

TFFR BOARD GOVERNANCE & POLICY REVIEW COMMITTEE MEETING

Tuesday, October 13, 2026, 4:15 p.m. - Virtual Only

The open portions of this meeting are livestreamed. [Join the meeting.](#)

AGENDA

- I. **CALL TO ORDER AND ACCEPTANCE OF AGENDA - (*Committee Action*)**
- II. **ACCEPTANCE OF MINUTES (*Committee Action*)**
- III. **PERSONAL-PROFIT PROHIBITION (*Committee Action*) – MRS. SMITH & FUNSTON ADVISORY SERVICES (10 MIN)**
- IV. **REVIEW TFFR POLICY MANUAL FOR CHANGES (*Committee Action*) – MRS. SMITH & FUNSTON ADVISORY SERVICES (20 MIN)**
- V. **DISCUSSION**
- VI. **OTHER**
 - A. Next Meeting of TFFR GPR:
Tuesday, November 10, 2026, 3:30 p.m.
Virtual
- VII. **ADJOURNMENT**

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT GOVERNANCE & POLICY REVIEW COMMITTEE MINUTES OF THE SEPTEMBER 30, 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
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

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 3:30 p.m. on Wednesday, September 30, 2026. The meeting was held virtually.

AGENDA

The Committee considered the agenda for the September 30, 2026, meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. BURTON AND CARRIED BY VOICE VOTE TO ACCEPT THE AGENDA FOR THE SEPTEMBER 30, 2026, MEETING.

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

NAYS: NONE

MOTION CARRIED

MINUTES

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

IT WAS MOVED BY MR. BURTON AND SECONDED BY DR. LECH AND CARRIED BY VOICE VOTE TO ACCEPT THE AUGUST 11, 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). Mr. Norton of Funston Advisory Services guided the Committee through the changes made to date and the items that remain open.

The Governance Policy Manual has grown from the original 65 pages to provide a clearer understanding of delegated authorities and the sources of those authorities. Where appropriate, policies have been aligned with corresponding policies in the State Investment Board Policy Manual.

A total of 77 decisions have been compiled, 42 of which have an established cadence. Twenty-one findings were identified in July, including eight conflicts with law, five delegation gaps, and eight actions requiring Board attention. Of the eight Board actions, six have been resolved, while two will require either a rule change or review by the Attorney General's Office. These items relate to delegated rulemaking authority, error correction, and authorities granted to the Board by statute.

Five areas initially identified as unclear or overlapping have since been clarified. Funston identified eight recommended actions for the TFFR Board. Of these, two have been drafted, four are in progress, and two remain open.

Five policies have been added that were not included in the previous manual: Code of Conduct, Litigation Governance, Succession Planning, Board-Staff Interaction, and Service Provider Selection.

The rewrite also identified areas requiring alignment with the SIB, instances where the manual identified authority the Board did not have, instances where authority held by the Board had been delegated in the manual, the need for a single set of books, and continuing education requirements.

Mr. Norton reviewed the items that remain open, grouped according to the party responsible for taking action. None of the outstanding items will prevent the Committee from moving the GPS forward for a reading. Each item has been documented in the draft to ensure it remains tracked and is not lost. Mr. Norton also outlined the decisions the Committee will need to make, subject to review by the Attorney General's Office, with no changes to statutory authority.

Committee discussion followed.

ADJOURNMENT

With no further business to come before the Committee, Mr. Mickelson adjourned the meeting at 3:33 p.m.

Submitted by:

Rachelle Smith, Assistant to the Board

MEMORANDUM

TO: TFFR Governance and Policy Committee

FROM: Jodi Smith, Executive Director

DATE: October 13, 2026

RE: Personal-Profit Prohibition and Gift References

The Governance Policy System (GPS) draft includes two changes related to trustee conduct. The first adds a proposed personal-profit prohibition that mirrors the State Investment Board (SIB) and requires Board confirmation. The second removes the gift references from Enforcement and is provided for information.

Personal-Profit Prohibition

Purpose. The prohibition was added to mirror the SIB's personal-profit prohibition at NDCC § 21-10-09. Chapter 15-39.1, which governs TFFR, has no equivalent provision.

Limits of Board policy. NDCC § 21-10-09 carries a criminal penalty. Board policy cannot create a criminal penalty, so the TFFR prohibition would be enforced through the GPS Enforcement measures only. A statutory analogue in ch. 15-39.1 would need to go through the Employee Benefits Programs Committee.

Options: Personal-Profit Prohibition

	Option A: Adopt the prohibition	Option B: Do not adopt the prohibition
Trustee conduct	Personal-profit prohibition mirroring the SIB's, adopted by the Board as governance policy.	No personal-profit prohibition in the GPS.

	Option A: Adopt the prohibition	Option B: Do not adopt the prohibition
Source	Board adoption. Not statute. Ch. 15-39.1 has no equivalent provision.	None. Ch. 15-39.1 has no equivalent provision.
Penalty	Enforcement measures under the GPS only. Board policy cannot create the criminal penalty attached to NDCC § 21-10-09.	None.
Alignment with the SIB	Aligned. Mirrors the SIB prohibition at NDCC § 21-10-09.	Not aligned. Trustees serving on both boards continue to be held to different prohibitions.

Committee Action Requested: Confirm whether the Board wishes to adopt the personal-profit prohibition, and recommend to the TFFR Board for first reading either Option A, adopting the prohibition as Board governance policy, or Option B, removing the proposed provision and its cross-reference

MEMORANDUM

TO: TFFR Governance and Policy Committee

FROM: Jodi Smith, Executive Director

DATE: October 13, 2026

RE: Governance Policy System: Completion of Drafting Phase and Recommendation for First Reading

Following Funston's discovery review of the TFFR Governance Manual, staff and the Committee have developed a Governance Policy System (GPS) draft for the TFFR Board, and the policy decisions identified during drafting have been brought to the Committee for direction. Staff recommend completing the drafting phase and forwarding the draft to the full Board for first reading.

Further Committee review would now add less value than review by the full Board. Moving forward lets all trustees review the complete GPS, raise questions at first reading, and shape final changes before adoption, while keeping the project on schedule.

Committee Action Requested: Approve completion of the GPS drafting phase and recommend the GPS draft to the TFFR Board for first reading at the October Board meeting.

Teachers' Fund for Retirement (TFFR)

Governance Policy System

DRAFT

October 7, 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 (posted as a separate GPS website tab)
- TFFR Investment Policy Statement (posted as a separate GPS website tab)
- TFFR Operations, Business Partner and Member Communications Policies (posted separately)

Introduction: TFFR Governance Policy System

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

Why the GPS Was Created & 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 Governance Policy System (“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 the standards the Board expects of staff.
PART 2 Roles	Explicit role definitions across all levels — Legislature, Board, Committees, the SIB, Executive Director, and all four lines of accountability.
PART 3 Authorities & 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 and delegations, organized by domain and board power, with the cadence of each.
PART 5 Timing	The Decision Calendar and cadence framework — when decisions are made and what triggers action outside the regular calendar.
Appendix Benefits Governance Scorecard	The measurement foundation of the TFFR–SIB–RIO service-level relationship. How the Board sets and monitors the service it expects from the SIB and RIO, and escalates where it falls short.

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 clearly explain how the Board reaches decisions and the role each 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, timing), reinforces a long-term, benefit-security orientation, and prevents drift into operational or advisory activity.

The Board has five fundamental powers:

1. Conducting the business of the Board and Committees;
2. Setting direction and policy;
3. Approving key decisions and prudently delegating authority;
4. Overseeing execution within policy;
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.

For Executive Management & Staff — Clarity of Delegation

For executives and staff, governance policies function as an operational decision system. The purpose is to enable independent execution of Board 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.

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.

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. See NDCC ch. 15-39.1.
State Investment Board (SIB)	Supervises the investment of TFFR's assets and governs RIO, the agency that administers the benefits program. The SIB is charged with investing TFFR's assets 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 TFFR's assets be invested exclusively for the benefit of its members; and governs the Retirement and Investment Office, through which both boards are administered while each retains its separate legal identity and authority. See NDCC chs. 21-10, 54-52.5.
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 and member services the TFFR Board specifies through its service levels, and the investment support functions the SIB specifies, with each board retaining its separate legal identity and authority. See NDCC chs. 15-39.1, 21-10, 54-52.5

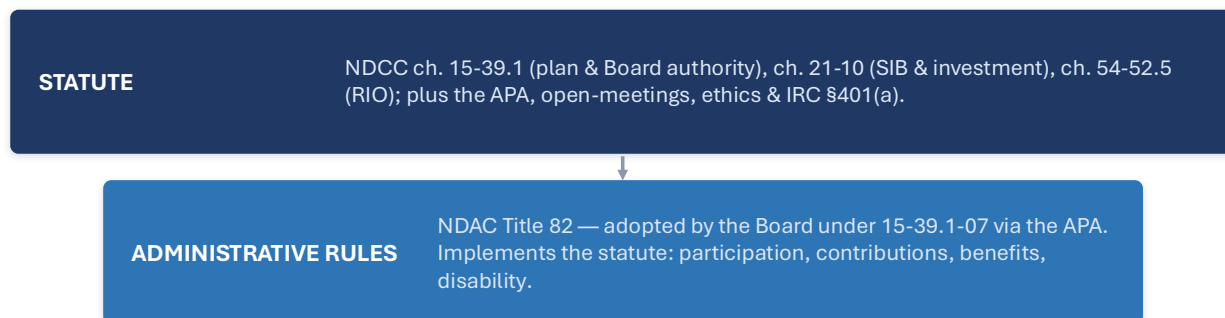
The TFFR Board and the SIB maintain separate legal identities and separate authority; nothing in this system transfers, limits, or enlarges the statutory powers of either board, of the Executive Director, or of RIO (NDCC § 54-52.5-02). TFFR's principal instruments for governing the relationship are its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

How to Navigate & 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 five 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 five parts (Fiduciary Foundation, Roles, Authorities & Delegation, Key Decisions, Timing), or the Appendices, from the navigation bar.
- **Search:** use the search tool to 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.

Fiduciary Foundation



TFFR’s fiduciary foundation rests on the legal and statutory bedrock of the North Dakota Century Code. 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.

Purpose & Mission of TFFR

Mission. The mission of the Teachers’ Fund for Retirement is to administer a comprehensive retirement program that provides North Dakota public educators with a foundation for retirement security.

All GPS policies are based on statute and the North Dakota Century Code (NDCC ch. 15-39.1) — the legal bedrock of collective decision-making, not aspirational guidance.

Beneficiaries

— Who We Serve

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.

In fulfilling its fiduciary duties, the Board recognizes the principle of intergenerational equity and balances the needs of current members and annuitants with the responsibility to preserve the plan’s financial sustainability for future members.

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.
Beneficiaries	Persons designated by or entitled through a member, including surviving spouses, other designated beneficiaries, and alternate payees, receiving or entitled to a benefit.

Member categories follow the definitions of “teacher” and “beneficiary” in NDCC § 15-39.1-04(2), (12) and membership in the Fund under NDCC § 15-39.1-09.

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, beneficiaries, policymakers, regulators, participating employers, and the public — interact with the organization episodically or indirectly, the quality, consistency, and tone of those interactions materially shape confidence in the Fund and its governance.

The Board expects the Executive Director to assure that all interactions with stakeholders, the public, and other government entities are conducted in a manner that reflects the agency’s core values of integrity, accountability, and service, and that reinforces the organization’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 Fund supports informed oversight, reduces reputational and

governance risk, and preserves the trust necessary to operate effectively across political cycles and market environments.

See also → 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

— Core Duties

By virtue of the responsibilities assigned to the Board by NDCC ch. 15-39.1, the trustees of the TFFR Board act as fiduciaries of the Fund.

A fiduciary is a person who has discretionary authority or management responsibility for assets held in trust to which another has beneficial title or interest. The fiduciary is responsible for knowing the “prudent requirements” for the investment of trust assets. Remedial actions may be assessed against fiduciaries for violations of fiduciary duty.

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.

The 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 Fund entrusted to the Board.

The Duty of compliance. Trustees shall comply with all applicable statutes, regulations, Board policies, ethics requirements, duly adopted procedures, and plan documents, assuring that all actions remain within the scope of lawful authority and delegated responsibility including, for example, Open Meetings.

The Duty of prudence. The obligation to act prudently in exercising power or discretion over the interests that are subject of the fiduciary relationship. A trustee should act in a manner consistent with a reasonably prudent person exercising care, skill, and caution.

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), 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.
- The investment policy must provide for diversification of plan assets, unless under the circumstances it would be prudent not to do so.
- Investment performance must be monitored.
- Investment expenses must be monitored.
- 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.

See Also → On the standard of care itself: Fiduciary Duties. On the delegation limits and escalation triggers: Authorities & Delegation — Delegation Principles. On independent verification: Authorities & Delegation — Governance Process — The Flow of Authority.

Conflicts of Interest & Disclosure

- Conduct Policy

Conflicts of interest and the appearance of impropriety must be avoided by the Fund’s 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.

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

- A Trustee shall disclose the conflict to the President, or to the Vice President where the conflict concerns the President, who shall inform the Board at its next meeting; a copy is provided to the Executive Director for the Board's records. 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 discloses conflicts as the SIB Governance Policy System requires (to the SIB Chair and the Director of Audit); where a conflict bears on a matter before this Board, the Board expects the Executive Director also to inform the President.
- 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

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.
- Profiting in any manner from transactions on behalf of the Fund, other than plan entitlements available on the same terms as all similarly situated members and compensation and expenses authorized by NDCC § 15-39.1-08 and Board policy. [proposed]][EN1]

Definition

For purposes of this policy, a "Conflict of Interest" means a potential conflict of interest or a disqualifying conflict of interest, as those terms are defined in the North Dakota Ethics Commission's rules (NDAC § 115-04-01-01). Those rules apply to Board members as public officials. The Board relies on the SIB Governance Policy System to apply the same standard to the Executive Director, executives, and staff. This policy is intended to be interpreted consistently with the North Dakota Century Code and the Ethics Commission's rules.

Affirmation and Disclosure

Under the SIB Governance Policy System, the Executive Director establishes and maintains 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. The Board relies on those procedures for matters within this policy.

The Executive Director, all executives, and all staff shall affirm their understanding of this policy annually, in writing, and shall promptly disclose any actual, potential, or perceived conflicts of interest that may arise. Board members shall affirm compliance with disclosures in accordance with Board policy and applicable law.

The TFFR Code of Conduct Annual Affirmation, maintained as a separate document outside this system, is the single instrument by which Trustees make the annual disclosure certification, the annual confidentiality affirmation, and the annual reaffirmation of the oath.

Disclosure

1. Purpose. This policy is adopted pursuant to NDCC ch. 15-39.1 and the fiduciary duties stated in Fiduciary Duties above, to ensure 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.

2. Definitions.

- **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 (10) business days of a material change in circumstances.
- **Meeting Disclosure.** At the time of roll call for each Board meeting, 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. It is Board policy that each Trustee shall complete and sign an annual written disclosure statement affirming compliance with fiduciary duties of loyalty, prudence, and compliance stated in Fiduciary Duties above and applicable law. 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 and 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 (10) business days of becoming aware of such interest.

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

- The Trustee shall disclose the conflict prior to discussion;
- The disclosure shall be recorded in the meeting minutes, consistent with NDCC § 44-04-21(2);
- The Trustee shall abstain from discussion and vote and leave the room during deliberation unless counsel advises otherwise;
- If the President is conflicted, the Vice President shall assume responsibility for enforcing this procedure.

6. Public Records. Disclosure forms and related materials shall be maintained in accordance with NDCC § 44-04-18 and NDCC ch. 54-46. Records relating to the retirement benefits of a member or beneficiary are confidential and are not public records unless disclosure is specifically authorized by law or TFFR rules (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 \(or the Chief Retirement Officer in the Executive Director's absence or at the Executive Director's direction\) 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.

2. Personal Capacity Statements. When speaking in a personal capacity, Trustees 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 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), 54-35-02.4).

4. Crisis Communications. In the event of a material legal, reputational, or operational matter:

- The Executive Director shall notify the President promptly;
- The President, Executive Director, and legal counsel shall determine communication strategy;
- No Trustee shall independently issue public statements regarding such matter without authorization.

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

For additional information on external communications, see also: TFFR Board President and Vice President Charter — President’s Role; Conduct the Business of the Board and Its Committees — Board Communications.

Board Access to Confidential Information

— Conduct Policy

Purpose. This policy is adopted pursuant to NDCC ch. 15-39.1 and the fiduciary duties stated in Fiduciary Duties above to assure that Board members have timely and appropriate access to the information required to fulfill 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 Board and Committee members;
- The Executive Director, executives, and staff responding to information requests;
- All forms of information — written, verbal, digital, and system access — held by the Retirement and Investment Office or its service providers.

This policy governs information requests beyond the materials routinely provided in Board and committee meeting packets. Board and Committee members have access to all materials in approved meeting packets. Packet materials that contain member or beneficiary records remain confidential and are not public records (NDCC § 15-39.1-30)

Definitions.

- **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 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.
- **Fiduciary Purpose** means the exercise of a Board or Committee responsibility to set direction, approve, oversee, verify, or 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 Fiduciary Purpose, as defined above, 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 formal governance channels established under this policy. Routine interaction between

Committee Chairs and designated staff liaisons in furtherance of approved Committee work plans 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. The following classifications govern Board access to information held by the RIO:

Classification	Examples	Access Control
Board Materials	Approved Board and committee packets, decision memoranda, performance reports	Full access for Board and Committee members
Confidential	Risk reports, service-provider and manager evaluations, internal audit working papers	Controlled access through the Executive Director
Highly Confidential	Personnel matters, active litigation, contract negotiations, individual member and beneficiary records, including internal audit working papers that contain them	Restricted access through the Executive Director
Market-Sensitive (MNPI)	Active trades, deal pipeline, pre-announcement material portfolio actions	Strictly limited; exceptional approval only by the Executive Director in consultation with the Office of the Attorney General

Access Request Protocol. All requests for information beyond routine meeting materials shall be submitted in writing through the Executive Director, with the Communications and Outreach Director maintaining the request log.

Request Type	Approval Authority
Routine	Executive Director or designee
Sensitive	Executive Director
Highly Sensitive	Executive Director, with notification to the President
Exceptional (including MNPI access)	Executive Director and the President, with consultation with the Attorney General’s Office as required

Request types correspond to the classifications above: Routine to Board Materials; Sensitive to Confidential; Highly Sensitive to Highly Confidential; and Exceptional to Market-Sensitive (MNPI).

