

Agenda

ND Teachers' Fund for Retirement Board Meeting

Thursday, July 26, 2018 - 1:00 pm
RIO Conference Room
3442 East Century Avenue
Bismarck, ND

1. Call to Order and Approval of Agenda – Vice Pres. Lech (Board action)
 2. Approval of Minutes of April 26, 2018 and June 14, 2018 Board Meetings – Vice Pres. Lech (Board action) 5 min.
 3. Trustee Appointments – Fay Kopp (Information) 5 min.
 4. Election of 2018-19 Officers – Vice Pres. Lech (Board action) 10 min.
 5. Benefit Appeal #2018-1A – Executive Session Attorney Consultation – Nici Meyer, AGO – 30 min.
*Executive session required for attorney consultation pursuant to NDCC 44-04-19.1.
 6. TFFR Legislative Update – Fay Kopp (Information) 10 min.
 7. TFFR Quarterly Investment Update – Dave Hunter (Information) 15 min.
 8. RIO Budget Update – Dave Hunter, Fay Kopp (Information) 15 min.
 9. Annual TFFR Program Audit Report – Sara Sauter (Board action) 10 min.
- BREAK
10. Board Education: Fiduciary Duties and Ethics – Anders Odegaard, AGO (Information) 30 min.
 11. Annual TFFR Program Review – Vice Pres. Lech, Fay Kopp (Board Action) 30 min.
 12. Annual TFFR Customer Satisfaction Reports – Fay Kopp (Board action) 10 min.
 13. Annual SIB Customer Satisfaction Survey – Vice Pres. Lech (Information) 10 min.
 14. Consent Agenda – Disability applications (Board action) 5 min.
*Executive Session possible if Board discusses confidential information pursuant to NDCC 15-39.1-30.
 15. Other Business
 16. Adjournment

**Next Board Meeting: Special – July 27, 2018 (SIB investment education presentations)
Regular – September 27, 2018**

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 26, 2018, BOARD MEETING

BOARD MEMBERS PRESENT: Mike Gessner, President
Rob Lech, Vice President
Mike Burton, Trustee
Toni Gumeringer, Trustee
Mel Olson, Trustee
Kelly Schmidt, State Treasurer

BOARD MEMBER ABSENT: Kirsten Baesler, State Supt. DPI

STAFF PRESENT: David Hunter, ED/CIO
Fay Kopp, Deputy ED/CRO
Missy Kopp, Retirement Assistant
Sara Sauter, Audit Services Supvr
Shelly Schumacher, Retirement Program Mgr
Dottie Thorsen, Internal Auditor

OTHERS PRESENT: Niki Meyer, Attorney General's Office
Kathy Kindschi, NDU-Retired
Sibley Gessner

CALL TO ORDER:

Mr. Mike Gessner, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:00 p.m. on Thursday, April 26, 2018, at the Retirement and Investment Office, Bismarck, ND.

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

AGENDA:

The Board considered the agenda for the April 26, 2018 meeting.

IT WAS MOVED BY MR. LECH AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE AGENDA AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER

MINUTES:

The Board considered the minutes of the March 22, 2018, meeting.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE MARCH 22, 2018 MINUTES AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER

BENEFIT APPEAL - Executive Session - Attorney Consultation:

Mr. Gessner stated that the Board would need to enter into Executive Session for attorney consultation to discuss TFFR Benefit Appeal # 2018 - 1A. The purpose of the executive session is for attorney consultation pursuant to NDCC section 44-04-19.1 and 44-04-19.2.

IT WAS MOVED BY MRS. GUMERINGER AND SECONDED BY TREASURER SCHMIDT AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION FOR ATTORNEY CONSULTATION.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER

The open session of the meeting ended at 1:03. Members of the public were asked to leave the room.

EXECUTIVE SESSION

Executive session began at 1:05 p.m.

