NORTH Dakota Be Legendary. | Teachers' Fund For Retirement
RETIREMENT & INVESTMENT

ND TFFR Board Meeting – Wednesday, November 18, 2026, 3:30 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 (October 28, 2026) *(Board Action)*

III. GOVERNANCE (20 minutes) *(Board Action)*
- A. GPR Committee Update – Mr. Mickelson, Ms. Smith
  1. Introduction & Second Reading TFFR GPS

IV. CONSENT AGENDA – Disability Applications[1] *(Board Action)*

V. OTHER BUSINESS
- A. Next Meetings:
  1. TFFR Board Meeting – January 27, 2027, at 1:00 p.m.

VI. ADJOURNMENT

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

Accessibility Notice: The Retirement & Investment Office (RIO) is committed to providing equitable access to its meetings and materials. Meeting packets may include draft documents that are still under development and may not be fully accessible. If you need these materials in an alternative format or require a reasonable accommodation to participate in this meeting, please contact RIO and include the meeting name and document with your request.

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

MEMBERS PRESENT

Alexis Rasset, Vice President
Thomas Beadle, State Treasurer
Mike Burton, Trustee
Scott Evanoff, Trustee
Cody Mickelson, Trustee

MEMBER ABSENT

Levi Bachmeier, State Superintendent
Rob Lech, President

GUESTS

Allyson Hicks, Assistant Attorney General
Rick Funston, Funston Advisory
Evan Norton, Funston Advisory
Christy Kiesel, GRS
Dana Woolfrey, GRS
John Shockley, Ohnstad Twichell, P.C.
Members of the Public

STAFF PRESENT

Scott Anderson, CIO
Jayme Heick, Retirement Program Specialist
Chase Kauffeld, CRO
Missy Kopp, Executive Assistant
Sarah Mudder, Communications/Outreach Dir.
Adam Otteson, CFO/COO
Emmalee Riegler, Proc. Records Mgmt. Spec.
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Executive Director
Rachelle Smith, Retirement Admin. Assistant
Dottie Thorsen, Internal Auditor
Tami Volkert, Business Partner Officer
Denise Weeks, Retirement Program Mngr.

CALL TO ORDER

Ms. Rasset, Vice President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:00 p.m. on Wednesday, October 28, 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, Mr. Mickelson, and Ms. Rasset.

No conflicts of interest were declared.

AGENDA

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

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

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

MINUTES

The Board considered the minutes of the July 29, 2026, TFFR meeting.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE JULY 29, 2026, MINUTES AS DISTRIBUTED.

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

BOARD EDUCATION

July 1, 2026, Actuarial Valuation

Christy Kiesel and Dana Woolfrey of GRS presented the results of the July 1, 2026, actuarial valuation ahead of the scheduled education topics. GRS described a stable year in which results were generally as expected. The fund earned a market value return of over 14% for the year, while the actuarial (smoothed) value of assets returned 7.1%, just below the 7.15% assumed rate of return. Deferred investment gains not yet recognized under the five-year smoothing method are expected to provide resilience against future adverse experience.

The actuarial accrued liability increased from approximately $4.9 billion to $5.1 billion, consistent with expectations and reflecting continued service accruals and higher than expected individual salary increases. The funded ratio on an actuarial value basis increased from 73% to just under 75% and approached 80.5% on a market value basis. The unfunded liability of approximately $1.29 billion matched the amount projected in the prior year's valuation. The active member count declined slightly as of the valuation date, while active member payroll increased.

The actuarially determined contribution rate was 23.91% of pay, compared to the combined statutory rate of 24.50% (12.75% employer and 11.75% member), resulting in a margin of just under 0.60%. The plan remains on track to reach full funding in 2042, ahead of the 2043 target in the Board's funding policy. The administrative expense component increased from approximately 0.50% to 0.65% of pay, which GRS attributed largely to the pension administration system and expects to be temporary. Projections indicate that a single-year return of approximately negative 16% would be required before the actuarially determined contribution exceeded the statutory rate. GRS identified investment returns and declining active membership as the primary risks to continued funding progress.

The Board discussed the increase in administrative expenses. Ms. Smith noted that CEM benchmarking reported TFFR's administrative cost at $161 per member compared to a peer average of approximately $460 and found the agency significantly under-resourced relative to peers, and that additional staffing or system investment may increase administrative expenses while improving service to members. Ongoing pension administration system costs are approximately $800,000 per year. Board members requested peer comparisons of administrative expenses and a breakdown of expense components such as salaries and technology. Staff will bring additional information on administrative expenses to the November meeting.

Actuarial Education: Lump Sum Contributions and Funding Policy

GRS reviewed the effect of lump sum contributions, which reduced the unfunded liability dollar for dollar. Assuming a contribution on July 1, 2027, a one-time $100 million contribution would reduce the projected $1.265

billion unfunded liability, increase the projected funded ratio from approximately 76% to 78%, and add about 0.90% of pay of margin between the employer actuarial contribution of 12.16% and the statutory employer rate of 12.75%. A $50 million contribution would have roughly half that effect, and a recurring $25 million annual contribution would accelerate the decline in the actuarial contribution and improve long-term contribution stability for employers.

GRS recommended amending the Board's funding policy, which has been in place since 2013 and established the 2043 full-funding target. As the target date approaches, the closed amortization period would require significant adverse experience to be recovered over a very short period, producing volatile contribution signals. GRS recommended adopting 15-year layered amortization beginning with the 2028 valuation, under which the existing unfunded liability would retain its payoff schedule and each subsequent year's experience would be amortized over a new 15-year period. The change would not affect results until the 2029 valuation. In an illustrative scenario with a negative 5% return in FY2029 and no recovery, the projected contribution shortfall was approximately 1.63% of pay under layered amortization, compared to more than 3% under the current policy. GRS offered to prepare amended policy language for the January meeting.

For discussion only, GRS also presented the concept of placing an actuarial funding policy in statute, under which contribution rates would rise toward the actuarially determined rate, subject to an annual cap and a lag, and would not decrease until full funding is reached. Texas and Wyoming have recently adopted similar approaches. Board members requested information on the impact to employers in those states and noted that the 3% annual budget increase cap on school districts adopted in 2025 may limit legislative appetite for higher employer contributions. The Board also discussed stepping rates down gradually after full funding is reached to maintain a margin above the actuarial rate. Ms. Smith noted that the April 1 deadline to submit proposed statutory changes to the Employee Benefits Programs Committee has passed, and that the next opportunity for an agency proposal would be in 2028 for the 2029 legislative session, although a legislator may introduce a bill at any time.

Treasurer Beadle asked what early warning indicators the Board should monitor regarding the projected full-funding date. GRS identified investment performance and declining active membership, given projected decreases in school-age population, as the key risks and offered to prepare a sensitivity analysis on declining active membership. Ms. Smith noted that limited staffing is a significant risk to the agency's ability to respond to market events, that the proposed budget includes a chief risk officer position, and that an enterprise risk report will be presented to the Audit, Risk and Compliance Committee in November and the SIB in December before coming to the TFFR Board in January. The Board requested additional information on the layered amortization framework and the risk scenarios discussed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE JULY 1, 2026, ACTUARIAL VALUATION REPORT.

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

GOVERNANCE

Actuarial Audit RFP

Mr. Kauffeld reported on the independent actuarial audit RFP previously authorized by the Board and requested an executive session to discuss proposal information.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. EVANOFF AND CARRIED BY A ROLL CALL VOTE TO ENTER EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.2 AND 44-04-18.4(6)(b) AND 54-44.4-10(2) TO DISCUSS EXEMPT PROPOSAL AND PROCUREMENT INFORMATION DURING THE COMPETITIVE BIDDING PROCESS.

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

The Board entered executive session at 2:18 p.m. and returned to open session at 2:27 p.m.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE STAFF RECOMMENDATION AND DIRECT STAFF TO PROCEED WITH THE FIRM MOST SUSCEPTIBLE TO AWARD OF THE INDEPENDENT ACTUARIAL AUDIT CONTRACT.

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

Delinquent Accounts Update

Ms. Smith reported that the delinquent account report has decreased significantly, with one employer account, Fort Yates, remaining. The employer has been unresponsive to staff contacts. Consistent with the established process, the employer will be given 30 days to pay following notice, after which staff will send a letter to the Attorney General's office regarding the delinquency and the potential withholding of foundation aid payments.

Fort Ransom Delinquency

Mr. Kauffeld reported that on December 4, 2025, TFFR became aware of an arrangement under which Fort Ransom School District paid its superintendent through a contract with a limited liability company without remitting TFFR contributions. Following legal review, the district was notified of $28,289.52 in delinquent contributions, which it has paid, along with a $250 penalty and $2,767.93 in interest. On September 17, 2026, the district requested that the penalty and interest be waived. Under statute, the Board may waive the $250 penalty and may reduce the interest from 1% per month to the actuarial rate of 7.15%, which would result in interest of approximately $1,654, but may not waive the full amount. Relief requires a finding that the delinquency was unintentional and excusable.

The Board discussed the circumstances of the arrangement, noting that the superintendent remained eligible for return-to-teach employment and that the district is closing and merging with another district. Board members expressed concern that employers are responsible for verifying contribution requirements before entering such arrangements, that TFFR cannot monitor the proceedings of all school districts, and that interest compensates the fund for lost investment earnings. Members also noted the district's cooperation once notified.

IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. EVANOFF AND CARRIED BY A ROLL CALL VOTE TO WAIVE THE $250 PENALTY AND COLLECT THE $2,767.93 IN INTEREST ASSESSED ON THE FORT RANSOM SCHOOL DISTRICT DELINQUENCY.

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

GPR Committee Update – Governance Policy System First Reading

Mr. Mickelson reported that the Governance and Policy Review (GPR) Committee met on October 13, 2026, and thanked Dr. Lech, Mr. Burton, and staff for their work with Funston on the rewrite of the TFFR governance manual into the new Governance Policy System (GPS).

Ms. Smith reviewed changes since the Committee's last draft. The GPS is intended to mirror the SIB governance policies wherever possible and deviate only where necessary for TFFR. Changes include adopting the prudent investor standard of care, as recommended by the Attorney General's office, because the GPS cannot set a standard higher than the law; clarifying that litigation counsel must be appointed by the Attorney General's office; aligning authority domains, the decision register, service levels, conduct of board business, and continuing education with the SIB; adding accessibility, decision-readiness, and exception-based reporting requirements; adding charter sections on oversight of management, organization, risk, compliance, and accountability; providing for the President to nominate GPR Committee members; and addressing alleged trustee misconduct through referral by the President to the GPR Committee, consultation with legal counsel, and referral to the Ethics Commission when appropriate, noting that only the appointing authority may remove a trustee. The TFFR artificial intelligence policy will match the state and SIB policies.

In response to questions raised at the GPR Committee meeting, Ms. Smith explained that under North Dakota Ethics Commission rules, trustees may accept gifts of $10 or less and items offered to all attendees at informal social or educational events, and should notify staff of any questionable gift; that trustees speaking in a personal capacity should state that their views do not represent the Board; and that continuing education hours, tracked by fiscal year, will be recorded by staff with most hours provided through BoardSmart.

Evan Norton of Funston noted that the GPS clarifies the Board's authority, including that the Board does not hire or terminate the Executive Director; identifies 57 key Board decisions in the decision register; supports oversight of service delivery through the strategic plan and CEM benchmarking; adds new policies on external communications, access to confidential information, trustee travel, and use of artificial intelligence; and introduces a four lines of accountability model. The second reading will be presented in a searchable, hyperlinked HTML format similar to the SIB's.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE INTRODUCTION AND FIRST READING OF THE TFFR GOVERNANCE POLICY SYSTEM.

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

Regional Education Association Policy – First Reading

Mr. Kauffeld presented a proposed policy, developed with legal counsel, clarifying the role of Regional Education Associations (REAs) that assist participating employers with TFFR reporting. Employers would remain responsible for their reporting and must notify TFFR in writing when engaging an REA. REA access would be limited to information needed for routine pension reporting, with web access requests identified as REA-related. Access to other confidential member information would require a signed member authorization and consent form, which was also provided. Board members noted the value of REA relationships and confirmed that school districts retain liability for reporting, including any penalties and interest.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. EVANOFF AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE INTRODUCTION AND FIRST READING OF THE REGIONAL EDUCATION ASSOCIATION POLICY.

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

Strategic Planning Report

Ms. Smith reviewed progress on items from the July strategic planning session. TFFR's funded ratio of 73.4% at that time, now nearly one percentage point higher based on the actuarial valuation, has improved 11 points since 2016 but remains below the national average of approximately 80%. The combined contribution rate of 24.5% is the highest in the region. CEM benchmarking reported a cost per member of $161 compared to a peer average of $459. Strategic plan items were prioritized to require minimal staff resources given the staffing shortfall identified by CEM.

Progress on the Board's requested items included activating Microsoft Teams Premium for member services staff in early October to track call duration and voicemail volume, with metrics to be reported once baseline data is available; launching the new member campaign this month after a delay caused by the September security incident; selecting vested and mid-career members as the next communications journey; and the cash infusion scenarios presented by GRS. System initiatives include a $50,000 statement of work to meet new IRS electronic filing requirements, a system upgrade to be completed by the end of the fiscal year, and planned member and employer portal redesigns.

The Board discussed a potential cash infusion. A one-time or recurring infusion would require introduction of a bill by a legislator but would not require Employee Benefits Programs Committee review. PERS currently receives a $65 million allocation through the state's oil tax revenue distribution, which has already been funded this biennium. Board members discussed the timing of infusions, the effect of contribution costs on school district budgets under the 3% budget increase cap, possible alternative funding sources such as common schools trust fund distributions, and directing funding through the K-12 funding formula. Concerns were raised about the predictability of formula-based funding.

Legislative Update

Ms. Smith reported on two bills expected in the upcoming legislative session. Bill draft 27.0119.01000, proposed by Senator Enget, was heard by the Employee Benefits Programs Committee on October 1, 2026, and received a favorable recommendation. The bill would create a new Tier 3 allowing approximately 2,800 Tier 1 non-grandfathered active members to return to the Rule of 85 with a 6% early retirement reduction, at an estimated

cost of approximately $143 million if paid one time, or $171 million if paid by 2029, plus 0.31% of pay ongoing. No funding is appropriated, and without funding the projected full-funding date would extend from 2042 to 2045. The bill would also provide a $50 per month benefit increase for approximately 9,700 retirees and beneficiaries, requiring a one-time transfer of approximately $54 million, or $62 million if made by 2029, from the general fund, with the amount left blank in the draft. The combined fiscal note is approximately $200 million.

