NORTH Dakota | Teachers' Fund For Retirement
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ND TFFR Board Meeting – Wednesday, July 29, 2026, 1:00 p.m.
WSI Board Room (In Person) - 1600 E Century Ave, Bismarck ND
The open portions of this meeting are livestreamed. [Join the meeting now]

AGENDA

I. **CALL TO ORDER AND ACCEPTANCE OF AGENDA** ***(Board Action)***
   A. Pledge of Allegiance
   B. Roll Call & Conflict of Interest Disclosure

II. **ACCEPTANCE OF MINUTES (April 23, 2026 & May 28, 2026)** ***(Board Action)***

III. **GOVERNANCE (90 minutes)**
   A. Election of Officers and Committee Appointment Fiscal Year 2027 *(Board Action)* – Dr. Lech, Ms. Smith
   B. Annual Board & Committee Schedule *(Board Action)* – Ms. Smith
   C. Code of Conduct Affirmation *(Information)* – Ms. Smith
   D. Actuarial Audit RFP Timeline Update *(Information)* – Mr. Kauffeld
   E. Delinquent Accounts Update *(Information)* – Ms. Smith
   F. Service Credit Purchase Plan 5571 - Authorization of Underpayment *(Board Action)* – Ms. Smith
   G. GPR Committee Update *(Information)* – Mr. Mickelson, Ms. Smith
   H. CEM Presentation *(Information)* – CEM
   I. Contractual Continuing Authority *(Board Action)* – Ms. Smith
   J. Board Smart *(Information)* – Ms. Smith

(Break)

IV. **REPORTS (60 minutes)** ***(Board Action)***
   A. Quarterly Investment Report – Mr. Anderson
   B. Annual Retirement Trends Report – Mr. Kauffeld
   C. Annual Strategic Communications Plan Update – Ms. Mudder
   D. Quarterly Internal Audit Report – Ms. Seiler
   E. TFFR Year-End Report – Mr. Kauffeld, Ms. Smith
   F. Executive Limitations/Staff Relations Report – Ms. Smith

V. **CONSENT AGENDA – Disability Application[1]** ***(Board Action)***

VI. **OTHER BUSINESS**
   A. Next Meetings:
      1. TFFR Board Strategic Planning Meeting – Tuesday, August 4, 2026, at 10:00 a.m.
      2. TFFR GPR Committee Meeting - Tuesday, August 11, 2026, at 3:30 p.m.

VII. **ADJOURNMENT**

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[1] Possible Executive Session to discuss confidential member information under N.D.C.C. 15-39.1-30 & 44-04-19.2.

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NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT BOARD
MINUTES OF THE APRIL 23, 2026, BOARD MEETING

MEMBERS PRESENT
Dr. Rob Lech, President
Alexis Rasset, Vice President
Thomas Beadle, State Treasurer
Mike Burton, Trustee
Scott Evanoff, Trustee
Cody Mickelson, Trustee

MEMBER ABSENT
Levi Bachmeier, State Superintendent, DPI

GUESTS
Kirsten Tuntland, Assistant Attorney General
Paul Wood, GRS
Members of the Public

STAFF PRESENT
Scott Anderson, CIO
Deneen Gathman, Retirement Accountant
Chase Kauffeld, CRO
Missy Kopp, Executive Assistant
Sarah Mudder, Communications/Outreach Dir.
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Executive Director
Rachelle Smith, Retirement Admin. Assistant
Dottie Thorsen, Internal Auditor
Tami Volkert, Bus. Partner Officer
Denise Weeks, Retirement Program Mngr.

CALL TO ORDER

Dr. Lech, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:01 p.m. on Thursday, April 23, 2026. The meeting was held in the WSI Boardroom, 1600 E Century Ave., Bismarck, ND.

The following members were present representing a quorum: Treasurer Beadle, Mr. Burton, Mr. Evanoff, Dr. Lech, and Mr. Mickelson.

AGENDA

The Board considered the agenda for the April 23, 2026, TFFR meeting.

IT WAS MOVED BY MR. BURTON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE APRIL 23, 2026, AGENDA AS PRESENTED.

AYES: TREASURER BEADLE, MR. BURTON, MR. MICKELSON, MS RASSET, MR. EVANOFF, AND PRES. LECH
NAYS: NONE
ABSENT: SUPT. BACHMEIER
MOTION CARRIED

MINUTES

The Board considered the minutes of the March 26, 2026, TFFR meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. EVANOFF AND CARRIED BY A VOICE VOTE TO APPROVE THE MARCH 26, 2026, MINUTES AS DISTRIBUTED.

AYES: MR. MICKELSON, MR. EVANOFF, TREASURER BEADLE, MR. BURTON, MS. RASSET, AND PRES. LECH
NAYS: NONE
ABSENT: SUPT. BACHMEIER
MOTION CARRIED

GOVERNANCE

Plan Management Policy Update

Mr. Wood, GRS presented the annual Plan Policy Score, a forward-looking metric designed to supplement the actuarial valuation by assessing the plan's long-term funding outlook under a range of potential investment return scenarios. The score serves as an early warning tool and fiduciary oversight measure, helping the board evaluate whether the plan is trending in the right direction. Unlike the annual valuation, which examines a single point in time, the Plan Policy Score uses 5,000 stochastic projections to evaluate a broad range of potential outcomes.

The score is based on five factors: current funded ratio, downside funded ratio, probability of reaching an 85% funded ratio by 2040, likelihood of funding improvement over the next 10 years, and the plan's ability to recover from a significant market downturn. The plan's score improved from 10 to 11 out of a possible 14 points, reflecting continued progress driven primarily by strong investment returns and improved funding metrics.

GRS noted that the plan's fair value return of approximately 11% during fiscal year 2025 contributed positively to the results, while payroll growth remained below assumptions, which slightly reduced projected contribution growth. Overall, the analysis found no significant concerns and showed a consistent positive trend, with the score improving from 6 in 2019 to 11 today.

The board discussed future enhancements to the metric, including revisiting the fixed 2030 and 2040 target dates as those milestones draw closer and exploring whether additional factors, such as payroll growth sensitivity or variable contribution rate structures, should be incorporated into future analyses. GRS indicated a willingness to provide additional education on variable contribution rate funding models at a future meeting.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO ACCEPT THE PLAN MANAGEMENT POLICY UPDATE

AYES: TREASURER BEADLE, MS. RASSET, MR. EVANOFF, MR. BURTON, MR. MICKELSON, AND PRES. LECH
NAYS: NONE
ABSENT: SUPT. BACHMEIER
MOTION CARRIED

TFFR GPR Committee Update

Mr. Mickelson provided an update from the April 13, 2026, GPR Committee meeting. The Committee discussed the plan for review and rewriting of the TFFR governance manual. After considering both internal rewrite and external support, the committee agreed that engaging Funston is the most efficient option and would allow staff to focus on other priorities.

Because Funston has already reviewed TFFR governance documents as part of the State Investment Board project and works with pension systems nationwide, they can provide governance best practices and streamline the review process. The proposed timeline would allow the project to be completed by the end of December, with stakeholder interviews, governance recommendations, and a revised governance framework.

Staff noted that the review would likely separate governance responsibilities from operational policies, creating greater clarity around board oversight and administrative functions. Funding is expected to be managed within existing resources, contingency funds, or, if needed, through the Emergency Commission process.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MS. RASSET AND CARRIED BY A ROLL CALL VOTE TO AUTHORIZE STAFF TO MOVE FORWARD WITH PURSUING ENGAGEMENT OF A GOVERNANCE CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW AND REWRITE OF THE TFFR GOVERNANCE MANUAL, INCLUDING IDENTIFICATION OF AN APPROPRIATE FUNDING PATH AND PRESENTATION OF A PROPOSED PROJECT TIMELINE.

AYES: MS. RASSET, MR. BURTON, MR. MICKELSON, MR. EVANOFF, TREASURER BEADLE, AND PRES. LECH
NAYS: NONE
ABSENT: SUPT. BACHMEIER
MOTION CARRIED

Delinquent Accounts Update

Ms. Smith reported significant progress in bringing delinquent employer accounts into compliance. Since the previous report, all identified school districts except Fort Ransom have resolved their reporting deficiencies and returned to compliance.

Fort Ransom remains under review due to unique circumstances surrounding the district's closure and questions regarding contribution requirements for a return-to-work administrator. Staff is working with the Attorney General's Office and the Department of Public Instruction to determine the appropriate course of action and noted that a formal opinion is still pending.

Board members commended staff for their efforts in improving compliance following implementation of the new pension administration system and recognized the positive results achieved through ongoing outreach and follow-up with school districts. Staff indicated there is currently no timeline for receiving guidance from the Attorney General's Office.

2026-27 Board Calendar & Education Plan

Ms. Smith reviewed the revised board meeting schedule that would reduce regular TFFR Board meetings from six to four per year, with meetings held on Wednesday afternoons alongside State Investment Board meetings. The proposed schedule is intended to improve efficiency, reduce travel demands, and better align meeting agendas with key decision points required by statute, administrative rules, and governance requirements.

While meetings may be longer, staff believes consolidating topics into four quarterly meetings will provide sufficient oversight while reducing the overall number of meeting days. Additional virtual meetings would remain available as needed for disability determinations, QDRO approvals, legislative updates, or other time-sensitive matters.

Staff also outlined plans for an annual strategic planning session in August, informed by benchmarking data from CEM, which compares TFFR operations and performance metrics to peer pension systems nationwide. The session would provide an opportunity to review retirement trends, operational performance, strategic priorities, and any potential legislative considerations before the start of the legislative session.

IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. EVANOFF AND CARRIED BY A VOICE VOTE TO APPROVE THE 2026-27 BOARD CALENDAR AND EDUCATION PLAN.

AYES: TREASURER BEADLE, MS. RASSET, MR. EVANOFF, MR. BURTON, MR. MICKELSON, AND PRES. LECH
NAYS: NONE
ABSENT: SUPT. BACHMEIER
MOTION CARRIED

REPORTS

Outreach Update

Ms. Mudder provided the Outreach Update for the quarter ending March 31, 2026. There has been continued strong engagement from employers and members through GovDelivery and the TFFR YouTube channel. Updated member education videos remain the most frequently accessed content and continue to be a valuable resource for TFFR members.

Ms. Mudder also provided an update on the project with MABU which is focused on developing resources for early-career teachers and new TFFR member education, including a retirement planning presentation, welcome communications, milestone-based email campaigns, and other educational materials designed to increase engagement and understanding of retirement benefits early in a member's career. The project remains in development, with additional work and refinement expected over the next month. Once finalized, the materials will be shared with the Board and introduced to school partners through stakeholder organizations.

Quarterly TFFR Ends

Ms. Smith reviewed the TFFR Ends report. Staff reviewed the Board's responsibilities and identified six key oversight areas: governance and policy, funding and financial oversight, risk and compliance, leadership and organizational oversight, and operations and member services.

There has been significant progress in governance planning, financial reporting, investment oversight, audit and compliance activities, and leadership transitions. Succession plans are now in place for key leadership positions, while work continues on a broader business continuity plan.

Operationally, employer compliance has improved, adoption of the new pension administration system continues to increase, and member education efforts have expanded through enhanced outreach and training.

The Board also received an update on the CEM benchmarking study, which will compare TFFR's staffing, costs, service levels, and performance against peer pension systems nationwide. The results will help identify strengths, opportunities for improvement, and future resource needs.

Quarterly Executive Limitations/Staff Relations Report

Ms. Smith provided the quarterly Executive Limitations/Staff Relations report. A new Multimedia Specialist position has been posted to support communications, outreach, website management, ADA compliance efforts, and growing public records requests.

Staff continue to advance key projects, including SharePoint implementation, job description updates, general ledger system replacement planning, and business continuity efforts. The upcoming CEM benchmarking study will provide comparisons to peer retirement systems and help identify future resource and staffing needs.

The Board also discussed ongoing costs and risks associated with the pension administration system, including vendor dependence, limited control over software changes, and the need to evaluate long-term support and maintenance strategies.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MS. RASSET AND CARRIED BY A VOICE VOTE TO APPROVE THE QUARTERLY OUTREACH, TFFR ENDS, AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.

AYES: MR. BURTON, MS. RASSET, MR. EVANOFF, TREASURER BEADLE, MR. MICKELSON, AND PRES. LECH
NAYS: NONE
ABSENT: SUPT. BACHMEIER
MOTION CARRIED

CONSENT AGENDA

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MS. RASSET AND CARRIED BY A ROLL CALL VOTE TO APPROVE DISABILITY APPLICATIONS 2026-4D, 2026-5D, 2026-6D, AND 2026-7D.

AYES: MS. RASSET, MR. MICKELSON, TREASURER BEADLE, MR. BURTON, AND PRES. LECH
NAYS: NONE
ABSTAIN: MR. EVANOFF
ABSENT: SUPT. BACHMEIER
MOTION CARRIED

ADJOURNMENT

With no further business to come before the TFFR Board, Pres. Lech adjourned the meeting at 2:35 p.m.

Prepared by: Missy Kopp, Assistant to the Board

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT BOARD
MINUTES OF THE MAY 28, 2026, BOARD MEETING

MEMBERS PRESENT
Dr. Rob Lech, President
Alexis Rasset, Vice President
Thomas Beadle, State Treasurer
Mike Burton, Trustee
Scott Evanoff, Trustee
Cody Mickelson, Trustee

MEMBER ABSENT
Levi Bachmeier, State Superintendent, DPI

STAFF PRESENT
Chase Kauffeld, CRO
Missy Kopp, Executive Assistant
Sarah Mudder, Communications/Outreach Dir.
Jodi Smith, Executive Director
Denise Weeks, Retirement Program Mngr.

GUESTS
Kirsten Tuntland, Assistant Attorney General
Paul Wood, GRS
Members of the Public

CALL TO ORDER

Dr. Lech, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 11:31 a.m. on Thursday, May 28, 2026. The meeting was held virtually.

The following members were present representing a quorum: Treasurer Beadle, Mr. Burton, Mr. Evanoff, Dr. Lech, Mr. Mickelson, and Ms. Rasset.

AGENDA

The Board considered the agenda for the May 28, 2026, TFFR meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO ACCEPT THE MAY 28, 2026, AGENDA AS PRESENTED.

AYES: TREASURER BEADLE, MR. BURTON, MR. MICKELSON, MS RASSET, MR. EVANOFF, AND PRES. LECH
NAYS: NONE
ABSENT: SUPT. BACHMEIER
MOTION CARRIED

CONSENT AGENDA

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO APPROVE DISABILITY APPLICATION 2026-3D AND QDRO 2026-2.

AYES: MS. RASSET, MR. MICKELSON, TREASURER BEADLE, MR. EVANOFF, MR. BURTON, AND PRES. LECH
NAYS: NONE
ABSENT: SUPT. BACHMEIER
MOTION CARRIED

ADJOURNMENT

With no further business to come before the TFFR Board, Pres. Lech adjourned the meeting at 11:34 a.m.

Prepared by: Missy Kopp, Assistant to the Board

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MEMORANDUM

TO: **TFFR Board of Trustees**

FROM: **Jodi Smith, Executive Director, North Dakota Retirement & Investment Office**

DATE: **July 29, 2026**

RE: **Officer Elections and Committee Appointments for the Fiscal Year 2027**

Under Section L of the TFFR Program Manual, the Board elects its officers, selects its representatives to the State Investment Board (SIB), and appoints its committee members each year at the first regular Board meeting following July 1.

The positions to be filled, and the trustees currently serving in each role as approved by the Board in July 2025, are as follows:

Position	Trustee(s)
TFFR Board President	Rob Lech
TFFR Board Vice President	Alexis Rasset
Two TFFR representatives to the SIB	Rob Lech and Cody Mickelson
TFFR representative to the SIB Audit Committee (selected from the TFFR representatives to the SIB; subject to official appointment by the SIB)	Cody Mickelson
TFFR alternate/designee to the SIB	Scott Evanoff
Governance and Policy Review Committee (three members)	Cody Mickelson, Rob Lech, and Mike Burton

The following appointments are recommended for the 2026-27 fiscal year:

Position	Trustee(s)
TFFR Board President	Rob Lech
TFFR Board Vice President	Alexis Rasset

Position	Trustee(s)
Two TFFR representatives to the SIB	Rob Lech and Cody Mickelson
TFFR representative to the SIB Audit Committee (selected from the TFFR representatives to the SIB; subject to official appointment by the SIB)	Treasurer Thomas Beadle
TFFR alternate/designee to the SIB	Scott Evanoff
Governance and Policy Review Committee (three members)	Cody Mickelson, Rob Lech, and Mike Burton

Continuity of leadership is particularly valuable this year. The TFFR Governance and Policy Review Committee is midway through the Governance Manual rewrite and the development of the Governance Policy System, with completion targeted for December 2026, ahead of the legislative session. The Board's SIB representatives are engaged in the coordination of that work with the SIB's policy modernization project and will serve on the SIB Governance and Policy Review Committee to ensure continuity between the SIB and TFFR.

Two standing notes apply. The State Treasurer serves as a member of the SIB under state law, is therefore not subject to assignment by the TFFR Board, and may not be selected as a TFFR representative to the SIB. In addition, the TFFR representative to the SIB Audit Committee is subject to official appointment by the SIB.

Board Action Requested: TFFR Board of Trustees, pursuant to Section L of the TFFR Program Manual, elect and appoint the following trustees to serve for the 2026–27 fiscal year:

1. Rob Lech as TFFR Board President;
2. Alexis Rasset as TFFR Board Vice President;
3. Rob Lech and Cody Mickelson as the two TFFR representatives to the State Investment Board;
4. Treasurer Thomas Beadle as the TFFR representative to the SIB Audit Committee, subject to official appointment by the SIB;
5. Scott Evanoff as the TFFR alternate/designee to the SIB; and
6. Cody Mickelson, Rob Lech, and Mike Burton as the three members of the Governance and Policy Review Committee;

with each appointment effective July 1, 2026, and continuing until successors are elected at the first regular Board meeting following July 1, 2027.

SIB & TFFR Board/Committee Calendar 2026-27

July 2026
July 10, 2026: Investment Comm - 9:00 a.m.
July 29, 2026: SIB - 8:30 a.m.
July 29, 2026: TFFR - 1:00 p.m.

August 2026
August 4, 2026: TFFR – 10:00 a.m.
August 10, 2026: Budget & Finance Comm - 11:00 a.m.
August 11, 2026: SIB ERCC - 10:00 a.m.
August 11, 2026: TFFR GPR Comm - 3:30 p.m.
August 12, 2026: SIB GPR Comm - 3:00 p.m.
August 13, 2026: SIB ARCC - 2:30 p.m.
August 14, 2026: Investment Comm - 10:30 a.m.
August 26, 2026: SIB – 8:30 a.m.

September 2026
September 8, 2026: TFFR GPRC – 3:30 p.m.
September 11, 2026: Investment Comm - 10:30 a.m.
September 30, 2026: SIB - 8:30 a.m.

October 2026
October 9, 2026: Investment Comm - 10:30 a.m.
October 13, 2026: TFFR GPRC – 3:30 p.m.
October 28, 2026: SIB - 8:30 a.m.
October 28, 2026: TFFR – 1:00 p.m.

November 2026
November 9, 2026: Budget & Finance Comm - 11:00 a.m.
November 10, 2026: TFFR GPR Comm - 3:00 p.m.
November 12, 2026: SIB ERCC - 9:30 a.m.
November 13, 2026: Investment Comm - 10:30 a.m.
November 16, 2026: SIB GPR Comm - 3:00 p.m.
November 18, 2026: TFFR - 3:30 p.m. (Tentative)
November 19, 2026: SIB ARCC - 2:30 p.m.

December 2026
December 7, 2026: SIB - 8:30 a.m.
December 8, 2026: TFFR GPRC – 3:30 p.m.
December 11, 2026: Investment Comm - 10:30 a.m.

January 2027
January 8, 2027: Investment Comm - 10:30 a.m.
January 27, 2027: SIB - 8:30 a.m.
January 27, 2027: TFFR - 1:00 p.m.

February 2027
February 8, 2027: Budget & Finance Comm - 11:00 a.m.
February 9, 2027: SIB ERCC - 10:00 a.m.
February 9, 2027: TFFR GPR Comm - 3:30 p.m.
February 10, 2027: SIB GPR Comm - 3:00 p.m.
February 11, 2027: SIB ARCC - 2:30 p.m.
February 12, 2027: Investment Comm - 10:30 a.m.
February 24, 2027: SIB – 8:30 a.m.
February 24, 2027: TFFR – 3:30 p.m. (Tentative)

March 2027
March 12, 2027: Investment Comm - 10:30 a.m.
March 31, 2027: SIB - 8:30 a.m.
March 31, 2027: TFFR - 3:30 p.m. (Tentative)

April 2027
April 9, 2027: Investment Comm - 10:30 a.m.

May 2027
May 10, 2027: Budget & Finance Comm - 11:00 a.m.
May 11, 2027: SIB ERCC - 10:00 a.m.
May 11, 2027: TFFR GPR Comm - 3:30 p.m.
May 12, 2027: SIB GPR Comm - 3:00 p.m.
May 13, 2027: SIB ARCC - 2:30 p.m.
May 14, 2027: Investment Comm - 10:30 a.m.
May 26, 2027: SIB – 8:30 a.m.
May 26, 2027: TFFR – 1:00 p.m.

June 2027
June 11, 2027: Investment Comm - 10:30 a.m.
June 30, 2027: SIB – 8:30 a.m.

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MEMORANDUM

TO: **TFFR Board**

FROM: **Jodi Smith, Executive Director**

DATE: **July 29, 2026**

RE: **Annual Affirmation of Code of Conduct Policy**

The *TFFR Board Members' Code of Conduct and Ethics Policy,* which is attached to this memorandum, details the Code of Ethical Responsibility for the TFFR Board. Item #11 of this policy indicates that each Board Member is required to reaffirm their understanding of this policy annually and disclose any conflicts of interest. Therefore, please read and sign the statement below to comply with this requirement.

"I have read and understand TFFR Board Members' Code of Conduct and Ethics Policy. I have disclosed any conflicts of interest as required by this policy"

Name (printed) ________________________________

Signature_____________________________________

Date____

Detail of any conflicts of interest (if any):

Board Action Requested: Information only

R. Code of Conduct, Ethics, and Conflicts of Interest

Following is the Code of Conduct, Ethics, and Conflicts of Interest policy for the TFFR Board of Trustees:

1. Board members owe a duty to conduct themselves so as to inspire the confidence, respect, and trust of the TFFR members and to strive to avoid not only professional impropriety, but also the appearance of impropriety.

2. Board members shall perform the duties of their offices impartially and diligently. Board members are expected to fulfill their responsibilities in accord with the intent of all applicable laws and to refrain from any form of dishonest or unethical conduct. Board members shall be unswayed by partisan interest, public sentiment, or fear of criticism.
3. Conflicts of interest and the appearance of impropriety shall be avoided by Board members. Board members shall not allow their family, social, professional, or other relationships to influence their judgment in discharging their responsibilities. Board members shall refrain from financial and business dealings that tend to reflect adversely on their impartiality or interfere with the proper performance of their duties. If a conflict of interest unavoidably arises, the Board member shall immediately disclose the conflict to the Board. The Board must vote on whether the member can vote. Conflicts of interest to be avoided include but are not limited to: receiving consideration for advice given to a person concerning any matter over which the Board member has any direct or indirect control, acting as an agent or attorney for a person in a transaction involving the Board, and participation in any transaction for which the Board member has acquired information unavailable to the general public, through participation on the Board. “Conflict of interest” means a situation in which a Board member has a direct and substantial personal or financial interest in a matter which also involves the member’s fiduciary responsibility.

4. The Board shall not unnecessarily retain consultants. The hiring of consultants shall be based on merit, avoiding nepotism and preference based upon considerations other than merit that may occur for any reason, including prior working relationships. The compensation of such consultants shall not exceed the fair value of services rendered.

5. Board members shall abide by NDCC 21-10-09, which reads: “No member, officer, agent, or employee of the state investment board shall profit in any manner from transactions on behalf of the funds. Any person violating any of the provisions of this section shall be guilty of a class A misdemeanor.”

6. Board members shall perform their respective duties in a manner that satisfies their fiduciary responsibilities.

7. Political contributions are regulated under NDCC 16.1-08-03 and are not restricted under this policy.

8. All activities and transactions performed on behalf of public pension funds must be for the exclusive purpose of providing benefits to plan participants and defraying reasonable expenses of administering the plan.

9. Prohibited transactions. Prohibited transactions are those involving self-dealing. Self-dealing refers to the fiduciary’s use of plan assets or material, non-public information for personal gain; engaging in transactions on behalf of parties whose interests are averse to the plan; or receiving personal consideration in connection with any planned transaction.

10. Violation of these rules shall result in an official reprimand from the TFFR Board. No reprimand shall be issued until the board member has had the opportunity to be heard by the Board.

11. Board members are required to affirm their understanding of this policy annually, in writing, and must disclose any conflicts of interest that may arise. *See TFFR Code of Conduct Annual Affirmation (Exhibit 7)*

12. RIO Deputy Executive Director- Chief Retirement Officer is required to affirm his/her understanding of RIO Administrative Policy – Code of Conduct for RIO Employees – annually, in writing, and must disclose any conflicts of interest that may arise.

13. RIO Executive Director is required to affirm his/her understanding of RIO Administrative Policy – Code of Conduct for RIO Employees – annually, in writing, and must disclose any conflicts of interest that may arise.

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MEMORANDUM

TO: **TFFR Board**

FROM: **Chase Kauffeld, Chief Retirement Officer**

DATE: **July 29, 2026**

RE: **Independent Actuarial Audit RFP Timeline Update**

This memo updates the Board on the procurement schedule for the independent actuarial audit of the plan's consulting actuary. The solicitation opens July 15, 2026. The schedule below reflects the current RFP timeline.

SCHEDULE

Event	**Date and Time**
Solicitation Begin	July 14, 2026
Deadline for submission of Questions and Objections	July 21, 2026, by 12:00 PM, CT
Solicitation Amendment with responses to Questions issued approximately	July 30, 2026
Deadline for receipt of proposals (Solicitation End)	August 18, 2026, by 12:00 PM, CT
Demonstrations or presentations	September-October 2026
Proposal evaluation completed by approximately	November 2026
Contract Negotiations (see Section 5.11)	November 2026
Notice of intent to award issued approximately	December 2026
Secretary of State Registration, if determined to be required	Prior to Contract Signing
Contract start approximately	January 2027

Finalists will present to the Board at its October 28, 2026, meeting. Board selection of the actuarial auditor follows, with a notice of intent to award expected in December 2026 and the contract beginning approximately January 2027. This memo is informational only; no Board action is required at this time.

Board Action Requested: Information only.

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MEMORANDUM

TO: **TFFR Board**

FROM: **Jodi Smith, Executive Director**

DATE: **July 29, 2026**

RE: **Delinquent Accounts Update**

As of July 20, 2026, the following school districts currently have outstanding delinquent reports:

School District Name	Due Aug – Dec 25	Due Jan	Due Feb	Due Mar	Due Apr	Due May	Due Jun	Due Jul
Fort Ransom	X	X	X	X	X	X	X	X

Failure to report earnings and submit required contributions adversely affects member retirement accounts due to delayed service crediting and lost investment earnings.

RIO staff continue outreach efforts to bring these employers into compliance, including direct communication with business managers and district leadership. Enforcement actions and coordination with the Attorney General's Office and the Department of Public Instruction remain available if compliance does not improve.

Fort Ransom Employer Contribution Review
Legal counsel has reviewed and opined questions regarding whether compensation paid to a retired member performing superintendent services for a participating district through a wholly owned LLC constitutes TFFR-eligible salary, and on the district's related reporting and contribution obligations. Before final determination is made, TFFR is seeking additional information from the district.

Board Action Requested: Information only.

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MEMORANDUM

TO: **TFFR Board of Trustees**

FROM: **Chase Kauffeld, Chief Retirement Officer**

DATE: **July 29, 2026**

RE: **Service Credit Purchase Installment Plan 5571 - Under-Collection of Approximately $123.00**

This memo reports a system defect that resulted in the fund under-collecting approximately $123.00 on a single service credit purchase installment plan.

BACKGROUND

Plan 5571 is a member's installment agreement for purchase of TFFR's service credit, bearing interest rate at 7.75 percent, the actuarial assumed rate of return in effect when the agreement originated. The member has completed all scheduled payments, and Neospin reports as paid in full. However, a staff review of the amortization schedule identified two separate system defects; one in how the interest was calculated (the rate defect) and one in how payments were applied to the balance (the balance defect). Together these errors caused the member to be billed approximately $123.00 less than the agreement required. The accounts therefore show as paid in full even though a small amount was never billed or collected.

Rate defect. The defect occurred in Neospin's amortization calculation. Interest on the first installment was computed correctly at the agreement's 7.75 percent rate. Beginning with the second installment, however, Neospin accrued interest at 7.25 percent, the actuarially assumed investment return rate in effect at the time, rather than the 7.75 percent rate locked in by the agreement. In effect, the system substituted the then-current assumed rate for the agreement's contractual rate. The result is approximately $77 of interest undercharged over the life of the agreement.

Balance defect. This defect also occurred in Neospin's payment schedule. On two occasions, accrued ($38.17 and $8.03) was incorrectly subtracted from the outstanding balance as though the member had paid those amounts, when in fact they were never billed. Because the balance was reduced by payments that were never made, the account reached zero even though $46.20 of the original purchase cost was never billed. Total principal collected was $30,280.55 against an original purchase cost of $30,326.75.

The two amounts together total approximately $123.00.

CURRENT STATUS

A problem investigation request has been submitted to Sagitec identifying the installment accrual routine as pulling a system default rate rather than the rate applicable to the agreement. Staff reviewed the remaining installment purchase plan population, and all other affected plans have been corrected.

BOARD AUTHORITY

The Board authority to decline collection on these facts is not expressly stated in statute or rule.

North Dakota Century Code section 15-39.1-31 states:

> **Correction of errors - Adjustment to actuarial equivalent.**
>
> *If any change or error in the records of the fund or any participating employer or error in any calculation results in any person receiving from the fund more than that person would have been entitled to receive had the records been correct, the board shall correct the error and, as far as practicable, adjust the payment in such a manner that the actuarial equivalent of the benefit to which the person was entitled is paid or the board may offset the amount of the overpayment from the amount of future retirement benefit payments. However, if the person agrees to repay the fund for the cost of the error upon terms acceptable to the board, no actuarial adjustment to the person's retirement benefit need be made.*

The section is mandatory in form and contains no waiver or forgiveness provision.

The administrative write-off authority in NDAC 82-05-03-03 states:

> **Overpayment of retirement benefits - Write-offs.**
>
> *All overpayments must be collected using the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like gains. If the cost of recovering the amount of the overpayment of retirement benefits is estimated to exceed the overpayment, the teachers' fund for retirement may consider the repayment to be unrecoverable and written off.*

The administrative write-off authority in NDAC 82-05-03-07(2) states:

> **Erroneous payment of benefits - Appeals.**
>
> *The board may release a person from liability to refund an overpayment, in whole or in part, if it determines:*
>
> *a. The receipt of overpayment is not the fault of the recipient.*
> *b. It would be contrary to equity and good conscience to collect the refund.*

Both sections of the administrative code apply their terms to overpayment of retirement benefits, not to under-collection on a service credit purchase.

Staff's assessment is that the cost of recovery standard in NDAC 82-05-03-03, applied by analogy, supports declining collection.

RECOMMENDATION

Staff recommends the Board decline to pursue collection of approximately $123.00 under-collected on Plan 5571 and direct the Executive Director to document the determination in the member's file and in the fund's error correction log.

The member did not cause the error, was billed the amounts NeoSpin generated, paid every invoice as issued, and had no means of detecting the discrepancy. The staff time required to recompute, notice, invoice, and collect $123.00 exceeds the amount at issue.

Board Action: In the exercise of its error-correction authority under NDCC 15-39.1-31 and 15-39.1-32, find that the under-collection of approximately $123.00 on installment Agreement 5571 resulted from system defects and through no fault of the member, and that the cost of collection would exceed the amount at issue; decline to pursue collection; and direct the Executive Director to document this determination in the member's file and the fund's error correction log.

NORTH Dakota | Retirement & Investment
Be Legendary.

MEMORANDUM

TO: **TFFR Board of Trustees**

FROM: **Jodi Smith, Executive Director, North Dakota Retirement & Investment Office**

DATE: **July 29, 2026**

RE: **Governance & Policy Review (GPR) Committee Update**

The TFFR Governance & Policy Review (GPR) Committee met virtually on Tuesday, July 14, 2026, at 3:30 p.m. The Committee devoted the meeting to a review of the TFFR Governance Manual rewrite update. The presentation covered three related items: the governance discovery findings, the proposed delegation-of-authority framework, and the draft accountability service level agreement (SLA). This memorandum summarizes each item and the resulting next steps.

Governance Discovery. The Committee reviewed the discovery-phase report, which examined the governing statutes, NDAC Title 82, and the current Program Manual; mapped approximately seventy key decisions to specific roles; and identified eight conflicts between the manual and governing law along with ten delegation-clarity gaps. Notable conflicts include the manual's reliance on a repealed statute (NDCC 15-39.1-05) as its primary citation for Board authority and administrative rules that delegate disability recertification and error-correction decisions the statute assigns to the Board. The central finding is structural: the TFFR Board owns the retirement program and sets its policy, but the program is administered by RIO, an agency governed by the State Investment Board (SIB) and led by an Executive Director the TFFR Board does not employ. The result is responsibility without direct line authority, and most of the identified delegation gaps flow from this theme.