Those in attendance at the executive session were Board members: Mike Gessner, Rob Lech, Mike Burton, Toni Gumeringer, Mel Olson, and Treasurer Schmidt; RIO staff: Fay Kopp, Dave Hunter, Shelly Schumacher, Missy Kopp, Dottie Thorsen and Sara Sauter; and Attorney General's Office: Nici Meyer.

The executive session ended at 1:18 p.m.

OPEN SESSION

The meeting resumed in open session at 1:20 after members of the public were invited to return.

2019 LEGISLATIVE PLANNING:

Mrs. Kopp reported the proposed legislative bill draft that was approved at the March 22, 2018 TFFR Board meeting was submitted to the Legislative Council Employee Benefits Programs Committee on March 28. The Committee's next meeting is scheduled for May 2, 2018.

RIO BUDGET PLANNING:

Mrs. Kopp explained that RIO is in the process of developing an agency budget request for the 2019-21 biennium. As part of the budgeting process, RIO staff is discussing ways to improve the efficiency and cost effectiveness of administering the TFFR retirement program. RIO staff believes enhancements to technology are needed to improve the service provided to TFFR members and employers. Staff is in the preliminary stages of exploring options for upgrading or replacing the current pension administration software system which has been in place since 2005 and is nearing the end of its product release cycle. Board discussion followed.

ANNUAL PENSION PLAN COMPARISONS REPORT:

Mrs. Kopp presented the annual Public Pension Plan Comparison Report, comparing TFFR to the FY 2016 Public Fund Survey (PFS) conducted by the National Association of State Retirement Administrators (NASRA). This survey provides information on key characteristics of most of the nation's largest public retirement systems including actuarial funding levels, membership, cash flow, contribution rates, investment returns, actuarial assumptions, and asset allocation. Mrs. Kopp also commented on other public pension databases, reports, and studies. Board discussion followed.

IT WAS MOVED BY MRS. GUMERINGER AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE ANNUAL PUBLIC PENSION PLAN COMPARISONS REPORT.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER

QUARTERLY AUDIT SERVICES UPDATE:

Ms. Sauter provided an update of audit activities for the previous quarter. As of March 31, 2018 Audit Services had completed 9 employer audits, 3 are in process, 5 are pending, and 3 more notifications have been sent out. A TFFR File Maintenance Audit was close to completion at the end of March with a final report to come.

Audit services worked with Retirement Services to develop a joint survey for the eight Regional Education Associations (REAs). Survey results gave a better understanding of how the REAs are reporting to TFFR. Audit Services and Retirement staff are still working with the information to determine if there are any issues that need to be addressed.

Annually, Audit services reviews the Executive Dir./CIO's level of compliance with SIB Governance Manual Executive Limitation Policies A-1 - A-11. This was completed in February 2018 and Audit services was sufficiently satisfied that the Executive Dir./CIO was in compliance.

EMPLOYER REPORTING UPDATE:

Mrs. Kopp explained that RIO Audit Services is considering changes to the TFFR employer compliance audit reporting process. Currently, Audit Services works with the Business Manager of the participating employer to conduct the audit. At the conclusion of the audit, an audit report is issued to the Superintendent or Director of the School District/Employer, and a copy is sent to the Business Manager.

Auditing best practices recommend that all audit reports be issued to the governing body of the entity being audited. For TFFR employers, this is typically the School Board, or other governing body.

RIO Audit and Retirement staff are discussing the possibility of issuing all future TFFR employer compliance audit reports to both the Superintendent/Director and School Board/Governing body President, and requesting approval and sign off on the audit report by both parties.

As Audit and Retirement Services staff consider this possible audit reporting change, they are asking for feedback from the TFFR Board and Audit Committee. Based on those discussions, a TFFR Board policy change may be requested. Board discussion followed regarding the audit report content, approval process, communications, and transparency.

TRUSTEE EDUCATION:

Mrs. Kopp provided the Board with some dates and links to upcoming pension trustee educational opportunities. Board discussion followed.

