows through the authority structure.

The calendar below runs on six cadences:

- Five-year cycle — structural policy. A long-horizon strategic framework item, e.g. investment beliefs, the asset allocation policy and long-range targets, and the investigation of actuarial experience.
- Three to four years — core governance. A governance or risk framework item, refreshed to balance stability and responsiveness, e.g. governance policies, committee charters, risk frameworks and benchmarks. The Board's governance policy review cycle is no less than every three years.

- **Biennial** — authority calibration. An authority or structural calibration item, aligned with the ND legislative session, e.g. the delegation of authority, the operating budget, and the legislative agenda.
- **Annual** — statutory and operational. An annual statutory, fiduciary, or operational requirement aligned with the audit and funding cycle, e.g. the actuarial valuation, the audit of the fund, officer elections, the Statement of Service Expectations [*proposed*], and the governance calendar.
- **Quarterly or monthly** — ongoing oversight. An oversight function requiring regular Board visibility, e.g. performance and risk dashboards, the service scorecard, and corrective action plans.
- **As needed or event-driven** — triggered decisions. A decision triggered by circumstances rather than by calendar schedule, e.g. a deviation from investment policy, litigation or settlement, and emergency authority. See Triggers below.

The key decisions of the governance cycle, grouped by board power, with the party that decides, the parties that advise or execute, and the cadence at which each recurs. The Decision Register (Delegations) records where every power comes from; the Decision Calendar records which of those decisions the Board and the agency must actually make again, and how often.

Entity codes and the notation used in the Decides column are defined in full in the Decision Register (Delegations) — How to read a row. Each row below also carries the register domain in which the decision is traced, D1 to D10.

Power	Key decision (register domain)	Decides	Advises / executes	Cadence	Authority
CONDUCT					
Conduct	Hire, evaluate and terminate the Executive Director (D8)	SIB	—	<i>Annual evaluation</i>	NDCC § 54-52.5-02
Conduct	Hire, evaluate and terminate the Chief Retirement Officer (D8)	ED	—	<i>Event-driven</i>	Board policy
Conduct	Select the external financial auditor (D7)	AUD	SIB ARCC input	<i>Per audit cycle</i>	GPS — Service Providers
Conduct	Determine critical-shortage areas and disciplines; license teachers (D9)	ESPB	—	<i>Annual</i>	NDCC § 15-39.1-19.2
Conduct	Elect officers; elect SIB representatives and their alternate, and recommend the ARCC and Budget and Finance Committee liaisons; seat the GPRC (D1)	TFFR	—	<i>Annual, first meeting after July 1</i>	NDCC § 15-39.1-06
Conduct	Conduct the Board, committee and individual self-assessments (D1)	TFFR	President leads	<i>Annual</i>	Board policy
SET					
Set	Adopt and amend governance and program policies (D1)	TFFR	ED / STAFF, AGO, GPRC	<i>Rolling; charters ≥ 3 yrs</i>	NDCC § 15-39.1-07

Draft – TFFR – Governance Policy System (GPS)