Governance Delegation. To resolve the scattered and implicit delegations identified in discovery, the Committee reviewed a proposed Delegation of Authority Register that would consolidate every delegated decision into a single instrument with defined limits, reporting requirements, and powers reserved to the Board. The recommendations presented include eight actions for the TFFR Board — among them correcting the statutory citations in the manual, reconciling the disability-recertification and error-correction rules with statute, and drawing the investment policy-versus-implementation line explicitly in the Investment Policy Statement — and six statutory changes to advance through the Employee Benefits Programs Committee.

Service Level Agreement. The Committee reviewed the draft TFFR–SIB–RIO Accountability Service Level Agreement, a jointly adopted instrument that operationalizes the Board's statutory duties to determine appropriate service levels and to inform the SIB of the levels of services, goals, and objectives expected from RIO (NDCC 15-39.1-05.2(6)–(7)). The SLA defines service expectations across three domains — investment services, benefits administration, and enterprise administration — and establishes an annual service-planning cycle, a quarterly service scorecard, and audit-based verification of reported performance. The agreement alters no statutory authority and is subject to Attorney General's Office review and joint adoption by both boards.

Next Steps. The discovery analysis, Delegation Register, and Accountability SLA have been drafted; greenfield policies (litigation governance, succession planning, board–staff interaction, service provider selection, and code of conduct) remain in process. Together these components will form the TFFR Governance Policy System (GPS). The rewrite of the Program Manual will follow, with two readings for Board and staff feedback, targeting completion by the end of December 2026, ahead of the legislative session. Staff will also begin discussions with the SIB on the service level agreement.

Board Action Requested: Direct the GPR Committee to advance the Delegation Register, Accountability SLA, and manual rewrite as presented.

TFFR Governance Review & Re-Write

Discovery Findings & Recommendations

Prepared for the TFFR Board of Trustees

Governance & Policy Review Committee

Funston Advisory Services LLC

Discovery Phase · July 2026

WORK PLAN · JULY 2026 – JANUARY 2027

Discovery to Adoption in Three Phases

1

2

3

Discovery

Weeks 1–8 · June–July

Assess current state; deliver findings.

- InGov provisional review (W2)
- Kick-off: GPR / Steering Committee
- Stakeholder interviews (W3–4)
- Discussion document — findings & recommendations
  - Delegation analysis · accountability SLA (TFFR/SIB/RIO)

★ TODAY — Board briefing, Jul 29

Initial Re-Write

Weeks 9–12 · August

Draft the Governance Policy System (GPS).

- GPS structure → Board, Month 2 (W10)
- GPS Version 1 → Board, Month 3 (W12)
- Board touchpoints at Months 2 & 3

TFFR Feedback & Adoption

Weeks 13–26 · Sep 2026 – Jan 2027

Refine with Board input; adopt & implement.

- First reading (W14) · Month 4 decisions
- Version 2 → Board, Month 5 (W20)
- Second reading (W22)
- GPS final adopted (W25–26)
- Board approval: Oct 28 (alt. Nov 18)

★ Implement — January 1, 2027

Preliminary Discussion Document

5 THEMES

Theme 1 Scope: What the Rewrite Can and Cannot Resolve (Statute vs Policy)

Theme 2 Dual Fiduciary Standard (Prudent Person vs Prudent Expert)

Theme 3 Substantive Policy Build-Out Required

Theme 4 Complex Decision Architecture

Theme 5 Weak Risk and Accountability Infrastructure

How our interviews shaped our recommendations?

CURRENT STATE	RECOMMENDED FUTURE STATE
1. YES: Satisfied with participatory involvement in hiring and evaluation of ED and CRO but undefined participation and communication levels	• Define the process for the TFFR Board's involvement, and expected communication levels • Clarify the delegation of authority from the TFFR Board to SIB to the ED to the CRO to Staff to External Parties
2. YES: The TFFR Board should operate under the same fiduciary standard (i.e. Prudent Expert) as the SIB Board. Board education would be helpful to meet this new standard.	• Education and insights tied to key decisions. TFFR will be receiving this as part of new Board Smart program.
3. YES: Agree with building out missing policies	• Litigation Governance, Succession Planning, Board–Staff, Interaction, Service Provider Selection, Code of Conduct
4. YES: Unclear on authority ND LEG>TFFR>SIB>RIO	• Develop delegation register, map to an explicit owner • Clearly show authority flow
5. YES: High focus on investments. Opportunities to delegate to staff (recert. QDROs)	• Board focus on service, goals, objectives of retirement fund. • Establish SLA and monitor performance to scorecard (ties directly to operational risk) • See delegation opportunities including those that require recommending changes to administrative rules and statute via the AG (eg. QDROs)
6. YES: Increase report/oversight, whistleblower and fraud reporting policy, board capabilities for understanding the role	• Develop EPRM framework which mirrors SLA's expectations regarding services, goals and objectives (addresses: A, C, F) • Perform root cause analysis on all significant variations • Systemize board-self assessment (not ad hoc or informal) • Develop policy on whistleblower and fraud reporting policy • Develop capability matrix (use case: new trustee pipeline)

DISCOVERY AT A GLANCE

What we reviewed, and what we found

3	**~70**	**8**	**10**
Governing Statutes and Administrative Rules	Key decisions mapped to specific roles	TFFR manual vs. law conflicts	Delegation clarity gaps

The central finding

The TFFR Board owns the retirement program and sets its policy but does not administer it or employ the staff who do. RIO administers the program, is governed by the SIB, and the Executive Director is an SIB employee. The result: responsibility without direct line authority. Most delegation gaps flow from this theme.

GOVERNANCE ARCHITECTURE

Three bodies, one agency — and a structural theme

TFFR Board of Trustees

Fiduciary body. Sets fund policy, adopts rules, decides benefits, disability & appeals.

NDCC 15-39.1

→

State Investment Board

Invests the assets (prudent investor). Governing body of RIO; hires & evaluates the ED.

NDCC 21-10 · 54-52.5

→

Retirement & Investment Office

Administers the plan day-to-day. Staffs both programs. Builds the budget.

NDCC 54-52.5

TFFR ↔ SIB: *two trustees sit on the SIB; joint allocation approval.*

SIB → RIO: *the SIB governs RIO and employs the ED.*

THE THEME

The TFFR Board directs a program administered by an agency it does not govern, staffed by an ED it does not hire. Its statutory lever is to "inform the SIB ... the levels of services, goals, and objectives expected to be provided through the RIO" (15-39.1-05.2(7)). Making that lever explicit and measurable is a key objective of the future state.

HOW THE INSTRUMENTS INTERSECT

A layered framework — and the law prevails

STATUTE	NDCC ch. 15-39.1 (plan & Board authority), ch. 21-10 (SIB & investment), ch. 54-52.5 (RIO); plus the APA, open-meetings, ethics & IRC §401(a).
ADMINISTRATIVE RULES	NDAC Title 82 — adopted by the Board under 15-39.1-07 via the APA. Implements the statute: participation, contributions, benefits, disability.
BOARD POLICY	TFFR Program Manual / Governance Policy System — governance & program policies, IPS, funding & plan-management policy, operations.

Precedence: *where the manual and the law differ, the law prevails.*

Several manual provisions restate authority loosely or cite a repealed section — corrected in the future state.

MASTER DELEGATION MATRIX

Who holds what, authority flows downward

Powers flow downward from the Legislature; each body reserves some authority and delegates the rest.

Legislative Assembly / EBPC
- Creates plan; sets benefits & rates
- Appropriates RIO budget
- Approves statutory changes (EBPC)

Governor & external
→ *a subset*
- Governor — appoints trustees
- State Auditor — external auditor
- AGO · ESPB · Actuary · members

Client Fund: TFFR Board of Trustees
- Sets policy & adopts rules
- Investment goals & allocation (recommended prudent expert)
- Actuarial & funding policy
- Benefits, disability & appeals
- Oversees & verifies service levels

State Investment Board
- Invests assets (prudent expert investor)
- Approves allocation (with TFFR)
- Governs RIO; hires/evaluates ED

RIO (ED / CRO / Staff)
- Day-to-day administration
- Benefit processing & payments
- Member & employer services
- Budget preparation

KEY-DECISION CATALOG

Where the ~70 key decisions are routed

Every key decision →

RESERVED TO THE BOARD

- Policy & rulemaking
- Investment goals & allocation
- Actuarial & funding policy
- Oversee service levels; verify delivery
- Final disability decisions
- Equitable release; appeals
- Legislative positions
- QDRO qualification*

→

SIB / INVESTMENT

- Invest assets; hire managers
- Approve allocation (with TFFR)
- Govern RIO; employ the ED
- Approve incentive-comp for eligible staff with proportionate costs allocated to TFFR

→

DELEGATED TO RIO / STAFF

- Routine benefit determinations
- Service purchases & corrections
- Interim disability; recert.*
- Disbursement; member services

** Consider delegation with conditions (recertification and QDRO, requires AG/NDAC 82 changes).*

CURRENT STATE · CONFLICTS

Eight conflicts between the manual and the law

2 HIGH

- Manual cites a repealed statute (15-39.1-05) for Board authority
- “Administration” language blurs the RIO / SIB split

3 MEDIUM

- Rules delegate error correction the statute gives the Board
- Term / composition wording mismatches statute
- Rule delegates disability recertification to the ED; statute says the Board

3 LOW

- Designee-voting rule not evident in statute
- Appeal citation to NDAC 82-10 needs update
- $148 per-diem proration could be in conflict with statute

Where authority is unclear, silent, or overlapping

1

TFFR → RIO accountability line

Delegates administration to an ED the SIB employs; how the TFFR Board directs and evaluates that role is undefined.

4

Investment policy vs implementation

The authority delegated to the SIB is broad; the TFFR-powers reserved are not clear.

2

No documented delegation instrument

Delegations to “the fund”/ED are scattered across rules and the manual: no limits, reporting, or reserved powers.

5

Policy vs rule boundary

Some member-affecting matters sit in rule, others in policy, and uneven due-process.

3

“The fund” vs a named officer

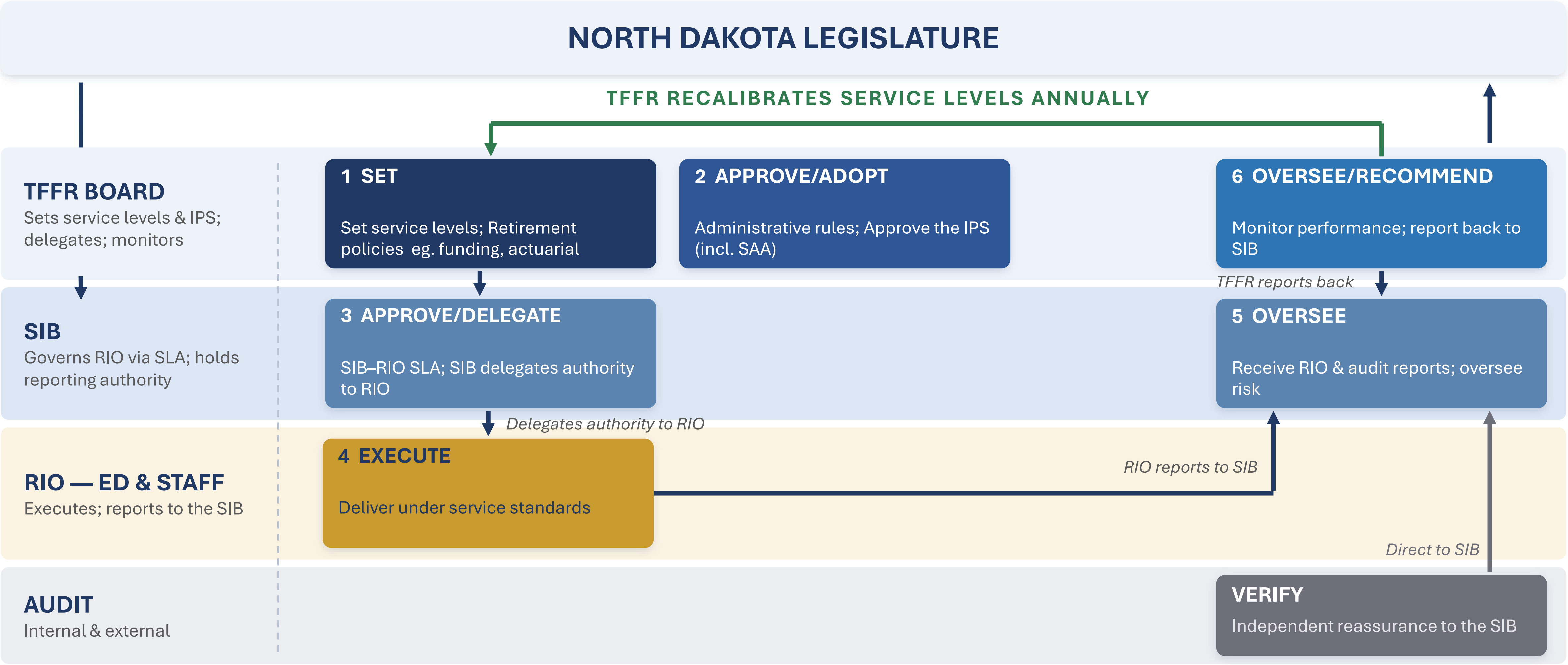
Rules assign decisions to “the fund” without naming who acts or the Board’s residual oversight.

THE RECOMMENDATION

From implicit and scattered to explicit and accountable

CURRENT STATE		FUTURE STATE
Delegations implicit & scattered	→	One Delegation Register with limits
Manual cites a repealed statute	→	Citations corrected; rules conformed
No accountability line to RIO / ED	→	Accountability SLA with service standards
Service informal; no benchmarking	→	Measured service; quarterly scorecard
Board influence over the ED undefined	→	Formal Board input to ED evaluation
No defined oversight of service delivery	→	Board oversees and verifies delivery via the SLA (scorecard + audit)

A closed accountability loop, the SIB at the center



Grounded in statute: NDCC 15-39.1-05.2(6)–(7) already requires the TFFR Board to set service levels and inform the SIB. The model operationalizes that duty; it does not alter authority.

THE PATH FORWARD

A connected governance policy system

DRAFTED

Discovery & Delegation Analysis

Statute–policy map, master matrix, conflicts & gaps

→

DRAFTED

Proposed Delegation of Authority Register

Every delegation with limits, reporting & requirements

→

DRAFTED

Proposed Accountability SLA

Service standards, scorecard & ED-evaluation input

→

IN PROCESS

Greenfield Policies

Litigation Governance, Succession Planning, Board–Staff Interaction, Service Provider Selection, Code of Conduct

Together these become the TFFR Governance Policy System (GPS):
a hierarchy from charter to delegated-authority register to operating procedures.

A connected governance policy system, cont'd

NEXT	NEXT	NEXT	NEXT
One rule action (disability recert) & one Board-process decision (QDRO)	**Re-write Manual (GPS)**	**Reading #1**	**Reading #2**
Conform the disability recert. Rule; Request QDRO ADAC change to permit delegation	Clear delegation; defined service levels and oversight/verification	Board and staff feedback	Board and staff feedback; navigable policy system

Together these become the TFFR Governance Policy System (GPS):
A hierarchy from charter to delegated-authority register to operating procedures.

RECOMMENDATIONS

Eight actions for the TFFR Board

1. Adopt a formal Delegation of Authority Register as a GPS component.
2. Define the TFFR–SIB–RIO accountability service-level agreement (SLA).
3. Correct the statutory citations in the manual (replace the repealed 15-39.1-05).
4. Reconcile the disability-recertification and error-correction rules with statute.
5. Draw the investment policy-vs-implementation line explicitly in the IPS.
6. Add an adjacent-agency authority map and a policy-vs-rule test to the GPS.
7. Request authority in NDAC to delegate QDRO approvals based on rules-based process.
8. Review and approve the re-written GPS.

Six actions for the Legislature

Statutory changes to advance through the EBPC under NDCC 15-39.1-05.2(5). The Board sets positions; the Attorney General's Office drafts.

1. Enact an express Board delegation-of-authority provision in ch. 15-39.1 — statutory footing for the Delegation Register.

2. Codify the Board's role in RIO service levels and the ED's evaluation — address the accountability theme (05.2(7); 54-52.5-02).

3. Conform the disability statute (15-39.1-18) — reserve grants, denials & terminations to the Board; permit ED recertification.

4. Authorize delegation of ministerial error corrections (15-39.1-31/-32); reserve compromise & equitable release to the Board.

5. Repeal obsolete references; fix the anomalous retired-member "elected ... initial term" language (15-39.1-05.1(2)).

6. Confirm the QDRO framework (15-39.1-12.2) supports a delegated, rules-based qualification process.

The Board proposes; the Legislature enacts.
These items change authority only by statute and do not overlap the Board-action recommendations.

DECISIONS REQUESTED OF THE BOARD

Where we go from here

- Direct the GPRC to make recommendations regarding:
  - the Delegation Register and Cadence,
  - the Accountability SLA adoption,
  - the manual citation corrections and greenfield policies
- One rule action (disability recertification) and one Board-process decision (QDRO).
- Begin discussions with the SIB on the service-level agreement (SLA).

All recommendations are subject to Attorney General review and alter no statutory authority.

North Dakota Teachers' Fund for Retirement

Governance Review — Discovery Report

Statutory & Policy Delegation-of-Authority Analysis and Master Delegation Matrix

Funston Advisory Services LLC

July 7, 2026

Contents

1. Executive Summary

This report documents the discovery phase of the governance review of the North Dakota Teachers' Fund for Retirement (TFFR). It describes TFFR's governing statutes and administrative rules and the current TFFR Board Program Manual;

1. maps how those instruments intersect;
2. identifies where the manual appears to conflict with or misstates governing law;
3. catalogs the key decisions in the TFFR governance system; and
4. presents a Master Delegation Matrix tracing each power from its statutory source through the parties that hold and exercise it.

It closes with the areas where statute and policy lack clarity on who holds authority — the questions the Governance Policy System (GPS) rewrite must resolve.

Central finding. The Board's reserved role is not only to set policy but to oversee and verify service delivery. The manual states the oversight duty repeatedly §E.2 makes the Board "responsible for oversight" and assigns monitoring across some fourteen responsibilities, but it defines no performance standards to oversee against, and even its own directive to "determine appropriate levels of service" (§E.2(n); 15-39.1-05.2(6)) is unfulfilled. The remedy is not to restate the duty but to give it an operable standard: the governance manual establishes the oversight-and-verification framework, and a Board-adopted Service Level Agreement (jointly with the SIB) supplies the measures the Board oversees and the audit function verifies.

Why this gap exists and why the fix must be shared rather than unilateral is structural. TFFR is governed through a three-body structure that is unusual and easily misread.

1. The **TFFR Board of Trustees** sets policy for the plan and decides benefits;
2. the **State Investment Board (SIB)** invests the assets and is the governing body of the shared agency; and
3. the **Retirement and Investment Office (RIO)** staffs both programs.

By statute the TFFR Board and SIB "shall maintain their legal identities and authority" (NDCC 54-52.5-02). The practical consequence which recurs throughout the findings is that the TFFR Board directs a program administered by an agency it does not control and staffed by an Executive Director it does not hire. Much of the delegation ambiguity in the current manual flows from this split.

What the discovery surfaced

1. **Intersections:** Six statutory chapters and one administrative title interlock to govern TFFR. The current manual is largely faithful to them but restates authority loosely in several places.
2. **Conflicts / inconsistencies:** Eight items, ranging from a citation to a repealed statute (the manual's primary board-authority citation, NDCC 15-39.1-05, was repealed in 1997) to administrative rules that delegate to the Executive Director disability and error-correction decisions the statute assigns to "the board."
3. **Key decisions:** Roughly 70 recurring key decisions were identified across nine domains and mapped to a role and an authority.

4. **Delegation gaps:** Ten areas where the role is unnamed, where "the fund" is used in place of a named officer or the board or where the accountability line from the TFFR Board to SIB-employed staff is undefined.

Scope note. Primary sources reviewed in full: NDCC ch. 15-39.1; NDCC ch. 21-10; NDCC ch. 54-52.5; NDAC Title 82 (art. 82-01 through 82-09); and the TFFR Board Program Manual (Board Governance Policies approved Sept. 26, 2024, plus the Program Policies). Cross-referenced framework reviewed as cited: NDCC ch. 28-32 (Administrative Agencies Practice Act), NDCC ch. 44-04 (open meetings/records), NDCC 44-08-04 & 54-06-09 (compensation/travel), NDAC 115-04-01 (Ethics Commission), and IRC §401(a)/§415. RIO's own agency rules (NDAC Title 103) and the RIO Handbook are referenced but were not the object of this review.

2. Governance Architecture — Three Bodies, One Agency

Understanding delegation at TFFR requires separating three legal entities that the manual sometimes treats as one enterprise.

Entity	Role, authority, and source
TFFR Board of Trustees (7 members)	A fiduciary board in which "the authority to set policy for the fund rests" (NDCC 15-39.1-05.1(1)). It has the powers of a corporation, sets investment policy under NDCC 21-10-02.1, arranges the actuary, decides benefits/eligibility/appeals, and adopts administrative rules under NDCC 15-39.1-07. Composition: 2 elected officials (Treasurer, Superintendent, ex officio) + 5 Governor-appointed (2 active teachers, 1 administrator, 2 retirees).
State Investment Board (SIB, 13 members)	Invests TFFR assets under the prudent investor rule (NDCC 21-10-02, -07; 15-39.1-26) and is the governing body of RIO (NDCC 54-52.5-02). Two TFFR trustees sit on the SIB. The SIB implements the asset allocation the TFFR Board sets, and jointly approves it (NDCC 21-10-02.1(2)).
Retirement & Investment Office (RIO)	Administrative agency "created to coordinate the activities of the state investment board and teachers' fund for retirement" (54-52.5-01), governed by the SIB (54-52.5-02). RIO staffs both programs, builds the budget, and administers the plan day-to-day. The Executive Director is hired by the SIB; the Chief Retirement Officer is hired by the ED (with TFFR participation).

NDCC 54-52.5-02 preserves the TFFR Board's and the SIB's separate "legal identities and authority." The TFFR Board delegates administration of the plan to the RIO Executive Director (Manual §I), but the ED is an SIB employee. The TFFR Board's formal lever over RIO is to "inform the state investment board ... [of] the levels of services, goals, and objectives expected" (NDCC 15-39.1-05.2(7)). This is the structural theme behind most of the delegation-clarity gaps in §7.

3. How the Statutes, Rules, and Manual Intersect

TFFR governance is derived from several policy instruments. The table below shows each instrument, what it controls, and where the Program Manual relies on it.

Instrument	What it governs	Where the Manual relies on it
NDCC ch. 15-39.1	The TFFR plan itself: board creation, composition & authority; benefits, eligibility, vesting, disability, refunds, purchases; rulemaking power; confidentiality; audit; IRC compliance.	Entire Governance section (Board authority §D, responsibilities §E) and most Program Policies.
NDCC ch. 21-10	SIB creation & powers; the prudent investor rule; and the split of investment governance — the fund's governing body sets goals/objectives/asset allocation (21-10-02.1) while the SIB implements and invests.	Manual §G (State Investment Board) and Program Policy II.A (Investment Policy Statement §3).
NDCC ch. 54-52.5	Creation of RIO; SIB as RIO's governing body; cost allocation across funds; investment incentive-compensation program.	Manual §H (RIO) and §I (Delegation to Staff).
NDAC Title 82	TFFR's own administrative rules, adopted by the Board under NDCC 15-39.1-07 and NDCC 28-32: definitions, participation, contributions, benefits, disability, suspensions.	Program Policies (Operations, Business Partner) and the appeals pathway (§O).
NDCC ch. 28-32 (APA)	Rulemaking procedure and administrative appeals/judicial review.	Rulemaking (§E.2.c) and Board Appeals (§O).
NDCC ch. 44-04	Open meetings (NDCC 44-04-17.1, -19.2 executive session) and open records (NDCC 44-04-20).	Meetings §M, executive sessions §M.10–11, notices §M.4.
NDCC 44-08-04 & 54-06-09; 15-39.1-08	Trustee compensation ($148/day) and travel/mileage reimbursement.	Meeting payment & travel §M.13.
NDAC 115-04-01 (Ethics Commission)	Conflict-of-interest definition applied to trustees.	Code of Conduct §R.
IRC §401(a), §415, §401(a)(9)/(17)/(31)	Qualified-plan tax status and limits; rollover rules.	Legal framework §B.2; IRC compliance obligations throughout Operations.

Principal intersection points

5. **Investment.** 15-39.1-05.2(2) (board "shall establish investment policy … under 21-10-02.1") + 15-39.1-26 (assets invested "under the supervision of the state investment board") + 21-10-02.1 (governing body sets goals/objectives/allocation; both bodies approve allocation) + 21-10-07 (prudent investor). The IPS is adopted by the TFFR Board and "accepted"/approved by the SIB.
6. **Actuarial & funding.** 15-39.1-05.2(3) (the TFFR Board arranges the actuary and sets assumptions/tables) + the Actuarial Funding Policy and Plan Management Policy (board policies, not rules) + the conditional COLA test in 15-39.1-10.11 reported to the EBPC.
7. **Rulemaking.** 15-39.1-07 (board "may adopt such rules") executed through NDCC 28-32 and embodied in NDAC Title 82; 15-39.1-35 lets the board make internal revenue code (IRC_-compliance plan modifications subject to EBPC approval.
8. **Appeals & confidentiality.** Member appeals run ED/staff → TFFR Board → APA (NDCC 28-32); NDAC 82-07-02 (formal hearing) and 82-09 (confidentiality) are repealed, so confidentiality now

rests on statute (NDCC 15-39.1-30) plus the closed-session disability rule (NDAC 82-07-01-03(4)(a)).

4. Master Delegation Matrix

The matrix traces powers from their statutory source through the party that holds them and the party that exercises them, organized by functional domain. It reads as a delegation chain: the Legislative Assembly is the ultimate source; it reserves some powers to itself, vests others in the TFFR Board or the SIB, and those bodies in turn delegate execution to RIO staff or rely on external parties. Rows shaded orange mark a delegation that is ambiguous or in tension with statute (detailed in §6–§7).

Entity key: LEG = ND Legislative Assembly · EBPC = Legislative Management Employee Benefits Programs Committee · GOV = Governor · TFFR = TFFR Board of Trustees · SIB = State Investment Board · ED = RIO Executive Director · CRO = Chief Retirement Officer · STAFF = RIO retirement staff / "the fund" office · ACT = Actuary · MED = Medical consultant · AGO = Attorney General's Office · AUD = State Auditor · ESPB = Education Standards & Practices Board · EMP = Participating employer · MBR = Member/beneficiary · ETH = Ethics Commission.

Key Powers / Decisions

4.1 Governance, Board Structure & Meetings

Power / Key Decision	Primary Authority	Delegation Source & Flow	Authority Citation	Notes / Discretion Limits & Boundaries
Create the plan; set benefit levels, contribution rates, tiers	LEG	Reserved by Legislature	NDCC 15-39.1 (esp. -09, -10, -11)	Benefits and statutory contribution rates are fixed by statute; the Board administers but cannot alter them. Rate step-downs to 7.75% are triggered by the 100%-funded actuarial test.
Set policy for the fund	TFFR	LEG → TFFR	15-39.1-05.1(1)	"The authority to set policy for the fund rests in a board of trustees." Core reserved power of the Board.
Appoint the 5 appointed trustees / fill vacancies	GOV	Reserved by Governor (from nominee lists)	15-39.1-05.1, -07; Manual §D.4	Governor appoints from 3-name lists submitted by NDU / NDCEL / NDRTA. Board only notifies the Governor and stakeholder group of vacancies.
Serve as ex officio trustees	Treasurer; Superintendent	Reserved by statute (office-based)	15-39.1-05.1(1)(d); Manual §D.5	Treasurer's lawful deputy may vote (per NDCC 44-03-01); Superintendent's designee may attend but per the Manual may not vote — a distinction not stated on the face of 15-39.1 (see §6).
Elect Board officers; select SIB reps, alternate & Audit Committee liaison; seat GPRC	TFFR	Reserved by Board	Manual §L; 15-39.1-06	Annual, at first meeting after July 1; four affirmative votes required. Treasurer may not be a TFFR rep to SIB.
Adopt / amend governance & program policies	TFFR	Reserved by Board	Manual §T	Two-reading process; legal review by AGO before adoption; emergency waiver of second reading permitted.
Set meeting schedule, agendas, quorum, voting	TFFR / President / ED	LEG (open-meeting frame) → TFFR	15-39.1-06; 44-04-17.1; Manual §M	≥6 meetings/yr; quorum = 4; four votes to act; ED prepares agenda, President approves.
Convene executive session	TFFR / President	LEG → TFFR	44-04-19.2; Manual §M.10–11	Only for statutorily permitted topics (e.g., confidential member data, attorney consultation, disability applications).
Set / interpret trustee compensation & travel	LEG sets; TFFR administers	LEG → TFFR	15-39.1-08; 44-08-04; 54-06-09; Manual §M.13	$148/day set by statute; the Manual's half-day proration for <2-hour meetings may be in conflict with statute(see §6).
Discipline a trustee (reprimand)	TFFR	Reserved by Board	Manual §R.5	Official reprimand only after opportunity to be heard; conflict standard via NDAC 115-04-01 (Ethics Commission).
Board & individual self-assessment	TFFR / President	Reserved by Board	Manual §U	President leads, assisted by ED and Supervisor of Audit Services.

4.2 Rulemaking, Legislative & IRC-Compliance Authority

Power / Key Decision	Primary Authority	Delegation Source & Flow	Authority	Notes / Discretion Limits & Boundaries
Adopt / amend administrative rules	TFFR	LEG → TFFR	15-39.1-07; 28-32; NDAC 82-01-01-01	Board is the named rulemaker; APA procedure applies. Execution (drafting, hearings) delegated to AGO + staff.
Draft proposed legislation & administrative rules	AGO	TFFR → AGO	Manual §K.3	AGO drafts; Board sets positions and adopts.
Set legislative priorities / positions; submit proposals	TFFR	Reserved by Board	Manual §E.2.b; 15-39.1-05.2(5)	Statute requires the Board to submit necessary/desirable statutory changes to the EBPC — a gate the Manual's 'legislative priorities' language does not map (see §7).
Approve IRC-compliance plan modifications	TFFR + EBPC	LEG → TFFR, subject to EBPC approval	15-39.1-35	Board may adopt conforming terminology to preserve qualified status, but only "subject to the approval of the employee benefits programs committee." Shared authority.
Receive actuarial-adequacy (COLA) test report; reduce/suspend conditional adjustment	TFFR reports; TFFR may act	LEG → TFFR / EBPC oversight	15-39.1-10.11	Board reports annual test to EBPC and may reduce/suspend the conditional benefit adjustment on defined shortfall triggers.

4.3 Investment of Assets

Power / Key Decision	Primary Authority	Delegation Source & Flow	Authority	Notes / Discretion Limits & Boundaries
Establish investment goals, objectives & asset-allocation policy	TFFR	LEG → TFFR (as fund governing body)	15-39.1-05.2(2); 21-10-02.1(1); IPS §3	The Board sets acceptable return/liquidity/risk and long-range allocation targets. This is a reserved TFFR policy power.
Approve the asset allocation (and changes)	TFFR + SIB	Joint approval	21-10-02.1(2)	Allocation "must be approved by the governing body of that fund and the state investment board." Dual-key decision.
Adopt the Investment Policy Statement	TFFR adopts; SIB accepts	TFFR → SIB	IPS signature block; Manual §G	IPS adopted by TFFR Board and accepted/approved by SIB.
Invest assets; implement policy; prudent investor	SIB	LEG → SIB	15-39.1-26; 21-10-02, -07	Assets invested "under the supervision of the state investment board." Implementation authority reserved to SIB.
Residual investment-management authority not assigned in ch. 21-10	SIB	TFFR → SIB (delegated)	IPS §3	IPS delegates to the SIB all management responsibility not assigned to it in ch. 21-10 — a broad grant; the policy/implementation line is not sharply drawn (see §7).
Hire/terminate money managers; security selection; benchmarks; performance measurement	SIB	LEG → SIB	21-10-02(3); IPS §3	SIB establishes criteria and decides manager retention; role over managers is supervisory, not advisory.
Set quality, diversification & restriction guidelines; custodian; pooling; rebalancing	SIB	LEG → SIB	21-10-02(2)(4); IPS §6–8	SIB master custodian holds assets; rebalancing per SIB policy; social/ETI investing barred unless Exclusive-Benefit Rule met (also 21-10-08.1).
Appoint investment director / advisory service; sign investment contracts	SIB / Investment Director	LEG → SIB → Investment Director	21-10-02(3); 21-10-05	Investment director signs/executes investment contracts under a continuing appropriation.
Use RIO staff & consultants to develop allocation/investment policy	TFFR (must use RIO)	LEG mandate	21-10-02.1(2)	The fund governing body "shall use the staff and consultants of the retirement and investment office." TFFR has contracted with SIB's consultant for asset-liability studies.

4.4 Actuarial & Funding

Power / Key Decision	Primary Authority	Delegation Source & Flow	Authority	Notes / Discretion Limits & Boundaries
Retain the consulting actuary; RFP cycle	TFFR	Reserved by Board	15-39.1-05.2(3); Manual §K.1	RFP every 6–10 yrs (Board discretion); may extend in 2-yr terms.
Retain independent actuarial auditor	TFFR	Reserved by Board	Manual §K.1	Separate RFP; periodic audit of the consulting actuary.
Adopt actuarial assumptions, methods, tables & factors	TFFR	LEG → TFFR	15-39.1-05.2(3); NDAC 82-05-04	Assumed return, mortality/salary tables and 415/service-purchase factors are fixed in rule (82-05-04) — i.e., adopted via Board rulemaking. Current assumed rate is 7.15%, and is inconsistent with manual.
Adopt & modify the Actuarial Funding Policy	TFFR	Reserved by Board	Actuarial Funding Policy Stmt; 15-39.1-05.2(3)	Entry Age Normal; 5-yr asset smoothing; closed 30-yr amortization from 2013, with Board discretion from the 7/1/2024 valuation to shorten (≤20 yrs).
Adopt & update the Plan Management Policy (score)	TFFR	Reserved by Board	Plan Management Policy	Forward-looking risk score updated after each valuation; staff + actuary weigh outside factors.
Compute valuation, ADEC, experience study	ACT	TFFR → ACT	15-39.1-05.2(3); Manual §K.1	Actuary values liabilities, recommends contribution rates, does experience study every 5 yrs (or at Board direction).
Recommend rates & statutory changes	ACT → TFFR → EBPC	Advisory to Board	15-39.1-05.2(3)(5)	Actuary recommends; Board decides positions; statutory changes go to EBPC.

