

REVISED

Agenda

ND Teachers' Fund for Retirement Board Meeting

Thursday, July 27, 2017

1:00 pm

Peace Garden Room
State Capitol, Bismarck, ND

1. Call to Order and Approval of Agenda – Pres. Gessner (Board action)
2. Approval of Minutes of April 27, 2017 Meeting – Pres. Gessner (Board action) 5 min.
3. Trustee Appointment – Pres. Gessner (Information) 5 min.
4. Election of 2017-18 Officers – Pres. Gessner (Board action) 10 min.
5. RIO Agency Update – Dave Hunter and Fay Kopp (Information) 10 min.
6. Quarterly Investment Update – Dave Hunter (Information) 15 min.
7. ESPB Critical Shortage Area designation 2017-18 – Fay Kopp (Information) 10 min.
8. Board Policy - 1st reading – Fay Kopp (Board Action) 15 min.
 - LEA President Contract Release Time
9. **Eligible TFFR Salary Review – Fay Kopp (Information) 10 min.**
10. Annual TFFR Program Review – Pres. Gessner, Fay Kopp (Board Action) 30 min.
11. Annual TFFR Customer Satisfaction Reports – Pres. Gessner, Fay Kopp (Board action) 10 min.
12. Annual SIB Customer Satisfaction Survey – Pres. Gessner (Information) 5 min.
13. Annual TFFR Program Audit Report – Terra Miller Bowley (Board action) 10 min.
14. Trustee Education – Fay Kopp (Information) 5 min.
15. Board Education: QDRO's Explained – Shelly Schumacher (Information) 15 min.
16. Consent Agenda – Disability and QDRO applications (Board action) 5 min.
 - *Executive Session possible if Board discusses confidential information under NDCC 15-39.1-30.
17. Other Business
18. Adjournment

**Next Board Meeting: Special – July 28, 2017 (SIB Callan College Investment Education) – BSC
Regular – September 21, 2017**

Any person who requires an auxiliary aid or service should contact the Deputy Executive Director of the Retirement and Investment Office at 701-328-9885 at least three (3) days before the scheduled meeting.

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
APRIL 27, 2017, BOARD MEETING**

BOARD MEMBERS PRESENT: Mike Gessner, President
Kirsten Baesler, DPI-State Superintendent
Mike Burton, Trustee
Toni Gumeringer, Trustee
Rob Lech, Trustee
Mel Olson, Trustee
Kelly Schmidt, State Treasurer

STAFF PRESENT: David Hunter, ED/CIO
Fay Kopp, Deputy ED/CRO
Terra Miller Bowley, Audit Services Supervisor
Darlene Roppel, Retirement Assistant
Shelly Schumacher, Retirement Program Manager

OTHERS PRESENT: Janilyn Murtha, Attorney General's Office
Judy Vetter Pfeifer, NDRTA-APT

CALL TO ORDER:

Mr. Mike Gessner, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the board meeting to order at 1:00 p.m. on Thursday, April 27, 2017, in the Board Room at Workforce Safety & Insurance (WSI) in Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: MR. BURTON, MR. GESSNER, MRS. GUMERINGER, MR. LECH, AND MR. OLSON.

APPROVAL OF AGENDA:

The Board considered the meeting agenda.

MR. OLSON MOVED AND MR. LECH SECONDED TO APPROVE THE AGENDA AS PRESENTED.

AYES: MR. BURTON, MR. LECH, MRS. GUMERINGER, MR. OLSON, AND PRESIDENT GESSNER

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER AND TREASURER SCHMIDT

MINUTES:

The board considered the minutes of the regular TFFR board meeting held March 23, 2017.

MR. LECH MOVED AND MR. BURTON SECONDED TO APPROVE THE MINUTES OF THE REGULAR TFFR BOARD MEETING HELD MARCH 23, 2017.

AYES: MR. LECH, MR. OLSON, MR. BURTON, MRS. GUMERINGER, AND PRESIDENT GESSNER

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER AND TREASURER SCHMIDT

Treasurer Schmidt arrived at 1:12 p.m.

BOARD EDUCATION: OPEN RECORDS/OPEN MEETINGS:

Ms. Murtha, Attorney General's Office, presented an overview of open records and open meetings laws as affected by HB 1345, which is now the governing law. It addresses law enforcement related records, other entity records, access to records, open meetings, and process of review. Ms. Murtha reviewed the changes, and impact on the Retirement and Investment Office (RIO) and the TFFR board. Board discussion followed.

2017 LEGISLATIVE UPDATE:

Mrs. Kopp reported that there was no legislation submitted or approved that directly impacted TFFR in the 2017 legislative session. Mr. Hunter reported the RIO budget bill, HB 1022, was approved by the House and Senate. Board discussion followed.

RIO AGENCY UPDATE:

Mr. Hunter updated the board on the search for new RIO office space that would be more conducive to the work environment and more accessible to visitors.

Mr. Hunter also stated a Voluntary Separation Incentive Program (VSIP) has been made available to the RIO employees from April 13, 2017 to May 30, 2017. Applications will be reviewed and determinations made after the closing date.

BOARD POLICY C-24 (IN-STAFF SUBBING CONTRACT PERIOD) - 2ND READING:

Mrs. Kopp presented the second reading of Board Policy C-24: In-staff Subbing Contract Period, for approval.

MR. LECH MOVED AND MR. OLSON SECONDED TO APPROVE BOARD POLICY C-24 - IN-STAFF SUBBING CONTRACT PERIOD.

AYES: TREASURER SCHMIDT, MRS. GUMERINGER, MR. OLSON, MR. BURTON, MR. LECH, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER

Supt. Baesler arrived at 2:20 p.m.

ELIGIBLE SALARY DISCUSSION (LEA PRESIDENT):

Mrs. Kopp provided information on salary payments made by TFFR employers to TFFR members who are LEA (Local Education Association) presidents and are granted contract release time to perform association duties. Ms. Murtha also provided her legal analysis. After lengthy board discussion regarding whether the payments are eligible retirement salary for TFFR purposes,

TREASURER SCHMIDT MOVED AND MR. LECH SECONDED TO DIRECT STAFF TO DRAFT A POLICY TO BE CONSIDERED BY THE BOARD TO EXCLUDE PAY FOR LEA PRESIDENT'S CONTRACT RELEASE TIME FROM ELIGIBLE TFFR RETIREMENT SALARY.

AYES: MR. LECH, SUPT. BAESLER, AND TREASURER SCHMIDT

**NAYS: MRS. GUMERINGER, MR. BURTON, MR. OLSON, AND PRESIDENT GESSNER
MOTION FAILED.**

SUPT. BAESLER MOVED AND MR. OLSON SECONDED TO DIRECT STAFF TO DRAFT A POLICY TO BE CONSIDERED BY THE BOARD TO INCLUDE PAY FOR LEA PRESIDENT'S CONTRACT RELEASE TIME AS ELIGIBLE TFFR RETIREMENT SALARY WHICH IS HOW EMPLOYERS ARE CURRENTLY REPORTING THE PAY.

AYES: MR. OLSON, SUPT. BAESLER, MRS. GUMERINGER, AND MR. BURTON

**NAYS: MR. LECH, TREASURER SCHMIDT, AND PRESIDENT GESSNER
MOTION CARRIED.**

IRS DETERMINATION LETTER UPDATE:

Mrs. Kopp reported that a favorable determination letter was received on March 17, 2017, from the Internal Revenue Service (IRS) for the TFFR plan. It is made on the condition that TFFR adopt the proposed amendments outlined in the March 5, 2017 correspondence with the IRS. These amendments will need to be submitted by the TFFR Board in the 2019 legislative session.

Mrs. Kopp expressed gratitude to Ms. Murtha and Segal for their efforts in the application process.

ACTUARIAL CONSULTING CONTRACT UPDATE:

Mrs. Kopp updated the Board on the status of the actuarial consulting contract. Contract terms were successfully negotiated with Segal and the contract has been signed and in effect as of July 1, 2017.

QUARTERLY AUDIT SERVICES UPDATE:

Ms. Miller Bowley gave the third quarter audit activities report for January 1, 2017 through March 31, 2017. A total of 21 compliance audits were completed as of March 31, 2017. The TFFR File Maintenance Audit for the second quarter of fiscal year 2017 was completed with no exceptions noted. Some preliminary work has been started on the annual salary verification project. The Executive Limitation Audit was

completed and presented to the SIB in February, 2017, where it was approved.

CONSENT AGENDA:

MR. LECH MOVED AND MR. BURTON SECONDED TO APPROVE THE CONSENT AGENDA, DISABILITY 2017-2D.

AYES: MR. BURTON, MRS. GUMERINGER, MR. OLSON, TREASURER SCHMIDT, MR. LECH, SUPT. BAESLER, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

OTHER BUSINESS:

The next regular board meeting will be held July 27, 2017, in the Peace Garden room at the State Capital. On July 28, 2017, the TFFR board is invited to the Callan College to be held at Bismarck State College and sponsored by the State Investment Board (SIB).

All presentations and reports from this meeting are on file at RIO.

ADJOURNMENT:

With no further business to come before the Board, President Gessner adjourned the meeting at 3:02 p.m.

Respectfully Submitted:

Mr. Mike Gessner, President
Teachers' Fund for Retirement Board

Darlene Roppel
Reporting Secretary

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 20, 2017
SUBJ: Trustee Appointment

I am pleased to inform the Board that Governor Burgum has re-appointed Mike Burton to continue serving on the TFFR Board for another 5-year term (July 1, 2017 – June 30, 2022). Mike has been on the board since 2014 and represents retired members. He is also TFFR's alternate member to the SIB.

A sincere thanks to Mike for accepting this appointment. His leadership, dedication and efforts on behalf of both active and retired TFFR members is greatly appreciated.

BOARD INFORMATION ONLY.

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 20, 2017
SUBJ: Election of Officers

The TFFR board is required by state law to elect officers at the first meeting of each fiscal year. Current 2016-17 board assignments are attached.

BOARD ACTION REQUESTED: For the 2017-18 year, the Board will need to elect the positions of President and Vice President. The board should also select three trustees to represent TFFR on the State Investment Board (one active administrator, one active teacher, one retired member); the SIB Audit Committee (one SIB member); and an SIB alternate (one non SIB member). The State Treasurer is required by virtue of her position to serve on the State Investment Board, so that is not subject to Board assignment.

Statutory references are included below for your information.

Teachers' Fund For Retirement (TFFR)

15-39.1-05.1. Board composition - Terms - Voting.

1. *The authority to set policy for the fund rests in a board of trustees composed as follows:*

a. The governor shall appoint, from a list of three nominees submitted to the governor by North Dakota united, two board members who are actively employed as elementary or secondary teachers in full-time positions not classified as school administrators. A board member appointed under this subdivision who terminates employment may not continue to serve as a member of the board.

b. The governor shall appoint, from a list of three nominees submitted to the governor by the North Dakota council of educational leaders, one board member who is actively employed as a full-time school administrator. A board member appointed under this subdivision who terminates employment may not continue to serve as a member of the board.

c. The governor shall appoint, from a list of three nominees submitted to the governor by the North Dakota retired teachers association, two board members who are retired members of the fund.

d. The state treasurer and the superintendent of public instruction.

2. *All current appointees of the board shall serve the remainder of their terms as members of the board until their terms expire and their successors are appointed. The first newly appointed board member under subdivision a of subsection 1 must be appointed to serve an initial term of four years. The first newly appointed board member under subdivision c of subsection 1 must be elected to serve an initial term of five years. Newly appointed board members shall serve a term of five years. Each newly appointed term begins on July first.*

3. *Each board member is entitled to one vote, and four members constitute a quorum. Four votes are required for resolution or action by the board.*

15-39.1-06. Organization of board.

The board may hold meetings as necessary for the transaction of business and a meeting may be called by the president or any two members of the board upon reasonable notice to the other members of the board. The president for the ensuing year must be elected at the first meeting following July first of each year.

15-39.1-07. Vacancies - Rulemaking power.

Vacancies which may occur among the appointed members of the board must be filled by the governor and the appointee shall complete the term for which the original member was selected. The board may adopt such rules as may be necessary to fulfill the responsibilities of the board.

15-39.1-08. Compensation of members.

Members of the board, excluding ex officio members, are entitled to receive one hundred forty-eight dollars as compensation per day and necessary mileage and travel expenses as provided in sections 44-08-04 and 54-06-09 for attending meetings of the board. No member of the board may lose regular salary, vacation pay, vacation or any personal leave, or be denied right of attendance by the state or political subdivision thereof while serving on official business of the fund.

State Investment Board

21-10-01. State investment board - Membership - Term - Compensation

1. The North Dakota state investment board consists of the governor, the state treasurer, the commissioner of university and school lands, the director of workforce safety and insurance, the insurance commissioner, three members of the teachers' fund for retirement board or the board's designees who need not be members of the fund as selected by that board, two of the elected members of the public employees retirement system board as selected by that board, and one member of the public employees retirement system board as selected by that board. The director of workforce safety and insurance may appoint a designee, subject to approval by the workforce safety and insurance board of directors, to attend the meetings, participate, and vote when the director is unable to attend. The teachers' fund for retirement board may appoint an alternate designee with full voting privileges to attend meetings of the state investment board when a selected member is unable to attend. The public employees retirement system board may appoint an alternate designee with full voting privileges from the public employees retirement system board to attend meetings of the state investment board when a selected member is unable to attend. The members of the state investment board, except elected and appointed officials and the director of workforce safety and insurance or the director's designee, are entitled to receive as compensation one hundred forty-eight dollars per day and necessary mileage and travel expenses as provided in sections 44-08-04 and 54-06-09 for attending meetings of the state investment board.

Enclosure

TFFR Board

2016 - 2017 Assignments

Officers of the board

- President Mike Gessner
- Vice President Rob Lech

Board members serving on the SIB

- Mike Gessner
- Rob Lech
- Mel Olson
- State Treasurer Schmidt (ex-officio)

SIB Audit Committee

- Mike Gessner

SIB alternate

- Mike Burton

RIO Update – July 2017

- ▶ **RIO moved to 3442 East Century Ave.** (about a ¼ mile west of the newer Dan's Supermarket in northeast Bismarck). The move went well and we continue to get settled into our new space.
- ▶ **RIO staff did an exceptional job coordinating the move** and sorting out all of the issues that go into an office transition.
- ▶ **RIO expects to be \$75,000 under budget for the 2015-17 biennium** after including incremental costs with relocating our office in late-June. RIO will provide further guidance on the impact of recent budget cuts on board and staff travel shortly.
- ▶ **After 10-years of dedicated service, Darlene Roppel will retire from RIO effective July 28, 2017.** We sincerely thank Darlene for all of her great work over the past decade and wish her and her family all the best in the future.

TFFR Investment Update

For the Periods Ended March 31, 2017 and May 31, 2017

July 27, 2017

Note: This document contains unaudited data which is deemed to be materially accurate, but is unaudited and subject to change.

Dave Hunter, Executive Director/CIO
Darren Schulz, Deputy Chief Investment Officer
ND Retirement & Investment Office (RIO)
State Investment Board (SIB)

TFFR Investment Ends – March 31, 2017

SIB clients should receive investment returns consistent with their written investment policies and market variables. This “End” is evaluated based on comparison of each client’s (a) actual net investment return, (b) standard deviation and (c) risk adjusted excess return, to the client’s policy benchmark over 5 years.

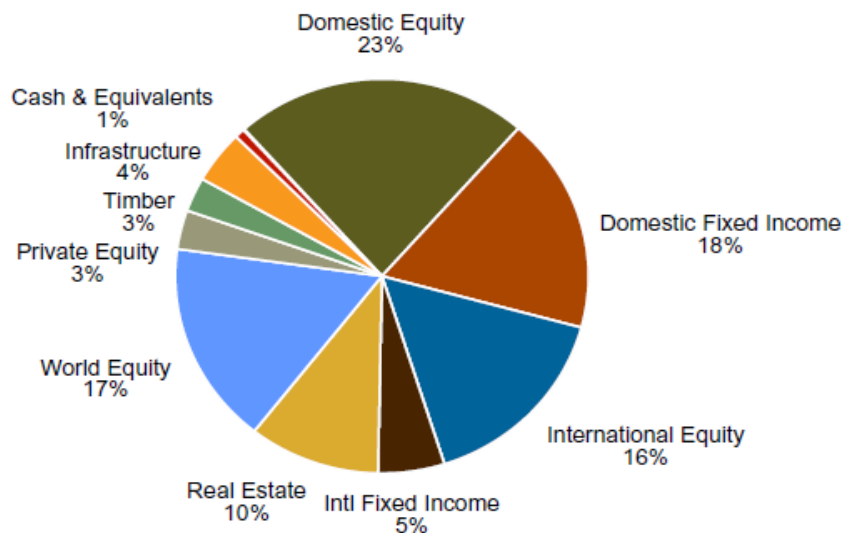
		Current FYTD 3/31/2017	1 Yr Ended 3/31/2017	3 Yrs Ended 3/31/2017	5 Yrs Ended 3/31/2017	Risk 5 Yrs Ended 3/31/2017	Risk Adj Excess Return 5 Yrs 3/31/2017
Total Fund Return - Net	a	8.65%	10.18%	5.35%	7.95%	5.1%	0.35%
Policy Benchmark Return	b	8.09%	9.94%	4.70%	7.22%	4.8%	
Excess Return (Actual > Expected)	a - b	0.56%	0.24%	0.65%	0.73%	105%	
<i>Estimated Incremental Return in \$ (Actual > Expected)</i>			\$5 million	\$40 million	\$70 million		

Key Point: TFFR investments have approximated \$2 billion during the last 5-years and Excess Return has averaged over **0.70%** per annum. Based on these values, **TFFR’s use of active management has enhanced Net Investment Returns by \$70 million for the 5-years ended March 31, 2017** (or \$2 billion x 0.70% = \$14 million x 5 years = \$70 million). This Excess Return has been achieved while adhering to prescribed **Risk** limits (e.g. **105%** versus a policy limit of 115%).

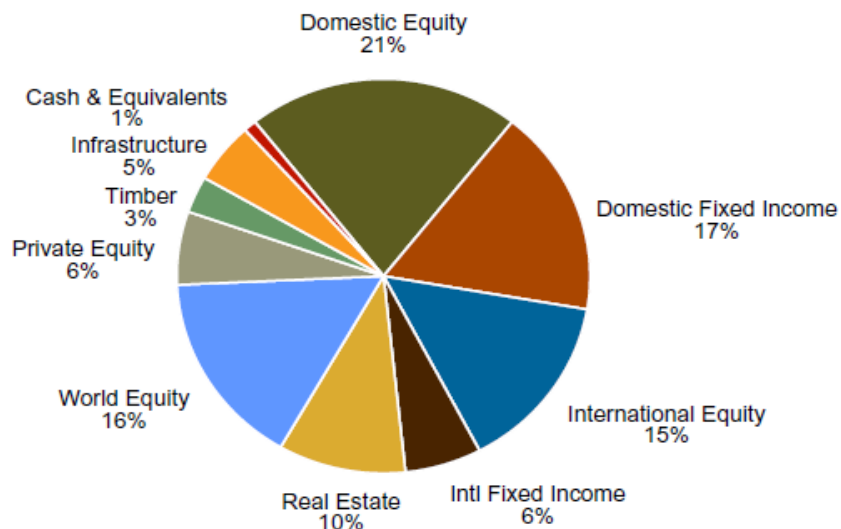
Actual Asset Allocations are within 3% of Target

The **Private Equity Underweight of 2.8%** is offset by **Overweight allocations to Domestic Equity of 1.7%** and **International Equity of 1.3%**.

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	516,998	23.1%	21.4%	1.7%	38,991
Domestic Fixed Income	396,452	17.7%	17.0%	0.7%	16,727
International Equity	354,113	15.9%	14.6%	1.3%	27,996
Intl Fixed Income	116,575	5.2%	6.0%	(0.8%)	(17,446)
Real Estate	229,197	10.3%	10.0%	0.3%	5,829
World Equity	371,124	16.6%	16.0%	0.6%	13,736
Private Equity	71,475	3.2%	6.0%	(2.8%)	(62,545)
Timber	63,041	2.8%	3.0%	(0.2%)	(3,969)
Infrastructure	96,277	4.3%	5.0%	(0.7%)	(15,406)
Cash & Equivalents	18,425	0.8%	1.0%	(0.2%)	(3,912)
Total	2,233,677	100.0%	100.0%		

Asset Class Performance

Periodic Table of Investment Returns for Periods Ended March 31, 2017

Best



Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
MSCI:EM Gross 11.5%	Russell:2000 Index 26.2%	S&P:500 10.4%	S&P:500 13.3%	S&P:500 7.5%	Russell:2000 Index 8.7%
MSCI:EAFE 7.2%	MSCI:EM Gross 17.7%	Russell:2000 Index 7.2%	Russell:2000 Index 12.4%	Russell:2000 Index 7.1%	S&P:500 7.9%
S&P:500 6.1%	S&P:500 17.2%	Blmbg:Aggregate 2.7%	MSCI:EAFE 5.8%	Blmbg:Aggregate 4.3%	MSCI:EM Gross 5.9%
Russell:2000 Index 2.5%	MSCI:EAFE 11.7%	MSCI:EM Gross 1.5%	Blmbg:Aggregate 2.3%	MSCI:EM Gross 3.0%	Blmbg:Aggregate 5.4%
Blmbg:Aggregate 0.8%	Blmbg:Commodity Price Idx 8.3%	MSCI:EAFE 0.5%	MSCI:EM Gross 1.2%	MSCI:EAFE 1.1%	MSCI:EAFE 4.6%
3 Month T-Bill 0.1%	Blmbg:Aggregate 0.4%	3 Month T-Bill 0.2%	3 Month T-Bill 0.1%	3 Month T-Bill 0.7%	3 Month T-Bill 2.2%
Blmbg:Commodity Price Idx (2.5%)	3 Month T-Bill 0.4%	Blmbg:Commodity Price Idx (14.1%)	Blmbg:Commodity Price Idx (9.7%)	Blmbg:Commodity Price Idx (6.8%)	Blmbg:Commodity Price Idx (1.9%)

Worst

U.S. Small Caps (Russell 2000) returned 26% for the 1-year ended March 31, 2017, while **U.S. Large Cap (S&P 500)** and **Emerging Market (MSCI EM)** Equities each rose over 17%. **International Equity (MSCI EAFE)** was up 11% last year while **U.S. Fixed Income (Blmbg. Aggregate)** returned only 0.4%.