Power	Key decision (register domain)	Decides	Advises / executes	Cadence	Authority
Set	Adopt and amend administrative rules (D2)	TFFR	AGO, STAFF (APA process)	<i>As required</i>	NDCC § 15-39.1-07; ch. 28-32
Set	Set legislative positions; submit proposals to the EBPC (D2)	TFFR	ED, AGO, ACT	<i>Each biennium</i>	NDCC § 15-39.1-05.2(5)
Set	Establish investment goals, objectives and asset-allocation targets (D3)	TFFR	RIO staff, SIB consultant	<i>Every 4 yrs and on change</i>	NDCC §§ 15-39.1-05.2(2), 21-10-02.1(1)
Set	Adopt actuarial assumptions, methods, tables and factors (D4)	TFFR	ACT	<i>After each experience study</i>	NDCC § 15-39.1-05.2(3); NDAC ch. 82-05-04
Set	Adopt and modify the funding policy and amortization choices (D4)	TFFR	ACT	<i>As required</i>	NDCC § 15-39.1-05.2(3); Actuarial Funding Policy
Set	Determine appropriate levels of service to members, including benefits counseling and preretirement programs (D10)	TFFR	ED / CRO proposes	<i>Annual</i>	NDCC § 15-39.1-05.2(6); service level agreement, once adopted
Set	Inform the SIB of expected service levels, goals and objectives (D10)	TFFR	ED / CRO	<i>Annual</i>	NDCC § 15-39.1-05.2(7); service level agreement, once adopted
Set	Determine eligible salary; bonus and performance-pay eligibility (D5)	TFFR	ED	<i>As required</i>	NDCC § 15-39.1-04(10)(h); NDAC §§ 82-02-01-01, 82-04-02-01
APPROVE					
Approve	Approve the asset allocation and any change to it (D3)	TFFR + SIB	RIO staff	<i>Every 4 yrs and on change</i>	NDCC § 21-10-02.1(2)
Approve	Adopt the Investment Policy Statement (D3)	TFFR (SIB accepts)	RIO / SIB staff	<i>On change</i>	IPS; Board policy
Approve	Hire and terminate managers; security selection; rebalancing; custodian (D3)	SIB	Investment director, consultant	<i>Event-driven</i>	NDCC § 21-10-02; IPS § 3
Approve	Approve IRC-compliance plan modifications (D2)	TFFR + EBPC	Outside tax counsel	<i>As required</i>	NDCC § 15-39.1-35
Approve	Reduce or suspend the conditional annual benefit adjustment (D2)	TFFR	ACT; report to EBPC	<i>Annual test</i>	NDCC § 15-39.1-10.11
Approve	Retain the actuary, the actuarial auditor and the medical consultant (D4 · D9)	TFFR	ED / STAFF (RFP)	<i>Actuary 6–10 yrs; actuarial audit ≥ 5 yrs</i>	NDCC § 15-39.1-05.2(3)
Approve	Determine disability eligibility (D6)	TFFR (ED interim)	MED, ED	<i>Event-driven</i>	NDCC § 15-39.1-18; NDAC § 82-07-01-03
Approve	Recertify or suspend disability benefits (D6)	ED (Board if warranted or on appeal)	MED	<i>Per recertification schedule</i>	NDAC §§ 82-07-01-03(5), 82-07-04-01

Draft – TFFR – Governance Policy System (GPS)

Power	Key decision (register domain)	Decides	Advises / executes	Cadence	Authority
Approve	Determine QDRO qualified status (D5)	TFFR	STAFF, AGO	<i>Event-driven</i>	NDCC § 15-39.1-12.2
Approve	Approve service purchases; set the cost basis (D5)	TFFR (factors); STAFF (calculation)	ACT	<i>Factors as required</i>	NDCC §§ 15-39.1-24, -33; NDAC ch. 82-03
Approve	Waive the 120-day refund waiting period (D5)	TFFR	ED	<i>Event-driven</i>	NDCC § 15-39.1-20; NDAC § 82-03-01-01
Approve	Waive an employer penalty or a portion of interest (D9)	TFFR	ED	<i>Event-driven</i>	NDCC § 15-39.1-23
Approve	Decide member and employer appeals (D5)	TFFR (then APA)	ED, AGO	<i>Event-driven</i>	NDCC ch. 28-32; Board policy
Approve	Release a person from overpayment liability; hear payment appeals (D5)	TFFR	ED / STAFF	<i>Event-driven</i>	NDAC § 82-05-03-07
Approve	Approve the investment incentive-compensation program and its cost allocation to TFFR (D8)	SIB	RIO	<i>Annual</i>	NDCC § 54-52.5-04
Approve	Develop the RIO budget; appropriate it (D7)	ED develops; LEG appropriates	SIB and TFFR input	<i>Biennial</i>	NDCC § 54-52.5-03
Approve	Approve payment of plan benefits, consulting fees and administrative and investment expenditures (D7)	TFFR / SIB	RIO	<i>Quarterly</i>	NDCC § 15-39.1-05.2(4); Board policy
OVERSEE					
Oversee	Oversee RIO delivery against the service levels (D10)	TFFR	RIO produces the scorecard; GPRC monitors	<i>Quarterly</i>	NDCC § 15-39.1-05.2(6)–(7); service level agreement, once adopted
Oversee	Oversee the governance instruments — policies for plan administration, the funding policy and progress, and investment policy and asset allocation (D1)	TFFR	GPRC monitors	<i>Annual review cycle</i>	Board policy
Oversee	Oversee the performance of consultants, advisors and service providers — actuarial, medical, investment and other retained providers (D9)	TFFR	RIO	<i>Annual</i>	Board policy
Oversee	Oversee the RIO budget, expenditures, financial reporting system and financial audit (D7)	TFFR	RIO; SIB governs	<i>Quarterly</i>	Board policy
Oversee	Oversee the information technology systems, projects and security on which the retirement program depends (D7)	TFFR	RIO	<i>Annual</i>	Board policy; oversight, not control — RIO is SIB-governed
Oversee	Correct errors and adjust over- and underpayments to the actuarial equivalent (D5)	ED / STAFF	STAFF	<i>Event-driven</i>	NDCC §§ 15-39.1-29, -31, -32; NDAC §§ 82-05-03-03, -05, -06