4.5 Benefits Administration & Member Determinations

Power / Key Decision	Primary Authority	Delegation Source & Flow	Authority	Notes / Discretion Limits & Boundaries
Determine eligible retirement salary; bonus / performance-pay eligibility	TFFR	Reserved by Board	NDAC 82-02-01, 82-04-02-01; 15-39.1-04(10)(h)	Expressly the Board's determination; staff apply the criteria day-to-day.
Approve service-purchase & repurchase; set cost basis	TFFR (factors) / STAFF (calc)	LEG → TFFR → staff	15-39.1-15, -24, -33; NDAC 82-03-01-04/05/09	Board adopts actuarial factors; "the fund" calculates the cost. Some cost-calc provisions name no actor (see §7).
Waive the 120-day refund waiting period	TFFR	LEG → TFFR	15-39.1-20; NDAC 82-03-01-01	Discretionary Board waiver on evidence teacher won't return to ND teaching.
Approve optional benefit form / partial lump sum; spousal-consent handling	MBR elects; STAFF administers	LEG → rules	15-39.1-16; NDAC 82-05-02	Member elects; absent spousal consent, defaults to 50% J&S.
Approve beneficiary change under J&S option (good-health proof)	TFFR	LEG → TFFR	NDAC 82-05-02-02	Board approves change and makes the actuarial adjustment; medical exam required.
Determine QDRO qualified status; administer distribution	TFFR	LEG → TFFR "under rules established by the board"	15-39.1-12.2	Statute requires Board rules for qualifying QDROs NDAC 82-08-01. Board-final-determination / RIO-administers. Review delegation via LEG change to NDAC 82.
Approve alternative proof of death	ED	TFFR → ED (by rule)	NDAC 82-05-03-02	ED approves documentation other than a death certificate.
Correct records / adjust to actuarial equivalent (over- & under-payments)	Statute: TFFR; Rule: STAFF/ED	LEG → TFFR → staff (by rule)	15-39.1-29, -31, -32; NDAC 82-05-03-03/05/06	Statute says "the board shall correct"; rules place write-offs with "the fund" and repayment terms/offset with the ED. Tension (see §6).
Approve repayment arrangements; offset future benefits; pursue estate recovery	ED / STAFF	TFFR → ED/staff (by rule)	NDAC 82-05-03-05	ED approves arrangements and orders offset; "the fund" may pursue estates.
Release a person from overpayment liability (equity); hear payment appeals	TFFR	Reserved by Board	NDAC 82-05-03-07	Board hears appeals of the ED's repayment decisions and may release on 'equity and good conscience' grounds.
Decide member appeals (eligibility, benefits, plan provisions)	ED/staff first; TFFR on review; then APA	LEG → TFFR → APA	Manual §O; NDAC 28-32; (Manual cites NDAC "82-10")	30-day window to request Board review; Board decision appealable via APA. The §O citation to NDAC 82-10 needs verification (see §6).
Determine 'teacher' status / employer-reporting compliance	STAFF (monitors);	LEG → rules → staff	15-39.1-04(12); NDAC 82; Manual Ops D.1	Staff monitor reporting; contested eligibility

Power / Key Decision	Primary Authority	Delegation Source & Flow	Authority	Notes / Discretion Limits & Boundaries
	TFFR (interprets)			interpretations rise to the Board / appeal.

4.6 Disability Determinations

Power / Key Decision	Primary Authority	Delegation Source & Flow	Authority	Notes / Discretion Limits & Boundaries
Determine disability eligibility (grant)	TFFR (final); ED (interim)	LEG → TFFR; rule adds interim ED	NDCC 15-39.1-18(1); NDAC 82-07-01-03	Statute: disability “as determined by the board.” Rule lets the ED make an interim determination, ratified by the Board at its next meeting.
Review medical evidence; advise on diagnosis	MED	TFFR → MED (retained by fund)	NDAC 82-07-01-03(3)	Medical consultant evaluates and recommends; may order specialist exam or accept records.
Consider applications in closed session; extend 36-month filing window	TFFR	LEG → TFFR	NDAC 82-07-01-03(4); 44-04-19.2	Applications heard confidentially; Board may extend filing period case-by-case.
Make continued-eligibility recertification decisions	ED	TFFR → ED (by rule)	NDAC 82-07-01-03(5)	ED “must make the redetermination and recertification decision and bring the matter to the board only if warranted.” Statute assigns continued-status ascertainment to the board (15-39.1-18(3)) — tension (see §6).
Suspend / cease disability benefits; set trial-return period	TFFR	LEG → TFFR	NDAC 82-07-04-01; 15-39.1-18(3)	Board presumes recovery on non-recertification or return to work and suspends, or allows up-to-6-month trial.
Appeal an adverse (re)certification	MBR → TFFR	Reserved by Board	NDAC 82-07-01-03(5)	Annuitant may appeal to the Board in the same manner as the initial determination.

4.7 Financial Management, Budget & Audit

Power / Key Decision	Primary Authority	Delegation Source & Flow	Authority	Notes / Discretion Limits & Boundaries
Appropriate RIO's biennial budget	LEG	Reserved by Legislature	54-52.5-03; Manual §H	RIO administers within legislative appropriation authority.
Develop the agency budget & legislative agenda	ED / RIO	SIB & TFFR input → ED	54-52.5; Manual §H, §J.2	ED directs budget preparation for the agency and both boards; TFFR and SIB provide input.
Monitor RIO budget, expenditures, financial reporting & IT	TFFR (its program)	Reserved oversight	Manual §E.2.o–p	Oversight, not control; RIO is SIB-governed.
Pay benefits, consultant fees & administrative/investment costs	TFFR (continuing approp.)	LEG → TFFR / SIB	15-39.1-05.2(4); 15-39.1-26; 21-10-06.2	Benefits and consultant fees appropriated from the fund; investment costs paid directly from the fund per 21-10-06.2.
Allocate RIO operating costs across funds	SIB (estimates)	LEG → SIB	54-52.5-03	Administrative expenses charged to the 21-10-06 funds "in proportion to services rendered as estimated by the SIB."
Select the external financial auditor	AUD	Reserved by State Auditor (SIB Audit Cmte input)	Manual §K.4	State Auditor selects; results reported to SIB Audit Committee, then to TFFR Board.
Provide audit oversight for TFFR	SIB Audit Committee	Shared-service body	Manual §N.3	The SIB Audit Committee also serves as TFFR's audit committee; TFFR seats one liaison. TFFR has no audit committee of its own.
Conduct the annual audit of the fund	TFFR (statutory duty)	LEG → TFFR	15-39.1-22	Board "shall conduct an annual audit of the fund," executed through RIO/State Auditor process.
Internal audit / compliance monitoring	STAFF (RIO internal audit)	SIB/RIO → staff	Manual Ops D.1.C	RIO internal auditors report compliance to the Board.

4.8 Personnel & Staffing

Power / Key Decision	Primary Authority	Delegation Source & Flow	Authority	Notes / Discretion Limits & Boundaries
Hire, set salary of, and oversee the Executive Director	SIB	LEG → SIB	54-52.5-02; Manual §J.2	ED serves "at the SIB's pleasure." The TFFR Board does not hire the ED.
Hire the Chief Retirement Officer	ED (TFFR participates)	SIB → ED; TFFR participates	Manual §I, §J.1	CRO hired by the ED; TFFR Board participates in the hire and in executive-review surveys.
Administer the TFFR program day-to-day	ED → CRO → STAFF	TFFR → ED (delegated)	Manual §I; NDAC 82	Board "delegates administration ... to the RIO Executive Director"; daily operations to the CRO, subject to ED approval.
Hire RIO staff	ED	SIB → ED	Manual §J.2	ED hires staff to carry out RIO responsibilities.
Approve the investment incentive-compensation program	SIB	LEG → SIB	54-52.5-04	Approved annually by the SIB; reported to Legislative Management.
Designate acting CRO in absence of ED and CRO	TFFR recommends → SIB	TFFR → SIB	Manual §J.1.n	TFFR may recommend an interim CRO to the SIB — recommendation only.

4.9 Adjacent Agencies & External Parties

Power / Key Decision	Primary Authority	Delegation Source & Flow	Authority	Notes / Discretion Limits & Boundaries
Legal counsel; represent Board; draft rules/legislation; IRC advice	AGO (+ outside tax counsel)	Statutory service provider	Manual §K.3	Assistant AG advises the Board; outside counsel on IRC plan-qualification issues.
Provide conflict-of-interest standards for trustees	ETH (Ethics Commission)	External standard-setter	NDAC 115-04-01; Manual §R	Trustee conflict definition incorporated by reference.
Determine critical-shortage areas/disciplines; license teachers; define signing bonus	ESPB	External determiner	15-39.1-19.2, -04(12), -04(10)(g)	Retiree return-to-work under §19.2 and 'teacher' status depend on ESPB determinations outside TFFR control.
Submit trustee nominee lists	NDU / NDCEL / NDRTA	External nominators	15-39.1-05.1(1); Manual §D.4	Each stakeholder group submits 3 nominees per applicable seat to the Governor.
Remit contributions; report salary/service; certify 414(h) pickup; employer service purchase	EMP (participating employers)	Duty imposed by statute/rule	15-39.1-09, -23, -33; NDAC 82-04	Employers remit by the 15th; face civil penalty + interest for late reports/payments (Board may waive, 15-39.1-23).
Elect optional forms, beneficiaries, refunds, purchases, PERS election	MBR (members/beneficiaries)	Rights conferred by statute	15-39.1-09(3), -16, -17, -20	Member elections are self-executing choices administered by staff.
Actuarial & medical consulting; external financial audit; investment consulting	ACT / MED / AUD / Investment consultant	Retained by TFFR or SIB	Manual §K	Actuary & medical consultant retained by TFFR; investment consultant/managers/custodian by SIB; external auditor selected by State Auditor.

4.10 Service-Level Governance: Set · Inform · Oversee · Verify

Power / Key Decision	Primary Authority	Delegation Source & Flow	Authority	Notes / Discretion Limits & Boundaries
Set appropriate levels of service to members	TFFR	Reserved by Board	15-39.1-05.2(6)	Set through the Accountability SLA's service expectations (SLA §4–5).
Inform the SIB of expected service levels, goals & objectives	TFFR → SIB	LEG → TFFR (communicated to SIB)	15-39.1-05.2(7)	The Board's formal lever over RIO; delivered as the annual Statement of Service Expectations (SLA §5).
Oversee RIO's delivery against the service levels	TFFR (oversight); RIO produces reports; SIB governs delivery	Reserved by Board; exercised via the SLA	15-39.1-05.2(6)–(7); duty of care (Manual §E.1); SLA §6	Result of the duty to set service levels + duty of care. Quarterly service scorecard; input to ED evaluation. Oversight, **not** control of SIB staff. Resolves §7 gap #1.
Verify accuracy of reported performance (independent reassurance)	TFFR via SIB Audit Committee liaison; internal & external audit	Reserved; audit reports on a direct line to the SIB	15-39.1-22; Manual §N.3; SLA §6, §9	Independent reassurance that the scorecard is reliable, not self-report. Ties to the Audit lane in the operating model.

5. Key-Decision Catalog

The recurring key decisions in the TFFR system, grouped by domain, with the party that decides. This is the decision inventory the GPS should assign explicitly and unambiguously.

Board Powers	Key decision	Decides	Advises / executes	Authority
Conduct	Hire the Executive Director	SIB	—	54-52.5-02
Conduct	Hire the Chief Retirement Officer	ED (TFFR participates)	—	Manual §I, §J
Conduct	Select external financial auditor	State Auditor	SIB Audit Committee input	Manual §K.4
Conduct	Elect officers; select SIB reps & Audit liaison; seat GPRC	TFFR Board	—	Manual §L
Conduct	Retain actuary, actuarial auditor, medical consultant	TFFR Board	ED/staff (RFP)	Manual §K
Set	Adopt/amend governance & program policies	TFFR Board	ED/staff, AGO, GPRC	Manual §T
Set	Adopt/amend administrative rules	TFFR Board	AGO, staff (APA process)	15-39.1-07; 28-32
Set	Set legislative positions & submit proposals to EBPC	TFFR Board	ED/CRO, AGO, actuary	15-39.1-05.2(5); Manual §E.2.b
Set	Adopt actuarial assumptions, methods, tables, factors	TFFR Board	Actuary	15-39.1-05.2(3); NDAC 82-05-04
Set	Adopt/modify funding policy & amortization choices	TFFR Board	Actuary	Actuarial Funding Policy; 15-39.1-05.2(3)
Set	Determine appropriate levels of service	TFFR Board	ED/CRO proposes	15-39.1-05.2(6); SLA §4–5
Set	Inform the SIB of expected service levels	TFFR Board	ED/CRO	15-39.1-05.2(7); SLA §5
Approve	Approve IRC-compliance plan modifications	TFFR Board + EBPC	Outside tax counsel	15-39.1-35
Approve	Establish investment goals/objectives & asset-allocation targets	TFFR Board	RIO staff & SIB consultant	21-10-02.1(1)
Approve	Approve asset allocation & changes	TFFR Board + SIB	RIO staff	21-10-02.1(2)
Approve	Adopt the Investment Policy Statement	TFFR Board (SIB accepts)	RIO/SIB staff	Manual §G; IPS
Approve	Hire/terminate managers; security selection; rebalancing; custodian	SIB	Investment director, consultant	21-10-02; IPS §3
Approve	Reduce/suspend the conditional benefit adjustment (COLA)	TFFR Board	Actuary; report to EBPC	15-39.1-10.11
Approve	Determine eligible salary / bonus / performance-pay	TFFR Board	Staff	NDAC 82-02-01, 82-04-02-01
Approve	Determine disability eligibility (grant)	TFFR Board (ED interim)	Medical consultant, ED	15-39.1-18; NDAC 82-07-01-03
Approve	Recertify / suspend disability benefits	ED (Board if warranted / on appeal)	Medical consultant	NDAC 82-07-01-03(5), 82-07-04-01
Approve	Determine QDRO qualified status	TFFR Board	Staff, AGO	15-39.1-12.2
Approve	Approve service purchases & set cost basis	TFFR Board (factors) / staff (calc)	Actuary	15-39.1-24, -33; NDAC 82-03
Approve	Waive 120-day refund waiting period	TFFR Board	Staff	15-39.1-20; NDAC 82-03-01-01
Approve	Decide member/employer appeals	TFFR Board (then APA)	ED/staff, AGO	Manual §O; 28-32

Board Powers	Key decision	Decides	Advises / executes	Authority
Approve	Waive employer penalty/ portion of interest	TFFR Board	Staff	15-39.1-23
Approve	Approve investment incentive-compensation program for eligible staff with cost allocation to TFFR	SIB	RIO	54-52.5-04
Approve	Develop RIO budget; appropriate it	ED develops; Legislature appropriates	SIB/TFFR input	54-52.5-03; Manual §H
Approve	Determine critical-shortage areas; license teachers	ESPB	—	15-39.1-19.2
Oversee	Oversee RIO delivery vs. service levels.	TFFR Board oversees: RIO produces scorecard	GPRC monitors	15-39.1-05.2(6)–(7); Manual §E.1; SLA §6
Oversee	Correct errors; write off / release overpayments	Statute: Board; Rule: ED/'fund' (release: Board)	Staff	15-39.1-31/32; NDAC 82-05-03-03/05/07
Oversee	Oversee policies for the administration	TFFR Board	GPRC monitors	Manual §2
Oversee	Oversee funding policy and progress	TFFR Board	GPRC monitors	Manual §2
Oversee	Oversee investment policies and asset allocation	TFFR Board	GPRC monitors	Manual §2
Oversee	Oversee the performance of consultants, advisors, and service providers for the plan	TFFR Board	RIO	Manual §2
Oversee	Oversee actuarial consultant(s)	TFFR Board	RIO	Manual §2
Oversee	Oversee medical consultant	TFFR Board	RIO	Manual §2
Oversee	Oversee investment consultant to perform asset allocation and liability studies	TFFR Board	RIO	Manual §2
Oversee	Oversee plan benefits, consulting fees, administrative and investment Expenditures	TFFR Board	RIO	Manual §2
Oversee	Oversee RIO budget, expenditures, financial reporting system, and financial audit	TFFR Board	RIO	Manual §2
Oversee	Oversee RIO information technology systems, projects, and security	TFFR Board	RIO	Manual §2
Verify	Verify reported performance (independent reassurance)	TFFR Board (via audit committee trustee)	Internal & external audit	15-39.1-22; SLA §6/§9

6. Statute–Policy Conflicts & Inconsistencies

Areas where the Program Manual (or an administrative rule) conflicts with, misstates, or sits in tension with governing statute. Severity is FAS's judgment for triage in the rewrite.

#	Issue	Detail & effect	Severity
1	Manual cites a repealed statute for Board authority	Manual §D.1 grounds Board authority in "NDCC § 15-39.1-05," which was repealed (S.L. 1997, ch. 170 §4). The operative sections are 15-39.1-05.1 (policy authority/composition) and 15-39.1-05.2 (powers). §E.2 cites -05.2 correctly. **The manual is internally inconsistent and partly relies on a repealed citation.**	High
2	'Administration' overclaim blurs the RIO/SIB split	Manual §D.1/§E.2 describes the Board as responsible for "oversight, policy making, and administration." Statute vests the Board with authority to "set policy" (15-39.1-05.1); administration is delegated to RIO, an agency governed by the SIB (54-52.5-02). **Calling the Board the administrator overstates its control over SIB-employed staff.**	High
3	Recertification decision delegated to the ED; statute assigns continued-status determination to the Board.	NDAC 82-07-01-03(5)(e) directs the Executive Director to "make the redetermination and recertification decision and bring the matter to the board only if warranted" (annuitant may appeal to the Board). NDCC 15-39.1-18(3) states "the board shall ascertain by periodic medical examinations the continued disability status." Initial determinations remain board-held — the ED's (4)(e) interim determination is subject to mandatory board final determination — but the recurring recertification decision rests with the ED, with Board involvement only by exception or on appeal. **Reconcile by an explicit Board delegation (with reporting) or by conforming the rule to the statute.**	Medium
4	Rules delegate error correction / write-offs the statute assigns to the Board	NDCC 15-39.1-31 & -32 both state "the board shall correct the error." NDAC 82-05-03-03 gives write-off authority to "the fund" and -05 gives repayment-terms and benefit-offset authority to the ED, with the Board involved only on appeal (-07). **Delegation is defensible for ministerial correction but should be an explicit, documented delegation rather than an implicit one.**	Medium
5	Board-composition/term drafting mismatches	Statute 15-39.1-05.1(2) says the retired-member seat is "elected to serve an initial term". This is anomalous language for a Governor-appointed seat and carries legacy initial-term lengths (4 yrs for the first §a appointee) the Manual (uniform 5-yr) does not reflect. **Cosmetic, but the Manual and statute should be reconciled.**	Medium
6	Manual appeal citation to NDAC confirm 82-10-01 numbering	Manual §O routes formal administrative action to "NDAC § 82-10 and NDCC § 28-32." **Update citation: chapter 82-10-01**	Low
7	Differential ex-officio designee voting not evident on the face of statute	Manual §D.5 lets the Treasurer's deputy vote but bars the Superintendent's designee from voting. NDCC 15-39.1-05.1(1)(d) lists both offices "or a designee" identically; the distinction rests on NDCC 44-03-01 (statutory deputy authority). **The legal basis appears reasonable but should be documented, since the statute does not draw the line itself.**	Low
8	Compensation proration is a policy gloss	Manual §M.13 pays half the $148 for meetings under two hours. NDCC 15-39.1-08 provides "$148 as compensation per day." **The proration is an administrative interpretation not found in statute.**	Low

7. Delegation-of-Authority Clarity Gaps

Areas where statute or policy is silent, ambiguous, or overlapping on who holds or exercises authority, these are the open questions for the GPS design.

Gap	Why it is unclear / what to resolve
TFFR → RIO accountability line	The Board "delegates administration to the RIO Executive Director" (Manual §I), but the ED is hired and controlled by the SIB (54-52.5-02). The Board's only statutory lever is to "inform" the SIB of expected service levels (15-39.1-05.2(7)). How the Board directs, evaluates, and holds accountable an SIB employee for TFFR performance is undefined. **Resolution: recognize 'oversee service levels / verify delivery' as an express reserved Board power (new §4.7), grounded in 15-39.1-05.2(6)–(7), the fiduciary duty of care (Manual §E.1), and the annual-audit duty (15-39.1-22), and operationalize it through the Accountability SLA (service scorecard, ED-evaluation input, and independent audit verification). This converts an undefined accountability line into a defined, measurable oversight cycle. This is the single most consequential gap.**
No documented delegation instrument	The Manual asserts delegation to the ED and CRO but there is no delegation schedule or matrix specifying which decisions are delegated, with what limits, reporting, and reserved-to-Board requirements. **Delegations to "the fund"/ED in NDAC (write-offs, offsets, interim disability, recertification, estate recovery) are scattered rather than consolidated.**
'The fund' vs a named officer	Several rules assign decisions to "the fund" (82-05-03-03 write-offs; 82-03-01-06/09 benefit provision & crediting; recertification screening 82-07-01-03) without naming the officer who acts or the Board's residual oversight. **GPS will map every 'the fund' decision to a named role.**
Unnamed / passive-voice actors	Repurchase cost "will be calculated" with no role identified (82-03-01-04); no one is named who grants the veteran's membership exemption (82-03-01-10, "documents are accepted"); and the disability decision notice "shall be notified in writing" but names no sender (82-07-01-03(4)(f)), even though adjacent clauses name the Board and the Executive Director.
Investment 'policy vs implementation' boundary	NDCC 21-10-02.1 splits authority (TFFR sets goals/objectives/allocation; SIB implements), and the IPS then delegates to the SIB "all management responsibility not assigned … in ch. 21-10." **Powers are broadly delegated to SIB without a clear list of powers reserved to the TFFR Board.**
Audit oversight is a shared-service body	TFFR's 'audit committee' is the SIB Audit Committee; TFFR seats one liaison (Manual §N.3). **What that liaison can bind or decide for TFFR, and how TFFR exercises independent audit oversight, is not defined.**
Policy-vs-rule boundary is inconsistent	Some member-affecting matters are in rule (actuarial factors, 82-05-04), others in Board policy (funding policy, plan-management policy, appeals detail). **Which matters require APA rulemaking (with member due-process) versus Board policy is not stated, creating uneven procedural rights.**
EBPC interface under-mapped	NDCC 15-39.1-35 (IRC-compliance modifications) and 15-39.1-05.2(5) (statutory-change proposals) route to the EBPC, and 15-39.1-10.11 requires EBPC reporting. **The Manual's 'legislative priorities' language does not describe these approval/reporting requirements or who manages them.**

Gap	Why it is unclear / what to resolve
Adjacent-agency powers not consolidated	Powers held over TFFR by the Governor (appointments), State Auditor (auditor selection), AGO (counsel, open-meeting parameters), ESPB (licensing, critical-shortage, signing-bonus definition), OMB/Treasurer (SIB seats), and the Ethics Commission (conflict rules) are referenced piecemeal. **No single view shows what external parties can decide that binds TFFR.**
Compensation/quorum edge cases	Half-day proration (§6 #8) and the treatment of a designee toward quorum/voting are handled by policy interpretation, not clearly grounded in statute; **GPS should state the legal basis or seek a statutory fix.**

8. Observations & Recommendations for the GPS

Discovery-stage observations to carry into the manual rewrite and governance-policy-system design.

1. **Adopt a formal delegation register as a GPS component.** Consolidate every delegated decision (the §4 matrix rows that flow TFFR → ED/staff) into one instrument with limits, reporting, and reserved-to-Board requirements — replacing the scattered 'the fund' grants in NDAC and the general language in Manual §I.
2. **Define the TFFR–SIB–RIO accountability service level agreement (SLA).** Document, ideally in a service-level understanding with the SIB, how the Board sets expectations for and evaluates RIO's delivery of the retirement program, given that the ED is an SIB employee (the §7 top gap).
3. **Correct the statutory citations.** Replace the repealed 15-39.1-05 reference with 15-39.1-05.1/-05.2, verify or fix the NDAC 82-10 appeal citation, and reconcile term/composition language with 15-39.1-05.1(2).
4. **Reconcile the disability and error-correction rules with statute.** Either adopt an explicit Board delegation of recertification/correction to the ED (with reporting), or amend the rules so they track 'as determined by the board.'
5. **Draw the investment policy/implementation line explicitly.** State in the IPS what powers the TFFR Board reserves (goals, objectives, allocation, risk budget) versus what it accepts as SIB implementation.
6. **State the policy-vs-rule test.** Establish a principle for which member-affecting matters require APA rulemaking versus Board policy, to keep due-process rights consistent.
7. **Add an adjacent-agency authority map to the GPS.** A single view of what the Governor, State Auditor, AGO, ESPB, OMB, EBPC, and Ethics Commission can decide that binds TFFR.

Next phase. With the delegation architecture mapped, the manual rewrite can restructure the Program Manual into a policy hierarchy (charter → governance policies → delegated-authority register → operating procedures), resolving each §6 conflict and §7 gap as it goes.

Appendix A. Source Index

Source	Coverage
NDCC ch. 15-39.1 (§§ -01 to -35)	TFFR plan, board authority & composition, benefits, disability, refunds, purchases, rulemaking, confidentiality, audit, IRC compliance.
NDCC ch. 21-10 (§§ -01 to -11)	State Investment Board membership & powers; investment-governance split (21-10-02.1); prudent investor rule (21-10-07); investment costs (21-10-06.2); social-investment prohibition (21-10-08.1).
NDCC ch. 54-52.5 (§§ -01 to -04)	Creation of RIO; SIB as governing body; cost allocation; investment incentive compensation.
NDAC Title 82 (art. 82-01 – 82-10)	TFFR administrative rules: organization, definitions, participation, contributions, retirement benefits, suspension, disability. Note: 82-07-02 and 82-09 are repealed.
TFFR Board Program Manual	Section I Governance Policies (approved Sept. 26, 2024) and Section II Program Policies (IPS, Plan Management, Actuarial Funding, Operations, Business Partner, Member Communication).
Cross-referenced	NDCC ch. 28-32 (APA); NDCC ch. 44-04 (open meetings/records); NDCC 44-03-01, 44-08-04, 54-06-09; NDAC 115-04-01 (Ethics); IRC §401(a), §415, §401(a)(9)/(17)/(31).

Prepared for internal governance-review use. Statutory citations reflect the primary-source text reviewed during discovery.

North Dakota Teachers' Fund for Retirement

TFFR–SIB–RIO

Accountability Service Level Agreement

A Service-Level Understanding between the TFFR Board and the State Investment Board

How the TFFR Board sets service expectations for, and evaluates, the delivery of the retirement program by the Retirement and Investment Office

For joint adoption by the TFFR Board and the SIB

Draft July 7, 2026

Model instrument prepared by Funston Advisory Services

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The Governance Gap This Service Level Agreement Closes

The TFFR Board holds fiduciary responsibility for the retirement program and sets its policy (NDCC 15-39.1-05.1, -05.2), yet it does not administer the program and does not employ the people who do. The program is administered by the Retirement and Investment Office (RIO), a separate agency governed by the State Investment Board (SIB), and RIO's Executive Director (ED) is hired, compensated, and evaluated by the SIB (NDCC 54-52.5-02). The TFFR Board provides input to the SIB, but that process needs to be clarified.

The manual recognizes the TFFR Board's oversight responsibilities but never defines the standards that oversight is meant to measure against. Section §E.2 makes the Board "responsible for oversight" of the plan and directs it to "monitor" across some fourteen of its listed responsibilities (policies, funding and investment policy, the consultants, and RIO's budget, IT, investment performance and audit activities), and the fiduciary duty of care (§E.1) expressly includes "monitoring ... the effective administration of plan benefits." The manual even directs the Board to "determine appropriate levels of service" (§E.2(n); NDCC 15-39.1-05.2(6)) however it sets no such service levels or metrics.

The result is oversight responsibility without an operable standard: the TFFR Board is responsible for overseeing but has not defined expected performance, and verification through the audit committee is impaired for lack of metrics to test. This Service Level Agreement closes that gap, supplying the performance expectations the Board oversees and the measured basis the audit function verifies. Because setting those standards is a Board policy function, not a matter for administrative rule, and because RIO answers to the SIB, they live in this jointly adopted Agreement with the governance manual establishing the framework and incorporating this Agreement by reference.

The statute supplies the bridge. The Board "shall determine appropriate levels of service to be provided to members" (15-39.1-05.2(6)) and "shall inform the [SIB] ... the levels of services, goals, and objectives expected to be provided through the [RIO]" (15-39.1-05.2(7)). This Service Level Agreement operationalizes those two duties: it is the standing instrument by which the TFFR Board **sets service expectations**, the SIB — as RIO's governing body — **commits RIO to meet them and directs the ED accordingly**, and both boards **oversee and verify delivery**. It changes no one's statutory authority (54-52.5-02); it makes the existing relationship explicit, measurable, and accountable.

> **Why this matters for high-performing systems.**
> Leading retirement systems fall into two families: integrated systems where one board or agency owns investments, benefits, and enterprise services (for example, CalSTRS), and separated shared-service systems where investment authority sits apart from benefits administration (North Dakota's SIB/TFFR/RIO model, South Carolina RSIC/PEBA and Wisconsin, where SWIB invests for the system that the Department of Employee Trust Funds administers). Separated models perform well when, and only when, the intersections between the bodies are governed by an explicit understanding: defined service obligations, measurable expectations, joint planning, and structured evaluation. This Service Level Agreement is intended to be that instrument.

1. Purpose, Parties, and Legal Framework

Parties

The TFFR Board of Trustees (the "TFFR Board") and the State Investment Board ("SIB"), acting as the governing body of the Retirement and Investment Office ("RIO"). The RIO Executive Director ("ED") and Chief Retirement Officer ("CRO") join the Service Level Agreement to acknowledge the service obligations and reporting duties it records.

Purpose

- Serve as the TFFR Board's standing instrument for oversight and verification of retirement-program delivery. The mechanism through which the TFFR Board discharges the oversight responsibility implied by its duties to determine service levels (NDCC 15-39.1-05.2(6)) and inform the SIB (NDCC 15-39.1-05.2(7)), read with its fiduciary duty of care and annual-audit duty (15-39.1-22).
- Record, in one instrument, the service the retirement program requires from RIO, and the standards against which delivery is measured.
- Establish how the TFFR Board sets and communicates service expectations, and how the SIB, as RIO's governing body, commits RIO to meet them.
- Establish how the TFFR Board provides input into the ED's goals and evaluation as they relate to the retirement program, and into the hiring and evaluation of the CRO.
- Provide transparent budget/cost allocation, structured reporting and benchmarking, and an escalation path — so accountability does not depend on informal goodwill.

Legal framework and non-alteration of authority

This Service Level Agreement is a governance understanding, not a contract or a delegation of statutory power. The term “agreement" is used in the non-contractual/governance sense. Consistent with NDCC 54-52.5-02, the TFFR Board and the SIB **maintain their separate legal identities and authority**.

Nothing here transfers, limits, or enlarges either board’s statutory powers, the ED’s statutory role, or RIO’s obligations to the SIB’s investment program. Where this Service Level Agreement and statute or rule differ, the law prevails. It is adopted by both boards and reviewed by the Attorney General’s Office as to form.

2. Guiding Principles

1. **Members first.** RIO administers the retirement program for the exclusive benefit of TFFR members and beneficiaries; service expectations exist to serve them.
2. **One agency, two clients.** RIO serves both the retirement and investment programs; the TFFR Board’s expectations are set with awareness of RIO’s shared mission and finite resources.
3. **Respect for authority.** The TFFR Board sets policy and service expectations; the SIB governs RIO and directs the ED; the ED manages the agency.
4. **Measured, not assumed.** Service is defined by objective measures, reported on a fixed cadence, and benchmarked against peers.
5. **No surprises.** Material risks, service shortfalls, and resource constraints are surfaced early through defined reporting and escalation.
6. **Continuous improvement.** Targets are calibrated annually against results and independent benchmarking, with a bias toward top-quartile service at reasonable cost.

3. Roles and Responsibilities

The Service Level Agreement assigns three standing roles across the three service domains.

Service Domains

1 Investment Services (delivered by the SIB; TFFR is the fund's governing body/client)

2 Benefits Administration (delivered by RIO retirement-program staff)

3 Enterprise and Shared Administration (delivered by RIO agency-wide)

"Delivers" denotes operational responsibility; "Sets expectations/Evaluates" denotes governance responsibility.