Ms. Smith also reported on the proposed annual teacher bonus. Sponsors have stated the proposal is not intended to affect TFFR, but staff will monitor the final bill language to determine whether the bonus would fall within the TFFR definition of salary.

Pension Administration System Update

Mr. Kauffeld reported a security incident between September 23 and 25, 2026, in which an individual used previously obtained member identity information and the online account recovery process to access four member accounts in the MyTFFR self-service portal, view personal information, and change direct deposit information. No funds were disbursed. Staff detected the incident when a change to a restricted bank was attempted on a deceased member's account.

In response, staff worked with Sagitec to disable online direct deposit changes and new portal account creation, which delayed the new member campaign. Online account override has been disabled, and members must now verify their identity by phone. A new direct deposit policy provides for weekly review of changes, with changes made within 10 business days of a payroll applied to the following payroll. Multifactor authentication has been enabled through ND Login with NDIT, and a full fraud review is being completed. Staff is evaluating digital identity verification services such as ID.me, which may increase administrative costs. In response to Board questions, staff reported that TFFR processes approximately 30 to 50 direct deposit changes per month and that members receive a letter at their mailing address confirming each change, with optional email notification.

Other system initiatives include IRS electronic 1099 filing, a member user experience statement of work expected to go live before the end of the calendar year, and employer reporting portal improvements.

SIB Budget and Finance Committee Appointment

Ms. Smith reported that the Governance Policy System approved by the SIB on second reading earlier that day requires the TFFR Board to appoint a Board member as a voting member of the SIB Budget and Finance Committee. Mr. Evanoff, who previously attended a meeting of the Committee, agreed to serve. The next Committee meeting is scheduled for November 9, 2026.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO APPOINT MR. EVANOFF AS THE TFFR BOARD REPRESENTATIVE TO THE SIB BUDGET AND FINANCE COMMITTEE.

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

The Board recessed at 3:30 p.m. and reconvened at 3:40 p.m.

REPORTS

Annual Investment Report

Mr. Anderson presented TFFR investment performance for the fiscal year ended June 30, 2026. The fund returned 14.6% for the fiscal year, compared to the 7.15% actuarial assumed return, with annualized returns of 11.4% over three years, 6.8% over five years (exceeding the 6.4% benchmark), and 9.0% over ten years. The three-year active return of 0.6% ranked in the top quartile, while plan volatility of 7.9% was below the benchmark's 8.2%, reflecting strong risk-adjusted performance. Mr. Anderson cautioned that recent returns are well above long-term capital market expectations and that negative return years should be anticipated.

Mr. Anderson reviewed market conditions, including strong domestic and international equity returns, weaker fixed income returns due to rising interest rates, and widening high-yield credit spreads. Private market distributions remain on plan, although managers have been slower to call committed capital. A market stress and liquidity analysis showed the plan could liquidate approximately $2.25 billion within five days and an additional $495 million within 30 days, roughly 23 times annual cash flow needs, with ample liquidity remaining under a one-in-50-year stress scenario. All asset classes were within policy rebalancing ranges. A more comprehensive market stress analysis will be presented to the SIB in December.

Annual Internal Audit Report

Ms. Seiler presented the FY2026 annual internal audit report. The Audit Committee, chaired by Treasurer Beadle with Mr. Mickelson as vice chair, became the Audit, Risk and Compliance Committee effective July 1, 2026. Assurance engagements completed during the year included the investment fee audit, executive limitations audit, NeoSpin user role review, TFFR file maintenance audit, and external manager oversight audit, with management agreeing to all recommendations. The external financial audit by UHY received a clean opinion and was issued on time, and the GASB 68 employer audit was issued ahead of schedule. Advisory services included support for governance manual and charter revisions, policies and procedures, and fiscal process improvements during staff turnover. Development of an enterprise risk management program is ongoing, with an update planned for the Audit, Risk and Compliance Committee in November.

Annual Budget and Expense Report

Mr. Otteson presented the annual budget and expense report. For the first year of the biennium, the agency's appropriation of approximately $16.5 million included about $12.3 million for salaries and wages and $4 million for operating expenses. Approximately $5.6 million in salaries and $1.6 million in operating expenses were spent, with remaining funds expected to be used in the second year of the biennium. Of the agency's 35 FTEs, 11 are attributed to TFFR. TFFR investment expenditures were just over $23 million and, despite a more than 12% increase in net position, decreased as a percentage of ending net position from 0.65% to 0.57%, reflecting the internal investment program and direct private market investments. Benefit payments and certain consulting costs, including GRS and the CEM and Funston engagements, are paid through continuing appropriation.

In response to the earlier question on administrative expenses, it was explained that pension administration system development costs were capitalized and are being depreciated over five years. FY2026 included approximately $1.5 million in depreciation, a non-cash expense that accounts for much of the increase in reported administrative expenses, while total cash expenditures decreased year over year. Approximately three and a half years of depreciation remain.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE ANNUAL INVESTMENT, ANNUAL INTERNAL AUDIT, AND ANNUAL BUDGET AND EXPENSE REPORTS.

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

CONSENT AGENDA

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. EVANOFF AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CONSENT AGENDA, INCLUDING QUALIFIED DOMESTIC RELATIONS ORDERS 2027-3, 2027-4, 2027-5 AND DISABILITY APPLICATION 2026-9D.

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

UPCOMING MEETINGS

The next GPR Committee meeting is scheduled for November 10, 2026, at 3:00 p.m. A tentative virtual TFFR Board meeting is scheduled for November 18, 2026, at 3:30 p.m. to consider the Governance Policy System.

ADJOURNMENT

With no further business to come before the TFFR Board, Ms. Rasset adjourned the meeting at 4:22 p.m.

Prepared by: Rachelle Smith, Assistant to the Board

NORTH Dakota | Retirement & Investment
Be Legendary.

MEMORANDUM

TO: **TFFR Board of Trustees**

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

DATE: **November 18, 2026**

RE: **TFFR Governance Policy System – Second Reading**

This memo summarizes the process the TFFR Governance & Policy Review Committee (GPRC) and the Board followed to develop the TFFR Governance Policy System (GPS) and identifies the material changes made between the version presented to the Board and the version before you for second reading. A redline showing every change between the two versions is attached.

1. How we got here

- **June 23, 2026 – SIB adopts its GPS.** The TFFR Board accepted that structure as it relates to the SIB and indicated its intent to mirror it.
- **July 29, 2026 – Board direction.** The Board directed the GPRC to advance the Delegation Register, the Accountability Service Level Agreement, and the manual rewrite, and approved a workplan targeting Board approval in the fall and implementation on January 1, 2027.
- **August 11, 2026 – Executive model.** The GPRC reviewed how the current Governance Manual routes Board business to the Chief Retirement Officer (CRO) and was asked to confirm six points: the Executive Director (ED) as the Board's single point of communication with RIO; the CRO reporting to the ED and reporting out to the Board; the ED hiring and evaluating the CRO with written Board input; the stand-in convention when the ED is absent; the Director of Audit exception; and conforming amendments under the two-reading process.
- **September 30, 2026 – Full draft.** The GPRC reviewed the complete five-part draft (Fiduciary Foundation, Roles, Authorities & Delegation, Key Decisions, and Timing), including the Decision Register, the Decision Calendar, the conduct policies and enforcement framework, and the identification of two statutory gaps. The Committee gave direction on seven decision groups: meeting materials, continuing education, the personal-profit prohibition, the GPRC charter, the SIB and RIO interface, the Service Level Agreement, and event-driven triggers. The Actuarial Funding Policy, Investment Policy Statement, and operations policies were moved out of the GPS to stand as separate policies.
- **October 28, 2026 – Presented to the Board.** The GPS was presented to the Board for first reading.
- **November 10, 2026 – GPRC review.** The GPRC reviewed the changes made since first reading and voted to recommend the GPS for second reading at the November 18 Board meeting.

- **November 18, 2026 – Second reading.** The version before you incorporates the changes summarized below.

2. Material changes since the version presented to the Board

The table below lists the substantive changes. Editorial corrections, such as grammar, punctuation, consistent titles (for example, "Communications and Outreach Director" and "Director of Audit"), and cross-reference labels, are shown in the redline but not listed here.

Area	Version presented to the Board	Second Reading version
Committee appointments	The President appoints committee members and chairs. The CRO typically serves as staff liaison.	The President proposes a slate of committee members for Board approval, matching the SIB model. The President designates a Chair and a Vice Chair. The ED serves as staff liaison to the GPRC. Committee vacancies are filled by the President with Board approval at the next regular or special meeting.
Elections and SIB representatives	Any trustee may be nominated. The candidate with the fewest votes is dropped until one receives four votes.	The two SIB representatives and their alternate are selected from active and retired member trustees; the State Treasurer and the Superintendent are not selected for these seats. If two candidates remain without four votes, the Board may take up to two more votes, then defer to the next meeting while the incumbent continues. Election by acclamation is not used. SIB representatives serve one-year terms.
Fiduciary standard	Trustees "act as" fiduciaries. The prudent investor rule is described as the SIB's investment standard; a prudent expert definition is included.	Trustees "are" fiduciaries. The prudent investor rule is stated as the standard of care for trustees as well as the SIB. The prudent expert definition is removed.
Oath of Office	Oath under NDCC § 44-01-05.	Adds NDCC § 54-06-01. A trustee who has not executed or reaffirmed the oath may not vote. Conformed to the SIB GPS.
Use of Artificial Intelligence	TFFR-specific version, with protections for member benefit records and a prohibition on AI making benefit, eligibility, or disability determinations.	Conformed to the SIB GPS text. Scope expressly includes RIO staff. Statutory citations follow the SIB version.
Personal-profit prohibition	Noted that NDCC ch. 15-39.1 has no prohibition equivalent to NDCC § 21-10-09 and recommended pursuing one through the Employee Benefits Programs Committee.	The Board adopts the prohibition by policy (Conflicts of Interest & Disclosure – Prohibited Conduct). The recommendation to pursue legislation is removed.

Area	Version presented to the Board	Second Reading version
Trustee travel	Routine domestic travel requires the President's prior approval.	The Vice President approves the President's travel. Once travel is approved, the ED confirms budget availability and processes the authorization.
Succession planning	Succession Planning Policy (Board positions) included in the Decision Register and calendar.	Removed.
Benefits and actuarial oversight	Payments reported to the Board quarterly. Assumptions adopted through rulemaking where fixed in rule. Actuarial-adequacy test listed as an event-driven trigger.	Board oversight of payments comes through the annual audit and exception-based reporting. Benefit tables and factors are updated to conform after the experience study. GASB 68 reporting added. Actuarial-adequacy trigger removed. Two delegations now flow through the ED or designee.

3. GPRC review on November 10, 2026

The GPRC reviewed the changes above and voted to recommend the GPS for second reading at the November 19 Board meeting, so it can take effect January 1, 2027 without a special meeting. The Committee discussed three items:

- **Fiduciary standard.** Changing "act as" to "are" clarifies the language to match the SIB GPS. It does not change how trustees carry out their duties.
- **Prudent investor vs. prudent expert.** TFFR legal counsel explained that the prudent expert standard comes from ERISA, which does not apply to TFFR. The prudent investor standard is the standard state law requires of a public pension board.
- **Payment reporting.** Payments are no longer reported to the Board quarterly. Oversight comes through the annual audit, and any issues are brought to the Board as they arise.

The GPRC also canceled its December meeting. Its next meeting is in February, returning to a quarterly schedule.

Board Action Requested: Approve the TFFR Governance Policy System second reading and final adoption, effective January 1, 2027.

Attachments: TFFR Governance Policy System – Second Reading; Redline from the version presented to the Board

Teachers' Fund for Retirement (TFFR)

Governance Policy System

DRAFT

October 19, 2026

NORTH Dakota
Be Legendary.

INTRODUCTION: TFFR GOVERNANCE POLICY SYSTEM 4

Why the GPS Was Created & What It Is 4

The Purpose of Governance Policy 5

For the Board — Key Decisions and How Decisions Get Made 5

For Executive Management & Staff — Clarity of Delegation 6

How TFFR, the SIB, and RIO Fit Together 6

How to Navigate & Use the GPS 7

FIDUCIARY FOUNDATION 7

Purpose & Mission of TFFR 8

Beneficiaries 8

Stakeholder Alignment and Relations 8

Fiduciary Duties 9

Conflicts of Interest & Disclosure 10

ROLES 24

Four Lines of Accountability Model 24

The ND Statutory Framework & Legislature 25

TFFR Board Charter 26

Trustee Duties, Expectations & Continuing Education 29

Board President and Vice President Charter 31

State Investment Board 34

Retirement and Investment Office 36

AUTHORITIES & DELEGATION 42

Powers of the Board — Key Standards 42

Authority by Domain 43

Authority Framework **44**

Delegation Principles **45**

Governance Process — The Flow of Authority **45**

Conduct the Business of the Board and Its Committees **48**

KEY DECISIONS **58**

The Decision Register (Delegations) **59**

Triggers — Event-Driven Decisions **63**

TIMING **64**

The Governance Cycle **64**

Governance Calendar **67**

APPENDICES **74**

Service Levels **74**

TFFR Board Public Participation Guidelines **75**

TFFR Code of Conduct Annual Affirmation **75**

Glossary **76**

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

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

Introduction: TFFR Governance Policy System

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

Why the GPS Was Created & What It Is

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

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

PART 1 **Fiduciary Foundation**	The legal and statutory bedrock. Defines purpose, beneficiaries, fiduciary duties, and all conduct policies governing Board members and staff.
PART 2 **Roles**	Explicit role definitions across all levels — Legislature, Board, Committees, the SIB, Executive Director, and all four lines of accountability.
PART 3 **Authorities & Delegation**	Who has the power to act, under what conditions, and with what limitations. Maps authority explicitly across all governance domains.
PART 4 **Key Decisions**	The Decision Register — a complete inventory of key Board approvals, organized by cadence.
PART 5 **Timing**	The Decision Calendar and cadence framework — when decisions are made and what triggers action outside the regular calendar.
Appendix **Service Levels**	The measurement foundation of the TFFR–SIB–RIO service-level relationship. How the Board sets and monitors the service it expects from the SIB and RIO, and escalates where it falls short.

The Purpose of Governance Policy

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

For the Board — Key Decisions and How Decisions Get Made

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

The Board has five fundamental powers:

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

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

For Executive Management & Staff — Clarity of Delegation

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

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

How TFFR, the SIB, and RIO Fit Together

Three bodies act on the plan. Each holds distinct statutory authority, and none may exercise another's.