Power	Key decision (register domain)	Decides	Advises / executes	Cadence	Authority
VERIFY					
Verify	Conduct the annual audit of the fund (D7)	TFFR	RIO / State Auditor process	<i>Annual</i>	NDCC § 15-39.1-22
Verify	Verify reported performance (independent reassurance) (D10)	TFFR via the ARCC liaison	Internal and external audit	<i>Quarterly / annual</i>	NDCC § 15-39.1-22; service level agreement, once adopted
Verify	Receive and accept the annual actuarial valuation and the GASB reporting required of the plan and of participating employers (D4)	TFFR	ACT prepares; RIO reports	<i>Annual</i>	NDCC § 15-39.1-05.2(3); GASB 67 and 68
Verify	Publish the annual financial report of the fund, and report to members and participating employers on funded status, investment results and administrative performance (D7)	TFFR (Board report) - SIB (agency financial report)	RIO prepares the financial report	<i>Annual</i>	Board policy

Cadence entries fixed by statute, rule or an adopted policy are stated as such. Where no cycle is fixed, the entry reads “as required” or “event-driven” rather than asserting a period the Board has not adopted. Any cadence the Board wishes to fix should be updated on the Decision Calendar.

Triggers — Event-Driven Decisions

The key is not cadence length. The key is discipline around triggers. Event-driven items activate outside the calendar — a statutory change, an actuarial result crossing a statutory threshold, a contested determination, litigation, a material control failure — and are brought to the Board when they occur rather than held to the next scheduled review. *[proposed]*

Triggers that qualify:

Plan and funding: the decision is the Board’s.

- A statutory change to benefits, contribution rates, or member tiers.
- An annual actuarial test showing a shortfall between the benchmark contribution rate and the statutory rate greater than six-tenths of one percent in any year, or greater than three-tenths of one percent in any two consecutive years, which puts the conditional annual benefit adjustment before the Board (NDCC § 15-39.1-10.11).
- A valuation showing the ratio of the actuarial value of assets to the actuarial accrued liability at or above one hundred percent, which reduces the member and employer contribution rates to 7.75 percent on the following July 1 (NDCC § 15-39.1-09).
- An investigation of actuarial experience, or an assumption or method change recommended by the actuary — including a permanent shift in the inflation regime — that materially alters the funding position.
- A change in the qualification requirements applicable to governmental plans that requires the plan to be amended.

Administration and members: the matter arrives by event, not by calendar.

- A contested benefit, disability, or overpayment matter reaching the Board.
- Employer non-compliance material enough to engage the Board’s penalty or waiver authority (NDCC § 15-39.1-23).
- A service-level exception outside tolerance that cannot be remedied within delegated authority.
- A material control failure, audit finding, or information-security incident affecting the plan.

The investment program and the agency: the Board acts by informing, escalating, or revisiting its own policy.

- A material change in how the investment program is delivered that affects the fund’s asset allocation or the investment policy this Board has adopted.
- A permanent shift in the liquidity structure of the fund’s assets.
- A vacancy or transition in the Executive Director role, in a Board office, or in TFFR’s representation on the State Investment Board.
- Litigation, an administrative proceeding, or an investigation material to the plan.

Triggers that do NOT qualify:

- Market drawdowns do not qualify as event-driven triggers.
- Short-term performance deviations within expected variance.
- Routine operational matters within delegated authority.
- A benefit calculation error corrected within delegated authority.

→ On calling a special meeting and on the conduct of business between regular meetings:
Authorities and Delegation — Conduct the Business of the Board and its Committees. On litigation specifically: Litigation Governance.

Benefits of a Defined Cadence

- Adequate preparation and pre-reading time for trustees.
- Proper committee sequencing before full-Board action.
- Alignment between executive planning and Board oversight cycles.
- Consistent pacing that reduces last-minute urgency.
- Continuing education linked to the calendar — targeted and just-in-time.