Function	TFFR Board	SIB	RIO (ED / CRO / staff)
Retirement-program policy	Sets	—	Advises, implements
Service expectations & standards	Sets & communicates (15-39.1-05.2(6)-(7))	Adopts jointly; directs RIO to meet	Delivers to standard
Investment of assets	Sets goals/allocation (client)	Delivers & governs	Implements (investment staff)
Benefits administration	Sets expectations; evaluates	Governs agency	Delivers (retirement staff)
Enterprise administration (budget, IT, audit, actuarial)	Oversees its program; inputs	Governs & approves budget	Delivers
Employ & evaluate the ED	Provides written input on retirement-program performance	Hires, compensates, evaluates	—
Hire & evaluate the CRO	Participates (Manual §J)	Governs	ED hires/supervises
Performance reporting & benchmarking	Receives & oversees	Receives & oversees	Produces
Escalation & dispute resolution	President	Chair	ED / CRO
Oversee service delivery	Oversees vs. service levels; acts on shortfalls	Governs RIO; directs the ED	Produces scorecard/reports
Verify reported performance	Verifies via audit-committee member	Audit Committee receives	Internal/external audit deliver assurance

4. Service Domains and Expectations

Expectations are organized into the three domains high-performing systems manage separately: investment, benefits administration, and enterprise administration. Each has distinct deliverables, measures, and owners. Targets below are illustrative defaults for the TFFR Board to calibrate against third-party benchmarking peer medians and top-quartile at adoption and each annual review. They are not taken as current standards.

4.1 Investment Services (delivered by the SIB; TFFR is the fund's governing body/client)

The TFFR Board sets investment goals, objectives, and asset allocation and adopts the Investment Policy Statement (IPS); the SIB implements and invests under the prudent investor rule (NDCC 21-10-02.1, -07). The TFFR Board's service expectation of the SIB is faithful, cost-effective implementation and transparent reporting.

Service measure (key performance risk)	Definition / objective	Illustrative target (calibrate)	Source & cadence
Policy-allocation fidelity	Fund managed to the Board-approved asset allocation within the SIB rebalancing bands.	Within approved ranges at 100% of measurement dates; breaches reported	SIB reporting / quarterly
Net return vs. policy benchmark	Total fund return, net of fees, relative to the policy benchmark (IPS §5a).	≥ policy benchmark over rolling 5 yrs	SIB & consultant / quarterly, 5-yr emphasis
Risk vs. benchmark	Std. deviation of net returns vs. policy benchmark (IPS §5b).	≤ 115% of benchmark over 5 yrs	SIB / annually
Cost effectiveness	Total investment cost per $ AUM for the fund's asset mix.	≤ 3rd party benchmarking peer median for comparable mix	3rd party investment benchmarking / annual–triennial
IPS & statutory compliance	Compliance with the IPS, prudent investor rule, and social-investment limits (21-10-08.1).	Zero unreported breaches	SIB compliance report / quarterly
Decision support	Timely asset-liability and allocation studies to support Board policy (21-10-02.1(2)).	Delivered on the Board's schedule	RIO/SIB consultant / as scheduled

4.2 Benefits Administration (delivered by RIO retirement-program staff)

The core of the retirement program: member services, benefit processing, employer/business-partner support, and data integrity. These are the 3rd party benchmarking administration-service dimensions most visible to members.

Service measure (key performance risk)	Definition / objective	Illustrative target (calibrate)	Source & cadence
Call center — speed to answer	Average time to reach a live representative.	≤ 60–90 seconds; abandonment ≤ 5%	Phone system / monthly
First-contact resolution	Member inquiries resolved on first contact.	≥ 85%	Service system / quarterly
Benefit estimate turnaround	Business days to produce a written retirement estimate.	≤ 10 business days	Workflow system / monthly
Retirement application to first payment	First scheduled monthly payment issued on time.	≥ 99% on time	Payment system / monthly
Benefit payment accuracy	Payments issued at the correct amount to the correct payee.	≥ 99.5%	Internal audit / quarterly
Counseling access	Wait time for a member counseling appointment.	≤ 10 business days	Scheduling / quarterly
Refund / QDRO / death-benefit processing	Time to process each transaction type after complete file.	Refunds ≤ 30 days; others ≤ defined SLA	Workflow / quarterly
Member satisfaction	Survey of members served.	≥ 90% satisfied	Annual survey
Self-service adoption	Members with active online accounts.	Year-over-year growth to target	Web analytics / annual
Data quality	Member records free of critical data exceptions; annual statements issued.	Clean-data % to target; statements 100% on time	Data audit / annual
Employer/business-partner service	Contribution posting timeliness and reporting error rate.	Posting within SLA; error rate below target	Ops report / quarterly

4.3 Enterprise and Shared Administration (delivered by RIO agency-wide)

The agency-level services on which the program depends (finance, actuarial, technology, security, and governance support) shared with the investment program but attributable to the retirement program by cost allocation.

Service measure (key performance risk)	Definition / objective	Illustrative target (calibrate)	Source & cadence
Financial reporting & audit	External financial audit outcome; GASB 68 schedules and ACFR on time.	Unmodified (clean) opinion; filings on statutory timeline	State Auditor / annual
Actuarial delivery	Annual valuation and 5-year experience study delivered on schedule.	Valuation each year on time; study every 5 yrs	Actuary / annual
Budget delivery	Retirement program administered within the appropriated budget; cost per member.	Within budget; cost/member ≤ 3rd party benchmarking peer median	OMB/RIO & 3rd party benchmarking / annual
Technology availability	Pension-administration system uptime and project milestones.	≥ 99.5% uptime; milestones on schedule	IT report / quarterly
Cybersecurity & continuity	Security posture and tested disaster-recovery / continuity plans.	No material breach; DR/BCP tested annually; controls framework-aligned	Audit/IT / annual
Confidentiality compliance	Handling of member records per NDCC 15-39.1-30.	Zero unauthorized disclosures	Internal audit / annual
Staffing & succession	Retirement-program vacancy rate and succession for key roles.	Vacancy below target; CRO/key-role succession in place	HR/RIO / annual
Governance support	Board materials delivered ahead of meetings (Manual §M.6); rule/legislative support.	Materials ≥ 5–7 days prior; support timely	Board / each meeting

5. Setting Expectations: The Annual Service-Planning Cycle

The TFFR Board's statutory duty to determine service levels and inform the SIB (15-39.1-05.2(6)-(7)) is exercised on a fixed annual cycle aligned to RIO's budget development process:

1. **Review (Q1).** The TFFR Board reviews the prior year's service scorecard and independent benchmarking and identifies service priorities and any target changes.
2. **Statement of Service Expectations.** The TFFR Board adopts and transmits to the SIB a written Statement of Service Expectations for the retirement program (this Service Level Agreement's appendices, as calibrated), ahead of the RIO budget cycle.
3. **Budget & goals (build).** The ED incorporates the expectations into the biennial budget, staffing plan, technology roadmap, and the ED's and CRO's annual goals. The SIB approves the budget and the ED's goals, expressly considering the TFFR Board's written input.
4. **Embed.** Retirement-program service expectations are embedded in the ED's and CRO's performance goals for the year.
5. **Deliver & report.** RIO delivers; the TFFR Board receives quarterly scorecards; the cycle restarts at review.

6. Oversight & Verification of Delivery

Reporting

- **Quarterly Retirement Program Service Scorecard** to the TFFR Board. The area's Key Performance Risks (KPRs) in §4 with target, actual, trend, and (red, amber, green, blue) RAGB status; exceptions explained.
- **Annual RIO Service Report** — a full-year review of service against expectations, resourcing, and improvement initiatives.
- **Independent benchmarking** — administration service and cost benchmarking at least triennially; investment cost and net value added benchmarked on the SIB's cycle. Results reported to the TFFR Board.

Verification (independent reassurance). The TFFR Board verifies that reported performance is accurate and complete through internal and external audit, carried to the TFFR Board by its SIB Audit Committee member (Manual §N.3). Audit's direct line to the SIB (see the operating-model diagram) provides independent reassurance that the service scorecard reflects reality, not self-report.

Input to executive evaluation (the crux of the gap). Because the ED is the SIB's employee, the TFFR Board's influence over delivery runs through evaluation input, which this Service Level Agreement formalizes.

1. The TFFR Board (through its President and the GPRC) provides written input to the SIB's Executive Review and Compensation Committee on the ED's performance with respect to the retirement program, measured against this Service Level Agreement, before the SIB completes the ED's annual evaluation.
2. The TFFR Board participates in the hiring and evaluation of the CRO (Manual §J), whose goals include the retirement-program service standards.
3. The TFFR Board's annual self-assessment includes whether RIO's service to the program is adequate.

7. Budget and Cost Transparency

RIO's administrative expenses are charged to the funds it serves "in proportion to the services rendered for each fund as estimated by the [SIB]" (NDCC 54-52.5-03).

To exercise informed oversight, the TFFR Board receives:

1. the cost-allocation methodology and the retirement program's share;
2. the program's administrative cost per member (benchmarked); and
3. enterprise efficiency measures the parties already track, such as budget-per-AUM and AUM-per-FTE.

The TFFR Board reviews and comments on the allocation methodology annually and before each biennial budget is submitted. Appropriation authority remains with the Legislative Assembly.

8. Escalation and Dispute Resolution

Service concerns and authority questions follow a defined, time-bound path, consistent with the no-surprises principle:

Level	Trigger	Path
1 Operational	Routine service issue or missed measure	Staff → CRO; resolved and logged
2 Managerial	Unresolved or recurring shortfall	CRO → ED; corrective plan to the Board
3 Governance	Material shortfall, resource conflict, or expectation dispute	Board President ⇄ SIB Chair (and ED); documented resolution
4 Joint	Unresolved governance matter or question of authority	Joint session / joint governance committee of TFFR and SIB; AGO advises on authority

No party may treat a matter as resolved by silence. Each level carries a defined response time set by the boards. Questions about the boundary of either board's authority are referred to the Attorney General's Office.

9. Governance Interfaces

- **Cross-membership.** Two TFFR trustees serve on the SIB, with an alternate, providing a standing voice in RIO's governance (NDCC 21-10-01; Manual §F).
- **Shared audit.** The SIB Audit Committee serves as TFFR's audit committee. The TFFR committee member documents retirement-program audit matters and reports back (Manual §N.3).
- **Annual joint meeting.** The TFFR Board and SIB hold at least one joint meeting each year to review shared-service performance, benchmarking, and strategy. This is a practice common among well-run separated systems.
- **Board ownership.** The TFFR Governance & Policy Review Committee owns this Service Level Agreement for the Board, monitors adherence, and recommends annual calibration.

10. Term, Review, and Adoption

This Service Level Agreement takes effect on joint adoption by the TFFR Board and the SIB and continues until amended or rescinded by either board. It is reviewed at least annually as part of the TFFR Board's governance-policy review; service targets and the cost-allocation review are calibrated at that time. Amendments follow each board's policy-approval process and AGO review.

> This is a model instrument prepared as governance advice, not a legal opinion, and it deliberately alters no statutory authority. Because it engages the relationship between two statutory boards and a shared agency, both boards should adopt it. The Attorney General's Office should review it as to form before adoption.

Adoption

______________________________	______________
President, TFFR Board of Trustees	Date
______________________________	______________
Chair, State Investment Board	Date
______________________________	______________
Executive Director, RIO (acknowledging service obligations and reporting duties)	Date

Adopted by the TFFR Board on ___________________ and by the SIB on ___________________. Effective ___________________. Next review: ___________________.

Reviewed as to form by the Office of the Attorney General: ___________________ (Date: _________).

Appendix A. Retirement Program Service Scorecard (Template)

The quarterly dashboard the Board receives. One line per measure (key performance risk); RAGB* status flags any measure off target.

Measure (key performance risk)	Target	Actual	Trend	Status (R/A/G/B)
Investment — net return vs. benchmark (5 yr)	≥ benchmark			
Investment — cost vs. 3rd party benchmarking peer median	≤ median			
Member call — speed to answer	≤ 60–90s			
Benefit payment accuracy	≥ 99.5%			
Retirement application on-time payment	≥ 99%			
Member satisfaction	≥ 90%			
Data quality — clean data	Target %			
Financial audit opinion / filings	Clean / on time			
Actuarial valuation delivery	On schedule			
Admin cost per member (3rd party benchmarking)	≤ peer median			
System uptime	≥ 99.5%			
Open escalations	0 unresolved			

Benchmarking note. Targets should be set and reviewed against 3rd party benchmarking peer data — the administration Service Score and total cost per member for the benefits/enterprise domains, and net value added and cost-effectiveness for the investment domain — so the Board's expectations reflect what comparable high-performing systems achieve rather than internal history alone.

*RAGB:

Red = breach or alert,

Amber = warning or caution,

Green = as expected

Blue = exceptional, reserved for exceptional performance, recognizing performance beyond expectation.

NORTH Dakota | Retirement & Investment
Be Legendary.

MEMORANDUM

TO: **TFFR Board of Trustees**

FROM: **Jodi Smith, Executive Director, North Dakota Retirement & Investment Office**

DATE: **July 29, 2026**

RE: **CEM Pension Administration Benchmarking**

The Retirement and Investment Office, on behalf of the TFFR Board, has engaged CEM Benchmarking, Inc. to conduct independent pension administration benchmarking through its annual DB Administration Benchmarking Subscription. Under the contract, CEM collects and standardizes TFFR's cost and service data, compares it with a custom peer group and a global universe of participating pension systems, and delivers a standardized management report each year. This is TFFR's first year participating in the subscription.

CEM has completed its 2025 Management Insights Report for TFFR, covering the twelve months ended June 30, 2025. It evaluates two dimensions of administration: total pension administration cost and the quality of member service.

The results are favorable. TFFR was positioned as delivering higher member service at a lower administrative cost relative to peers. Total administration cost was $161 per active member and annuitant, $223 below the unadjusted peer average of $384 and, after adjusting for TFFR's economies-of-scale disadvantage as a smaller system, $298 below the adjusted peer average of $459. TFFR's total member service score was 77 out of 100, above the peer median of 72, with above-median scores across all four member journeys (active, inactive, retiring, and annuitant) and a self-service reach of 71 percent versus a peer average of 58 percent. The report also identifies areas for attention, including contact center performance (54 versus a peer median of 61), certain communication scores, and major project costs of $40 per member versus a peer average of $29.

This information will be used in the strategic planning session scheduled for August 4, 2026, to set the strategic plan for the next fiscal year. The CEM results provide an independent, peer-based baseline for that discussion and align directly with the benchmarking and service-measurement framework contemplated in the draft TFFR–SIB–RIO Accountability Service Level Agreement, which calls for service targets to be calibrated against third-party peer data.

No Board action is required at this time. Trustees are encouraged to review the attached report in advance of the CEM presentation and to come to the August 4 strategic planning session prepared to discuss how the benchmarking results should shape service priorities and targets for the coming fiscal year.

Board Action Requested: Information only.

NORTH DAKOTA TEACHERS

JULY 2026

Management Insights Report

DB Administration Benchmarking Subscription

for the 12 months ended June 30, 2025

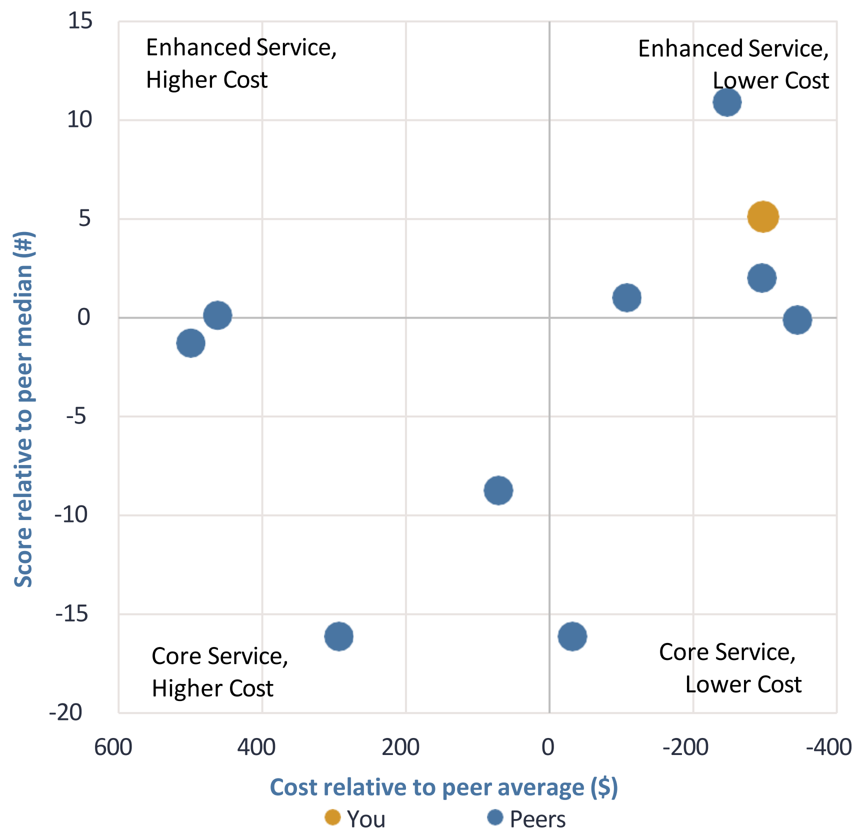
You were positioned as delivering higher than member service at a lower administrative cost relative to peers.

Your peer group comprises 10 funds with a median membership of 41,054 members.

Peer group	Total members[1]
Teachers	**21,676**
Minimum	16,579
25th percentile	24,818
Median	41,054
75th percentile	69,678
Maximum	82,794
Average	46,564
Count	10

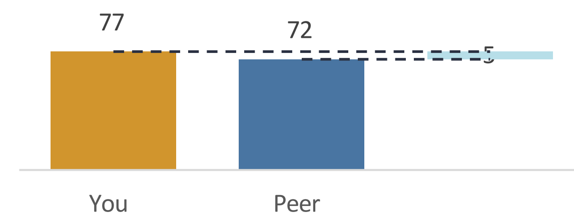
1. Members are active members and annuitants.

Member service score versus administration costs, 2025 (#)



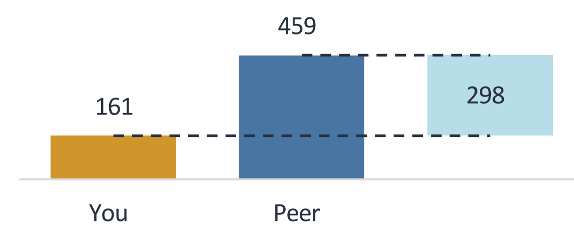
Member service score, 2025 (#)

Your member service score of 77 out of 100 was 5 points higher than the peer median of 72.



Administration costs (adjusted), 2025 ($)

Your cost of $161 per member was $298 lower than the adjusted peer average of $459.



Insights are based on the 91 global pension systems that participate in the benchmarking subscription.

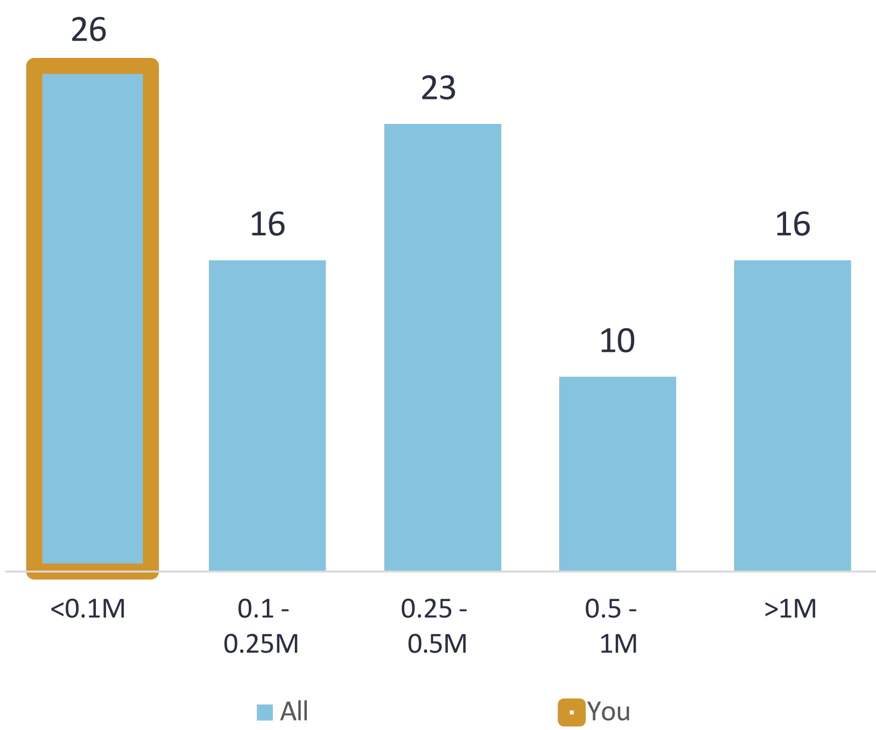
91
FUNDS

50M
ACTIVE MEMBERS

27M
INACTIVE MEMBERS

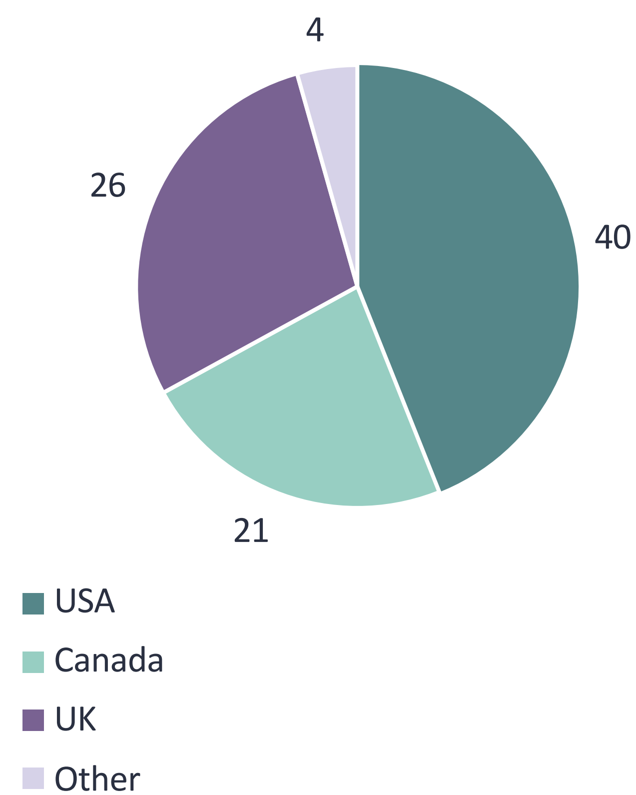
17M
ANNUITANTS

Funds by number of members[1], 2025 (#)



1. Members are active members and annuitants.

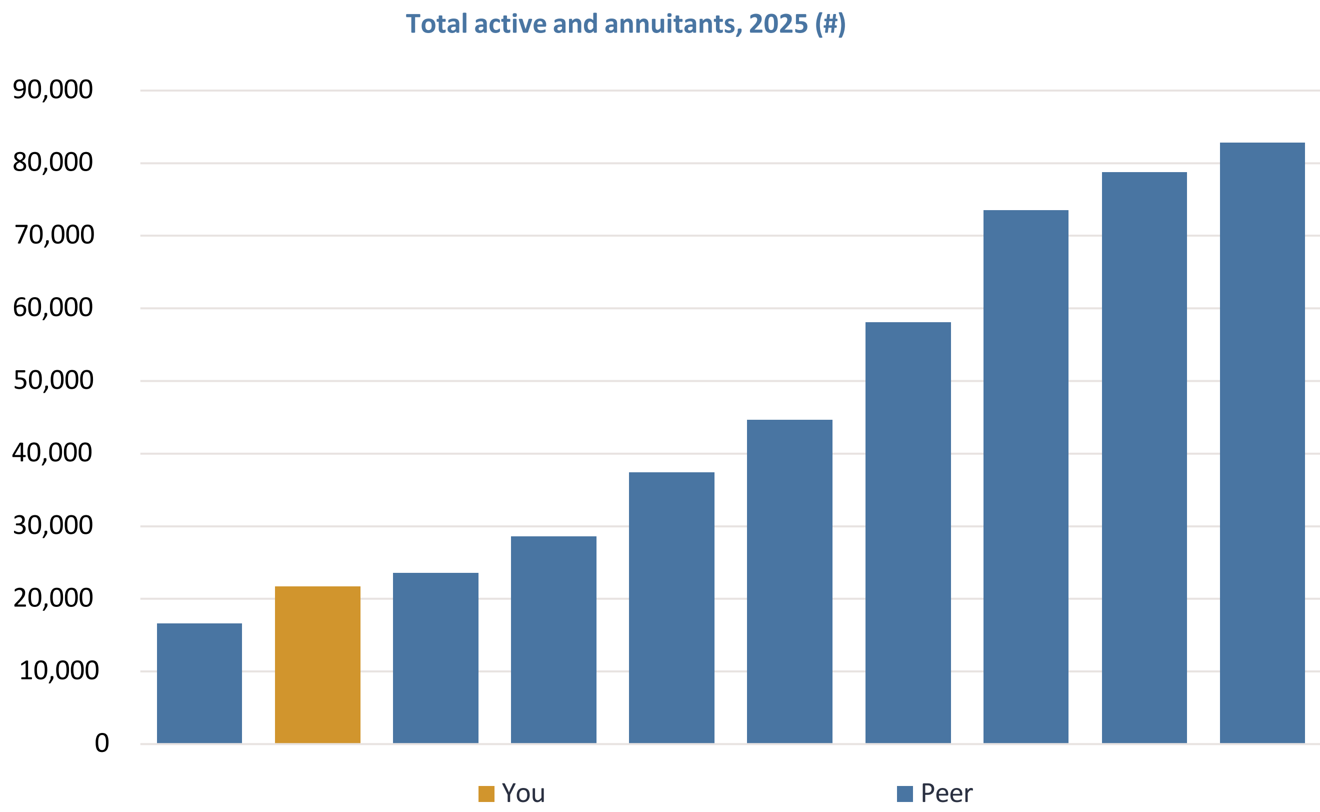
Funds by region, 2025 (%)



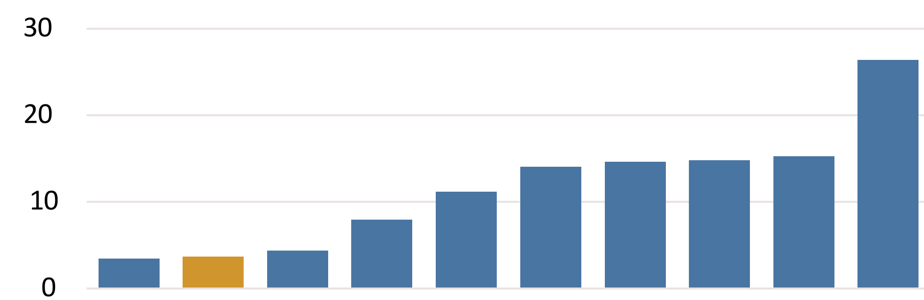
CEM

Your peer group comprises 10 funds with a median membership of 41,054 members. You have 21,676 members.

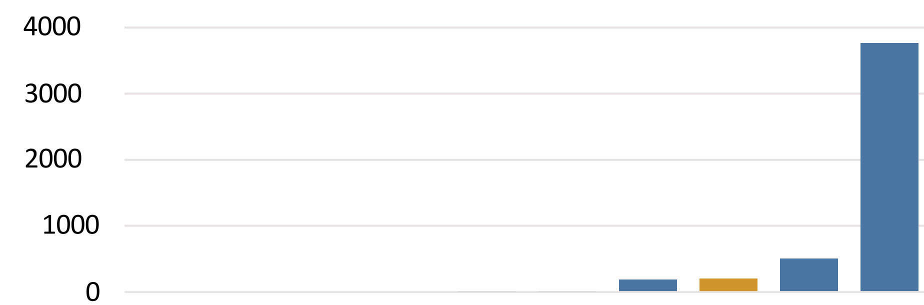
2025 peer group for North Dakota Teachers



Assets, 2025 ($ billions)

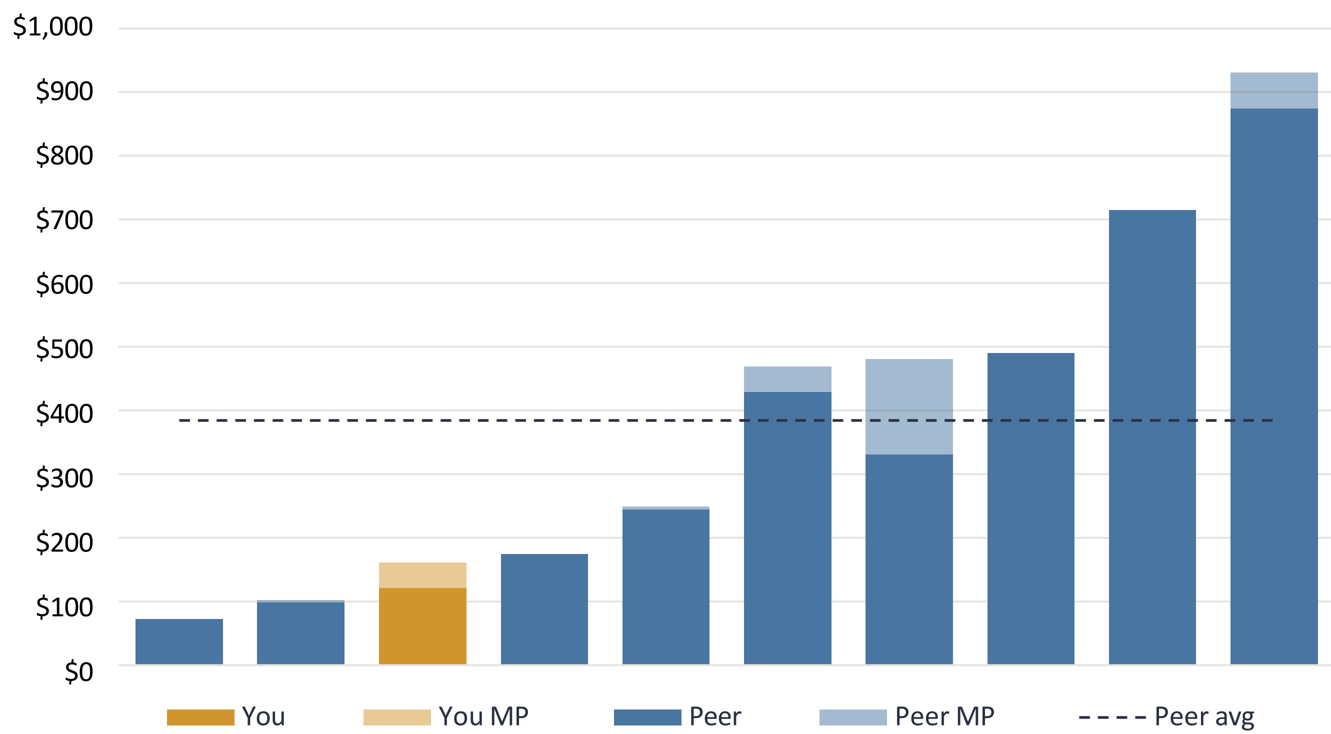


Employers, 2025 (#)



Before adjusting for economies of scale, your total pension administration cost of $161 per active member and annuitant was $223 below the peer average of $384.

Total pension administration cost per active member and annuitant - Unadjusted, 2025 ($)



1. Major project costs are denoted by the lighter shading on the bars. These one-off costs correspond to administration projects only.

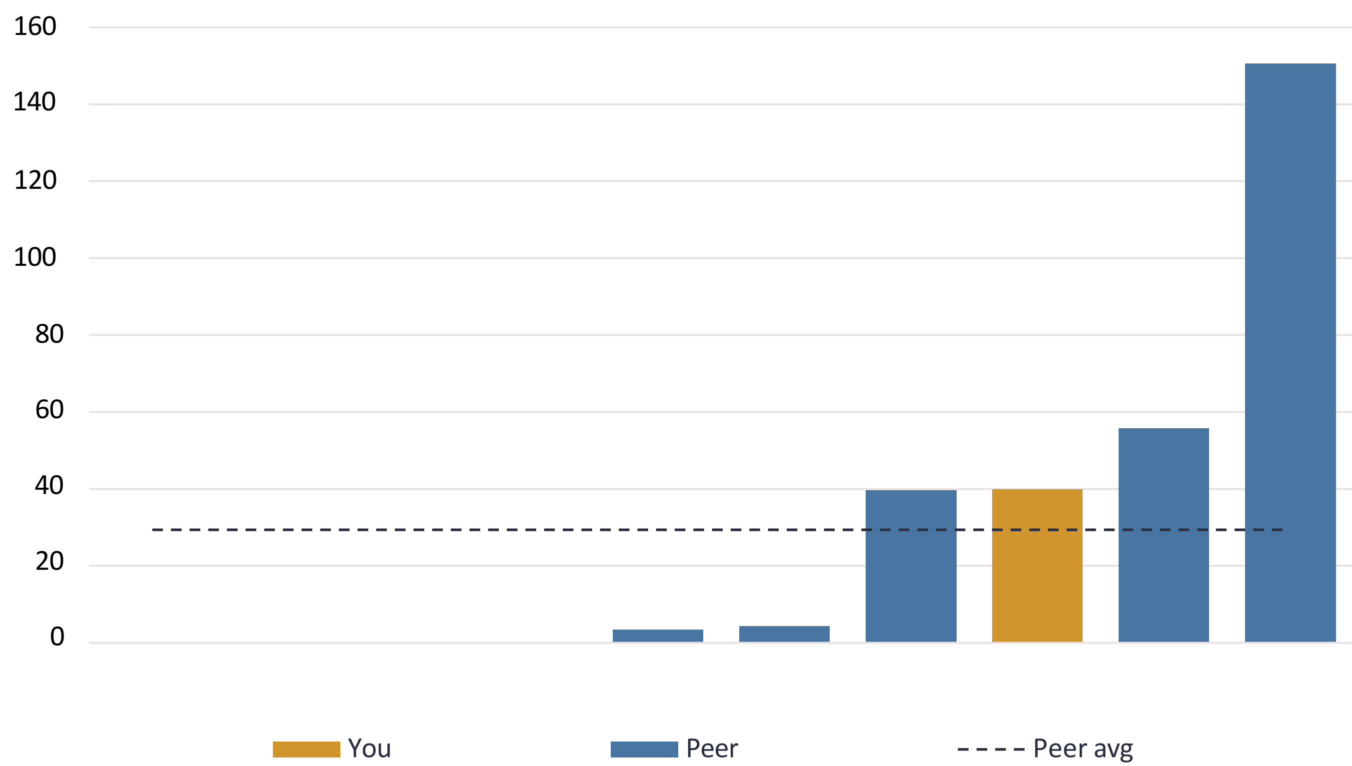
Total pension administration cost breakdown, 2025 ($)

Your business-as-usual cost of $121 per member was $234 below the peer average of $355.