TFFR Board of Trustees (TFFR)	**Governs the plan.** The TFFR board sets the Fund's policy and rules, its actuarial assumptions and funding policy, and its investment policy and long-range asset allocation targets, which the SIB then implements; TFFR decides disability determinations and benefit appeals, defines the member service levels delivered through RIO, and oversees benefit payments, the annual audit, and employer compliance — all within statutory limits that fix contribution rates and benefit formulas. See NDCC ch. 15-39.1.
State Investment Board (SIB)	**Supervises the investment of TFFR's assets and governs RIO, the agency that administers the benefits program.** The SIB is charged with investing TFFR's assets under the investment policy and asset allocation targets established by the TFFR Board with the SIB's concurrence, subject to the prudent investor rule and the requirement that TFFR's assets be invested exclusively for the benefit of its members; and governs the Retirement and Investment Office, through which both boards are administered while each retains its separate legal identity and authority. See NDCC chs. 21-10, 54-52.5.
Retirement and Investment Office (RIO)	**Administers the program day to day.** Created to coordinate the activities of the SIB and the TFFR Board, RIO is governed by the SIB as its administrative board and delivers the benefits administration and member services the TFFR Board specifies through its service levels, and the investment support functions the SIB specifies, with each board retaining its separate legal identity and authority. See NDCC chs. 15-39.1, 21-10, 54-52.5

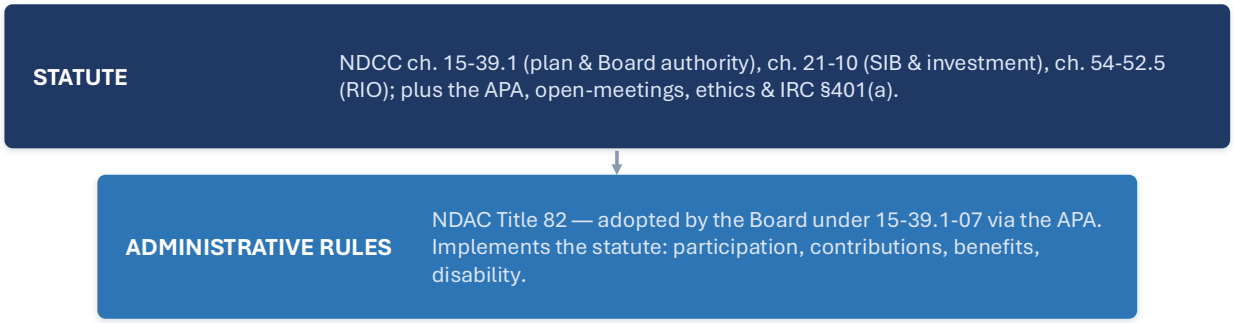
The TFFR Board and the SIB maintain separate legal identities and separate authority; nothing in this system transfers, limits, or enlarges the statutory powers of either board, of the Executive Director, or of RIO (NDCC § 54-52.5-02). TFFR's principal instruments for governing the relationship are its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

How to Navigate & Use the GPS

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

- **Tabs**: select any of the five parts (Fiduciary Foundation, Roles, Authorities & Delegation, Key Decisions, Timing), or the Appendices, from the navigation bar.
- **Search: use** the search tool to find a policy, term, committee, or decision by keyword; results link directly to the relevant section.
- **Glossary:** open the glossary drawer for definitions of key governance terms used throughout the system.
- **Expandable sections: select** a section heading to reveal its detail. The system is fully keyboard-operable and built to WCAG 2.1 AA accessibility standards.

Fiduciary Foundation



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

Purpose & Mission of TFFR

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

All GPS policies are based on statute.

Beneficiaries

— Who We Serve

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

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

Member category	Who it covers
Active members	Licensed to teach in North Dakota and contractually employed in teaching, supervisory, administrative, or extracurricular service. Contributing now; benefit payable in the future.
Annuitants	Receiving a monthly benefit today.
Inactive members	No longer contractually employed in a covered position and not yet receiving a monthly benefit.
Beneficiaries	Persons designated by or entitled through a member, including surviving spouses, other designated beneficiaries, and alternate payees, receiving or entitled to a benefit.

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

Stakeholder Alignment and Relations

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

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

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

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

Fiduciary Duties

— Core Duties

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

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

The Duty of Loyalty.
Each Board and Committee member shall discharge their duties solely in the interest of the beneficiaries and participants, placing those interests above any personal, political, or external considerations, avoiding conflicts of interest, and acting with undivided loyalty to the Fund entrusted to the Board.

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

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

Procedural Prudence

Procedural prudence is a term that has evolved to describe the appropriate activities of a person (or persons) who act in a fiduciary role. Court decisions to date indicate that procedural prudence is more important in assessing fiduciary activities than actual portfolio performance. A fiduciary

cannot be faulted for making the "wrong" decision provided that proper due diligence was performed.

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

- An investment policy must be established for the Fund and must be in writing.
- The investment policy must provide for diversification of plan assets, unless under the circumstances it would be prudent not to do so.
- Investment performance must be monitored.
- Investment expenses must be monitored.
- Prohibited transactions must be avoided.

The Board demonstrates prudence through process evidence, including:

- Consideration of alternatives and trade-offs.
- Clear delegation limits and escalation triggers.
- Ongoing oversight supported by agreed metrics.
- Independent verification of results.
- Transparent reporting, including exceptions and corrective actions.

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

Conflicts of Interest & Disclosure

- Conduct Policy

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

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

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

- A Trustee shall disclose the conflict to the President, or to the Vice President where the conflict concerns the President, who shall inform the Board at its next meeting; a copy is provided to the Executive Director for the Board's records.

- The Executive Director discloses conflicts as the SIB Governance Policy System requires (to the SIB Chair and the Director of Audit); where a conflict bears on a matter before this Board, the Board expects the Executive Director also to inform the President.
- Executives and staff shall disclose the conflict to the Executive Director (or designee).
- Matters involving the Executive Director or systemic concerns shall be referred to the SIB Audit, Risk and Compliance Committee.

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

Prohibited Conduct

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

- Receiving consideration, compensation, or benefit for advice given to a person concerning any matter over which the individual has direct or indirect control or influence.
- Acting as an agent, representative, or attorney for a person in a transaction involving the Board or the Fund.
- Participating in any transaction, decision, or recommendation in which the individual has acquired material non-public information through their official position.
- Using confidential or privileged information obtained through employment or Board service for personal gain or for the benefit of another.
- Directly or indirectly profiting from any transaction involving the Fund, other than (a) benefits received as a member on the same terms as all similarly situated members, and (b) compensation and expense reimbursement authorized by NDCC § 15-39.1-08 and Board policy.

Definition

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

Affirmation and Disclosure

The Executive Director disclosure of conflicts of interest; annual affirmations of understanding of this policy; ongoing reporting of potential or actual conflicts; documentation and retention of disclosures; and procedures for review and determination of appropriate mitigation actions. The Board relies on those procedures for matters within this policy.

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

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

Disclosure

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

2. Definitions.

- **Financial Interest** means any direct or indirect ownership, compensation arrangement, employment relationship, or other material economic interest held by a Trustee or an Immediate Family Member.
- **Immediate Family Member** includes a spouse, domestic partner, dependent child, or any person residing in the Trustee's household.
- **Material Relationship** means any relationship that a reasonable person could conclude may influence, or appear to influence, the Trustee's judgment.
- **Event-Driven Disclosure** means disclosure required within ten (10) business days of a material change in circumstances.
- **Meeting Disclosure.** At the time of roll call for each Board meeting, each Trustee shall affirm on the record whether they have any actual, potential, or perceived conflict of interest with respect to any item on the meeting agenda.

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

4. Event-Driven Disclosure. A Trustee shall disclose any new or changed Financial Interest or Material Relationship within ten (10) business days of becoming aware of such interest.

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

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

6. Public Records. Disclosure forms and related materials shall be maintained in accordance with NDCC § 44-04-18 and NDCC ch. 54-46. Records relating to the retirement benefits of a member or

beneficiary are confidential and are not public records unless disclosure is specifically authorized by law or TFFR rules (NDCC § 15-39.1-30).

External Communications

1. Authority to Speak for the Board. Pursuant to NDCC ch. 15-39.1, the Board acts only through official Board action taken in compliance with NDCC § 44-04-19. The President serves as official spokesperson on governance matters. The Executive Director (or the Chief Retirement Officer in the Executive Director's absence or at the Executive Director's direction) serves as official spokesperson on operational matters and on the retirement program. Individual Trustees have no independent authority to represent the Board unless expressly authorized by Board action.

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

3. Legislative Communications. Board positions presented to legislative bodies must reflect official Board action. Testimony on behalf of the Board requires coordination with the President and Executive Director. Proposed changes to the statutes governing the plan are submitted to the Legislative Management's Employee Benefits Programs Committee (NDCC §§ 15-39.1-05.2(5), 54-35-02.4).

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

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

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

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

Board Access to Confidential Information

— Conduct Policy

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

Scope.

This policy applies to:

- All Board and Committee members;
- The Executive Director, executives, and staff responding to information requests;
- All forms of information — written, verbal, digital, and system access — held by the Retirement and Investment Office or its service providers.

This policy governs information requests beyond the materials routinely provided in Board and Committee meeting packets. Materials included in approved meeting packets are, by definition, accessible to Board and Committee members subject to applicable confidentiality protections. Packet materials that contain member or beneficiary records remain confidential and are not public records (NDCC § 15-39.1-30)

Definitions.

- **Confidential Information** means non-public information held by TFFR or RIO, including investment, personnel, legal, contractual, and member and beneficiary information protected under NDCC § 15-39.1-30 or other applicable law.
- **Material Non-Public Information (MNPI)** means information not generally available to the public that a reasonable investor would consider significant in making an investment decision, including pending transactions, manager evaluations in progress, deal pipeline, and material portfolio actions.
- **Fiduciary Purpose** means the exercise of a Board or Committee responsibility to set direction, approve, oversee, verify, or report, consistent with the Board's five fundamental powers.

Guiding Principles.

The Board affirms the following principles governing access to information:

- **Fiduciary Purpose**: Access shall be directly linked to a fiduciary purpose – approve, oversee, verify, or report - and shall support oversight and decision-making, not operational involvement.
- **Need-to-Know Standard**: Information provided shall be limited to what is necessary, proportionate, and relevant to the fiduciary purpose identified.

- **Channel Integrity:** Information requests beyond routine meeting materials shall follow formal governance channels established under this policy. Routine interaction between Committee Chairs and designated staff liaisons in furtherance of approved Committee work plans is not restricted by this policy.
- **Confidentiality and Market Integrity:** Protection of MNPI, attorney-client privileged information, personnel information, member and beneficiary records, and sensitive operational data is paramount and shall not be subordinated to convenience or expediency.

Information Classification and Access Control. The following classifications govern Board access to information held by the RIO:

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

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

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

Written requests for non-public information shall identify:

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

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

Prohibited Practices. A Board or Committee member shall not:

- Request non-public information directly from staff outside the channels established in this policy;
- Direct staff to perform analysis, research, or work outside approved Board and Committee work plans;
- Access or use information obtained through Board service for personal, political, commercial, or other non-fiduciary purposes;
- Conduct independent or parallel due diligence on investment managers, transactions, or counterparties outside Board-approved processes;
- Share confidential information with persons not authorized to receive it, including spouses, family members, business associates, or media.

Information Handling and Security.

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

- Where appropriate, sensitive materials shall be made available for review on-site at RIO offices or through secure electronic means designated by the Executive Director;

- Access restrictions may include view-only access, watermarking, time-limited availability, and prohibition on copying, downloading, or forwarding;
- Sensitive information shall not be transmitted via unsecured channels, including personal email, personal devices, text messaging, or non-approved cloud storage;
- Public records retention requirements under NDCC ch. 54-46 apply to all communications regardless of channel.

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

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

Confidentiality and Legal Obligations. A Board or Committee member shall:

- Annually affirm in writing their confidentiality and fiduciary obligations under this policy and applicable law;
- Comply with all restrictions on the use of MNPI and other non-public information;
- Adhere to applicable personal trading, disclosure, and recusal requirements consistent with the Disclosure policy and the Conflicts of Interest policy;
- Comply with continuing obligations following the conclusion of Board or Committee service with respect to information acquired during such service.

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

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

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

Enforcement. Breaches of this policy may result in:

- Formal reprimand by the President, on recommendation of the GPRC;
- Committee reassignment or removal, consistent with applicable law and Board authority;

- Referral to the North Dakota Ethics Commission or other oversight bodies, where appropriate;
- Other actions consistent with governing statutes and the Conflicts of Interest policy.

Periodic Review.

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

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

See also → Disclosure; Conflicts of Interest & Disclosure; External Communications; Use of Artificial Intelligence.

Trustee Travel Policy

- Conduct Policy

1. Purpose. Trustee travel shall support the Board's responsibilities under NDCC ch. 15-39.1 and NDCC § 15-39.1-08.

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

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

3. Pre-Approval.

- Routine domestic travel requires prior approval of the President and the President's travel shall be approved by the Vice President.
- International or unusually high-cost travel requires Board approval.

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

5. Post-Travel Reporting.

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

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

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

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

Oath of Office

1. Statutory Requirement. Each Trustee shall execute the oath of office required under NDCC § 44-01-05 and § 54-06-01 prior to participating in Board deliberations or voting.

2. Fiduciary Acknowledgment.

The oath shall acknowledge:

- Duty of loyalty to beneficiaries;
- Duty of care consistent with the prudent investor standard the Board has NDCC § 21-10-07 adopted (see Fiduciary Duties);
- Duty of compliance with applicable statutes and Board policies;
- Obligation to avoid conflicts of interest;
- Commitment to continuing fiduciary education.

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

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

5. Non-Compliance. A Trustee who has not executed or reaffirmed the required oath may not vote or participate in official Board action until compliance is achieved.

Use of Artificial Intelligence

1. Purpose. The purpose of this policy is to establish principles, governance standards, and control requirements governing the use of Artificial Intelligence (AI) technologies by the Board of Trustees of the North Dakota Teachers' Fund for Retirement ("Board") and the Retirement and Investment Office ("RIO") staff. This policy is adopted pursuant to NDCC ch. 15-39.1 and is intended to assure that the use of AI supports the Board's fiduciary obligations, protects confidential information under NDCC § 44-04-22, and complies with applicable open records and open meetings laws.