Written requests 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;
- Confirmation that the request does not duplicate existing Board materials.

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

Where the President is the requester, the Vice President acts in the President’s place under this policy.

Prohibited Practices. A Board 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;
- Share confidential information with persons not authorized to receive it, including spouses, family members, business associates, or media.

Information Handling and Security.

The following handling requirements apply to confidential and highly confidential information:

- Where appropriate, sensitive materials shall 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 prohibition on copying, downloading, or forwarding;
- Sensitive information shall not be transmitted via unsecured channels, including personal email, personal devices, text messaging, or non-approved cloud storage;
- Public records retention requirements under NDCC ch. 54-46 apply to all communications regardless of channel.

MNPI Receipt and Quarantine. A Board or Committee member who inadvertently receives or becomes aware of MNPI shall:

- Notify the Executive Director and the Board’s legal counsel (Attorney General’s Office) promptly;
- Refrain from trading in any affected security or instrument and from sharing the information with any other person;
- Recuse from any Board or Committee deliberation in which the inadvertent receipt could compromise the integrity of the decision-making process, pending guidance from legal counsel.

Confidentiality and Legal Obligations. A Board 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 applicable personal trading, disclosure, and recusal requirements consistent with the Disclosure policy and the Conflicts of Interest policy;
- Comply with continuing obligations following the conclusion of Board or Committee service with respect to information acquired during such service.

Documentation and Audit Trail. The Communications & Outreach Director, under the direction of the Executive Director, shall maintain a log of all formal information requests submitted under this policy, including:

- Date of request, requester, classification, approval authority, and disposition;
- Date of access provided and form of access (on-site, secure portal, transmitted copy);
- Any access restrictions imposed.

The Executive Director shall report on an exception basis to the Board and to the SIB Audit, Risk and Compliance Committee (ARCC), which serves as this Board’s audit committee, regarding denied requests, withdrawn requests, and material handling incidents. The Internal Audit function may review the log as part of its risk-based audit plan. Material breaches shall be escalated by the Executive Director to the President and to the ARCC.

Enforcement. ~~An alleged breach of this policy is handled under Enforcement of the Conduct Policies. Breaches of this policy may result in:~~

- ~~• Formal reprimand by the President, on recommendation of the GPRC;~~
- ~~• Committee reassignment or removal, consistent with applicable law and Board authority;~~
- ~~• Referral to the North Dakota Ethics Commission or other oversight bodies, where appropriate;~~
- ~~• Other actions consistent with governing statutes and the Conflicts of Interest policy.~~

Periodic Review.

This policy shall be reviewed by the GPRC at least every three (3) years, or sooner upon material changes in:

- Regulatory or statutory requirements;
- The Board's governance structure or delegation framework;
- Technology, cybersecurity, or information-handling standards relevant to access controls.

See also → Disclosure; Conflicts of Interest & Disclosure; External Communications; Use of Artificial Intelligence; ~~Enforcement of the Conduct Policies.~~

Trustee Travel Policy

- Conduct Policy

1. Purpose. Trustee travel shall support the Board's responsibilities under NDCC ch. 15-39.1 and the trustees' fiduciary duties to the Fund (see Fiduciary Foundation). Travel expenses are reimbursed as provided in NDCC § 15-39.1-08.

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

- Trustee education aligned with Board-approved curriculum;
- Due diligence on material matters before the Board;
- Governance or peer benchmarking;
- Statutory representation responsibilities.

3. Pre-Approval.

- Routine domestic travel requires prior approval of the President.
- International or unusually high-cost travel requires Board approval.
- Travel by the President requires prior approval of the Vice President.

4. Reimbursement. Travel reimbursement shall comply with applicable state travel policies and reimbursement rates. Expense documentation must be submitted within thirty (30) days of travel completion.

Draft – TFFR – Governance Policy System (GPS)

See also → Conduct the Business of the Board and Its Committees — Compensation and Expense Reimbursement; Education Conferences, Travel, and Reimbursement.

5. Post-Travel Reporting.

Within thirty (30) days of travel completion, the Trustee shall provide a written summary to the Board describing:

- Key insights gained;
- Relevance to Board priorities;
- Recommended follow-up actions.

6. Transparency. An annual summary of Trustee travel expenditures shall be included in Board materials consistent with NDCC § 44-04-18.

Oath of Office

1. Statutory Requirement. Each Trustee shall execute the oath of office required under NDCC § 44-01-05 and ND Const. art. XI, § 4 prior to participating in Board deliberations or voting.

2. Fiduciary Acknowledgment.

The oath shall acknowledge:

- Duty of loyalty to beneficiaries;
- Duty of care consistent with the prudent expert standard the Board has adopted (see Fiduciary Duties);
- Duty of compliance with applicable statutes and Board policies;
- Obligation to avoid conflicts of interest;
- Commitment to continuing fiduciary education.

3. Annual Reaffirmation. At the first meeting of each fiscal year, Trustees shall reaffirm their oath and fiduciary obligations. Reaffirmation shall be recorded in the minutes, consistent with NDCC § 44-04-21(2).

4. Record Retention. Executed oaths shall be maintained in permanent Board records consistent with NDCC ch. 54-46.

5. Non-Compliance. A Trustee who has not executed the oath required by law may not participate in official Board action until the oath is executed. A failure to reaffirm the oath annually ~~is handled~~ under Enforcement of the Conduct Policies is addressed by the Board.

Use of Artificial Intelligence

1. Purpose. The purpose of this policy is to establish principles, governance standards, and control requirements governing the use of Artificial Intelligence (AI) technologies in the business of the Board of Trustees of the North Dakota Teachers' Fund for Retirement ("Board"). This policy is adopted under NDCC ch. 15-39.1 and is intended to assure that the use of AI supports the Board's fiduciary obligations (see Fiduciary Duties), protects confidential information, including records relating to a member's or beneficiary's retirement benefits under NDCC § 15-39.1-30, and complies with applicable open records and open meetings laws.

2. Scope. This policy applies to all Trustees and committee members. The Executive Director, RIO employees, and contractors use AI in TFFR business under the SIB's Use of Artificial Intelligence policy; the Board expects that use to meet the principles in this policy.

3. Definitions.

Artificial Intelligence (AI) means software systems or tools that perform tasks typically requiring human intelligence, including but not limited to machine learning systems, predictive models, generative AI, large language models, natural language processing systems, and automated decision-support tools.

Generative AI means AI systems that generate text, images, code, models, or other content in response to prompts.

Material Decision Context means any matter involving benefit determination, administrative rules, actuarial assumptions, funding policy, investment policy and asset allocation, service levels, procurement, risk management, governance or personnel, or other actions that may materially affect beneficiaries or fund assets.

4. Guiding Principles.

- **Fiduciary Primacy:** AI tools may support but shall not replace the exercise of independent fiduciary judgment required of Trustees (see Fiduciary Duties).
- **Human Accountability:** All material decisions remain the responsibility of identified individuals and 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 Board-approved cybersecurity, data governance, and enterprise risk management policies.

5. Permissible Uses. Subject to the safeguards in this policy and any pertinent statute or 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 improvements;
- Education and training purposes.

6. Prohibited Uses.

The following uses are prohibited unless expressly approved by the Executive Director and consistent with law:

- Entering confidential information into public AI platforms without contractual data protection safeguards;
- Delegating a final benefit, eligibility, or disability determination to an AI system;
- Entering records relating to a member's or beneficiary's retirement benefits into a public AI platform;
- Using AI to generate official Board positions without human validation and approval;
- Circumventing public records retention requirements;
- Creating synthetic communications that misrepresent Board authority or official positions.

7. Decision Support. Where AI tools are used in connection with actuarial, funding, investment policy, or benefit analysis presented to the Board: AI outputs shall be considered advisory only; material assumptions must be independently validated; documentation shall identify the extent to which AI informed analysis; and final recommendations shall clearly reflect professional judgment and fiduciary review. The use of AI shall not dilute the prudent expert standard.

8. Governance and Oversight.

8.1 Executive Director Responsibilities. Under the SIB Governance Policy System, the Executive Director approves AI tools used for official business; ensures appropriate vendor due diligence and contractual safeguards; integrates AI risk into enterprise risk management; and reports material AI-related risks or incidents to the SIB Audit, Risk and Compliance Committee. The Board expects the Executive Director also to report to this Board any such risk or incident bearing on TFFR.

8.2 SIB Audit, Risk and Compliance Committee Oversight. The SIB Audit, Risk and Compliance Committee, which serves as this Board's audit committee, oversees AI-related operational, cybersecurity, and compliance risks under the SIB Governance Policy System; the Board's representative on the ARCC reports to the Board on matters bearing on TFFR.

9. Vendor and Third-Party AI Use. Contracts for the TFFR program with consultants or service providers, including the actuary, that materially use AI shall: disclose such use when more than

incidental; provide assurances regarding data confidentiality and cybersecurity; and confirm compliance with applicable law and fiduciary standards.

10. Records Retention. AI-generated content used in Board business constitutes a public record where required under NDCC § 44-04-18 and shall be retained in accordance with NDCC ch. 54-46. Prompt histories or AI interactions that materially inform recommendations to the Board shall be retained as part of the decision-support record.

11. Training. Trustees and staff shall receive periodic education regarding: appropriate AI use; data confidentiality risks; and fiduciary implications of AI-supported analysis. See also → Roles — Trustee Duties, Expectations & Continuing Education — Continuing Education.

12. Periodic Review. This policy shall be reviewed at least every two (2) years, or more frequently if significant technological or regulatory developments warrant revision. The Board recognizes that AI tools may enhance analytical depth and operational efficiency. However, prudence is measured by the quality of human judgment exercised in oversight, not by the sophistication of tools employed.

Securities Litigation (sitting with legal for review)

Securities litigation affecting the investment of TFFR's assets is overseen by the State Investment Board under its Securities Litigation Oversight & Annual Reporting policy. The Board receives, at least annually, the Executive Director's securities litigation report, or a summary of it, as it pertains to TFFR's assets, including recoveries credited to the Fund. Any proposal for TFFR to act as a party in its own name (including as lead plaintiff, by opt-out, or by direct action) is reserved to the Board and is made with the Attorney General's Office (NDCC §§ 15-39.1-05.2(1), 54-12-08(1)).

[EN2]Litigation Governance

Governs threatened or 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.

The Board has the powers and privileges of a corporation, including the capacity to sue and be sued in its own name (NDCC § 15-39.1-05.2(1)); the Attorney General's control of counsel governs who represents the Board, not the Board's capacity to be a party.

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.[EN3]

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, 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 or settle.

The Executive Director administers the policy and, through RIO (typically the Chief Retirement Officer), maintains the litigation register, intake, preservation, deadlines, cost tracking, and reporting. This information may include both non-public confidential information and public data.

Any requests for this data should include a review for required redactions in accordance with North Dakota open records law (NDCC § 44-04-18) prior to any release of this information.

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.

On litigation matters the President or designee is the sole spokesperson, and speaks only to positions the Board has authorized; 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 the GPRC, 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.

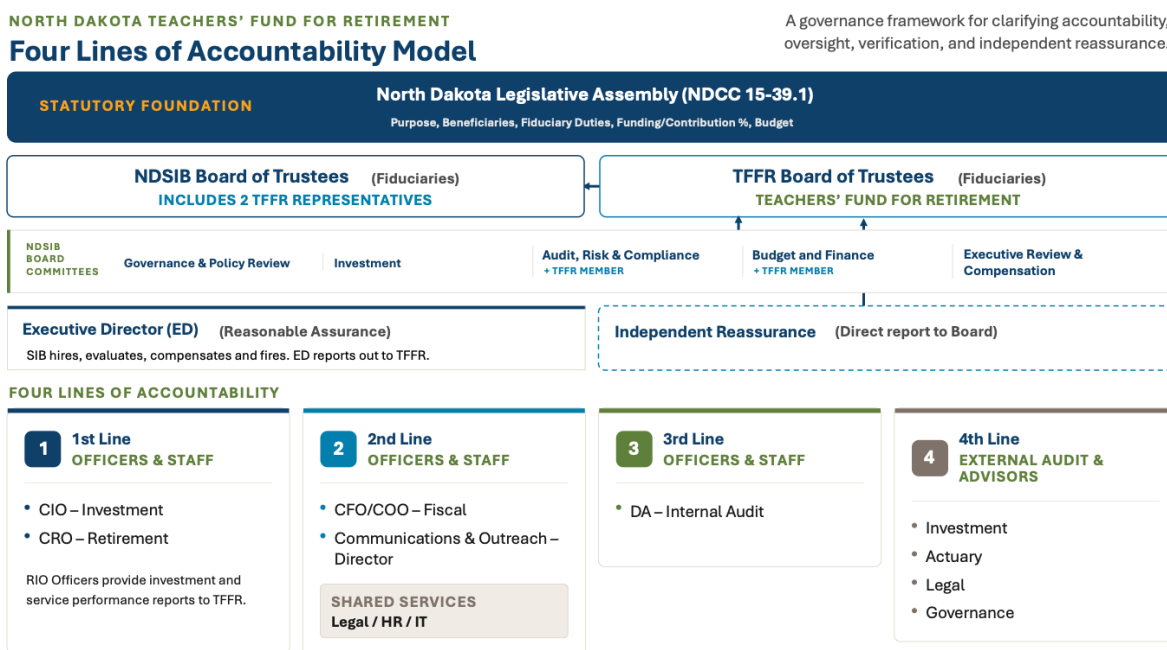
Committees: The GPRC receives the litigation register report and monitors remediation of policy issues it reveals, including corrective actions and recurring causes.

The GPRC may not initiate, settle, appeal, waive privilege, or direct counsel unless expressly delegated.

Roles

Explicit role definitions across all levels — Legislature, Board, Committees, and Executive leadership.

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/Back Offices and Enterprise Services

Officers & Staff: CFO/COO — Fiscal, Communications & Outreach Director. Shared Services: Legal (Attorney General's Office) / HR (ND HRMS) / IT (NDIT). 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: Actuary and actuarial auditor, Medical Consultant (retained by this Board); Governance Advisor (retained by RIO on behalf of this Board or the SIB, as needed); Independent External Auditor; Investment Consultant (retained by the SIB); Legal (Attorney General's Office). Provides independent reassurance; the actuary and medical consultant report directly to the Board, as does a governance advisor engaged on its behalf.

The Board relies on all four lines, the first three operating within RIO under the SIB's governance of the agency, 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

— Framework

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 investment management or pension administration. The Legislature defines the rules, benefit structure, resources, and accountability expectations; the Board governs and oversees the retirement program within those statutory boundaries; and management executes.

The Legislature:

- **Sets governing law and public purpose:** Enacts and amends statutes (primarily NDCC ch. 15-39.1) that define TFFR’s mandate, powers, governance structure, membership, benefit provisions and contribution rates, and the Fund under its care.
- **Approves budgets and resource authority:** Authorizes the operating budget of RIO, through which the TFFR program is administered, together with its staffing levels and major expenditure categories, through the biennial appropriations process; benefits, consultant fees, and investment costs are paid from the Fund by continuing appropriation.
- **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 the Board retains its fiduciary 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:** Supporting, through RIO and the SIB, the budget requests, expenditure reports, and staffing information necessary for the Legislature to exercise its appropriation and fiscal oversight responsibilities for the TFFR program.
- **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.

TFFR Board Charter

Purpose. TFFR members and beneficiaries receive the benefits promised to them, securely funded and efficiently administered. This objective is evaluated against the funding and service metrics in the Plan Management Policy and the Benefits Governance Scorecard.

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, which is supervised by the State Investment Board, and it does not administer the plan day to day, which 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.

Board Composition

The Board comprises seven Trustees 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).
(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

A trustee appointed under subdivision (a) or (b) who terminates that employment may not continue to serve (NDCC § 15-39.1-05.1(1)).

Charge and management of the business: The authority to set policy for the Fund rests in the Board, subject to law, administrative rules and regulations, and governance policies (NDCC § 15-39.1-05.1(1)). 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 and RIO is governed by the SIB; each board retains its separate legal identity and authority.

Representation by Designees: When the statutes allow a designee to represent a trustee, the President will recognize the individual for the record, and the individual will then have the right to vote on matters before the Board.

Terms: Appointed trustees serve terms of five years, and each term begins on July 1 (NDCC § 15-39.1-05.1(2)). A trustee appointed to fill a vacancy completes the term for which the original member was selected (NDCC § 15-39.1-07). The State Treasurer and the Superintendent of Public Instruction serve ex officio while in office.

Vacancies, Holdovers & Continuity

A vacancy occurs upon: the effective date of a written resignation; removal from an officer role (officer vacancy only); removal from Board membership (member vacancy; statutory); death; permanent incapacity; loss of eligibility; disqualifying legal status, if applicable; or termination of the employment on which an appointment under NDCC § 15-39.1-05.1(1)(a) or (b) was based. The Executive Director will notify the Board within five business days of a known vacancy event; the President notifies the appointing authority within ten business days where applicable; and a log will be maintained.

- **Resignations:** A trustee's resignation from the Board is submitted as the law requires, for an appointed trustee to the Governor (NDCC § 44-02-02), with a copy to the President and the Executive Director for the record. The resignation is reported at the next meeting and entered in the minutes.
- **Removal:** Removal from Board membership is governed by statute and rests with the appointing authority; the Board's own authority is limited to its offices and committee positions ~~(see Enforcement of the Conduct Policies).~~
- **Alleged misconduct:** An alleged breach of the Code of Conduct ~~is handled under Enforcement of the Conduct Policies, under which the Board makes findings and refers matters to the authority having jurisdiction; is addressed by the Board and, where appropriate, referred to the North Dakota Ethics Commission or other oversight bodies.~~
- **Holdovers:** A trustee may continue to serve until a successor is appointed and qualified. A holdover should not exceed 90 days without written notice to the appointing authority and Board discussion; the Executive Director or the President notifies the appointing authority, and, for an appointed seat, the nominating organization, at least 90 days before a term expires.
- **Staggered appointments:** Where appointment authority allows, the Board recommends staggered appointments and continuity planning to avoid simultaneous turnover, maintaining a rolling "continuity risk" view of anticipated departures over the next 12–24 months and proactively notifying appointing authorities and the nominating organizations that submit nominee lists.

