

# **NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT BOARD**

## **MINUTES OF THE JANUARY 22, 2026, BOARD MEETING**

### **MEMBERS PRESENT**

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

### **MEMBERS ABSENT**

Levi Bachmeier, State Superintendent, DPI

### **GUESTS**

Kirsten Tuntland, Assistant Attorney General  
Dana Woolfrey, GRS  
Members of the Public

### **STAFF PRESENT**

Eric Chin, Deputy CIO  
Deneen Gathman, Retirement Accountant  
Chase Kauffeld, CRO  
Missy Kopp, Executive Assistant  
Denise Leingang-Sargeant, Retirement Spec.  
Sarah Mudder, Communications/Outreach Dir.  
Sara Seiler, Supervisor of Internal Audit  
Jodi Smith, Executive Director  
Rachelle Smith, Retirement Admin. Assistant  
Dottie Thorsen, Internal Auditor  
Tami Volkert, Compliance Spec.  
Denise Weeks, Retirement Program Mngr.

### **CALL TO ORDER**

Dr. Lech, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:07 p.m. on Thursday, January 22, 2026. The meeting was held in the WSI Boardroom, 1600 E Century Ave., Bismarck, ND.

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

### **AGENDA**

The Board considered the agenda for the January 22, 2026, TFFR meeting.

**IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MS. RASSET AND CARRIED BY A VOICE VOTE TO ACCEPT THE JANUARY 22, 2026, AGENDA AS PRESENTED.**

**AYES: TREASURER BEADLE, MR. BURTON, MR. MICKELSON, MS. RASSET, MR. EVANOFF, AND PRES. LECH**

**NAYS: NONE**

**ABSENT: SUPT. BACHMEIER**

**MOTION CARRIED**

### **MINUTES**

The Board considered the minutes of the November 20, 2025, TFFR meeting.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO APPROVE THE NOVEMBER 20, 2025, MINUTES AS DISTRIBUTED.**

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

## **EDUCATION**

### **RIO Internal Audit**

Ms. Seiler provided an overview of the Internal Audit function and the role of the Audit Committee. The Audit Committee, established in 1992, is a subcommittee of the State Investment Board that oversees internal and external audit activities, approves the annual audit plan, and serves as a communication link between the board, management, and auditors.

Internal audit operates independently, reporting functionally to the Audit Committee and administratively to the Executive Director. The function is risk-based, focusing on evaluating controls, improving processes, and providing advisory support on new initiatives. Audits follow a structured lifecycle including planning, fieldwork, reporting, and follow-up, with collaboration between audit and management.

The agency follows Institute of Internal Auditors (IIA) standards and is working toward full alignment with updated 2025 standards. The audit framework includes multiple “lines of defense,” incorporating staff, management functions, internal audit, and external auditors/consultants.

Staff also highlighted the availability of a fraud hotline for anonymous reporting, noting it has not been used to date. Overall, the internal audit function supports governance, risk management, and operational effectiveness across the agency.

## **GOVERNANCE**

### **2025 GASB Report**

Ms. Woolfrey, GRS, provided a brief overview of the GASB 67/68 accounting report, noting it is used for financial statement reporting and not a board decision-making tool.

Key points:

- The report presents total pension liability, plan fiduciary net position (assets), and net pension liability (unfunded liability) using fair value, which can be more volatile than funding reports.
- Because the plan is not underfunded, accounting and funding measures largely align, using the same 7.15% discount rate.
- Strong investment performance in FY2025 resulted in a decrease in net pension liability year over year.
- The report includes sensitivity analysis showing how liabilities would change with different discount rates.
- Pension expense is recognized by participating employers and allocated based on payroll share.
- Overall, the report fulfills required accounting disclosures and reflects improved financial position driven by strong investment returns.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MS. RASSET AND CARRIED BY A VOICE VOTE TO ACCEPT THE 2025 GASB REPORT.**

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

### TFFR Investment Policy Statement (IPS)

Mr. Anderson reviewed the updated IPS for TFFR which reflects the new asset allocation approved at the September TFFR and SIB board meetings. The updates align with the policy with the new strategy designed to improve long-term pension outcomes.

Most changes were formatting and consistency updates to align with other IPS documents, with no major changes to underlying objectives or responsibilities. Key updates include:

- Incorporation of the new asset allocation and addition of rebalancing bands for clearer guidance.
- Introduction of a corridor benchmark approach to better account for private market investments and improve performance measurement and rebalancing decisions.
- Clarified derivative language, emphasizing use for risk management, hedging, and cost-efficient exposure replication, not speculation.
- Reinforcement of fiduciary duty and exclusive benefit rules, including prohibition on social investing.

Overall, the revised IPS improves clarity, consistency, and governance while maintaining the fund's existing investment objectives and policies.

**IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE UPDATED IPS.**

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

### Delinquent Accounts Update

Ms. Smith reported significant progress in bringing delinquent accounts into compliance. Carrington, Fort Totten, James River, North Border, and Starkweather are now compliant following outreach efforts.