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

3. Definitions.

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

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

Material Decision Context means any matter involving investment decisions, manager selection, asset allocation, procurement, risk management, governance, personnel, benefit determination, or other actions that may materially affect beneficiaries or public funds.

4. Guiding Principles.

- **Fiduciary Primacy:** AI tools may support but shall not replace the exercise of independent fiduciary judgment required under NDCC § 54-52-02.9.
- **Human Accountability:** All material decisions remain the responsibility of identified individuals and the Board acting collectively. AI outputs shall not be treated as authoritative without human review.
- **Confidentiality Protection:** Confidential investment information, proprietary data, and non-public records protected under NDCC § 44-04-22 shall not be entered into publicly available AI systems unless explicitly authorized and protected by appropriate contractual safeguards.
- **Transparency and Documentation**: Where AI tools materially inform analysis or recommendations presented to the Board, staff shall document the role of AI in the analytical process consistent with NDCC § 44-04-18 and § 44-04-30.
- **Security and Risk Management:** AI use shall comply with Board-approved cybersecurity, data governance, and enterprise risk management policies.

5. Permissible Uses. Subject to safeguards in this policy, AI may be used for:

- Research support and background analysis;
- Drafting and editing non-final documents;
- Data summarization and pattern identification;
- Scenario modeling and analytical support;
- Administrative efficiency improvements;
- Education and training purposes.

6. Prohibited Uses.

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

- Entering confidential investment information into public AI platforms without contractual data protection safeguards;
- Delegating final investment decisions to automated AI systems;
- Using AI to generate official Board positions without human validation and approval;
- Circumventing public records retention requirements;
- Creating synthetic communications that misrepresent Board authority or official positions.

7. Investment Decision Support. Where AI tools are used in connection with investment analysis: AI outputs shall be considered advisory only; material assumptions must be independently validated; documentation shall identify the extent to which AI informed analysis; and final recommendations shall clearly reflect professional judgment and fiduciary review. The use of AI shall not dilute the prudent investor standard required under NDCC § 54-52-02.9.

8. Governance and Oversight.

8.1 Executive Director Responsibilities. The Executive Director shall: approve AI tools used for official business; ensure appropriate vendor due diligence and contractual safeguards; integrate AI risk into enterprise risk management; and report material AI-related risks or incidents to the Audit, Risk and Compliance Committee.

8.2 Audit, Risk and Compliance Committee Oversight. The Audit, Risk and Compliance Committee shall: oversee AI-related operational, cybersecurity, and compliance risks; review AI governance practices periodically; and ensure alignment with internal audit plans, where appropriate.

9. Vendor and Third-Party AI Use. Contracts with external managers, consultants, or service providers that materially use AI in connection with Board assets shall: disclose such use when more than incidental; provide assurances regarding data confidentiality and cybersecurity; and confirm compliance with applicable law and fiduciary standards.

10. Records Retention. AI-generated content used in Board business constitutes a public record where required under NDCC § 44-04-18 and shall be retained in accordance with NDCC § 44-04-30.

Prompt histories or AI interactions that materially inform recommendations to the Board shall be retained as part of the decision-support record.

11. Training. Trustees and staff shall receive periodic education regarding: appropriate AI use; data confidentiality risks; and fiduciary implications of AI-supported analysis.

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

Litigation Governance

Legal Counsel

The North Dakota Attorney General's Office (AGO) provides legal services to the TFFR Board and staff. Its duties and responsibilities include:

1. Representing the Board and staff in all legal matters, including administrative hearings and litigation.
2. Advising and educating the Board and staff on legal matters related to administering the retirement system, including Board appeals, fiduciary duties, ethics, open records and meetings, and potential litigation.
3. Reviewing and advising on retirement program issues.
4. Researching and interpreting state statutes and federal regulations.
5. Drafting proposed legislation, administrative rules, and other legal documents.
6. Reviewing Board policies, procedures, contracts, and other legal documents.
7. Responding to legal questions from staff, members, business partners, and others.
8. Coordinating with other AGO attorneys and divisions on matters involving the retirement plan.
9. Working with outside legal counsel on Internal Revenue Code requirements and plan qualification issues.

Securities Litigation

Securities litigation involving TFFR's assets is overseen by the State Investment Board under its Securities Litigation Oversight & Annual Reporting policy. The Board receives, at least annually, the Executive Director's securities litigation report, or a summary of it, as it pertains to TFFR's assets, including recoveries credited to the Fund. The appropriate party to any claim depends on the nature of the claim. Any decision for TFFR to act as a party in its own name is reserved to the Board and is made in consultation with the Attorney General's Office (NDCC §§ 15-39.1-05.2(1), 54-12-08(1)).

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

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

Roles

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

Four Lines of Accountability Model

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

1st Line — Benefits and Investment Services
Officers & Staff: CIO — Investment, CRO — Retirement. Provide reasonable assurance through execution, controls, and monitoring.
2nd Line — Middle/Back Offices and Enterprise Services
Officers & Staff: CFO/COO — Fiscal, Communications and Outreach Director. Shared Services: Legal (Attorney General's Office) / HR (ND HRMS) / IT (NDIT). Provide reasonable assurance through controls and monitoring.
3rd Line — Internal Audit Services
Officers & Staff: DA (Director of Audit), Internal Audit. Provides independent reassurance through objective review and assurance.
4th Line — External Audit & Advisors
External Audit & Advisors: Actuary and actuarial auditor, Medical Consultant (retained by this Board); Governance Advisor (retained by RIO on behalf of this Board or the SIB, as needed); Independent External Auditor; Investment Consultant (retained by the SIB); Legal (Attorney General's Office). Provides independent reassurance; the actuary and medical consultant report directly to the Board, as does a governance advisor engaged on its behalf.

The Board relies on all four lines, the first three operating within RIO under the SIB's governance of the agency, to support prudent delegation and informed oversight. 1st and 2nd Lines provide

reasonable assurance through execution, controls, and monitoring. 3rd and 4th Lines provide **independent reassurance** through objective review and assurance.

The ND Statutory Framework & Legislature

— Framework

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

The Legislature:

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

Reporting Role of TFFR to the Legislature

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

TFFR's reporting role includes:

- **Periodic and statutory reports:** Providing required reports on the actuarial funding status, investment results, financial condition, Fund status, benefit administration, and compliance with governing statutes and policies.
- **Budget and appropriation support:** Supporting, through RIO and the SIB, the budget requests, expenditure reports, and staffing information necessary for the Legislature to exercise its appropriation and fiscal oversight responsibilities for the TFFR program.

- **Actuarial, audit, risk, and compliance reporting:** Communicating actuarial valuations and funding adequacy, the results of independent external audits, internal audit activity, and material risk, control, or compliance matters relevant to legislative oversight.
- **Testimony and legislative engagement:** Appearing before legislative committees to explain results, respond to inquiries, and provide factual, non-advocacy information on TFFR's activities and governance.

TFFR Board Charter

Purpose. TFFR members and beneficiaries receive the benefits promised to them, securely funded and efficiently administered. This objective is evaluated against the funding and service metrics in the Plan Management Policy and the service goals in the Board's strategic plan, measured through the annual CEM pension administration benchmarking report.

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

The Board governs through policy, delegation, and oversight. It sets the Fund's actuarial assumptions and funding policy, its investment policy and long-range asset allocation targets, its administrative rules, and the levels of service its members receive.

It does not invest the Fund, which is supervised by the State Investment Board, and it does not administer the plan day to day, which is carried out by the Retirement and Investment Office under the State Investment Board's governance. Authority may be delegated; fiduciary responsibility may not.

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

Board Composition

The Board comprises seven Trustees under NDCC § 15-39.1-05.1(1):

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

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

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

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

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

Committee Composition

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

Three trustees serve on the GPRC, all drawn from Board membership. The President will propose a slate of committee members, based on the match between the committee's recommended capabilities and trustees' interests, for board approval. The President appoints the GPRC chair.

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

Vacancies, Holdovers & Continuity

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

- **Resignations:** A trustee's resignation from the Board is submitted as the law requires, for an appointed trustee to the Governor (NDCC § 44-02-02), with a copy to the President and the Executive Director for the record. The resignation is reported at the next meeting and entered in the minutes, and governance records are retained.
- **Removal:** Board membership removal is governed by statute and the appointing authority; the Board's internal authority is limited to officer roles and committee positions.
- **Alleged misconduct**: The President refers the matter to the GPRC (or designated committee) for review; legal counsel is consulted; and Board action is limited to internal steps (censure, committee removal where permitted, referral to the appointing authority, and the like).
- **Holdovers:** A trustee may continue to serve until a successor is appointed and qualified. A holdover should not exceed 90 days without written notice to the appointing authority and Board discussion; the Executive Director or the President notifies the appointing authority, and, for an appointed seat, the nominating organization, at least 90 days before a term expires.
- **Staggered appointments:** Where appointment authority allows, the Board recommends staggered appointments and continuity planning to avoid simultaneous turnover, maintaining a rolling "continuity risk" view of anticipated departures over the next 12–24 months and proactively notifying appointing authorities and the nominating organizations that submit nominee lists.

Trustee Duties, Expectations & Continuing Education

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

Trustee Standards

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

Committee Service

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

Time Commitment

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

Knowledge, Skills and Competencies

Board members are not expected to be investment or actuarial professionals but are expected to govern prudently and intelligently. Desired competencies include:

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

Continuing Education

Each member shall complete **10 hours annual continuing education (CE)** with the curriculum to be based on Board and Committee capability requirements. Credits may be earned through any combination of online or in-person training including conferences and in-house sessions. RIO staff will track completion. Service on the State Investment Board or on its committees does not add to this requirement, and continuing education completed in that capacity counts toward this minimum: a trustee who serves on both boards completes ten (10) hours in total, not ten for each.

→ On the competencies expected of trustees and of each committee role: Trustee Duties, Expectations & Continuing Education — Knowledge, Skills and Competencies.

Collective Responsibility

Authority rests with the Board acting as a body, not with individual members. Individual trustees do not direct staff or make unilateral decisions on behalf of TFFR. Board performance is evaluated through annual self-assessment. See also → Governance & Policy Review Committee Charter.

Committee Authority and Role

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

Standing Committees act as extensions of the Board's fiduciary authority, performing detailed review, analysis, and oversight within scopes defined by a Board-approved charter. Committee authority is collective and advisory unless explicitly delegated by Board action.

Committees:

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

Committees do not exercise independent governing authority unless expressly delegated by the Board, and all material decisions remain subject to full Board approval.

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

Oversight of Management and Organization

- Provide input to the SIB on the Executive Director's goals and evaluation, consistent with statutory authority.
- Monitor organizational capacity, resources, and internal controls necessary to execute Board-approved policies.
- Assure management operates within delegated authority and established limitations.

Risk, Compliance and Accountability

- Oversee enterprise risks, including funding, operational, legal, and reputational risks.
- Assure effective compliance with Statutes and administrative rules and Board policies and ethical standards.

- Promote transparency, documentation, and timely escalation of issues.

Stakeholder and Public Accountability

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

Board President and Vice President Charter

— Leadership

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

The President will preside at all meetings of the Board. In the absence of the President, the Vice President will perform the duties of the President.

President's Role

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

The Board agenda will be the responsibility and be coordinated by the President with the assistance of the Executive Director. Meeting discussion content will only be those issues which, according to Board policy, clearly belong to the Board and not the Executive Director, or in a Board member's opinion, may deal with fiduciary responsibilities. Deliberation will be fair, open, and thorough, but also efficient, timely, orderly, and brief.

The President is empowered to chair Board meetings with all the commonly accepted authority of that position (e.g., ruling, recognizing). The President has no authority to make decisions about policies created by the Board. Therefore, the President has no authority to supervise or direct the Executive Director. The President may represent the Board to outside parties in announcing Board-stated positions and in stating the President's decisions and interpretations within the area delegated to the President.

International or unusually high-cost travel requires Board approval The President may call recess, enforce agenda/time rules, and refer disputes to the Governance & Policy Review Committee (GPRC) for follow-up. The President assures deliberation remains within fiduciary scope.

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

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

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

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

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

Vice President's Role

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

Election of Board Officers and TFFR Representatives to the SIB

1. Board Officers

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

- Board President
- Board Vice President

2. Election Procedure

The TFFR Board elects its President at the first meeting following July 1 of each year (NDCC § 15-39.1-06). At the same meeting, the Board elects its Vice President, selects its two representatives to the SIB, and may appoint their alternate (NDCC § 21-10-01(1)(f), (2)), and approves the President's slate of committee members. As with all Board action, four votes are required (NDCC § 15-39.1-05.1(3)). Any trustee may nominate any eligible trustee (for the SIB representative and alternate seats, an active or retired member trustee), self-nomination is permitted, and no second is required. The default voting method is a recorded roll call. Officers and representatives may be re-elected. Unattributed (secret) ballots shall not be allowed because the Board acts in open meeting and its votes are part of the public record (NDCC §§ 44-04-19, 44-04-21(1)).

Where more than two candidates stand and none receives four votes, the candidate with the fewest votes is dropped and the vote retaken until two candidates remain. Where two candidates remain and neither receives four votes, the Board may take up to two further votes before deferring the position to the next regular or special meeting. A deferral leaves no position empty: the incumbent continues to serve, the Vice President acts as President where there is no incumbent, and the

sitting SIB representatives and alternate continue to serve. Election by acclamation or unanimous consent may not be used, because those methods do not produce the four recorded votes the statute requires. The minutes record, for each position, the candidates nominated, the voting method, each trustee's vote, the number of rounds taken, and the outcome.

3. Term

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

4. Vacancy in an Office or Representative Seat

A Board officer or TFFR representative to the SIB may resign the position by written notice to the Board and the Executive Director; resignation from a position is not resignation from the Board. A vacancy occurring before the end of a term is filled by the Board at its next regular or special meeting by four votes, and the successor serves the remainder of the term. Where the office of President is vacant, the Vice President acts as President until the Board elects a successor.
See also → On a vacancy in a trustee's seat on the Board: Vacancies, Holdovers & Continuity.

State Investment Board

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

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

The SIB is also the governing body of RIO.

SIB and Committee Positions

Each year the Board elects its two representatives to the SIB and their alternate, recommends trustees for appointment to the SIB Audit, Risk and Compliance Committee and the SIB Budget and Finance Committee, and approves the President's slate of members for the Governance & Policy Review Committee (GPRC). The Board selects its two representatives and the alternate from its active and retired member trustees (see TFFR Representatives to SIB, below). The State Treasurer, who serves on the SIB ex officio, and the Superintendent of Public Instruction are not selected for these seats (NDCC § 21-10-01(1)(b), (f)).