Global Equity, Fixed Income and Real Asset Valuations

Asset Class Allocation

	March 31, 2017			December 31, 2016		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
GLOBAL EQUITY	\$1,313,710,084	58.81%	\$(17,931,992)	\$76,432,711	\$1,255,209,365	58.45%
Domestic Equity	\$516,997,751	23.15%	\$(4,691,464)	\$24,127,775	\$497,561,440	23.17%
Large Cap	397,181,411	17.78%	(4,595,990)	21,650,040	380,127,361	17.70%
Small Cap	119,816,340	5.36%	(95,474)	2,477,735	117,434,079	5.47%
International Equity	\$354,113,057	15.85%	\$(149,409)	\$28,259,705	\$326,002,762	15.18%
Developed Intl Equity	275,128,088	12.32%	(149,409)	19,531,119	255,746,378	11.91%
Emerging Markets	78,984,969	3.54%	0	8,728,586	70,256,384	3.27%
World Equity	\$371,123,886	16.61%	\$(15,294,451)	\$24,910,920	\$361,507,417	16.83%
Private Equity	\$71,475,390	3.20%	\$2,203,333	\$(865,688)	\$70,137,746	3.27%
GLOBAL FIXED INCOME	\$513,027,083	22.97%	\$22,906,859	\$12,442,536	\$477,677,688	22.24%
Fixed Income Comp	\$396,452,428	17.75%	\$23,411,531	\$8,094,317	\$364,946,580	16.99%
Investment Grade Fixed	292,683,077	13.10%	22,033,529	4,431,943	266,217,605	12.40%
Below Inv. Grade Fixed Income	103,769,351	4.65%	1,378,002	3,662,375	98,728,975	4.60%
International Fixed Income	\$116,574,655	5.22%	\$(504,672)	\$4,348,218	\$112,731,109	5.25%
GLOBAL REAL ASSETS	\$388,515,364	17.39%	\$(9,331,832)	\$5,322,678	\$392,524,518	18.28%
Real Estate	229,196,503	10.26%	(4,653,094)	5,370,051	228,479,546	10.64%
Timber	63,041,448	2.82%	(945,000)	(1,480,754)	65,467,202	3.05%
Infrastructure	96,277,413	4.31%	(3,733,738)	1,433,381	98,577,769	4.59%
Cash & Equivalents	\$18,424,650	0.82%	\$(3,783,885)	\$45,657	\$22,162,877	1.03%
Securitles Lending Income	\$0	0.00%	\$(30,670)	\$30,670	-	-
Total Fund	\$2,233,677,181	100.0%	\$(8,171,520)	\$94,274,253	\$2,147,574,448	100.0%

Actual versus Benchmark Return Comparisons – Equity

Global Equities earned 14.40% for the 1-year ended March 31, 2017, **but was 0.39% below benchmark due to U.S. Small Cap and World Equity.**

Global Fixed Income earned 4.86% over the last year largely due to double digit returns in high yield and private credit offset by **negative returns in International Debt and Long-Term Treasuries which were hurt by raising interest rates.**

Global Real Assets were mixed with Real Estate and Infrastructure earning 6.9% and 4.9%, respectively, for the 1-year ended March 31, 2017. **Timber valuations were poor and declined 9%.**

Every major asset class outperformed their respective benchmarks for the 5-years ended March 31, 2017, with the largest excess return (of 1.96%) created within Global Fixed Income.

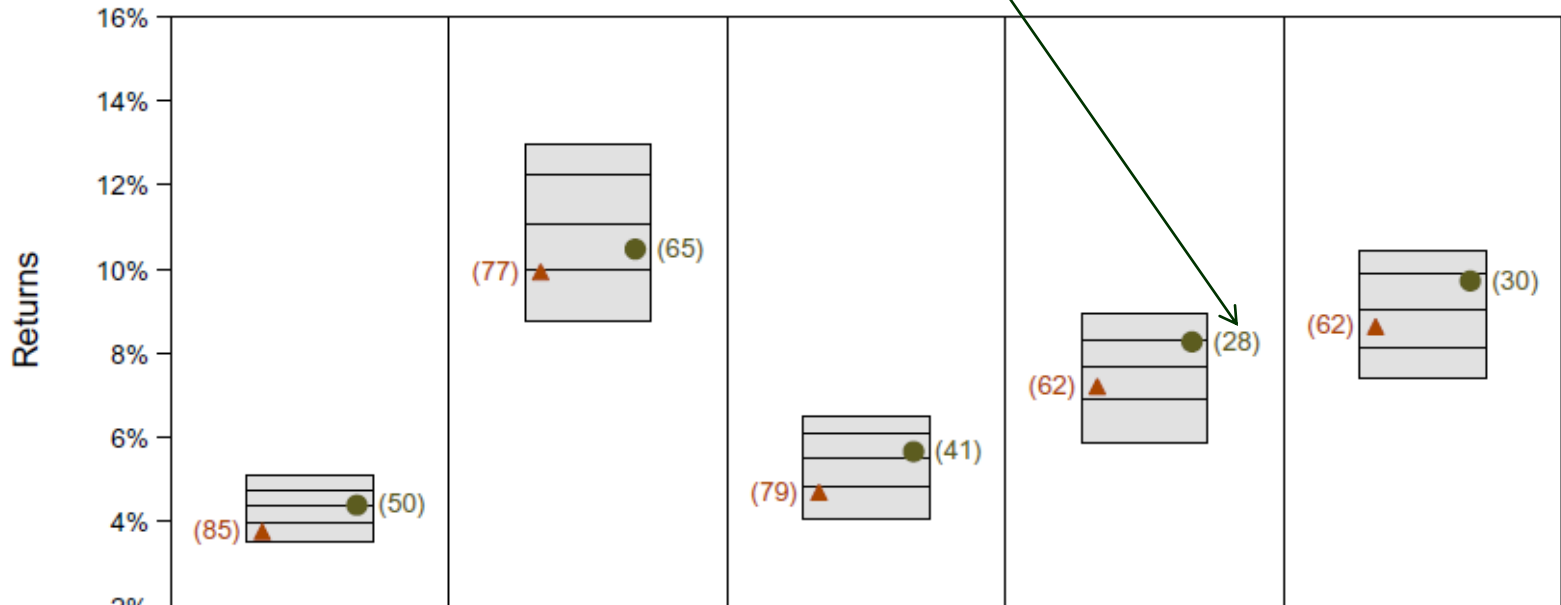
	Target Allocation	<u>1-year</u>	<u>3-years</u>	<u>5-years</u>
Global Equity	58%			
- Actual		14.40%	5.25%	9.40%
- Benchmark		<u>14.79%</u>	<u>4.88%</u>	<u>8.89%</u>
		-0.39%	0.37%	0.51%
Global Fixed Income	23%			
- Actual		4.86%	3.24%	4.40%
- Benchmark		<u>2.18%</u>	<u>1.69%</u>	<u>2.44%</u>
		2.68%	1.55%	1.96%
Global Real Assets	18%			
- Actual		4.15%	8.06%	7.68%
- Benchmark		<u>5.23%</u>	<u>6.86%</u>	<u>7.34%</u>
		-1.08%	1.20%	0.34%
Cash Equivalents	1%			
- Actual		0.60%	0.29%	0.20%
- Benchmark		<u>0.36%</u>	<u>0.17%</u>	<u>0.14%</u>
		0.24%	0.12%	0.06%
TFFR - Total Fund	100%			
- Actual		10.18%	5.34%	7.95%
- Benchmark		<u>9.94%</u>	<u>4.70%</u>	<u>7.21%</u>
		0.24%	0.64%	0.74%

TFFR's "gross" returns were ranked in the 28th percentile for the 5-years ended March 31, 2017, based on Callan's "Public Fund Sponsor Database".

CAI Public Fund Sponsor Database

Unadjusted Ranking

NOTE: TFFR's asset allocation adjusted ranking is in the 35th and 29th percentiles for the 1- and 5-years ended March 31, 2017.

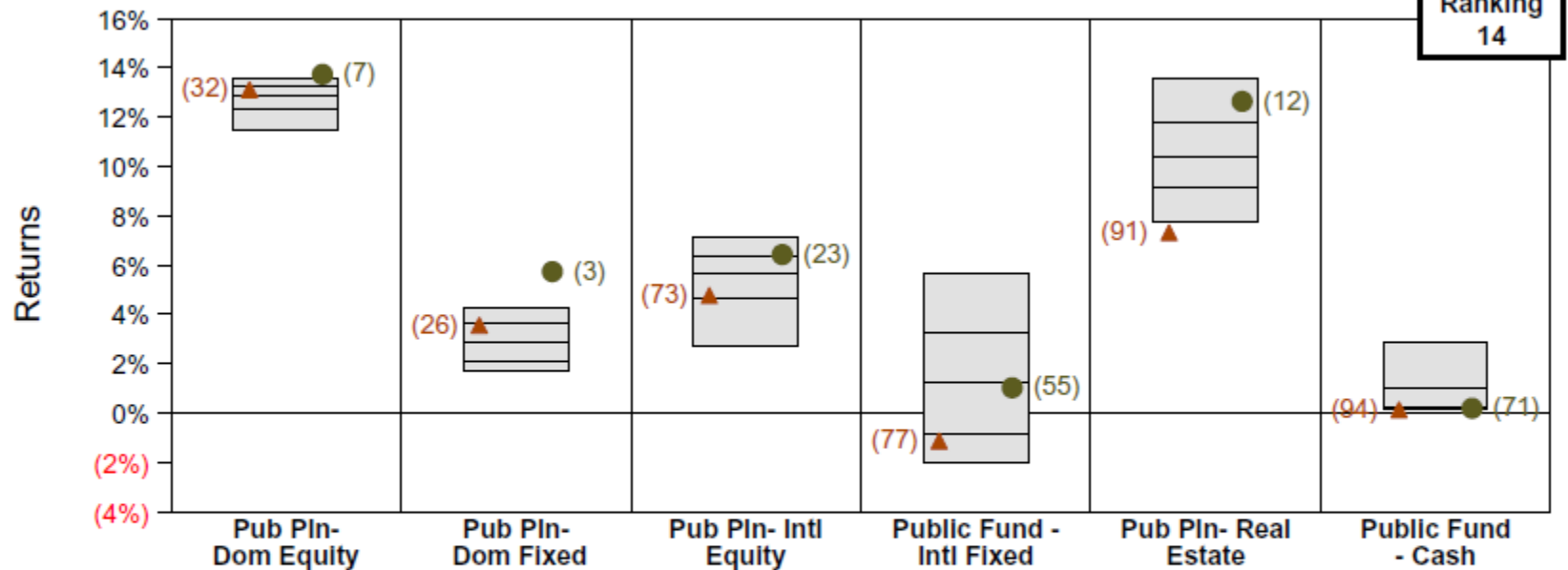


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-3/4 Years
10th Percentile	5.08	12.98	6.52	8.93	10.45
25th Percentile	4.75	12.26	6.09	8.32	9.90
Median	4.38	11.06	5.49	7.68	9.05
75th Percentile	3.98	9.99	4.84	6.89	8.12
90th Percentile	3.52	8.76	4.05	5.88	7.42
Total Fund ●	4.39	10.48	5.67	8.27	9.72
Policy Target ▲	3.76	9.94	4.70	7.21	8.64

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Blmbg Aggregate, 11.8% MSCI World ex US, 10.0% NCREIF Total Index
 ----- 6.0% Blmbg Glob Agg ex USD, 6.0% NDSIB TFFR - Private Equity, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Blmbg HY 2% Iss Cap, 3.0% NCREIF
 Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

SIB managers performed well in the public markets for the last 5 years, but have been challenged in private equity and timber.

Total Asset Class Performance
Five Years Ended March 31, 2017

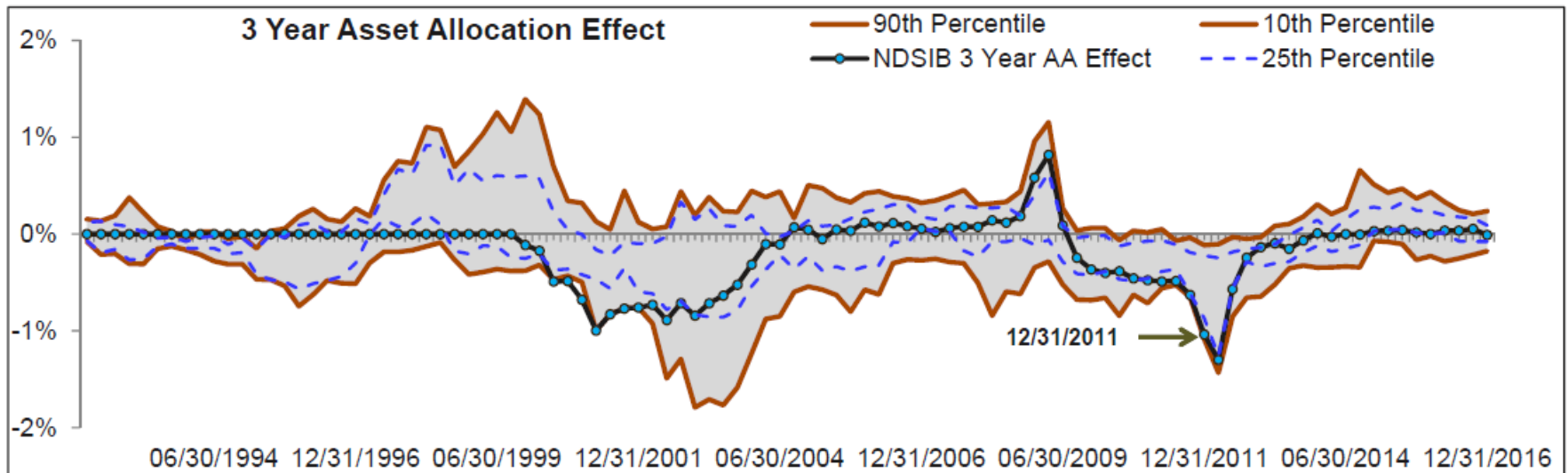
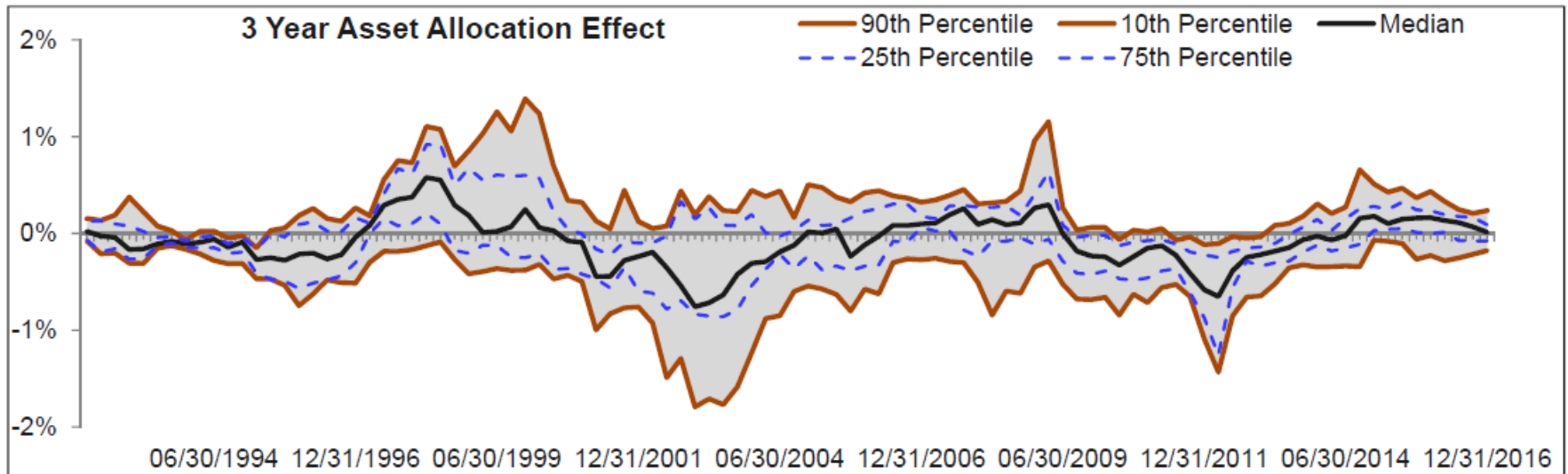


Weighted Ranking
14

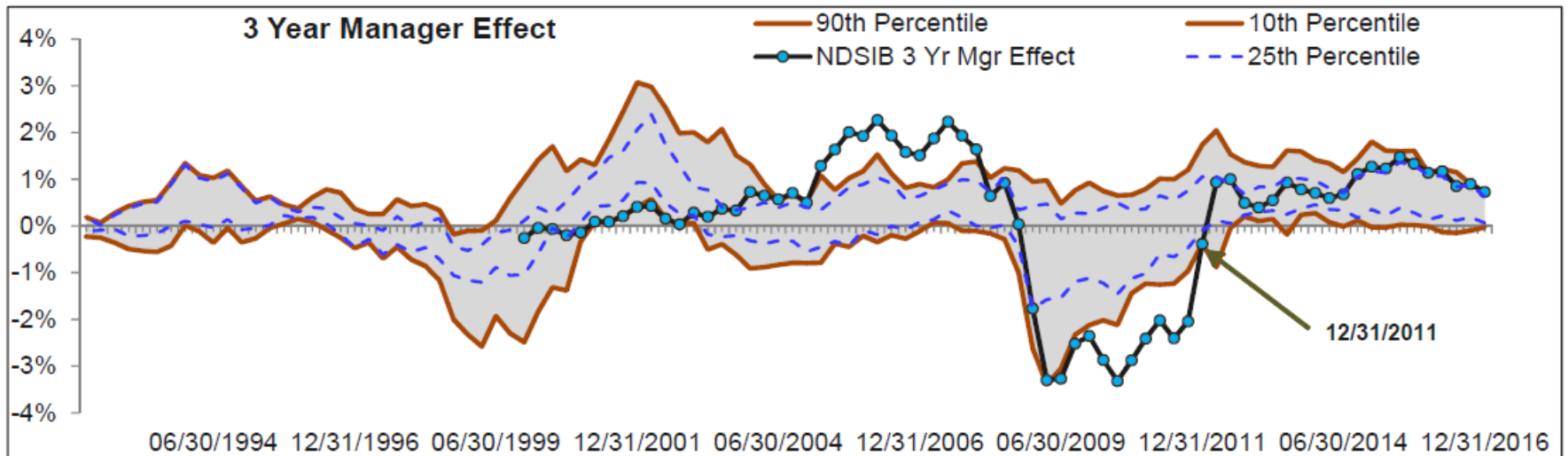
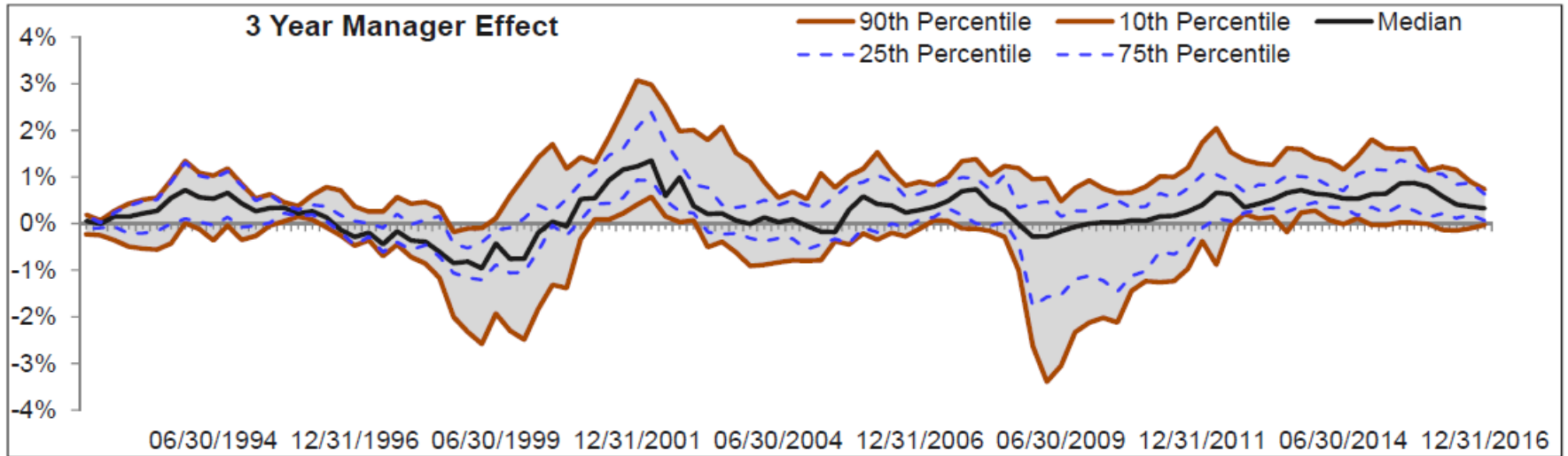
10th Percentile		13.57	4.26	7.14	5.66	13.57	2.90
25th Percentile		13.25	3.62	6.33	3.26	11.81	1.00
Median		12.88	2.86	5.69	1.25	10.36	0.28
75th Percentile		12.30	2.12	4.64	(0.85)	9.14	0.18
90th Percentile		11.51	1.74	2.71	(2.02)	7.73	0.15
Asset Class Composite	●	13.73	5.74	6.43	1.03	12.64	0.20
Composite Benchmark	▲	13.11	3.56	4.77	(1.13)	7.32	0.14

NOTE: SIB utilizes the private markets to invest in real estate, infrastructure and timber (in addition to private equity and private debt).

3-Year Rolling Asset Allocation Effect Attribution (2% Y-Axis)



3-Year Rolling Manager Effect Attribution (4% Y-Axis)



NDSIB Watch List

As of March 31, 2017

PIMCO MBS (Pen.)		\$181,843,474		
	Returns	Index ¹	Excess	
1 Year	0.69	0.17	0.52	
3 Year	2.76	2.69	0.07	
Inception*	2.12	2.04	0.08	

*Funded 3/31/2012

JP Morgan MBS (Pen.)		\$129,628,371		
	Returns	Index ¹	Excess	
1 Year	1.08	0.17	0.91	
Inception*	2.51	2.18	0.33	

*Funded 09/30/2014

PIMCO Unconstrained (Pen.)		\$66,110,009		
	Returns	Index ²	Excess	
1 Year	9.67	0.84	8.83	
3 Year	3.17	0.49	2.67	
Inception*	3.16	0.42	2.74	

*Funded 3/12/2012

UBS International Fixed (Pen.)		\$102,055,766		
	Returns	Index ³	Excess	
1 Year	(4.46)	(3.93)	(0.53)	
3 Year	(2.99)	(2.69)	(0.30)	
Inception*	5.82	5.56	0.26	

*Funded 07/01/1989

¹ Bloomberg Mortgage Index
² Libor 3-Month
³ Bloomberg Global Aggregate ex-US

Note: Return data is gross of fee due to data availability

TO: State Investment Board ("SIB") Clients
 FROM: Dave Hunter, Darren Schulz, and Eric Chin
 DATE: April 24, 2017
 SUBJECT: Watch List Action – Adams Street Partners

UPDATE: PIMCO, JPMorgan and UBS remain on Watch, Adams Street is removed.

Adams Street Partners ("Adams Street" or "ASP")

RIO recommends that Adams Street be removed from the Watch List noting that ASP has substantially reinstated detailed investment reporting for two consecutive quarters. Due to increasing concerns over the transparency provided by Adams Street, the SIB placed ASP on Watch on October 28, 2016. RIO continues to recommend the SIB pause future investments until Staff has sufficient time to conduct additional due diligence at Adams Street offices in upcoming months.

Background: Over the past year, Staff spent considerable time and resources working to optimize SIB's projected private equity portfolio. As a consequence of these efforts, Staff became aware that Adams Street provides different levels of transparency to different types of clients. Clients "subject to FOIA or similar laws" were previously provided a redacted reporting package. ASP withheld key metrics on the underlying GPs including internal rate of return, % drawn, % distributed, money multiples, and ASP internal manager ratings.