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 [the GPRC. The President proposes a slate of GPRC members, based on the match between the committee's recommended capabilities and trustees' interests, which](#) the Board elects at the first meeting of each fiscal year. The President appoints the GPRC chair and the chair and members of each special committee. Membership must not include a quorum of the Board.

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

Oversight

The Board oversees the delivery of its policies and service levels. In doing so it shall:

- Set the levels of service the Executive Director delivers for the TFFR program, inform the SIB of them (NDCC § 15-39.1-05.2(6), (7)), and, as a matter of Board policy, provide written input to the SIB's evaluation of the Executive Director.
- Monitor RIO's capacity, resources, and internal controls necessary to deliver Board-approved policies and service levels, and raise needs with the SIB.
- Assure management operates within delegated authority and established limitations.
- Oversee risks to the plan, including funding, benefit-administration, operational, legal, and reputational risks.
- Assure effective compliance with statutes, administrative rules, Board policies, and ethical standards.
- Promote transparency, documentation, and timely escalation of issues.

Verification

The Board verifies the reliability of the information, advice, and reporting it relies on. In doing so it shall:

- Verify the audit program, and receive the results of internal and external audits of the plan and of RIO, through its representative on the SIB Audit, Risk and Compliance Committee, which serves as this Board's audit committee.
- Receive the annual audit of the Fund (NDCC § 15-39.1-22) and the independent actuarial audit of the actuary's work.
- Use independent third parties to verify performance and risk where appropriate.

Stakeholder and Public Accountability

- Act as responsible stewards of public trust.

- Balance independence of fiduciary judgment with accountability to members, beneficiaries, participating employers, the Legislative Assembly, and oversight bodies.
- Communicate clearly, professionally, and constructively in public meetings and official settings.

See Also → The Governance & Policy Review Committee Charter is set out under Authorities & Delegation — Conduct the Business of the Board and Its Committees, where the SIB Governance Policy System sets out its committee charters.

Trustee Duties, Expectations & Continuing Education

Composition, terms, and vacancies are set out under Roles — TFFR Board Charter; quorum and voting under Conduct the Business of the Board and Its Committees — Quorum.

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 Disclosure); maintain confidentiality of non-public information; and support a culture of integrity, respect, and continuous improvement.

TFFR trustees also shall:

- Take no personal benefit from the position.
- 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.
- Observe North Dakota open meetings and open records requirements (NDCC ch. 44-04).
- Maintain the confidentiality of member and beneficiary records after service ends, because NDCC § 15-39.1-30 attaches confidentiality to the records themselves; on leaving the Board, return or destroy confidential material as directed by the Executive Director and confirm in writing having done so.
- Bring to the attention of the Board matters of concern affecting the plan.
- Support a decision once adopted by the Board, while preserving the right to have the trustee’s dissenting vote recorded in the minutes (NDCC § 44-04-21(2)(f)).
- Complete an annual individual self-assessment and participate in the annual evaluation of the Board’s performance as a whole.
- Cooperate fully with audits, actuarial and governance reviews, and any review conducted under the Fiduciary Conduct Policies.

Committee Service

- Trustees may serve on the GPRC, on special committees, and, as the Board’s representatives, on the SIB and its committees.
- Committee service includes deeper research, recommendations, and oversight within delegated scopes, while ultimate authority and responsibility remains with the full Board.

Time Commitment

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

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:

- Understanding of fiduciary responsibility and public trust
- Ability to evaluate long-term risk and reward tradeoffs
- Financial, economic, or organizational literacy
- Strategic thinking and sound judgment
- *Willingness to engage in continuing education.*

The table below sets out the 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	All trustee capabilities, plus: Meeting facilitation and agenda discipline. Fiduciary focus and enforcement of the boundary between governance and management. Consensus building and stewardship of Board culture and behavior. Management of the flow of information between the Board and the Executive Director.
Vice President	All trustee capabilities, plus: Readiness to exercise the President’s capabilities when acting in the President’s place. Support for meeting process integrity and governance self-assessment.
Committee: TFFR Governance & 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.

Role	Capabilities
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.[JS4][EN5][EN6]

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: Trustee Duties, Expectations & Continuing Education — 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 on 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 shall complete continuing education aligned with the Committee's responsibilities and required capabilities.

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.

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

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.

See also → On the Board's own oversight and verification duties: Authorities & Delegation — Governance Process — The Flow of Authority. On what the Board has and has not delegated: Key Decisions — Decision Register (Delegations).

Board President and Vice President Charter

— Leadership

The officers of the Board are a President and a Vice President. The officers will be elected by the Board to a one-year term at the first meeting following July 1 of each year. A vacancy in an office is filled as provided in Vacancy in an Office or Representative Seat.

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.

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.

The Board agenda will be the responsibility of, and be coordinated by, the President with the assistance of the Executive Director. 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 Board member's opinion, may deal with fiduciary responsibilities. Deliberation will be fair, open, and thorough, but also efficient, timely, orderly, and brief. The President is empowered to chair Board meetings with all the commonly accepted authority of that position (e.g., ruling, recognizing). The President has no authority to make decisions about policies created by the Board. Therefore, the President 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.

The President approves trustee travel, and keeps the Board informed on travel requests, as provided in the Trustee Travel Policy.

The President may call recess, enforce agenda/time rules, and refer disputes to the Governance & Policy Review Committee (GPRC) for follow-up. The President assures deliberation remains within fiduciary scope.

The President is the initial point of contact for in-meeting conflict of interest (COI) disclosures and may request temporary recusal pending GPRC/legal review. The GPRC will make the final recommendation to the full Board.

The President reviews draft minutes for accuracy/completeness before approval.

The President supports leadership bench development with the GPRC (encourages continuing education participation; orients new members; identifies future officer candidates).

The President should assure committee outputs reach the Board with clear decision points, cross-committee coordination issues are identified, and follow-ups are assigned.

If the President is unable to serve, the Vice President will serve as Acting President until the Board fills the vacancy (see Vacancy in an Office or Representative Seat).

Vice President's Role

The Vice President works with the President on agenda planning; supports meeting process integrity; participates in governance self-assessment review; attends key briefings as appropriate. The Vice President does not act as spokesperson except in the President's absence or with Board authorization.

Election of Board Officers and TFFR Representatives to the SIB

1. Board Officers

The Board elects the following officers each year. Any trustee may serve as an officer:

- Board President
- Board Vice President

2. Election Procedure

The TFFR Board elects its President at the first meeting following July 1 of each year (NDCC § 15-39.1-06). At the same meeting, the Board elects its Vice President, selects its two representatives to the SIB, and may appoint their alternate (NDCC § 21-10-01(1)(f), (2)), and appoints the members of any committees. As with all Board action, four 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. Officers and representatives may be re-elected. Unattributed (secret) ballots shall not be allowed because the Board acts in open meeting and its votes are part of the public record (NDCC §§ 44-04-19, 44-04-21(1)).

Where more than two candidates stand and none receives four 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 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 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. See also → 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 Charter — Board Composition (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 or special 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.

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

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 SIB, below).

Investment of TFFR assets follows the investment policy statement adopted by the TFFR Board and accepted by the SIB, and the asset allocation approved jointly by the TFFR Board and the SIB, subject to the prudent investor rule (NDCC § 21-10-07).

The SIB is also the governing body of RIO.

SIB and Committee Positions

Each year the Board elects its two representatives to the SIB and their alternate, recommends trustees for appointment to the SIB Audit, Risk and Compliance Committee and the SIB Budget and Finance Committee, and elects the members of the Governance & Policy Review Committee (GPRC). Any trustee may be selected; the Board does not select the State Treasurer, who already serves ex officio on the SIB, for one of its two representative seats (NDCC § 21-10-01(1)(b), (f)).

- 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 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 SIB Budget and Finance Committee.*
- Three trustees 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 Register (Delegations)). 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, or end earlier if the trustee's service on the SIB ends. *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.

See also → On the election procedure, the term, and a vacancy in a representative seat: Board President and Vice President Charter — Election of Board Officers and TFFR Representatives to the SIB.

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.

Statutory "Investment Director" and the Executive Director

Under the SIB Governance Policy System, references in NDCC ch. 21-10 to the "investment director" (NDCC §§ 21-10-02(3), 21-10-05) are understood to refer to the Executive Director, who has delegated day-to-day exercise of that investment authority to the Chief Investment Officer while retaining the statutory authority and accountability for it. That allocation is the SIB's; this Board recognizes it.

Chief executive authority: execution within delegated authority. The Executive Director is responsible for executing board-approved direction within the scope of delegated authority. Execution responsibilities include:

- Implementing approved strategies, policies, and plans.
- Managing operations, resources, personnel, and risk.
- Maintaining appropriate controls and professional standards.
- Providing timely, insightful reporting to committees and the Board.

Role and authority. The Executive Director will be retained by the SIB, serve at the SIB's pleasure, be responsible for keeping the records of the SIB and TFFR Board actions, and perform such duties as the SIB prescribes. The Executive Director will make out and give out all notices required to be given by law, procedures, or the rules and regulations of the two boards. The Executive Director, as chief executive officer, is accountable to the SIB acting as a body. With respect to the TFFR plan, this Board conveys its expectations to the Executive Director only through its written policies and the levels of service it establishes (NDCC § 15-39.1-05.2(6), (7)), delegating to the Executive Director the implementation and administration of those policies. 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
- Approve Hiring/Termination of Chief Investment Officer, Chief Retirement Officer, Chief Financial and Operating Officer
- Approve Hiring/Termination of External Managers
- Approve all contracts unless delegated by the Executive Director
- Approve material contract amendments within budget
- Approve Securities Monitoring and Litigation

The President speaks on behalf of the Board (see Conduct the Business of the Board and Its Committees — Board Communications). The Executive Director is the spokesperson for RIO.

Communication and Counsel to the Board

With respect to providing information and counsel to the Board, the Executive Director shall:

A. Provide monitoring data required by the Board in a timely, accurate, and understandable fashion, directly addressing provisions of the Board policies being monitored.

B. Keep the Board informed of relevant trends, anticipated adverse media coverage, material external and internal changes, and particularly changes in the assumptions upon which any Board policy has previously been established.

C. Advise the Board President and GPRC if, in the Executive Director's opinion, the Board is not in compliance, particularly in the case of Board behavior which is detrimental to the work relationship between the Board and the Executive Director, and Executive Director and staff.

D. Provide the Board with varying staff and external points of view on issues and options as prudent for fully informed Board choices.

E. Present information in a short and simple form.

F. Provide a mechanism for official Board, officer, or Committee communications.

G. Deal with the Board as a whole except when (a) fulfilling individual requests for information or (b) responding to officers or Committees duly charged by the Board, or (c) as otherwise delegated in accordance with Board policies.

H. Report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

I. Inform the Board President and the full Board in a timely manner of any changes related to the resignation or hiring of the Chief Retirement Officer, the Chief Investment Officer, Director of Audit, or the Chief Financial Officer/Chief Operating Officer.

J. Keep the Board informed concerning ~~the delegation of fiduciary authority to any staff member.~~
~~Every person to whom such fiduciary responsibility authority is delegated is ultimately any~~

delegation to staff of authority this Board has delegated to the Executive Director. The Executive Director remains accountable to this Board for the exercise of that authority, and staff remain accountable through the Executive Director.

K. In the absence of a Chief Risk Officer, the Executive Director serves as the senior accountable officer for the operational risk program and is responsible for reporting operational risk matters to the ARCC and the Board. reporting operational risk matters to the SIB Audit, Risk and Compliance Committee (ARCC) and the boards.

1st–4th Lines: Staff and Advisor Charters

The RIO’s management is responsible for financial and other reporting, internal controls, and compliance with laws, regulations, and ethics. The RIO 1st and 2nd Line unit supervisors are responsible for seeing that corrective action on reported weaknesses is [either planned or taken within 30 days from the](#) receipt of a report disclosing those weaknesses if known or applicable. The unit supervisors are also responsible for seeing that a written report of action planned or completed is sent to the Executive Director. If a plan for action is reported, a second report shall be made promptly upon completion of the plan.

1st Line — Benefits and Investment Services

Chief Retirement Officer Charter

Purpose. Assure the Teachers’ Fund for Retirement (TFFR) 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 (CRO) 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 CRO operates within the Retirement and Investment Office (RIO) 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 information provided to the TFFR Board; responsiveness to plan members, stakeholders, and oversight authorities; and the successful coordination of actuarial, legal, and consulting services supporting the retirement program.

Policy Development and Program Administration: The CRO assists the Executive Director and the TFFR Board in developing administrative rules, policies, and procedures necessary to administer the retirement program. The CRO 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 CRO, 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 will provide the TFFR Board with accurate and timely information necessary to support the Board’s oversight responsibilities and fiduciary duties.

Limits on this Board’s authority. The Chief Retirement Officer is hired by, reports to, and is evaluated by the Executive Director. This Board does not hire, evaluate, direct, or assign work to the position; Board feedback on program delivery is directed to the Executive Director.

Chief Investment Officer Charter

The Chief Investment Officer reports to the Executive Director and serves the SIB; in this charter “the Board” means the SIB and “IC” the SIB Investment Committee.

1. Participate on the IC and report to the Board as required.
2. Advise and then implement investment policies approved by the IC and the Board.
3. Provide research and administration for SIB client funds and client projects.
4. Recommend investment policies and procedures appropriate for governing the investment of entrusted funds.
5. Lead the development of asset allocations, investment strategies, manager mandates, manager guidelines, investment implementations, and investment policies to be approved by the IC and Board.
6. Negotiate manager contract terms and conditions as delegated by the Executive Director.
7. Evaluate money manager adherence to investment objectives, mandate requirements, and guidelines.
8. Provide performance reports to the IC, the Board, and Boards of participating funds as a representative of the IC and the SIB.
9. Select, hire, or terminate money managers, custodians, consultants, and other outside services needed to effectively manage the investment funds.
10. Recommend to the IC new investment strategies (both internal direct and external), portfolios, and the use of new investment instruments prior to their implementation.
11. Manage direct investment strategies approved by the IC including the allocation of capital within the strategies, as well as security selection, weighting, and trading.
12. Provide rebalance instructions to the fiscal team that comply with client policy statements.

2nd Line — Middle/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 publishing of timely and accurate performance reports and financial statements, and responsiveness and accuracy of reporting to oversight authorities.

Accounting. The master custodian will provide RIO staff with such accounting detail and at such frequency as the staff deems necessary to fulfill the SIB's reporting requirements. From this information, RIO staff will 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 & 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. See also → 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.

3rd Line — Internal Audit Services

The purpose of the internal audit division is to provide an independent, objective assurance and advisory activity designed to add value and improve North Dakota RIO's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

The Director of Audit (DA) will report directly to the SIB typically through the ARCC. Administrative matters will be coordinated with the Executive Director.

The audit staff shall have full, free, and unrestricted access to all RIO activities, records, property, and personnel relative to the subject under review.

The internal audit division will assist RIO in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Functions and units within RIO will be 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 in a manner consistent with both the RIO objectives and high standards of administrative practice.

The Internal Audit Services Unit is responsible for developing and directing a broad, comprehensive program of internal auditing within RIO. The Internal Audit Services Unit will report administratively to management and functionally to the ARCC.

The Internal Audit Charter requires a QAIP (Quality Assurance and Improvement Program), including (1) ongoing internal monitoring, (2) annual internal assessments, and (3) external quality assessment (EQA) 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 by this Board, or by the SIB or RIO on the Fund's behalf, to provide objective assurance, expert judgment, and independent validation across critical fiduciary, financial, investment, actuarial, and governance functions. These parties do not manage or execute operations; their role is to independently 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 once every five years (NDCC § 15-39.1-05.2(3)(c)), 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)(b), (d)). An independent actuarial audit provides periodic verification of that work. See also → Key Decisions — Decision Register (Delegations).

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

Investment Consultant (retained by the SIB) — Provides independent advice on investment policy, asset allocation, risk, benchmarks, manager structure, and performance evaluation; challenges assumptions and validates staff recommendations.

Independent External Auditor — Performs independent financial statement audits and internal control assessments, and provides assurance on the integrity of financial reporting and on compliance, including the annual audit of the Fund (NDCC § 15-39.1-22).

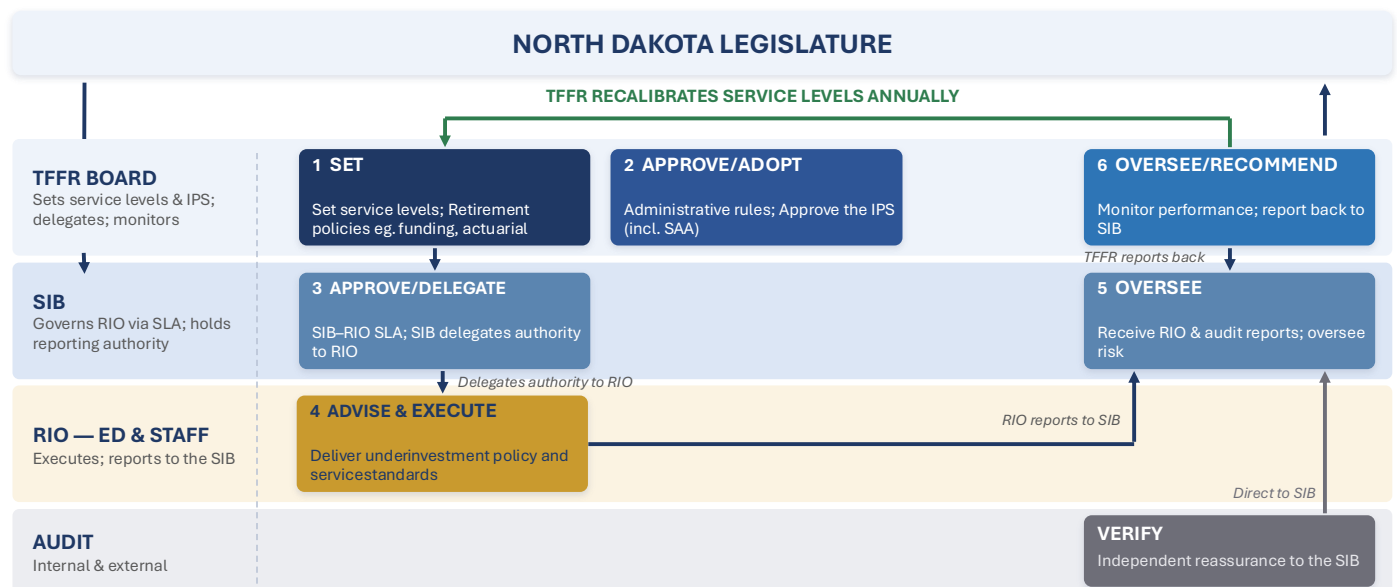
Governance Advisor (retained by RIO on behalf of this Board or the SIB, as needed) —
Assesses governance structure, policies, delegation, board effectiveness, and fiduciary practices; benchmarks against leading practices and statutory requirements.