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

TFFR Representatives to SIB

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

TFFR Representatives to SIB Committees

The TFFR Board recommends one trustee for appointment to the SIB Audit, Risk and Compliance Committee (ARCC) and one trustee for appointment to the SIB Budget and Finance Committee (BFC) (see Decision Register (Delegations)). The recommendation is

TFFR's to make; the appointment is not. SIB committee members are appointed by the SIB Chair at the first SIB meeting in July of each year, or as a vacancy arises, on a slate the Chair proposes for SIB approval. Terms are one year, or end earlier if the trustee's service on the SIB ends. *The TFFR representatives on SIB ARCC and BFC have the same authority and responsibilities as do other trustees on the SIB committees.

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

TFFR Representative to the SIB Audit, Risk and Compliance Committee

The ARCC serves as this Board's audit committee; TFFR has no audit committee of its own. The representative participates in the committee's oversight of enterprise risk management, internal and external audit, financial reporting and internal controls, and compliance and ethics. This seat is the Board's channel for verifying the audit program and receiving the results of internal and external audits of the plan and of RIO (see TFFR Board Charter — Verification).

TFFR Representative to the SIB Budget and Finance Committee

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

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

Retirement and Investment Office

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

Executive Director Charter

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

Statutory "Investment Director" and the Executive Director

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

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

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

Executive Director Role and Authority. The Executive Director will be retained by the SIB, serve at the SIB's pleasure, be responsible for keeping the records of the SIB and TFFR Board actions, and perform such duties as the SIB prescribes. The Executive Director will make out and give out all notices required to be given by law, procedures, or rules and regulations of the two Boards.

The Executive Director, as chief executive officer, is accountable to the SIB acting as a body. With respect to the TFFR plan, this Board conveys its expectations to the Executive Director only through its written policies and the levels of service it establishes (NDCC § 15-39.1-05.2(6), (7)), delegating to the Executive Director the implementation and administration of those policies. The Executive Director is accountable for assuring compliance with laws, rules, and policies.

Authority granted by the SIB. The SIB authorizes the Executive Director to:

- Approve expenditures within approved budgets
- Approve Hiring/Termination of Chief Investment Officer, Chief Retirement Officer, Chief Financial and Operating Officer

- Approve Hiring/Termination of External Managers
- Approve all contracts unless delegated by the Executive Director
- Approve material contract amendments within budget
- Approve Securities Monitoring and Litigation

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

Communication and Counsel to the Board

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

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

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

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

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

E. Present information in a short and simple form.

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

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

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

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

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

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

1st–4th Lines: Staff and Advisor Charters

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

1st Line — Benefits and Investment Services

Chief Investment Officer Charter

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

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

Chief Retirement Officer Charter

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

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

Policy Development and Program Administration: The CRO assists the Executive Director and the TFFR Board in developing administrative rules, policies, and procedures necessary to administer the retirement program. The CRO provides analysis and recommendations on retirement program issues, legislative proposals, and operational matters affecting the plan and supports the Board in carrying out its statutory responsibilities.

Retirement Program Operations: RIO staff, under the direction of the CRO, are responsible for the administration of the retirement program including the collection and processing of contributions, maintenance of member records, calculation and payment of retirement and disability benefits, and coordination with actuaries, legal counsel, and other service providers. Staff will provide the TFFR Board with accurate and timely information necessary to support the Board's oversight responsibilities and fiduciary duties.

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

2nd Line — Middle/Back Offices and Enterprise Services

Fiscal services

Purpose: to assure that the funds and accounts of SIB clients and of TFFR members and beneficiaries are managed prudently under applicable accounting standards and practices.

Evaluation criteria: Internal and external audit reports, internal compliance controls, the publishing of timely and accurate performance reports and financial statements, and responsiveness and accuracy of reporting to oversight authorities.

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

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

See also → On the levels of service the Board sets and monitors: TFFR Board Charter — Oversight. On who speaks for the Board: Conduct the Business of the Board and Its Committees — Board Communications.

3rd Line — Internal Audit Services

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

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

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

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

Functions and units within RIO will be reviewed at appropriate intervals to determine whether they are effectively carrying out their responsibilities of planning, organizing, directing, and controlling in accordance with SIB and management instructions, applicable laws, policies, and procedures, and in a manner consistent with both the RIO objectives and high standards of administrative practice.

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

The Internal Audit Charter requires a QAIP (Quality Assurance and Improvement Program), including (1) ongoing internal monitoring, (2) annual internal assessments, and (3) external quality assessment (EQA) at least every five years.

4th Line — Independent External Auditors and Advisors

The Fourth Line consists of independent external professionals engaged by this Board, or by the SIB or RIO on the Fund's behalf, to provide objective assurance, expert judgment, and independent validation across critical fiduciary, financial, investment, actuarial, and governance functions. These parties do not manage or execute operations; their role is to independently assess, test, advise, and opine — strengthening Board oversight, reducing blind spots, and reinforcing accountability.

Actuary — Performs the annual actuarial valuation of the Fund, the investigation of actuarial experience conducted once every five years (NDCC § 15-39.1-05.2(3)(c)), and the GASB reporting required of the plan and of participating employers, and recommends the actuarial assumptions and methods the Board adopts (NDCC § 15-39.1-05.2(3)(b), (d)). An independent actuarial audit provides periodic verification of that work. See also → Key Decisions — Decision Register (Delegations).

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

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

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

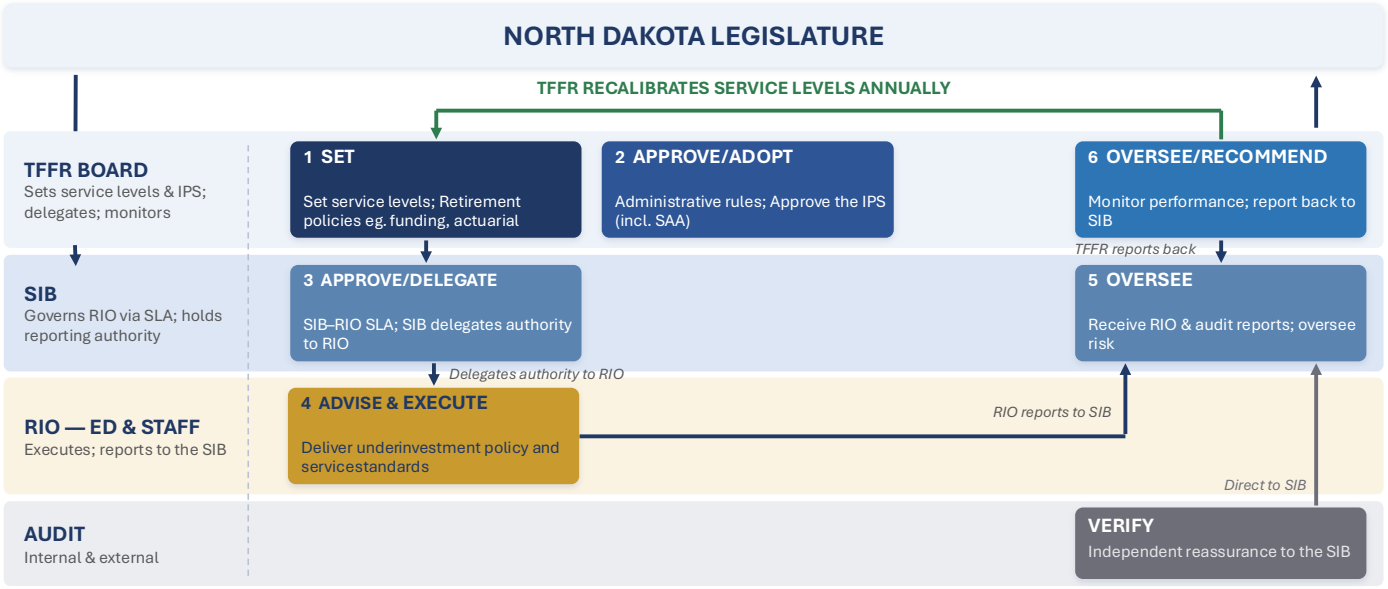
Governance Advisor— Assesses governance structure, policies, delegation, board effectiveness, and fiduciary practices; benchmarks against leading practices and statutory requirements.

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

External Legal Counsel — Provides independent legal advice on fiduciary duties, statutory authority, contracts, litigation, ethics, and regulatory compliance.

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

Authorities & Delegation



Reading the diagram: Each horizontal lane represents a level of authority. The Board governs through five powers: Conduct → Set → Approve & Delegate → Oversee → Verify & Report. Committees research, recommend, oversee, and independently verify. Staff advise and execute within delegated authority. Internal audit verifies operations and external audit verifies the integrity of financial statements. The Legislature authorizes and appropriates biennially; the Board is accountable to the Legislature and the public and reports to the Legislature.

Powers of the Board — Key Standards

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

Authority by Domain

The GPS maps authority explicitly across five powers and the five governance domains of the SIB GPS, plus one domain unique to TFFR: Benefits & Funding. Committees perform the due diligence necessary to support a recommendation to the full Board for its approval. Where the SIB or the Legislature holds a power, the matrix names that body.

Authority matrix — allocation of governance powers across six domains

Domain	Conduct Business	Research & Recommend	Set / Approve	Delegate	Oversee Execution	Verify & Report
Governance	Governance & Policy Review Committee	Governance & Policy Review Committee	TFFR Board	ED	Governance & Policy Review Committee	Governance & Policy Review Committee
Investment	TFFR Board	RIO Staff / Investment Consultant	TFFR Board / SIB (asset allocation approved jointly)	SIB (SIB invests; ED executes)	SIB Investment Committee	SIB Investment Committee
Leadership & Talent	SIB Executive Review & Compensation Committee	SIB Executive Review & Compensation Committee	SIB	SIB Executive Review & Compensation Committee / Budget & Finance Committee	SIB Executive Review & Compensation Committee	SIB Executive Review & Compensation Committee
Stewardship	SIB	SIB Budget & Finance Committee	SIB / Legislature	ED	SIB Budget & Finance Committee	SIB Budget & Finance Committee
Accountability	SIB Audit, Risk & Compliance Committee	SIB Audit, Risk & Compliance Committee	SIB	DA / Ext. Auditor	SIB Audit, Risk & Compliance Committee	SIB Audit, Risk & Compliance Committee
Benefits & Funding *TFFR only*	TFFR Board	ED / CRO / Actuary	TFFR Board	ED / CRO / Actuary / Medical Consultant	TFFR Board	Actuarial Auditor / Internal Audit

Highlighted cells differ from the SIB matrix. All other cells match the SIB matrix; "SIB" is added before committee names so readers know whose committee it is.

Abbreviations: CRO Chief Retirement Officer · **DA** Director of Audit · **ED** Executive Director · **SIB** State Investment Board

Where TFFR Differs from the SIB Matrix

- **Governance.** Same structure. The TFFR Board, not the SIB, sets and approves.

- **Investment.** TFFR has no investment committee. The Board adopts its investment policy and approves asset allocation jointly with the SIB, which invests the Fund by statute (NDCC §§ 15-39.1-26, 21-10-02) and oversees through its Investment Committee.
- **Leadership & Talent, Stewardship, and Accountability.** No change. The SIB holds these powers over RIO. TFFR takes part through its representatives on the SIB, the Audit, Risk & Compliance Committee, and the Budget & Finance Committee.
- **Benefits & Funding.** Added because it is TFFR's core authority and has no SIB equivalent: actuarial assumptions and funding policy, benefit and disability determinations, appeals, and employer reporting.

How the Domains Map to the Decision Register

The Decision Register keeps its ten functional domains. This table shows where each one sits in the matrix.

GPS Domain	Decision Register (Delegations) domains it covers
Governance	1. Governance, Board Structure & Meetings; 2. Rulemaking, Legislative & IRC Compliance
Investment	3. Investment of Assets
Leadership & Talent	8. Personnel & Staffing
Stewardship	7. Financial Management, Budget & Audit (financial management and budget)
Accountability	7. Financial Management, Budget & Audit (audit); 9. Employers & External Parties (employer compliance audits)
Benefits & Funding	4. Actuarial & Funding; 5. Benefits Administration & Member Determinations; 6. Disability Determinations; 9. Employers & External Parties; 10. Service-Level Governance

Sources. Plan Management Policy: TFFR Program Manual § B (metrics established July 24, 2019; adopted October 24, 2019). Delegations and reserved powers: Decision Register (Delegations). Service expectations: the Board's strategic plan and the annual CEM pension administration benchmarking report and, once adopted, the TFFR–SIB–RIO Service Level Agreement. Statutory basis: NDCC chs. 15-39.1, 21-10, and 54-52.5; NDAC tit. 82.

Authority Framework

The ND Legislature created TFFR. The Board governs and exercises its authority through a prudent delegation architecture which embeds prudence across how authority is informed, delegated, exercised, overseen, independently verified, and reported. The Board may delegate authority to Committees, to the Executive Director, and others; however, delegation of authority does not and cannot delegate fiduciary responsibility.

The State Investment Board hires, evaluates, compensates, and plans for the succession of the Executive Director. The Executive Director hires officers and staff and advises the Board, typically

through its Committees. Committees may retain independent consultants, perform due diligence, and make recommendations to the Board for its approval.

The Board sets direction and policy and exercises its authority to approve certain key decisions. Administration is funded through RIO's biennial legislative appropriation, governed by the SIB; benefits and consultant fees are paid from the Fund by continuing appropriation. The Board delegates authority to the Executive Director, exercised through the SIB's governance of the agency. The Executive Director executes directions within Board-approved policy. Committees oversee performance and risk and escalate and report exceptions to the Board. The Board reports to the Legislature, the members and benefit recipients, and the general public.

Delegation Principles

- Delegation

The Board delegates authority consistent with the following principles:

- Delegation of authority and resources is intentional, explicit, and documented.
- Authority is delegated with clear purpose, scope, limits, and expectations.
- Execution authority is accompanied by oversight, verification, and reporting requirements.
- The Board retains ultimate accountability and responsibility for prudent processes.
- Only the Board can delegate to the Executive Director.
- Only the SIB can delegate to Internal Audit; the Board receives audit reassurance through its representative on the SIB Audit, Risk and Compliance Committee.