Adams Street's rationale was twofold:

1. ASP has signed confidentiality agreements with their underlying general partners such that Adams Street is mandated to limit information to investors "subject to FOIA or similar laws".
2. ASP is concerned that North Dakota's confidentiality provisions may be inadequate, and unable to protect confidential information if contested by a third party (despite numerous conversations between North Dakota and Adams Street's counsel).

Update: While the reduced transparency did not directly affect Adams Street's investment capabilities, it did place the SIB in a disadvantageous position compared to other non-FOIA/open records investors invested in the same commingled products. **In recent months, however, ASP restated its willingness to provide us with full investment transparency in their offices and substantially reinstated detailed reporting in their quarterly reports. Consequently, Staff is now comfortable with recommending the SIB remove Adams Street from our Watch List.**

Adams Street Transparency Update – \$45 million partnership value at 12/31/2016

- Adams Street contacted all funds from years 2006–2016, representing 98% of the remaining value
- Remaining value of funds which will not allow performance disclosure: \$8 million, or about 19%
- As expected, most of the top-tier early stage venture capital managers will not allow performance disclosure.
- North Dakota has transparency on 81% of the remaining partnership net asset value.
- Adams Street projects transparency to remain in the 80-85% range going forward.
- Adams Street has transparency on 100% of the portfolio and shares in-depth analysis with NDSIB staff regularly.
- Adams Street remains committed to providing excellent investment performance and reporting to NDSIB.

TFFR Net Returns for 11 Months Ended May 31, 2017

TFFR earned 11.85% for the 11 months ended May 31, 2017, beating the Policy Benchmark of 10.87% by 0.98%.

Equity markets were strong with Global and International Equities up 20%, while U.S. Equities were up 16% for the 11 months ended May 31, 2017. Our Private Equity portfolio earned 6.9%.

	May-17			Current Fiscal YTD
	Market Value	Allocation Actual	Policy	31-May Net
TOTAL FUND	2,294,772,958	100%	100%	11.85%
POLICY TARGET BENCHMARK				10.87%
Excess Return > Policy Benchmark				0.98%
GLOBAL EQUITIES Benchmark	1,365,725,399	59.5%	58.0%	17.89% 17.31%
Epoch Global Choice (1)	174,146,723	7.6%	7.0%	17.72%
LSV Global Value Equity	212,820,614	9.3%	9.0%	21.63%
Total Global Equities	386,967,337	16.9%	16.0%	20.02%
MSCI World				17.74%
Domestic - broad Benchmark	528,311,286	23.0%	21.5%	16.15% 18.01%
Large Cap Domestic				
LA Capital Large Cap Growth	159,035,066	6.9%	6.6%	16.18%
Russell 1000 Growth				20.74%
LA Capital 60% Large Cap/40% Large Cap A	88,911,992	3.9%	3.3%	15.39%
Russell 1000				17.21%
NTAM - Quant Enhanced S&P 500	73,591,310	3.2%	3.3%	15.46%
Clifton Group Enhanced S&P 500	86,984,586	3.8%	3.3%	16.98%
S&P 500				17.17%
Total Large Cap Domestic	408,522,955	17.8%	16.6%	16.04%
Russell 1000 (2)				17.21%
Small Cap Domestic				
Atlanta Capital Small Cap Equity Fund	54,267,025	2.4%	2.4%	12.13%
Clifton Group Enhanced Russell 2000	65,521,306	2.9%	2.4%	20.30%
Total Small Cap Domestic	119,788,331	5.2%	4.8%	16.54%
Russell 2000				20.44%
International - broad Benchmark	375,549,670	16.4%	14.5%	20.62% 20.00%
Developed International				
NTAM - MSCI World ex-US Index	139,668,197	6.1%	5.9%	19.79%
MSCI World Ex US				19.37%
William Blair International Leaders	66,668,651	2.9%	3.5%	19.57%
MSCI ACWI ex-US IMI (Net)				20.04%
DFA Intl. Small Cap Value Portfolio (4)	41,573,835	1.8%	1.2%	26.51%
Wellington International Small Cap Opportun	44,612,343	1.9%	1.2%	19.75%
S&P/Citigroup BMI EPAC < \$2BN				19.84%
Total Developed International	292,523,026	12.7%	11.8%	20.65%
MSCI World Ex US (3)				19.37%
Emerging Markets				
Axiom Emerging Markets Equity Fund	61,312,908	2.7%	2.1%	21.07%
DFA Emerging Markets Small Cap Portfolio	21,713,737	0.9%	0.7%	18.79%
Total Emerging Markets	83,026,644	3.6%	2.8%	20.47%
MSCI Emerging Markets				22.51%
Total Private Equity (4)	74,897,106	3.3%	6.0%	6.89%

TFFR Net Returns – 11 Months Ended May 31, 2017

Global Fixed Income earned 4.15% for the 11 months ended May 31, 2017, exceeding the 1.0% benchmark by 3.15%. Strong returns in Private Credit and High Yield where offset by negative returns in International Debt and Long-Term Treasuries and muted results in Mortgage Backed Securities.

Global Real Assets earned 3.48% with Real Estate and Infra-structure earning 6.9% and 4.9%, respectively, while Timber valuations declined 9.4% for the 11 months ended May 31, 2017.

	May-17			Current FYTD
	Market Value	Actual	Policy	31-May Net
GLOBAL FIXED INCOME	523,966,360	22.8%	23.0%	4.15%
<i>Benchmark</i>				1.00%
Domestic Fixed Income	404,022,633	17.6%	17.0%	5.65%
<i>Benchmark</i>				2.67%
PIMCO Distressed Senior Credit Opportunities II (4)	45,510,063	2.0%	2.0%	15.79%
State Street Long U.S. Treasury Index NL Fund	50,448,762	2.2%	1.3%	-7.63%
<i>Bloomberg Long Treasuries</i>				-7.59%
PIMCO Unconstrained Bond Fund	28,704,723	1.3%	1.7%	8.60%
Declaration Total Return Bond Fund (4)	38,855,533	1.7%	1.6%	4.90%
<i>3m LIBOR</i>				0.88%
JP Morgan Mortgage Backed Securities	56,391,926	2.5%	2.6%	0.91%
PIMCO Agency MBS	78,935,042	3.4%	3.9%	0.55%
<i>Bloomberg Mortgage Backed Securities Index</i>				0.34%
Total Investment Grade Fixed Income	298,846,048	13.0%	13.0%	3.50%
<i>Bloomberg Aggregate</i>				-0.21%
Loomis Sayles High Yield	81,647,009	3.6%	3.0%	12.40%
PIMCO BRAVO II (4)	22,727,049	1.0%	1.0%	10.09%
GS Mezzanine Partners V Offshore, L.P. (4)	662,618	0.0%	0.0%	0.57%
Total Below Investment Grade Fixed Income	105,176,585	4.6%	4.0%	11.83%
<i>Bloomberg High Yield 2% Issuer Constrained Index</i>				12.54%
International Fixed Income	119,943,727	5.2%	6.0%	-0.26%
<i>Benchmark</i>				-3.71%
UBS Global (ex-US) Bond Strategy	49,339,393	2.2%	3.0%	-4.20%
Brandywine Global Opportunistic Fixed Income	70,604,335	3.1%	3.0%	2.69%
Total Developed Investment Grade Int'l FI	119,943,727	5.2%	6.0%	-0.26%
<i>Bloomberg Global Aggregate ex-US</i>				-3.71%
GLOBAL REAL ASSETS	388,003,642	16.9%	18.0%	3.48%
<i>Benchmark</i>				4.35%
Invesco Core Real Estate - U.S.A., L.P.	105,747,974			6.25%
Invesco Real Estate Fund III, LP (4)	9,218,617			12.81%
Invesco U.S. Value-Add Fund IV, L.P. (4)	14,052,702			5.91%
Invesco Asia Real Estate Fund III, L.P. (4)	8,333,918			15.20%
JP Morgan Strategic & Special Situation Property Blend	81,734,799			6.34%
JP Morgan European Opportunistic Property Fund III (4)	4,016,276			-3.97%
JP Morgan Greater China Property Fund (4)	5,148,242			7.59%
Total Global Real Estate	229,019,409	10.0%	10.0%	6.94%
<i>NCREIF TOTAL INDEX</i>				6.21%
TIR Teredo Timber, LLC	13,984,295	0.6%		-8.40%
TIR Springbank, LLC	47,637,036	2.1%		-9.71%
Total Timber (4)	61,621,330	2.7%	3.0%	-9.42%
<i>NCREIF Timberland Index</i>				3.16%
JP Morgan Asian Infrastructure & Related Resources (4)	10,484,568	0.5%		34.88%
JP Morgan Infrastructure Investments Fund (IIF)	68,434,789	3.0%		2.45%
Grosvenor Customized Infrastructure Strategies, LP (4)	15,562,910	0.7%		0.95%
Grosvenor Customized Infrastructure Strategies II (4)	2,880,636	0.1%		-2.04%
Total Infrastructure	97,362,903	4.2%	5.0%	4.91%
<i>CPI</i>				1.41%
Northern Trust Collective STIF	12,040,514			0.67%
Bank of ND	5,037,044			N/A
GLOBAL CASH & CASH EQUIVALENTS	17,077,557	0.7%	1.0%	0.65%
<i>90 Day T-Bill</i>				0.40%

NOTE: Monthly returns and market values are preliminary and subject to change.

ND STATE INVESTMENT BOARD

State Investment Board
Statement of Net Position
As of 5/31/2017

	As of 5-31-17	As of 6-30-16
ASSETS:		
INVESTMENTS (AT FAIR VALUE)		
DOMESTIC EQUITIES	\$ 2,993,355,226	\$ 2,592,080,592
GLOBAL/INTERNATIONAL EQUITIES	2,876,370,541	2,361,800,570
DOMESTIC FIXED INCOME	3,766,235,078	3,920,837,562
INTERNATIONAL FIXED INCOME	258,524,351	259,720,306
REAL ASSETS	1,978,392,038	1,874,452,281
PRIVATE EQUITY	162,589,479	159,339,949
INVESTED CASH (NOTE 1)	93,024,587	110,032,440
TOTAL INVESTMENTS	12,128,491,300	11,278,263,700
RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	34,941,945	44,972,716
MISCELLANEOUS RECEIVABLE	25,534	17,231
TOTAL RECEIVABLES	34,967,479	44,989,947
OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	62,424,814	116,570,414
OPERATING CASH	168,634	230,530
TOTAL ASSETS	12,226,052,227	11,440,054,591
DEFERRED OUTFLOWS OF RESOURCES		
DEFERRED OUTFLOWS RELATED TO PENSIONS	87,046	140,933
LIABILITIES:		
SECURITIES LENDING COLLATERAL (NOTE 2)	62,424,814	116,570,414
ACCOUNTS PAYABLE	-	57,341
ACCRUED EXPENSES	523,187	574,826
INVESTMENT EXPENSE PAYABLE	8,088,448	8,080,178
TOTAL LIABILITIES	71,036,449	125,282,759
DEFERRED INFLOWS OF RESOURCES		
DEFERRED INFLOWS RELATED TO PENSIONS	53,603	53,603
NET POSITION:		
HELD IN TRUST	12,155,049,221	11,314,859,162
TOTAL NET POSITION	\$ 12,155,049,221	\$ 11,314,859,162



These financial statements are preliminary, unaudited and subject to change.

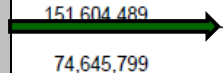
6/27/2017

ND STATE INVESTMENT BOARD

State Investment Board
Statement of Changes in Net Position
For the Month Ended 5/31/2017

	Month Ended 5-31-17	Year-to-Date
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 83,312,018	\$ 1,169,490,889
LOSS ON SALE OF INVESTMENTS	72,323,201	885,467,225
NET GAINS (LOSSES) INVESTMENTS	10,988,817	284,023,664
NET APPREC (DEPREC) MARKET VALUE	119,065,671	661,044,481
NET CHANGE IN FAIR VALUE OF INVESTMENTS	130,054,488	945,068,145
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	24,153,529	243,243,514
	154,208,017	1,188,311,659
LESS INVESTMENT EXPENSES	2,702,203	28,140,940
NET INCOME FROM INVESTING ACTIVITIES	151,505,814	1,160,170,719
SECURITIES LENDING INCOME	123,322	1,257,245
SECURITIES LENDING EXPENSES	24,647	251,236
NET SECURITIES LENDING INCOME	98,675	1,006,009
NET INVESTMENT INCOME	151,604,489	1,161,176,728
PURCHASE OF UNITS (\$1/UNIT)	74,645,799	615,887,704
TOTAL ADDITIONS	226,250,288	1,777,064,432
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	123,198	1,206,271
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	37,508,425	935,668,102
TOTAL DEDUCTIONS	37,631,623	936,874,373
CHANGE IN NET POSITION	188,618,665	840,190,059
NET POSITION:		
BEGINNING OF PERIOD	11,966,430,556	11,314,859,162
END OF PERIOD	\$ 12,155,049,221	\$ 12,155,049,221

Net investment income exceeds \$1.1 billion for the 11 months ended May 31, 2017.



These financial statements are preliminary, unaudited and subject to change.

6/27/2017

TFFR board members are invited to attend Callan College during the SIB meeting on July 28, 2017. Board education will be offered on Capital Market Theory, Asset Allocation and the Role of the Fiduciary.

Callan College will be held at **Bismarck State College Energy Center – Room #335**. This SIB meeting will be from **8:00 a.m. to 12:30 p.m. on July 28**. The proposed agenda is as follows:

- 8:00 - 8:30** **Call to Order, Acceptance of Agenda and Minutes
Election of Officers - Affirm Code of Conduct
Investment Policies - Fundamental Investment Beliefs**
- 8:30 - 8:45** **Callan College - Introduction and Welcome Remarks**
- 8:45 - 9:45** **Callan College - Capital Market Theory**
- 9:45 - 10:00** **Break**
- 10:00 - 10:55** **Callan College - Asset Allocation**
- 10:55 – 11:00** **Break**
- 11:00 - 12:00** **Callan College - Role of Fiduciary & Investment Policy**
- 12:00 - 12:15** **United Way Awareness - Jena Gullo, Executive Director**
- 12:15 - 12:30** **Meeting Adjourns**

Callan College participants will gain a fundamental understanding of the basics behind Capital Market Theory, Asset Allocation, and their role as fiduciaries including their purpose within the structure of investment programs.

The session includes: An overview of capital market theory, characteristics of various asset classes and the processes by which fiduciaries implement their investment decisions; A review of asset allocation and how risk and return objectives are analyzed within the framework of promised benefits and funding responsibilities; and An introduction to fiduciary issues as they pertain to fund management and oversight.

Callan College – Section Descriptions:

Capital Market Theory – The objective of this section is to demystify investment terminology, explain key investment fundamentals, provide sound basis for investment decisions, and discuss how institutional clients apply theory in their board rooms. This course will examine the quantitative tools used in asset allocation, style analysis, manager structure, manager search, investment policy, and performance measurement.

Asset Allocation – The objection of this section is to provide an overview of asset/liability modeling from the standpoint of the plan sponsor, investment manager, and consultant. Callan will delve into why it is important, when sponsors review their allocations and how the review takes place. Integral to this discussion is a description on how capital market assumptions; efficient portfolios (the efficient frontier), correlation, and diversification play a role in creating asset mix alternatives. The trade-off between risk and return is examined in detail. We define risk tolerance, return need and demonstrate how sponsors and consultants select the appropriate mix.

The Role of the Fiduciary – The objective of this section is to define the role of the fiduciary. We do this by tracing the history of fiduciary conduct and describing the appropriate activities of persons responsible for the assets of others. We examine the various laws and concepts governing the activities of fiduciaries and translate these concepts into practical guidelines. We explore and describe the differences among different plan types and the laws governing each.

Appendix of Supporting Materials

TFFR Update as of March 31, 2017 and May 31, 2017

Callan's Quarterly Reports of investment performance are available on the following web address:
<http://www.nd.gov/rio/SIB/Board/SIB%20Meeting%20Materials/2017-05-26.pdf>

Board members can review monthly manager level performance using the following web address:
http://www.nd.gov/rio/RIO_ref/performance/TFFR/201705.pdf

Interim Investment Update: Based on interim and unaudited investment results as of May 31, 2017, plus estimated benchmark data for June, TFFR's Net Return is estimated at approximately 12% for the fiscal year ended June 30, 2017.

ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF MAY 31, 2017

	May-17				April-17				March-17				December-16				September-16				Current Fiscal YTD							
	Allocation		Month		Allocation		Month		Allocation		Quarter		Allocation		Quarter		Allocation		Quarter		Gross ⁽¹⁾	Net						
	Market Value	Actual	Policy	Gross ⁽¹⁾	Net	Market Value	Actual	Policy	Gross ⁽¹⁾	Net	Market Value	Actual	Policy	Gross ⁽¹⁾	Net	Market Value	Actual	Policy	Gross ⁽¹⁾	Net	Market Value	Actual	Policy	Gross ⁽¹⁾	Net			
TOTAL FUND	2,294,772,958	100.0%	100.0%	1.52%	1.50%	2,260,861,068	100.0%	100.0%	1.35%	1.33%	2,233,677,182	100.0%	100.0%	4.33%	4.33%	2,147,574,448	100.0%	100.0%	0.69%	0.63%	2,144,533,868	100.0%	100.0%	3.77%	3.69%	12.12%	11.85%	
POLICY TARGET BENCHMARK				1.40%	1.40%				1.16%	1.16%				3.76%	3.76%				0.63%	0.63%				3.52%	3.52%	10.67%	10.67%	
ATTRIBUTION ANALYSIS																												
Asset Allocation				0.02%	0.02%				0.01%	0.01%				0.22%	0.22%				0.00%	0.00%				-0.03%	-0.03%	0.24%	0.24%	
Manager Selection				0.21%	0.18%				0.18%	0.16%				0.40%	0.34%				-0.14%	-0.21%				0.28%	0.20%	1.82%	0.74%	
TOTAL RELATIVE RETURN				0.23%	0.20%				0.19%	0.17%				0.64%	0.59%				-0.14%	-0.20%				0.25%	0.17%	1.26%	0.96%	
GLOBAL EQUITIES	1,365,725,399	59.5%	56.0%	2.11%	2.06%	1,337,848,214	59.2%	55.0%	1.79%	1.78%	1,313,710,090	58.8%	55.0%	6.11%	6.08%	1,266,200,367	58.4%	52.0%	1.87%	1.81%	1,254,456,683	58.5%	52.0%	5.39%	5.30%	18.17%	17.89%	
Benchmark				52.6%	1.84%	1.84%			52.0%	1.47%	1.47%			52.0%	5.49%	5.49%			52.0%	2.37%	2.37%				5.13%	5.13%	17.31%	17.31%
Epoch Global Choice (1)	174,146,720	7.6%	7.0%	3.08%	3.09%	167,942,411	7.4%	7.0%	3.03%	3.03%	162,068,737	7.3%	7.0%	6.70%	6.57%	150,417,380	7.0%	7.0%	-1.26%	-1.42%	152,051,114	7.1%	7.0%	3.15%	2.96%	15.46%	17.72%	
LSV Global Value Equity	212,820,614	9.3%	9.0%	1.19%	1.19%	210,323,228	9.3%	9.0%	1.00%	1.00%	208,126,148	9.3%	9.0%	5.73%	5.71%	211,000,037	9.8%	9.0%	5.45%	5.42%	200,320,861	9.3%	9.0%	6.94%	6.74%	21.84%	21.63%	
Total Global Equities	386,967,337	16.9%	16.0%	2.37%	2.30%	378,265,638	16.7%	16.0%	1.94%	1.92%	371,123,888	16.6%	16.0%	6.99%	6.91%	361,507,417	16.6%	16.0%	2.59%	2.46%	352,971,978	16.5%	16.0%	5.21%	5.08%	20.46%	20.02%	
MSCI World				2.12%	2.12%				1.40%	1.40%				6.38%	6.38%				1.86%	1.86%				4.87%	4.87%	17.74%	17.74%	
Domestic - broad	528,311,286	23.0%	21.8%	1.08%	1.08%	522,782,727	23.1%	21.8%	1.13%	1.11%	516,997,758	23.1%	21.8%	4.88%	4.81%	497,861,442	23.2%	21.5%	4.14%	4.10%	488,446,807	22.8%	21.8%	4.30%	4.17%	16.42%	16.15%	
Benchmark				0.53%	0.53%				1.07%	1.07%				5.22%	5.22%				4.98%	4.98%				5.18%	5.18%	18.01%	18.01%	
Large Cap Domestic	150,030,066	6.9%	6.6%	2.54%	2.49%	150,171,844	6.9%	6.6%	1.56%	1.55%	152,761,021	6.8%	6.6%	6.62%	6.57%	143,547,523	6.7%	6.6%	1.04%	0.99%	144,306,670	6.7%	6.6%	3.76%	3.71%	16.42%	16.18%	
LA Capital Large Cap Growth				2.69%	2.69%				2.29%	2.29%				8.91%	8.91%				1.01%	1.01%				4.58%	4.58%	20.74%	20.74%	
Russell 1000 Growth																												
LA Capital 60% Large Cap/40% Large Cap Active External	88,911,002	3.9%	3.3%	1.70%	1.67%	87,447,706	3.9%	3.3%	0.89%	0.89%	86,947,540	3.9%	3.3%	4.52%	4.50%	87,034,673	4.1%	3.3%	4.54%	4.52%	80,134,267	4.2%	3.3%	3.20%	3.20%	15.51%	15.39%	
Russell 1000				1.28%	1.28%				1.06%	1.06%				6.03%	6.03%				3.83%	3.83%				4.03%	4.03%	17.21%	17.21%	
NTAM - Quant Enhanced S&P 500	73,591,310	3.2%	3.3%	0.89%	0.89%	73,118,927	3.2%	3.3%	0.85%	0.85%	72,716,447	3.3%	3.3%	4.94%	4.94%	69,380,257	3.2%	3.3%	4.22%	4.22%	67,626,212	3.2%	3.3%	4.32%	4.32%	15.46%	15.46%	
Clifton Group Enhanced S&P 500	86,984,588	3.8%	3.3%	1.40%	1.40%	85,767,594	3.8%	3.3%	1.12%	1.12%	84,808,510	3.8%	3.3%	5.96%	5.96%	80,164,710	3.7%	3.3%	3.89%	3.89%	78,389,532	3.7%	3.3%	3.86%	3.86%	17.22%	16.98%	
S&P 500				1.41%	1.41%				1.03%	1.03%				6.07%	6.07%				3.82%	3.82%				3.88%	3.88%	17.17%	17.17%	
Total Large Cap Domestic	408,522,856	17.8%	16.6%	1.77%	1.74%	401,526,151	17.8%	16.6%	1.09%	1.09%	397,181,418	17.8%	16.6%	5.70%	5.67%	380,127,363	17.7%	16.6%	2.99%	2.97%	378,548,888	17.7%	16.6%	3.76%	3.69%	16.21%	16.04%	
Russell 1000 (2)				1.28%	1.28%				1.06%	1.06%				6.03%	6.03%				3.83%	3.83%				4.03%	4.03%	17.21%	17.21%	
Small Cap Domestic	54,267,025	2.4%	2.4%	-0.25%	-0.25%	54,403,493	2.4%	2.4%	1.33%	1.15%	53,775,695	2.4%	2.4%	1.71%	1.52%	52,960,423	2.5%	2.4%	7.24%	7.03%	49,543,768	2.3%	2.4%	2.46%	2.28%	12.95%	12.13%	
Atlanta Capital Small Cap Equity Fund																												
Clifton Group Enhanced Russell 2000	65,521,306	2.9%	2.4%	-1.00%	-1.00%	66,063,077	3.0%	2.4%	1.21%	1.21%	66,040,655	3.0%	2.4%	2.44%	2.44%	64,464,656	3.0%	2.4%	0.73%	0.73%	59,386,020	2.8%	2.4%	0.36%	0.58%	20.81%	20.30%	
Total Small Cap Domestic	119,788,331	5.2%	4.8%	-1.21%	-1.21%	121,266,578	5.4%	4.8%	1.26%	1.18%	119,816,341	5.4%	4.8%	2.11%	2.03%	117,424,879	5.5%	4.8%	8.04%	7.95%	108,899,827	5.1%	4.8%	6.19%	5.85%	17.19%	16.54%	
Russell 2000				-2.03%	-2.03%				1.16%	1.16%				2.47%	2.47%				8.83%	8.83%				8.08%	8.08%	20.44%	20.44%	
International - broad	378,549,670	16.4%	14.8%	3.28%	3.28%	363,704,333	16.1%	14.8%	2.71%	2.70%	356,113,665	16.0%	14.8%	8.67%	8.62%	326,062,762	15.2%	14.5%	-3.06%	-3.04%	341,192,040	15.8%	14.8%	8.04%	8.00%	20.81%	20.62%	
Benchmark				3.28%	3.28%				2.14%	2.14%				7.69%	7.69%				-0.99%	-0.99%				8.81%	8.81%	20.66%	20.66%	
Developed International	139,668,107	6.1%	5.9%	3.43%	3.43%	136,037,467	6.0%	5.9%	2.18%	2.18%	132,151,523	5.9%	5.9%	6.94%	6.90%	123,562,002	5.8%	5.9%	-0.32%	-0.33%	123,986,351	5.8%	5.9%	6.36%	6.34%	19.82%	19.70%	
NTAM - MSCI World ex-US Index				3.33%	3.33%				2.13%	2.13%				6.81%	6.81%				-0.38%	-0.38%				6.29%	6.29%	19.37%	19.37%	
MSCI World Ex US																												
William Blair International Leader	66,668,861	2.9%	3.5%	4.03%	4.03%	64,089,002	2.8%	3.5%	3.57%	3.49%	61,908,708	2.8%	3.5%	7.86%	7.86%	57,589,903	2.7%	3.5%	-6.89%	-6.96%	61,246,565	2.9%	3.5%	0.89%	0.98%	10.94%	10.57%	
MSCI ACWI ex-US (Net)				3.25%	3.25%				2.14%	2.14%				7.86%	7.86%				-1.25%	-1.25%				6.91%	6.91%	20.68%	20.68%	
DFA Int. Small Cap Value Portfolio (4)	41,573,835	1.8%	1.2%	1.88%	1.88%	40,816,181	1.8%	1.2%	2.54%	2.54%	39,805,975	1.8%	1.2%	7.73%	7.73%	36,950,203	1.7%	1.2%	1.71%	1.71%	36,320,154	1.7%	1.2%	10.54%	10.54%	26.51%	26.51%	
Wellington International Small Cap Opportunities	44,812,343	1.9%	1.2%	4.16%	3.96%	42,915,218	1.9%	1.2%	4.08%	4.08%	41,254,791	1.8%	1.2%	9.82%	9.82%	37,624,271	1.8%	1.2%	-4.94%	-5.15%	39,657,857	1.8%	1.2%	6.71%	6.47%	20.75%	19.75%	
S&P/ICGroup SMI EPAC < \$20B				3.64%	3.64%				2.66%	2.66%				7.79%	7.79%				-3.16%	-3.16%				7.98%	7.98%	19.84%	19.84%	
Total Developed International	292,523,026	12.7%	11.8%	3.45%	3.42%	282,867,968	12.5%	11.8%	2.83%	2.81%	276,128,088	12.3%	11.8%	7.64%	7.58%	265,746,378	11.9%	11.8%	-2.89%	-2.10%	261,190,917	12.2%	11.8%	7.79%	7.74%	20.80%	20.65%	
MSCI World Ex US (3)				3.33%	3.33%				2.13%	2.13%				6.81%	6.81%				-0.38%	-0.38%				6.29%	6.29%	19.37%	19.37%	
Emerging Markets	81,312,908	3.5%	2.1%	3.54%	3.54%	80,214,964	3.5%	2.1%	2.88%	2.88%	77,605,488	3.5%	2.1%	11.98%	11.98%	51,663,288	2.4%	2.1%	-6.47%	-6.47%	50,483,267	2.8%	2.1%	0.13%	0.13%	21.07%	21.07%	
Acorn Emerging Markets Equity Fund																												
DFA Emerging Markets Small Cap Portfolio (4)	21,713,737	0.9%	0.7%	0.37%	0.37%	21,633,501	1.0%	0.7%	1.27%	1.27%	21,340,484	1.0%	0.7%	14.82%	14.82%	18,593,098	0.9%	0.7%	-8.02%	-8.02%	20,537,865	1.0%	0.7%	8.18%	8.18%	18.70%	18.70%	
Total Emerging Markets	83,026,644	3.6%	2.8%	2.89%	2.89%	80,848,468	3.6%	2.8%	2.30%	2.30%	78,964,969	3.5%	2.8%	12.42%	12.42%	70,256,384	3.3%	2.8%	-8.32%	-8.32%	69,091,123	3.7%	2.8%	8.89%	8.89%	20.47%	20.47%</	

ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF MAY 31, 2017

	May-17					April-17					March-17					December-16					September-16					Current Fiscal YTD	
	Allocation		Month			Allocation		Month			Allocation		Quarter			Allocation		Quarter			Allocation		Quarter			Gross ⁽¹⁾	Net
	Market Value	Actual	Policy	Gross ⁽¹⁾	Net	Market Value	Actual	Policy	Gross ⁽¹⁾	Net	Market Value	Actual	Policy	Gross ⁽¹⁾	Net	Market Value	Actual	Policy	Gross ⁽¹⁾	Net	Market Value	Actual	Policy	Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net
International Fixed Income	119,943,727	5.2%	6.0%	1.74%	1.85%	117,969,815	5.2%	6.0%	1.22%	1.22%	116,574,655	5.2%	6.0%	3.87%	3.77%	112,731,109	5.2%	6.0%	-7.77%	-7.89%	122,993,321	5.7%	6.0%	1.47%	1.38%	6.16%	-0.28%
Benchmark				2.19%	2.19%				1.42%	1.42%				2.68%	2.68%				-10.28%	-10.28%				1.03%	1.03%	-3.71%	-3.71%
Developed Investment Grade Int'l FI																											
UBS Global (ex-US) Bond Strateg	49,339,393	2.2%	3.0%	2.10%	2.02%	48,383,951	2.1%	3.0%	1.56%	1.56%	47,622,653	2.1%	3.0%	2.37%	2.28%	46,722,365	2.2%	3.0%	-10.50%	-10.58%	52,527,054	2.4%	3.0%	1.18%	1.10%	-3.89%	-4.20%
Bloomberg Global Aggregate ex-US				2.19%	2.19%				1.42%	1.42%				2.68%	2.68%				-10.28%	-10.28%				1.03%	1.03%	-3.71%	-3.71%
Brandywine Global Opportunistic Fixed Income	70,604,335	3.1%	3.0%	1.40%	1.30%	69,635,863	3.1%	3.0%	0.99%	0.99%	68,952,002	3.1%	3.0%	4.92%	4.82%	68,008,744	3.1%	3.0%	-5.74%	-5.83%	70,486,267	3.3%	3.0%	1.89%	1.59%	3.00%	2.60%
Bloomberg Global Aggregate (ex-US)				1.85%	1.85%				1.13%	1.13%				1.78%	1.78%				-7.07%	-7.07%				0.82%	0.82%	-2.89%	-2.89%
Total Developed Investment Grade Int'l FI	119,943,727	5.2%	6.0%	1.74%	1.85%	117,969,815	5.2%	6.0%	1.22%	1.22%	116,574,655	5.2%	6.0%	3.87%	3.77%	112,731,109	5.2%	6.0%	-7.77%	-7.89%	122,993,321	5.7%	6.0%	1.47%	1.38%	6.16%	-0.28%
Bloomberg Global Aggregate ex-US				2.19%	2.19%				1.42%	1.42%				2.68%	2.68%				-10.28%	-10.28%				1.03%	1.03%	-3.71%	-3.71%
GLOBAL REAL ASSETS	388,663,642	16.9%	18.0%	0.88%	0.88%	386,425,670	17.1%	18.0%	0.38%	0.33%	388,515,393	17.4%	18.0%	1.38%	1.29%	392,524,513	18.3%	18.0%	0.82%	0.52%	388,541,956	18.1%	18.0%	0.78%	0.71%	3.77%	3.48%
Benchmark				0.35%	0.35%				0.42%	0.42%				1.25%	1.25%				1.14%	1.14%				1.12%	1.12%	4.35%	4.35%
Global Real Estate																											
Invesco Core Real Estate - U.S.A., LP	105,747,974			0.00%	0.00%	105,747,974			0.00%	0.00%	106,525,085			2.54%	2.45%	105,018,474			2.17%	2.08%	103,546,526			1.88%	1.59%	6.53%	6.25%
INVESTCO Real Estate Fund II (4)	81,458			0.00%	0.00%	81,458			6.95%	6.95%	76,183			22.17%	22.17%	62,504			-2.78%	-2.78%	2,218,919			0.00%	0.00%	27.08%	27.08%
Invesco Real Estate Fund II, LP (4)	9,218,617			0.00%	0.00%	9,218,617			-1.89%	-1.89%	13,489,204			7.77%	7.77%	12,521,154			6.47%	6.47%	11,750,885			0.00%	0.00%	12.81%	12.81%
Invesco U.S. Value-Add Fund IV, LP, (4)	14,052,702			0.00%	0.00%	14,052,702			2.18%	2.18%	10,676,905			1.05%	1.05%	12,438,520			2.59%	2.59%	9,444,307			0.00%	0.00%	5.91%	5.91%
Invesco Asia Real Estate Fund I, LP, (4)	564,533			85.54%	85.54%	304,260			0.00%	0.00%	304,260			786.82%	786.82%	34,407			-31.45%	-31.45%	436,981			-3.02%	-3.02%	993.65%	993.65%
Invesco Asia Real Estate Fund III, LP, (4)	8,333,918			15.61%	15.61%	7,208,907			0.00%	0.00%	7,208,907			-3.05%	-3.05%	8,144,112			3.46%	3.46%	5,965,272			-0.54%	-0.54%	15.20%	15.20%
JP Morgan Strategic & Special Situation Property Blen	81,734,769			0.53%	0.53%	81,305,564			0.25%	0.25%	81,016,598			1.97%	1.74%	81,410,501			2.18%	1.95%	79,675,261			1.97%	1.73%	7.07%	6.34%
JP Morgan Alternative Property Fun	120,690			0.00%	0.00%	120,690			0.97%	0.97%	119,726			3.36%	3.36%	116,150			1.07%	1.07%	130,842			0.00%	0.00%	5.47%	5.47%
JP Morgan European Opportunistic Property Fund III (4)	4,016,276			3.27%	3.27%	3,889,305			1.85%	1.85%	3,820,016			1.47%	1.47%	3,776,547			-11.05%	-11.05%	4,248,801			1.18%	1.18%	-3.97%	-3.97%
JP Morgan Greater China Property Fund (4)	5,148,242			5.29%	5.29%	4,889,557			0.03%	0.03%	4,889,557			-1.11%	-1.11%	4,959,088			3.30%	3.30%	4,802,360			0.00%	0.00%	7.59%	7.59%
Total Global Real Estate	228,019,409	10.0%	10.8%	0.97%	0.97%	226,819,235	10.0%	10.8%	0.16%	0.16%	229,196,499	10.3%	10.8%	2.38%	2.28%	228,479,546	10.6%	10.8%	2.14%	2.02%	222,030,192	10.4%	10.8%	1.48%	1.36%	7.33%	6.94%
NCREIF TOTAL INDEX				0.51%	0.51%				0.51%	0.51%				1.55%	1.55%				1.73%	1.73%				1.77%	1.77%	6.21%	6.21%
Timber																											
TIR Tendo Timber, LLC	13,984,295	0.6%		0.00%	0.00%	13,984,295	0.6%		-3.20%	-3.20%	14,446,451	0.6%		-5.82%	-5.82%	15,568,545	0.7%		0.47%	0.47%	15,486,338	0.7%		0.00%	0.00%	-8.40%	-8.40%
TIR Springbank, LLC	47,637,036	2.1%		0.00%	0.00%	47,637,036	2.1%		-0.78%	-0.78%	48,504,997	2.2%		-1.15%	-1.15%	49,898,358	2.3%		-7.94%	-7.94%	54,414,955	2.5%		0.00%	0.00%	-0.71%	-0.71%
Total Timber (4)	61,621,330	2.7%	3.0%	0.00%	0.00%	61,621,330	2.7%	3.0%	-1.33%	-1.33%	63,041,448	2.8%	3.0%	-2.26%	-2.26%	65,467,202	3.0%	3.0%	-6.97%	-6.97%	69,919,293	3.3%	3.0%	0.00%	0.00%	-6.42%	-6.42%
NCREIF Timberland Index				0.25%	0.25%				0.25%	0.25%				0.76%	0.76%				1.18%	1.18%				0.67%	0.67%	3.18%	3.18%
Infrastructure																											
JP Morgan Asian Infrastructure & Related Resources (4)	10,484,568	0.5%		0.57%	0.57%	10,424,893	0.5%		0.10%	0.10%	10,424,891	0.5%		29.84%	29.84%	13,050,056	0.6%		3.69%	3.69%	12,700,195	0.6%		-0.47%	-0.47%	34.88%	34.88%
JP Morgan Infrastructure Investments Fund (IF)	68,434,789	3.0%		0.00%	0.00%	68,434,793	3.0%		2.76%	2.80%	68,727,103	3.0%		-1.41%	-1.57%	67,815,797	3.2%		1.62%	1.45%	64,407,161	3.0%		0.00%	0.00%	2.95%	2.45%
Grower Customized Infrastructure Strategies, LP (4)	15,562,910	0.7%		-0.14%	-0.14%	15,503,084	0.7%		0.00%	0.00%	15,503,084	0.7%		-0.16%	-0.16%	15,176,580	0.7%		1.64%	1.64%	18,110,462	0.8%		-0.37%	-0.37%	0.95%	0.95%
Grower Customized Infrastructure Strategies II (4)	2,880,826	0.1%		-0.08%	-0.08%	3,622,334	0.2%		0.00%	0.00%	3,622,334	0.2%		-1.35%	-1.35%	2,526,332	0.1%		0.27%	0.27%	1,883,623	0.1%		-0.89%	-0.89%	-2.04%	-2.04%
Total Infrastructure	97,362,903	4.2%	5.0%	0.04%	0.04%	97,965,105	4.3%	5.0%	1.93%	1.81%	96,277,413	4.3%	5.0%	1.52%	1.40%	98,577,765	4.8%	5.0%	1.89%	1.73%	96,991,471	4.8%	5.0%	-0.15%	-0.15%	5.27%	4.91%
CPI				0.07%	0.07%				0.33%	0.33%				0.98%	0.98%				-0.04%	-0.04%				0.09%	0.09%	1.41%	1.41%
Cash Equivalents																											
Northern Trust Collective STIF	12,040,514			0.08%	0.08%	12,536,987			0.08%	0.08%	11,860,620			0.21%	0.21%	16,983,847			0.17%	0.17%	6,202,194			0.13%	0.13%	0.67%	0.67%
Bank of NO	5,037,044			0.08%	0.08%	5,851,827			0.07%	0.07%	6,764,025			0.17%	0.17%	5,179,029			0.12%	0.12%	2,822,839			N/A	N/A	N/A	N/A
Total Cash Equivalents	17,077,557	0.7%	1.0%	0.08%	0.08%	18,387,914	0.8%	1.0%	0.08%	0.08%	18,424,645	0.8%	1.0%	0.20%	0.20%	22,162,877	1.0%	1.0%	0.16%	0.16%	9,025,033	0.4%	1.0%	0.12%	0.12%	0.85%	0.85%
90 Day T-Bill				0.05%	0.05%				0.07%	0.07%				0.10%	0.10%				0.09%	0.09%				0.10%	0.10%	0.40%	0.40%

NOTE: Monthly returns and market values are preliminary and subject to change.

New asset class structure began October 1, 2011. Composite returns for new composites not available prior to that date.

Portfolios moved between asset classes will show historical returns in new positions.

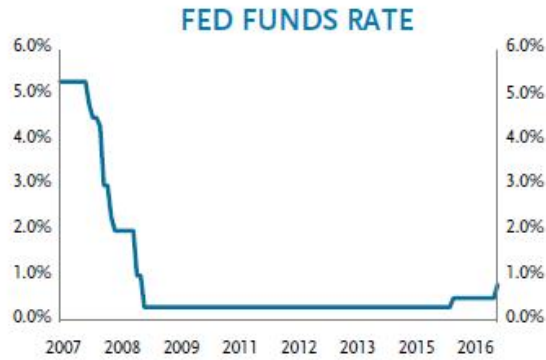
(1) IPOs was included in the Large Cap Domestic Equity composite through 12/31/11.

(2) Prior to January 1, 2012, the benchmark was S&P 500.

(3) This benchmark was changed to the MSCI EAFE (unhedged) as of April 1, 2011.

(4) All limited partnership-type (and mutual funds as of 7/1/16) investment returns will only be reported net of fees, which is standard practice by the investment consultant.

Hoping for Houdini! – Limited Flexibility if a Recession Accompanies the Deleveraging



Source: Bloomberg



Source: Bloomberg

TOTAL U.S. PUBLIC DEBT AS A PERCENT OF GDP

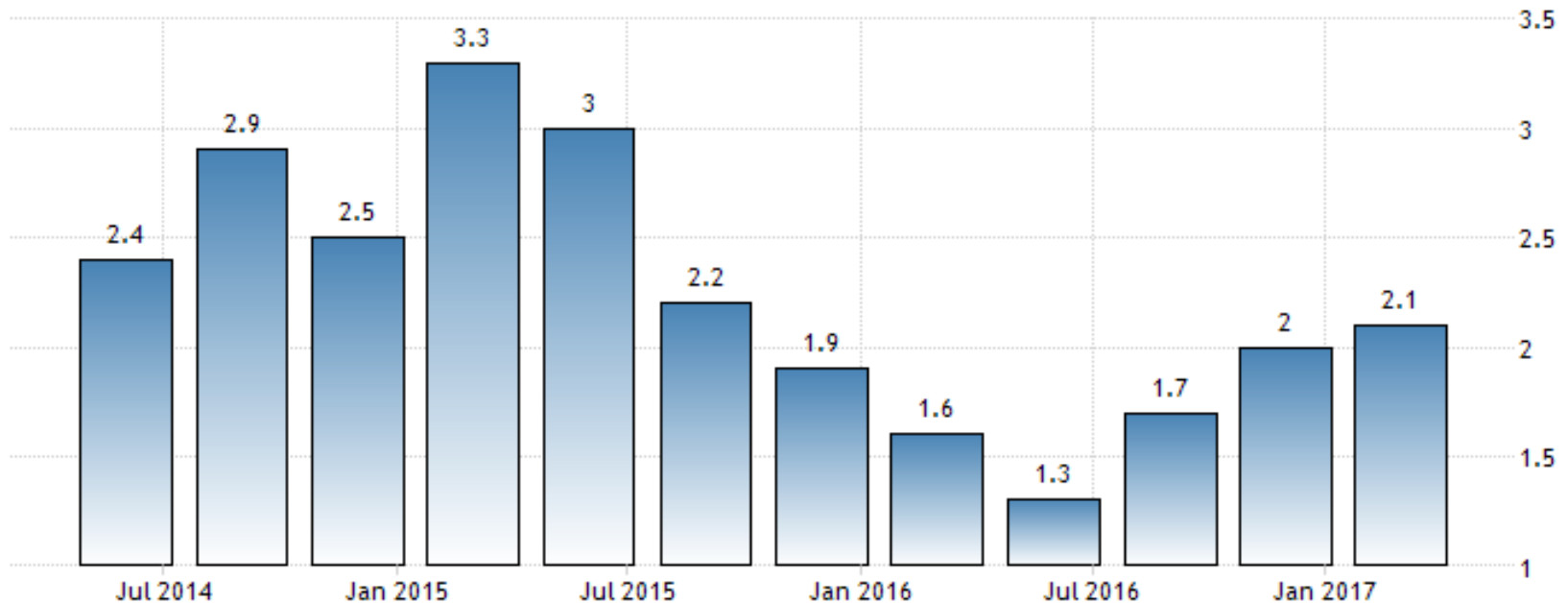


Source: U.S. Office of Management & Budget, BEA



U.S. Economy – Annual GDP Growth Rates

US GDP ANNUAL GROWTH RATE



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS

US GDP Growth Rates:

The US economy expanded 2.1% in the 1st quarter of 2017 increasing from 2.0% for the 4th quarter of 2016 and up from 1.3% in the 2nd quarter of 2016. The United States is the world's largest economy. Yet, in the last two decades, like in the case of many other developed nations, U.S. growth rates have been decreasing. GDP annual growth rates in the U.S. averaged 3.2% from 1948 until 2017, reaching an all-time high of 13.4% in the 4th quarter of 1950 and a record low of -4.1% in the 2nd quarter of 2009. Last updated in July of 2017.