Appendices

Benefits Governance Scorecard

The Board determines the appropriate levels of service to be provided to members (NDCC § 15-39.1-05.2(6)) and informs the State Investment Board of the levels of services, goals and objectives it expects to be provided through the Retirement and Investment Office (NDCC § 15-39.1-05.2(7)).

The Board discharges those duties through a benefits governance scorecard. The scorecard has three required elements: plan health, operational performance risk, and accountability.

Responsibility for them is allocated as follows: the Executive Director is responsible for managing the performance and risk of benefits administration, for recommending the vital metrics and the tolerances for each, and for reporting to the Board on an exception basis; the Board adopts the vital metrics and tolerances and receives that reporting.

No measure is a Board expectation until the Board has adopted a tolerance for it, and no measure is adopted as a tolerance until the Executive Director confirms it can be produced reliably and without commitments the Board has not funded. Where an expectation cannot be met with the resources available, that is reported to the Board as a governance matter rather than absorbed.

The Board reserves to itself the decisions identified as non-delegable in the Decision Register (Delegations), including contested eligibility and disability determinations, the actuarial assumptions, methods and tables and the funding policy, and any determination to reduce or suspend a postretirement benefit adjustment under NDCC § 15-39.1-10.11.

This appendix has no counterpart in the SIB's system; it exists because TFFR sets service levels it does not itself deliver. The scorecard is reviewed at least annually. The metrics and tolerances are adopted by Board action under a separate Board policy and are deliberately not set out in this system, so that they may be recalibrated without amending it.

See: Benefits Governance Scorecard Policy · Decision Register (Delegations) · TFFR–SIB–RIO Service Level Agreement (once adopted) · Plan Management Policy (TFFR Program Manual § B) · Authorities and Delegation — Authority by Domain.

TFFR Board Public Participation Guidelines

Posted on the TFFR website or another location outside this system; previously included in the manual.

TFFR Code of Conduct Annual Affirmation

Posted on the TFFR website or another location outside this system; previously included in the manual.

Glossary

[Placeholder — to be developed.]

TFFR Governance Policy System

What changed, and what is still open

Prepared for the TFFR Board of Trustees

Governance & Policy Review Committee

A crosswalk against the July 2026 discovery findings

September 30, 2026



Funston
Advisory
Services LLC

The short version

65 pages

The original Program Manual. Its entire delegation section was four sentences.

77 decisions

Now traced in the GPS from statute to the party that exercises them. 42 carry a set cadence.

21 findings

Raised in July: 8 conflicts with the law, 5 delegation gaps, 8 actions for the Board.

THE CENTRAL FINDING IN JULY

The Board owns the retirement program and sets its policy, but does not administer it or employ the staff who do. Responsibility without direct line authority. The GPS does not change that. It makes the Board's real levers explicit: set the service levels, inform the SIB, monitor, verify, and escalate.

*The GPS is a draft. Nothing in it takes effect until the Board completes both readings and adopts it.
Optional: book an individual review session with Evan, enorton@funstonadv.com*

Eight conflicts between the old manual and the law

What we found in July	What the GPS does	Status
Cited a repealed statute for Board authority	Now cites the live sections; every power traced to one	Drafted
“Administration” blurred the TFFR / SIB / RIO split	The Board oversees administration and investment; it does not conduct them	Drafted
Rules delegate error correction the statute gives the Board	Recorded as the Board’s duty, delegated to staff by rule	In progress
Term and composition wording did not match statute	Rewritten to statute, with a new section on vacancies, holdovers and continuity	Drafted
Rule lets the ED recertify disability; statute says the Board	Both shown: the Board decides; the ED may act interim, subject to ratification	In progress
Designee voting not clearly grounded in statute	Now conditioned “when the statutes allow a designee”	Drafted
Appeal citation needed updating	Corrected to the specific rule section	Drafted
\$148 per-diem proration may conflict with statute	The GPS restates practice. The statute gives \$148 per day, with no proration	Drafted

Two need a rule change to close. The other six are corrected.