	Cost per member ($)	
Category	**You**	**Peer avg**
Business-As-Usual Costs	121	355
Major Project Costs [1]	40	29
Total	**161**	**384**

Your Major Project costs of $40 per active member and annuitant was $11 above the peer average of $29.

Major project costs, 2025 ($)



Major project cost, 2025 ($)

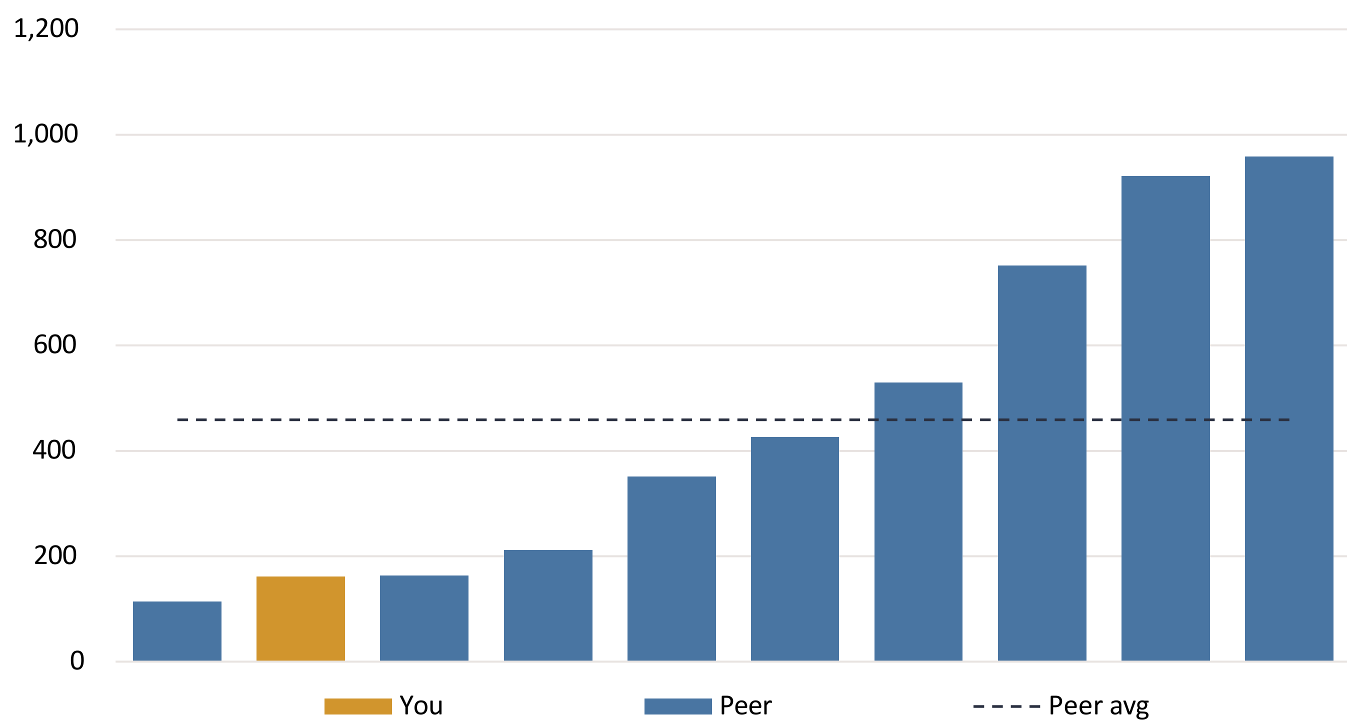
	Cost per member ($)	
Category	**You**	**Peer avg**
Single year 2024/2025	40	29

What is included in major project costs:

- One-off costs that were not capitalized.
- Current year amortization on capitalized costs.
- Excluding attributed costs for healthcare, and optional and third-party administered benefits, if applicable.

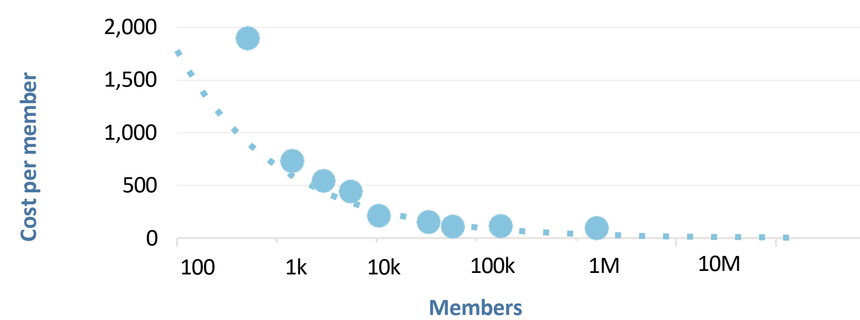
Size matters: you had an economies of scale disadvantage relative to the peer average. After adjusting the cost of each peer for their scale advantage/ disadvantage, your cost was $298 below the adjusted peer average of $459.

Pension administration cost per active member and annuitant - Adjusted 2025 ($)



Economies of scale, 2025 ($)

Your system had 46% fewer members than the peer weighted average. Your smaller size means that you had a scale disadvantage of $75 relative to the peer average.



The scale adjustment is based on regression analysis using cost and membership data from 370 global pension plans. Approximately 70% of differences in cost per member can be explained by differences in size.

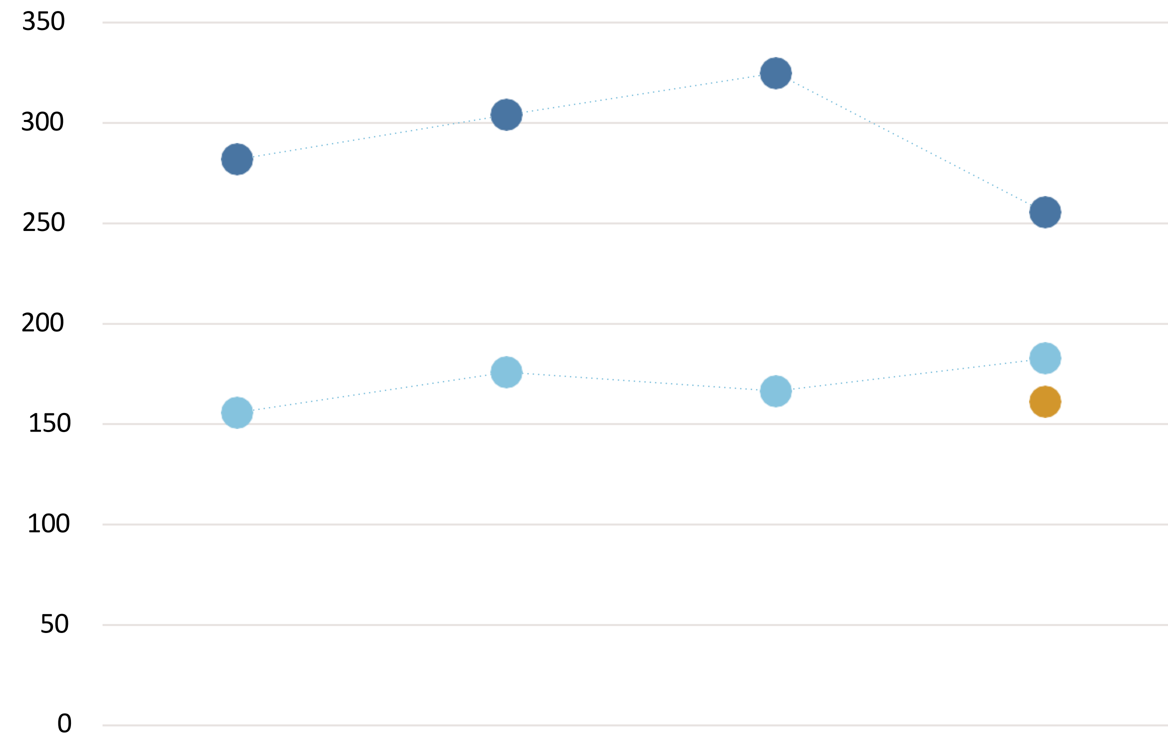
Reasons why your total cost per member was $298 below the adjusted peer average:

Reason	You	Peer avg	Impact $ per member
	FTE per 10,000 members		
A. Using 73% less FTE to serve members	5.1 FTE	18.5 FTE	-$184
B. Paying more in total per FTE for:	$s per FTE		
Salaries and Benefits	$160,364	$127,707	
Building expenses	$4,364	$5,910	
Total	$164,727	$133,617	$16
C. Paying less per member in total for:	$s per member		
Professional fees	$37	$62	
Amortization	$23	$30	
Other administration expenses	$17	$40	
Total	$78	$132	-$55
Total unadjusted			**-$223**
Adjustment for your scale disadvantage			-$75
Total after adjusting for economy of scale differences			**-$298**

Your total pension administration costs was $161 per active member and annuitant.

Your 4-year trend was not available.

Your pension administration cost per active member and annuitant trend [1], ($)

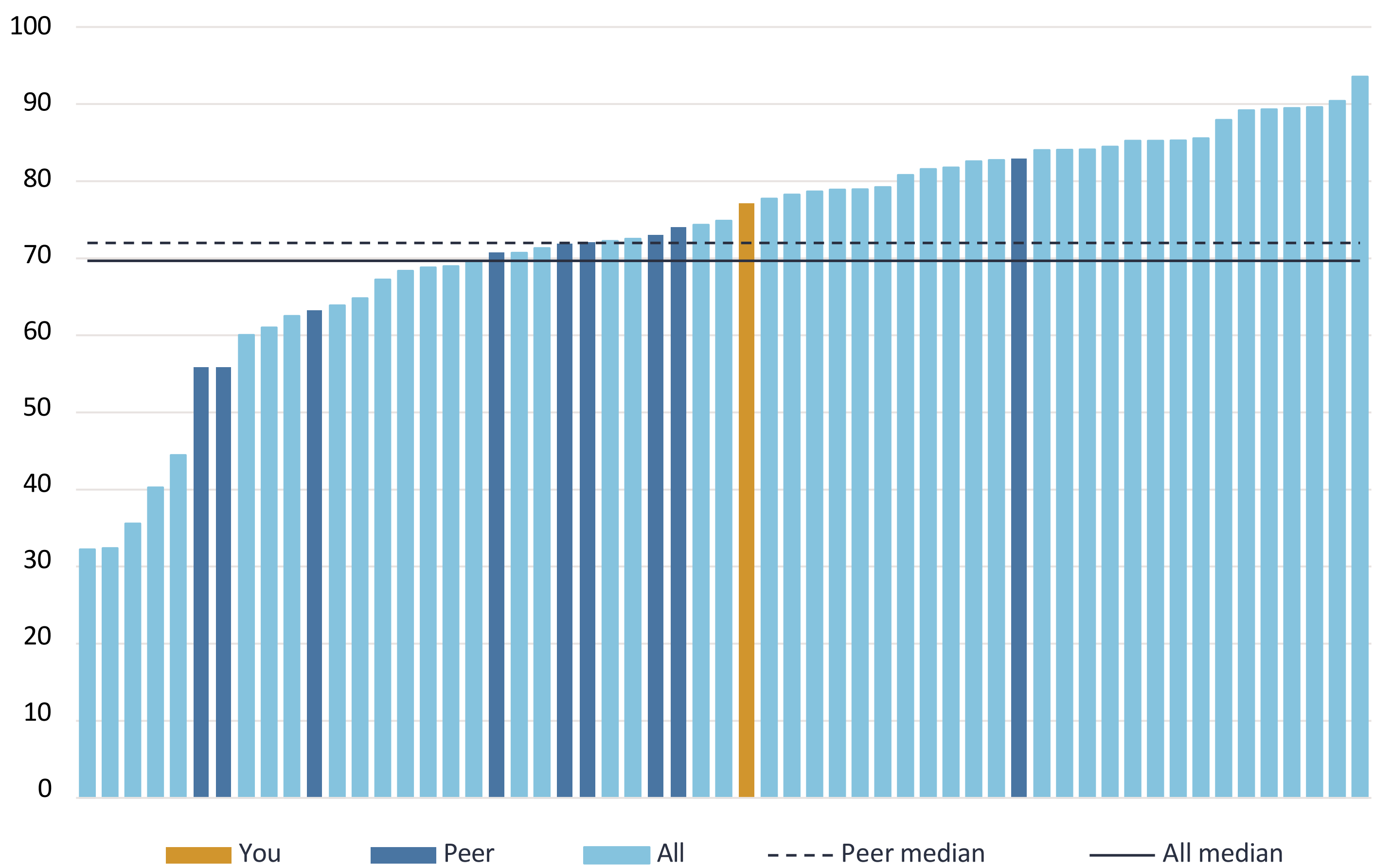


	2022	2023	2024	2025	4-yr
You				161	n/a
All	282	304	325	256	-3.2%
CPI	156	176	166	183	5.4%

1. Trend analysis is based on systems that have provided 4 consecutive years of data (3 of your 10 peers and 33 of the 55 systems in the universe).

Your total service score was 77 out of 100. This was above the peer median of 72.

Total service score, 2025 (#)

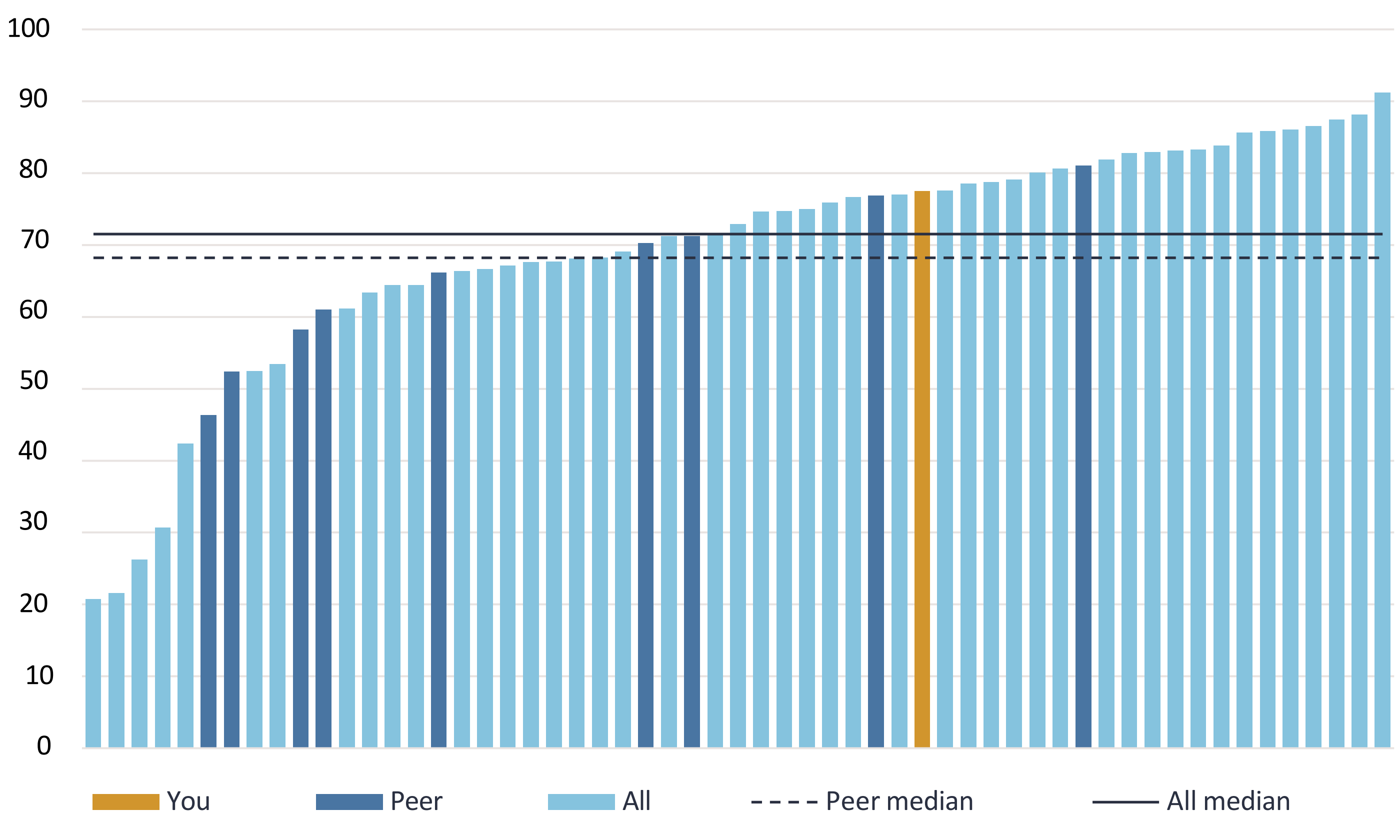


Service scores by journey, 2025 (#)

	You		Peer
Experience	**Weight**	**Score**	**median**
Active member	30%	77	68
Inactive member	5%	72	69
Retiring	35%	75	68
Annuitant	30%	80	79
Total service score	100%	77	72

Your active member service score was 77 out of 100. This was above the peer median of 68.

Active member service score, 2025 (#)



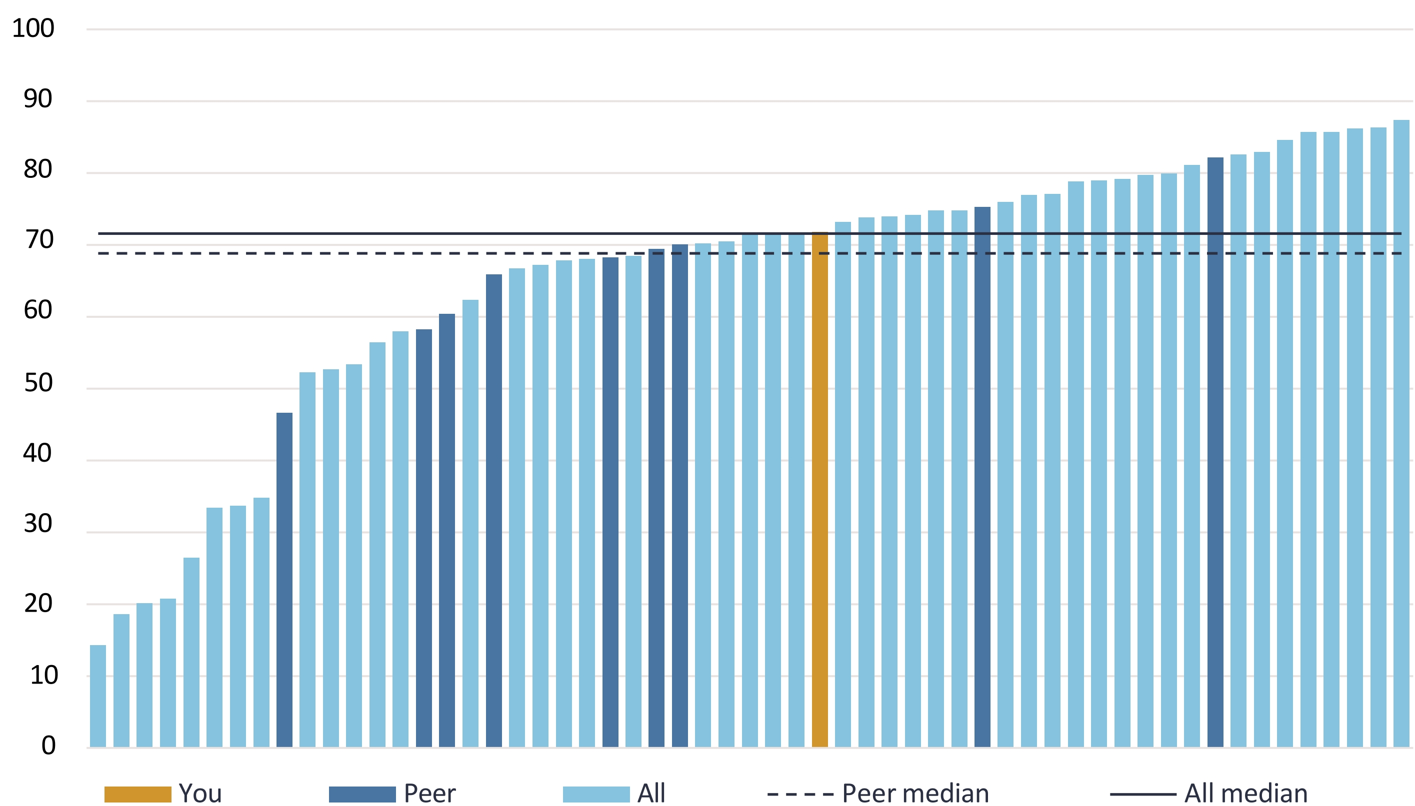
Service scores by activity, 2025 (#)

	You		Peer
Activity	**Weight**	**Score**	**median**
Transactions	20%	83	52
Communication	25%	56	50
Digital	30%	100	92
Contact Center	18%	54	61
Meeting members	8%	100	88
Total service score	100%	77	68

Green and red highlighting shows where your weighted score is 10% higher or 10% lower than the peer median.

Your inactive member service score was 72 out of 100. This was above the peer median of 69.

Inactive member service score, 2025 (#)



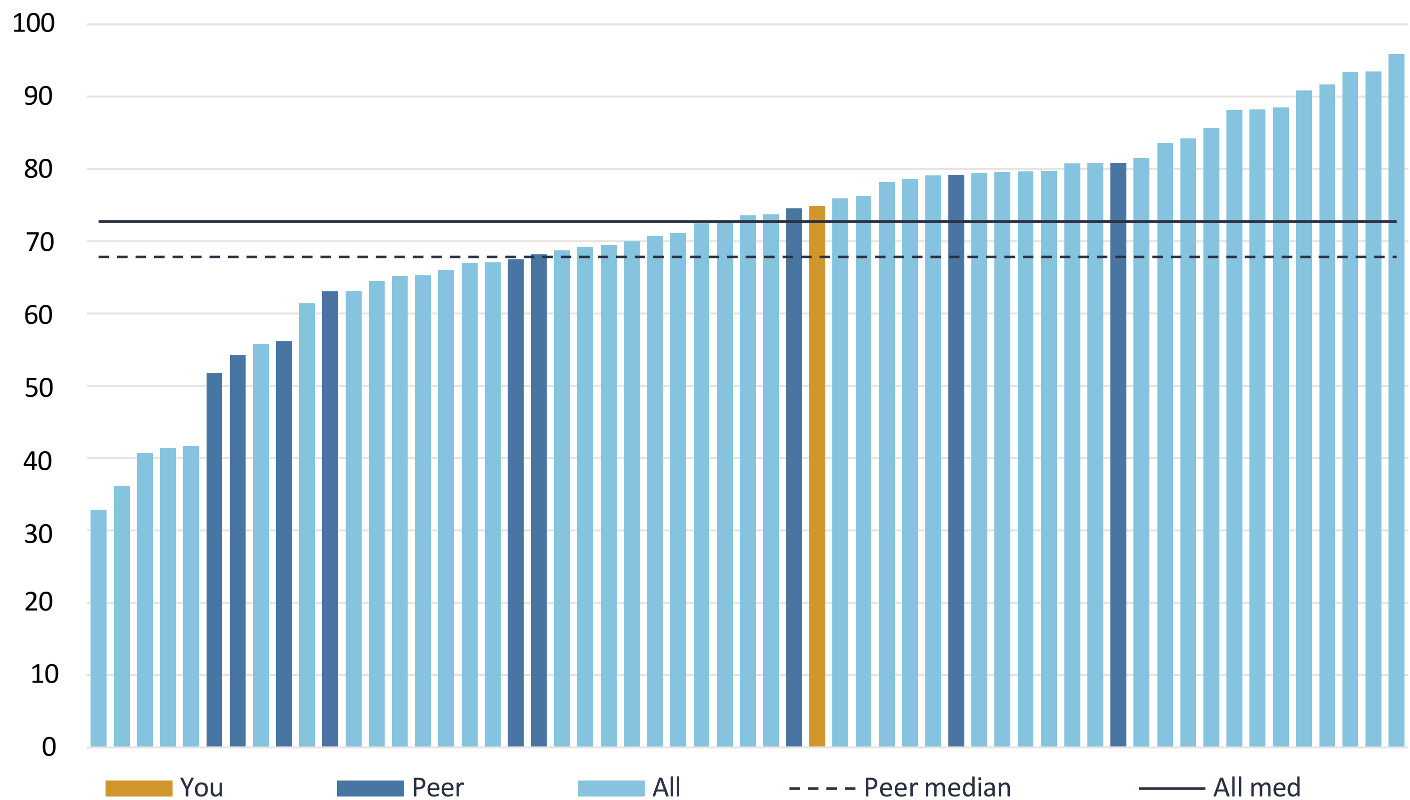
Service scores by activity, 2025 (#)

	You		Peer
Activity	**Weight**	**Score**	**median**
Transactions	18%	81	65
Communication	25%	33	36
Digital	40%	100	91
Contact Center	18%	54	61
Total service score	100%	72	69

Green and red highlighting shows where your weighted score is 10% higher or 10% lower than the peer median.

Your retiring member service score was 75 out of 100. This was above the peer median of 68.

Retiring member service score, 2025 (#)



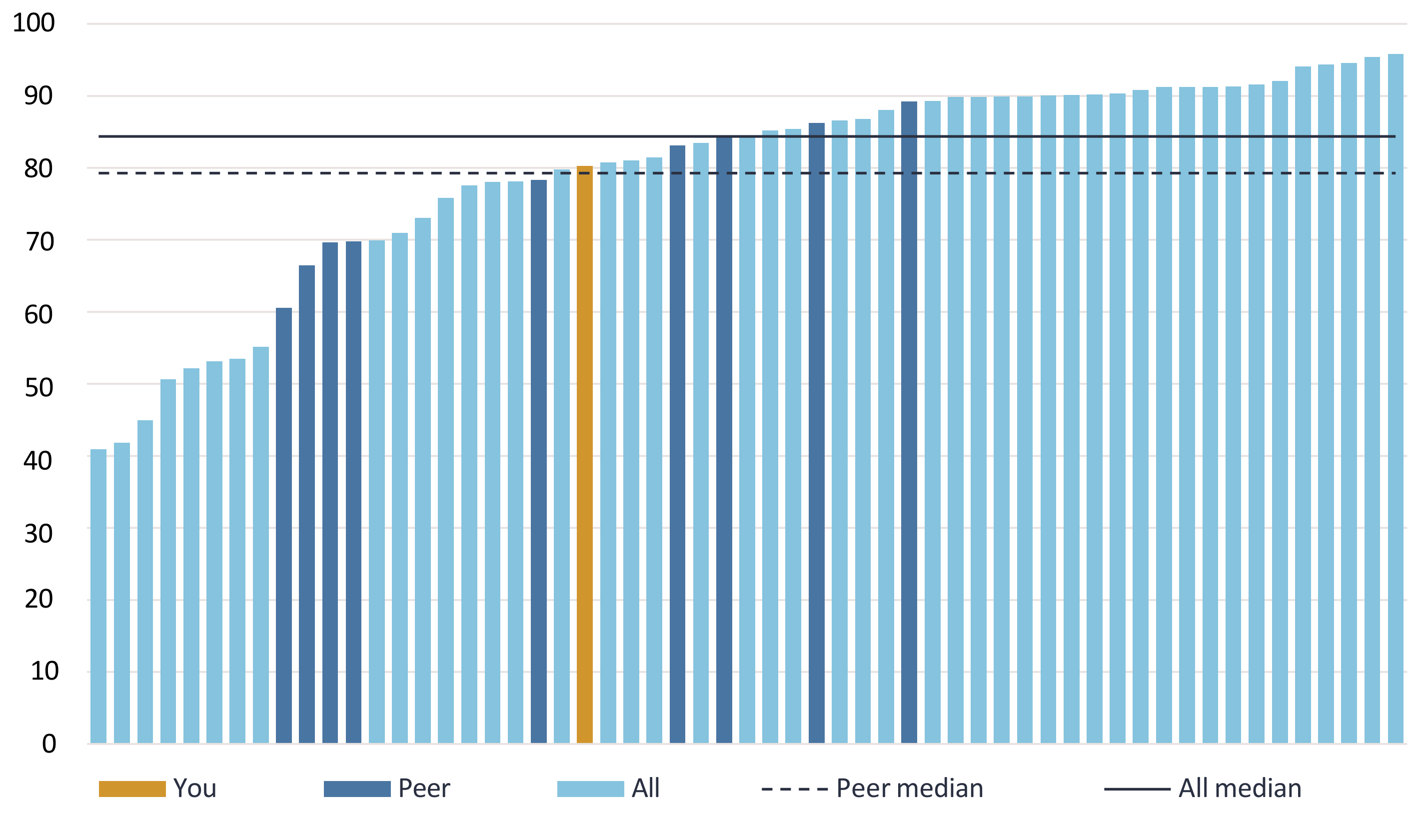
Service scores by activity, 2025 (#)

	You		Peer
Activity	**Weight**	**Score**	**median**
Transactions	38%	81	61
Communication	13%	20	21
Digital	20%	100	96
Contact Center	18%	54	61
Meeting members	13%	100	90
Total service score	100%	75	68

Green and red highlighting shows where your weighted score is 10% higher or 10% lower than the peer median.

Your annuitant service score was 80 out of 100. This was above the peer median of 79.

Annuitant service score, 2025 (#)



Service scores by activity, 2025 (#)

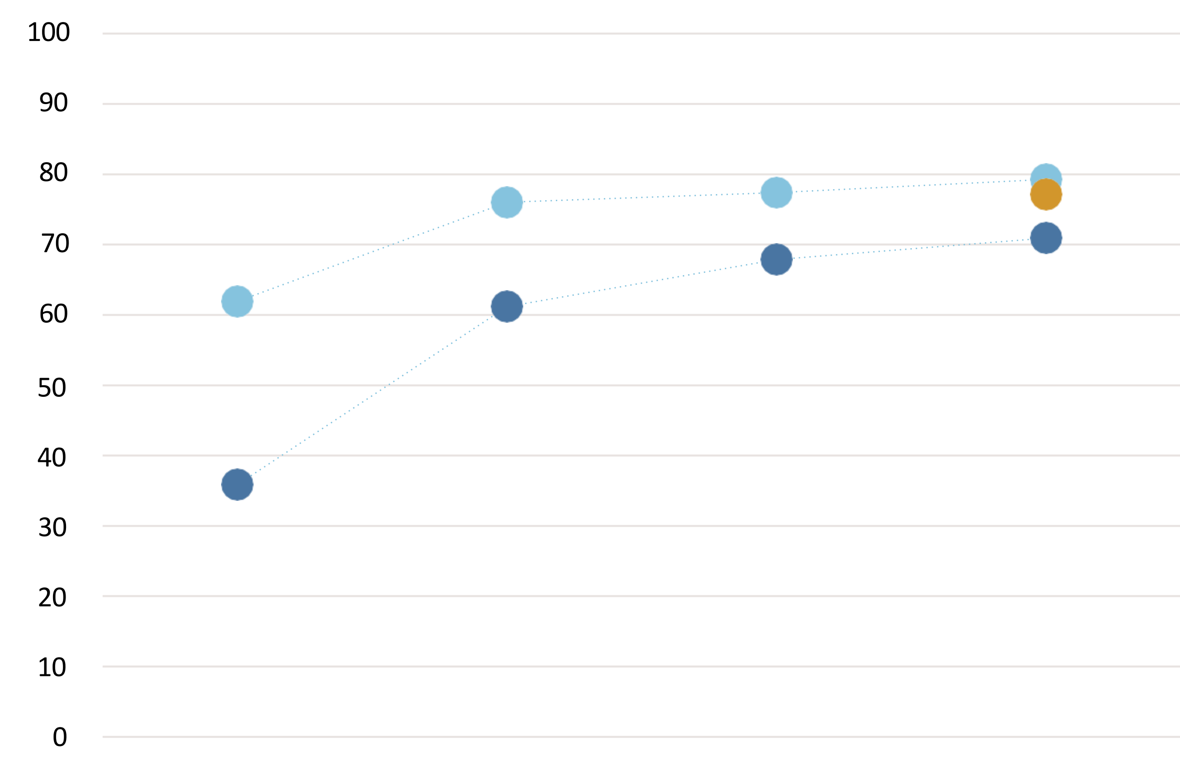
	You		Peer
Activity	Weight	Score	median
Transactions	35%	95	92
Communication	15%	36	45
Digital	33%	98	99
Contact Center	18%	54	61
Total service score	100%	80	79

Green and red highlighting shows where your weighted score is 10% higher or 10% lower than the peer median.

Your total service score was 77.

Your 4-year trend was not available.

Your total service score trend [1],



NA	2022	2023	2024	2025	4-yr
You				77	n/a
Peer	36	61	68	71	25.5%
All	62	76	77	79	8.6%

1. Trend analysis is based on systems that have provided 4 consecutive years of data (3 of your 10 peers and 33 of the 55 systems in the universe).

Globally, pension funds are adapting to significant industry changes, with digitalization emerging as a key factor influencing these adjustments.

01. Across regions and funds, administrators operate at different points on a cost-versus-service spectrum, and each position has merit because it reflects their digital capabilities, and the needs and preferences of their members.

02. Member expectations continue to rise, with increasing demand for relevant, personalized content delivered across multiple channels.

03. Automation is streamlining work, allowing members to complete more tasks independently; as a result, assisted member service interactions (e.g., calls) are becoming more complex.