Master Custodian (retained by the SIB) — Independently safeguards assets, settles trades, reconciles holdings, and provides independent books and records supporting valuation, performance, and control assurance.

Legal Counsel — The Attorney General’s Office provides legal advice to the Board, and appoints any special assistant attorney general the Board requires, on fiduciary duties, statutory authority, contracts, litigation, ethics, and regulatory compliance (NDCC §§ 54-12-01, 54-12-08(1)).

Collectively the Fourth Line strengthens the Board’s ability to verify, challenge, and validate the information and the decisions, reinforcing trust, transparency, and long-term fiduciary integrity.

Authorities & Delegation



Who has the power to act, under what conditions, and with what limitations.

The Board governs through five powers: Conduct → Set → Approve & Delegate → Oversee → Verify. Committees research, recommend, oversee, and verify. Staff advise and execute within delegated authority. The Legislature authorizes and appropriates biennially; the Board is accountable and reports to the Legislature and the public.

Powers of the Board — Key Standards

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

- Must be for the exclusive purpose of providing benefits to members and benefit recipients (NDAC § 82-01-01-01(1)(c)(2); NDCC § 21-10-07; IRC § 401(a)(2)), and as Board policy, in the best interests of current and future members and benefit recipients.
- Must be prudent (take into account peer practices).
- Must be compliant (laws, administrative rules, plan documents).

Authority by Domain

The GPS maps the Board’s authority across its five powers and the ten functional domains of the Decision Register (Delegations). The Governance & Policy Review Committee, and any special committee the Board establishes, performs the due diligence necessary to support a recommendation to the full Board for its approval.

Delegation Domain	SET — TFFR Board	APPROVE & DELEGATE — TFFR Board	EXECUTE — RIO / SIB (OVERSEE)	INFORM — TFFR → SIB (OVERSEE)	VERIFY — reported to the Board
1. Governance, Board Structure & Meetings	Sets governance policy, committees, meeting standards; adopts governance & program policies on two readings	Elects officers, SIB representatives, and their alternate; recommends trustees for the SIB ARCC and BFC; seats the GPRC	ED prepares agendas & materials	Informs SIB of governance interfaces	Board, committee & individual self-assessment; materials ≥7 days prior [proposed]
2. Rulemaking, Legislative & IRC-Compliance Authority	Adopts administrative rules (NDAC tit. 82) and policy; sets legislative positions	Approves IRC-compliance modifications jointly with EBPC; may reduce or suspend the conditional annual benefit adjustment; relies on the AGO for legal review and the AG opinion on legality (NDCC § 28-32-14); delegates drafting and hearing logistics to staff	RIO/ED, CRO + AGO draft & track; APA process	Informs SIB & EBPC of the agenda; reports the annual actuarial-adequacy test to the EBPC	Rules current; delegations documented

Delegation Domain	SET — TFFR Board	APPROVE & DELEGATE — TFFR Board	EXECUTE — RIO / SIB (OVERSEE)	INFORM — TFFR → SIB (OVERSEE)	VERIFY — reported to the Board
3. Investment of Assets	Sets investment goals, objectives, and long-range asset-allocation targets; adopts the IPS, which the SIB accepts	Approves asset allocation & changes jointly with SIB; investment is supervised by the SIB by statute (NDCC § 15-39.1-26); the IPS delegates to the SIB residual management authority not assigned by NDCC ch. 21-10	SIB invests under the prudent investor rule (NDCC § 21-10-07); RIO staff execute	Transmits IPS; SIB approves allocation jointly	Return vs benchmark; cost vs CEM; compliance
4. Actuarial & Funding	Adopts assumptions, methods, funding policy & Plan Management Policy; adopts service-purchase factors	Retains actuary & actuarial auditor; delegates valuation and experience study to the actuary	RIO staff + Actuary deliver valuation & data	Shares valuation and funding results with the SIB for asset-liability work	Valuation on time; experience study once every five years; Plan Management Policy score

Delegation Domain	SET — TFFR Board	APPROVE & DELEGATE — TFFR Board	EXECUTE — RIO / SIB (OVERSEE)	INFORM — TFFR → SIB (OVERSEE)	VERIFY — reported to the Board
5. Benefits Administration & Member Determinations	Sets service standards & eligibility criteria	Holds the authority over the 120-day refund waiver (NDAC § 82-03-01-01) and delegates it to the Executive Director and the Chief Retirement Officer, applying the written evidence that rule requires; waivers are included in the annual report on delegated authority, and a denial may be appealed to the Board; 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

Delegation Domain	SET — TFFR Board	APPROVE & DELEGATE — TFFR Board	EXECUTE — RIO / SIB (OVERSEE)	INFORM — TFFR → SIB (OVERSEE)	VERIFY — reported to the Board
6. Disability Determinations	Sets disability policy; reserves final determinations	Determines eligibility, suspension & cessation; considers applications in executive session where NDCC § 44-04-19.2 permits and takes final action in open session; decides appeals of adverse recertification; ratifies ED interim determinations; delegates medical review to the consultant	RIO staff + medical consultant	No SIB role in determinations; 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; provides budget input through the Executive Director and its BFC representative; uses the SIB ARCC as its audit committee	ED prepares budget; fiscal disburses; audit	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	EXECUTE — RIO / SIB (OVERSEE)	INFORM — TFFR → SIB (OVERSEE)	VERIFY — reported to the 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, operating through the SIB's governance of the agency; may put forward an interim Chief Retirement Officer, which the SIB decides	SIB appoints the ED, who serves at its pleasure as the statutory investment director (NDCC §§ 21-10-02(3), 54-52.5-02); SIB policy governs the ED's support, evaluation, compensation, and succession; ED hires RIO staff under SIB policy	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 the medical consultant; may waive an employer penalty for an unintentional and excusable delay, but not all interest (NDCC § 15-39.1-23); legal counsel is appointed by the Attorney General (NDCC § 54-12-08(1))	RIO staff administer reporting; ED admin contracts	Informs the SIB of employer-reporting and external-party issues affecting service levels	Posting within agreed service levels; error rate; vendor service level agreements
10. Service-Level Governance	Adopts annual Statement of Service Expectations <i>[proposed]</i>	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

Conduct powers are recorded in the Decision Register (Delegations).

Sources. Plan[EN7] Management Policy: TFFR Program Manual § B (metrics established July 24, 2019; adopted October 24, 2019). Delegations and reserved powers: Decision Register (Delegations). Service expectations and tolerances: Benefits Governance Scorecard and, once adopted, the TFFR–SIB–RIO Service Level Agreement. Statutory basis: NDCC chs. 15-39.1, 21-10, and 54-52.5; NDAC tit. 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 the Board and its Committees. Committees may, subject to Board approval, 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. Administration is funded through RIO's biennial legislative appropriation, governed by the SIB; benefits and consultant fees are paid from the Fund by continuing appropriation. The Board delegates authority to the Executive Director, exercised through the SIB's governance of the agency. The Executive Director executes directions within Board-approved policy. Committees oversee performance and risk and escalate and report exceptions to the Board. The Board reports to the Legislature, the members and benefit recipients, and the general public.

Delegation Principles

- Delegation

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.
- Only the SIB can delegate to Internal Audit; the Board receives audit reassurance through its representative on the SIB Audit, Risk and Compliance Committee.

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

- Process Architecture

Governance Process

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

- The Executive Director and staff advise the Board and its Committees.
- Committees (and Board consultants) 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.
- SIB Committees oversee performance and risk.
- Independent functions verify outcomes and controls to the SIB Audit, Risk and Compliance Committee and, through the Board's representative, to the Board.
- The Board reports transparently to stakeholders and beneficiaries.

See also → 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 — Oversight; Verification. On when each step falls in the year: Timing.

Role of Committees

→ Roles — TFFR Board Charter — Committee Composition — Committee Authority and Role.

Oversight

- Monitoring performance and risk relative to expectations.
- Challenging results and assumptions.
- Focusing on trends, signals, and exceptions.
- Escalating material exceptions.

Verification

Verification provides objective evidence and is performed through independent functions, including:

- Internal audit
- Compliance and risk management reviews
- External audit and independent advisors

Conduct the Business of the Board and Its Committees

The Board’s standing Committee shall operate under the terms of a charter approved by the Board and is set forth in this policy as follows: Governance and Policy Review Committee (GPRC). The SIB Audit, Risk and Compliance Committee serves as the Board’s audit committee.

The chart below describes how the Board and its committees conduct business. The expectation is that committees will perform the due diligence necessary to support a recommendation to the full Board for its approval. The Board determines a multi-year calendar and Committees organize their work accordingly. Continuing education linked to the calendar — targeted and just-in-time.

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	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 matters, benefit determinations, and service levels under NDCC 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)).	Support the Board by providing focused research and recommendations, oversee performance and risk, and 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 and Compliance Committee (ARCC) serves as TFFR’s audit committee through TFFR’s designated representative. TFFR’s representative on the SIB Budget and Finance Committee (BFC) reports to the Board on RIO’s budget and financial plans as they affect the retirement program.
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.	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 NDCC ch. 15-39.1, beginning with the authority to set policy for the Fund (NDCC § 15-39.1-05.1(1)).	Advise, oversee, and verify only, unless expressly delegated authority by the Board.

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	Establishes the investment policy under NDCC § 21-10-02.1(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(3)–(7)). 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.	May not bind the Board, exceed delegated scope, or act on matters the Board has reserved to itself.
Limitations	Bounded by NDCC ch. 15-39.1, NDAC tit. 82, open meetings and open records law (NDCC ch. 44-04), member-record confidentiality (NDCC § 15-39.1-30), and state ethics requirements (ND Const. art. XIV; NDCC 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 continuingly 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.	Authority is limited to Board-approved charters; committees have no independent or implied powers.
Quorum	Four of the seven trustees constitute a quorum and must be present for the Board to conduct business, and <i>four votes are</i>	A majority of the committee's appointed members constitutes a quorum, and the

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	<i>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 votes are required however many trustees attend. Should a quorum not be present, the President will announce the absence of a quorum and the trustees will disperse.	committee acts only on the vote of a majority of its members. Should a quorum not be present, the Committee Chair will announce the absence of a quorum and the members will 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 or the Board's conflict-of-interest policy requires recusal or permits abstention. The minutes show the recorded vote of each trustee. → On the quorum and the four-vote requirement: Quorum.	Same, except that committee action requires an affirmative majority of committee members rather than four votes.
Minutes and Records	The Executive Director keeps a record of the proceedings of all Board and committee meetings; the records are public documents, except as confidential by law, and copies are distributed upon request. 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. Minutes are not intended to be a verbatim transcript of every word spoken at a meeting.	Approved committee minutes are submitted to the Board.

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	Approved minutes are made available on the RIO website or upon request, and minutes and records of Board and committee activities and actions are maintained as required by state law.	
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 of TFFR, 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 the 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 of TFFR.	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	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.

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	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 upon reasonable notice to the other trustees (NDCC § 15-39.1-06); as a matter of Board policy, notice is given in writing. → On the annual agenda schedule and education plan adopted in July: Annual Workplans. → On the election of officers and representatives at that meeting: Board President and Vice President Charter — Election of Board Officers and TFFR Representatives to the SIB. 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.	
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 website, at the RIO office, and at the meeting location.	Same as the Board.
Meeting Attendance	~~See Attendance Expectations Trustees are expected to attend each meeting, in person or via telephone or video conference.~~ ~~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>	Same as the Board.

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
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 proper public notice; announce the topics to be considered in executive session and the legal authority for the executive session; pass a motion to convene executive session; record the session electronically; limit topics to those announced and authorized; pass a motion to close the executive session, discontinue electronic recording, and return to open session; take final action during the open portion of the meeting; and record all substantive votes by roll call.	Executive sessions are presided over by the Board President or, in committee, the Committee Chair.
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. Individual agendas are prepared by the Executive Director and approved by the Board President, unless otherwise directed by the Board, 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, unless the Board directs otherwise. Agendas must contain enough detail that trustees, members, interested parties, and	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>

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	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.	
Meeting Materials	The Executive Director coordinates the preparation of Board meeting materials and develops an Executive Summary. Materials are posted on the 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>	Same as the Board.

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	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> Materials must meet ADA design standards and must not rely solely on visual content. <i>[proposed]</i> Recordings and posted materials must be provided in accessible formats. <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	The Board may use consent agendas to approve routine, non-controversial items in a single motion, without discussion — unless a trustee asks to pull an item for separate consideration. Typically, such matters have been reviewed in advance and require no debate or decision trade-offs. 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.	Same as the Board.

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
Rules of Order	All Board and committee meetings are conducted in accordance with Robert's Rules of Order Newly Revised (12th edition), except as superseded by state law and Board governance policies.	Same as the Board.
Reporting	Receives reports from committees, the Executive Director and Chief Retirement Officer, the actuary, auditors, external advisors, the SIB on investment matters, the SIB ARCC on audit, risk, and compliance matters, and the SIB Budget and Finance Committee on budget and finance matters. Reports should be exception-based wherever appropriate. <i>[proposed]</i> TFFR's representative on the SIB ARCC, or the Director of Audit, provides ARCC monitoring reports to the Board. Submits necessary or desirable statutory changes to the Employee Benefits Programs Committee (NDCC § 15-39.1-05.2(5)) and informs the SIB of expected service levels, goals, and objectives (NDCC § 15-39.1-05.2(7)). Reports to the Legislature as required.	Reports regularly to the full Board; escalates material issues promptly. Reports should be decision-ready, identifying issues, options ranked from least to most cost and risk, implications, and recommended actions. <i>[proposed]</i>
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.	Make recommendations, and decide only where authority is expressly delegated by the Board.
Self-Assessment	Conducts an annual Board self-assessment focused on fiduciary effectiveness and governance performance, using a standardized, confidential survey and facilitated discussion, timed to inform governance planning and charter reviews, and resulting in a written summary of	The GPRC conducts annual Board and Committee self-assessments focused on: effectiveness and clarity of delegation; clarity of roles and decision authority; quality, timeliness, and usefulness of information received; adequacy of time spent on strategic vs. operational matters;

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	strengths, gaps, and prioritized improvement actions reported to the Board. President-specific questions should be mapped to duties such as agenda discipline; meeting facilitation; fiduciary focus; boundary enforcement; information flow; culture/behavior management. Confidential peer feedback should be compiled by the GPRC and the results shared with the President.	effectiveness of risk, performance, and policy oversight; and committee composition, expertise, and workload. Results are summarized and shared with the Board, along with any recommended improvements. → Governance & Policy Review Committee Charter.
Mentor	The Board President, in consultation with the Executive Director, 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.	Not applicable.
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,	A trustee joining a committee receives a briefing from the staff liaison on the committee’s charter, workplan, and current agenda. <i>[proposed]</i>

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	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.	
Continuing Education	→ Roles — Trustee Duties, Expectations & Continuing Education — Continuing Education.	→ Roles — Trustee Duties, Expectations & Continuing Education — Continuing Education.
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. Travel approval and post-travel reporting follow the Trustee Travel Policy; the Executive Director confirms budget availability and that the program is geared to trustee education. 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.	Committee-related travel follows the same approval and reimbursement process.

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	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.	
Charter / Governance Review	Approves the governance framework and the committee charter; reviews Board governance policies no less than every three years.	The GPRC reviews its charter at least every three years and recommends updates to the Board.
Accountability	Accountable to members, beneficiaries, participating employers, the Legislative Assembly, and the public for statutory compliance, plan funding, and long-term stewardship.	Accountable to the Board for researching and recommending policy, 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 agenda schedule, developed by the Executive Director, and the education plan, and confirms the governance policy review schedule for the year. The Board maintains a multi-year workplan and cadence based on the approvals required of it, as recorded in the Decision Register (Delegations). <i>[proposed]</i>	Every standing Committee will create an at least annual plan to provide timely recommendations to the Board according to the agreed upon Board calendar. <i>[proposed]</i>
Appointment	Reference — Roles: TFFR Board Charter — Board Composition.	→ Committee members are elected by the Board at the first meeting of each fiscal year (Roles — Committee Composition).
Compensation and Expense Reimbursement	Trustees, excluding ex officio members, receive compensation and travel expenses for attending Board meetings as provided in NDCC § 15-39.1-08 and, by Board policy, committee meetings. Trustees are paid the amount specified in NDCC § 15-39.1-08 per day of attendance; as a matter of Board policy, a Board or committee meeting qualifies when it lasts two or more hours.	Same as the Board.

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	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, or other 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.	
Leadership	Reference — Roles: TFFR Board President and Vice President Charter	The Board President appoints the chair of the standing committee and the chair and members of each special committee (Roles — Committee Composition).
Staff Support	The Executive Director serves as the Board's primary liaison, supported by the Chief Retirement Officer and RIO retirement staff. The Board's influence on the Executive Director's performance runs through the service-level duties in NDCC § 15-39.1-05.2(6) and (7) and written TFFR input to the SIB's evaluation of the Executive Director. → On the appointment of the office and to whom it answers: Roles — Executive Director Charter.	The Executive Director designates a senior staff liaison appropriate to the committee's scope, typically the Chief Retirement Officer.
Independent Advisors	The Board may retain independent advisors as required; legal counsel is appointed by the Attorney General (NDCC § 54-12-08(1)). → Decision Register (Delegations). → On the continuing appropriation of consultant fees: Authority (above). Reference — Fiduciary Conduct Policies	Same, subject to Board approval.
Terms	Appointed trustees serve five-year terms beginning July 1; ex officio members serve while in office (NDCC § 15-39.1-05.1(1)(d),	→ Terms are one year or until the end of the trustee's Board service; committee members serve at the pleasure of the Board.