CONSENT AGENDA:

IT WAS MOVED BY MR. LECH AND SECONDED BY TREASURER SCHMIDT AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CONSENT AGENDA WHICH CONSISTED OF QUALIFIED DOMESTIC RELATIONS ORDER #2018-2.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER

TRUSTEE APPOINTMENT UPDATE

Mrs. Kopp updated the Board on the appointment of trustees. Mr. Gessner is retiring from Minot Public schools on May 24, 2018. Due to Mr. Gessner's retirement, he will no longer be eligible to serve on the Board representing active teachers. Mr. Olson's current term ends June 30, 2018. Mr. Olson has represented retired members on the Board and is up for re-appointment.

Mrs. Kopp informed the Governor's Office and notified ND United and NDRTA of their statutory requirement to submit names to the Governor's office for appointment or reappointment to the Board. Currently, appointments have not yet been made. The Board will be notified as soon as staff is informed.

TFFR BOARD RESOLUTION:

Mr. Lech recognized President Gessner for his many years of service to the TFFR Board, State Investment Board, and SIB Audit Committee. He read the following resolution:

**ND TFFR Board Resolution
in Appreciation of
Michael Gessner**

WHEREAS, Mr. Michael Gessner has served as trustee of the ND Teachers' Fund for Retirement Board representing active teachers for 13 years, from 2005 until his retirement in 2018, assuming the leadership positions of Vice President for 2 years and President for 11 years; and

WHEREAS, Mr. Gessner has also served on the ND State Investment Board and Audit Committee representing TFFR members during his tenure; and

WHEREAS, Mr. Gessner has dedicated his entire professional career to the ND education community as a caring, respected, and outstanding Math Teacher at Minot Public Schools for 46 years; and

WHEREAS, Mr. Gessner has been actively involved in many professional, community, and state activities and associations during his teaching career; and

WHEREAS, Mr. Gessner has been committed to preserving the defined benefit structure of the TFFR plan to provide lifetime retirement security for ND educators and their beneficiaries; to prudently investing trust fund assets; to supporting efforts to strengthen TFFR's funding structure; and to safeguarding the financial integrity of the fund; and

WHEREAS, Mr. Gessner has provided steadfast leadership on pension issues, and earned a reputation as a strong advocate for protecting the retirement interests of education professionals, providing cost efficient pension administration, and delivering high-quality customer service; and

WHEREAS, Mr. Gessner has distinguished himself as an outstanding trustee whose knowledge, experience, integrity, and courage has respectfully served trust fund members; now therefore, be it

RESOLVED, that the ND TFFR Board express its sincere appreciation to Mr. Gessner for his dedicated service to the Board, and for his unwavering support of educators, students, and citizens of North Dakota; and be it further

RESOLVED, that the Board extends its best wishes to Mike, and his wife, Sibley, for a long and happy retirement; and be it further

RESOLVED, that a copy of this Resolution be presented to Mr. Gessner, printed in the official TFFR Board minutes, and submitted to the National Council on Teacher Retirement, on behalf of the many lives he has so positively touched.

DATED this 26th day of April, 2018

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MR. LECH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE BOARD RESOLUTION.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER

ADJOURNMENT:

With no further business to come before the Board, President Gessner adjourned the meeting at 3:00 p.m.

Respectfully Submitted:

Mr. Rob Lech, Vice President
Teachers' Fund for Retirement Board

Missy Kopp
Reporting Secretary

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
JUNE 14, 2018, SPECIAL BOARD MEETING**

BOARD MEMBERS PRESENT: Rob Lech, Vice President
Mike Burton, Trustee (TeleCnf)
Toni Gumeringer, Trustee
Mel Olson, Trustee (Video)
Kelly Schmidt, State Treasurer

BOARD MEMBER ABSENT: Kirsten Baesler, State Supt. DPI

STAFF PRESENT: Fay Kopp, Deputy ED/CRO
Missy Kopp, Retirement Assistant
Sara Sauter, Audit Services Supvr
Shelly Schumacher, Retirement Program Mgr
Dottie Thorsen, Internal Auditor

OTHERS PRESENT: Nici Meyer, Attorney General's Office
Anders Odegaard, Attorney General's Office
Brian Barnett, APT, Inc.