Five places authority was unclear or overlapping

The gap in July	What the GPS does	Status
No accountability line from the Board to RIO	Its own domain now: the Board sets annual service expectations, informs the SIB, reads a quarterly scorecard	In progress
No written delegation instrument	A register of 77 decisions: who holds each, who exercises it, its legal source, the limits on discretion	Drafted
Rules assign decisions to “the fund,” naming no one	Every entry names the party that acts and the Board’s residual oversight	Drafted
No test for what belongs in rule and what belongs in policy	Rules and Board policies are now distinguished, and rulemaking has its own entry	In progress

One depends on an instruments outside the manual: the proposed service level agreement.

The eight actions we recommended to the Board

Recommended in July	Where it stands	Status
Adopt a formal Delegation Register	Drafted as Part 4 of the GPS, with a matching decision calendar	Drafted
Define the TFFR–SIB–RIO service level agreement	Not yet adopted. The GPS refers to it generally in twelve places, so nothing depends on a document that does not exist	In progress
Correct the statutory citations	Done throughout, and verified against the code	Drafted
Reconcile the disability and error-correction rules	Documented in the GPS; the rule change itself is a separate action	In progress
Seek authority to delegate QDRO approvals	Not started — a Board decision, then a rule change	Open
Draw the investment policy line in the IPS	Flagged in the GPS with a recommendation to amend the IPS	Open
Add an adjacent-agency map and a policy-versus-rule test	The map is in. The test is only partly there	In progress
Review and approve the re-written GPS	What the Committee is being asked to move forward	In progress

Five policies the old manual did not have

Policy	What it now covers	Status
Code of Conduct	Was a single page of principles. Now conflicts and disclosure, external communications, access to confidential information, travel, oath of office, use of AI, and a three-tier process for handling a breach	Drafted
Litigation Governance	Which matters are TFFR's, which are shared with the SIB, who is the client, what the Board approves, and that counsel runs through the Attorney General	Drafted
Succession Planning	What the Board controls, what it only influences, and what it can only prepare for; an annual continuity review of terms, officers and key providers	Drafted
Board–Staff Interaction	How a trustee may ask, and may not direct; how Board direction travels; where routine requests go	Drafted
Service Provider Selection	Retained decisions are in the register: the actuary, actuarial auditor and medical consultant. A selection policy has not been written	Open

Recommendation: close the last one before adoption, or record a decision not to.

What the rewrite itself turned up

Alignment with the SIB	At the Executive Director’s direction, the GPS mirrors the SIB’s system wherever the two boards do the same thing, in the same words where it can. Where TFFR differs, the manual says why.
Authority the manual claimed but the Board does not have	Five places. The manual had the Board “enforcing” against the SIB and RIO, changing SIB committee appointments, and waiving employer interest it cannot waive. All corrected.
Authority the Board has but the manual gave away	Nine places, including the Board’s statutory power to sue and be sued in its own name, never stated in the manual, and its own trustee conduct standards, handed to the Ethics Commission.
One set of books	The authority matrix, the decision register and the calendar now agree with one another on every decision, every domain and every power.
Continuing education	Fifteen hours in a trustee’s first full year, ten a year after that and ten in total for a trustee who also serves on the SIB, not ten for each board.

Grouped by who has to act

THE BOARD / GPRC	ATTORNEY GENERAL	RULES, SIB & LEGISLATURE
• Confirm or clear the items marked “proposed” — these are new policy choices, not drafting • Set the time limits and attendance thresholds left in brackets • Choose the standard of care: prudent expert or prudent investor • Decide whether to add a service-provider selection policy • Glossary to use SIB GPS format but not included in this draft	• The per-diem proration • Whether “four affirmative votes” is what the statute requires • Removal of a trustee — at will or for cause • The Ethics Commission referral route, raised by the Executive Director	• Rule changes: disability recertification, error correction, QDRO delegation • Adopt the TFFR–SIB–RIO service level agreement • Amend the IPS to draw the investment policy line • The six statutory items from July, through the Employee Benefits Programs Committee

None of these stops the Committee from moving the GPS to a reading. Each one is recorded in the draft so it cannot be lost.

Decisions for the Committee

1

Confirm the crosswalk

That the July findings have been addressed as shown, and that the items left open are the right ones to leave open.

2

Rule on the open Board items

The “proposed” policy choices, the bracketed time limits and thresholds, and the standard of care.

3

Recommend the GPS for first reading

With the open items recorded, so the Board can begin the two-reading process.

4

Direct the two conversations outside the manual

The service level agreement with the SIB and RIO, and the items for the Attorney General.

All of it is subject to Attorney General review, and none of it changes anyone’s statutory authority.