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	(2)). → Roles — TFFR Board Charter — Board Composition (Terms).	
Election of Officers	Reference — Board President and Vice President Charter, Election of Board Officers and TFFR Representatives to the SIB, 2. Election Procedure	Not applicable.
Ad hoc and Sub-Committees	The Board may form, and delegate authority to, special (ad hoc) committees when it deems appropriate. → Roles — Committee Composition.	Same as the Board.
Committees	Reference — Governance & Policy Review Committee Charter	The Board President proposes a slate of committee members for Board approval. → Roles — Committee Composition.
Vacancy Notification and Continuity	→ Roles — TFFR Board Charter — Vacancies, Holdovers & Continuity. → On officer and representative vacancies: Board President and Vice President Charter — Election of Board Officers and TFFR Representatives to the SIB, 4. Vacancy in an Office or Representative Seat.	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>
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. → Fiduciary Conduct Policies — Conflicts of Interest & Disclosure — Prohibited Conduct (personal-profit prohibition, mirroring NDCC § 21-10-09). <i>[proposed]</i>	Committee members are subject to the same Code of Conduct, disclosure, and recusal requirements.

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	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>	
Public Access and Comment	Public participation or comment may be allowed at the Board President's discretion and subject 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 business 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 RIO website.	Same as the Board.
Confidentiality	Records relating to a member's or beneficiary's retirement benefits are	Same as the Board.

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	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.	
Policy Approval Process	→ Policy Approval Process, below.	→ Policy Approval Process, below.
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.	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	No committee may hear or decide an appeal or make an individual benefit determination. <i>[proposed]</i>

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
	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 <i>ex parte</i> contact with a party and preserving the record. <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. 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.	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 inform the SIB, through the Executive Director, of the resources successful execution requires.	The GPRC aligns the Governance Policy System and committee workplans to the strategic plan. <i>[proposed]</i>

Conduct dimensions across the TFFR Board and its Committees		
Conduct Dimension	TFFR Board of Trustees (Board)	Committees
Litigation Governance	→ Fiduciary Conduct Policies — Litigation Governance.	→ Fiduciary Conduct Policies — Litigation Governance.
Succession Planning	→ Succession Planning, below.	→ Succession Planning, below.
Board–Staff Interaction	→ Board–Staff Interaction, below.	→ Board–Staff Interaction, below.
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 and, once adopted, the TFFR–SIB–RIO service level agreement. 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. [proposed]	The GPRC monitors policy intersections between the TFFR and SIB governance documents and recommends alignment. <i>[proposed]</i>

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, liability, 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(1)). 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 TFFR Board Public Participation Guidelines. 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.

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.

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 requests and expectations are communicated by 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.

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.

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 (TFFR). 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 long-term objectives.

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, 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.
- Does not direct management operations, and does not supervise the Executive Director, the Chief Retirement Officer, or Retirement and Investment Office staff.
- May request information, analyses, and assistance from management and external advisors as necessary to fulfill its duties.

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:

- 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

Powers and Responsibilities

1. Conduct — Annual Self-Assessments

The GPRC shall conduct its own self-assessment and oversee the completion of annual self-assessments for the Board, all Committees, and individual trustees, and shall report the results to the Board. [proposed]

2. Set: Research and Recommend

a. 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, the Executive Director, and staff, assuring that delegations are clearly defined, include appropriate limits and reporting expectations, and preserve Board accountability and its reserved powers while enabling effective operations.

b. Statutory and Rule Changes

The GPRC shall review and recommend changes to the governance provisions of NDCC ch. 15-39.1 for the Board's submission to the Legislative Management's Employee Benefits Programs Committee (NDCC § 15-39.1-05.2(5)), and changes to NDAC tit. 82 for adoption by the Board under NDCC ch. 28-32. Recommendations on benefit design, eligibility, and contribution statute remain with the Board itself and fall outside the GPRC's scope. 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 statutes, regulations, fiduciary standards, and leading practices.

- Coordinate, as appropriate, with the SIB Audit, Risk and Compliance Committee (through the Board’s representative on that committee), the Attorney General’s Office, and external governance advisors.

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 and ongoing education expectations; and practices related 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.

d. Governance Policy Review Cycle

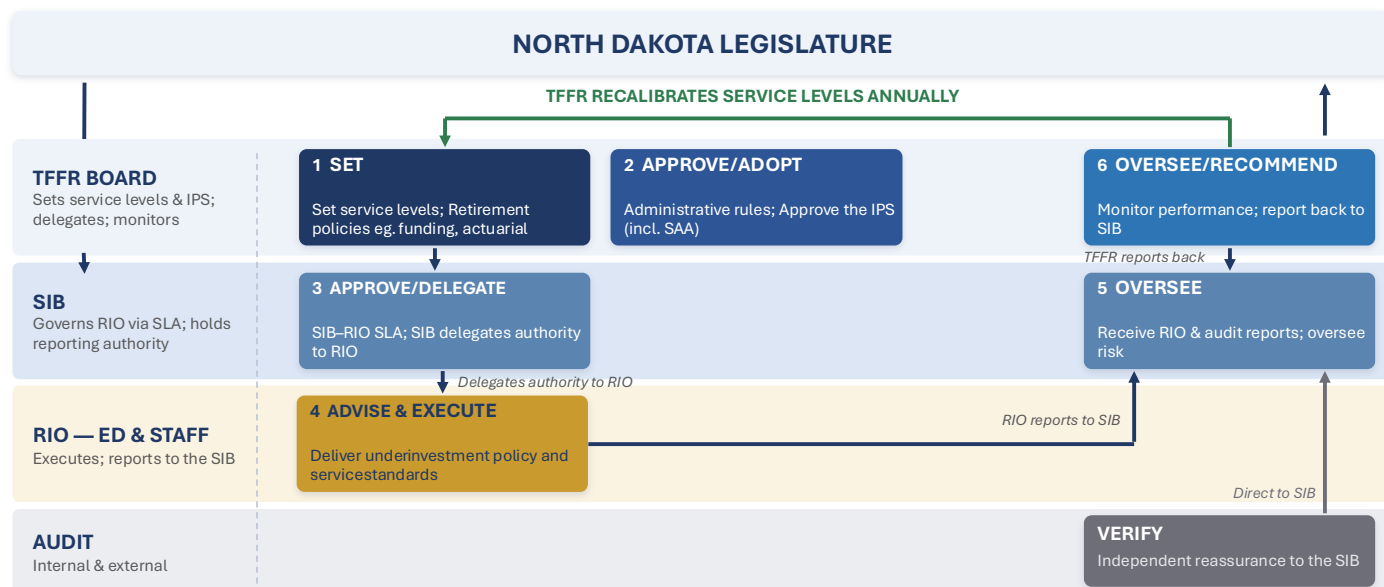
The GPRC shall establish and oversee a structured review cadence (no less than every three years) assuring reviews are risk-informed, aligned with statute and leading practice, and reflective of Board intent. Periodic review does not imply revision.

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 regarding policy review activities, governance assessments, and recommendations for action. Recommendations shall be decision-ready and include rationale, implications, and alternatives where appropriate.

Key Decisions



The Decision Registry (Delegations)

- Purpose and Functions
- **Decision Architecture**

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 as well as help the Board understand the decisions reserved by the legislature and SIB that impact the TFFR. At its core are two reinforcing governance tools:

- The Decision Registry (Delegations), a structured inventory of all recurring and non-recurring decisions impacting the TFFR. It 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, the State Investment Board, or other public bodies and parties, and those bodies in turn delegate execution to RIO staff or rely on external parties.
- the Governance Cycle, a multi-year cadence of Board and committee activities, recorded in the Cadence column of the register, through which policies are set, decisions are approved, authority is delegated, performance is overseen, and results are verified.

Together, these tools establish a five-year governance cycle that organizes the Board's fiduciary responsibilities into a structured sequence of decisions, oversight activities, and policy refinements. This approach assures 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 all key Board, SIB, and Legislature decisions required to govern the plan and the organization serving it.

The Decision Registry (Delegations) 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.

Each entry in the Decision Registry typically identifies:

- The Board power being exercised;
- The decision topic;
- The party that holds the authority and the party that exercises it;
- The statutory or policy source of that authority;
- The cadence at which the decision recurs;
- The limits on discretion.

The register assures that every significant Board decision and those affecting the Fund is prepared through an appropriate governance process, including committee due diligence, expert analysis, and independent verification where appropriate.

How to Read a Row

Each row carries one of the Board’s five powers: Conduct, Set, Approve (and delegate), Oversee, and Verify (and report). Rows marked Conduct record how the Board conducts its own business. Where a power is reserved to or held by another body (the Legislature, the Governor, the State Investment Board, the State Auditor, or another external body), so that the decision is not within the control of the Board, the row is marked Not Within Control: it records a constraint within which the Board conducts its business rather than a power the Board may exercise. Where another body exercises a power that the Board oversees through its own policies or representatives, the row is marked Oversee and the Notes column records the Board’s oversight. The Cadence column records how often the decision recurs. Most cadences fall into the six categories set out under Cadence above; others are tied to an external event or cycle, such as a legislative session, a term expiry, or a contract, audit, or recertification cycle.

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 (accepts)	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.
X · Y	Parallel holders; each holds the part named.
X / Y / Z	Split authority; the Notes column allocates it.
TFFR + [body]	Joint approval; neither body can act alone.
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(3)) · 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 who performs the function or the mode in which the body acts (for example, administers, accepts, by rule).

Power	Decision	Holder & flow	Authority	Cadence	Notes / discretion limits
D1. Governance, Board Structure & Meetings					
Not Within Control	Create the plan; set benefit levels, contribution rates, tiers	LEG ☉	NDCC ch. 15-39.1 (esp. -09, -10, -11)	Y2 · Each legislative session	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.
Not Within Control	Serve as ex officio trustees	Office-based ☉	NDCC § 15-39.1-05.1(1)(d)	AN · With the office	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.
Not Within Control	Appoint the five appointed trustees; fill vacancies	GOV ☉	NDCC §§ 15-39.1-05.1(1), 15-39.1-07	AN · On term expiry or vacancy	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	Q · Each meeting	Per diem set by statute. Excludes ex officio members.
Conduct	Convene executive session	LEG → TFFR	NDCC § 44-04-19.2	AN · As needed	Only for statutorily permitted topics — confidential member data, attorney consultation, disability applications. Convened by motion in open session; the President or Committee Chair presides.
Conduct	Board, committee, and individual self-assessment	TFFR ☉ · GPRC oversees	Board policy	Y1 · Annual	The GPRC oversees completion of the Board, committee, and individual self-assessments and reports the results to the Board.
Conduct	Set meeting schedule, agendas, quorum, voting	LEG → TFFR → ED (agenda)	NDCC § 15-39.1-05.1(3)	Y1 · Annual schedule (July); agenda each meeting	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	Call a special or emergency meeting; activate emergency stabilization	LEG → TFFR (President or any two trustees)	NDCC § 15-39.1-06; Board policy (Succession Planning)	AN · Event-driven	Reasonable written notice to the other trustees. Emergency stabilization preserves records and benefit-payment controls; it suspends no law and creates no new authority.
Conduct	Elect the Board President and Vice President; select the SIB	TFFR ☉	NDCC §§ 15-39.1-06 (President), 21-	Y1 / AN · Annual, first meeting after	Four votes required. The Board does not select the Treasurer for one of its two

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Cadence	Notes / discretion limits
	representatives and appoint their alternate; recommend the Board's representatives to the ARCC and the BFC; seat the GPRC		10-01(1)(f), (2) (SIB representatives and alternate); Board policy	July 1; on vacancy, next regular or special meeting	SIB seats, because the Treasurer already sits on the SIB in the Treasurer's own right (NDCC § 21-10-01(1)(b), (f)). 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)	AN · Ongoing, through this register	"The authority to set policy for the fund rests in a board of trustees." Core reserved power of the Board.
Set	Adopt and amend governance and program policies	TFFR ☉	NDCC § 15-39.1-05.1(1); Board policy (Policy Approval Process)	Y3 · Rolling; each at least every three years	Two-reading process; legal review before adoption where Conduct the Business — Policy Approval Process requires it (where the change has legal effect); emergency waiver of the second reading permitted. Distinguish administrative rules adopted under NDCC ch. 28-32 from Board policies adopted under the two-reading process.
Set	Adopt the annual board agenda schedule and education plan	TFFR ☉ (ED prepares)	Board policy (Annual Workplans)	Y1 · Annual (July)	Developed by the Executive Director and adopted at the July meeting; continuing education is linked to the cadence.
Set	Adopt and amend the GPRC Charter and any committee charter	TFFR ☉	Board policy (Governance & Policy Review Committee Charter)	Y3 · At least every three years	The GPRC reviews its charter and recommends updates to the Board.
Set	Adopt and amend the Decision Register (Delegations)	TFFR ☉	Board policy	Y3 / AN · At least every three years; on any change in a delegation or cadence	The GPRC recommends. A cadence or delegation is changed only by amending the register.
Approve	Confirm the governance policy review schedule	TFFR ☉	Board policy (Governance & Policy Review Committee Charter)	Y1 · Annual (July)	The GPRC recommends the schedule; periodic review does not imply revision.
Approve	<u>Make a finding and referral under Enforcement of the Conduct Policies Respond to a breach of the conduct policies; refer to the Ethics Commission or other oversight bodies, where appropriate</u>	TFFR ☉	<u>Board policy (Enforcement of the Conduct Policies)(Board Access to Confidential Information — Enforcement)</u>	AN · Event-driven	<u>Finding and referral only; no discipline of a trustee. The Board has no authority to remove a trustee.</u> Four votes required; the subject trustee does not vote.

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Cadence	Notes / discretion limits
Oversee	Oversee the governance instruments — policies for plan administration, the funding policy and progress, and investment policy and asset allocation	TFFR  · GPRC monitors	Board policy	Y1 · Annual	Monitoring of the instruments the Board has adopted. The instruments themselves are reviewed on the governance policy review cycle, no less than every three years.
Verify	Submit proposed statutory changes to the EBPC; report to the Legislative Assembly and escalate a material matter as Board policy determines	TFFR  (President, with the ED)	NDCC §§ 15-39.1-05.2(5), 15-39.1-10.11; Board policy	Y2 / AN · Biennial; event-driven	Factual, non-advocacy reporting; positions reflect official Board action.
D2. Rulemaking, Legislative & IRC-Compliance Authority					
Set	Adopt and amend administrative rules	LEG → TFFR → AGO/STAFF	NDCC § 15-39.1-07; ch. 28-32; NDAC § 82-01-01(2)	AN · As required	Board is the named rule maker; APA procedure applies. Drafting and hearings delegated to the AGO and staff.
Set	Set legislative priorities and positions; submit proposals	LEG → TFFR (submits to EBPC)	NDCC § 15-39.1-05.2(5)	Y2 · Biennial, before each session	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. The AGO provides drafting and legal review support for proposed legislation and rules (see D9).
Approve	Approve IRC-compliance plan modifications	TFFR + EBPC	NDCC § 15-39.1-35	AN · As required	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	Y1 / AN · Event-driven, on the annual test	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 (reports to EBPC)	NDCC § 15-39.1-10.11	Y1 · Annual	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					

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Cadence	Notes / discretion limits
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	Y4 · Every four years and on change	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)	Y4 · With each allocation review	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	Adopt the Investment Policy Statement	TFFR → SIB (accepts)	NDCC § 15-39.1-05.2(2); IPS	Y3 / Y4 · At least every three years and with each allocation review	Adopted by the TFFR Board and accepted by the SIB.
Approve	Delegate to the SIB the investment-management responsibility not assigned to it in NDCC ch. 21-10	TFFR → SIB	IPS	Y3 · With each IPS review	The 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)	Y4 · Every four years and on change	Allocation “must be approved by the governing body of that fund and the state investment board.” Dual-key decision; neither body can act alone.
Oversee	Invest assets; implement policy under the prudent investor rule	LEG → SIB	NDCC §§ 15-39.1-26, 21-10-02(1), 21-10-07	AN · Ongoing (SIB)	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 (criteria) → ED (approves) → CIO (selects, hires, terminates)	NDCC § 21-10-02(1), (3); SIB policy (ED and CIO Charters); IPS § 3	AN · Event-driven (SIB)	The SIB sets manager hiring and termination criteria and oversees staff selection through its Investment Committee. Under the SIB GPS, the Executive Director approves hiring and termination of external managers, and the CIO selects, hires, and terminates them within those criteria. The TFFR Board has no role in manager selection.
Oversee	Set quality, diversification, and restriction guidelines; custodian; pooling; rebalancing	LEG → SIB	NDCC §§ 21-10-02(2), (4), 21-10-02.1(1)(e), 21-10-08.1	AN · Per SIB policy	SIB master custodian holds the assets; rebalancing per SIB policy. The SIB may not make a social investment unless it can demonstrate an equivalent or superior rate of return compared with a similar non-social investment of similar time horizon and risk (NDCC § 21-10-08.1).

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Cadence	Notes / discretion limits
Oversee	Appoint the investment director (ED) or advisory service; execute investment contracts	LEG → SIB → ED	NDCC §§ 21-10-02(3), 21-10-05	AN · Event-driven (SIB)	Appointment sits with the SIB under NDCC § 21-10-02(3). Contracts executed under a continuing appropriation.
D4. Actuarial & Funding					
Set	Adopt actuarial assumptions, methods, tables, and factors	LEG → TFFR	NDCC §§ 15-39.1-04(1), 15-39.1-05.2(3)(c), (d), 15-39.1-07	Y5 · After each experience study	Adopted by the Board on the actuary's recommendation following each experience study. Upon the Board's adoption of the actuarial assumptions, the tables and factors used in calculating benefits are updated to conform.
Set	Adopt and modify the Actuarial Funding Policy	TFFR ☉	NDCC §§ 15-39.1-04(1), 15-39.1-05.2(3)(a), (b); Board policy (Actuarial Funding Policy Statement)	Y3 / Y5 · At least every three years and after each experience study	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.
Set	Adopt and amend the Plan Management Policy	TFFR ☉	Plan Management Policy (TFFR Program Manual § B)	Y3 · At least every three years	The policy sets the forward-looking risk measures; the annual score is recorded under Verify below.
Approve	Retain the consulting actuary; RFP cycle	LEG → TFFR	NDCC § 15-39.1-05.2(3)	AN · RFP every six to ten years	RFP every six to ten years at Board discretion; may extend in two-year terms.
Approve	Retain an independent actuarial auditor	TFFR ☉	Board policy	Y5 · At least every five years	Separate RFP; periodic audit of the consulting actuary at least every five years.
Oversee	Compute the valuation and ADEC; conduct the experience study	TFFR → ACT	NDCC § 15-39.1-05.2(3)	Y1 / Y5 · Annual; experience study once every five years	Actuary values liabilities and recommends contribution rates, and conducts a general investigation of actuarial experience once every five years or at Board direction.
Oversee	Receive actuarial recommendations on rates and statutory changes	TFFR → ACT · TFFR (submits to EBPC)	NDCC § 15-39.1-05.2(3), (5)	Y1 / Y2 · Annual; statutory changes each biennium	Actuary recommends; the Board decides its positions; statutory changes go to the EBPC.
Verify	Receive and accept the annual actuarial valuation and the GASB reporting required of the plan and of participating employers	TFFR → ACT · TFFR (accepts)	NDCC § 15-39.1-05.2(3)(a); GASB Statements No. 67 and 68	Y1 · Annual	The actuary prepares and RIO reports. Distinct from computing the valuation, recorded above: this is the Board's acceptance of the result.