CALL TO ORDER:

Mr. Rob Lech, Vice President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 9:02 a.m. on Thursday, June 14, 2018, at the Retirement and Investment Office (RIO), Bismarck, ND.

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

AGENDA:

The Board considered the agenda for the June 14 special meeting.

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MRS. GUMERINGER AND CARRIED BY A VOICE VOTE TO ACCEPT THE AGENDA AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER

RECORDS REQUEST, BENEFIT APPEAL #2018-1A:

Ms. Kopp stated that TFFR received a records request, via email, on May 14, 2018 regarding Board appeal #2018-1A which was considered at the March 22, 2018 TFFR Board meeting. The request was for any transcripts, records and minutes from the March 22, 2018 appeal before the Board.

The request was reviewed by Nici Meyer and Anders Odegaard from the Attorney General's Office. It was determined that the public open records may be provided to the member which included board agenda, board approved meeting minutes and audio recording of the open portions of the March 22, 2018 TFFR Board meeting. No transcript was created.

The Attorney General's Office determined that the confidential member records reviewed by the TFFR Board and the audio recording of the executive session regarding the member's appeal, would require approval by the TFFR Board to be released to the member or by a court order. The member must also provide a written release because the information is confidential.

The member provided written authorization on May 31, 2018.

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MRS. GUMERINGER AND CARRIED BY A ROLL CALL VOTE TO RELEASE THE REQUESTED CONFIDENTIAL MEMBER RECORDS FROM THE MARCH 22, 2018 MEETING INCLUDING THE AUDIO RECORDING OF THE EXECUTIVE SESSION REGARDING BENEFIT APPEAL #2018-1A TO THE MEMBER AND LEGAL COUNSEL.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER

Mrs. Kopp explained that the member also requested the agenda, minutes and audio for the June 14 Special Board Meeting regarding the appeal #2018-1A. The member included any future executive session audio and materials regarding the appeal in this request.

The agenda, minutes and audio from open portions of the June 14, 2018 Board meeting will be provided to the member. Mrs. Meyer advised that because the executive session for the June 14 meeting is for attorney consultation, the executive session audio recording and materials do not need to be released pursuant to NDCC 44-04-19.1 and 44-04-19.2.

Executive Session - Attorney Consultation and Discussion of Proposed Settlement Offer, Benefit Appeal #2018-1A:

Mr. Lech explained that agenda item #3, Attorney Consultation and discussion of Proposed Settlement Offer regarding TFFR Benefit Appeal #2018-1A, must be discussed in executive session. The legal authority for closing that portion of the meeting was NDCC 44-04-19.1.

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MRS. GUMERINGER AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION FOR ATTORNEY CONSULTATION.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER

The open session of the TFFR Special Board meeting ended at 9:15 a.m. Members of the public were asked to leave the room.

EXECUTIVE SESSION

The executive session started at 9:17 a.m.

Those in attendance at the executive session: Board members Rob Lech, Mike Burton, Toni Gumeringer, Mel Olson, and Treasurer Schmidt; RIO staff Fay Kopp, Shelly Schumacher, Missy Kopp, Dottie Thorsen and Sara Sauter, and from the Attorney General's Office Nici Meyers and Anders Odegaard.

The executive session ended at 9:42 a.m.

OPEN SESSION

The meeting resumed in open session at 9:43 a.m. after members of the public were invited back in.

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MRS. GUMERINGER AND CARRIED BY A ROLL CALL VOTE TO REJECT THE SETTLEMENT OFFER MADE BY THE APPELANT IN BENEFIT APPEAL #2018-1A.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: SUPT. BAESLER

ADJOURNMENT :

With no further business to come before the Board, Vice President Lech adjourned the meeting at 9:45 a.m.