Global GDP Growth Rate - History & Forecast

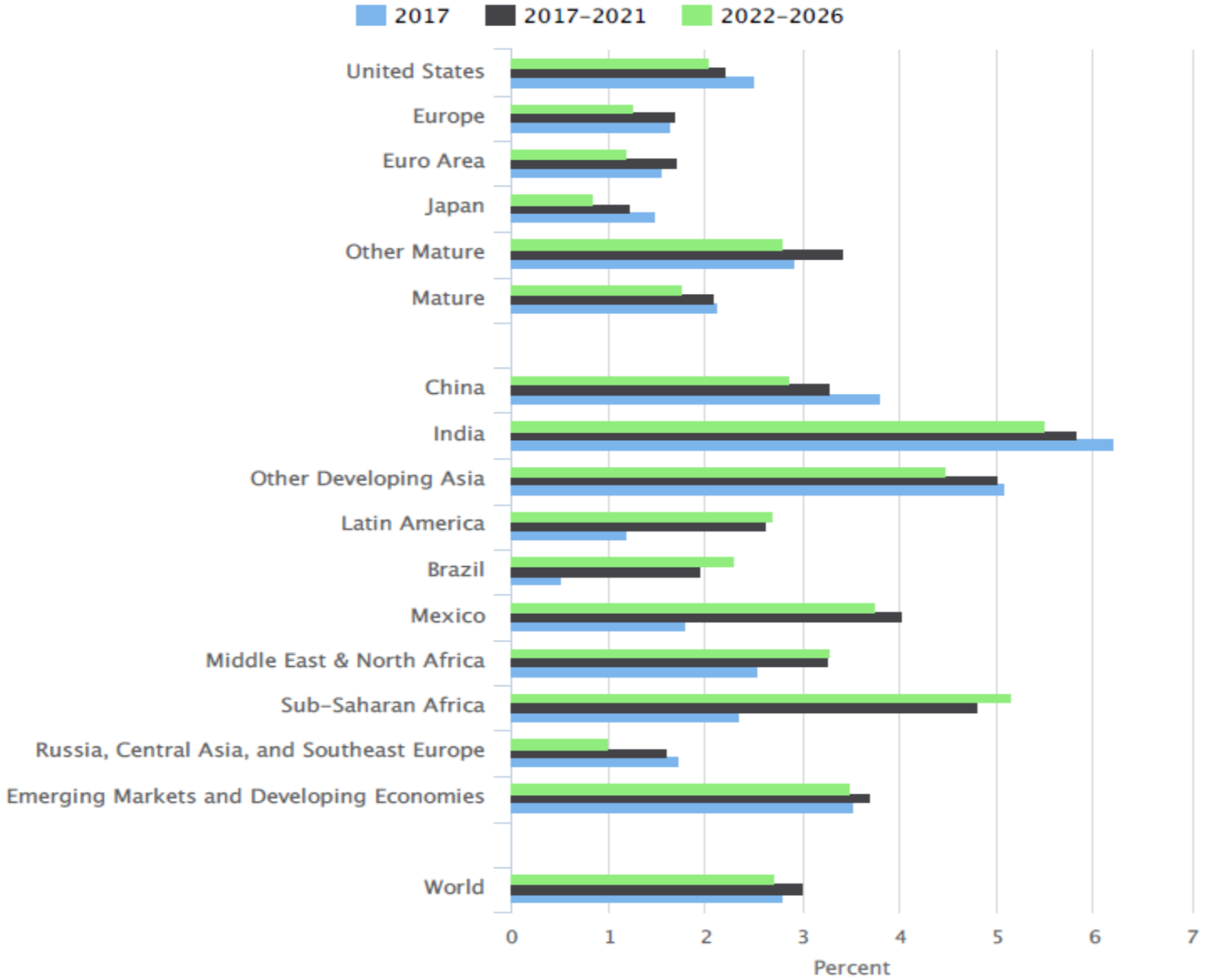
Global GDP Growth Rates (% change)	Actual 2015	Forecast 2016	Forecast 2017	Projected 2017-2021	Trend 2022-2026
United States	2.8	1.8	2.5	2.2	2.0
Europe	1.9	1.8	1.6	1.7	1.3
<i>of which: Euro Area</i>	1.6	1.7	1.6	1.7	1.2
<i>of which: United Kingdom</i>	2.2	2.0	1.2	1.5	1.4
Japan	1.6	1.4	1.5	1.2	0.8
Other mature	2.8	3.1	2.9	3.4	2.8
Mature Economies	2.3	2.0	2.1	2.1	1.8
China	4.2	4.0	3.8	3.3	2.9
India	7.3	6.6	6.2	5.8	5.5
Other developing Asia	5.2	5.5	5.1	5.0	4.5
Latin America	-0.6	-1.5	1.2	2.6	2.7
<i>of which: Brazil</i>	-3.8	-3.5	0.5	1.9	2.3
<i>of which: Mexico</i>	2.6	2.2	1.8	4.0	3.8
Middle East & North Africa	3.5	3.1	2.5	3.3	3.3
Sub-Saharan Africa	3.1	0.9	2.3	4.8	5.1
Russia, Ctr.Asia, S.E. Europe	0.0	0.8	1.7	1.6	1.0
Emerging & Developing	3.4	3.1	3.5	3.7	3.5
GLOBAL GDP GROWTH	2.9	2.6	2.9	3.0	2.7

- ▶ Global GDP Growth Rates have declined from:
 - ▶ **3%** in 2010-to-2015 to
 - ▶ **2.6%** in 2016 but expected to reach
 - ▶ **3%** in 2017 through 2021.

- ▶ Global GDP Growth in the Emerging Market and Developing Economies is expected to trend downward over the next decade largely due to China's growth rate slowing from:
 - ▶ 8% in 2010-to-2014 down to
 - ▶ **4%** in 2016 and **sub-4%** thereafter.

Key Take-Away: World GDP growth rates continue to show meaningfully positive trends albeit at slower rates.

Growth of Gross Domestic Product, 2017-2026



U.S. Unemployment Rates

2016
to
2017



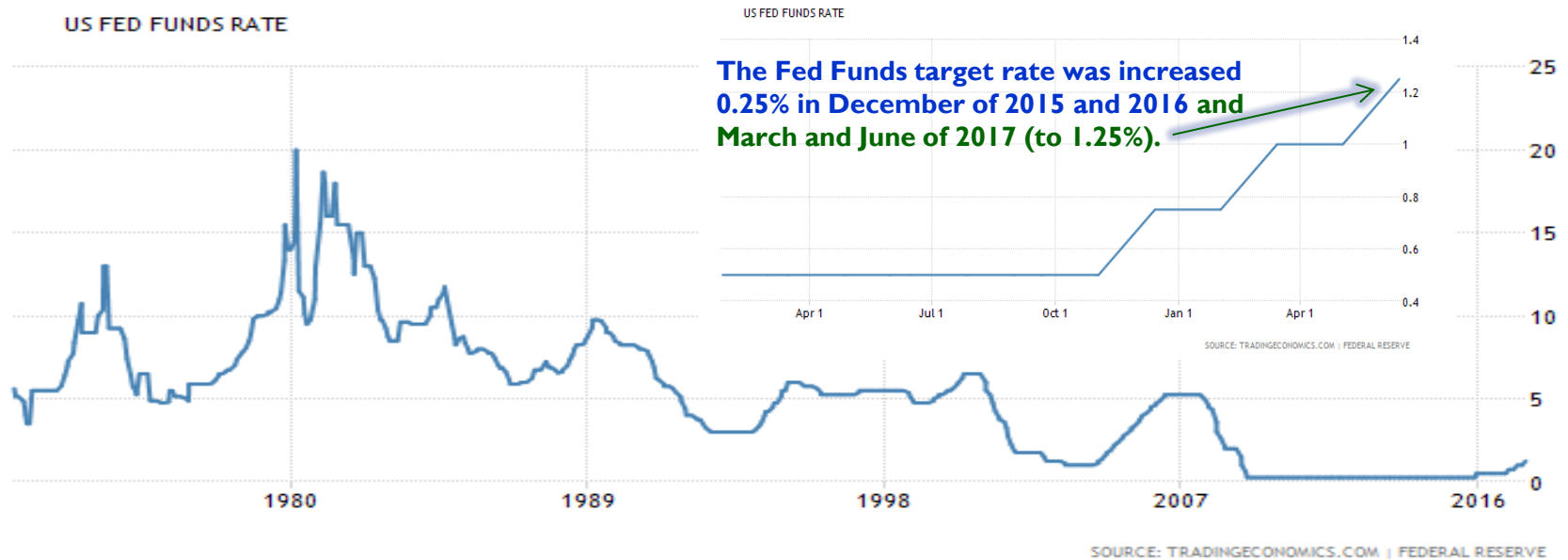
1950
to
2017



The U.S. unemployment rate fell to 4.3% in May of 2017 from 4.4% in the April and below market expectations of 4.4%. It was the lowest jobless rate since May 2001, as the number of unemployed persons was little changed at 6.9 million and the labor force participation rate fell to 62.7%. U.S. unemployment averaged 5.8% from 1948 until 2017, reaching an all time high of 10.8% in November of 1982 and a record low of 2.5% in May of 1953.

U.S. Fed Funds Rate (1971 to 2017)

Background: The **federal funds rate** is the interest rate at which banks lend reserve balances to other banks overnight (on an uncollateralized basis). Banks with surplus balances lend to those in need of larger balances. Reserve balances are held at the Federal Reserve to maintain the banks' reserve requirements. **Changes in the federal funds rate trigger a chain of events that affect other short-term interest rates**, foreign exchange rates, long-term interest rates, the amount of money and credit, and, ultimately, a range of economic variables, including employment, output, and prices of goods and services. The Federal Reserve uses "monetary policy" to influence the availability and cost of money and credit to help promote national economic goals.



The Federal Reserve raised the target range for its federal funds rate by 25bps to 1% to 1.25% during its June 2017 meeting, in line with market expectations. Policymakers kept forecasts for one more rate hike this year while increasing growth projections and lowering inflation expectations. In addition, details on how the central bank will start reducing its USD 4.5 trillion portfolio were also provided. Interest Rate in the United States averaged 5.79 percent from 1971 until 2017, reaching an all time high of 20 percent in March of 1980 and a record low of 0.25 percent in December of 2008.

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 20, 2017
SUBJ: ESPB Critical Shortage Area designation 2017-18

State law requires the ND Education Standards and Practices Board (ESPB) to determine critical shortage areas for TFFR retiree re-employment each year ([NDCC 15-39.1-19.2](#)).

At their April 13, 2017 board meeting, ESPB declared all teacher content areas as critical shortage for the 2017-2018 school year. At their May 11, 2017 board meeting, ESPB declared no administrator areas as critical shortage for the 2017-18 school year.

This ESPB determination affects any school district who is considering employing TFFR retired teachers or administrators under the Critical Shortage Area exception in the 2017-18 school year. TFFR has notified all employers of the ESPB determination, and has asked them to contact the TFFR office to discuss retiree re-employment provisions or ESPB to discuss the critical shortage area designation.

Here is a link to the [TFFR Working After Retirement brochure](#) which contains information about TFFR retiree re-employment provisions. To summarize the Critical Shortage Area Exception, state law allows retired members to return to TFFR covered employment in an approved Critical Shortage Area and exceed the annual hours limit without losing retirement benefits under certain conditions. If the member retired prior to January 1, 2001, no waiting period is required. However if the TFFR retirement date is after January 1, 2001, a one-year waiting period is required. Only non-contracted substitute teaching may be performed during the one-year waiting period. ESPB determines the critical shortage areas each year. The Critical Shortage Area exception must be requested each year by completing a [TFFR Retired Member Employment Notification form](#) which must be signed by the retiree, the employer, and ESPB, and filed with TFFR in order to be approved.

BOARD INFORMATION ONLY. No board action requested.

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 20, 2017
SUBJ: **BOARD POLICY – 1ST Reading
LEA President Contract Release Time Salary**

At the April 2017 meeting, the TFFR Board discussed salary payments made by TFFR employers to Local Education Association (LEA) presidents who are granted contract release time to perform their association duties. Please see my April 24, 2017 memo and Jan's April 18, 2017 legal analysis for background information.

As directed by the Board, I have drafted the attached policy to include pay for LEA president's contract release time as eligible TFFR retirement salary for the Board's consideration.

BOARD ACTION REQUESTED: Board motion to approve 1st reading of policy on LEA President Contract Release Time Salary, or other board directive.

Attachments

NEW POLICY – 1ST Reading

Policy Type: TFFR Program

Policy Title: LEA President Contract Release Time Salary

It is the policy of the TFFR Board of Trustees that salary payments made by TFFR participating employers for contract release time to TFFR members who are Local Education Association (LEA) presidents and are performing LEA president association duties are eligible retirement salary for TFFR purposes as defined in N.D.C.C. 15-39.1-04(10) as long as the total salary payments do not exceed the base contract salary that would have been paid if the contract release time had not been granted.

This policy does not prohibit the Board from making an eligible salary determination for an individual member pursuant to N.D.A.C. 82-04-02-01.

TFFR Board Adopted:

DRAFT

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: April 24, 2017
SUBJ: Eligible Salary Discussion
LEA President Duties

At the January 26, 2017 TFFR Board meeting, the Board briefly discussed whether certain salary payments made by TFFR employers to TFFR members who are LEA (local education association) presidents and granted “contract release time” to perform association duties are eligible retirement salary for TFFR purposes as defined in NDCC 15-39.1-04(10). See Attachment for applicable state statutes and administrative rules.

TFFR staff has become aware of two school districts in which the school district contracts and pays a TFFR member their full contract salary, and the LEA reimburses the school district for the 40% contract release time (partial leave of absence) granted to the LEA president to perform association duties. Currently, all of the teacher’s contracted salary is being reported as eligible salary for TFFR purposes.

Please note that in the school districts under question, this has been a long-standing practice for over 25 years and is included in the negotiated agreements. This is not a salary spiking issue, but a question of whether payment for the LEA president duties (which is reimbursed by the LEA) constitutes eligible retirement salary under TFFR statutes.

Example:

LEA president holds a regular full time teaching contract for \$50,000 with the school district, and is granted 40% contract release time each day to conduct LEA president duties. The LEA president would teach 60% of the time each day and conduct LEA president duties 40% of the time each day.

<i>30,000</i>	<i>60% school district duties - paid by school district</i>
<u><i>20,000</i></u>	<i>40% LEA president duties - paid by school district, but reimbursed by LEA</i>
<i>50,000</i>	<i>100% contract salary reported to TFFR - used in determining member and employer contribution amounts, and calculating TFFR pension benefit.</i>

RIO staff has gathered information from the school districts regarding this issue, and has had some initial discussions with ND United leaders as well as those LEA presidents who could potentially be affected.

Jan Murtha, TFFR's legal counsel from the Attorney General's Office, has reviewed this information and provided her legal analysis. See attached memo dated April 18, 2017.

Staff is asking the TFFR Board to consider, under the statutory authority granted in state law, if contract release pay for the performance of LEA president duties constitutes eligible salary for TFFR reporting purposes as defined in NDCC 15-39.1-04(10).

Some factors the Board may wish to consider:

- Whether LEA president duties are teaching, supervisory, administrative or extracurricular duties performed for the school district or other TFFR participating employer if the funding source for payment of those duties is the LEA.
- Whether state TFFR pension benefits should be based (in part) on salary earned for LEA president duties.
- Whether LEA president contract release time, which is a special type of paid leave, should be treated differently from other paid leave like sick, personal, funeral, professional leave, etc.
- Potential impact on current or future LEA presidents who could be affected by this eligible salary determination.
- Other criteria as set forth in NDAC 82-04-02-01.

It should also be noted that while there may only be a couple school districts that currently grant "contract release time" for LEA presidents and are reimbursed for the LEA president's salary, there are also some school districts that provide employer paid "association leave" to their teachers. For example, as referenced in a negotiated agreement, the school district may provide to the LEA, without loss of pay to individuals, up to 15 days for association activities during a school year. For TFFR purposes, this employer paid association leave has been treated like other paid, used leave for employees (i.e. sick, personal, funeral, professional leave, etc.) and is being appropriately reported as eligible salary for TFFR reporting purposes. In some cases, the LEA reimburses the school district for all or a portion of the substitute teacher's pay, while in other school districts, the LEA does not.

Please review this information, and plan to discuss at the meeting.

BOARD INFORMATION AND DISCUSSION.

Attachments

"Salary" means a member's earnings in eligible employment under this chapter for teaching, supervisory, administrative, and extracurricular services during a plan year reported as salary on the member's federal income tax withholding statements plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 132(f), 401(k), 403(b), 414(h), or 457, as amended. "Salary" includes amounts paid to members for performance of duties, unless amounts are conditioned on or made in anticipation of an individual member's retirement or termination. The annual salary of each member taken into account in determining benefit accruals and contributions may not exceed the annual compensation limits established under 26 U.S.C. 401(a)(17)(B), as amended, as adjusted for increases in the cost of living in accordance with 26 U.S.C. 401(a)(17)(B), as amended. A salary maximum is not applicable to members whose participation began before July 1, 1996.

"Salary" does not include:

- a. Fringe benefits or side, nonwage, benefits that accompany or are in addition to a member's employment, including insurance programs, annuities, transportation allowances, housing allowances, meals, lodging, or expense allowances, or other benefits provided by employer.
- b. Insurance programs, including medical, dental, vision, disability, life, long-term care, workforce safety and insurance, or other insurance premiums or benefits.
- c. Payments for unused sick leave, personal leave, vacation leave, or other unused leave.
- d. Early retirement incentive pay, severance pay, or other payments conditioned on or made in anticipation of retirement or termination.
- e. Teacher's aide pay, referee pay, bus driver pay, or janitorial pay.
- f. Amounts received by a member in lieu of previously employer-provided benefits or payments that are made on an individual selection basis.
- g. Signing bonuses as defined under section 15.1-09-33.1.
- h. Other benefits or payments not defined in this section which the board determines to be ineligible teachers' fund for retirement salary.**

NDCC 15-39.1-04 (12)

"Teacher" means:

- a. **All persons licensed by the education standards and practices board who are contractually employed in teaching, supervisory, administrative, or extracurricular services by a state institution, multidistrict special education unit, area career and technology center, regional education association, school board, or other governing body of a school district of this state**, including superintendents, assistant superintendents, business managers, principals, assistant principals, and special teachers. For purposes of this subdivision, "teacher" includes persons contractually employed by one of the above employers to provide teaching, supervisory, administrative, or extracurricular services to a separate state institution, state agency, multidistrict special education unit, area career and technology center, regional education association, school board, or other governing body of a school district of this state under a third-party contract.
- b. The superintendent of public instruction, assistant superintendents of public instruction, county superintendents, assistant superintendents, supervisors of instruction, the professional staff of the department of career and technical education, the professional staff of the center for distance education, **the executive director and professional staff of the North Dakota education association who are members of the fund on July 1, 1995**, the professional staff of an interim school district, and the professional staff of the North Dakota high school activities association who are members of the fund on July 1, 1995.
- c. The executive director and professional staff of the North Dakota council of school administrators who are members of the fund on July 1, 1995, and licensed staff of teachers centers, but only if the person was previously a member of and has credits in the fund.
- d. Employees of institutions under the control and administration of the state board of higher education who are members of the fund on July 16, 1989.

NDCC 15-39.1-24. Purchase of additional credit.

6. A teacher who is elected president of a professional educational organization recognized by the board and who serves in a full-time capacity in lieu of teaching may purchase service credit for the time spent serving as president. As an alternative to purchasing service credit under this subsection, a teacher and the governmental body employing the teacher may enter into an agreement under which payment for service credit for the time spent as president of the professional educational organization is made pursuant to section 15-39.1-09. The agreement must provide that contributions made pursuant to section 15-39.1-09 are calculated based on the teacher's annual salary as president.

NDAC 82-02-01-01 Definitions.

3. Administrative – means to manage, direct, or superintend a program, service, or school district or other participating employer.
10. Extracurricular – means outside of the regular curriculum of a school district or other participating employer which includes advising, directing, monitoring, or coaching athletics, music, drama, journalism, and other supplemental programs.
18. Supervisory – means to have general oversight or authority over students or teachers, or both, of a school district or other participating employer.
19. Teaching – means to impart knowledge or skills to students or teachers, or both, by means of oral or written lessons, instructions, and information.

NDAC 82-04-02-01 Criteria for eligible salary determinations.

The teachers' fund for retirement board will consider the following criteria and documentation to determine whether benefits or payments made to a teachers' fund for retirement member is eligible retirement salary as authorized in subsection 9 of North Dakota Century Code section 15-39.1-04:

1. Written authorization made in advance of payment. Examples include:
 - a. Master contract or negotiated agreement.
 - b. Individual employment contract.
 - c. Written agreement between employee and employer.
 - d. Minutes of school board or participating employer.
 - e. Policy of school board or participating employer.
 - f. Other information the board deems relevant.
2. Written documentation describing payment details, including:
 - a. Duration of payment or whether payment is recurring or nonrecurring in future years.
 - b. Frequency and date of payment.
 - c. Relation of payment to base or contract salary.
 - d. Reason or intent of payment.
 - e. Description of duties or services to be performed.
 - f. Description of employees who are eligible for payment.
 - g. Amount of payment expressed as either a fixed dollar amount or percentage of known contract amount (not fixed percent of unknown amount).
 - h. Funding source for payment.
3. Other pertinent information the board deems relevant. Examples include:
 - a. Employee salary history.
 - b. Retirement eligibility.
 - c. Other information the board deems relevant.

MEMORANDUM

TO: Fay Kopp, Teachers' Fund For Retirement

FROM: Janilyn K. Murtha, Assistant Attorney General

RE: LEA President Contract Release Pay

DATE: April 18, 2017

You have asked me whether salary payments made by a TFFR participating employer to a licensed TFFR member is eligible salary for TFFR purposes if the payments include contract release pay to perform local education association (LEA) president duties and the TFFR employer is substantially or completely reimbursed by the LEA for the contract release time. In furtherance of your request you have provided for review various documents describing employment arrangements under which a LEA president is granted a partial leave of absence for contract release time each day during the school year to perform these duties. You have indicated that the teacher is paid their full contract salary for the school year by the employer, including for the contract release time, and the employer is substantially or completely reimbursed for this contract release time by the LEA. You have also indicated that TFFR employers are currently reporting the full contract salary as eligible salary but that the Board has not formally reviewed this issue.

From our discussion and the documentation provided this contract release and reimbursement arrangement appears to be a form of contractually negotiated leave limited to the performance of LEA president duties. At this time there does not appear to be a clear prohibition in law against used LEA president contract release time being afforded the same treatment as other types of used contractually negotiated leave such as leave for illness, vacation or funeral related use. It is my understanding that payment received by teachers for vacation, personal, illness leave etc. is generally treated as eligible salary for TFFR reporting purposes and note that N.D.C.C. § 15-39.1-04(10)(c), specifically excludes *unused* leave, supporting the conclusion that *used* leave is otherwise included.

While pay for contract release time for this purpose is not specifically included in the list of ineligible salary under N.D.C.C. § 15-39.1-04(10), the Board retains the discretion to determine what constitutes eligible salary for TFFR reporting purposes under N.D.C.C. § 15-39.1-04(10)(h). Pursuant to this authority the Board has the discretion to include or

Fay Kopp, Teachers' Fund For Retirement
April 18, 2017
Page 2

exclude contract release pay for the performance of LEA president duties as eligible salary. The Board could take such action as a matter of policy which would be applicable to all members or on an individual basis taking into consideration the unique facts and circumstances of each member. N.D.A.C. § 82-04-02-01 does set forth the criteria the Board may use to make eligible salary determinations for individual members; this criteria could also be used for consideration in establishing policy.

In summary I believe it is appropriate for the Board to review whether contract release pay for the performance of LEA president duties constitutes eligible salary pursuant to N.D.C.C. § 15-39.1-04(10)(h). Please let me know if you have any questions or if I can be of further assistance.

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 27, 2017
SUBJ: Eligible TFFR Salary Review

Questions have recently arisen from some school districts, members, and interested parties about whether or not certain types of one-year only salary increases or payments are eligible salary for TFFR pension purposes.

With the number of school districts who are at impasse or have not yet settled contract negotiations for 2017-18, we thought it was an appropriate time for the TFFR Board to review the statutory definition of salary for TFFR purposes, and administrative rule definition of bonuses. As you know, the TFFR Board may make eligible salary determinations for other special or irregular payments which are not clearly defined by using the criteria and documentation also described in administrative rules. (See Attachment.)

BOARD INFORMATION ONLY. No Board action requested.

ATTACHMENT

NDCC 15-39.1-04 (10)

"Salary" means a member's earnings in eligible employment under this chapter for teaching, supervisory, administrative, and extracurricular services during a plan year reported as salary on the member's federal income tax withholding statements plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 132(f), 401(k), 403(b), 414(h), or 457, as amended. "Salary" includes amounts paid to members for performance of duties, unless amounts are conditioned on or made in anticipation of an individual member's retirement or termination. The annual salary of each member taken into account in determining benefit accruals and contributions may not exceed the annual compensation limits established under 26 U.S.C. 401(a)(17)(B), as amended, as adjusted for increases in the cost of living in accordance with 26 U.S.C. 401(a)(17)(B), as amended. A salary maximum is not applicable to members whose participation began before July 1, 1996.