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Cadence	Notes / discretion limits
Verify	Receive the annual Plan Management Policy risk score	TFFR ☉ · ACT / STAFF prepare	Plan Management Policy (TFFR Program Manual § B)	Y1 · Annual, after each valuation	Forward-looking risk score updated after each valuation; staff and the actuary weigh outside factors.
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	AN · As required	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 §§ 82-03-01-04, -05, -09	AN · Factors as required; purchases event-driven	Board adopts the actuarial factors; "the fund" calculates the cost. Some cost-calculation provisions name no actor. 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 waiting period	LEG → TFFR → ED	NDCC § 15-39.1-20; NDAC § 82-03-01-01	AN · Event-driven	Discretionary Board waiver on evidence the teacher will not return to North Dakota teaching, delegated to the ED.
Approve	Approve a beneficiary change under the joint-and-survivor option	LEG → TFFR	NDAC § 82-05-02-02	AN · Event-driven	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	AN · Event-driven	Statute requires Board rules for qualifying QDROs. Board makes the final determination; RIO administers.
Approve	Release a person from overpayment liability on equity grounds; hear payment appeals	TFFR ☉	NDAC § 82-05-03-07	AN · Event-driven	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) → ALJ (formal hearing) → TFFR (final order) → district court	Board policy (Board Appeals); NDAC § 82-10-01-01; NDCC ch. 28-32	AN · Event-driven	Board review of an ED determination: written request within 30 days of notice, or the determination is final (Board policy). Formal hearing on a Board decision: request within 30

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Cadence	Notes / discretion limits
					days of mailing of the decision; an ALJ recommends and the Board issues the final order, appealable to district court
Oversee	Optional benefit form and partial lump sum; spousal-consent handling	LEG → TFFR (factors) → STAFF (administers)	NDCC §§ 15-39.1-04(1), 15-39.1-05.2(3)(d), 15-39.1-16; NDAC chs. 82-05-02, 82-05-04	AN · Event-driven; factors as required	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	AN · Event-driven	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	Q / AN · Monthly reporting; contested matters event-driven	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	AN · Event-driven	ED approves documentation other than a death certificate.
Oversee	Correct records; adjust over- and underpayments to the actuarial equivalent	LEG → TFFR → ED (overpayment offset, by rule) → STAFF (administers)	NDAC §§ 82-05-03-03, -05, -06; NDCC § 15-39.1-29	AN · Event-driven	Statute places the duty to correct errors on the Board and requires payment of the actuarial equivalent as far as practicable (NDCC § 15-39.1-29). By rule, the Executive Director offsets an overpayment not repaid within 60 days; underpayments are paid within 60 days of discovery; unrecoverable overpayments may be written off.
D6. Disability Determinations					
Approve	Determine disability eligibility	LEG → TFFR · ED (interim)	NDCC § 15-39.1-18(1); NDAC § 82-07-01-03	AN · Event-driven	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 disability applications in executive session; extend the 36-month filing window	LEG → TFFR	NDCC § 44-04-19.2; NDAC § 82-07-01-03(1)(a), (4)(a)	AN · Event-driven	Applications heard confidentially; the Board may extend the filing period case by case.

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Cadence	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	Q · Per recertification schedule (reported quarterly)	Benefits cease if the member is not recertified. A partially recovered member may return to teaching on trial for up to six months with benefits continued; if employment continues past the trial, the Board presumes the disability has ended and suspends benefits.
Approve	Decide an appeal from an adverse recertification	TFFR ∅ (on member appeal)	NDAC § 82-07-01-03(5)	AN · Event-driven	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)	Q · Per recertification schedule (reported quarterly)	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)	AN · Event-driven	Medical consultant evaluates and recommends; may order a specialist examination or accept records.
D7. Financial Management, Budget & Audit					
Not Within Control	Appropriate RIO's biennial budget	LEG ∅	NDCC § 54-52.5-03	Y2 · Biennial (legislative session)	RIO administers within legislative appropriation authority.
Not Within Control	Select the external financial auditor	AUD ∅ (ARCC input)	Roles — 4th Line — Independent External Auditors and Advisors	AN · Per audit cycle	State Auditor selects; results reported to the SIB Audit, Risk and Compliance Committee, then to the TFFR Board.
Approve	Pay benefits, consultant fees, and investment costs; bear TFFR's share of RIO administrative costs	LEG → TFFR / SIB	NDCC §§ 15-39.1-05.2(4), 15-39.1-26, 21-10-06.2, 54-52.5-03	Q · Monthly (payroll)	Benefits and consultant fees are paid under the Board's continuing appropriation (NDCC § 15-39.1-05.2(4)); investment costs are paid directly from the Fund under the SIB (NDCC § 21-10-06.2); TFFR's share of RIO administrative costs is set by the SIB and paid under RIO's appropriation (NDCC § 54-52.5-03).
Oversee	Develop the agency budget	SIB → ED · TFFR (input)	NDCC §§ 54-44.1-04, 54-52.5-02	Y2 · Biennial	The ED, as head of the agency, prepares and submits the biennial budget request, which the SIB approves (NDCC § 54-44.1-04); TFFR provides input on retirement-program needs (see D2 for legislative positions).

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Cadence	Notes / discretion limits
Oversee	RIO budget, expenditures, financial reporting, and information technology	LEG → SIB · TFFR (oversees)	NDCC § 54-52.5-02	Q / Y1 · Quarterly; information technology annual	Oversight, not control; RIO is SIB-governed. A TFFR trustee recommended by the Board and appointed by the SIB Chair serves as a voting member of the SIB Budget and Finance Committee and as the Board's representative on the committee.
Oversee	Allocate RIO operating costs across funds	LEG → SIB	NDCC § 54-52.5-03	Y1 · Annual (SIB)	Administrative expenses charged to the NDCC § 21-10-06 funds "in proportion to the services rendered for each fund as estimated by the state investment board"
Oversee	Audit oversight for TFFR	SIB ARCC (shared)	Roles — TFFR Representative to the SIB Audit, Risk and Compliance Committee	Y1 · Annual audit plan; findings as issued	The SIB Audit, Risk and Compliance Committee serves as TFFR's audit committee. A TFFR trustee recommended by the Board and appointed by the SIB Chair serves as a voting member of the ARCC and as the Board's representative on the committee. TFFR has no audit committee of its own. Through its representative the Board receives the SIB's enterprise risk reporting and the status of corrective action on findings affecting the plan (quarterly).
Verify	Conduct the annual audit of the Fund	LEG → TFFR	NDCC § 15-39.1-22	Y1 · Annual	"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	Roles — Four Lines of Accountability Model; 3rd Line — Internal Audit Services	Y1 · Annual; findings as issued	RIO internal audit reports functionally to the SIB ARCC; the Board receives internal audit results affecting the plan through its representative on that committee.
Verify	Receive the Executive Director's annual report on delegated authority, exceptions to Board policy, and compliance with the plan's statutory duties	TFFR → ED	Board policy; Executive Director Charter	Y1 · Annual	Covers each authority the Board has delegated and any exception taken to Board policy.
Verify	Publish the annual financial report of the Fund, and report to members and participating employers on funded status, investment results, and administrative performance	TFFR (Board report) · SIB (agency financial report)	Board policy	Y1 · Annual	RIO prepares the financial report. The Board's report to members and employers is its own and is not conditioned on SIB approval.

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Cadence	Notes / discretion limits
D8. Personnel & Staffing					
Not Within Control	SIB hires, evaluates, terminates, and sets salary of Executive Director	LEG → SIB	NDCC §§ 21-10-02(3), 54-52.5-02; SIB policy	Y1 / AN · Annual evaluation; hiring event-driven	ED serves at the SIB's pleasure. The TFFR Board does not hire the ED.
Not Within Control	Hire, evaluate, and terminate the Chief Retirement Officer	SIB → ED	NDCC § 54-52.5-02; SIB policy	AN · Event-driven	The Executive Director holds the authority to hire and terminate the CRO, as with the CIO.
Not Within Control	Hire RIO staff	SIB → ED	NDCC § 54-52.5-02; SIB policy	AN · Event-driven	ED hires staff to carry out RIO responsibilities.
Not Within Control	Approve the investment incentive-compensation program	LEG → SIB	NDCC § 54-52.5-04	Y1 · Annual	Approved annually by the SIB and reported to Legislative Management.
Not Within Control	Recommend an interim CRO to the SIB in the absence of the ED and CRO	SIB ∅ (TFFR may recommend)	SIB policy; Board policy (Succession Planning)	AN · Event-driven	The Board may recommend an interim CRO to the SIB; the decision rests with the SIB. The Board does not designate acting RIO leadership.
Set	Adopt and review the succession planning policy; receive the continuity-readiness dashboard	TFFR ∅	Board policy (Succession Planning)	Y1 / Y3 · Annual readiness; comprehensive at least every three years; after a material transition	Board-controlled succession only; ED and CRO succession rests with the SIB.
Oversee	Administer the TFFR program day to day	TFFR → ED → CRO → STAFF	NDAC tit. 82	Y1 · Ongoing; annual report on delegated authority	The Board delegates administration of the plan to the RIO Executive Director.
Oversee	Provide the Board's written input to the SIB on the Executive Director's annual performance goals and evaluation	LEG → TFFR (informs SIB)	NDCC § 15-39.1-05.2(7); Board policy (input to the SIB's evaluation)	Y1 · Annual, ahead of the SIB's goal-setting and evaluation	Input only; the SIB evaluates.
D9. Adjacent Agencies & External Parties					
Not Within Control	Legal counsel; representation; drafting of rules and legislation; IRC advice	AGO ∅ (incl. special assistant attorneys general)	NDCC § 54-12-08(1); Fiduciary Conduct Policies — Litigation Governance	AN · As needed	An assistant attorney general advises the Board; specialist counsel, such as on IRC plan-qualification issues, is appointed by the Attorney General as a special assistant attorney general at the Board's request.
Conduct	Sue and be sued in the Board's own name	LEG → TFFR	NDCC §§ 15-39.1-05.2(1), 54-12-08(1)	AN · Event-driven	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

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Cadence	Notes / discretion limits
					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 ☉ · GPRC reviews disclosures	NDAC ch. 115-04-01; Board policy	Y3 / Y1 · At least every three years; annual affirmation and GPRC review	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 Code of Conduct, over which the Commission has no jurisdiction as such.
Not Within Control	Determine critical-shortage areas and disciplines; license teachers; offer signing bonuses	ESPB ☉ · School boards ☉ (signing bonuses)	NDCC §§ 15-39.1-19.2, -04(12), -04(10)(g), 15.1-09-33.1	Y1 · Annual	Retiree return-to-work under NDCC § 15-39.1-19.2 and "teacher" status depend on ESPB determinations outside TFFR control.
Not Within Control	Trustee Appointments: Submit trustee nominee lists	NDU/NDCEL/NDRTA ☉	NDCC § 15-39.1-05.1(1)(a)–(c)	AN · On term expiry or vacancy	Each nominating group (active, administrator, and retired) submits three nominees to the Governor.
Not Within Control	Elect optional forms, beneficiaries, refunds, purchases, and the PERS election	MBR ☉	NDCC §§ 15-39.1-09(3), -16, -17, -20	AN · Event-driven	Member elections are self-executing choices administered by staff.
Approve	Retain the medical consultant	TFFR ☉	Board policy	AN · Per contract cycle	Actuary and actuarial auditor: D4. External auditor: D7. Investment consultant, managers, and custodian: retained by the SIB (D3). Governance advisor: retained by RIO, recorded below.
Approve	Waive an employer penalty or a portion of interest	LEG → TFFR	NDCC § 15-39.1-23	AN · Event-driven	The Board may waive the penalty where the delay was unintentional and excusable, but may not waive all interest.
Approve [EN8]	Authorize institutional litigation positions; approve material or reserved settlements	TFFR ☉ (counsel appointed by the AGO)	NDCC §§ 15-39.1-05.2(1), 54-12-08(1); Litigation Governance	AN · Event-driven	The Board authorizes positions and settlements without directing tactics; counsel is appointed by the Attorney General.
Oversee	Remit contributions; report salary and service; certify IRC § 414(h)(2) pickup; employer service purchase	LEG → EMP · TFFR (enforce)	NDCC §§ 15-39.1-09, -23, -33; NDAC ch. 82-04-01, § 82-03-01-09	Q · Monthly	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's power to waive the penalty is recorded separately in this domain.

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	Authority	Cadence	Notes / discretion limits
Oversee	Retain a governance advisor	RIO (on behalf of TFFR or the SIB, as needed)	NDCC § 54-52.5-02; Board policy	AN · As needed	RIO retains the governance advisor on behalf of the TFFR Board or the SIB, as each requires. Where the engagement is made for this Board, the advisor reports to the Board, and its performance is overseen under the next row.
Oversee	Oversee the performance of consultants, advisors, and service providers — actuarial, medical, investment, and other retained providers	TFFR ☉ · RIO reports	Board policy	Y1 · Annual	Covers the providers the Board retains. Investment managers, the custodian, and the investment consultant are retained and overseen by the SIB; the Board's oversight there is through its investment policy and its representatives.
Oversee	Litigation register and reporting	TFFR ☉ · GPRC receives	Board policy (Litigation Governance)	Q / AN · Quarterly; material matters immediately; policy reviewed annually	RIO maintains the register; the GPRC receives the report and monitors remediation of policy issues.
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)	Y1 · Annual	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 (informs SIB)	NDCC § 15-39.1-05.2(7)	Y1 · Annual	The Board's formal lever over RIO, delivered as the annual Statement of Service Expectations. [proposed]
Set	Adopt and review the Benefits Governance Scorecard Policy, vital metrics, and tolerances	TFFR ☉ (ED recommends)	Benefits Governance Scorecard Policy	Y1 · At least annually	No measure is a Board expectation until a tolerance is adopted.
Oversee	RIO's delivery against the service levels	TFFR ☉ · RIO reports	NDCC § 15-39.1-05.2(6)–(7); service level agreement, once adopted	Q · Quarterly	To be exercised through the service level agreement, once adopted; RIO produces the reports and the SIB governs delivery. Quarterly service scorecard; input to the ED evaluation. Oversight, not control of SIB staff.
Verify	Accuracy of reported performance (independent reassurance)	TFFR ☉ via ARCC representative	Board policy; service level agreement, once adopted; NDCC § 15-39.1-22 (annual audit of the Fund)	Q / Y1 · Quarterly; annual	Internal and external audit provide the assurance. Independent reassurance that the scorecard is reliable rather than self-reported. See Roles — 3rd Line — Internal Audit Services.

Draft – TFFR – Governance Policy System (GPS)

Cadences fixed by statute, rule, or an adopted policy are stated as such, and their source appears in the Authority column. Where no cycle is fixed, the entry reads “as required”, “as needed”, or “event-driven”. Any other cadence is the one the Board adopts with this register; a cadence is changed by amending the register.

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, or a material control failure — and are brought to the Board when they occur rather than held to the next scheduled review.

Qualifies as a trigger:

Plan and Funding

- Statutory benefit or contribution change
- Actuarial-adequacy test exceeds threshold (NDCC § 15-39.1-10.11)
- Funded ratio reaches 100 percent (NDCC § 15-39.1-09)
- Experience study or assumption change materially alters funding
- Inflation regime permanently shifts
- Regulatory mandate changes
- Funding model fundamentally changes
- Systemic financial architecture changes

Administration and Members

- Contested benefit, disability, or overpayment matter
- Material employer non-compliance (NDCC § 15-39.1-23)
- Service-level exception outside tolerance
- Material control failure, audit finding, or security incident

Investment Program and Agency

- Reference SIB trigger.

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
- Benefit calculation errors corrected within delegated authority

Timing

Calendar cadence rationale for each GPS approval item. The key is not cadence length — the key is discipline around triggers.

The Governance Cycle

— Timing Philosophy

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

The cycle organizes governance activities into a continuous decision-making loop, assuring that policies remain current, delegated authority is monitored, and performance outcomes (investments and benefits delivery) inform future decisions. The Governance Policy System organizes the Board’s activities by its 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 to its committees and the Executive Director through the SIB. This stage 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.

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. Committees may assist in developing policy proposals, but policy authority remains exclusively with the Board.

3. Approve and Delegate Authority

Following committee or Board review and due diligence, the Board formally approves policies and the decisions it reserves to itself. Once approved, the Board delegates the authority necessary to implement them to the Executive Director, with defined reporting requirements and performance expectations, and informs the State Investment Board of the levels of service, goals, and objectives it expects. Resources and implementation responsibility within the Retirement and Investment Office rest with the State Investment Board, which governs the agency. Delegation is always accompanied by clear accountability and monitoring expectations.

4. Oversee execution within policy

The Executive Director and Retirement and Investment Office staff implement Board policies and decisions. The Board and its Committees may monitor implementation progress but do not manage operations. The Board oversees performance, practices, and controls associated with delegated authority, through performance reports and scorecards, risk monitoring, financial condition reviews, operational updates, and progress against the service levels and goals it has set.

5. Verify and Report

Independent assurance mechanisms provide verification of results and governance practices — including internal audit reviews, external audit reports, independent actuarial audits, independent investment performance analysis, governance reviews, and legal and compliance reviews. The SIB Audit, Risk and Compliance Committee, which serves as this Board's audit committee, reviews internal and external audit reports, and the Board's representative on that committee reports its conclusions to the Board. The Governance & Policy Review Committee reviews governance assessments and presents conclusions and recommendations to the Board. The Board evaluates whether policies remain appropriate, whether delegated authority has been exercised prudently, and whether governance practices require refinement. Where necessary, the Board updates its policies or governance structures, amends its administrative rules through the rulemaking process, or recommends statutory changes, beginning the next cycle of governance decision-making.