Governance Process — The Flow of Authority

- Process Architecture

Governance Process

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

1. The Executive Director and staff advise the Board and its Committees.
2. Committees (and Board consultants) recommend to the full Board.
3. The Board sets direction aligned to purpose, members and benefit recipients, and fiduciary duties.
4. The Board approves decisions and delegates authority and resources, defining limits and escalation thresholds.
5. The Executive Director executes within delegated authority.
6. SIB Committees oversee performance and risk.
7. Independent functions verify outcomes and controls to the SIB Audit, Risk and Compliance Committee and, through the Board's representative, to the Board.
8. The Board reports transparently to stakeholders and beneficiaries.

See also → On the role and authority of committees: Roles — Committee Composition — Committee Authority and Role. On the Board's oversight and verification: Roles — TFFR Board Charter — Oversight; Verification. On when each step falls in the year: Timing.

Role of Committees

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

Committees act on behalf of the Board in accordance with delegated authority and do not exercise management functions. Committees are accountable to:

- Advise and recommend to the Board based on analysis, expertise, and professional judgment.
- Oversee performance, risk, and compliance within their remit.
- Verify outcomes through metrics, internal audit, compliance, and independent reassurance.
- Escalate material issues, exceptions, and emerging risks to the Board.

Committees recommend but do not approve, unless explicitly authorized by the Board.

Oversight

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

Verification

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

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

Conduct the Business of the Board and Its Committees

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

The chart below describes the approvals reserved for the Board. The expectation is that Committees will perform the due diligence necessary to support a recommendation to the full Board for its approval. The Board determines a multi-year calendar, and Committees organize their work accordingly. Continuing education is linked to the calendar so that it is targeted and just-in-time, taking into account the very busy schedules of members.

Conduct Dimension	TFFR Board of Trustees (Board)	Committees (All Committees)
Purpose	Serves as the statutory board of trustees in which the authority to set policy for the Fund rests, responsible for plan policy, rulemaking, actuarial matters, benefit determinations, service levels, and fiduciary accountability under NDCC ch. 15-39.1. Investment of the Fund is supervised by the SIB under an investment policy the Board establishes (NDCC §§ 15-39.1-05.2(2), 15-39.1-26).	Support the Board by providing focused research and recommendations, oversee performance and risk, verify and report to the Board within delegated subject-matter areas.
Fiduciary Status	Acts as fiduciary with full statutory duties of loyalty, compliance and prudence to members and beneficiaries. Trustees affirm the Code of Conduct annually and disclose conflicts.	Committee members act as fiduciaries when exercising delegated responsibilities on behalf of the Board.
Authority	Holds all authority granted by statute (NDCC ch. 15-39.1); may delegate specific accountability while retaining ultimate responsibility. → Decision Register (Delegations).	Advise, oversee and verify only unless expressly delegated authority by the Board; may not bind the Board or exceed delegated scope.
Limitations	Authority constrained by statute, administrative rules, ethics laws, open meetings and open records requirements, and member-record confidentiality (NDCC § 15-39.1-30). Benefit design is set by the Legislature. RIO's administrative budget is approved by the Legislature biennially, and the Executive Director is appointed by the SIB.	Authority limited to Board-approved charters; committees have no independent or implied powers.
Quorum	Four of seven trustees. Four votes are required for any action, however many trustees attend (NDCC § 15-39.1-05.1(3)).	A majority of committee members. The Committee will act only on the affirmative vote of the majority of the Committee members at a meeting. Should a quorum not be present the Chair will announce the absence of a quorum and the members will disperse. Approved meeting minutes of the Committee will be submitted to the Board.

Conduct Dimension	TFFR Board of Trustees (Board)	Committees (All Committees)
Voting	Voting on matters before the Board is by roll call, except on procedural matters, and will be contained in the minutes, which will show the recorded vote of each trustee. Proxy voting is not allowed.	Same as the Board.
Records	A record of proceedings will be kept by the Executive Director on all meetings of the Board. The records of these proceedings are public documents, except as confidential by law, and copies will be distributed upon request.	Same as the Board.
Meetings	Meets as required to fulfill statutory duties (at least quarterly); subject to ND open meetings law. All meetings of the Board are open to the public, except as allowed under North Dakota law, and are noticed as required by NDCC § 44-04-20. Meetings of the Board may be called by the President or two trustees upon reasonable notice in writing to the other trustees (NDCC § 15-39.1-06). Trustees are expected to attend each meeting, in person or via tele- or videoconference. The Board may invite RIO staff, the actuary, auditors, or others to attend meetings, as necessary to provide information and to conduct business. The Board approves an annual meeting schedule, generally on the SIB meeting day. The Board may hold executive sessions as allowed under state law. Meeting materials must be provided in accessible formats. Presentations must not rely solely on visual content. Recordings and posted materials must be provided in accessible formats.	Same except the Governance & Policy Review Committee may meet semi-annually.
Meeting Agendas	Meeting agendas will be prepared by the Executive Director and approved by the Board President, unless otherwise directed by the Board, and will be provided to trustees along with briefing materials seven (7) days before the scheduled Board meeting.	Same — except agendas will be prepared by the Committee staff liaison, in coordination with the Executive Director.
Meeting Materials	Meeting materials should be distributed at least seven (7) days in advance. Trustees are encouraged to read the materials in advance as presentations should be based on that assumption. This is intended to reduce the time spent "presenting" materials and increase the time spent on dialogue. Materials should meet ADA Design Standards.	Same as the Board.
Consent Agendas	The Board may use consent agendas to approve routine, non-controversial items in a single motion, without discussion — unless a trustee asks to pull an item for separate consideration. Typically, such matters (disability applications, QDROs, business partner reviews, and other routine administrative matters) have been reviewed in advance and require no debate or decision trade-offs.	Same as the Board.
Rules of Order	Robert's Rules of Order Newly Revised except as superseded by state law and Board governance policies.	Same as the Board.

Conduct Dimension	TFFR Board of Trustees (Board)	Committees (All Committees)
Reporting	Receives reports from Committees, staff, the actuary, auditors, external advisors, and TFFR's representatives on the SIB and its committees. Reports should be exception-based wherever appropriate. Reports to the Legislature as required, including statutory proposals to the Employee Benefits Programs Committee.	Reports regularly to the full Board; escalates material issues promptly. Reports should be decision-ready, clearly identifying: Issues; Options (least to most); Implications (pros and cons); Recommended actions.
Decision-Making	Makes final decisions unless authority is explicitly delegated. → Decision Register (Delegations).	Makes recommendations; decisions only where expressly delegated.
Self-Assessment	Conducts an annual Board self-assessment focused on fiduciary effectiveness and governance performance, using a standardized, confidential survey and facilitated discussion, timed to inform governance planning and charter reviews, and resulting in a written summary of strengths, gaps, and prioritized improvement actions reported to the Board. President-specific questions should be mapped to duties such as agenda discipline; meeting facilitation; fiduciary focus; boundary enforcement; information flow; culture/behavior management. Confidential peer feedback should be compiled by the GPRC and the results shared with the President.	The GPRC conducts annual Board and Committee self-assessments focused on: effectiveness and clarity of delegation; clarity of roles and decision authority; quality, timeliness, and usefulness of information received; adequacy of time spent on strategic vs. operational matters; effectiveness of risk, performance, and policy oversight; and committee composition, expertise, and workload. Results are summarized and shared with the Board, along with any recommended improvements. → Governance & Policy Review Committee Charter.
Mentor	Each new trustee shall be assigned a mentor by the President in consultation with the Executive Director to aid in their onboarding.	Not applicable.
Continuing Education	Each trustee participates in ongoing fiduciary, investment, actuarial, and governance education, completing a minimum of ten (10) hours each fiscal year. → Roles — Trustee Duties, Expectations & Continuing Education — Continuing Education.	Each Committee member shall complete continuing education aligned with the Committee's responsibilities and required capabilities.
Charter / Governance Review	Approves governance framework and Committee charters; triennially reviews Board governance policies.	The GPRC will review the Committee charter at least triennially and recommend updates to the Board.
Accountability	Accountable to members, beneficiaries, participating employers, the Legislature, and the public for statutory compliance and long-term stewardship.	Accountable to the Board for researching and recommending policy, oversight of performance and risk within the delegated scope and verification and reporting to the Board.
Annual Workplans	The Board should create a multi-year workplan, cadence and calendar based on the approvals required of it. The annual agenda schedule and education plan are adopted at the July meeting.	Every standing Committee will create an at least annual plan to provide timely recommendations to the Board according to the agreed upon Board calendar.

Conduct Dimension	TFFR Board of Trustees (Board)	Committees (All Committees)
Appointment	Trustees appointed or seated as provided in statute (NDCC § 15-39.1-05.1).	Committee members appointed by the Board President, on a slate approved by the Board, at the first meeting following July 1 of each year or when a vacancy arises.
Compensation	Trustees, except ex officio members, will be paid the amount specified in NDCC § 15-39.1-08 per day of attendance at Board meetings and, by Board policy, committee meetings of two or more hours. Expenses will be paid according to state law and OMB policies.	Same as the Board.
Leadership	Board President presides over Board meetings and sets agendas in coordination with the Executive Director.	Committee Chairs and Vice Chairs will be designated by the Board President.
Staff Support	Executive Director serves as primary liaison; the Chief Retirement Officer and senior staff support Board deliberations. The Executive Director is appointed by and accountable to the SIB.	The Executive Director serves as staff liaison to the Governance & Policy Review Committee and designates senior staff liaisons for special committees appropriate to their scope.
Independent Advisors	The Board may retain independent advisors as required. Legal counsel is appointed by the Attorney General (NDCC § 54-12-08(1)).	Same subject to Board approval.
Terms	Appointed trustees serve five-year terms beginning July 1; ex officio members serve while in office (NDCC § 15-39.1-05.1).	Terms will be one year or termination of the term on the Board. Committee members serve at the pleasure of the Board.
President / Vice President	The Board elects a President and a Vice President at the first meeting following July 1 of each year (NDCC § 15-39.1-06), and meets at the call of the President or of any two trustees upon reasonable written notice.	The Board President will appoint a Committee Chair and a Vice Chair. The Chair will preside at all meetings of the Committee. In the absence of the Chair, the Vice Chair will perform the duties of the Chair.
Election of Officers	**Nomination:** Any trustee may nominate any eligible trustee; self-nomination is allowed; no second is required. Voting threshold: Four votes (NDCC § 15-39.1-05.1(3)). Where more than two candidates stand and none receives four votes, the candidate with the fewest votes is dropped and the vote retaken; where two remain and neither receives four votes, the Board may take up to two further votes before deferring the position to the next meeting, and the incumbent continues to serve. Election by acclamation or unanimous consent is not used. Voting method: Recorded roll call; secret ballots are not used (NDCC §§ 44-04-19, 44-04-21(1)). Documentation: Candidates, each trustee's vote, the number of rounds, and outcomes will be recorded in the minutes. Officers and SIB representatives may be re-elected; SIB representatives	Not applicable.

Conduct Dimension	TFFR Board of Trustees (Board)	Committees (All Committees)
	and their alternate serve one-year terms or until their successors are elected.	
Ad hoc and Sub-Committees	The Board may form, and delegate authority to, ad hoc or sub-committees when it deems appropriate.	Same as the Board.
Committees	The Board President proposes a slate of Committee members for Board approval.	Governance & Policy Review; special (ad hoc) committees as the Board determines. TFFR is represented on the SIB Audit, Risk & Compliance Committee, which serves as TFFR's audit committee, and on the SIB Budget & Finance Committee.
Vacancies	A vacancy occurs upon: written resignation effective date; removal from officer role; removal from Board membership; death; permanent incapacity; loss of eligibility; disqualifying legal status; or termination of the employment on which an appointment was based. The ED will notify the Board within 5 business days; the President notifies the appointing authority within 10 business days. **Holdovers:** A trustee may continue to serve until a successor is appointed and qualified. A holdover should not exceed 90 days without written notice to the appointing authority. **Staggered Appointments:** Where appointment authority allows, the Board recommends staggered appointments and continuity planning to avoid simultaneous turnover.	Committee vacancies are filled by the Board President, with Board approval at its next regular or special meeting. The Board President may designate a trustee to cover a committee seat until the Board acts.
Independence	Not specified in NDCC ch. 15-39.1 has no statutory prohibition equivalent to NDCC § 21-10-09; the Board adopts one by policy in Conflicts of Interest & Disclosure (Prohibited Conduct)	Committee members are subject to the same Code of Conduct, disclosure, and recusal requirements.
Executive Sessions	The Board or a committee may conduct business in executive session only as permitted by NDCC § 44-04-19.2. Only the portions of a public meeting that are specifically confidential or exempt from open meetings law may be closed, and the remainder of the meeting must be open. Procedure: convene in open session preceded by proper public notice; announce the topics to be considered in executive session and the legal authority for the executive session; pass a motion to convene executive session; record the session electronically; limit topics to those announced and authorized; pass a motion to close the executive session, discontinue electronic recording, and return to open session; take final action during the open portion of the meeting; and record all substantive votes by roll call.	Executive sessions are presided over by the Board President or, in committee, the Committee Chair.

Conduct Dimension	TFFR Board of Trustees (Board)	Committees (All Committees)
Trustee Orientation	Each new trustee should attend new trustee orientation session(s) as soon as possible after being appointed to the Board or elected to office. Orientation is developed by the Executive Director and includes, at minimum: introduction to RIO staff and a tour of the RIO office; the Governance Policy System; Board duties and responsibilities; history and overview of the plan; the TFFR–SIB–RIO organizational structure; laws, rules, and Board policies governing the plan; benefit structure, administration, and outreach services; fiduciary responsibilities, conflicts of interest, and ethics; open meetings and open records; Board meeting schedule, protocol, minutes, and materials; the actuarial valuation, experience, and audit reports and funding policy; the annual financial report; the investment program, investment policy statement, asset allocation, and performance; the RIO website; legislative issues; and the list of educational conferences and training sessions.	A trustee joining a committee receives a briefing from the staff liaison on the committee's charter, workplan, and current agenda.
Education Conferences, Travel, and Reimbursement	The Executive Director or designee maintains a list of educational conferences, workshops, and training programs appropriate for trustees and provides it to trustees at least annually. Subject to budget availability, trustees may attend at least one out-of-state educational conference each year, and new trustees or trustees with investment or other specialized responsibilities may attend additional training to develop the knowledge and skills the role requires. Travel approval and post-travel reporting follow the Trustee Travel Policy; the Executive Director confirms budget availability and that the program is geared to trustee education. The Executive Director informs the Board annually of the programs attended by trustees. Trustees notify the Chief Retirement Officer of interest in a program; RIO completes the travel authorization form for the trustee's signature and, once the trip has been approved under the Trustee Travel Policy, the Executive Director confirms budget availability and processes the approval; and RIO makes travel arrangements and pays registration fees unless otherwise agreed. Travel-related expenses are paid in accordance with State of North Dakota travel policies, and reimbursement requires a completed expense form with receipts as required.	Committee-related travel follows the same approval and reimbursement process.
Public Access and Comment	Public participation or comment may be allowed at the Board President's discretion and subject to reasonable time limits, by written request to appear on the agenda, to speak on a specific agenda topic, or to speak on any TFFR-related topic not on a regular agenda, or by submitting a letter or written document for distribution to the Board. A request to appear must reach the Executive Director in writing at least ten business days before the meeting, stating the reason or topic, and the item is placed on the	Same as the Board.