Two accounts remain out of compliance:

- Fordville Lankin: Staff will issue a formal notice requiring compliance, with a potential recommendation to the Department of Public Instruction (DPI) to withhold foundation aid payments if not resolved by March 1.
- Fort Ransom: The district has been out of compliance for approximately three years and has since closed, with students reassigned elsewhere. Staff are working with DPI to determine next steps due to unique contractual and legal considerations. An update on Fort Ransom will be provided at the March board meeting.

## Administrative Rules

Ms. Smith reviewed the proposed updates to administrative rules, primarily reflecting the transition from paper forms to online processes under the new system. Most changes are technical and focused on updating language accordingly.

A key substantive update relates to delinquent accounts enforcement. The proposed rule would allow the agency to:

- Issue written notice to noncompliant employers with a deadline to cure deficiencies.
- If unresolved, proceed with a formal recommendation to withhold foundation aid payments, typically after a defined notice period.
- Maintain flexibility to account for extenuating circumstances before taking enforcement action.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MS. RASSET AND CARRIED BY A ROLL CALL VOTE TO AUTHORIZE STAFF TO PROCEED WITH THE PROPOSED ADMINISTRATIVE RULE AMENDMENTS AND THE NEW RULE ADDRESSING DELINQUENT EMPLOYER REPORTING, AS PRESENTED, AND TO INITIATE THE FORMAL RULEMAKING PROCESS INCLUDING PUBLIC NOTICE AND HEARING REQUIREMENTS.**

**AYES: MR. EVANOFF, MR. MICKELSON, MS. RASSET, TREASURER BEADLE, MR. BURTON, AND PRES. LECH**

**NAYS: NONE**

**ABSENT: SUPT. BACKMEIER**

**MOTION CARRIED**

## REPORTS

### Quarterly Performance Update

Mr. Anderson provided the performance update as of the period ending September 30, 2025. There was strong investment performance supported by favorable market conditions. Equity markets delivered high returns, while fixed income also exceeded expectations. Real estate remained weaker but may present future opportunities. Overall market conditions reflect elevated valuations and some downside risk.

The TFFR fund grew to approximately \$3.7 billion and continues to outperform its benchmark across all time periods. The 10-year return of about 8.5% exceeds both the benchmark and the 7.15% discount rate, contributing to improved funding status. Notably, the fund has achieved these results with lower risk than the benchmark, reflecting effective portfolio management and implementation.

### Quarterly TFFR Ends Report

Ms. Smith presented the TFFR Ends Report for the quarter ending December 31, 2025. Progress has been made on several initiatives driven by board feedback from the strategic planning session. The member handbook has been updated, with work underway on an updated employer guide. A new partnership with MABU will focus on targeted outreach to early-career teachers, with a more structured communication and education strategy expected by March.

System usage continues to improve following implementation of the new platform. Members are increasingly using self-service tools, as reflected in rising online activity and reduced reliance on staff support. Monthly employer online office hours have also improved engagement and contributed to a decline in support requests.

Overall, trends indicate that training, communication efforts, and system adoption are improving efficiency, though ongoing education will be needed as users and employers continue to turn over.

## Executive Limitations/Staff Relations Report

Ms. Smith provided the Executive Limitations/Staff Relations report for the quarter ending December 31, 2025. Recruitment efforts are ongoing for key roles, including an internal auditor and investment analyst, while the remaining open position is under review. The agency has experienced significant turnover over the past 16 months but is now nearing full staffing.

Progress continues on strategic initiatives, including succession planning for key leadership roles, development of a business continuity plan, and implementation of process improvements. A major milestone was achieved with the timely closing of financial statements for the first time in three years, with efforts now focused on reducing delays in performance reporting.

Technology and operational improvements remain a priority, including planning for a future accounting system replacement and continued optimization of the pension system. Staff also plan to conduct disaster recovery testing, including a live system switch during payroll, to ensure operational resilience. The agency has made ongoing improvements in efficiency and governance despite resource constraints.

**IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MS. RASSET AND CARRIED BY A VOICE VOTE TO APPROVE THE QUARTERLY PERFORMANCE, TFFR ENDS, AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.**

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

## OTHER

### SIB Manual Rewrite Update

Ms. Smith reported continued progress on the governance manual rewrite, with a draft expected for State Investment Board review in March. The update includes revised committee charters and expanded responsibilities.

Notable changes include adding enterprise risk oversight to the Audit Committee, shifting the Executive Review and Compensation Committee toward independent evaluations and broader compensation review, and considering creation of a Budget and Finance Committee to oversee agency expenditures.

The board will also consider TFFR representation on certain committees. Staff noted the scope of the rewrite and the value of external input in strengthening governance practices.

## ADJOURNMENT

With no further business to come before the TFFR Board, Pres. Lech adjourned the meeting at 3:03 p.m.

Prepared by: Missy Kopp, Assistant to the Board