Continuous Governance Improvement

The cycle creates a continuous improvement loop in which each stage informs the next: Policy Direction → Approval and Delegation → Implementation → Oversight → Verification → Reporting and Policy Refinement. This cycle assures that governance evolves based on evidence, oversight findings, and strategic priorities rather than ad hoc decision making.

Governance Calendar

The Governance Cycle is operationalized through a multi-year governance calendar derived from the Cadence column of the Decision Register (Delegations). The calendar schedules Board approvals and oversight activities, aligns the GPRC work plan with Board decision timing, and assures decisions occur with sufficient preparation and due diligence, and distributes governance workload evenly across the year. Some decisions occur annually, while others follow multi-year cycles.

Timing is governance. Knowing when a decision arrives is as important as knowing who makes it or how it flows through the authority structure.

— Board & Committee Schedule

This is the TFFR Board’s working governance calendar for the full Board and its one standing committee. It is organized on a **fiscal-year basis** (July 1 to June 30) and runs on a recurring **five-year cycle**, so that annual, quarterly, and monthly business repeats each year while structural reviews surface in the year they are due.

Power	Decision	Holder & flow	When	Cadence	Why then
Every year: meetings, monthly and quarterly business					
Conduct	Set meeting schedule, agendas, quorum, voting	LEG → TFFR → ED (agenda)	Every meeting	Y1	Agenda prepared by the Executive Director and approved by the President for each meeting.
Conduct	Trustee compensation and travel	LEG → TFFR (administers)	Every meeting	Q	Compensation and expenses are paid per meeting attended (NDCC § 15-39.1-08).
Oversee	Determine “teacher” status and employer-reporting compliance	LEG → TFFR → STAFF (monitors)	Monthly	Q / AN	Employer reports arrive monthly; contested matters rise to the Board as they occur.
Oversee	Remit contributions; report salary and service; certify IRC § 414(h)(2) pickup; employer service purchase	LEG → EMP • TFFR (enforce)	Monthly	Q	Employers remit by the fifteenth of each month.
Approve	Pay benefits, consultant fees, and administrative and investment costs	LEG → TFFR / SIB	Monthly	Q	Benefit payroll runs monthly; payments are reported to the Board quarterly.
Oversee	RIO’s delivery against the service levels	TFFR ∅ • RIO reports	Quarterly	Q	Quarterly service scorecard, with exception reporting.
Verify	Accuracy of reported performance (independent reassurance)	TFFR ∅ via ARCC representative	Quarterly	Q / Y1	Independent reassurance that the scorecard is reliable.

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	When	Cadence	Why then
Oversee	RIO budget, expenditures, financial reporting, and information technology	LEG → SIB · TFFR (oversees)	Quarterly	Q / Y1	Quarterly RIO budget and financial reporting; information technology reviewed annually.
Oversee	Audit oversight for TFFR	SIB ARCC (shared)	Quarterly	Y1	Status of corrective action on audit findings affecting the plan, through the ARCC representative.
Oversee	Litigation register and reporting	TFFR ∅ · GPRC receives	Quarterly	Q / AN	Routine matters quarterly; material matters immediately.
Approve	Suspend or cease disability benefits; set a trial-return period	LEG → TFFR	Quarterly	Q	Recertification outcomes reported quarterly.
Oversee	Make continued-eligibility recertification decisions	TFFR → ED (by rule)	Quarterly	Q	Recertification decisions made on the recertification schedule, reported quarterly.
Every year: Q1 · Jul-Sep					
Conduct	Elect Board officers; elect SIB representatives and their alternate, and recommend the Board's representatives to the ARCC and the Budget and Finance Committee; seat the GPRC	TFFR ∅	Q1 · Jul-Sep	Y1 / AN	First meeting following July 1 (NDCC § 15-39.1-06); opens the fiscal year.
Conduct	Set meeting schedule, agendas, quorum, voting	LEG → TFFR → ED (agenda)	Q1 · Jul-Sep	Y1	Annual meeting schedule adopted in July, generally on the SIB's meeting day.
Set	Adopt the annual board agenda schedule and education plan	TFFR ∅ (ED prepares)	Q1 · Jul-Sep	Y1	Adopted at the July meeting so education is linked to the year's decisions.
Approve	Confirm the governance policy review schedule	TFFR ∅	Q1 · Jul-Sep	Y1	Confirmed in July for the year's share of the three-year review cycle.
Conduct	Set conflict-of-interest standards for trustees	ETH (floor) · TFFR ∅ · GPRC reviews disclosures	Q1 · Jul-Sep	Y3 / Y1	Annual affirmation and disclosure review at the first meeting of the fiscal year, with the oath reaffirmation.
Set	Adopt and review the succession planning policy; receive the continuity-readiness dashboard	TFFR ∅	Q1 · Jul-Sep	Y1 / Y3	Continuity-readiness dashboard and order of officer succession confirmed with the officer elections.
Verify	Receive the Executive Director's annual report on delegated authority, exceptions to Board policy, and compliance with the plan's statutory duties	TFFR → ED	Q1 · Jul-Sep	Y1	Covers the fiscal year just ended (June 30).

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	When	Cadence	Why then
Oversee	Oversee the governance instruments — policies for plan administration, the funding policy and progress, and investment policy and asset allocation	TFFR ∅ · GPRC monitors	Q1 · Jul-Sep	Y1	Start-of-year review of the instruments the Board has adopted.
Verify	Internal audit and compliance monitoring	SIB / RIO → STAFF	Q1 · Jul-Sep	Y1	Annual internal audit plan, reported through the ARCC representative.
Every year: Q2 · Oct-Dec					
Verify	Receive and accept the annual actuarial valuation and the GASB reporting required of the plan and of participating employers	TFFR → ACT · TFFR (accepts)	Q2 · Oct-Dec	Y1	The valuation as of July 1 is presented in the fall; GASB Statement No. 67 reporting follows it.
Oversee	Receive actuarial recommendations on rates and statutory changes	TFFR → ACT · TFFR (submits to EBPC)	Q2 · Oct-Dec	Y1 / Y2	Contribution-rate recommendations accompany the valuation.
Oversee	Receive the actuarial-adequacy test report	LEG → TFFR (reports to EBPC)	Q2 · Oct-Dec	Y1	The adequacy test is run on the valuation results.
Approve	Reduce or suspend the conditional annual benefit adjustment	LEG → TFFR	Q2 · Oct-Dec	Y1 / AN	Taken up only if the annual test shows the statutory shortfall.
Verify	Conduct the annual audit of the Fund	LEG → TFFR	Q2 · Oct-Dec	Y1	Audit of the fiscal year ending June 30.
Verify	Publish the annual financial report of the Fund, and report to members and participating employers on funded status, investment results, and administrative performance	TFFR (Board report) · SIB (agency financial report)	Q2 · Oct-Dec	Y1	Published after the audit; reported to members and participating employers.
Every year: Q3 · Jan-Mar					
Verify	Receive the annual Plan Management Policy risk score	TFFR ∅ · ACT / STAFF prepare	Q3 · Jan-Mar	Y1	Risk score updated after each valuation.
Oversee	Oversee the performance of consultants, advisors, and service providers — actuarial, medical, investment, and other retained providers	TFFR ∅ · RIO reports	Q3 · Jan-Mar	Y1	Mid-year review of retained providers, ahead of contract renewals.
Every year: Q4 · Apr-Jun					

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	When	Cadence	Why then
Conduct	Board, committee, and individual self-assessment	TFFR ∅ · GPRC oversees	Q4 · Apr–Jun	Y1	Completed in spring so results inform the July governance planning and charter reviews.
Set	Determine appropriate levels of service to members, including benefits counseling and preretirement programs	LEG → TFFR	Q4 · Apr–Jun	Y1	Set for the coming fiscal year, ahead of the SIB's budget and goal-setting.
Set	Inform the SIB of expected service levels, goals, and objectives	LEG → TFFR (informs SIB)	Q4 · Apr–Jun	Y1	The annual Statement of Service Expectations [proposed], transmitted ahead of the SIB's budget work.
Set	Adopt and review the Benefits Governance Scorecard Policy, vital metrics, and tolerances	TFFR ∅ (ED recommends)	Q4 · Apr–Jun	Y1	Metrics and tolerances recalibrated for the coming fiscal year.
Oversee	Provide the Board's written input to the SIB on the Executive Director's annual performance goals and evaluation	LEG → TFFR (informs SIB)	Q4 · Apr–Jun	Y1	Timed ahead of the SIB's annual goal-setting and evaluation of the Executive Director.
Every second year: aligned with the legislative session					
Set	Set legislative priorities and positions; submit proposals	LEG → TFFR (submits to EBPC)	Biennial · interim year	Y2	Proposals reach the Employee Benefits Programs Committee during the interim before each session.
Oversee	Develop the agency budget	SIB → ED · TFFR (input)	Biennial · interim year	Y2	Retirement-program input to RIO's budget request before each session.
Oversee	Receive actuarial recommendations on rates and statutory changes	TFFR → ACT · TFFR (submits to EBPC)	Biennial · interim year	Y1 / Y2	Statutory changes recommended by the actuary are carried into the legislative proposals.
Verify	Report to the Legislative Assembly; escalate a material matter to the Legislative Assembly or the EBPC	TFFR ∅ (President, with the ED)	Biennial · session year	Y2 / AN	Reporting and testimony during each legislative session; escalation as needed.
Multi-year items: Years 1 to 5 of the five-year cycle					
Approve	Retain an independent actuarial auditor	TFFR ∅	Year 1	Y5	Independent audit of the consulting actuary's most recent experience study and valuation.
Set	Adopt and amend governance and program policies	TFFR ∅	Years 1–3	Y3	One third of the governance and program policies each year, per the confirmed review schedule.
Set	Adopt and amend the GPRC Charter and any committee charter	TFFR ∅	Year 3	Y3	Three-year charter review, recommended by the GPRC.

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	When	Cadence	Why then
Set	Adopt and amend the Decision Register (Delegations)	TFFR ☉	Year 3	Y3 / AN	Three-year review of delegations and cadences.
Conduct	Set conflict-of-interest standards for trustees	ETH (floor) • TFFR ☉ • GPRC reviews disclosures	Year 3	Y3 / Y1	Three-year review of the Board's conflict standards.
Set	Adopt and amend the Plan Management Policy	TFFR ☉	Year 3	Y3	Three-year review of the Plan Management Policy.
Set	Adopt and modify the Actuarial Funding Policy	TFFR ☉	Year 3	Y3 / Y5	Three-year review; also revisited after each experience study (Year 5).
Set	Adopt the Investment Policy Statement	TFFR → SIB (accepts)	Year 3	Y3 / Y4	Three-year review; also revisited with the allocation review (Year 4).
Approve	Delegate to the SIB the investment-management responsibility not assigned to it in NDCC ch. 21-10	TFFR → SIB	Year 3	Y3	Reviewed with the IPS.
Set	Adopt and review the succession planning policy; receive the continuity-readiness dashboard	TFFR ☉	Year 3	Y1 / Y3	Comprehensive review of the succession planning policy.
Set	Establish investment goals, objectives, and asset-allocation policy	LEG → TFFR	Year 4	Y4	Asset-liability study and allocation review.
Set	Use RIO staff and consultants to develop allocation and investment policy	LEG → TFFR (mandatory)	Year 4	Y4	RIO staff and consultants support the allocation review (NDCC § 21-10-02.1(2)).
Approve	Approve the asset allocation and any change to it	TFFR + SIB	Year 4	Y4	Joint approval with the SIB.
Set	Adopt the Investment Policy Statement	TFFR → SIB (accepts)	Year 4	Y3 / Y4	IPS revisited with the allocation review.
Oversee	Compute the valuation and ADEC; conduct the experience study	TFFR → ACT	Year 5	Y1 / Y5	Investigation of actuarial experience once every five years (NDCC § 15-39.1-05.2(3)(c)).
Set	Adopt actuarial assumptions, methods, tables, and factors	LEG → TFFR	Year 5	Y5	Assumptions adopted after the experience study, through rulemaking where fixed in rule.
Set	Adopt and modify the Actuarial Funding Policy	TFFR ☉	Year 5	Y3 / Y5	Funding policy revisited after the experience study.
Approve	Retain the consulting actuary; RFP cycle	LEG → TFFR	Beyond the cycle	AN	Actuary RFP every six to ten years, at Board discretion.

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	When	Cadence	Why then
As needed - event-driven (no fixed quarter)					
Conduct	Convene executive session	LEG → TFFR	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Conduct	Call a special or emergency meeting; activate emergency stabilization	LEG → TFFR (President or any two trustees)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Make a finding and referral under Enforcement of the Conduct Policies Respond to a breach of the conduct policies; refer to the Ethics Commission or other oversight bodies, where appropriate	TFFR ☉	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Set	Adopt and amend administrative rules	LEG → TFFR → AGO/STAFF	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Approve IRC-compliance plan modifications	TFFR + EBPC	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Set	Determine eligible retirement salary; bonus and performance-pay eligibility	TFFR ☉	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Approve service purchase and repurchase; set the cost basis	LEG → TFFR → STAFF	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Waive the 120-day refund waiting period	LEG → TFFR	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Approve a beneficiary change under the joint-and-survivor option	LEG → TFFR	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Determine QDRO qualified status; administer the distribution	LEG → TFFR → STAFF (administers)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Release a person from overpayment liability on equity grounds; hear payment appeals	TFFR ☉	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Decide member appeals on eligibility, benefits, and plan provisions	ED → TFFR (review) → district court (APA)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Oversee	Optional benefit form and partial lump sum; spousal-consent handling	LEG → TFFR (factors) → STAFF (administers)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.

Draft – TFFR – Governance Policy System (GPS)

Power	Decision	Holder & flow	When	Cadence	Why then
Oversee	Approve repayment arrangements; offset future benefits; pursue estate recovery	TFFR → ED / STAFF (by rule)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Oversee	Approve alternative proof of death	TFFR → ED (by rule)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Oversee	Correct records; adjust over- and underpayments to the actuarial equivalent	LEG → TFFR → STAFF (by rule)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Determine disability eligibility	LEG → TFFR • ED (interim)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Consider applications in executive session; extend the 36-month filing window	LEG → TFFR	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Decide an appeal from an adverse recertification	TFFR ⊙ (on member appeal)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Oversee	Review medical evidence; advise on diagnosis	TFFR → MED	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Conduct	Sue and be sued in the Board's own name	LEG → TFFR	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Retain the medical consultant	TFFR ⊙	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Waive an employer penalty or a portion of interest	LEG → TFFR	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Authorize institutional litigation positions; approve material or reserved settlements	TFFR ⊙ (counsel appointed by the AGO)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Oversee	Retain a governance advisor	RIO (on behalf of TFFR or the SIB, as needed)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.

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 the 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 retains, and does not delegate, the decisions the Decision Register (Delegations) records as vested in or reserved by the Board, including contested eligibility and disability determinations, the actuarial assumptions, methods and tables and the funding policy, and any determination to reduce or suspend the conditional annual 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.

TFFR Board Public Participation Guidelines

Posted on the RIO website, outside this system; previously included in the manual. [EN9]

TFFR Code of Conduct Annual Affirmation

Posted on the RIO website, outside this system; previously included in the manual.

Glossary

This glossary defines key terms used in the Governance Policy System. Where a term has the same meaning for TFFR as in the SIB Governance Policy System, the SIB definition is used; other terms are adapted to TFFR or are specific to it.

100-Percent-Funded Contribution Step-Down: The reduction of member and employer contribution rates to 7.75 percent on the July 1 after a valuation shows a funded ratio at or above 100 percent (NDCC § 15-39.1-09).

Active Member: A member licensed to teach in North Dakota and contractually employed in teaching, supervisory, administrative, or extracurricular service, who is contributing to the Fund now and will receive a benefit in the future.

Actuarial Accrued Liability (AAL): The present value of benefits earned by members based on service to date. Represents the amount the system would need today to cover those benefits, assuming future assumptions hold.

Actuarial Assumptions: Estimates of future events (such as investment returns, salary growth, mortality, and retirement rates) used to value pension liabilities and determine required contributions.

Actuarial Discount Rate (ADR): The discount rate used in a plan's actuarial funding valuation to present-value future obligations and set the actuarially determined contribution, generally set equal to the assumed long-term rate of return on assets. Distinguished from the GASB accounting discount rate, which may be a blended single equivalent rate. See Discount Rate.

Actuarial Experience Study (Investigation of Actuarial Experience): A review comparing actual experience with the assumptions, conducted once every five years or at Board direction (NDCC § 15-39.1-05.2(3)(c), (e)), leading to assumption changes the Board adopts.

Actuarial Funding Policy: The Board-adopted Actuarial Funding Policy Statement, which describes how benefits will be financed, including the actuarial cost method, asset smoothing method, and amortization policy.

Actuarial Gain or Loss: The difference between a plan's actual experience and what was assumed for a period. A gain arises when actual experience is more favorable than assumed (e.g., investment returns above the assumed rate); a loss when it is less favorable.

Actuarial Risk: The risk that actual experience deviates significantly from the assumptions used by actuaries in calculating liabilities, costs, and funding requirements.

Actuarial Valuation: An evaluation of a pension plan's financial condition, assessing assets, liabilities, and funding levels.

Actuarial Value of Assets (AVA): A smoothed value of plan assets used to reduce short-term volatility in funding calculations. Typically differs from market value due to asset smoothing methods.

Actuarial-Adequacy Test: The annual comparison of the benchmark and statutory contribution rates under NDCC § 15-39.1-10.11.

Actuarially Determined Employer Contribution (ADEC): The employer contribution the consulting actuary calculates under the Board’s Actuarial Funding Policy, compared with the statutory rate in the valuation.

Actuarially Sound: A condition in which contributions are set at a level expected to fund benefits over an appropriate period under the plan’s actuarial assumptions and funding method, not merely that current assets equal current liabilities.

Administrative Agencies Practice Act (APA): NDCC ch. 28-32, which governs rulemaking and appeals of agency decisions.

Administrative Rules: The Board’s rules, codified at NDAC tit. 82 and adopted under NDCC ch. 28-32 (NDCC § 15-39.1-07).

Agent: One who is authorized to act for or in the place of another.