04. Organizations expect to shift more staff into higher-value, member-focused support roles.

05. AI is entering service operations, with adoption varying across organizations. Common use cases include enterprise AI assistants for daily tasks, contact center support, and internal knowledge management.

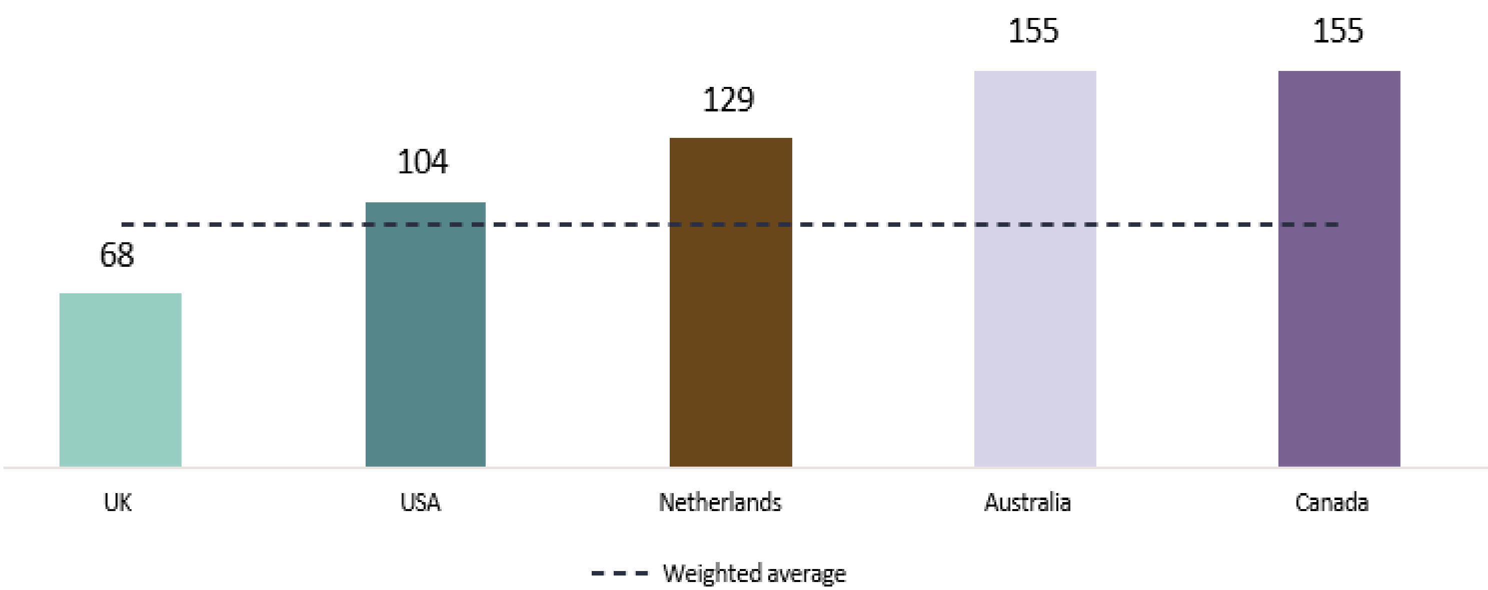
06. One-third of administrators are replacing their core administration systems to enable greater flexibility and digital capabilities.

07. Clean, reliable data remains foundational, with its importance increasing as operations become more digital and data-driven.
Improving data quality from employer-sourced data remains a challenge for most funds.

08. Cybersecurity and fraud prevention are becoming increasingly important, with controls strongest around high-risk transactions such as bank account changes and identity verification.

Australian and Canadian funds spend 1.6x the global average on pension administration.

Member-weighted pension administration costs by member, by regional cohort 2023 ($) [1]

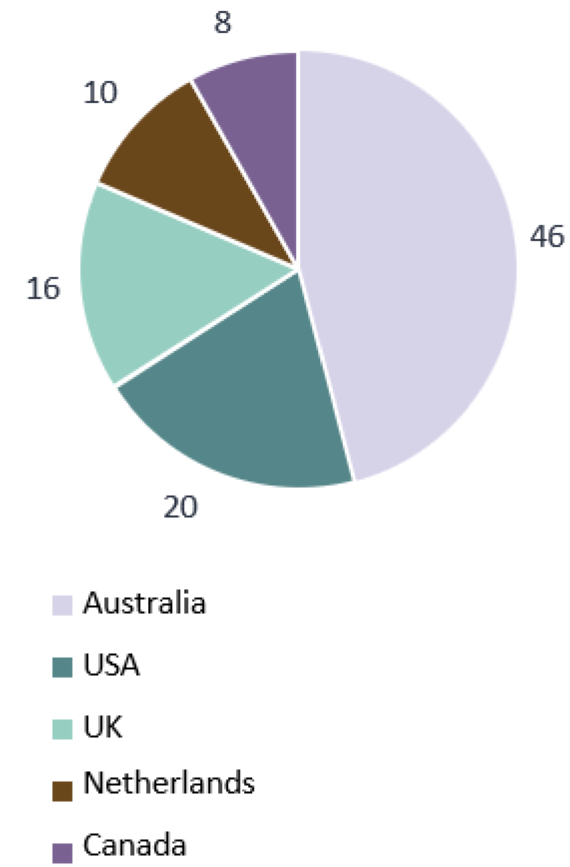


1. Pension administration costs for each fund were adjusted for purchasing power parity, economies of scale, and cost-of-living differences. Marketing, financial advice and insurance costs are excluded. The average cost is weighted by the number of members in each region.

SOURCE: CEM Research: The Impact of Service Models on Pension Administration Costs

Funds by region, 2023 (%)

The research covered 141 funds, using CEM and publicly available Australian data.

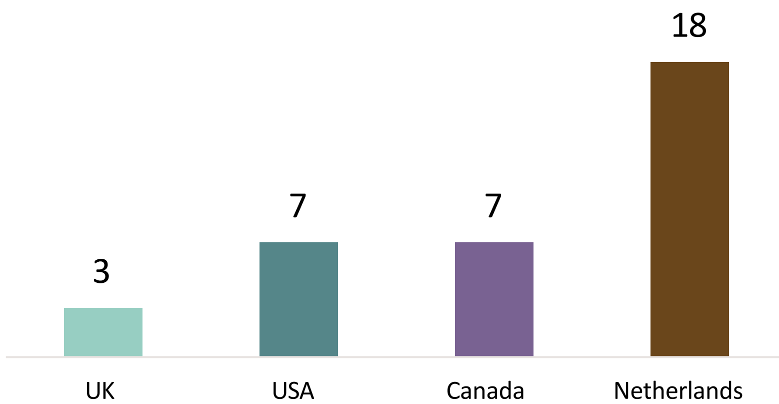


Differences in activity level administration costs reflect in service level quality and capabilities.

SELECTED EXAMPLES

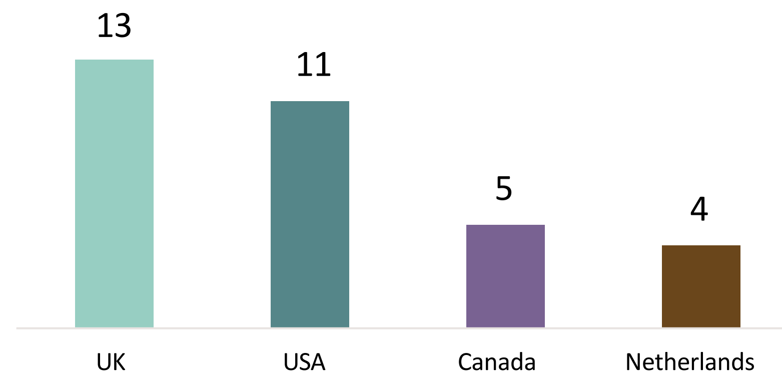
Contact centre costs per member, 2023 ($)

Dutch funds invest the most in their contact centres.



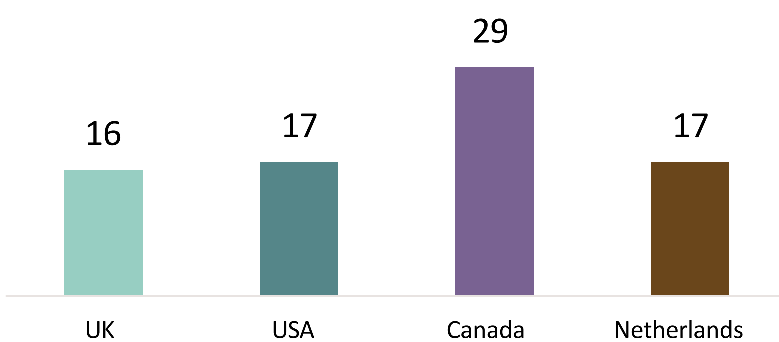
Abandoned calls, 2023 (%)

Dutch members have fewer of their calls dropped before they reach a service agent.



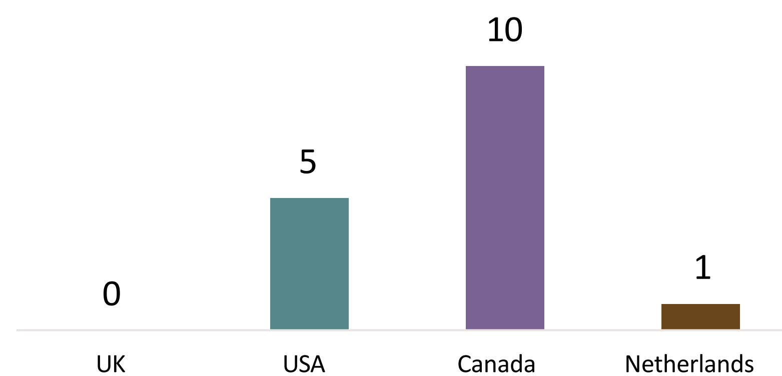
Transaction and counseling costs per member, 2023 ($)

Canadians spend the most on member transactions and counseling. UK funds spend 25% of their total spend on transactions



Active members counseled 1-to-1, 2023 (%)

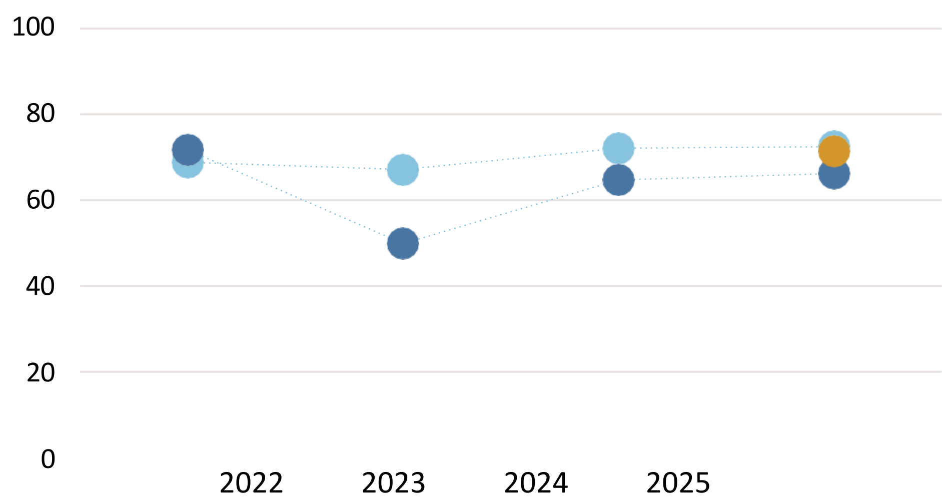
Canadians provide counseling to more active members.



SOURCE: CEM Research: The Impact of Service Models on Pension Administration Costs

Your self-service reach of 71% was above the peer average of 58%.

Self-service reach, 2025 (%)[1 2]



	2022	2023	2024	2025
You				71
Peer Average	72	50	65	66
All Average	69	67	72	72

1. Trend analysis is based on funds that have provided eight consecutive years of data (28 funds globally).
2. Self-service reach is the share of total member interactions that are completed through self-service channels (i.e., total secure) rather than assisted service channels (i.e., calls, emails/ secure messages, and letters).

Incoming member volumes, 2025 (#)

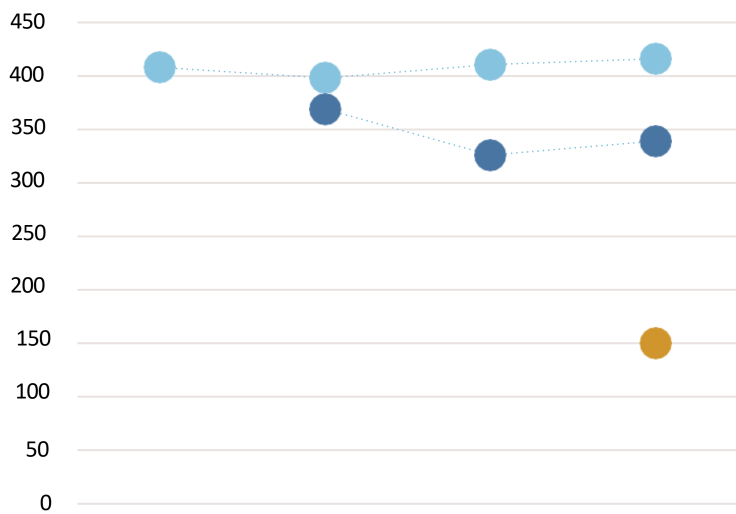
Unable to determine your cost of communication channels for member engagement

Inquiries by channel	**You**	**Peer average[3]**	**Count**
Secure website visits, total (A)	40,800	36,291	7
Calls (B)	11,964	15,013	10
Email (C)	n/a	4,318	7
Secure messaging (D)	4,400	1,624	9
Letters (E)	n/a	7,952	6
One-to-one meetings	120	694	10
Group presentations	11	18	10
Self-Service Reach (A) / [(A) + (B) + (C) + (D) + (E)]	71%	58%	7

3. All peers are assumed to have your number of members.

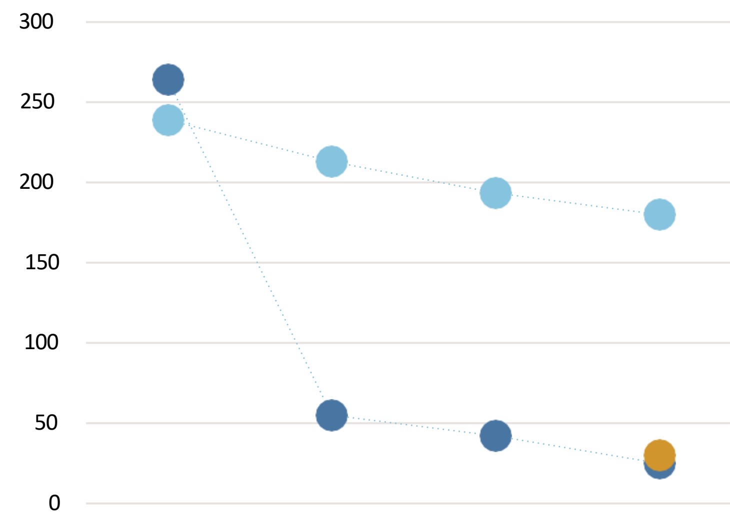
The nature of member calls has changed in the last four years.

Time on call, 2025 (# seconds)[1]



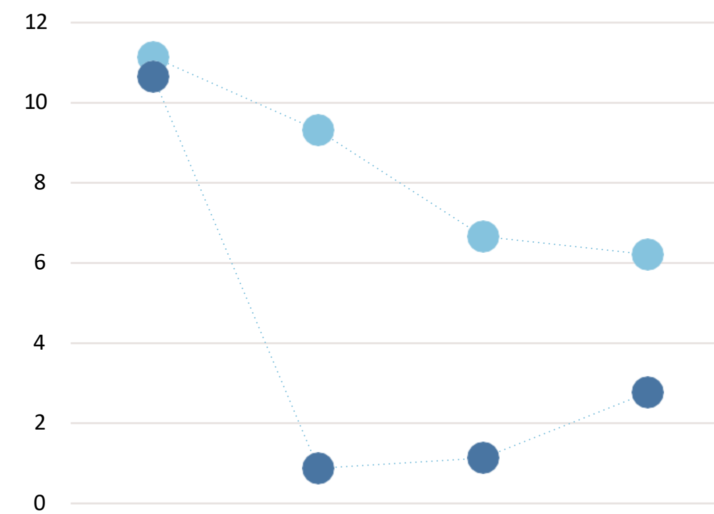
	2022	2023	2024	2025
You				150
Peer Med[1]		369	326	339
Median[1]	408	398	411	416

Call wait time, 2025 (# seconds)[1]



	2022	2023	2024	2025
You				30
Peer Med[1]	264	55	42	25
Median[1]	239	213	194	180

Undesired call outcomes as a percent of incoming calls, 2025 (%)[1]

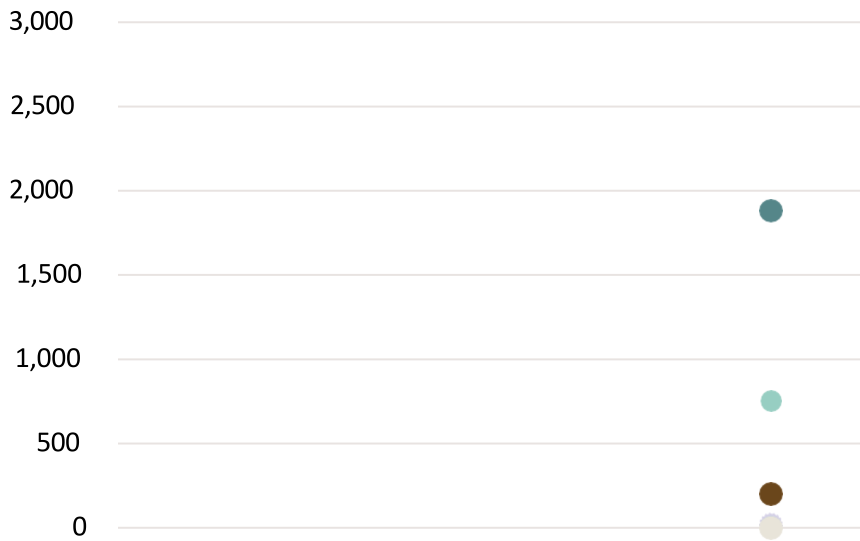


	2022	2023	2024	2025
You				
Peer Med[1]	11	1	1	3
Median[1]	11	9	7	6

1. Trend analysis is based on funds that have provided four consecutive years of data (3 of your 9 peers and 33 of the 53 systems in the universe).

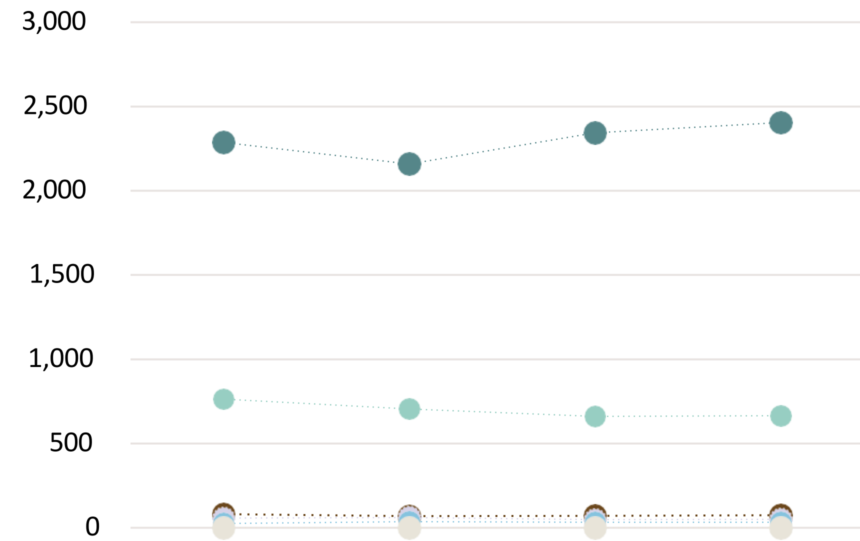
Trend for transaction volumes

Your transactions per 1,000 members, 2025 (#)



	2022	2023	2024	2025
Secure Web Visits	NA	NA	NA	1,882
Calls	NA	NA	NA	753
Incoming Mail	NA	NA	NA	201
Estimates	NA	NA	NA	21
1 on 1	NA	NA	NA	6
Presentations	NA	NA	NA	1

All average transactions per 1,000 members, 2025 (#)[1]



	2022	2023	2024	2025
Secure Web Visits	2287	2159	2344	2405
Calls	763	704	661	665
Incoming Mail	81	69	70	75
Estimates	57	61	48	51
1 on 1	25	36	33	33
Presentations	1	1	1	1

1. Trend analysis is based on systems that have provided 4 consecutive years of data (33 of the 55 systems in the universe).

CEM

North Dakota Teachers' Fund for Retirement (TFFR)

DB Administration Benchmarking Subscription

Private & Confidential

MANAGEMENT INSIGHTS REPORT

JULY 2026

CEM

NORTH Dakota | Retirement & Investment
Be Legendary.

MEMORANDUM

TO: TFFR Board of Trustees

FROM: Jodi Smith, Executive Director, North Dakota Retirement & Investment Office

DATE: July 29, 2026

RE: Approval of the Use of Continuing Appropriation Authority to Pay Consultant Fees for the CEM Benchmarking and Funston Governance Review Engagements

This memorandum requests Board approval to use the Board's continuing appropriation authority to pay the consultant fees required to complete two engagements currently underway: the pension administration benchmarking conducted by CEM Benchmarking, Inc. and the governance review and manual rewrite conducted by Funston Advisory Services LLC. Under North Dakota Century Code section 15-39.1-05.2(4), the Board "may pay benefits and consultant fees as necessary which are hereby appropriated from the fund." This is a standing (continuing) appropriation, meaning the Legislature has already authorized these payments directly from the fund and no separate legislative appropriation is required. The Board has historically used this authority to pay consultant fees of this kind, including legal fees, medical consultant fees, and actuarial fees. The requested use for the CEM and Funston engagements is consistent with that established practice.

Both engagements directly support duties the statute assigns to the Board. Section 15-39.1-05.2(3) directs the Board to arrange for qualified consultants. Section 15-39.1-05.2(6) requires the Board to determine appropriate levels of service to be provided to members, and section 15-39.1-05.2(7) requires the Board to inform the State Investment Board of the levels of services, goals, and objectives expected to be provided through the Retirement and Investment Office. The CEM benchmarking supplies the independent, peer-based service and cost measures the Board needs to set those service levels, and the Funston governance review is producing the Governance Policy System, Delegation of Authority Register, and Accountability Service Level Agreement through which those duties will be carried out.

CEM Benchmarking, Inc. CEM provides the annual defined benefit administration benchmarking subscription under a contract with an annual fee not to exceed $26,500, with renewals limited to the lower of three percent or inflation. CEM has delivered its 2025 Management Insights Report, which benchmarked TFFR against a peer group. The results will also inform the strategic planning session scheduled for August 4, 2026.

Funston Advisory Services LLC. Funston is conducting the governance review and Governance Manual rewrite approved by the Governance and Policy Review Committee not to exceed $150,000. The discovery phase is complete, and drafts of the Delegation of Authority Register and the TFFR-SIB-RIO Accountability Service Level Agreement have been prepared. Remaining work includes the greenfield policies, the rewrite of the Program Manual into the Governance Policy System, and two readings for Board and staff feedback, targeting completion by the end of December 2026, ahead of the legislative session.

Approving the use of the continuing appropriation confirms the funding source for both engagements. Fees will be paid from the fund in accordance with each contract, and all expenditures will be reported to the Board through the regular budget and expenditure reports it already receives. Board approval also creates a clear record, consistent with the documented-delegation practices recommended in the governance review, that these consultant fees were authorized by the Board under its statutory authority.

For these reasons, staff recommends that the Board approve the use of its continuing appropriation authority under NDCC 15-39.1-05.2(4) to pay the consultant fees necessary for CEM Benchmarking, Inc. to complete the administration benchmarking engagement and for Funston Advisory Services LLC to complete the governance review and manual rewrite.

Board Action Requested:

Approve the use of the continuing appropriation authority provided in NDCC 15-39.1-05.2(4) to pay consultant fees, as necessary and in accordance with the approved contracts, for the completion of the CEM administration benchmarking engagement and the Funston governance review and Governance Manual rewrite, with expenditures reported to the Board through the regular budget and expenditure reports.

NORTH Dakota | Retirement & Investment

Be Legendary.

MEMORANDUM

TO: **TFFR**

FROM: **Jodi Smith, Executive Director**

DATE: **July 29, 2026**

RE: **Board Smart Fiduciary Education Program — Overview, Curriculum, and Rollout**

What Board Smart Is

Board Smart is a subscription-based fiduciary intelligence and education platform provided by Funston Advisory Services. Under a Statement of Work executed July 10, 2026, pursuant to the Governance and Risk Advisory Services Contract, Board Smart will deliver a structured, decision-based fiduciary education program through a dashboard branded for SIB and TFFR. The platform provides access to a catalog of more than 100 learning modules developed by Funston subject matter experts, delivered in multiple formats — audio narration with presentation, video, and e-books in lessons ranging from five to sixty minutes.

The subscription covers up to fifty transferable user licenses across SIB, TFFR, and client fund representatives for an initial term of twenty-four months, at $29,250 per year ($58,500 total). Completion is tracked and exportable for each user to support continuing education requirements and demonstrate fiduciary diligence, and each trustee will receive an individualized fiduciary learning plan aligned to their role and development priorities. RIO staff will have administrator access to monitor enrollment, progress, and completion.

Learning Series Under Development

In addition to the standard catalog, Funston has prepared five custom briefing series — twenty-four modules in total — organized around the key decisions boards make. Draft scripts for each series have been reviewed, and Funston will tailor the content to SIB and TFFR’s governance practices before production. The series and their modules are listed below.

Governance & Policy Review Series (5 modules)
1. Fiduciary Duties & Public Governance Law 2. Board–Management Delegation & Accountability 3. Governance Frameworks, Policies & Charters 4. Ethics, Conflicts & Independence 5. Board Effectiveness & Self-Assessment
Investment Governance Series (5 modules)
1. Strategic Asset Allocation & Active Risk 2. Risk Budgeting & Portfolio Construction 3. Public & Private Markets Understanding 4. Manager Oversight & Performance 5. Liquidity, Investment Risk & Stress Scenario Awareness
Audit, Risk & Compliance Governance Series (5 modules)
1. Financial Reporting & Audit Oversight 2. Internal Controls & Independent Reassurance 3. Enterprise & Operational Risk Oversight 4. Compliance, Ethics & Regulatory Awareness 5. Risk Reporting, Dashboards & Escalation
Budget & Finance Governance Series (4 modules)
1. Financial Reporting & Fund Accounting 2. Multi-Year Financial Planning & Sustainability 3. Financial Controls, Procurement & Contracts 4. Resource Alignment to Strategic Priorities
Executive Review & Compensation Governance Series (5 modules)
1. Executive Performance Evaluation 2. Incentive Design & Risk Alignment 3. Peer Benchmarking & Market Context 4. Succession Planning & Leadership Assessment 5. Independence, Ethics & Compensation Governance

Rollout Timeline

The rollout will proceed in the following phases:

Phase	Timing	Activities	Status
Setup & Branding	Weeks 1–2	Onboarding kick-off; configure and brand the SIB/TFFR education dashboard; confirm administrators and reporting preferences.	In Progress
User Provisioning	Weeks 2–3	Provision initial users; assign roles; establish individualized fiduciary learning plans.	Not Started
Program Launch	Week 4	Go-live of the branded dashboard and full learning catalog; user and administrator orientation.	Not Started

Phase	Timing	Activities	Status
Ongoing Access & Support	Months 1–24	Continuous catalog access; continuing education credit reporting; platform support; periodic progress reporting to administrators.	Not Started

Next Steps

Staff completed review of the draft series scripts and will coordinate the onboarding kick-off with Funston. Trustees will receive login credentials and orientation materials at program launch, currently anticipated in August 2026. Staff will report on enrollment and completion as part of ongoing governance updates.

Board Action Requested: Information only.

TFFR Investment Performance April 30, 2026

Performance Benchmark Indices - April 30, 2026

Benchmark Indices (% change, annualized)	YTD	1 Yr	5 Yr	10 Yr	10 Yr Volatility
Russell 3000	5.8	31.0	11.9	14.7	18.4
Russell 1000	5.5	30.4	12.3	15.0	18.3
Russell 2000	13.2	44.4	5.7	11.0	23.4
S&P 500	5.7	31.1	13.1	15.3	18.1
MSCI ACWI IMI Net	7.1	31.6	10.2	12.0	14.4
MSCI World ex US	6.4	26.3	9.3	9.1	14.5
MSCI Emerging Markets	14.5	46.7	6.1	9.2	16.0
Bloomberg Aggregate	0.1	4.1	0.2	1.7	4.8
Bloomberg Gov/Credit	-0.1	3.6	0.1	1.8	5.1
Bloomberg US High Yield	1.2	8.8	4.3	5.9	4.9
NCREIF Property Index (12/31/2025)	1.2	4.9	3.8	4.8	3.8

Source: Bloomberg

Performance Benchmark Indices - July 17, 2026

Benchmark Indices (% change, annualized)	YTD	1 Yr	5 Yr	10 Yr	10 Yr Volatility
Russell 3000	10.0	19.9	12.2	14.6	18.4
Russell 1000	9.5	19.2	12.4	14.9	18.2
Russell 2000	20.1	33.1	8.0	10.9	23.4
S&P 500	9.6	19.8	13.1	15.1	18.1
MSCI ACWI IMI Net	10.4	21.4	10.4	12.1	14.3
MSCI World ex US	9.1	21.8	9.4	9.5	14.2
MSCI Emerging Markets	16.7	33.0	6.4	9.0	16.3
Bloomberg Aggregate	0.2	4.3	-0.1	1.5	4.8
Bloomberg Gov/Credit	0.0	3.8	-0.4	1.5	5.0
Bloomberg US High Yield	2.1	6.0	4.1	5.5	4.9
NCREIF Property Index (12/31/2025)	1.2	4.9	3.8	4.8	3.8

Source: Bloomberg

Market Summary

Interest Rates
Fed Funds: 3.5–3.75%
2Y: ~3.6%
10Y: ~4.2%
10Y Real: ~1.8%
Curve re-steepening

Equities
S&P 500 Fwd P/E: ~21–22x
2026 EPS growth: ~15%
Mag7 EPS growth: ~22–23%
S&P 493 growth: ~11–12%
Earnings driving returns

Private Markets
Private credit: ~$1.7–2.0T
PE dry powder: ~$1.3T
Deal activity improving
Real estate stabilizing
Manager selection critical

Inflation & Growth
CPI: ~2.4%
Core PCE: ~2.9–3.0%
GDP: ~1.4% (Q4)
2026 GDP est: ~1.8–2.0%
Unemployment: ~4.4%
Slowing but not breaking

Credit
IG spreads: ~90–95 bps
HY spreads: ~320 bps
Defaults contained
Income attractive
Spread upside limited

Geopolitics
Iran: Strait of Hormuz oil disruption risk
Venezuela: Sanctions easing → export recovery
Trade fragmentation → supply chains
Increased market uncertainty

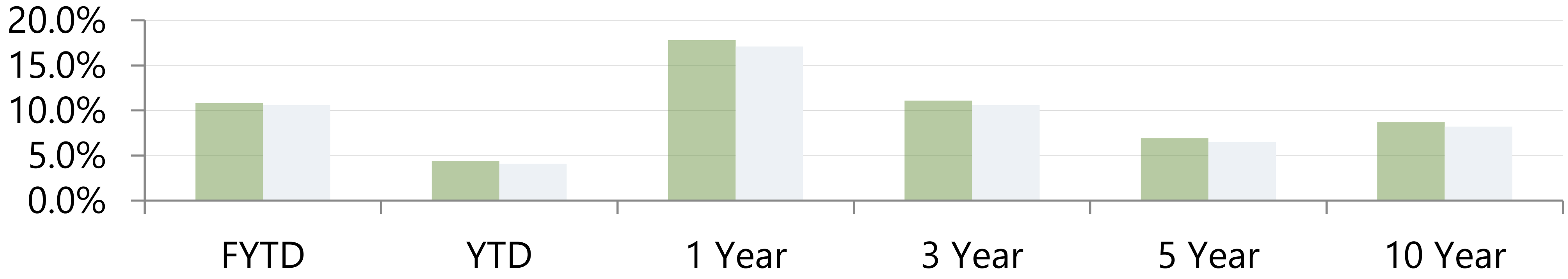
inflation persistence • structurally higher rates • geopolitical shocks • elevated valuations and concentration

TFFR Asset Allocation

April 30, 2026

	Current Balance ($)	Current Allocation (%)	Policy Allocation (%)	Corridor Allocation (%)	Corridor Allocation ($)	Difference ($)
Domestic Equity All Cap	190,863,134	4.9	4.9	4.9	190,850,096	13,038
Domestic Equity Large Cap	849,693,472	21.8	22.0	21.2	829,085,599	20,607,873
Domestic Equity Small Cap	43,619,122	1.1	1.1	1.0	40,902,025	2,717,097
International Equity	664,978,180	17.0	17.0	16.5	645,221,632	19,756,548
Investment Grade Fixed Income	712,376,495	18.3	18.0	19.2	750,755,100	-38,378,605
Below Investment Grade	317,644,846	8.1	8.0	8.5	333,655,924	-16,011,078
Real Estate	292,719,738	7.5	9.0	7.5	292,714,871	4,868
Timber	24,220,979	0.6	0.6	0.6	24,236,791	-15,813
Infrastructure	246,232,103	6.3	8.4	6.3	246,231,749	354
Private Equity	510,190,569	13.1	10.0	13.1	510,182,505	8,064
Cash and Equivalents	50,326,302	1.3	1.0	1.0	39,028,649	11,297,653
Total	**3,902,864,941**	**100.0**	**100.0**	**100.0**	**3,902,864,941**	

TFFR Performance



April 30, 2026

TFFR	FYTD %	YTD %	1 Yr %	3 Yr %	5 Yr %	10 Yr %	5 Yr Volatility%
Total Fund Return	10.8	4.4	17.8	11.1	6.9	8.7	7.5
Policy Benchmark Return	10.6	4.1	17.1	10.6	6.5	8.2	7.7
Total Relative return	0.2	0.3	0.7	0.5	0.4	0.5	

TFFR Performance Detail

April 30, 2026

TFFR	Market Value	% of Portfolio	FYTD %	YTD %	1 Yr %	3 Yr %	5 Yr %	10 Yr %
Total Fund	3,902,864,941	100.0	10.8	4.4	17.8	11.1	6.9	8.7
Corridor Target Index			10.6	4.1	17.1	10.6	6.5	8.2
Total Equity	2,254,102,329	57.8	16.9	6.9	28.3	17.3	10.3	12.2
Total Equity Benchmark			16.2	6.6	27.4	-	-	-
Total Income	1,030,021,342	26.4	3.9	0.7	5.9	5.8	2.3	3.9
Total Income Benchmark			3.8	0.4	5.5	-	-	-
Total Real Assets	563,172,820	14.4	1.4	2.2	3.5	-0.1	3.3	4.4
Total Real Assets Benchmark			2.9	1.2	3.5	-	-	-
Cash and Equivalents	50,326,302	1.3	6.9	1.8	8.1	6.2	4.3	2.8
90 Day U.S. Treasury Bill			3.2	1.1	4.0	4.7	3.4	2.3

FY2025 Retirement Trends Report

Chase Kauffeld

Chief Retirement Officer

NORTH Dakota Be Legendary. | Retirement & Investment

About This Report

Purpose

The annual view of TFFR's membership: who we serve, who can retire, and the pace of retirements ahead.