Respectfully Submitted:

Mr. Rob Lech, Vice President
Teachers' Fund for Retirement Board

Missy Kopp
Reporting Secretary

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 19, 2018
SUBJ: Trustee Appointment

I am very happy to inform the Board of two appointments recently made by Governor Burgum:

- **Mel Olson** has been re-appointed to the TFFR Board of Trustees for a 5-year term (effective July 1, 2018-June 30, 2023). Mel has served on the TFFR Board as a retired member representative since 2013, and is a very dedicated, knowledgeable and respected trustee.
- **Cody Mickelson** has been appointed as an active member representative to the TFFR Board. He will complete the unexpired term of Mike Gessner (July 1, 2018 – June 30, 2021). Cody is a German Teacher at Jamestown High School, President and Lead Negotiator for Jamestown Education Association, and also serves on the ND Innovative Education Task Force.

A sincere thanks to both trustees for their commitment and service to ND public school educators.

BOARD INFORMATION ONLY. No board action requested.

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 19, 2018
SUBJ: Election of 2018-19 Officers

The TFFR Board is required by state law to elect officers at the first meeting of each fiscal year. For the 2018-19 year, the Board will need to elect:

- **TFFR Board President**
(Currently Vacant)
- **TFFR Board Vice President**
(Currently Rob Lech)
- **Three TFFR trustees to represent TFFR on the State Investment Board** to include one active administrator, one active teacher, one retired member
(Currently Rob Lech, Mel Olson, and Vacant)
- **One TFFR trustee from SIB to represent TFFR on SIB Audit Committee**
(Currently Vacant)
- **One TFFR trustee to serve as SIB alternate/designee**
(Currently Mike Burton)

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.*

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 19, 2018
SUBJ: TFFR Legislative Update

The [Legislative Employee Benefits Programs Committee](#) (LEBPC) has had two meetings in the past two months, and has scheduled their fall meeting.

- [May 2, 2018](#) – The Committee received presentations and considered bill drafts related to TFFR and PERS retirement and insurance plans. Because there was not a quorum of the Committee in attendance, the Committee was not able to take jurisdiction over the bill drafts.
- [June 12, 2018](#) – The Committee met briefly to take jurisdiction over various state retirement and insurance related bill drafts. Bill drafts will now be sent to plan actuaries for actuarial review and technical comments.
- [October 25-26, 2018](#) – Next scheduled LEBPC meeting to receive 2018 TFFR and PERS actuarial valuation reports. Committee will also review actuarial and technical comments, and take public comment on the bill drafts.

Here is a brief summary of the two bill drafts which impact the TFFR retirement program.

- [Bill Draft #126](#) – **submitted by TFFR Board**
Makes technical corrections required by IRS favorable determination letter. See Kopp testimony on Bill Draft #126.
- [Bill Draft #20](#) – **Submitted by Rep. Streyle**
Changes the powers and duties of the Legislative Employee Benefits Programs Committee. Legislators and legislative committees would no longer be required to submit proposed bills or amendments to this committee for review to ensure an actuarial study is done, although executive and judicial branch entities would need to continue doing so.

We have sent these two bill drafts to Segal for actuarial review. Once we receive their comments, the TFFR Board will discuss the bill drafts in more detail at the September board meeting.

BOARD INFORMATION ONLY. No Board action requested.

BILL NO.