"Salary" does not include:

- a. Fringe benefits or side, nonwage, benefits that accompany or are in addition to a member's employment, including insurance programs, annuities, transportation allowances, housing allowances, meals, lodging, or expense allowances, or other benefits provided by employer.
- b. Insurance programs, including medical, dental, vision, disability, life, long-term care, workforce safety and insurance, or other insurance premiums or benefits.
- c. Payments for unused sick leave, personal leave, vacation leave, or other unused leave.
- d. Early retirement incentive pay, severance pay, or other payments conditioned on or made in anticipation of retirement or termination.
- e. Teacher's aide pay, referee pay, bus driver pay, or janitorial pay.
- f. Amounts received by a member in lieu of previously employer-provided benefits or payments that are made on an individual selection basis.
- g. Signing bonuses as defined under section 15.1-09-33.1.
- h. Other benefits or payments not defined in this section which the board determines to be ineligible teachers' fund for retirement salary.**

NDAC 82-02-01-01 Definitions.

6. "Bonus" means an amount paid to a member in addition to regular contract salary which does not increase the member's base rate of pay, is not expected to recur or continue in future fiscal years, or is not expected to be a permanent salary increase. A bonus is not considered eligible retirement salary and is not subject to payment of member and employer contributions.

Bonuses include the following:

- a. Recruitment or contract signing payments defined in North Dakota Century Code section 15.1-09-33.1.
- b. Retention, experience, or service-related payments.
- c. Early retirement incentive payments, severance payments, or other payments conditioned on or made in anticipation of a member's retirement or termination.
- d. Payments made to recognize or reward a member's accomplishments or service.
- e. **Other special or irregular payments which the board determines to be bonuses using criteria and documentation described in section 82-04-02-01.**

NDAC 82-04-02-01 Criteria for eligible salary determinations.

The teachers' fund for retirement board will consider the following criteria and documentation to determine whether benefits or payments made to a teachers' fund for retirement member is eligible retirement salary as authorized in subsection 9 of North Dakota Century Code section 15-39.1-04:

1. Written authorization made in advance of payment. Examples include:
 - a. Master contract or negotiated agreement.
 - b. Individual employment contract.
 - c. Written agreement between employee and employer.
 - d. Minutes of school board or participating employer.
 - e. Policy of school board or participating employer.
 - f. Other information the board deems relevant.
2. Written documentation describing payment details, including:
 - a. Duration of payment or whether payment is recurring or nonrecurring in future years.
 - b. Frequency and date of payment.
 - c. Relation of payment to base or contract salary.
 - d. Reason or intent of payment.
 - e. Description of duties or services to be performed.
 - f. Description of employees who are eligible for payment.
 - g. Amount of payment expressed as either a fixed dollar amount or percentage of known contract amount (not fixed percent of unknown amount).
 - h. Funding source for payment.
3. Other pertinent information the board deems relevant. Examples include:
 - a. Employee salary history.
 - b. Retirement eligibility.
 - c. Other information the board deems relevant.

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 20, 2017
SUBJ: Annual TFFR Program Review

Because the TFFR Board is responsible for administering the retirement program, periodic review of the Board's mission, goals, policies, and by-laws included in the [TFFR Board Program Manual](#) is important in order to fulfill your fiduciary responsibilities. This will be reviewed at the meeting.

Board responsibilities include:

1. Establish and monitor policies for the administration of the TFFR program.
2. Establish and monitor investment policy, goals, objectives, and asset allocation.
3. Hire and monitor actuarial and medical consultants; establish and monitor actuarial assumptions and methods; and ensure periodic actuarial valuations, experience studies, asset liability modeling studies, and actuarial audits are conducted.
4. Pay benefits and consultant fees.
5. Submit legislation and monitor the statutory responsibilities of the TFFR program.
6. Determine appropriate levels of service to members and employers.
7. Communicate and monitor TFFR program expectations to the SIB expected to be provided through RIO.
8. Promulgate administrative rules as needed.

BOARD ACTION REQUESTED: Board motion to approve annual program review and/or any other board directives to staff relating to the board's mission, goals, policies, and by-laws.

TFFR BOARD ACCOMPLISHMENTS 2016-17

- ✓ Established and managed annual board calendar and education plan.
- ✓ Conducted annual election of officers and annual TFFR program review including mission, goals, ends and program policies, and by-laws.
- ✓ Approved annual TFFR member and employer customer satisfaction reports, TFFR ends and statistics report, TFFR retirement trends report, RIO budget and expense report, RIO technology review, and other program and statistical reports.
- ✓ Received quarterly updates and approved annual investment report on status of TFFR asset allocation, fund performance, investment expenses, investment guidelines, and goals and objectives.
- ✓ Received quarterly updates and approved annual audit services report on status of TFFR employer compliance audits, agency financial audit, and other retirement program audits and reviews.
- ✓ Received results of actuarial audit conducted by Cavanaugh Macdonald Consulting. Also received Segal Consulting's response to actuarial audit suggestions.
- ✓ Received and analyzed results of 2016 actuarial valuation report, funding projections and GASB 67 and 68 report from Segal Company.
- ✓ Authorized staff to distribute RFP for actuarial consulting services; awarded contract to Segal Consulting for 2017-19.
- ✓ Received information and discussed legislative issues relating to TFFR program during interim and 2017 legislative session.
- ✓ Received favorable IRS determination on TFFR plan.
- ✓ Received and approved 2015-16 Re-employed Retiree Report, and discussed issues related to working after retirement.
- ✓ Studied retiree substitute teaching issue; approved board policy on "in-staff subbing contract period."

- ✓ Approved other board policies: Board Appeals; Board Communications; Board Policy Introduction, Amendment, and Passage.
- ✓ Received 2015 Public Fund Survey and various public plan surveys comparing NDTFFR to other statewide public pension plans.
- ✓ Discussed future TFFR communications and technology enhancements.
- ✓ Received periodic updates on national pension issues and federal legislation relating to public pension plans.
- ✓ Received 2016 Public Pension Standards Award for Funding and Administration from PPCC.
- ✓ Received 2016 Certificate of Achievement for Excellence in Financial Reporting from GFOA.
- ✓ Approved two disability applications and two QDRO applications.
- ✓ Received board education on:
 - Pension Plan Governance (SIB - Aon Hewitt)
 - State Cybersecurity (ITD)
 - ND Education Demographics (DPI)
 - ND Teacher Shortages (ESPB and DPI)
 - National Public Pension Plan Issues (Segal)
 - Audit Services Overview (RIO)
 - Open Records/Open Meetings (AGO)
- ✓ Attended 2016-17 trustee or administrator educational conferences and meetings (external).

Mike Burton	Callan College	10/16	Chicago, IL
Mike Gessner	--		
Toni Gumeringer	NCTR Trustee Wksh	07/16	San Francisco, CA
	NCTR Annual Conf	10/16	Providence, RI
Mel Olson	NCTR Annual Conf	10/16	Providence, RI
Rob Lech	--		
Treas. Schmidt	--		
State Supt Baesler	--		
Fay Kopp	--		

TFFR Program Monitoring Summary

2016-17

Ends Policy	Responsibility	Action	Scheduled	Completed
Mission	TFFR Board	Annual Review	July	7-21-16
Goals	TFFR Board	Annual Review	July	7-21-16
Plan Beneficiaries	TFFR Board	Annual Review	July	7-21-16
Membership Data	TFFR Board	Annual Review	July	7-21-16
	Internal Audit	Annual Report	October	10-27-16
	External Audit/Audit Com.	CliftonLarsonAllen	November	11-17-16
	Retirement Officer	* Staff Presentations	Ongoing	
Investments	TFFR Board/SIB	Annual Review	September	9-22-16
	Investment Director	Annual Report	September	9-22-16
Retirement Services	TFFR Board	Annual Review	July	7-21-16
	Internal Audit	Annual Report	October	10-27-16
	External Audit/Audit Com.	CliftonLarsonAllen	November	11-17-16
	Interest Groups	Annual Report	July	7-21-16
	Retirement Officer	*Staff Presentations	Ongoing	
Account Claims	TFFR Board	Annual Review	July	7-21-16
	Internal Audit	Annual Report	October	10-27-16
	External Audit/Audit Com.	CliftonLarsonAllen	November	11-17-16
	Retirement Officer	*Staff Presentations	Ongoing	
Trust Fund Valuation	TFFR Board	Annual Review	July	7-21-16
	Segal	Annual Valuation	October	10-27-16
	Internal Audit	Annual Report	October	10-27-16
	External Audit/Audit Com.	CliftonLarsonAllen	November	11-17-16
	Retirement Officer	*Staff Presentations	Ongoing	
Program Policies	TFFR Board	Annual Review	July	7-21-16
* Ongoing RIO Staff Presentations include:				
	TFFR Accomplishments	Retirement Officer	July	7-21-16
	Customer Satisfaction	Retirement Officer	July	7-21-16
	RIO Budget Summary	Fiscal Management	September	9-22-16
	Technology Review	Information Tech	September	9-22-16
	TFFR Ends & Statistics	Retirement Services	January	1-26-17
	Retirement Trends	Retirement Services	January	1-26-17
	Pension Plan Comparisons	Retirement Officer	March	3-23-17
	Audit Services Update	Audit Services	Quarterly	J, O, J, M
	Investment Update	CIO	Quarterly	J, O, J, M

TFFR Board Calendar and Education Plan 2017-18

JULY 27, 2017 – 1 pm

Election of Officers
Annual TFFR Program Review
Annual Customer Satisfaction Reports
Annual TFFR Program Audit Report (6/30)
Qtrly Investment Update (3/30)
TFFR Communications Plan
Educ: QDRO Benefits (RIO)

JULY 28, 2017 – 8:30 am

Special TFFR Meeting
SIB Annual Governance Meeting
Callan College Investment Education

SEPTEMBER 21, 2017 – 1 pm

Annual Investment Report (6/30)
Annual Budget and Expense Report
Annual Technology Report
Educ: Disability Benefits (RIO)

OCTOBER 26, 2017 – 1 pm

2017 Actuarial Valuation Report - Segal
2017 GASB Report - Segal
Qtrly Audit Services Update (9/30)
Educ: Actuarial & Federal Issues - Segal

JANUARY 25, 2018 – 1 pm

2019 Legislative Planning
Annual Retirement Trends Report
Annual Retirement Statistics Report
Qtrly Investment Update (9/30)
Qtrly Audit Services Update (12/30)
Educ: Social Investing (RIO)

MARCH 22, 2018 – 1 pm

2019 Legislative Planning
Annual Pension Plan Comparison Report
Qtrly Investment Update (12/30)
Educ: Fiduciary duties – Ethics (AGO)

APRIL 26, 2018 – 1 pm

2019 Legislative Planning
Qtrly Audit Services Update (3/30)
2018-19 Board Calendar and Educ Plan
Educ: TBD

06/12/17

Note: Agenda items or education topics may be rearranged if needed.

Memorandum

To: TFFR Board

From: RIO Compliance Officer

Date: July 27, 2017

RE: Annual Affirmation of Code of Conduct Policy

TFFR Program Policy C-3, *Board Members' Code of Conduct*, which is attached to this memorandum, details the Code of Ethical Responsibility for the TFFR Board. Item #11 of this policy indicates that each Board Member is required to reaffirm their understanding of this policy annually and disclose any conflicts of interest. Therefore, please read and sign the statement below to comply with this requirement.

"I have read and understand TFFR Program Process Policy C-3 *Board Members' Code of Conduct*. I have disclosed any conflicts of interest as required by this policy."

Name (printed) _____

Signature _____

Date _____

Detail of any conflicts of interest (if any):

Policy Type: TFFR Program

Policy Title: Board Members' Code of Conduct

The following shall be the Code of Ethical Responsibility for the TFFR Board of Trustees:

1. Board members owe a duty to conduct themselves so as to inspire the confidence, respect, and trust of the TFFR members and to strive to avoid not only professional impropriety, but also the appearance of impropriety.
2. Board members shall perform the duties of their offices impartially and diligently. Board members are expected to fulfill their responsibilities in accord with the intent of all applicable laws and to refrain from any form of dishonest or unethical conduct. Board members shall be unswayed by partisan interest, public sentiment, or fear of criticism.
3. Conflicts of interest and the appearance of impropriety shall be avoided by Board members. Board members shall not allow their family, social, professional, or other relationships to influence their judgment in discharging their responsibilities. Board members shall refrain from financial and business dealings that tend to reflect adversely on their impartiality or interfere with the proper performance of their duties. If a conflict of interest unavoidably arises, the board member shall immediately disclose the conflict to the Board. Conflicts of interest to be avoided include, but are not limited to: receiving consideration for advice given to a person concerning any matter over which the board member has any direct or indirect control, acting as an agent or attorney for a person in a transaction involving the board, and participation in any transaction for which the board member has acquired information unavailable to the general public, through participation on the board.

“Conflict of Interest” means a situation in which a board member has a direct and substantial personal or financial interest in a matter which also involves the member’s fiduciary responsibility.

4. The Board shall not unnecessarily retain consultants. The hiring of consultants shall be based on merit, avoiding nepotism and preference based upon considerations other than merit that may occur for any reason, including prior working relationships. The compensation of such consultants shall not exceed the fair value of services rendered.
5. Board members shall abide by NDCC 21-10-09, which reads: “No member, officer, agent, or employee of the state investment board shall profit in any manner from transactions on behalf of the funds. Any person violating any of the provisions of this section shall be guilty of a class A misdemeanor.”
6. Board members shall perform their respective duties in a manner that satisfies their fiduciary responsibilities.

Policy Type: TFFR Program

Policy Title: Board Members' Code of Conduct

7. Political contributions are regulated under NDCC 16.1-08-03 and are not restricted under this ethics policy.
8. All activities and transactions performed on behalf of the public pension funds must be for the exclusive purpose of providing benefits to plan participants and defraying reasonable expenses of administering the plan.
9. Prohibited transactions. Prohibited transactions are those involving self-dealing. Self-dealing refers to the fiduciary's use of plan assets or material, non-public information for personal gain; engaging in transactions on behalf of parties whose interests are adverse to the plan; or receiving personal consideration in connection with any planned transaction.
10. Violation of these rules shall result in an official reprimand from the TFFR Board. No reprimand shall be issued until the board member has had the opportunity to be heard by the Board.
11. Board members are required to affirm their understanding of this policy annually, in writing, and must disclose any conflicts of interest that may arise.
12. RIO Deputy Executive Director/Chief Retirement Officer is required to affirm his/her understanding of RIO Administrative Policy – Code of Conduct for RIO Employees – annually, in writing, and must disclose any conflicts of interest that may arise.

TFFR Board Adopted: September 15, 2005.

Amended: September 22, 2011.

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 20, 2017
SUBJ: Annual TFFR Customer Satisfaction Reports

To assist the **TFFR Board** in monitoring how well the TFFR program is serving member and employer needs, each year we survey the interest groups, and collect evaluations from members and employers. Here are the 2016-17 survey responses.

- Responses to the TFFR Customer Satisfaction Surveys from NDCEL, NDRTA, NDSBA and NDASBM. We have not yet received a response from ND United.
- Evaluation responses and comments received directly from the members and employers from benefits counseling sessions, preretirement seminars, business manager workshops, and other member and employer contacts.

As you can see, feedback is overwhelmingly positive, thanks to the efforts of our experienced and dedicated staff who interact with TFFR members and employers every day. Our staff does a terrific job serving the needs of our customers, and I am very proud of them.

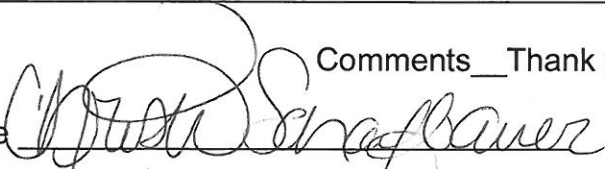
BOARD ACTION REQUESTED: Board motion to accept TFFR Customer Satisfaction Reports.

Is the TFFR Board, through the RIO staff, providing TFFR members and employers with quality service? Please help the TFFR Board measure their performance and identify areas for improvement by completing this annual survey.

	Excellent	Above Average	Average	Poor	N/A
	X				
Staff courtesy and professionalism	X				
Staff responsiveness	X				
Staff accessibility	X				
Staff knowledge of TFFR program	X				
Clarity and effectiveness of information	X				
Ease of obtaining information or services - phone, website, newsletters, publications	X				
Member outreach services - presentations, conferences, benefits counseling and retirement education	X				
Employer outreach services - presentations, conferences, meetings	X				
Legislative proposals, presentations	X				
Overall quality of service	X				

How can the TFFR Board and/or RIO staff improve their service to TFFR members and employers?

Comments__ Thank you for all you do!

Signature 
 Organization ND ASBM

Date 7-6-2017

THANK YOU for helping us to improve service to TFFR members and employers.

ND Retirement and Investment Office, P.O. Box 7100, Bismarck, ND 58507-7100
Phone: 701-328-9885 or 800-952-2970 - FAX: 701-328-9897 - Email: fkopp@nd.gov

Is the TFFR Board, through the RIO staff, providing TFFR members and employers with quality service? Please help the TFFR Board measure their performance and identify areas for improvement by completing this annual survey.

	Excellent	Above Average	Average	Poor	N/A
Staff courtesy and professionalism	x				
Staff responsiveness	x				
Staff accessibility	x				
Staff knowledge of TFFR program	x				
Clarity and effectiveness of information	x				
Ease of obtaining information or services - phone, website, newsletters, publications	x				
Member outreach services - presentations, conferences, benefits counseling and retirement education	x				
Employer outreach services - presentations, conferences, meetings					x
Legislative proposals, presentations	x				
Overall quality of service	x				

How can the TFFR Board and/or RIO staff improve their service to TFFR members and employers?

Help educate NDDPI + legislators on admin shortage + # who qualify for retirement + thankfully aren't taking it yet!

Comments _____

Signature *[Signature]*

Date 6/20/17

Organization NDCEL

THANK YOU for helping us to improve service to TFFR members and employers.

ND Retirement and Investment Office, P.O. Box 7100, Bismarck, ND 58507-7100
Phone: 701-328-9885 or 800-952-2970 - FAX: 701-328-9897 - Email: fkopp@nd.gov

Is the TFFR Board, through the RIO staff, providing TFFR members and employers with quality service? Please help the TFFR Board measure their performance and identify areas for improvement by completing this annual survey.

	Excellent	Above Average	Average	Poor	N/A
Staff courtesy and professionalism	x				
Staff responsiveness	x				
Staff accessibility	x				
Staff knowledge of TFFR program	x				
Clarity and effectiveness of information	x				
Ease of obtaining information or services - phone, website, newsletters, publications	x				
Member outreach services - presentations, conferences, benefits counseling and retirement education	x				
Employer outreach services - presentations, conferences, meetings	x				
Legislative proposals, presentations	x				
Overall quality of service	x				

How can the TFFR Board and/or RIO staff improve their service to TFFR members and employers?

Comments As always, it's a pleasure working with TFFR. Fay and staff are knowledgeable, courteous and always very responsive.

Signature *Erica Cermal*

Date 6-27-17

Organization NDRTA

THANK YOU for helping us to improve service to TFFR members and employers.

**ND Retirement and Investment Office, P.O. Box 7100, Bismarck, ND 58507-7100
Phone: 701-328-9885 or 800-952-2970 - FAX: 701-328-9897 - Email: fkopp@nd.gov**

RECEIVED

JUL 17 2017

NDRIO

TFFR Customer Satisfaction Survey

Is the TFFR Board, through the RIO staff, providing TFFR members and employers with quality service? Please help the TFFR Board measure their performance and identify areas for improvement by completing this annual survey.

	Excellent	Above Average	Average	Poor	N/A
Staff courtesy and professionalism	X				
Staff responsiveness	X				
Staff accessibility	X				
Staff knowledge of TFFR program	X				
Clarity and effectiveness of information	X				
Ease of obtaining information or services - phone, website, newsletters, publications	X				
Member outreach services - presentations, conferences, benefits counseling and retirement education	X				
Employer outreach services - presentations, conferences, meetings	X				
Legislative proposals, presentations	X				
Overall quality of service	X				

How can the TFFR Board and/or RIO staff improve their service to TFFR members and employers?

The staff has always been excellent in providing service to the North Dakota School Boards Association.

Comments: It has been an absolute delight to work with Fay Kopp over many years. The work of TFFR is complicated and Fay has the ability to explain things clearly and is always willing to present a session at our annual convention. Fay is the consummate professional. She is knowledgeable, helpful, friendly, and willing to meet with me at any time to answer my questions. One could not ask for more.

Signature  _____

Date July 17, 2017

Organization North Dakota School Boards Association

THANK YOU for helping us to improve service to TFFR members and employers.

**ND Retirement and Investment Office, P.O. Box 7100, Bismarck, ND 58507-7100
Phone: 701-328-9885 or 800-952-2970 - FAX: 701-328-9897 - Email: fkopp@nd.gov**

Business Manager Workshops Annual Evaluation 2016-2017

Attendees 141

Evaluations 114

	Excellent	Above Average	Average	Poor	No Answer
Was the subject material relevant to your needs and/or interests?	86	23	3	1	1

Comments:

- ◆ Thorough
- ◆ Too much time spent on stats-first half hour.
- ◆ Learned a couple of new things. ☺
- ◆ TFFR staff are great.

How knowledgeable, organized, and effective were the speakers?	101	10	3		
---	-----	----	---	--	--

Comments:

- ◆ Always enjoy hearing TFFR staff speak!
- ◆ TFFR staff were awesome!
- ◆ Excellent information and keeps our attention.
- ◆ Very knowledgeable!
- ◆ Both know their "stuff"!!

How would you rate the service you receive from TFFR staff?	99	14	1		
--	----	----	---	--	--

Comments:

- ◆ The best!
- ◆ Always top notch assistance.
- ◆ Always incredibly helpful and knowledgeable.
- ◆ They're always so helpful & never make me feel like my mistakes were dumb!
- ◆ Explains very well - very professional!
- ◆ Both TFFR staff are very knowledgeable & available.

How would you rate the NDRIO/TFFR website?	51	40	18		5
---	----	----	----	--	---

Comments:

- ◆ Increase online reporting options.
- ◆ Very user friendly.
- ◆ Haven't used.
- ◆ Don't use it.

Have you ever referenced the TFFR Employer Guide?

Yes	No	No Answer
102	11	1

Comments:

- ◆ Not yet.
- ◆ New

Yes	No	No Answer
103	10	1

Do you read the Briefly newsletter?

If no, what can we change?

- ◆ Sporadically
- ◆ Not yet.
- ◆ Sometimes
- ◆ Most of the time.
- ◆ Not sure I have seen it.
- ◆ Forget to read.
- ◆ Sometimes-- (2)

How could we serve you better? Other comments?