- Part 1 – Where We Are Today - shows where the membership stands as of June 30, 2025.
- Part 2 shows the wave building over the next twenty years.

Source

This is the first report built from NeoSpin, TFFR's new pension administration system, rather than the legacy CPAS system it replaced.

Reading the Trends

The move from the legacy system resets two trend lines, eligibility counts and job classifications. Both are flagged where they appear, and FY2025 is their new baseline.

Executive Summary

Four findings for the Board

14,349

MEMBERSHIP GROWS, WORKFORCE TURNS OVER

Members (+2.8% vs. FY2024)

Tier 2 is now 71% of membership

Tier 1 Grandfathered fell by half in one year, to 334

535

RETIREMENT ELIGIBLE POOL KEEPS SHRINKING, AND AGING

Members eligible to retire, down from 1,212 in 2016.

36% are already past age 65 (22% last year).

3×

A SUSTAINED RETIREMENT WAVE BUILDS AFTER 2030

Projected annual retirements dip in the late 2020s, then roughly triple by 2045 — under every scenario tested.

1.2

THE MEMBERSHIP IS MATURING

About 12,000 members are still working and paying in for roughly every 9,700 drawing a benefit. As that ratio nears one-to-one, the plan is maturing (GRS).

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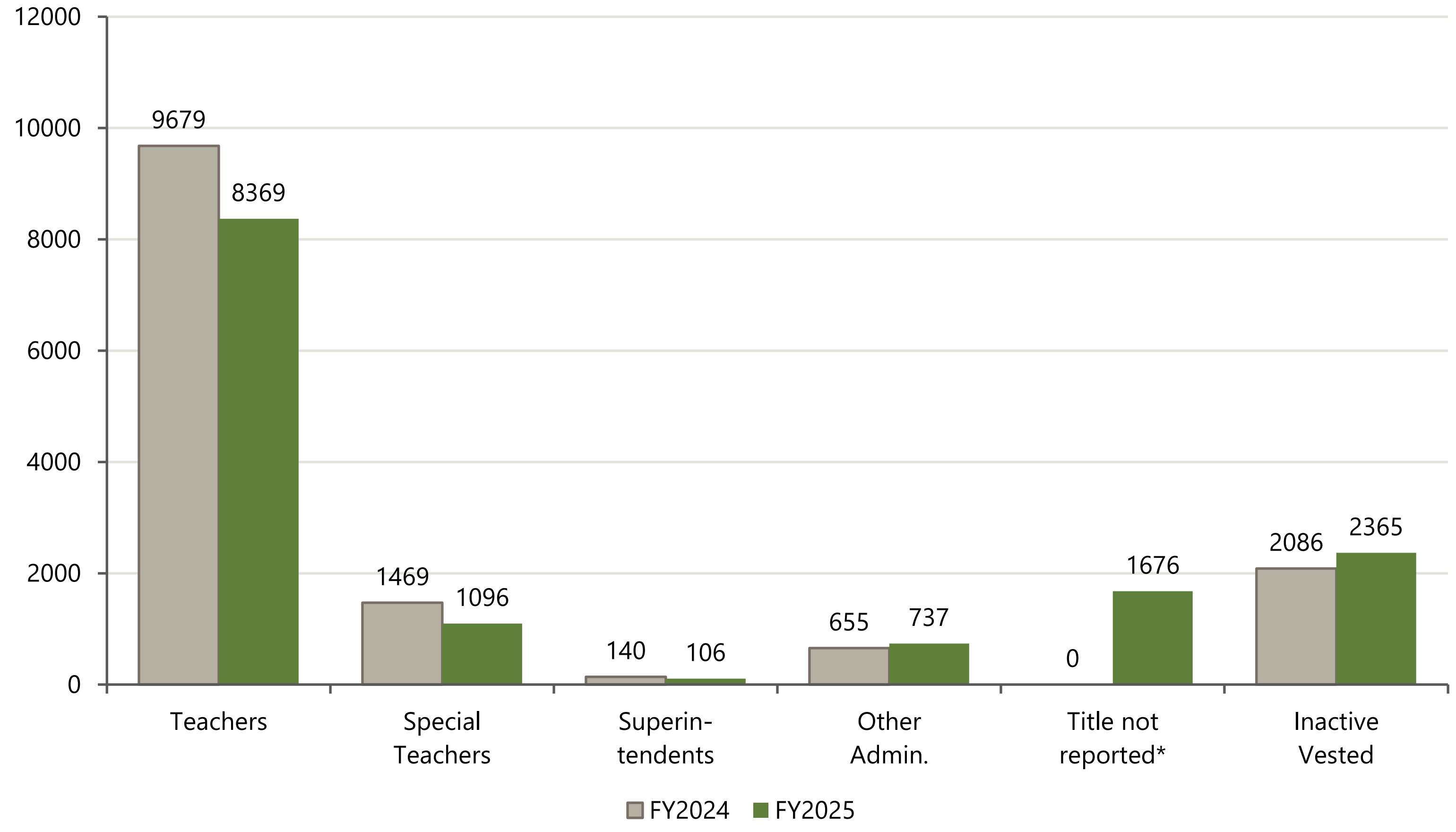
Part 1:
Where We Are Today

Membership by Classification

Active and inactive-vested members: 14,349, up 2.8%

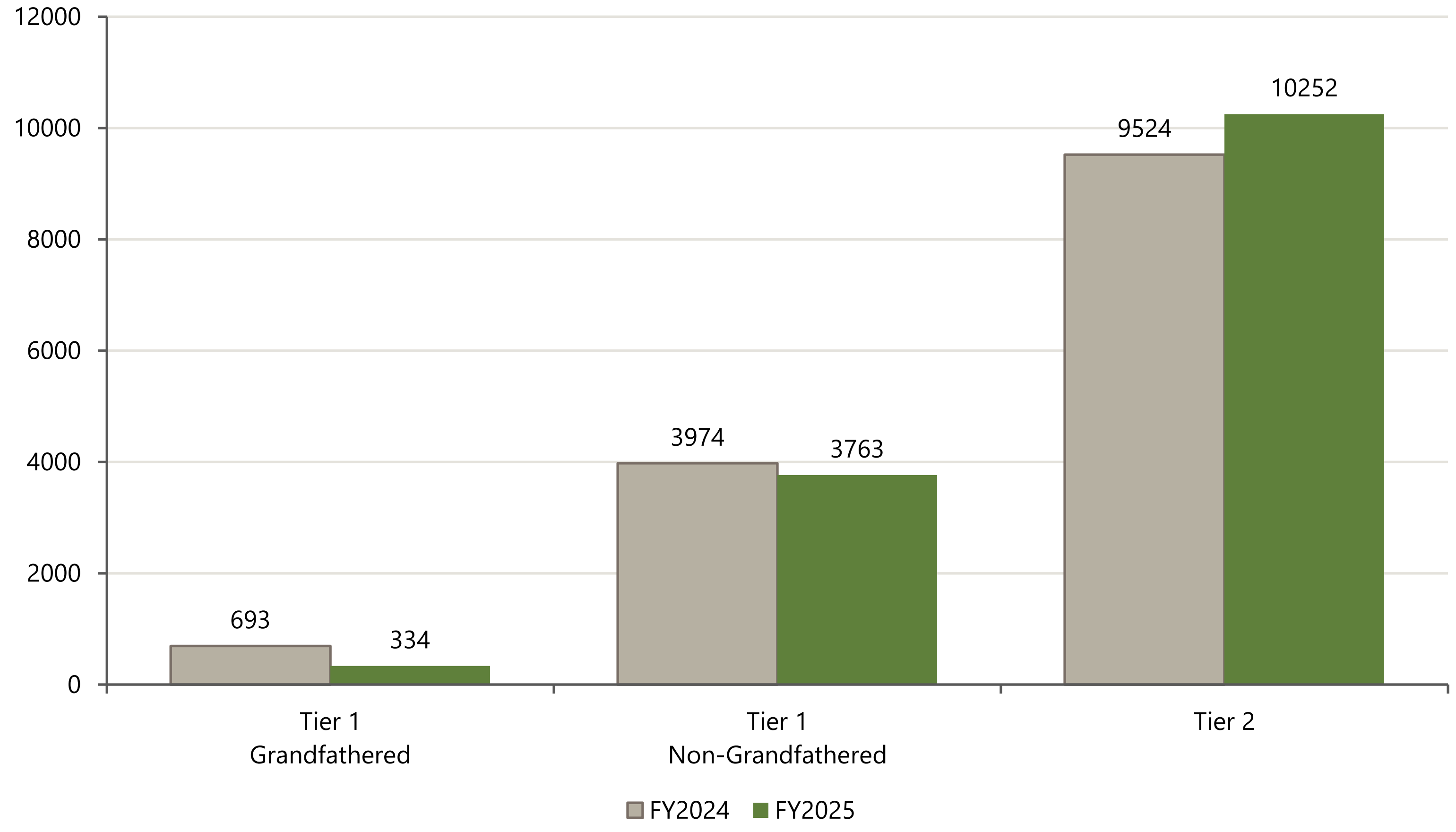


What it shows
Total membership grew. The classification mix only looks different — the shift reflects a data change, not a workforce change.

***The trend break**
1,676 active members (14%) have no job title recorded in the NeoSpin extract. Most would previously have appeared as Teachers or Special Teachers. Classification counts are not directly comparable to FY2024 until this field is completed with Sagitec.

Tier Composition

Benefit tier of active and inactive-vested members



Tier 1G fell by half in one year

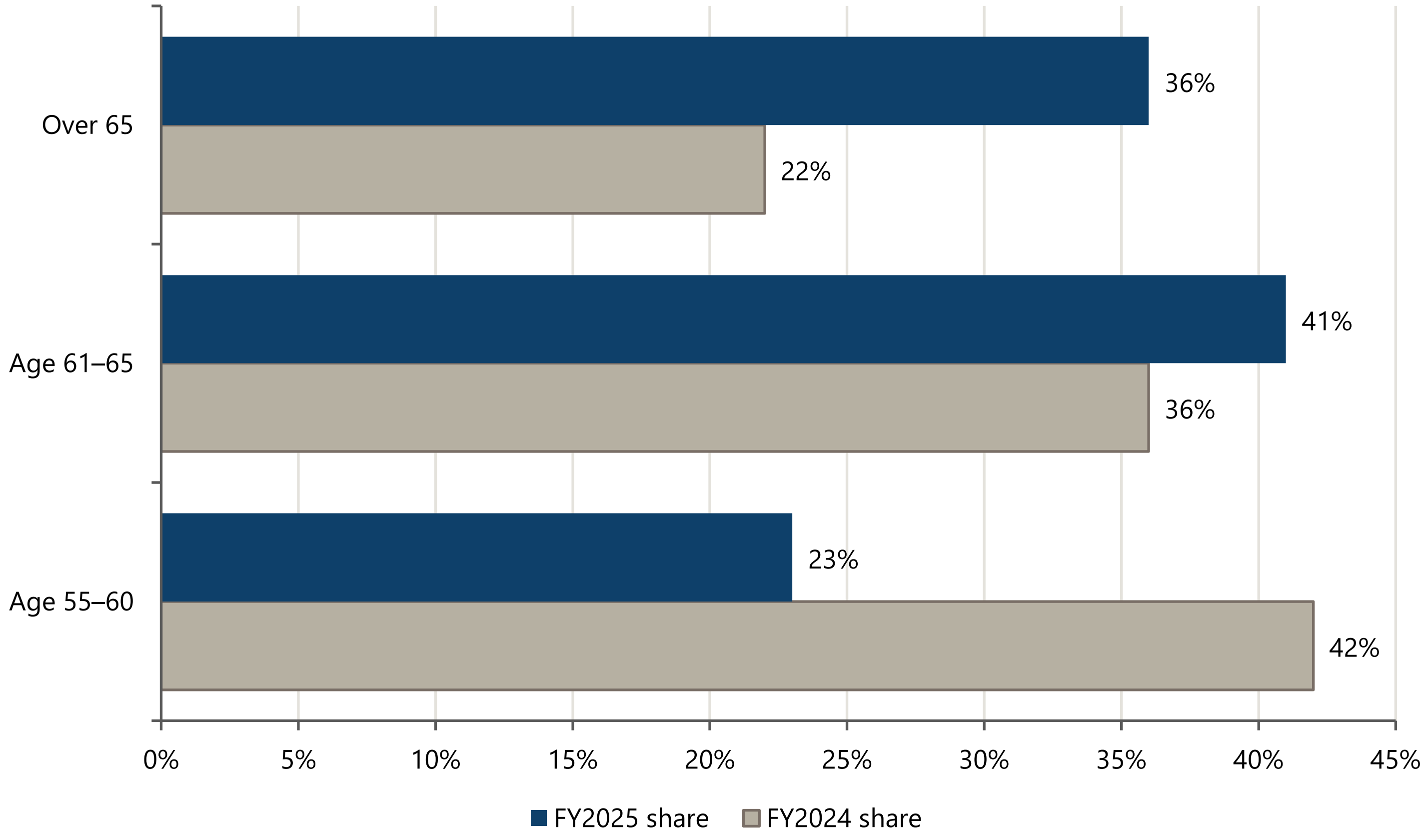
693 → 334. The FY2025 retirement wave was concentrated in the oldest benefit structure, exactly as prior reports projected.

Tier 2 is now 71% of members

(76% of actives.) The fund's future retirement behavior will be defined by members under the newer structure, and that group has no retirement history yet.

Who Can Retire Today

535 members eligible for unreduced retirement



535 eligible (339 active, 196 inactive-vested)

36% are already past 65, up from 22% a year ago. More of the eligible group is delaying retirement. Delayed retirements can bunch.

97% of active members are not yet eligible

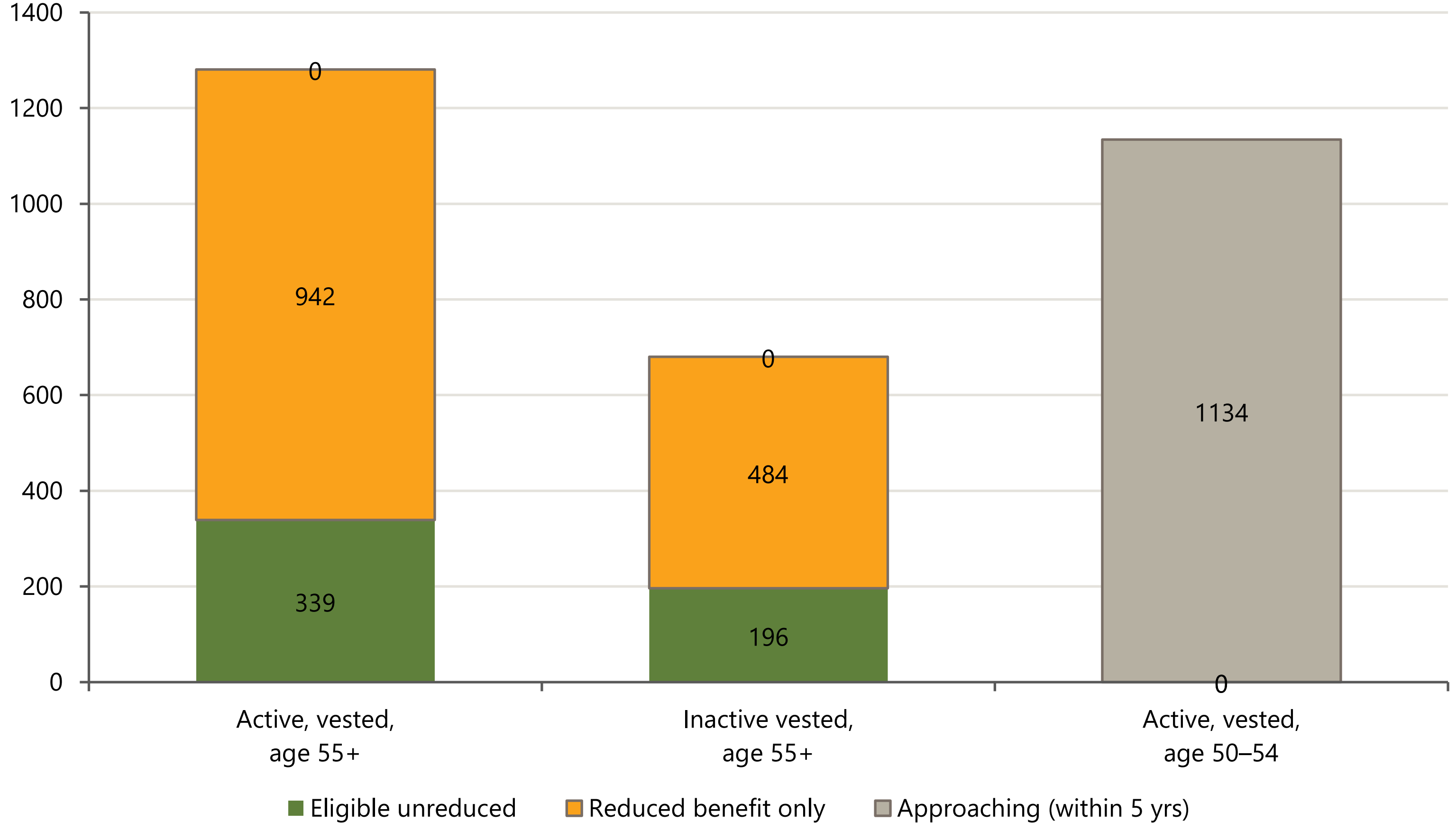
The active workforce remains early- and mid-career: average age 41.6, average service 11.6 years, per the GRS census.

Methodology note

Eligibility is now computed by NeoSpin (unreduced retirement: Rule date or age 65). Counts are not directly comparable to the CPAS-based figures in prior reports.

Early Retirement Exposure

Vested members age 55+ can retire now with a reduced benefit



535 is the narrow gate

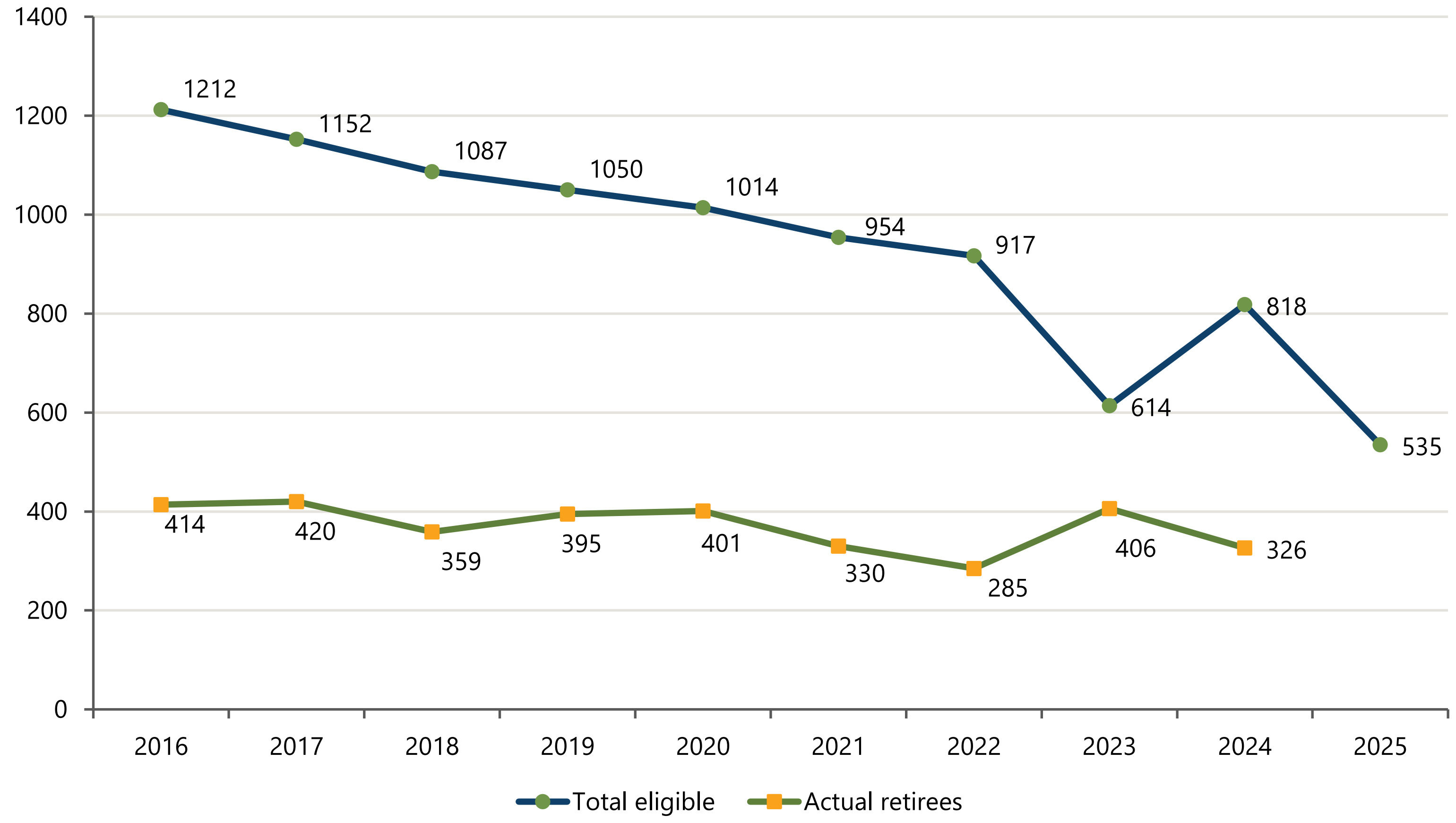
Unreduced eligibility counts who can retire at full benefit. The door is wider: **1,961 vested members age 55+** could start a benefit today (1,281 active, 680 inactive), and 1,134 more actives enter that window within five years.

Why it matters

Most members historically wait for the unreduced date, and the reduction discourages early exit. The exposure matters because behavior can shift, and 36% of the unreduced-eligible group is already past 65.

Ten-Year Trend: Fewer Eligible, Steady Retirements

Eligible members and retirements, 2016–2025



The eligible pool has fallen 56% since 2016

While retirements held steady near 370 per year. A rising share of those able to retire are doing so.

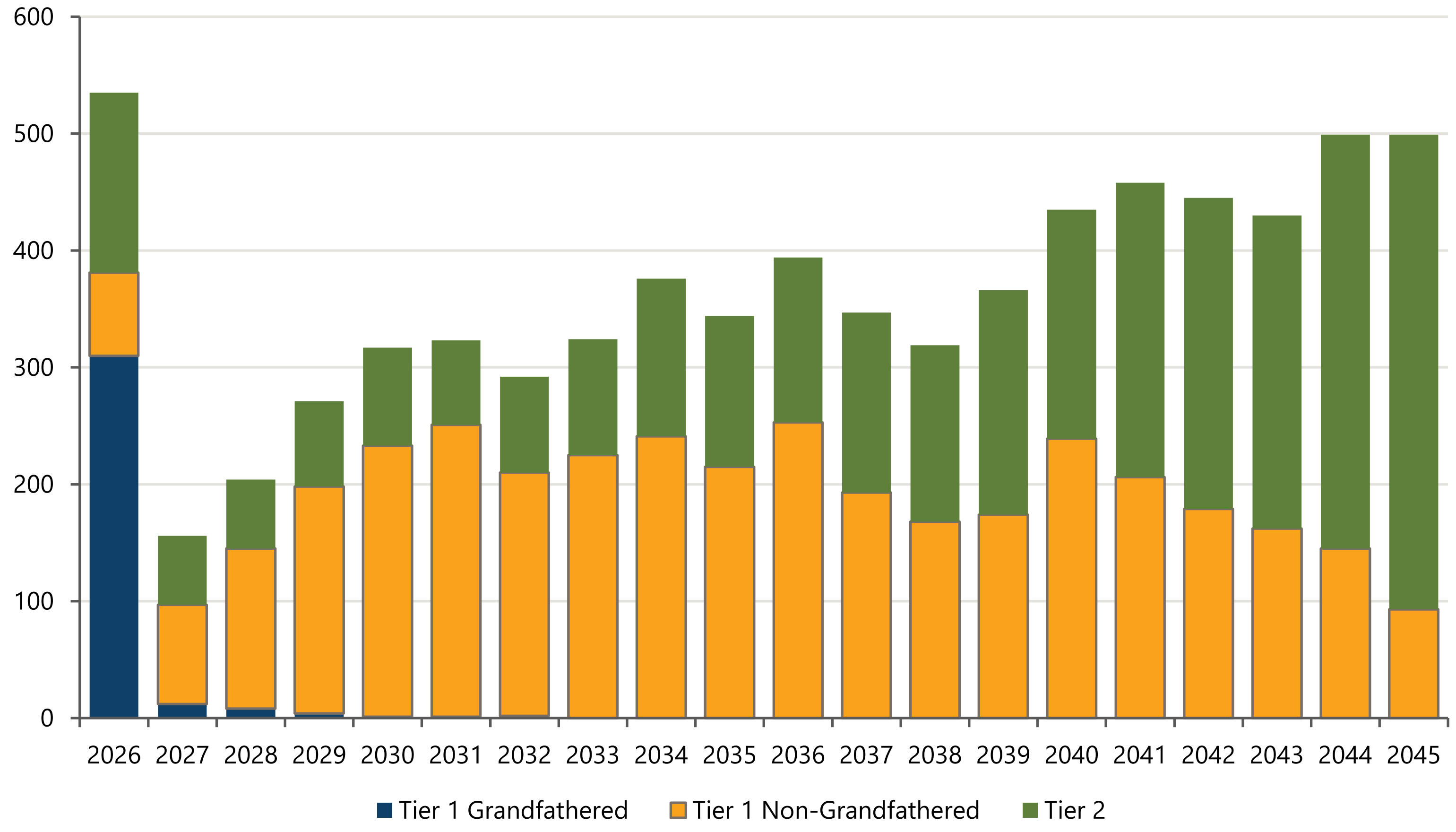
Two footnotes on 2025

- The 2025 eligible count (535) is on the new NeoSpin basis; prior years are as published from CPAS.
- The FY2025 actual retirement count awaits the retiree data extract; GRS reports 9,664 members now receiving benefits.

Part 2:
The Wave Ahead

Eligibility Projection, 2026–2045

Newly eligible members per year, by tier



Three phases

Now: the 2026 bar is today's eligible stock: 310 of 535 are Tier 1G, the last of the oldest structure.

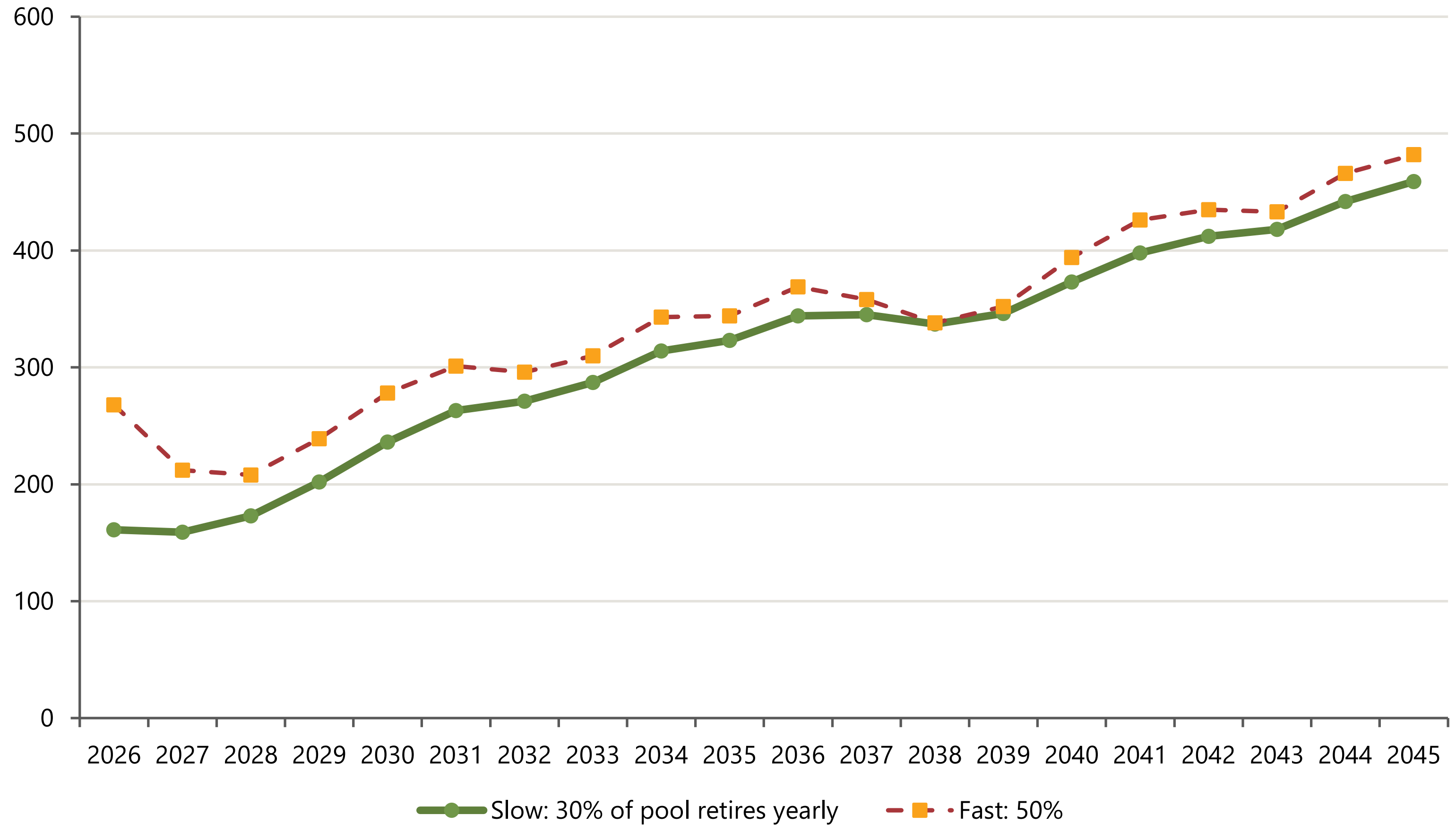
2029–2040: the Tier 1 Non-Grandfathered wave crests around 250 newly eligible per year.

2040s: Tier 2 takes over: 400+ newly eligible per year by 2045, under a benefit structure with no retirement history yet.

Closed group. This counts today's members only, so the out-years are floors.

Projected Retirements

If 30% or 50% of the eligible pool retires each year



Behavior changes when, not how many

About 7,300 members reach eligibility by 2045. Cumulative retirements land at **6,263 (slow) vs. 6,852 (fast)**.