Conduct Dimension	TFFR Board of Trustees (Board)	Committees (All Committees)
	agenda subject to the President's approval. A request to speak on a specific agenda topic, or under Other Business on a TFFR-related topic that is not on the agenda, must reach the Executive Director in writing at least two hours before the meeting, stating the topic. A speaker is allowed five minutes unless the President allows more. A member of the public with a question about the operation of the plan, or about an individual member or business partner matter, is encouraged to contact the Executive Director or the Chief Retirement Officer directly, so that Board time is not taken with matters staff can answer. The Board's published participation guidelines set out the procedure at the meeting itself, including how a speaker is recognized and the conduct expected. → TFFR Board Public Participation Guidelines, posted on the RIO website.	
Confidentiality	Records relating to a member's or beneficiary's retirement benefits are confidential and are not public records (NDCC § 15-39.1-30). Disclosure is permitted only to the persons and for the purposes listed in that section, under rules adopted by the Board.	Same as the Board.
Rulemaking	The Board may adopt such rules as are necessary to fulfill its responsibilities (NDCC § 15-39.1-07). Rulemaking follows NDCC ch. 28-32, including Attorney General review and Legislative Management Administrative Rules Committee review.	The GPRC reviews proposed rules for consistency with the Governance Policy System, and adoption is reserved to the Board.
Board Appeals	Any member, beneficiary, business partner, or affected individual may appeal a determination made by the Executive Director or designee regarding TFFR eligibility, benefits, or other plan provisions. A written request for Board review must be filed within thirty days after notice of the determination, and if it is not filed within that period the decision of the agency is final. The request must include the decision being appealed, the reasons the individual believes it should be reversed or modified, and any relevant documentation. The appeal hearing is scheduled as part of a regularly scheduled Board meeting, a summary of the relevant facts and documentation is presented, and the affected individual or designee may attend and speak. The Board decides after reviewing the facts, documentation, and testimony, and communicates its decision in writing to the affected individual within thirty days. An aggrieved individual may initiate a formal administrative action against the Board in accordance with NDAC § 82-10-01-01 and NDCC ch. 28-32.	No committee may hear or decide an appeal or make an individual benefit determination.

Conduct Dimension	TFFR Board of Trustees (Board)	Committees (All Committees)
	When sitting on appeals the Board acts in a quasi-adjudicative capacity, avoiding ex parte contact with a party and preserving the record.	
Board Communications	The Board President and the Executive Director — or the Chief Retirement Officer in the Executive Director's absence or at the Executive Director's direction — are authorized to represent the Board on retirement program issues and to announce Board positions and decisions, unless otherwise determined by the Board. Trustees may respond to general inquiries about the TFFR retirement program. Specific questions from members, beneficiaries, business partners, and the public should be referred to the Communications and Outreach Director or other RIO staff for more detailed information.	A Committee Chair speaks for the committee only on matters within its charter, and reports committee positions to the Board rather than externally.
Strategic Planning	The Board and the Executive Director work collaboratively to develop a long-term strategic plan. The plan may identify and prioritize TFFR program issues and initiatives; assess strengths, weaknesses, opportunities, and threats; focus resources on high-value activities; develop strategies to address priorities; monitor progress and implementation; and inform the SIB, through the Executive Director, of the resources successful execution requires.	The GPRC aligns the Governance Policy System and committee workplans to the strategic plan.
Litigation Governance	*→ Fiduciary Conduct Policies — Litigation Governance.*	*→ Fiduciary Conduct Policies — Litigation Governance.*

Governance & Policy Review Committee Charter

Purpose

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

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

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

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

Authority and Limitations

- Has authority to review, assess, and recommend.
- Does not have authority to approve policy, except where specifically delegated by the Board.
- Does not direct management operations.
- May request information, analyses, and assistance from management and external advisors as necessary to fulfill its duties.

Recommended Capabilities

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

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

Staff Liaison: Executive Director

Powers and Responsibilities

1. Conduct — Annual Self-Assessments

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

2. Set: Research and Recommend

a. Charter and Delegations Framework

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

The GPRC shall review and recommend Board delegations to Committees, the Executive Director, and staff, assuring that delegations are clearly defined, include appropriate limits and reporting expectations, and preserve Board accountability and its reserved powers while enabling effective operations.

b. Statutory and Rule Changes

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

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

3. Approve: Not authorized

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

4. Oversee

a. Governance Risk and Alignment

- Monitor emerging governance, fiduciary, and regulatory risks.
- Oversee alignment of Board policies with statutes, regulations, fiduciary standards, and leading practices.
- Coordinate, as appropriate, with the SIB Audit, Risk and Compliance Committee (through the Board's representative on that committee), the Attorney General's Office, and external governance advisors.

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

b. Board Effectiveness and Development

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

c. Governance Policy System

The GPRC shall oversee the design and coherence of the Board's governance system, including governance policies, delegations of authority, Committee charters, and Board procedures. The Committee shall monitor for gaps, overlaps, or ambiguity that could undermine fiduciary oversight.

d. Governance Policy Review Cycle

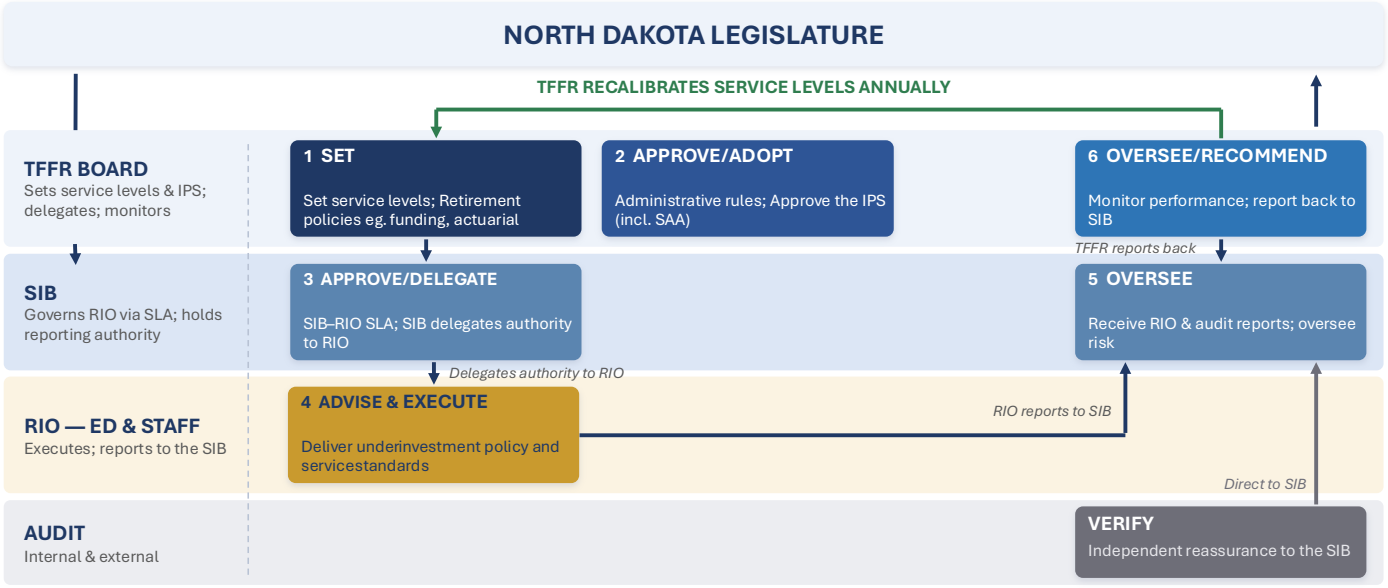
The GPRC shall establish and oversee a structured review cadence (no less than every three years) assuring reviews are risk-informed, aligned with statute and leading practice, and reflective of Board intent. Periodic review does not imply revision.

5. Verify and Report to the Board

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

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

Key Decisions



The Decision Register (Delegations)

- Purpose and Functions

- **Decision Architecture**

The GPS introduces a **Decision Register** — a catalogued inventory of the key decisions the Board makes, organized by the committee or body that performs the due diligence, by policy area, and by cadence. The register lists 56 key Board decisions: 38 recur on a fixed cycle and 18 are event-driven.

To support each major decision, the GPS introduces Just-in-Time Peer Intelligence Reports and curated board insights — providing relevant context and suggested questions to ask in advance of each significant vote or action.

The Five Powers: Conduct, Set/Approve, Delegate, Oversee, and Verify & Report. Together, they frame every decision in the register. Committees, RIO staff, and the Board's advisors perform due diligence and recommend; the **Board** approves.

The Governance Policy System is designed to assure that the Board exercises its fiduciary authority in a disciplined, transparent, and repeatable manner across multiple years. At its core are two reinforcing governance tools:

- **The Decision Register (Delegations), a structured** inventory of all recurring and non-recurring decisions.
- **The Governance Cycle - a calendariz**ed multi-year cadence of Board and Committee activities through which policies are set, decisions are approved, authority is delegated, performance is overseen, and results are verified.

Together, these tools establish a five-year governance cycle that organizes the Board's fiduciary responsibilities into a structured sequence of decisions, oversight activities, and policy refinements. This approach assures that the Board governs proactively rather than reactively, maintains disciplined oversight of delegated authority, and continuously improves the governance framework over time.

The Decision Register is the central operating instrument of the system. It is a structured record that identifies, documents, and schedules all key Board decisions required to govern the plan and the organization.

The Decision Register (Delegations) serves several governance functions:

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

Each entry in the Decision Register typically identifies:

- The decision topic;
- The timing or cadence of the decision;
- The Board authority being exercised;
- The committee responsible for due diligence;
- The intelligence and insights needed in advance to make a prudent decision;
- The information, analysis, and independent advice required;
- The expected outcome or approval.

The Decision Register assures that every significant Board decision is prepared through an appropriate governance process, including committee due diligence, expert analysis, and independent verification where appropriate.

Complete Decision Register

Decision Register — Key Board approvals and cadence, organized by committee

Policy Area	Due Diligence / Recommend	Cadence
GOVERNANCE & POLICY REVIEW COMMITTEE		
Governance, Authority & Controls	Election of Officers & SIB Representatives	**Y1**
	Delegation of Authority (Decision Register)	**Y3**
	Delegation of Authority Matrix	**Y3**
	Annual Agenda Schedule & Education Plan	**Y1**
	Committee Charters	**Y3**
	Governance & Program Policies; Conflict-of-Interest Standards	**Y3**
	Code of Conduct Affirmation & Conflict-of-Interest Disclosures	**Y1**
	Policy Review Schedule	**Y1**
	Board, Committee & Individual Self-Assessment	**Y1**
Extraordinary & Non-Routine	Response to Governance Failure or Breach	**AN**
	Special or Emergency Meeting; Emergency Stabilization	**AN**
	Litigation Positions & Material Settlements	**AN**
	Litigation Register	**Q**

Policy Area	Due Diligence / Recommend	Cadence
INVESTMENT — *RIO staff & investment consultant recommend; approved jointly with the SIB where statute requires*		
Investment Strategy	Investment Goals, Objectives & Risk Tolerance	**Y4**
	Asset Allocation Policy & Changes (joint with SIB)	**Y4**
	Investment Policy Statement (SIB accepts)	**Y3**
	Delegation of Investment Management to the SIB	**Y3**
LEADERSHIP & TALENT — *SIB Executive Review & Compensation Committee decides; TFFR Board provides input*		
	Written Input to the SIB on the Executive Director's Goals & Evaluation	**Y1**
	Input to the Executive Director on an Interim Chief Retirement Officer	**AN**
BUDGET & FINANCE — *SIB Budget & Finance Committee; TFFR representative reports to the Board*		
Financial & Operational Stewardship	Input to the RIO Biennial Budget	**Y2**
	Payment of Benefits, Consultant Fees & Investment Costs	**Q**
	RIO Budget, Expenditures & Information Technology (oversight)	**Q**
AUDIT, RISK & COMPLIANCE — *SIB Audit, Risk & Compliance Committee serves as TFFR's audit committee*		
Accountability & Transparency	Annual Audit of the Fund	**Y1**
	Internal Audit Plan & Findings	**Y1**
	Executive Director's Annual Report on Delegated Authority	**Y1**
	Annual Financial Report & Report to Members and Employers	**Y1**
	Independent Reassurance on Reported Service Performance	**Q**
BENEFITS & FUNDING — TFFR only — *full Board; RIO staff, the actuary, and the medical consultant recommend*		
Actuarial & Funding	Actuarial Assumptions, Methods & Factors	**Y5**
	Actuarial Funding Policy	**Y3**
	Plan Management Policy	**Y3**

Policy Area	Due Diligence / Recommend	Cadence
	Annual Actuarial Valuation & GASB Reports	Y1
	Plan Management Policy Risk Score	Y1
	Actuarial-Adequacy Test; Conditional Benefit Adjustment	Y1
	Hiring / Termination of the Consulting Actuary	AN
	Independent Actuarial Audit	Y5
Rulemaking & Legislation	Administrative Rules	AN
	Legislative Priorities & Proposals to the EBPC	Y2
	IRC-Compliance Plan Modifications (with EBPC)	AN
Member Benefits & Appeals	Eligible Retirement Salary Determinations	AN
	Service Purchase Factors	AN
	Waiting-Period Waivers	AN
	Joint-and-Survivor Beneficiary Changes	AN
	QDRO Qualified Status	AN
	Overpayment Releases & Repayment Appeals	AN
	Member Appeals	AN
Disability	Disability Eligibility Determinations	AN
	Suspension or Cessation of Disability Benefits	Q
	Recertification Appeals	AN
Service Levels	Levels of Service to Members	Y1
	Statement of Service Expectations to the SIB	Y1
	Service Goals & CEM Measures (Strategic Plan)	Y1
	Service Performance against Strategic Plan Targets	Q

Policy Area	Due Diligence / Recommend	Cadence
Employers & External Parties	Hiring / Termination of the Medical Consultant	**AN**
	Employer Penalty & Interest Waivers	**AN**
	Consultant & Service-Provider Performance Review	**Y1**
	Employer Reporting Compliance	**Q**

Cadence Key	Decision Flow
Y1 — Annual **Y2** — Biennial **Y3** — Every 3 years **Y4** — Every 4 years **Y5** — Every 5 years **Q** — Quarterly / Monthly **AN** — As Needed / Event-Driven	The Governance & Policy Review Committee, RIO staff, and the Board's advisors perform the due diligence necessary to support a recommendation to the full Board for its approval. Where a SIB committee holds the decision, TFFR's representative carries the Board's input and reports back. The Board determines a multi-year calendar and committees organize their work accordingly.