- ◆ Looking forward to some TFFR workshops at your location (or wherever) to get more in-depth training of TFFR.
- ◆ Our group would like a change to report wages when paid rather than when earned, for accounting purposes & less stress.
- ◆ More info on re-employed retirees.
- ◆ Perfect - Thanks!
- ◆ Online reporting.
- ◆ Don't really need all the stats as much as making sure we are reporting correctly.
- ◆ Speakers were excellent!!
- ◆ Completely satisfied!
- ◆ TFFR staff are awesome!!
- ◆ Thanks so much!
- ◆ Very good information! Thank you for coming. ☺
- ◆ Thank you!
- ◆ The TFFR staff is very knowledgeable, helpful & great!
- ◆ MORE CHOCOLATE!! ☺
- ◆ You guys are awesome presenters. I always enjoy your sessions!!
- ◆ Decrease contributions!! ☺

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
 COMMENT CARD
 2016-17**

Are we providing you with quality service and information on your TFFR benefits?

	Excellent	Above Average	Average	Poor
Staff Courtesy	120			
Promptness	114	3	2	1
Content/Information	119	1		

- ◆ Counselor has been extremely helpful and available for any questions I needed answered. Very professional!
- ◆ Thank you for ALL of your help. We really appreciated it!!!
- ◆ Counselor was so very helpful. Keep up the good work & service!
- ◆ Excellent, smooth process
- ◆ Thank you! (3)
- ◆ I wish you could train the S.S. staff. Thanks for your hard work.
- ◆ Wonderful staff!
- ◆ Counselor has been great to work with. ☺
- ◆ Thanks for patiently answering all my questions.
- ◆ The summer workshop is excellent and filled with valuable info from numerous sources & is a way that makes the day whiz by. I've recommended it to many co-workers.
- ◆ Thank you Counselor!!! We enjoyed working with you.
- ◆ I really appreciate your expertise--service--and courtesy! Thanks!
- ◆ Counselor is the consummate professional!! What a delight to work with!!!
- ◆ Counselor is great! She is patient, knowledgeable, and very, very helpful! She couldn't be better!!
- ◆ The procedures were outlined very well which made the process very simple. Thanks also for consultations offered in Minot prior to retirement.
- ◆ Each time I have had contact, all have been courteous and very patient, responding quickly if a mailing was required. Thanks!
- ◆ Promptness (rated above average) maybe had to do on our end (Business Manager)? Counselor does a great job of explaining things in very common sensical terms. One question though. The people who have to finish their contracted duties in June, they get July & August TFFR checks, but don't get one in June. All information is sent ahead of time. Do regular teachers retiring get June checks as well as July & August? I got everything done by June 20.
- ◆ None at this time.

- ◆ I am happy with the services from NDTFFR.
- ◆ Thank you for your courtesy and promptness!
- ◆ Very pleased - very professional.
- ◆ Great people in this office!! Very satisfied!!
- ◆ Everything efficiently & courteously!
- ◆ Packets are very easy to follow. Smooth process!
- ◆ Very courteous & knowledgeable staff. Prompt & efficient. Kudos!
- ◆ Promptness (rated average) was not due to your office. It was due to our local school system. Thanks! ☺
- ◆ Counselor was very helpful.
- ◆ Thanks for your help!
- ◆ Keep up the good work.
- ◆ Things are going well with TFFR. (Send us a house buyer! ☺)
- ◆ I appreciate the fact that I was able to make appointments and see my counselor at my convenience when I happen to be in Bismarck. Thank you!
- ◆ Excellent!
- ◆ Counselor was very impressive! She was very thorough and answered all our questions. Our transition will be easier! ☺
- ◆ Counselor did both mine and my wife's retirement session. She was fantastic in answering all our questions and very thorough in our session. It was very informative! ☺
- ◆ Working with Counselor has been great. She's been very pleasant and has made this process for me less stressful!
- ◆ The services, answering questions, everything have been the best ever! Counselor and Administrative Assistant are the **BEST**! Thank you! ☺
- ◆ Counselor was very friendly and welcoming. She foresaw some of my questions & concerns and was always willing to listen for understanding.
- ◆ My questions were answered in a timely and professional manner!!
- ◆ Counselor was the best. When one had a question, she was so pleasant in giving the right direction over the phone. Thank you so much!
- ◆ I applied in June and didn't get any benefits until Nov. 1. That is a long wait! You seem to be understaffed at retirement time for teachers.
- ◆ Your staff was SUPER! We're also dealing with Minnesota retirement. You are the only ones who know what's going on!
- ◆ Thank you for your service.
- ◆ Thanks for ALL THE HELP!
- ◆ Great conversations to help guide me.
- ◆ Great job. Thanks!
- ◆ Attended info meeting in Fargo that was very informative. Presenter very knowledgeable. After submitting documents for benefits, I received a follow-up call to seek clarification and an adjustment was made.
- ◆ Very helpful, pleasant staff when phoning for additional information. Materials/information sent out immediately!
- ◆ Staff was very good to work with while I was going through the retirement

process.

- ◆ Super, thanks for the information Counselor.
- ◆ Thank you so much for the great service. I appreciated everything you did for me.
- ◆ You were always patient when I called.
- ◆ The person who helped me was patient, well informed on her subject matter, courteous and respectful. I would highly recommend a #1 rating!
- ◆ Counselor was incredibly helpful & very personable. . . A joy to work with! Thank you!
- ◆ Counselor has been very helpful in answering any questions we have. The materials have helped us decide the option best for me.
- ◆ Easy to talk to a knowledgeable person, always helpful & friendly, even after many questions! Thank you!
- ◆ Everyone that I talked with was very helpful. They made it easy to understand all the benefits.
- ◆ Thanks, Counselor.
- ◆ Staff has been excellent throughout the process. Thanks.
- ◆ Very courteous and prompt responses to my questions. Excellent work -- Keep it up!!
- ◆ Extremely pleased with the service, information, and help they provided.
- ◆ Counselor was very professional and thorough in working through the retirement process with me. Thanks!
- ◆ Very impressed - had a wonderful experience with polite & knowledgeable people!
- ◆ Very helpful & courteous!
- ◆ Very courteous and helpful in helping me the few times I called. All the information and forms I received were easy to understand.
- ◆ I am grateful for and impressed with how well-organized and thorough TFFR staff are in this process. Yes, there are a lot of forms to complete, etc. but you helped make it fairly easy. **Thank you!!**
- ◆ Your office does an outstanding job! Counselor has been so helpful and everything has been handled so professionally! Thank you so much.
- ◆ Outstanding!
- ◆ Counselor was wonderful to work with! A true professional and conducts exemplary service to TFFR members.
- ◆ Your staff was courteous and professional. They answered all my questions quickly & efficiently. I want to thank them all. They should be proud being a part of such a great team. Thank you!
- ◆ So helpful!
- ◆ Very helpful!
- ◆ Staff was very helpful. Answered all questions.
- ◆ You have been so accommodating - absolutely fantastic service.
- ◆ Staff was efficient and personable.
- ◆ Have a wonderful summer and school years to come!!
- ◆ Your staff was very helpful & knowledgeable - every step of the way! Thanks!

- ◆ The transition to retirement-filling out forms etc. has been very easy. Thanks.
- ◆ So incredibly helpful! Thank you!
- ◆ You have been most helpful! Thanks
- ◆ All great.
- ◆ Took her time with me and answered all my questions.
- ◆ Super support from everyone in the office through the whole process!
- ◆ Everyone was so friendly & helpful! Counselor is so knowledgeable and always promptly explained my questions.
- ◆ Each time I've had contact with your office the service has been excellent. You made the whole process very easy, which I appreciated!
- ◆ The information has been very helpful and easy to understand. Whenever I have needed to make a phone call for clarification, the staff have been incredibly polite and patient.
- ◆ Very satisfied. Thank you!
- ◆ Effortless process due to knowledgeable staff. Thank you.
- ◆ Thank you for all you do. I appreciate it!
- ◆ Was given immediate response to questions and immediate confirmation that the information I provided was complete and had arrived. I appreciated this.
- ◆ All the staff I dealt with from the person who did retirement planning workshop & the woman at the ND Retirement & Investment Office were very helpful & friendly.
- ◆ Great help! I had lots of questions--they were answered promptly and pleasantly.
- ◆ I was surprised to see my first payment by the first. Everything worked well - just like I was informed it would. Nice!!
- ◆ The staff was very helpful while I was going through the process of getting everything in order for my retirement. Thank you!

Group Counseling Sessions Annual Evaluation

**Bismarck, Devils Lake, Dickinson, Grand Forks, Jamestown, Minot,
Valley City, Watford City, West Fargo**

Please rate the overall program.

Excellent	Above Average	Average	Poor	No Answer
172	51	2		

What did you like best about the program?

- ◆ Good presentation - good information
- ◆ Review of retirement process
- ◆ Getting the folder (2)
- ◆ Good Info (6)
- ◆ Very approachable & helpful
- ◆ Dates and numbers
- ◆ Explanation of different plan payment options
- ◆ Hearing the numbers
- ◆ Extra info
- ◆ The exact data
- ◆ Very organized, well paced & informative. I like the retirement planning checklist.
- ◆ The explanation of forms and time line of the paper process.
- ◆ All of it. Very informative.
- ◆ The forms and the explanation. It is a very good picture of reality.
- ◆ The information was based on our actual numbers.
- ◆ Short - sweet - to the point
- ◆ Folder - organization - all the information clearly distributed
- ◆ Presenter spoke clearly and slowly to allow listeners to process information.
- ◆ Knowing what income I can expect and when I can plan to retire.
- ◆ Gave good information - kept the whole meeting interesting - not boring.
- ◆ ☺
- ◆ Benefits coverage
- ◆ Very informative. (15)
- ◆ Benefits
- ◆ Advice about the different plans and beneficiaries.
- ◆ The forms.
- ◆ Review of options clarifying my decision. Good reminder to add/update contingent beneficiaries.
- ◆ Introduction to forms.
- ◆ Good info & good organization.
- ◆ Local meeting.
- ◆ Excellent overview, question session.
- ◆ The presenter and her knowledge.
- ◆ Well organized, folders with checklist.
- ◆ The information provided was great.

Group Counseling Sessions

- ◆ Lots of info on how to apply.
- ◆ Well organized information.
- ◆ Very good.
- ◆ All
- ◆ Great information. ((3)
- ◆ All the handouts. (3)
- ◆ All the great info.
- ◆ All the paperwork that needs to be turned in.
- ◆ Very knowledgeable.
- ◆ Ease of asking & getting questions answered.
- ◆ Very informative, nice paced presentation.
- ◆ Presenter was easy to understand. Very good!
- ◆ All the information. (2)
- ◆ The time lines that must be met.
- ◆ Information rich.
- ◆ Very easy to understand and follow.
- ◆ I got a lot of information. It was great!
- ◆ Personal-presenter was great. She made you feel comfortable.
- ◆ Estimates for planning. Contact info for moving forward.
- ◆ Talk about all the different options you can take.
- ◆ Covered all aspects of retirement & personalized forms provided.
- ◆ You traveled to see us!!!
- ◆ The extremely organized folder.
- ◆ Concise, answered my questions.
- ◆ Thank you. I felt a need to have an excellent overall explanation. The steps were explained well, I just need to absorb it.
- ◆ Step - process, application, review
- ◆ Everything - thank you so much!
- ◆ Question and answer portion.
- ◆ Well organized and detailed. Presenter knowledgeable.
- ◆ Dates of required paperwork due.
- ◆ Answer all my questions.
- ◆ The forms were great. This helped to know what all needs to be filled out.
- ◆ Overall.
- ◆ Just that this program is available to us.
- ◆ Knowledgeable, explained things well.
- ◆ Very informative/professional.
- ◆ All aspects were covered. Q & A was good as well.
- ◆ Everything was went through very well.
- ◆ Knowledge of presenter.
- ◆ That the retirement office was here with packets and timelines.
- ◆ Asking questions that I needed answering.
- ◆ Good information about the forms that need to be sent in and where.
- ◆ Thought of retiring.
- ◆ All info on dates & benefits.
- ◆ Specific information for retiring.
- ◆ The handouts; the personalization of the info.

Group Counseling Sessions

- ◆ Just all of the information. (2)
- ◆ Specific info.
- ◆ Seeing my colleagues who are making the same decision.
- ◆ I like having the paper and the slides. Also liked being able to ask questions.
- ◆ All of it.
- ◆ All the handouts and the helpfulness of the speakers.
- ◆ I am learning new things. I appreciate the brochures and handouts because I won't remember all of the things I heard.
- ◆ Presenter did a nice job explaining a HUGE topic.
- ◆ Gaining knowledge on retirement.
- ◆ Detailed info & great to be able to plan 3 years before.
- ◆ Learning about buying years & the pay out options.
- ◆ Was very informative and took time to make sure we were understanding.
- ◆ Our presenter was very clear & thorough.
- ◆ Explanations of the options
- ◆ You did a good job answering questions with clear answers.
- ◆ Very relaxed and question friendly.
- ◆ Informal presentation. Felt comfortable asking questions.
- ◆ Informal and willing to answer questions.
- ◆ Gave the needed information.
- ◆ All the information and procedures needed to complete retirement process.
- ◆ A lot of good information that we need to know.
- ◆ Answered all questions.
- ◆ Information on time tables and options.
- ◆ The timelines and estimate review. Clarification of annuity and benefits and how that works.
- ◆ Complete info - very knowledgeable presenter.
- ◆ Gained helpful information.
- ◆ Informed about steps to take to retire.
- ◆ Information made available.
- ◆ Informing all the options.
- ◆ Individual attention.
- ◆ Good explanations.
- ◆ The presenter's helpful attitude and knowledge.
- ◆ Explanation of options that teachers have.
- ◆ Very thorough.
- ◆ Time line to retirement.
- ◆ Just listening to options & things about retirement.
- ◆ Knowing amounts/options.
- ◆ Work after retirement.
- ◆ Clear information.
- ◆ Good info - good handouts.
- ◆ Questions answered, even the ones I didn't know to ask!
- ◆ Informative handouts.
- ◆ Presenter slow speaking allowing for processing time.
- ◆ Explaining everything well.
- ◆ Answered questions.
- ◆ Explanation was great.

Group Counseling Sessions

- ◆ Explanation of options such as joint/survivor.
- ◆ All questions I had were explained.
- ◆ Good, slow explanation. ☺
- ◆ Concise - clear information.
- ◆ Knowing what salary I will receive.
- ◆ Made it simpler to understand.
- ◆ Documents to take home and study.
- ◆ Scenarios
- ◆ Clear, knowledgeable presenter.
- ◆ Very informative - small crowd easy to ask questions.
- ◆ Very informal.
- ◆ The step by step explanation.
- ◆ Very cordial.
- ◆ Appreciate the charts & info given to all attendees. (Folder with info).
- ◆ Wide range of topics covered. To address group and individual needs.
- ◆ All good.
- ◆ Sheets that gave me options to choose from.
- ◆ Easy laid back Q and A format.
- ◆ The folder full of info.
- ◆ Organization & knowledge of presenter.
- ◆ Organized paperwork; additional tips; easy to understand.
- ◆ Showing the paper work needed.
- ◆ Very organized and to the point.
- ◆ Information about beneficiaries. I feel better about my future after teaching.
- ◆ Organized information (packet ☺) and sharing all your expertise (actual examples are so nice).
- ◆ The details & examples.
- ◆ Many areas of information.
- ◆ Knowing the end is in sight.
- ◆ Very knowledgeable presenter. I feel confident that I will know what to do when the time comes to retire.
- ◆ To the point.
- ◆ Information packet, knowledge of presenter.
- ◆ Details.
- ◆ All of the information was good.
- ◆ Very organized/personalized info.
- ◆ Well organized. Presenter is knowledgeable.
- ◆ Clear, concise.
- ◆ All the info in the packet.
- ◆ Covering the info & giving us the brochures to take also.
- ◆ Explaining all the retirement options was very beneficial.
- ◆ The handouts and that she knew her presentation so well.
- ◆ Clarification of information.
- ◆ Pertinent info.
- ◆ The specifics that were given.
- ◆ Clearly done presentation of basics, great job.
- ◆ I like the time line and check list you provided.

Group Counseling Sessions

- ◆ Clear presentation.
- ◆ Good coverage of benefit options.
- ◆ The speaker - she did a great job!
- ◆ Very useful information, just knowing where to start, great getting insurance info.
- ◆ It was a very good overview with enough detail - not overwhelming.
- ◆ Clear explanations.
- ◆ Very informative - presenter was very knowledgeable & confident in her presentation.
- ◆ Everything well organized and nice to take home and look at again.
- ◆ Lots of info I would be wondering about.
- ◆ Speaker/handouts.
- ◆ Into that was presented.

What did you like least about the program?

- ◆ Nothing, was good info.
- ◆ Nothing. (40)
- ◆ This is very overwhelming.
- ◆ Screen was too small to see slides.
- ◆ A lot of info - but it was good.
- ◆ All good.
- ◆ Hard chairs.
- ◆ A lot of information to process.
- ◆ Too much information - confusing.
- ◆ ALL good.
- ◆ It seemed like so much information at one time.
- ◆ Everything was great!
- ◆ I am still uncertain about the "best" plan for me and my family. Adding a few typical scenarios might help me see what is best.
- ◆ It's lots of information to keep track of.
- ◆ Group message.
- ◆ Large group to feel comfortable asking questions.
- ◆ All very beneficial!
- ◆ Wasn't quite certain about the difference between regular retirement versus partial lump sum.
- ◆ It was all excellent!
- ◆ Cost of insurance info
- ◆ The cost of insurance.
- ◆ My own paperwork problems caused me confusion--as I was a "problem child".☺
- ◆ Nothing - all info was helpful.
- ◆ Options are confusing.
- ◆ Everything was ok.
- ◆ I might get to retire!
- ◆ Wow.....lots of paperwork!
- ◆ Nothing - all my concerns were addressed.
- ◆ Too broad-I needed more individual (I felt).
- ◆ OK.
- ◆ Presentation in area with tables. Not theater due to writing & paperwork.
- ◆ A mix-up about registration meant I had less information with which to start.

Group Counseling Sessions

- ◆ Too fast with complex information.
- ◆ Too short.
- ◆ Lots of info to divulge.
- ◆ A lot of information.
- ◆ A little confusing/overwhelming - not the presenters fault!
- ◆ To much information.

Was the length of the program appropriate?

Yes	No	No Answer
222	1	2

If not, how long should the program be?

- ◆ Would be better to have more segments and in more depth.
- ◆ 2 hours
- ◆ Went by fast.
- ◆ Actually - 1 1/2 hrs. would be super!

Would you recommend this program to others?

Yes	No	No Answer
220	3	2

- ◆ Absolutely - they need to be informed before considering retirement.
- ◆ Definitely! (7)
- ◆ Absolutely! (5)
- ◆ Yes, very good information.
- ◆ Yes - great information!
- ◆ Absolutely! Should be required for folks within 5 years of retirement.
- ◆ Absolutely, good to hear before thinking of retiring.
- ◆ Yes, I always learn something new!
- ◆ If they are retiring ☺
- ◆ Yes, very informative and easy to understand.
- ◆ Yes - planning cannot be early enough!
- ◆ Yes-The info needs to be looked at by people who may not retire for several years to start making considerations.
- ◆ Yes, very informative!
- ◆ Yes, it was very informative.
- ◆ Yes, definitely. (2)
- ◆ It's a great place to start and get you thinking of all the options available.

Any additional comments?

- ◆ Thanks! Great program.
- ◆ Thanks! (4)
- ◆ Thank you! (15)
- ◆ Excellent presentation.

Group Counseling Sessions

- ◆ Thank you! I attended a session a couple of years ago, but it makes more sense when I hear it another time.
- ◆ Well done.
- ◆ More of these sessions.
- ◆ Everything discussed during the group counseling was very well needed.
- ◆ Learned a lot I didn't know before. ☺
- ◆ Thanks for these counseling sessions. Very much needed.
- ◆ Thank you for this service!
- ◆ Thanks so much!! (2)
- ◆ Thanks for the folder with all the information.
- ◆ Greatly appreciated.
- ◆ Presenter was well prepared and knowledgeable.
- ◆ Thank you for coming! Perhaps a check sheet of necessary steps to take?
- ◆ I may need to come to another presentation before I could decide what is my best options.
- ◆ Very knowledgeable presenter and she spoke so that we could understand. She did not talk fast like some presenters do. Very nice job!
- ◆ Very well done, thank you.
- ◆ Excellent presentation! Very clearly presented. Thank you!
- ◆ I'm sure I will be in touch! ☺
- ◆ Great job - Thanks! (4)
- ◆ Presenter was very knowledgeable. (2)
- ◆ Nice job.
- ◆ Excellent presentation.
- ◆ Individual counseling would be beneficial.
- ◆ I plan to ask for an appointment with my husband. Thank you!
- ◆ Keep doing this!
- ◆ Presenter did a great job!
- ◆ I can't believe how many people in the room didn't know the "formula" - some examples might be helpful to add to the presentation.
- ◆ Encourage young teachers to attend.
- ◆ Wish I knew then what I know now. I wouldn't have taken years out.
- ◆ Glad to hear about my retirement!
- ◆ All teachers should hear this information.
- ◆ Thank you for coming here.
- ◆ I had attended a longer session a year ago so this was a great refresher. That said I think this would be enough for most people = no need for long session.
- ◆ Presenter was very impressive - without notes - knew everything and friendly. Represented Retirement and ND government very well.
- ◆ Thanks TFFR!
- ◆ Handout, packet, great info.
- ◆ I'm a teacher that left teaching due to family needs. I'm back subbing now so have a little different retirement situation than most attending but now know contacts I need when I finally retire at 65.

**RETIREMENT EDUCATION WORKSHOP
MINOT 7/13/16 -- WEST FARGO 7/14/16
SUMMARY
2016-17**

Members	92
Spouses	28
Evaluation Forms Returned	60

1. TFFR PENSION BENEFITS

Excellent	Above Average	Average	Poor	No Answer
41	18	1		

- Answered many of my questions through her presentation.
- Lots I don't understand which will require me to have individual counseling (not the presenters fault)
- She made it easily understood.
- Very clear presenting, responsive to questions.
- Clear information.
- Very good presentation.
- Very good.
- Very knowledgeable about program.
- Somewhat difficult to hear.

2. SOCIAL SECURITY & MEDICARE

Excellent	Above Average	Average	Poor	No Answer
38	17	4		1

- Great information--presentation was informative & entertaining.
- Funny! ☺
- Handout had good information.
- You'll be missed! Great presentation & energy.
- Good presenter.....tough subject.
- Good information & very engaging.
- Would have preferred to hear more options rather than referral to website.
- Didn't attend.

3. GOVERNMENT HEALTH CARE OPTIONS

Excellent	Above Average	Average	Poor	No Answer
34	20	4		2

- Knows her stuff and conveys information very well.
- More instruction on how to switch and when to switch if retiring at age 65 and still have family that are going to need regular insurance, not medicare.
- More time should have been spent on Medicare as many of us are close to that point.

- She was very knowledgeable of her subject area and presented her information without prejudice.
- Excellent presenter - clear information.
- She was extremely knowledgeable about this topic. Thanks!
- Knowledgeable & personable.
- No microphone.
- Didn't attend.

