

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT  
MINUTES OF THE  
SEPTEMBER 24, 2020 BOARD MEETING**

**BOARD MEMBERS PRESENT:** Rob Lech, President  
Mike Burton, Vice President  
Kirsten Baesler, State Supt. DPI  
Toni Gumeringer, Trustee  
Cody Mickelson, Trustee  
Mel Olson, Trustee  
Kelly Schmidt, State Treasurer

**STAFF PRESENT:** David Hunter, ED/CIO  
Connie Flanagan, CFO  
Missy Kopp, Retirement Assistant  
Jan Murtha, Deputy ED/CRO  
Rich Nagel, IT Supvr  
Sara Sauter, Supvr of Internal Audit  
Dottie Thorsen, Internal Auditor  
Denise Weeks, Retirement Program Mgr

**OTHERS PRESENT:** Alex Browning, Callan LLC  
Dean DePountis, Atty. General's Office  
Julia Moriarty, Callan LLC

**CALL TO ORDER:**

Dr. Rob Lech, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:00 p.m. on Thursday, September 24, 2020. The meeting was held at the ND Retirement and Investment Office (RIO), Bismarck, ND, but most participants attended via video or teleconference.

**THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: MR. BURTON, PRES. LECH, MR. MICKELSON, MR. OLSON, AND TREASURER SCHMIDT.**

**ACCEPTANCE OF AGENDA:**

The Board considered the agenda for the September 24, 2020, meeting.

**IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA AS DISTRIBUTED.**

**AYES: TREASURER SCHMIDT, MR. BURTON, MR. MICKELSON, MR. OLSON, AND PRES. LECH**

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: SUPT. BAESLER, MS. GUMERINGER**

**MINUTES:**

The Board considered the minutes of the July 23, 2020, meeting.

**IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO APPROVE THE JULY 23, 2020, MINUTES AS DISTRIBUTED.**

**AYES: MR. MICKELSON, MR. OLSON, TREASURER SCHMIDT, MR. BURTON, AND PRES. LECH**

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: SUPT. BAESLER AND MS. GUMERINGER**

**BOARD EDUCATION:**

Asset Liability Analysis:

Ms. Julia Moriarty and Mr. Alex Browning, Callan, presented information on the Asset-Liability Study that Callan will be conducting. They summarized the study process, capital market expectations, liabilities, risk tolerance, and asset classes. Callan will build liability models using the most current valuation, experience study and other relevant data. They will generate 10-year projections based on actuarial assumptions and generate a range of potential results for key variables including assets, liabilities, funded status, contributions, and liquidity risks. Results will be compared across alternative asset mixes and Callan will identify recommended asset allocation policies for consideration by the Board.

The timeline for the study was discussed. Callan will share the preliminary results with RIO staff before the November meeting. Staff will communicate these preliminary results with the Board. The final asset-liability results will be presented at the November meeting. Board discussion followed.

Retirement Plan Types:

Ms. Murtha presented education on retirement plan types. With the upcoming Legislative session and the current economy, there is a need to provide education to members and Legislators about the TFFR plan. Board discussion followed.

Ms. Gumeringer joined the meeting at 1:45 p.m. Ms. Gumeringer was in attendance via teleconference, but was unable to vote because of technical problems.

Board Member Training Discussion:

Board members shared information about webinars and virtual conferences they have taken part in.

**GOVERNANCE:**

Annual SIB Customer Satisfaction Survey:

Pres. Lech reviewed the compiled results of the State Investment Board (SIB) Customer Satisfaction Survey completed by six TFFR Board members.

Supt. Baesler joined the meeting at 2:06 p.m.

Employee Benefits Programs Committee (EBPC):

Ms. Murtha shared an update from the EBPC meeting in September. Ms. Murtha presented the Board's request to modify the plan documents pursuant to NDCC 15-39.1-35 to effect the change to the required minimum distribution rule required by the 2019 Setting Every Community Up for Retirement Enhancement (SECURE) Act. EBPC members stated that they would like the TFFR Board to submit legislation authorizing this change for the 2021-23 biennium. Proposed legislation was provided to the Board. Board discussion followed.

**IT WAS MOVED BY MR. OLSON AND SECONDED BY SUPT. BAESLER AND FAILED BY A ROLL CALL VOTE TO SUBMIT PROPOSED LEGISLATION TO THE EBPC.**

**AYES: MR. OLSON AND PRES. LECH**

**NAYS: TREASURER SCHMIDT, SUPT. BAESLER, MR. OLSON, MR. BURTON, AND MR. MICKELSON**

**MOTION FAILED**

**ABSENT: MS. GUMERINGER**

**REPORTS:**

Investment Update:

Mr. Hunter provided an investment update for the periods ended June 30, 2020. TFFR earned 3.45% in the last fiscal year and 6.17% in the 5-years ended June 30, 2020, exceeding policy benchmarks. Gross returns for TFFR ranked in the 24<sup>th</sup> to 28<sup>th</sup> percentile for the 5 and 10-years ended June 30, 2020. TFFR's actual asset allocations are within 1% to 2% of target as of June 30, 2020. RIO's watch list will include world equity managers Epoch and LSV on September 25, 2020. RIO and Callan are working on a global equity search and intend to advance new global equity strategies for SIB consideration in the fourth quarter of 2020. TFFR's total fund target return the last 10 years was very close to the average Callan Public Fund Sponsor Database while TFFR's actual total fund return was higher by 0.94% with slightly higher risk.

**IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. OLSON AND CARRIED BY A VOICE VOTE TO ACCEPT THE ANNUAL INVESTMENT REPORT.**

**AYES: MR. BURTON, MR. MICKELSON, SUPT. BAESLER, MR. OLSON, TREASURER SCHMIDT, AND PRES. LECH**  
**NAYS: NONE**  
**MOTION CARRIED**  
**ABSENT: MS. GUMERINGER**

Audit Report:

Ms. Sauter provided the annual Audit Committee activities update. During fiscal year 2019-20, the following audits were completed: Executive Limitations, SIB Self-Evaluation, Investment Due Diligence, Administrative Expense, TFFR Employer Reporting Reviews, TFFR Benefit Payment, TFFR File Maintenance, and the TFFR Task List Project. Internal Audit also worked on risk management, the staff policy manual, and provided assistance to the external auditors. Board discussion followed.

**IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER SCHMIDT AND CARRIED BY A VOICE VOTE TO APPROVE THE ANNUAL AUDIT REPORT.**

**AYES: MR. OLSON, MR. MICKELSON, SUPT. BAESLER, TREASURER SCHMIDT, MR. BURTON, AND PRES. LECH**  
**NAYS: NONE**  
**MOTION CARRIED**  
**ABSENT: MS. GUMERINGER**

BENEFIT PAYMENT AUDIT:

Ms. Thorson provided information on the results of the Benefit Audit for processing the accounts of deceased members, long-outstanding checks, and long-term annuitants. Internal Audit conducts an audit on a biennial basis to verify that RIO staff is following procedures. Ms. Thorson outlined the results, findings, and procedural recommendations.

**IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO APPROVE THE ANNUAL BENEFIT PAYMENT AUDIT.**

**AYES: MR. BURTON, MR. OLSON, TREASURER SCHMIDT, MR. MICKELSON, SUPT. BAESLER, AND PRES. LECH**  
**NAYS: NONE**  
**MOTION CARRIED**  
**ABSENT: MS. GUMERINGER**

BUDGET AND EXPENSE REPORT:

Ms. Flanagan reviewed the annual TFFR budget and expense report for the fiscal year ending June 30, 2020. She explained that 93% of TFFR's expenditures are for member benefit claims, 5.6% investment expenses, 0.2% other continuing appropriations, and 0.7% appropriated expenditures including salaries, benefits, operating expenses, and SIB expenses allocated to TFFR. Ms. Flanagan discussed the budget request that was

submitted for the 2021-23 Biennium along with three optional package requests. The RIO budget bill will also include a carry-over request for the PAS project funding authority. Board discussion followed.

**IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO APPROVE THE ANNUAL BUDGET AND EXPENSE REPORT.**

**AYES: MR. MICKELSON, TREASURER SCHMIDT, SUPT. BAESLER, MR. BURTON, MR. OLSON, AND PRES. LECH**

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: MS. GUMERINGER**

Treasurer Schmidt left the meeting at 3:45 p.m.

Quarterly TFFR Ends Report:

Ms. Murtha provided an update on TFFR Ends for the quarter ended June 30, 2020. RIO issued a Request for Proposal (RFP) for a consultant in the PAS project in June 2020. RIO staff began a review of retirement services processes and Board reporting processes and content. Amid the ongoing pandemic, member education workshops were cancelled, the RIO office is open to members by appointments only, and some staff continue to work remotely. There was no break in services to TFFR members as a result of the pandemic. RIO received awards for financial reporting, transparency, and pension administration. Ms. Murtha also provided agency updates. Segal has been awarded the consultant contract for the Pension Administration System (PAS) project. RIO launched a new website, implemented the use of Microsoft Teams for Board meetings, and received and distributed new IT equipment for staff. Staff completed year-end tasks, newsletters and other communications for employers and members. Board discussion followed.

**IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO APPROVE THE QUARTERLY TFFR ENDS REPORT.**

**AYES: SUPT. BAESLER, MR. BURTON, MR. OLSON, MR. MICKELSON, AND PRES. LECH**

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: MS. GUMERINGER AND TREASURER SCHMIDT**

PAS PROJECT UPDATE:

An RFP for consultant services relating to the PAS was issued in June 2020. Procurement reviewed all responses and presented them to the Executive Steering Committee (ESC) for review. After review and scoring, the committee members individually graded the technical evaluations and procurement graded the cost proposals. Procurement and committee members met to review the results. The ESC met and voted to issue a Notice of Award to Segal. The contract may be signed following the protest period. RIO staff has established small groups that will meet prior to the project

launch to discuss all TFFR processes. The project launch with RIO staff is planned for October. Board discussion followed.

**CONSENT AGENDA:**

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CONSENT AGENDA, DISABILITY 2020-6D.

AYES: MR. BURTON, SUPT. BAESLER, MR. MICKELSON, MR. OLSON, AND PRES. LECH.

NAYS: NONE

MOTION CARRIED

ABSENT: MS. GUMERINGER AND TREASURER SCHMIDT

**ADJOURNMENT:**

With no further business to come before the Board, President Lech adjourned the meeting at 4:03 p.m.

Respectfully Submitted:



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Dr. Rob Lech, President  
Teachers' Fund for Retirement Board



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Missy Kopp  
Reporting Secretary