Conditions, legal authority, and limits on discretion for each decision are recorded in the Decision Register (Delegations) — Statutory Detail.

Triggers — Event-Driven Decisions

The key is not cadence length. The key is discipline around triggers.

Event-driven items activate outside the calendar — a statutory change, an actuarial result crossing a statutory threshold, a contested determination, litigation, or a material control failure.

Triggers That Qualify:

Plan and Funding

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

Administration and Members

- Contested benefit, disability, or overpayment matter
- Material employer non-compliance (NDCC § 15-39.1-23)

- Service-level exception outside tolerance
- Material control failure, audit finding, or security incident

Investment Program and Agency

- Reference SIB trigger.

Triggers That Do NOT Qualify

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

Timing

Calendar cadence rationale for each GPS approval item. The key is not cadence

length — the key is discipline around triggers.

The Governance Cycle

— **Timing Philosophy**

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

The cycle organizes governance activities into a continuous decision-making loop, assuring that policies remain current, delegated authority is monitored, and performance outcomes (investments and benefits delivery) inform future decisions. The Governance Policy System organizes the Board's activities by its powers:

1. Conduct the business of the Board and its Committees

Subject to governing statutes, the Board determines how it will conduct business, make decisions collectively, and delegate to its committees and the Executive Director. This stage is where agendas and calendars are set, committee assignments and the Board's representatives to the State Investment Board are chosen, and self-assessments are scheduled.

2. Set Direction and Policy

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

3. Approve and Delegate Authority

Following committee or Board review and due diligence, the Board formally approves policies and strategic decisions. Once approved, the Board delegates the authority and resources necessary to implement the decision – including authority to the Executive Director and senior staff, implementation responsibility within the Retirement and Investment Office, and defined reporting requirements and performance expectations. Delegation is always accompanied by clear accountability and monitoring expectations.

4. Oversee execution within policy

The Executive Director and staff implement Board policies and decisions. Committees may monitor implementation progress but do not manage operations. The Board and its committees oversee performance, practices, and controls associated with delegated authority, performing oversight within their areas of responsibility and reporting findings to the Board through performance reports, risk monitoring reports, financial condition reviews, operational updates, and strategic progress reports.

5. Verify and Report

Independent assurance mechanisms provide verification of results and governance practices — including internal audit reviews, external audit reports, independent actuarial audits, independent investment performance analysis, governance reviews, and legal and compliance reviews. The SIB Audit, Risk and Compliance Committee, which serves as this Board's audit committee, reviews independent auditor and advisor reports and presents conclusions and recommendations to the Board. The Board evaluates whether policies remain appropriate, whether delegated authority has been exercised prudently, and whether governance practices require refinement. Where necessary, the Board updates its policies or governance structures, beginning the next cycle of governance decision-making.

Continuous Governance Improvement

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

Governance Calendar

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

— Board & Committee Schedule

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

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

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

Power	Decision	Holder & flow	When	Cadence	Why then
		Every year: Q2 · Oct–Dec			
Verify	Receive and accept the annual actuarial valuation and the GASB reporting required of the plan and of participating employers	TFFR → ACT · TFFR (accepts)	Q2 · Oct–Dec	Y1	The valuation as of July 1 is presented in the fall; GASB Statements No. 67 and 68 reporting as amended, follows it.
Oversee	Receive actuarial recommendations on rates and statutory changes	TFFR → ACT · TFFR (submits to EBPC)	Q2 · Oct–Dec	Y1 / Y2	Contribution-rate recommendations accompany the valuation.
Oversee	Receive the actuarial-adequacy test report	LEG → TFFR (reports to EBPC)	Q2 · Oct–Dec	Y1	The adequacy test is run on the valuation results.
Approve	Reduce or suspend the conditional annual benefit adjustment	LEG → TFFR	Q2 · Oct–Dec	Y1 / AN	Taken up only if the annual test shows the statutory shortfall.
Verify	Conduct the annual audit of the Fund	LEG → TFFR	Q2 · Oct–Dec	Y1	Audit of the fiscal year ending June 30.
Verify	Publish the annual financial report of the Fund, and report to members and participating employers on funded status, investment results, and administrative performance	TFFR (Board report) · SIB (agency financial report)	Q2 · Oct–Dec	Y1	Published after the audit; reported to members and participating employers.
		Every year: Q3 · Jan–Mar			
Verify	Receive the annual Plan Management Policy risk score	TFFR ∅ · ACT / STAFF prepare	Q3 · Jan–Mar	Y1	Risk score updated after each valuation.
Oversee	Oversee the performance of consultants, advisors, and service providers — actuarial, medical, investment, and other retained providers	TFFR ∅ · RIO reports	Q3 · Jan–Mar	Y1	Mid-year review of retained providers, ahead of contract renewals.
		Every year: Q4 · Apr–Jun			
Conduct	Board, committee, and individual self-assessment	TFFR ∅ · GPRC oversees	Q4 · Apr–Jun	Y1	Completed in spring so results inform the July governance planning and charter reviews.
Set	Determine appropriate levels of service to members, including benefits counseling and preretirement programs	LEG → TFFR	Q4 · Apr–Jun	Y1	Set for the coming fiscal year, ahead of the SIB's budget and goal-setting.
Set	Inform the SIB of expected service levels, goals, and objectives	LEG → TFFR (informs SIB)	Q4 · Apr–Jun	Y1	The annual Statement of Service Expectations, transmitted ahead of the SIB's budget work.

Power	Decision	Holder & flow	When	Cadence	Why then
Set	Set service goals and CEM measures, with targets, in the strategic plan	`TFFR ∅ (ED recommends)`	Q4 · Apr–Jun	Y1	Targets set for the coming fiscal year and shared with the SIB ahead of the RIO budget.
Oversee	Provide the Board's written input to the SIB on the Executive Director's annual performance goals and evaluation	`LEG → TFFR (informs SIB)`	Q4 · Apr–Jun	Y1	Timed ahead of the SIB's annual goal-setting and evaluation of the Executive Director.
		Every second year: aligned with the legislative session			
Set	Set legislative priorities and positions; submit proposals	`LEG → TFFR (submits to EBPC)`	Biennial · interim year	Y2	Proposals reach the Employee Benefits Programs Committee during the interim before each session.
Oversee	Develop the agency budget	`SIB → ED · TFFR (input)`	Biennial · interim year	Y2	Retirement-program input to RIO's budget request before each session.
Oversee	Receive actuarial recommendations on rates and statutory changes	`TFFR → ACT · TFFR (submits to EBPC)`	Biennial · interim year	Y1 / Y2	Statutory changes recommended by the actuary are carried into the legislative proposals.
Verify	Report to the Legislative Assembly; escalate a material matter to the Legislative Assembly or the EBPC	`TFFR ∅ (President, with the ED)`	Biennial · session year	Y2 / AN	Reporting and testimony during each legislative session; escalation as needed.
		Multi-year items: Years 1 to 5 of the five-year cycle			
Approve	Retain an independent actuarial auditor	`TFFR ∅`	Year 1	Y5	Independent audit of the consulting actuary's most recent experience study and valuation.
Set	Adopt and amend governance and program policies	`TFFR ∅`	Years 1–3	Y3	One third of the governance and program policies each year, per the confirmed review schedule.
Set	Adopt and amend the GPRC Charter and any committee charter	`TFFR ∅`	Year 3	Y3	Three-year charter review, recommended by the GPRC.
Set	Adopt and amend the Decision Register (Delegations)	`TFFR ∅`	Year 3	Y3 / AN	Three-year review of delegations and cadences.
Conduct	Set conflict-of-interest standards for trustees	`ETH (floor) · TFFR ∅ · GPRC reviews disclosures`	Year 3	Y3 / Y1	Three-year review of the Board's conflict standards.
Set	Adopt and amend the Plan Management Policy	`TFFR ∅`	Year 3	Y3	Three-year review of the Plan Management Policy.

Power	Decision	Holder & flow	When	Cadence	Why then
Set	Adopt and modify the Actuarial Funding Policy	TFFR ∅	Year 3	Y3 / Y5	Three-year review; also revisited after each experience study (Year 5).
Set	Adopt the Investment Policy Statement	TFFR → SIB (accepts)	Year 3	Y3 / Y4	Three-year review; also revisited with the allocation review (Year 4).
Approve	Delegate to the SIB the investment-management responsibility not assigned to it in NDCC ch. 21-10	TFFR → SIB	Year 3	Y3	Reviewed with the IPS.
Set	Establish investment goals, objectives, and asset-allocation policy	LEG → TFFR	Year 4	Y4	Asset-liability study and allocation review.
Set	Use RIO staff and consultants to develop allocation and investment policy	LEG → TFFR (mandatory)	Year 4	Y4	RIO staff and consultants support the allocation review (NDCC § 21-10-02.1(2)).
Approve	Approve the asset allocation and any change to it	TFFR + SIB	Year 4	Y4	Joint approval with the SIB.
Set	Adopt the Investment Policy Statement	TFFR → SIB (accepts)	Year 4	Y3 / Y4	IPS revisited with the allocation review.
Oversee	Compute the valuation and ADEC; conduct the experience study	TFFR → ACT	Year 5	Y1 / Y5	Investigation of actuarial experience once every five years (NDCC § 15-39.1-05.2(3)(c)).
Set	Adopt actuarial assumptions, methods, tables, and factors	LEG → TFFR	Year 5	Y5	Assumptions adopted after the experience study; the tables and factors used in calculating benefits are updated to conform.
Set	Adopt and modify the Actuarial Funding Policy	TFFR ∅	Year 5	Y3 / Y5	Funding policy revisited after the experience study.
Approve	Retain the consulting actuary; RFP cycle	LEG → TFFR	Beyond the cycle	AN	Actuary RFP every six to ten years, at Board discretion.
		As needed · event-driven (no fixed quarter)			
Conduct	Convene executive session	LEG → TFFR	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Conduct	Call a special or emergency meeting; activate emergency stabilization	LEG → TFFR (President or any two trustees)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Respond to a governance failure or breach; take corrective action; authorize investigation or remediation	TFFR ∅	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.

Power	Decision	Holder & flow	When	Cadence	Why then
Set	Adopt and amend administrative rules	LEG → TFFR → AGO/STAFF	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Approve IRC-compliance plan modifications	TFFR + EBPC	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Set	Determine eligible retirement salary; bonus and performance-pay eligibility	TFFR ∅	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Approve service purchase and repurchase; set the cost basis	LEG → TFFR → STAFF	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Waive the 120-day refund waiting period	LEG → TFFR → ED (or designee)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Approve a beneficiary change under the joint-and-survivor option	LEG → TFFR	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Determine QDRO qualified status; administer the distribution	LEG → TFFR → STAFF (administers)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Release a person from overpayment liability on equity grounds; hear payment appeals	TFFR ∅	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Decide member appeals on eligibility, benefits, and plan provisions	ED → TFFR (review) → district court (APA)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Oversee	Optional benefit form and partial lump sum; spousal-consent handling	LEG → TFFR (factors) → STAFF (administers)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Oversee	Approve repayment arrangements; offset future benefits; pursue estate recovery	TFFR → ED / STAFF (by rule)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Oversee	Approve alternative proof of death	TFFR → ED (by rule)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Oversee	Correct records; adjust over- and underpayments to the actuarial equivalent	LEG → TFFR → STAFF (by rule)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Determine disability eligibility	LEG → TFFR · ED (interim)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.

Power	Decision	Holder & flow	When	Cadence	Why then
Approve	Consider applications in executive session; extend the 36-month filing window	LEG → TFFR	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Decide an appeal from an adverse recertification	TFFR ∅ (on member appeal)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Oversee	Review medical evidence; advise on diagnosis	TFFR → MED	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Conduct	Sue and be sued in the Board's own name	LEG → TFFR	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Retain the medical consultant	TFFR ∅	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Waive an employer penalty or a portion of interest	LEG → TFFR → ED (or designee)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Approve	Authorize institutional litigation positions; approve material or reserved settlements	TFFR ∅ (counsel appointed by the AGO)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.
Oversee	Retain a governance advisor	RIO (on behalf of TFFR or the SIB, as needed)	As needed	AN	Arises on the event; see Key Decisions — Triggers — Event-Driven Decisions.

Appendices

Service Levels

State law makes the Board responsible for setting the level of service members receive (NDCC § 15-39.1-05.2(6)) and for informing the State Investment Board of the service it expects the Retirement and Investment Office to deliver (NDCC § 15-39.1-05.2(7)).

The Board meets these duties through its strategic plan and the annual CEM pension administration benchmarking report. The strategic plan sets the Board's service goals and the few CEM measures, with targets, that the Board uses to judge service. Each year, staff report CEM results and strategic plan progress against those targets, identifying any target not met and the reason. The Board shares its service expectations with the SIB annually, ahead of the RIO budget.

If a service expectation cannot be met with available resources, staff report that to the Board.

TFFR Board Public Participation Guidelines

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

TFFR Code of Conduct Annual Affirmation

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

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Prudent Investor Rule: The standard of care to which TFFR trustees are held (see Fiduciary Duties) and which the SIB applies to the investment of TFFR's assets under its supervision (NDCC §§ 15-39.1-26, 21-10-07): in making investments, fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not regarding

speculation but regarding the permanent disposition of funds, considering probable safety of capital as well as probable income.

Prudent Person Rule (Prudent Man Rule): The older common-law trust standard (Harvard College v. Amory, 1830) directing a trustee to manage trust assets as persons of prudence, discretion, and intelligence manage their own affairs, judged investment-by-investment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Service Levels: The level of service the Board sets for members through its strategic plan and measures through the annual CEM pension administration benchmarking report (NDCC § 15-39.1-05.2(6), (7)).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Executive Session information will be sent directly to Board members.