4. ESTATE PLANNING

Excellent	Above Average	Average	Poor	No Answer
48	6	2		4

- Good examples and clear explanation.
- I would like to have this longer.
- Very good information.
- Excellent!
- Was not aware of most of what she presented. Very helpful!
- Very good and knowledgeable speaker.
- She gave us very useful information that I will act on.
- So much valuable information.
- Did not attend (had to leave)

5. FINANCIAL PLANNING

Excellent	Above Average	Average	Poor	No Answer
37	14	8		1

- Covered all areas.
- Would like to see more realistic numbers in how long our money can last.
- Interesting! Very knowledgeable!
- Very knowledgeable! Wish he had more time.
- He gave us a lot to think about.
- Very informative speaker, knows his stuff.
- Easy to understand. Easy to follow, easy listening.
- Lots to think about! Very knowledgeable and manner of presentation makes everyone to listen to information & deal with personally.
- If you need internet access (to watch the video) ask the school! On my phone, there was an open wifi from the tech camp earlier this summer. If you need a whiteboard, ask the school or install app on your computer to use.

6. PLEASE RATE THE OVERALL WORKSHOP

Excellent	Above Average	Average	Poor	No Answer
40	16	1		3

- Gave me good ideas of what I need to do.
- To have tables & snacks provided were nice. However, the chairs weren't very comfortable.
- I enjoyed the day!
- Everyone was so knowledgeable! I loved the examples.

- Everyone gave excellent information. Thank you for all the information.
- Very useful information to start preparing for retirement.
- Far better than I expected - not boring at all! All speakers were well organized and clear.
- Thank you!

7. DO YOU FEEL THAT ATTENDANCE AT THIS WORKSHOP WAS TIME WELL SPENT?

Yes	No	No answer
57		3

8. WOULD YOU RECOMMEND THIS WORKSHOP TO OTHERS?

Yes	No	No answer
56	1	3

- When close to retirement.

9. WILL ATTENDANCE TODAY MOTIVATE YOU TO TAKE ACTION RELATIVE TO YOUR RETIREMENT PLANNING?

Yes	No	No answer
56	1	3

If yes, what action will you take?

- Need a plan! To secure my investments, plan for future.
- Meet with my planner.
- Making decisions on when to retire and which options to take.
- Check on dates ahead of time better.
- Start to put into place what was discussed and review what we already have in place.
- Review investments, their return and set up our will and estate plans.
- Start an IRA
- Health insurance planning -- medical planning, estate planning
- I'll sit down with my husband to review all retirement plans & make sure everything is in order.
- Appts with TFFR, SS, Medicare
- Create a better plan for my retirement -- Budget!
- Think ahead!! Plan-
- Made an appointment with TFFR, will know when to begin very important processes to avoid gaps.
- It gave me a lot to think about. I will be calling for financial planning.
- Review my will.
- Draw up a will. Keep the information and use to form a timeline for my retirement.
- More savings, make a will.
- Checking on joint ownerships of property.
- Take steps to make a will.
- Work on retirement plan/ideas with my husband - investments - check into LTC
- Talk to husband and do some more investing.
- I just finished my 2nd year back into TFFR. My action will be looking into purchasing time (years?) at the 6% rate!
- Estate planning.

- Re-do will, estate planning, signing POA's, medical directives.
- Estate planning/saving.
- Finish my will - look at planning for retirement.
- Update POA, visit yearly with financial advisor and be proactive with estate planning.
- Check out social security benefits, insurance.
- I will do the 60%/40% test on my income, will/health directive and power of attorney.
- Complete our financial estate planning project.
- Check beneficiaries, deed, etc.
- Legal aspects.
- Estate planning.
- Will, health directive, power of attorney, 403b-start
- Estate work - beneficiaries.
- Go over all aspects, credit cards, wills, planning for my beneficiaries to not struggle, look at IRA's and Roths.
- I will look at all the legal documents needed. Also, look at the financial options.
- More in annuity or Roth.
- Continue my plan to retire in two years.
- Meet with my planner. Check into health care plans.
- Will determine and confirm my retirement date.
- I plan to visit the Social Security website and register as well as formulate a specific plan for my insurance and financial needs.
- Meet with financial planner.

10. WAS THE LENGTH OF THE WORKSHOP APPROPRIATE? (one day)

Yes	No	No answer
56	1	3

If not, how long should the workshop be?

- It was a bit long.

11. WAS THE TIME OF THE WORKSHOP CONVENIENT (FULL DAY - SUMMER)?

Yes	No	No answer
56		4

If not, what would be a better time?

- It was OK -- Too early to start when you are from out of town. ☺

12. DO YOU HAVE ANY SUGGESTIONS FOR FUTURE WORKSHOPS?

- Just a little time built in for table discussion.
- Shorten breaks.
- Start sessions on time -- even if people not back from lunch. Maybe have presenters show up a bit earlier than planned at the end of the day, so could keep it going & get out of there earlier for those of us who have a long way to drive. Didn't need 1/2 hr of a break before last session. Thanks for starting early.

- None - great.
- Push young teachers to listen to, especially financial planning when they begin teaching stressing how \$25 - \$50 per month builds into a nice estate upon retirement.
- Thank you!! Very informational!!
- Maybe having one in the Bismarck area.
- Maybe because of the location of the workshop--it was rushed to grab food and be back within an hour--provide us with a sub, chips, cookie(!) and beverage for \$10. We would be able to stay put then and have fun visiting with other people looking to retire!
- Everyone needs to use a microphone.
- Thanks to all the guest speakers and especially to TFFR for putting this seminar on. Lots of planning.
- Thank you!
- No, it was awesome!
- Coffee in the afternoon too! 😊
- Thank you!
- Thank you - this is exactly what I needed.

**Retirement 101
Evaluation
McKenzie County School (Watford City)
September 15, 2016**

Members Present 8
Evaluations Returned 5

Please rate the overall program.

Excellent	Above Average	Average	Poor	No Answer
5				

- ◆ Answered all my questions well! Good knowledge for future.
- ◆ Did a great job simplifying the material.

What did you like best about the program?

- ◆ Easy to understand.
- ◆ The information was presented clearly and precisely. There is a lot of great information.
- ◆ Everything!
- ◆ Understanding penalties and when/how to plan for retirement.
- ◆ All

What did you like least about the program?

- ◆ I like everything!
- ◆ Enjoyed it all.
- ◆ The Rule of 90!

Was the length of the program appropriate (60 minutes)?

Yes	No	No Answer
5		

Do you have any suggestions for future programs?

- ◆ ☺
- ◆ Possible \$\$ example's if you retired at 52 years with 30 years experience and bought 5 years of service to make 35 years. What the monthly \$\$ would be.

MEMORANDUM

TO: TFFR Board

FROM: Fay Kopp

DATE: July 20, 2017

SUBJ: Annual SIB Customer Satisfaction Reports

The **State Investment Board** also wants to know from its customers (TFFR, PERS, WSI, etc.) if the SIB (through the RIO staff) is providing quality service.

Terra Miller Bowley, Audit Services Supervisor, has sent the annual SIB Customer Satisfaction Survey (via Survey Monkey) to Mike Gessner, TFFR Board President. It will also be emailed to each individual TFFR board member. As in the past, each TFFR trustee should complete the form individually and forward to President Gessner who will compile the results. The TFFR Board can then review the compiled responses at the September meeting and approve submission to the SIB.

BOARD INFORMATION ONLY.

**2017 NORTH DAKOTA STATE INVESTMENT BOARD
CUSTOMER SATISFACTION SURVEY**

Each year the State Investment Board (SIB) conducts a customer satisfaction survey. The purpose of this annual survey is to determine how well the SIB, through the staff of the Retirement and Investment Office (RIO), is meeting the expectations of its clients. This survey is a part of the SIB's ongoing effort to be responsive to the needs of their clients and to continually improve the services that are provided.

Please help us measure our performance and identify areas for improvement by rating the service you received during fiscal year 2017 (July 1, 2016 - June 30, 2017). Please check the response which best reflects your experience.

<u>RATING FACTORS</u>	<u>EXCELLENT</u>	<u>ABOVE AVERAGE</u>	<u>AVERAGE</u>	<u>POOR</u>
Telephone Calls and/or E-mail Correspondence Handled Promptly and Professionally.....				
Clarity and Effectiveness of Letters, Reports, and Presentations.....				
Detail Provided on Reports.....				
Delivery of High Quality Service.....				
Accessibility.....				
Responsiveness.....				
Efficiency.....				
Knowledge of Investments.....				

HOW CAN THE SIB AND/OR RIO STAFF IMPROVE THEIR SERVICE TO YOU?

Thank you for helping us to serve you better.

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: July 27, 2017

SUBJECT: 2016-2017 Year End Audit Activities Report

Audit coverage was based on the July 1, 2016 through June 30, 2017 work plan approved by the SIB Audit Committee. The audit activities undertaken were consistent with the Audit Services charter and goals, and the goals of RIO. To the extent possible, our audits were carried out in accordance with the International Standards for the Professional Practice of Internal Auditing. Audit effort was directed towards the needs of RIO and the concerns of management and the SIB Audit Committee.

RETIREMENT PROGRAM AUDITS:

- **Teachers' Fund For Retirement (TFFR) Employer Audits**
 - **AUDIT PLAN REQUIREMENTS:** Complete 20 – 25 TFFR Employer Audits which includes Compliance Audits, Not in Compliance (NIC) Reviews, and Special Audits. Notify employers of an upcoming audit as needed. Number of employers to be notified is dependent on pending audit inventory. Complete audit planning for the upcoming fiscal year in the fourth quarter.
 - **2016-2017 ACTUAL ACTIVITIES:**
 - Twenty five (25) TFFR Employer Audits were completed during fiscal year 2017. This included:
 - Twenty two (22) Compliance Audits
 - One (1) NIC Review
 - Two (2) Special Audits
 - Three (3) Compliance Audits were in progress at the conclusion of fiscal year 2017.
 - Two (2) Compliance Audits were pending but not yet started at the conclusion of fiscal year 2017.
 - Audit information was pending from three (3) employers who had been notified of an upcoming audit at the conclusion of fiscal year 2017.
 - Fourteen (14) employers received audit notifications in fiscal year 2017. Data on two (2) employers was pending review with audit notifications anticipated at the beginning of fiscal year 2018.
 - Audit planning for fiscal year 2017-2018 was completed in the fourth quarter and presented to and approved by the SIB Audit Committee in May 2017.
- **Regional Education Associations (REA) Audits**
 - **AUDIT PLAN REQUIREMENTS:** Create and implement an audit program which addresses REAs and complete a Compliance Audit on one REA.
 - **2016-2017 ACTUAL ACTIVITIES:**
 - Hours allocated to this particular task were reallocated to other higher priority audit activities.
- **Benefit Payments Audit**
 - **AUDIT PLAN REQUIREMENTS:** On an annual basis a review of deaths, long outstanding checks, and long term annuitants is completed to determine that established policies and procedures are being followed by Retirement Services staff.
 - **2016-2017 ACTUAL ACTIVITIES:**
 - The Benefit Payment Audit was completed on August 26, 2016.

- **TFFR File Maintenance Audit**
 - **AUDIT PLAN REQUIREMENTS:** On a quarterly basis Audit Services reviews changes made to TFFR member account data by Retirement and Investment Office (RIO) staff utilizing CPAS generated audit tables. Refunds and purchases of service credit (installment and lump sum) along with member account information entered from Member Action Forms is also reviewed as a part of this audit.
 - **2016-2017 ACTUAL ACTIVITIES:**
 - The Fourth Quarter 2016 File Maintenance Audit was completed on September 19, 2016.
 - The First Quarter 2017 File Maintenance Audit was completed on November 3, 2016.
 - The Second Quarter 2017 File Maintenance Audit was completed on May 3, 2017.
 - The Third Quarter 2017 File Maintenance Audit was in progress at the end of fiscal year 2017.
- **Annual Salary Verification Project**
 - **AUDIT PLAN REQUIREMENTS:** On an annual basis Audit Services verifies retirement salaries and contributions reported to TFFR for the prior fiscal year for 50 randomly selected member accounts. TFFR eligibility and service hours are also verified.
 - **2016-2017 ACTUAL ACTIVITIES:**
 - The Annual Salary Verification Project was completed on June 5, 2017.
- **TFFR Cost Effective Benefit Payments/Benefit Recalculation**
 - **AUDIT PLAN REQUIREMENTS:** One of the missions of the RIO is to ensure that TFFR benefit recipients receive their retirement benefits in a cost effective and timely manner. Audit Services will verify that this mission is being achieved. As a part of this overall process Audit Services will also verify the accuracy of benefit payments via the recalculation of benefit payments for a sampling of member accounts.
 - **2016-2017 ACTUAL ACTIVITIES:**
 - This audit was begun at the close of fiscal year 2016 with the anticipation that it would be completed during the first quarter of fiscal year 2017. However it was determined that other higher priority audit activities existed and therefore hours allocated to this specific task were reallocated.
- **ACL Software Project**
 - **AUDIT PLAN REQUIREMENTS:** GASB 68 has resulted in the creation of a Master Payroll File. The Master Payroll File presents an incredible opportunity for Audit Services. When used in conjunction with ACL analytics software, the Master Payroll File will allow for improved audit sampling and the possibility of 100% audits.
 - **2016-2017 ACTUAL ACTIVITIES:**
 - Hours allocated to this particular task were reallocated to other higher priority audit activities. It should be noted that Audit Services did leverage the Master Payroll File without ACL during fiscal year 2017. The Master Payroll File was used on all 100% audits. This proved very successful and a Master Payroll File will be used on all future 100% audits with or without the incorporation of ACL.

AGENCY ADMINISTRATIVE AND INVESTMENT AUDITS:

- **Executive Limitation Audit**
 - **AUDIT PLAN REQUIREMENTS:** On an annual basis the Executive Director/CIO's compliance with the State Investment Board (SIB) Governance Manual Executive Limitation Policies A-1 through A-11 is reviewed. Each year the Executive Director/CIO is evaluated via a survey administered to all staff members. Audit Services also facilitates and compiles the results of the annual SIB Executive Review Committee survey administered to members of the SIB at the request of the SIB Executive Review Committee.
 - **2016-2017 ACTUAL ACTIVITIES:**
 - The Executive Limitation Audit was completed on February 23, 2017.
 - The Executive Director/CIO Effectiveness Survey was completed on January 4, 2017.
 - The SIB Executive Review Committee Survey was completed on April 18, 2017.

- **Investment Performance Summary Review**
 - **AUDIT PLAN REQUIREMENTS:** Audit Services will review the reasonableness of the “Investment Performance Summary” table in RIO’s CAFR for the last five fiscal years ended June 30, 2015 and annualized returns for the 3, 5, 10, and 20 years ended June 30, 2015.
 - **2016-2017 ACTUAL ACTIVITIES:**
 - Hours allocated to this particular task were reallocated to higher priority audit activities.
- **Schedule of Investment Fees Review & Investment Management Fees Review**
 - **AUDIT PLAN REQUIREMENTS:** Audit Services will review the reasonableness of the “Schedule of Investment Fees” in RIO’s CAFR for the last six fiscal years ended June 30, 2015. Audit Services will also review the reasonableness of the five largest investment management fees and five largest incentive/investment performance fees for the fiscal year ended June 30, 2015.
 - **2016-2017 ACTUAL ACTIVITIES:**
 - Hours allocated to this particular task were reallocated to higher priority audit activities.
- **RIO External Auditor Assistance**
 - **AUDIT PLAN REQUIREMENTS:** Audit Services assists our external auditor, CliftonLarsonAllen, with a variety of tasks related to the annual financial audit of RIO and the GASB 68 census data audits.
 - **2016-2017 ACTUAL ACTIVITIES:**
 - Audit Services provided assistance to our external audit partners CliftonLarsonAllen during the financial audit of the RIO as well as the GASB 68 census data audits.
- **Audit Services Procedure Manual**
 - **AUDIT PLAN REQUIREMENTS:** Creation of an Audit Services policy and procedure manual.
 - **2016-2017 ACUTAL ACTIVITIES:**
 - No audit procedures were documented during fiscal year 2017. TFFR File Maintenance procedures written in fiscal year 2016 were updated during fiscal year 2017.
- **Audit Services/Retirement Services Internship Program**
 - **AUDIT PLAN REQUIREMENTS:** Not included in Audit Services work plan approved for July 1, 2015 through June 30, 2016. Internship program initiated at the request of the Executive Director/CIO and SIB Audit Committee.
 - **2016-2017 ACUTAL ACTIVITIES:**
 - The intern arrived in our offices on May 16, 2016. The internship lasted a total of 14 weeks with time allocated between Audit Services and Retirement Services. The Supervisor of Audit Services and Retirement Program Manager were responsible for orientation, training, and ongoing support. The internship concluded on August 19, 2016.
- **Professional Development/CE/General Education**
 - **AUDIT PLAN REQUIREMENTS:** Audit Services is a member of the Institute of Internal Auditors (IIA) and attends monthly meetings along with bi-annual seminars.
 - **2016-2017 ACTUAL ACTIVITIES:**
 - Audit Services continued to pursue networking and professional development opportunities via the IIA’s local chapter, Central NoDak. Staff attended monthly IIA meetings throughout the year which covered a variety of topics.
 - The Supervisor of Audit Services completed the requirements for a Certified Internal Auditor (CIA) designation in July 2016.
 - The Supervisor of Audit Services attended the IIA’s fall seminar which focused on forensic accounting and financial statement fraud analysis.
 - Audit Staff attended the IIA’s spring seminar which focused on consulting activities, skills, and attitudes.

Administrative activities (non-audit related) including time reports, meeting attendance, general reporting, email, etc. were carried out in accordance with the approved audit plan in fiscal year 2016-2017.

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
AUDIT SERVICES DIVISION
BUDGETED VS. ACTUAL HOURS FOR FISCAL YEAR 2016-2017**

	2016-2017 BUDGET HOURS (2 FTE'S)
1. Audit	
Retirement Program Audits:	
TFRR Employer Audits	2,051
REA Audit	40
Benefit Payments Audit	40
TFRR File Maintenance Audit(s) - Quarterly (20 hours per audit)	60
Annual Salary Verification Project	95
TFRR Cost Effective Benefit Payment Audit/Benefit Recalculation(s)	0
ACL Software Project	95
	2,381
Agency and Investment Audits:	
Executive Limitation Audit	95
Investment Performance Summary Review	95
Schedule of Investment Fees/Investment Management Fees Review	0
RIO External Auditor Assistance	25
Audit Services Procedure Manual	200
	415
Total Audit Hours:	2,796
2. Administrative	
Administrative - Staff Mtgs, Time Reports, Email, Records Retention, General Reporting	450
Audit Committee/SIB/TFRR Attendance and Preparation	250
Professional Development/CE/General Education	80
Annual Leave, Sick Leave, and Holidays	600
Total Administrative Hours:	1,380
Total Hours for 2016-2017:	4,176

Total Hours for 2016-2017: 4,176

D. Thorsen Total Hours 2016-2017: 2,088

T. Miller Bowley Hours 2016-2017: 2,088

1st Quarter Actual Hours	2nd Quarter Actual Hours	3rd Quarter Actual Hours	4th Quarter Actual Hours	2016- 2017 Actual Hours	Actual vs. Budgeted Hours Over/(Under)
504	550	579	339	1,971	(80)
0	0	0	0	0	(40)
89	0	0	5	93	53
26	37	25	4	92	32
0	0	6	97	103	8
26	2	0	0	28	28
0	0	0	0	0	(95)
9	2	74	12	96	1
0	0	0	0	0	(95)
0	0	0	0	0	0
13	0	0	1	14	(11)
15	12	0	0	27	(173)
683	603	683	457	2,425	(371)
126	153	152	316	746	296
63	29	68	43	203	(47)
15	20	8	54	97	17
171	236	129	170	706	106
374	438	357	583	1,751	371
1,056	1,040	1,040	1,040	4,176	0
25%	25%	25%	25%	100%	

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 20, 2017
SUBJ: Trustee Education

Here are some dates and information for upcoming pension trustee educational opportunities. If you are interested in attending any conferences or training programs, please contact Fay or Bonnie.

National Council on Teacher Retirement (NCTR)

[NCTR Annual Conference](#) [October 6-11, 2017](#) [Tucson, AZ](#)

International Foundation of Employee Benefit Plans (IFEBP)

[See IFEBP 2017 Public Sector Training Schedule](#)

BOARD INFORMATION ONLY.

Enclosures

QUALIFIED DOMESTIC RELATIONS ORDER (QDRO)

TFFR Board Meeting

July 27, 2017

Shelly Schumacher, Retirement Program Manager

NDCC 15-39.1-12.2

1. The board shall pay retirement benefits in accordance with the applicable requirements of any qualified domestic relations order. The board shall review a domestic relations order submitted to it to determine if the domestic relations order is qualified under this section and under rules established by the board for determining the qualified status of domestic relations orders and administering distributions under the qualified orders.
2. A “qualified domestic relations order” for purposes of this section means any judgment, decree, or order, including approval of a property settlement agreement, which relates to the provision of child support, spousal support, or marital property rights to a spouse, former spouse, child or other dependent of the teacher, which is made pursuant to a North Dakota domestic relations law, and which creates or recognizes the existence of an alternate payee’s right to, or assigns to an alternate payee the right to, receive all or a part of the benefits payable to the teacher.

NDAC 82-08

Upon receipt of a domestic relations order:

- Send initial notice to each party with an explanation of the approval process
- Review the domestic relations order to determine if it follows the model language format
- Forward the domestic relations order to the fund's legal counsel and actuarial consultant for their review and recommendation to the board
- The board shall review the domestic relations order and make the final determination of a qualified order
- Parties are notified the order is approved by the board and can be signed by the judge and submitted to the fund office

QDRO MODEL LANGUAGE

- QDRO models in NDAC 82-08-01 used by attorneys to draft the Court order.
 - Active/Inactive Member Model
 - Retired Member Model

ACTIVE MODEL HIGHLIGHTS

- Alternate payee may only receive a lump sum payment from TFFR if member elects a refund upon termination of employment.
- Alternate payee can elect to receive a monthly benefit for life based on the accrued benefits at the time of divorce.
- Monthly benefit to the alternate payee can begin when:
 - Member reaches normal retirement;
 - Member reaches early retirement (age 55);
 - The alternate payee reaches a certain date (must be after member reaches age 55); or
 - Member retires.

ACTIVE MODEL HIGHLIGHTS

(Continued)

- Alternate payee can begin benefits and member can continue working.
- The actuarial value of the alternate payee's current and future benefits will reduce member's benefit.
- If the alternate payee passes away before beginning payment, the entire amount due the alternate payee would revert back to the member.
- If the death of the alternate payee occurs once benefits begin, payments would cease or continue to the alternate payee's beneficiary to complete a term certain option. The benefit does not revert back to the member.
- If the member passes away prior to retirement, the alternate payee would receive a portion of the survivor benefits as of the date of divorce unless the alternate payee was already in payment.

RETIRED MODEL HIGHLIGHTS

- Alternate payee can receive a portion of the retiree's current benefit.
- Existing benefit option must remain in place.
- If divorce settlement allows retiree to retain sole ownership of TFFR pension, a joint and survivor option can be converted and popped up to the single life annuity option.

QDRO STATS

- First QDRO approved by TFFR Board in 1989.
- To date 58 QDROs have been approved – 3 for child support.
- To date 21 joint and survivor retirees have popped up to single life option after a divorce.

JULY 27, 2017

TFFR BOARD READING

[NPPC - Why Pensions Matter](#)

[NASRA-Public Pension Reporting and Disclosure](#)

[CSLGE-Understanding Public Pensions](#)

[NCPERS-Economic Loss](#)