Why the lines converge

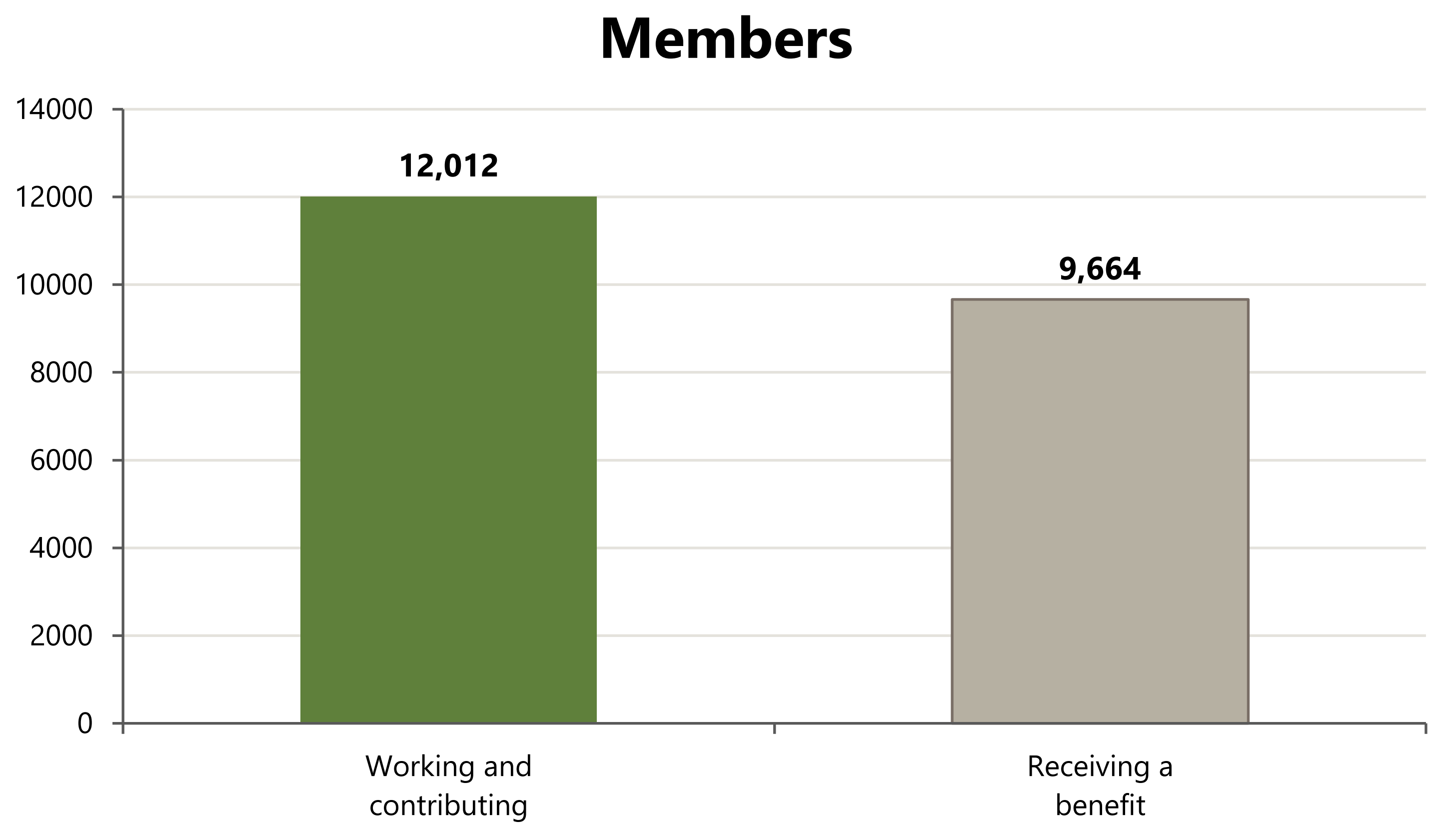
Fast retirement empties the backlog, then every scenario simply tracks the flow of newly eligible members (previous slide).

The rate matters most now: 161 vs. 268 retirements in 2026. After that the gap closes.

Historical anchor: actual retirements held near 370 per year for a decade. The 30% base case is the conservative planning rate carried forward from prior reports; NeoSpin rebuilds the eligibility basis those rates are measured against.

The Membership Is Maturing

Working members compared with members drawing a benefit



About 1.2 working members

for every member drawing a benefit. Roughly 12,000 teachers are still working and paying in; about 9,700 members and beneficiaries now receive a benefit.

What "maturing" means

When a plan is young, many working members support each retiree. As it matures, that ratio falls toward one-to-one. TFFR is now near 1.2.

The financial meaning of this maturity, including funding, contributions, and investment strategy, is addressed by the plan actuary, GRS, in the annual actuarial valuation.

Takeaways

What the membership data shows this year

1. **The workforce is turning over.** Tier 2 is now 71% of members. Tier 1 Grandfathered, the oldest benefit structure, fell by half in a single year, to 334.

2. **The group eligible to retire is smaller and older.** 535 members are eligible today, down from 1,212 in 2016, and more than a third are already past age 65.

3. **Retirements dip through the late 2020s**, then climb steadily through the 2030s and 2040s. How fast members retire changes when the wave arrives, not how large it ultimately is.

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FY2025 Retirement Trends Report | Chase Kauffeld, Chief Retirement Officer

Sources: NeoSpin member census (FYE June 30, 2025) · GRS Actuarial Valuation (July 1, 2025) · Prior TFFR Retirement Trends Reports

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MEMORANDUM

TO: Teachers' Fund for Retirement Board of Trustees

FROM: Sarah Mudder, communications and outreach director

DATE: July 29, 2026

RE: 2025-27 Strategic Communications Plan Update

The Teachers' Fund for Retirement (TFFR) Board of Trustees approved the Retirement and Investment Office's Strategic Communications Plan in July 2025. The plan established five goals.

The following report summarizes progress made toward the goals since the plan's adoption.

Goal 1: Position RIO as an Industry Leader.

Support innovation, modernization, and talent development while reinforcing the agency's reputation as a trusted fiduciary.

Objective 1: Leadership Transition Messaging.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Develop messaging announcing the onboarding of the new executive team members, including bios with headshots, media Q&As, and welcome statements.	Communications Director	Completion	Complete.
Distribute coordinated announcements via press release, social media posts, newsletters, and the agency website.	Communications Director	Media mentions, engagement	Complete.

Objective 2: Promote Operational Innovation (i.e., *My*TFFR, Internal Investment Program, etc.).

Tactic	Assigned	Metrics and/or Notes	Progress to date
Inform stakeholders about the benefits of agency innovation through coordinated announcements, by providing factsheets or how-to guides, FAQs, timelines, etc.	Communications Director and Division Directors	Media mentions, engagement, customer satisfaction	Ongoing, factsheets will be updated for legislative session.
Feature program improvements in stakeholder newsletters and annual reports as part of the agency's modernization story.	Communications Director	Engagement, brand awareness	Ongoing, press releases, newsletters, etc. continue to highlight program improvements.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Use internal communications (i.e., staff meetings, Teams and email) to reinforce how innovations support better service, transparency, and fiduciary performance.	Communications Director and Division Directors	Customer satisfaction	Ongoing.

Objective 3: Establish Thought Leadership.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Launch a video series (i.e., revised Board Education) to showcase agency operations with contributions from staff across departments.	Communications Director and Division Directors	Engagement	RIO has contracted with Funston for board education.
Secure speaking opportunities for leadership at industry conferences, webinars, regional forums, and stakeholder events.	Communications Director and Division Directors	Brand awareness	Ongoing, SIB and TFFR staff presented at approx. 8 events in FY2026.

Objective 4: Visual and Brand Elevation.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Continue refreshing the agency's visual identity (i.e., templates, decks, fact sheets and brochures) to reflect a modern, professional tone.	Communications Director and Administrative Staff	Brand awareness	Ongoing, content has been updated to address Section 508 (ADA) requirements.

Objective 5: Recognition and Benchmarking.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Apply for relevant awards (e.g., Certificate of Excellence for Financial Reporting, Public Pension Standards Award).	Communications Director and Division Directors	Media mentions, engagement, brand awareness	Ongoing, rec'd two award recognitions in FY2026.
Publish factsheets or infographics that package accomplishments and set a forward-looking tone.	Communications Director and Administrative Staff	Brand awareness	Ongoing, factsheets will be updated in preparation for the upcoming legislative session.
Benchmark in-state investment program against peer agencies and share comparisons to demonstrate progress.	Communications Director and Administrative Staff	Media mentions, engagement, brand awareness	Ongoing, Legacy Fund website to launch in Nov. 2026.

Goal 2: Strengthen Transparency and Accountability.

Build public trust by making the agency's pension and investment programs more accessible and understandable.

Objective 1: Make Investment Performance Understandable and Accessible.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Develop and promote the Legacy Fund Transparency Website (i.e., HB 1319) as a centralized hub for fund performance, allocations, and impact stories.	Vendor with Communications Director and Division Directors	Website traffic, brand awareness	Ongoing, Legacy Fund website to launch in Nov. 2026.
Engage stakeholders to ensure RIO's website and reports meet user needs and expectations.	Communications Director and Division Directors	Website traffic, customer satisfaction, brand awareness	Additional time/resources required.

Objective 2: Use Clear, Consistent Messaging.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Utilize a strategic message framework that communicates fiduciary duty, long-term value, investment discipline, and transparency through unified messaging across all platforms to build credibility and stakeholder confidence.	Communications Director	Brand awareness	Ongoing.
Equip leadership and spokespeople with talking points, media briefs, and presentation templates to ensure alignment in all communications.	Communications Director	Brand awareness	Ongoing.

Objective 3: Demonstrate Impact and Value.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Include member, employer, and public testimonials in annual updates or campaign materials to reinforce how pension and investment programs deliver meaningful benefits.	Communications Director	Engagement, brand awareness	Ongoing.
Develop messages that summarize program impacts (i.e., case studies) and share them with relevant stakeholders.	Communications Director	Engagement, brand awareness	Additional time/resources required.

Goal 3: Modernize Digital and Public Communications.

Improve the effectiveness, reach, and accessibility of agency communications.

Objective 1: Upgrade digital communication tools to better support transparency, education, and engagement.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Evaluate and implement communication platform enhancements (i.e., API integration, email automation) to improve responsiveness, personalization, and insight into stakeholder wants and needs.	Communications Director	Engagement, brand awareness	Additional time/resources required.
Design an agency intranet to align with the transition to SharePoint and support internal collaboration and knowledge sharing.	Communications Director and Administrative Staff	Brand awareness	Additional time/resources required.

Objective 2: Enhance the usability and visibility of the agency website.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Conduct a user experience (UX) audit of the agency website to identify navigation issues, accessibility gaps, and content pain points.	Communications Director	Website traffic	Additional time/resources required.
Improve accessibility, organization and searchability of website content.	Communications Director	Website traffic	Ongoing, content has been updated to address Section 508 (ADA) requirements.

Goal 4: Educate and Engage Stakeholders

Ensure key stakeholders are informed, supported, and empowered.

Objective 1: Provide governance and fiduciary education for SIB and TFFR board members to support sound decision-making and strategic alignment.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Launch a video series (i.e., revised Board Education) to showcase agency operations with contributions from staff across departments.	Communications Director and Division Directors	Engagement, brand awareness	RIO has contracted with Funston for board education.

Objective 2: Continue to improve engagement with legislators.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Develop legislative briefing materials and provide regular updates	Communications Director and Division Directors	Engagement, brand awareness and legislative action	Ongoing.
Host legislator-focused events and engagement opportunities	Communications Director and Division Directors	Engagement, brand awareness and legislative action	Ongoing, Investment Seminar scheduled for Oct. 29, 2026.
Build ongoing, personalized relationships	Executive Director w/ support of Executive and Communications Directors	Engagement, brand awareness and legislative action	Ongoing.

Objective 3: Educate and improve client fund relationships.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Establish regular interaction between client funds and RIO's fiscal and investment teams. Provide onboarding, education, and periodic check-ins.	Communications Director and Division Staff	Engagement, brand awareness	Ongoing, annual client fund survey, investment seminar and as requested.

Objective 4: Strengthen and improve TFFR member engagement and education.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Provide TFFR members with the knowledge and tools they need to understand their retirement benefit and make informed decisions.	Communications Director and Division Staff	Customer satisfaction	Ongoing, TFFR will launch a new member enrollment campaign this fall.
Use newsletter spotlights to answer common questions and to highlight testimonials.	Communications Director and Division Staff	Engagement and brand awareness	Ongoing.
Participate in and promote financial literacy (i.e., BND's Smart with my Money program)	Communications Director	Brand awareness	Ongoing, participate in mtgs and share w/ program information w/ TFFR members.

Objective 5: Strengthen and improve TFFR employer engagement and education.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Develop a comprehensive employer education program.	Communications Director and Division Staff	Customer satisfaction	Ongoing, offering regular training and monthly webinars.
Use newsletters and targeted reminders and alerts to share important deadlines, upcoming trainings, legislative updates, etc.	Communications Director and Division Staff	Engagement and brand awareness	Ongoing.

Goal 5: Support Continuity and Crisis Readiness

Promote organizational resilience through proactive communication planning.

Objective 1: Ensure rapid, coordinated messaging during critical events.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Develop a crisis communications plan that includes response protocols, message templates, and contact lists.	Communications Director	Completion	Additional time/resources required.

Objective 2: Build a Culture of Preparedness Through Communications.

Tactic	Assigned	Metrics and/or Notes	Progress to date
Equip leadership with talking points, media briefs, and presentation templates to ensure alignment in all communications.	Communications Director	Engagement, brand awareness	Ongoing.
Educate internal teams on communication expectations during disruptions including who speaks for the agency, where information will be posted, and how updates are coordinated	Communications Director	Engagement, brand awareness	Additional time/resources required.
Conduct an annual review and update of readiness messaging across channels.	Communications Director	Completion	Additional time/resources required.

Board Action Requested: Board Acceptance

NORTH Dakota | Retirement & Investment
Be Legendary.

MEMORANDUM

TO: **TFFR Board**

FROM: **Sara Seiler, Director of Internal Audit**

DATE: **June 23, 2026**

RE: **2025-2026 Third Quarter Audit Activities**

Audit Activities

- **Investment Fee Audit (co-sourced with Weaver)**

The scope of this audit evaluated the design and operating effectiveness of controls related to investment management fees and investment performance fees. The review assessed the adequacy of oversight and governance practices supporting fee arrangements, including the processes for benchmarking, monitoring, and validating fee calculations. The audit examined the accuracy of management and performance fee assessments, the sufficiency of supporting documentation, and the understanding and application of key contract terms. Additionally, the review evaluated approval workflows, payment processes, and controls related to ongoing monitoring of fee provisions, including the identification, tracking, and exercise of applicable clawback mechanisms. This audit has been completed, and the report will be presented at the June 2026 SIB Audit Committee meeting.

- **Executive Limitations Audit**

On an annual basis, Internal Audit reviews the Executive Director's compliance with the State Investment Board (SIB) Governance Manual Executive Limitation Policies. The Executive Limitations Audit for the period January 1, 2024 through December 31, 2025 has been completed. This audit has been completed, and the report will be presented at the June 2026 SIB Audit Committee meeting.

- **Executive Review and Compensation Committee**

On an annual basis as outlined in the ERCC charter, performance surveys of the Executive Director and the Chief Retirement Officer are administered. These surveys are used as part of the annual performance evaluation. The Supervisor of Internal Audit administered the surveys and compiled the results on behalf of the ERCC.

- **SIB Governance Assessment**

The State Investment Board (SIB) engaged Funston to conduct a comprehensive governance manual rewrite. As part of this initiative, Internal Audit has reviewed draft governance manual revisions and provided feedback on governance, risk management, internal control, committee responsibilities, and professional standards considerations. At the March 2026 Audit Committee meeting, the Committee reviewed a draft Audit Committee Charter under the proposed governance structure. The draft charter provides for the transition of the Audit Committee to the Audit, Risk, and Compliance Committee (ARCC), expanding the Committee's responsibilities from traditional audit oversight to an integrated enterprise oversight model encompassing audit, risk management, and compliance. Internal Audit will continue to provide advisory support by reviewing draft revisions and providing feedback throughout the governance manual rewrite process while maintaining its independence and objectivity.

- **RIO Risk Assessment**

During the third quarter, Internal Audit initiated the annual risk assessment process in preparation for developing the Fiscal Year 2027 Audit Plan. Planning activities included updating risk assessment methodologies, reviewing prior-year risk information. The risk assessment process will include discussions with management to identify and evaluate significant risks, emerging issues, strategic initiatives, and changes in the organization's operating environment. Factors such as operational changes, regulatory developments, staffing, technology, and internal control considerations will be evaluated to assess potential impacts on organizational objectives. The results of the risk assessment will be used to prioritize audit coverage and align audit resources with areas of greatest risk and significance.

- **TFFR File Maintenance Review**

Internal Audit completed a review of CPAS file maintenance activity to ensure transactions entered by RIO staff were appropriate, aligned with assigned security roles, and accurately reflected in member records. The audit included testing of system-generated audit tables and transaction logs; verification of staff access permissions; and a review of member updates such as deaths, purchases, refunds, retirements, and changes to address, name, bank information, and Member Action Forms. IA also compared sample member records between CPAS and the new PAS to confirm the accuracy of data migration. The review focused on validating the accuracy and completeness of transactions, confirming adherence to procedures, and ensuring documentation was properly maintained. The report was presented at the November 2025 Audit Committee meeting. Internal Audit received a response from the Chief Retirement Officer on February 18, 2026. This audit has been completed, and the report was presented at the March 2026 SIB Audit Committee meeting.

- **TFFR User Role Review for the Pension Administration System**

The Internal Audit Division of the North Dakota Retirement and Investment Office (RIO) completed a review of user roles assigned to staff members within the Neospin pension administration system for fiscal year 2025/26. The purpose of the review was to evaluate whether assigned user roles were appropriate and aligned with staff job responsibilities. This audit has been completed, and the report will be presented at the June 2026 SIB Audit Committee meeting.

- **TFFR Manual Updates**

The TFFR Member Handbook and TFFR Employer Guide were updated to reflect the changes due to the new pension administration system. Internal Audit has reviewed the manual revisions multiple times. The Member Handbook manual and the Employer Guide were completed and placed on the RIO website.

<u>Administrative Activities</u>

Internal Audit staff remained actively engaged across the organization by attending key standing and governance meetings throughout the period. Participation included monthly RIO staff meetings, monthly manager meetings, division meetings, fiscal/organization meetings, and retirement services meetings. Internal Audit attends TFFR, SIB, and committee meetings as needed.

Internal Auditor Recruitment

During the 2025 Legislative Session, RIO’s budget was approved, including authorization for a third FTE within the Internal Audit Division. The Internal Audit Supervisor developed the JDQ and corresponding interview questions to support the recruitment process. The position was posted October and again in January 2026.

Following the recruitment process, a candidate was selected and began employment with RIO on March 23, 2026. Since onboarding, Internal Audit has focused on integrating the new team member into the organization through orientation activities, training on agency operations and audit methodologies, and knowledge transfer related to existing audit processes, systems, and responsibilities. These efforts are intended to support the employees’ successful transition and build capacity within the Internal Audit Division.

<u>Professional Development/CE/General Education</u>

Internal Audit staff completed several professional development and training activities during the period. Both staff members completed NDIT’s Cyber Awareness Training to maintain required security readiness. Additionally, the Internal Auditor completed IIA training on Efficiencies and Innovation in Small Audit Shops.

Board Action Requested: Board acceptance.

TFFR Ends Report

North Dakota Teachers' Fund for Retirement

Plan health, member service, and economic impact — FY2026

TFFR at a Glance

North Dakota Teachers' Fund for Retirement, as of July 1, 2025

73.4%
funded ratio
(actuarial value)

$3.6B
fiduciary
net position

25,938
total
members

- The pension fund's financial health improved this year. It now has 73.4% set aside, up from about 72% last year.
- The pension fund is on track to be fully funded by approximately 2042, two years sooner than projected last year, if assumptions are met.
- Funding comes from member contributions (11.75% of salary), employer contributions (12.75% of salary), and investment earnings.

Sources: GRS actuarial valuation as of July 1, 2025; NDCC 15-39.1.

TFFR benefits reach all 53 North Dakota counties

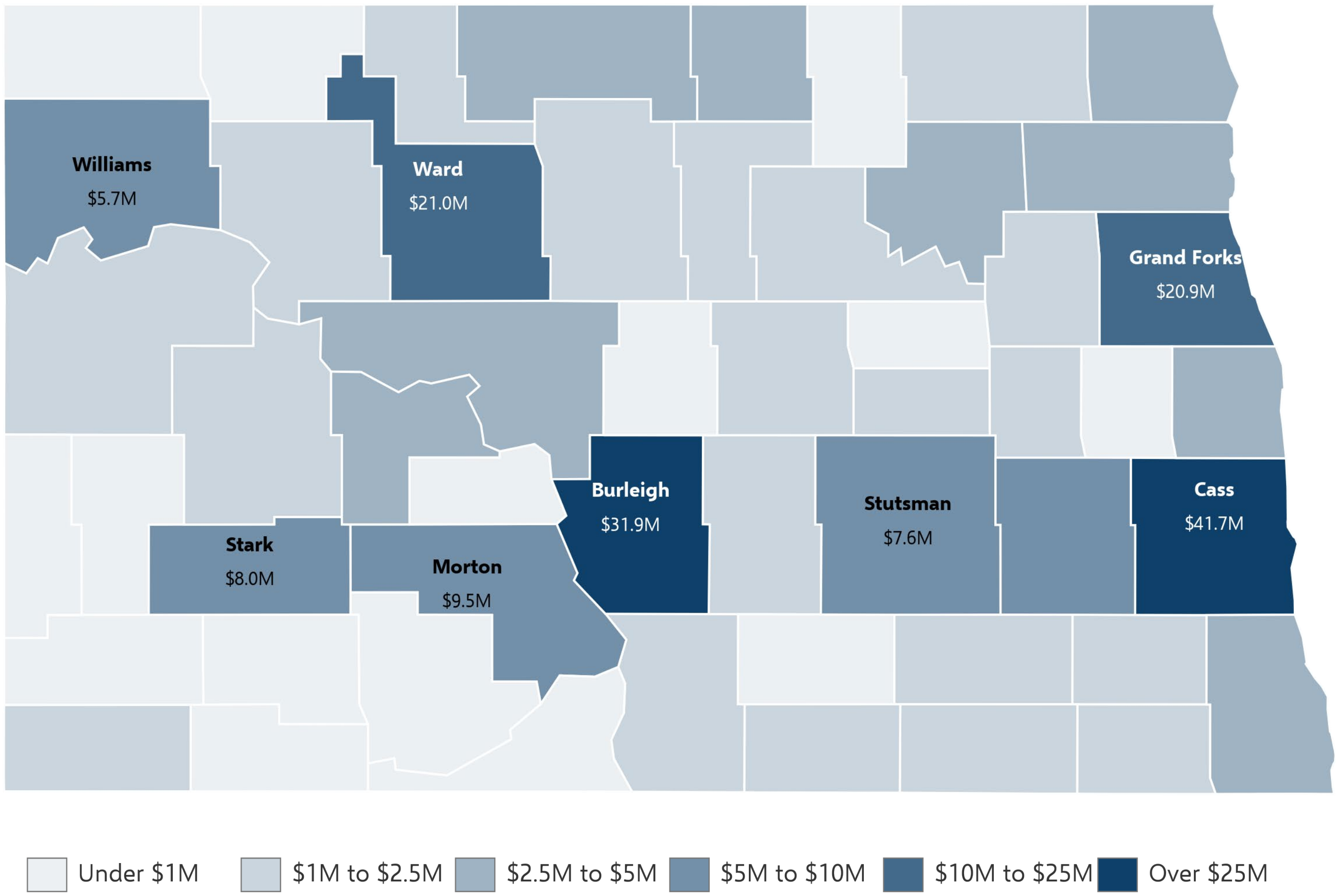
Benefit payments by county, fiscal year 2026 (July 1, 2025 through June 30, 2026)

9,620
benefit recipients

$272.8M
gross benefits paid

$227.3M
paid to ND residents (83%)

$28,358
average per recipient



Source: TFFR benefit payments by county, 7/1/2025 through 6/30/2026. 2,005 recipients ($45.5M) reside out of state. Unaudited; FY2026 audit pending.

Benefit payments by county of residence

Fiscal year 2026, listed alphabetically by county of residence

Counties with 15 or fewer benefit recipients are omitted to protect member privacy. Their recipients and payments remain included in the totals below.

County	Recip.	Gross paid ($)
Adams	34	821,989
Barnes	173	5,234,507
Benson	53	1,513,268
Bottineau	136	3,882,537
Bowman	45	1,168,681
Burke	40	890,359
Burleigh	1,038	31,909,670
Cass	1,312	41,685,823
Cavalier	60	1,475,439
Dickey	69	1,728,936
Divide	29	712,983
Dunn	42	1,171,028
Eddy	36	923,042
Emmons	54	1,441,394
Foster	47	1,462,666
Golden Valley	28	842,194
Grand Forks	667	20,870,121
Grant	34	658,369
Griggs	40	1,284,902
Hettinger	36	902,903
Kidder	42	1,111,933
LaMoure	62	1,555,699
Logan	22	525,883
McHenry	74	1,972,809
McIntosh	42	1,058,698
McKenzie	64	1,668,851
McLean	137	4,011,660
Mercer	118	3,382,292
Morton	327	9,454,080
Mountrail	89	2,193,465
Nelson	68	1,954,242
Pembina	126	3,817,113
Pierce	65	1,639,742
Ramsey	149	4,591,142
Ransom	58	1,845,871
Renville	40	1,076,052
Richland	153	4,790,437
Rolette	126	3,759,747
Sargent	49	1,187,021
Sheridan	16	318,474
Stark	257	7,983,955
Steele	22	713,657
Stutsman	262	7,575,406
Towner	29	826,800
Traill	104	3,213,023
Walsh	176	4,790,592
Ward	675	21,008,220
Wells	71	2,092,836
Williams	189	5,668,279
Out of state	2,005	45,545,253

Total: 9,620 recipients | $272,808,280 gross paid

In-state: 7,615 recipients, $227,263,026 (83.3%)

Source: TFFR benefit payments by county, 7/1/2025 through 6/30/2026. Amounts rounded to whole dollars; totals from unrounded data and include all counties.

Member service and system adoption

MyTFFR member self-service portal, fiscal year 2026 (July 1, 2025 through June 30, 2026)

11,009

members signed in to MyTFFR (since launch)

2,438

new portal enrollments (FY2026)

2,715

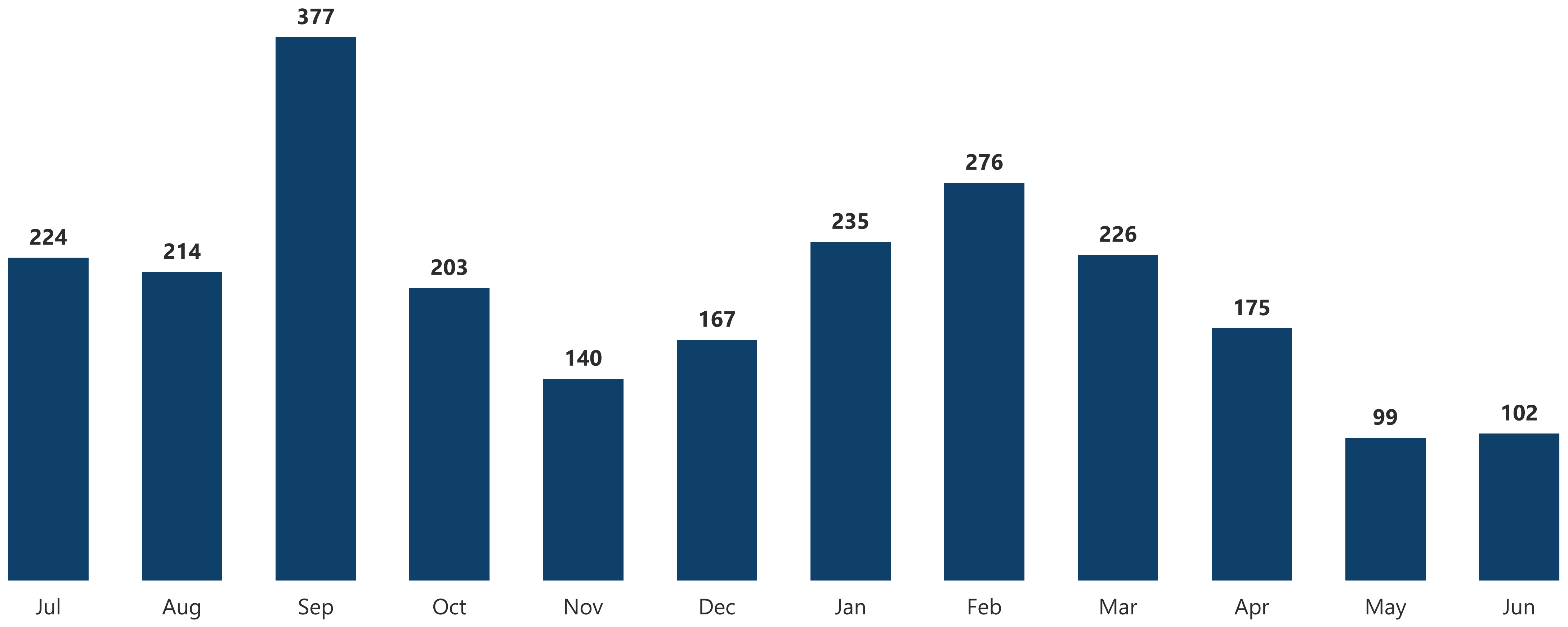
contact tickets resolved (FY2026)

- Of the 11,009 members who have signed in to MyTFFR since launch, 8,174 signed in during FY2026.
- New portal enrollments totaled 2,438 for the year and peaked in September; monthly detail follows on the next slide.
- Contact tickets resolved in FY2026 came from 1,394 members and 1,299 employers, plus 22 other contacts.

Source: MyTFFR (NeoSpin) sign-in, enrollment, and contact ticket data, FY2026 (7/1/2025 through 6/30/2026). Unaudited operational data.

MyTFFR enrollments by month

New member self-service enrollments, fiscal year 2026 (July 1, 2025 through June 30, 2026)



Source: MyTFFR (NeoSpin) enrollment data, FY2026. Total: 2,438 enrollments for the year. Unaudited operational data.

Where members are and where member contacts come from

Active members and member-submitted contact tickets by county, fiscal year 2026

Top 10 by active members

County	Active	Member calls	Per 100
Cass	3,017	337	11.2
Burleigh	1,486	128	8.6
Grand Forks	1,149	122	10.6
Ward	1,043	101	9.7
Williams	663	37	5.6
Morton	537	51	9.5
Stark	517	48	9.3
Walsh	397	21	5.3
Stutsman	315	38	12.1
Richland	308	27	8.8

Top 10 by member contact rate (min. 100 active)

County	Active	Member calls	Per 100
Barnes	163	38	23.3
Mountrail	226	35	15.5
Ransom	104	16	15.4
Ramsey	243	36	14.8
Bottineau	126	16	12.7
McKenzie	238	30	12.6
Rolette	304	37	12.2
Stutsman	315	38	12.1
LaMoure	108	13	12.0
Mercer	142	16	11.3

Source: NeoSpin active membership; MyTFFR contact tickets, FY2026. Member-submitted tickets only; Unaudited operational data.

Employer contact tickets

Contact tickets submitted by employers, fiscal year 2026

Top 10 employers by tickets submitted			
Employer	**Active**	**Tickets**	**Per 10 active**
McClusky-Goodrich School Dist.	14	26	18.6
Starkweather School	10	23	23.0
Emerado Elementary	18	22	12.2
Velva School	50	21	4.2
Yellowstone Elem. School	13	20	15.4
Devils Lake School	194	20	1.0
New Town School	113	18	1.6
Zeeland School	6	17	28.3
Naughton Rural School	5	16	32.0
Sheyenne Valley Area Voc	14	15	10.7

1,299

employer tickets submitted (FY2026)

189 of 204

employers submitted at least one ticket

6

median tickets per submitting employer

Ticket volume concentrates in the smallest districts: nine of the top ten submitters have 50 or fewer active members. Small districts without dedicated business staff lean hardest on TFFR for reporting support.

Source: Employer-submitted (ORGN) tickets only. Unaudited operational data.

Executive Limitations Report

Jodi Smith, Executive Director
North Dakota Retirement and Investment Office
TFFR Board of Trustees | July 29, 2026

Workforce Update: Fully Staffed

The Multimedia Specialist position reported as posted in April has been filled. As of this report, every authorized position in the agency is filled. No recruitments are open.

Measure	April 23, 2026 Report	This Report
Open positions	1 (Multimedia Specialist, posted)	0 - position filled

TFFR Key Projects

Governance Re-Write.

The GPR Committee reviewed the rewrite on July 14. Discovery is complete: about 70 key decisions mapped, with 8 manual-versus-law conflicts and 10 delegation gaps identified. The Delegation of Authority Register and accountability SLA are drafted; greenfield policies are in process. Two Board readings follow, targeting completion in December 2026, ahead of the legislative session. (Upon completion of the governance re-write, the TFFR team will review necessary updates to the administrative code.

CEM Benchmarking.

The 2025 benchmarking is complete, and CEM is presenting the results to the Board today alongside this report. TFFR's cost was $161 per member, $298 below the adjusted peer average, with an above-median service score of 77 versus 72. Results will inform the August 4 strategic planning session.

Pension Administration System – Warranty & Enhancement Updates

The Chief Retirement Officer is working with the vendor to complete the outstanding warranty items. A system upgrade is being explored, followed by completion of several key enhancements that will reduce manual workarounds and support staff capacity.

2027-2029 Budget Preparation.

Staff is developing a TFFR budget buildout for the 2027-29 biennium that includes funding for two FTEs to support employer services and compliance, and for continued system enhancements, including multi-factor authentication. The request will come to the Board through the budget process, informed by the CEM results and strategic planning.

Key Risks Identified

Risk (April 23, 2026)	Status	Update
Operational strain from limited staffing and manual processes	Improved	Fully staffed to authorized levels, though authorized capacity remains insufficient for the workload; manual-process reduction continues.
Antiquated governance manual	Improved	Rewrite underway; core instruments drafted; December 2026 target
Limited benchmarking and performance visibility	Improved	CEM benchmarking delivered; Board presentation and annual subscription in place
Insufficient funding for pension administration system fixes	Open	Warranty items and system upgrade underway; further funding through the 2027-29 budget request
No additional employer services and compliance capacity	Open	Two FTEs included in the 2027-29 TFFR budget buildout for employer services and compliance
Employer reporting and compliance	Open	For the first time in 7 years, Internal Auditing will complete a sample audit of employers with fewer than 40 members.
ACH rules and positive pay	Open	A new Nacha ACH fraud monitoring rule took effect June 19, 2026. As the party that builds and transmits the benefit payment file, TFFR is the Originator and must maintain a documented, risk-based procedure for identifying fraudulent payments, such as fraudulent account changes. TFFR is also exploring positive pay as an added control.