Amortization Period: The period over which a pension plan’s unfunded liability is scheduled to be paid off. For TFFR, the Actuarial Funding Policy uses a closed thirty-year period from 2013, with Board discretion to shorten it.

Annual Comprehensive Financial Report (ACFR): The annual financial report of the Fund.

Annuitant: A member or beneficiary receiving a monthly benefit from the Fund.

Asset Allocation: The decision of selecting appropriate weights between broad asset class categories to produce the desired risk and return profile for a total fund portfolio. For TFFR, the Board sets long-range allocation targets, and the allocation must be approved by both the TFFR Board and the State Investment Board (NDCC § 21-10-02.1(2)).

Asset Class: Investments that share key characteristics. Common examples: equity, fixed income, real estate, and cash.

Asset Liability Study: An approach to examining pension risks that allows the sponsor to set informed policies for funding, benefit design, and asset allocation.

Assumed Rate of Return (ARR): The long-term expected annual rate of return on a pension fund’s invested assets. It is an actuarial assumption (an input), not the rate applied to liabilities, and is a key driver of contribution levels and funding projections. In a typical funding valuation the discount rate is set equal to this assumption. Synonymous with the Investment Return Assumption.

Attorney General’s Office (AGO): The office that provides legal counsel to the Board and appoints any special assistant attorney general (NDCC §§ 54-12-01, 54-12-08(1)).

Audit, Risk and Compliance Committee (ARCC): The SIB committee that serves as this Board’s audit committee; TFFR has a representative on it.

Basis Point: 1/100th of a percent. For example, 50 basis points equals one-half of a percent.

Benchmark: A standard against which the performance of a security, mutual fund, or investment manager can be measured.

Benchmark Contribution Rate: The contribution rate used in the actuarial-adequacy test under NDCC § 15-39.1-10.11.

Beneficiary: A person, estate, trust, or organization designated in writing by a participating member to receive benefits provided by the plan, in receipt of benefits, or otherwise provided under NDCC § 15-39.1-17 (NDCC § 15-39.1-04(2)).

Benefit Formula: The calculation used to determine a retiree’s pension, often based on salary, service years, and a multiplier.

Benefits Governance Scorecard: The instrument through which the Board sets and monitors the service it expects from the SIB and RIO, through vital metrics, tolerances, and exception reporting.

Board of Trustees (Board): The TFFR Board of Trustees, the seven-member board in which the authority to set policy for the Fund rests (NDCC § 15-39.1-05.1(1)): two ex officio trustees (the State Treasurer and the Superintendent of Public Instruction, or their designees) and five trustees appointed by the Governor from lists submitted by the nominating organizations. The Board governs plan policy; investment is supervised by the State Investment Board and administration is delivered by RIO.

Budget and Finance Committee (BFC): The SIB committee that oversees RIO’s budget and financial plans; TFFR has a representative on it.

Cadence: How often a decision in the Decision Register recurs.

CEM Benchmarking; Service Score: External benchmarking of administrative cost and service against peer pension systems.

Chief Retirement Officer (CRO): The RIO officer who leads administration of the retirement program under the direction of the Executive Director.

Closed Amortization Period: A fixed end-date is established for amortizing liabilities, similar to a mortgage.

Code of Conduct: The Fiduciary Conduct Policies, which trustees affirm annually through the TFFR Code of Conduct Annual Affirmation.

Compliance and Control: Conformity with policies, rules, and regulations and the mechanisms to assure such conformity.

Conditional Annual Benefit Adjustment: The adjustment under NDCC § 15-39.1-10.11, which the Board may reduce or suspend when the actuarial-adequacy test shows the statutory shortfall.

Confidential Information: Non-public information held by TFFR or RIO protected under NDCC §§ 15-39.1-30, 44-04-18.1, 44-04-18.4, and 44-04-19.1 or other applicable law.

Conflicts of Interest: Personal interests that compromise professional duties, requiring disclosure, avoidance, or corrective action to uphold integrity and trust; defined for TFFR by the Ethics Commission's rules (NDAC § 115-04-01-01), incorporated by reference, and by the Code of Conduct.

Consent Agenda: Routine, non-controversial items approved in a single motion, unless a trustee asks for an item to be considered separately.

Continuing Education: The education trustees complete each fiscal year under Roles — Trustee Duties, Expectations & Continuing Education — Continuing Education.

Continuity-Readiness Dashboard: The annual report on trustee terms, officer readiness, critical retirement functions, key providers, and overdue actions under Succession Planning.

Contribution Rate: The amount (typically as a percentage of the contribution base) needed to be paid into the pension fund.

Contribution Volatility: The degree to which employer contributions fluctuate year over year, often driven by market returns or assumption changes.

Cost-Sharing Plan: A type of pension plan where multiple employers participate and share assets and liabilities, often used in statewide systems. TFFR is a cost-sharing multiple-employer defined benefit plan.

Credited Service: The total period of employment that counts toward a member's pension benefits.

Custodian Bank (Master Custodian): The institution retained by the SIB that holds the Fund's assets.

Decision Register (Delegations): The inventory of the Board's key decisions, organized by domain and power, recording for each the holder, the authority, the cadence, and the limits on discretion.

Defined Benefit Plan: A plan where the benefit is defined, often based on years of service, average final salary, and a benefit multiplier.

Defined Contribution Plan: A plan where contributions are defined but not the benefit. Worth the amount of contributions plus investment income earned.

Delegation of Authority: Assignment of decision-making with defined limits and reporting, recorded in the Decision Register (Delegations); delegation does not delegate fiduciary responsibility.

Director of Audit: The head of RIO internal audit, who reports functionally to the SIB ARCC.

Disability Recertification: The periodic redetermination of continued disability eligibility under NDAC § 82-07-01-03(5).

Disability Retirement: Benefits provided to a member who is unable to work due to a disabling condition, as determined by the Board (NDCC § 15-39.1-18), subject to recertification.

Discount Rate: The interest rate used to convert a plan's future benefit payments to present value, thereby measuring its liabilities. In most public defined benefit funding valuations it is set equal to the assumed long-term rate of return on assets. For GASB Statements No. 67 and 68 financial reporting it may instead be a single equivalent rate blending the expected return (for benefits projected to be covered by plan assets) with a 20-year municipal bond index rate (for any projected shortfall). See Actuarial Discount Rate (ADR).

Diversification: The practice of spreading investments across various asset classes to reduce risk without a commensurate reduction in expected return.

Early Retirement: Opting to retire before reaching normal retirement age, often with reduced benefits.

Education Standards and Practices Board (ESPB): The state board that licenses teachers and determines critical-shortage areas relevant to retiree return to work.

Employee Benefits Programs Committee (EBPC): The Legislative Management committee to which the Board submits proposed statutory changes (NDCC § 15-39.1-05.2(5)).

Employer Contribution: Funds contributed by the employer to the retirement system on behalf of employees.

Enforcement Tiers: ~~Tier 1 (administrative correction), Tier 2 (Board determination) and Tier 3 (external referral and notification) under Enforcement of the Conduct Policies.~~

Entry Age Normal (EAN) Cost Method: A common funding method used to allocate normal cost and accrued liability over each member's career, promoting stable contributions.

Ethics Commission: The North Dakota Ethics Commission, whose authority covers transparency, corruption, elections, and lobbying (ND Const. art. XIV; NDCC ch. 54-66).

Event-Driven Disclosure: Disclosure required within ten (10) business days of a material change in circumstances.

Ex Officio trustee: The State Treasurer or the Superintendent of Public Instruction, each serving by virtue of office and each permitted to act through a designee (NDCC § 15-39.1-05.1(1)(d)).

Exclusive Benefit Rule: The requirement that Fund assets be held and used solely for providing benefits (IRC § 401(a)(2); NDAC § 82-01-01-01(1)(c)(2)).

Executive Director: The chief executive of RIO, appointed by and accountable to the SIB.

Executive Session: A portion of a meeting closed to the public as permitted by NDCC § 44-04-19.2.

Fiduciary: A person who holds a legal and ethical relationship of trust with one or more other parties, prudently managing money or other assets for a beneficiary.

Fiduciary Duty: The obligation to act for the exclusive purpose of providing benefits (NDAC § 82-01-01-01(1)(c)(2)).

Fiduciary Purpose: The exercise of a Board or committee responsibility to set direction, approve, oversee, verify, or report.

Financial Interest; Material Relationship: The interests and relationships a trustee discloses under the Disclosure policy.

First and Second Lines: The RIO functions that execute and control the program: the 1st Line (benefits and investment services) and the 2nd Line (middle and back offices and enterprise services). They correspond to the SIB's front, middle, and back offices.

First and Second Reading: The two-meeting process by which the Board adopts or amends a governance policy.

Five Powers: Conduct, Set, Approve (and delegate), Oversee, and Verify (and report): the powers through which the Board governs.

Four Lines of Accountability: The assurance model in which the 1st and 2nd Lines (RIO execution and control functions) provide reasonable assurance and the 3rd Line (internal audit) and 4th Line (external auditors and advisors) provide independent reassurance.

Four-Vote Requirement: The rule that four votes are required for any Board action, however many trustees are present (NDCC § 15-39.1-05.1(3)).

Funded Status (Funding Ratio): The ratio of the actuarial value of assets to the actuarial accrued liability. At or above 100 percent, member and employer contribution rates are reduced under NDCC § 15-39.1-09(1).

GASB Statements No. 67 and 68: Governmental Accounting Standards Board statements governing financial reporting and accounting for pension plans (67) and for employers (68).

Governance & Policy Review Committee (GPRC): The Board's standing committee, which stewards the Governance Policy System.

Governance Cycle: The multi-year cycle through which the Board sets, approves, oversees, and verifies, recorded in the Cadence column of the Decision Register.

Governance Policy: A policy in this Governance Policy System, adopted on two readings and reviewed no less than every three years.

Inactive Member: A member no longer contractually employed in a covered position and not yet receiving a monthly benefit.

Independent Actuarial Audit: A periodic review of the consulting actuary's work by a separate actuary, at least every five years.

Investment Consultant: A third-party firm retained by the SIB to provide advice on investment issues; TFFR has contracted with the SIB's consultant for asset-liability studies.

Investment Director: The statutory office named in NDCC § 21-10-02(3); under the SIB Governance Policy System the term refers to the Executive Director.

Investment Guidelines: An outline of policy or conduct expected in the management of an investment portfolio, set under SIB policy.

Investment Management Fees: Compensation that third-party investment managers receive in exchange for managing plan investments.

Investment Policy Statement (IPS): The Board-adopted statement of investment goals, objectives, acceptable risk, and long-range asset allocation targets for the Fund, accepted by the SIB.

Investment Return Assumption: The expected long-term annual rate of return on a pension fund's investments; synonymous with the Assumed Rate of Return (ARR). It is an assumption used in valuing the plan, distinct from the discount rate applied to liabilities. See Assumed Rate of Return (ARR).

Investment Risk: The probability of losing money or not achieving the expected investment outcome.

IRC § 414(h) Pickup: Employer payment of member contributions treated as employer contributions for federal tax purposes.

Litigation Register: The record of threatened and pending matters affecting TFFR, maintained by RIO and reported to the GPRC.

Longevity Risk: The risk that retirees live longer than expected, increasing plan liabilities.

Market Value of Assets (MVA): The current value of the retirement system's investments based on market prices.

Material Non-Public Information (MNPI): Information not generally available to the public that a reasonable investor would consider significant in making an investment decision.

Member; Benefit Recipient: A teacher who participates in the Fund; a member or beneficiary receiving a benefit.

Mentor: An experienced trustee assigned by the President to assist a new trustee.

Mortality Assumptions: Projections of how long members are expected to live, critical for estimating benefit payment periods.

Multiplier: A factor used in benefit formulas to calculate retirement income, often expressed as a percentage.

Nominating Organizations: North Dakota United (NDU), the North Dakota Council of Educational Leaders (NDCLE) and the North Dakota Retired Teachers Association (NDRTA), which submit nominee lists to the Governor (NDCC § 15-39.1-05.1(1)).

Normal Cost: The annual cost of benefits accrued by active members during the current year. Represents the ongoing cost of the plan.

Normal Retirement Age: The age at which a member can retire with full benefits.

Not Within Control: The label in the Decision Register for a decision reserved to or held by another body, which the Board does not control and within which it conducts its business.

Open Amortization Period: A funding method where the amortization period resets annually, extending the time to pay off liabilities.

Operational Risk: Risks from improper monitoring of positions, bad pricing, inadequate software, system failures, or human error.

Optional Forms; Joint-and-Survivor; Partial Lump Sum: Benefit forms a member may elect, priced by actuarial equivalence factors the Board adopts by rule (NDCC § 15-39.1-16; NDAC ch. 82-05-04).

Overfunded Plan: A retirement system with assets exceeding its liabilities.

Overpayment Recovery; Equity and Good Conscience: Recovery of benefits paid in error, which the Board may release on equity and good conscience grounds (NDAC § 82-05-03-07).

Participating Employer: An employer whose teachers are members of the Fund and which reports salary and remits contributions.

Pay-as-You-Go: A funding method where benefits are paid directly from current contributions rather than pre-funded.

Plan Management Policy: The Board's policy setting forward-looking funding and risk measures (TFFR Program Manual § B), and the annual risk score reported after each valuation.

President; Vice President: The Board's presiding officer and alternate, elected annually at the first regular meeting following July 1 by four votes. They correspond to the SIB's Chair and Vice Chair.

Prudent Expert Standard: The fiduciary standard to which TFFR trustees are held, consistent with NDCC § 21-10-07 and aligned with the SIB: the care, skill, prudence, and diligence 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.

Prudent Investor Rule: The standard the SIB applies to the investment of TFFR's assets under its supervision (NDCC §§ 15-39.1-26, 21-10-07): in making investments, fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not regarding speculation but regarding the permanent disposition of funds, considering probable safety of capital as well as probable income.

Prudent Person Rule (Prudent Man Rule): The older common-law trust standard (Harvard College v. Amory, 1830) directing a trustee to manage trust assets as persons of prudence, discretion, and intelligence manage their own affairs, judged investment-by-investment. Largely superseded by the prudent investor and prudent expert standards; it is the source of the 'own affairs' language sometimes mistakenly applied to those later standards.

Qualified Domestic Relations Order (QDRO): A court order dividing a member's benefit with an alternate payee, qualified under the Board's rules (NDCC § 15-39.1-12.2).

Qualified Status: The Fund's status as a qualified governmental plan under IRC § 401(a), which the Board preserves through IRC-compliance modifications (NDCC § 15-39.1-35).

Quorum: Four of the seven trustees (NDCC § 15-39.1-05.1(3)).

Rebalancing: The process of realigning portfolio weightings by periodically buying or selling assets to maintain the desired level of asset allocation or risk, conducted under SIB policy.

Refund; 120-Day Waiting Period: Payment of a member's account on leaving covered employment, after a 120-day waiting period that may be waived on evidence the teacher will not return to North Dakota teaching (NDCC § 15-39.1-20).

Replacement Ratio: The percentage of pre-retirement income replaced by retirement benefits.

Retirement and Investment Office (RIO): The state agency that administers the TFFR program and the investment program, governed by the SIB (NDCC ch. 54-52.5).

Retirement Salary: The salary used to calculate a benefit, as defined in NDCC § 15-39.1-04(10) and Board rules.

Return to Work; Critical-Shortage Area: Reemployment of a retired member, including in a critical-shortage area or discipline determined by the ESPB (NDCC § 15-39.1-19.2).

Risk Tolerance: The level of investment risk the retirement system is willing to accept.

Risk-Sharing Mechanism: Plan design features (like COLA caps or contribution changes) that automatically adjust benefits or contributions in response to funding levels or economic conditions.

Self-Assessment: The annual evaluation of the Board, its committees, and individual trustees overseen by the GPRC.

Sensitivity Analysis: An assessment of how changes in key assumptions (e.g., investment return, longevity) affect liabilities and contribution requirements.

Service Credit: The amount of time a member has contributed to the retirement system, used in calculating benefits.

Service Purchase and Repurchase: Purchase of service credit at a cost determined using actuarial factors the Board adopts by rule.

Smoothing: An actuarial technique that spreads investment gains and losses over several years within the actuarial value of assets to reduce volatility in funding results and contributions.

Social and Economically Targeted Investment (ETI): Investment selected for social or economic objectives; barred for the Fund unless the SIB can demonstrate an equivalent or superior rate of return compared with a similar non-social investment of similar time horizon and risk (NDCC § 21-10-08.1).

Solvency: The ability of a retirement system to meet its obligations to pay benefits.

Special Assistant Attorney General: Specialist counsel appointed by the Attorney General at the Board's request, for example on IRC plan-qualification issues.

Stakeholder: Any party with an interest in the plan, including members, benefit recipients, participating employers, the Legislative Assembly, and taxpayers.

Standard Deviation: A measure of the dispersion of a set of data from its mean. Used by investors as a gauge for the amount of expected volatility.

State Auditor: The state official who selects the external financial auditor for the Fund and RIO.

State Investment Board (SIB): The board that supervises the investment of TFFR's assets and governs RIO (NDCC ch. 21-10).

Statement of Service Expectations: The annual statement through which the Board informs the SIB of the levels of service, goals, and objectives it expects RIO to deliver (NDCC § 15-39.1-05.2(7)).

Teacher: A person defined as a teacher under NDCC § 15-39.1-04(12), whose status determines membership in the Fund.

TFFR–SIB–RIO Service Level Agreement: The proposed agreement recording the service expectations the Board sets and RIO delivers under the SIB's governance.

Tiered Benefits; Normal Retirement Age: Benefit structures that differ by tier (tier one grandfathered, tier one non grandfathered, and tier two members) and the age and service at which a member becomes eligible for an unreduced benefit, as defined in NDCC ch. 15-39.1.

Trigger: An event that brings a decision to the Board outside its scheduled cadence.

Trust Fund: A legally established fund where pension contributions and investment earnings are held and managed.

Underfunded Plan: A retirement system where liabilities exceed assets, indicating a funding shortfall.

Unfunded Actuarial Accrued Liability (UAAL): The difference between the actuarial accrued liability and the actuarial value of assets. Represents the amount still to be funded.

Unfunded Liability: The amount by which future payment obligations exceed the present value of funds available to pay them.

Vested: Having met the service requirement needed to be entitled to a pension benefit, even if employment ends before retirement. Vesting may be immediate or graded.

Volatility: A measure of the change in price of a security, portfolio, benchmark, or asset class.