Introduced by

(At the request of the Teachers' Fund for Retirement)

1 A BILL for an Act to amend and reenact section 15-39.1-34 of the North Dakota Century Code,
2 relating to Internal Revenue Code compliance.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 15-39.1-34 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **15-39.1-34. Internal Revenue Code compliance.**

- 7 1. The board shall administer the plan in compliance with section 415, section 401(a)(9),
8 section 401(a)(17), and section 401(a)(31) of the Internal Revenue Code, as
9 amended, and regulations adopted pursuant to those provisions as they apply to
10 governmental plans.
- 11 2. Pursuant to the rollover rules under section 401(a)(31) of the Internal Revenue Code,
12 a distributee may elect to have an eligible rollover distribution, as defined in section
13 402(f)(2)(A) of the Internal Revenue Code, paid in a direct rollover to an eligible
14 retirement plan, as defined in section 402(c)(8)(B) of the Internal Revenue Code,
15 specified by the distributee.
- 16 a. The definition of eligible retirement plan also applies in the case of a distribution
17 to an alternate payee under a qualified domestic relations order, as defined in
18 section 414(p) of the Internal Revenue Code.
- 19 b. Any portion of a distribution that consists of after-tax employee contributions not
20 included in gross income may not be transferred except to an individual
21 retirement account or individual retirement annuity described in section 408 or
22 408A of the Internal Revenue Code or to a qualified plan or an annuity contract
23 described in sections 401(a) and 403(b) of the Internal Revenue Code,
24 respectively, which agrees to separately account for such amounts, including

- 1 separately accounting for the portion of the distribution which is included in gross
2 income and the portion of the distribution which is not so included.
- 3 c. For purposes of this section, "distributee" includes a nonspouse beneficiary of a
4 deceased member; except in the case of a nonspouse beneficiary, the direct
5 rollover may be made only to an individual retirement account or individual
6 retirement annuity described in section 408 or 408A of the Internal Revenue
7 Code which is established on behalf of the nonspouse beneficiary and will be
8 treated as an inherited individual retirement account or inherited individual
9 retirement annuity pursuant to section 402(c)(11) of the Internal Revenue Code.

Bill Draft No. 126

Legislative Employee Benefits Programs Committee May 2, 2018

Fay Kopp, Chief Retirement Officer – ND Teachers’ Fund for Retirement
Deputy Executive Director – ND Retirement and Investment Office

Bill Draft No. 126 was submitted by the Teachers’ Fund for Retirement (TFFR) Board. The bill draft includes specific statutory language which is required by federal tax law in order for TFFR to maintain its status as a qualified governmental pension plan.

On March 17, 2017, the IRS made a favorable determination on the NDTFFR plan on the condition that certain proposed amendments are adopted in the 2019 legislative session. Bill draft No. 126 contains these amendments and reflects specific language required by the IRS.

TFFR is currently operating in compliance with all IRS requirements, so there will be no change in administrative processes. Tax implications regarding refunds, lump sum payments, and certain death benefits are detailed in a Special Tax Notice which is provided to all members considering taking a distribution from TFFR.

Bill No. 126 does not make any benefit, contribution, or plan design changes. The changes do not have an actuarial impact on the plan, and are not being submitted for funding improvement purposes.

Section 1. NDCC 15-39.1-34. Internal Revenue Code compliance.

- Provides clarification and additional detail on direct rollover provisions that apply to the NDTFFR plan, namely the limitations on direct rollovers that apply to after-tax employee contributions, definitions for eligible rollover distributions, eligible retirement plan, and distributee.

On behalf of the TFFR Board, I respectfully request that your Committee give the bill a favorable recommendation.

Thank you.

19.0020.01000

Sixty-sixth
Legislative Assembly
of North Dakota

BILL NO.

Introduced by

Representative Streyle

1 A BILL for an Act to amend and reenact section 54-35-02.4 of the North Dakota Century Code,
2 relating to the duties of the employee benefits programs committee.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 54-35-02.4 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **54-35-02.4. Employee benefits programs committee - Powers and duties.**

- 7 1. The employee benefits programs committee shall consider and report on those
8 legislative measures and proposals over which ~~the committee~~ takes jurisdiction and
9 ~~which affect, actuarially or otherwise, the retirement programs of state employees or~~
10 ~~employees of any political subdivision, and health and retiree health plans of state~~
11 ~~employees or employees of any political subdivision~~under this section. The committee
12 shall make a thorough review of ~~any~~a measure or proposal ~~over which the committee~~
13 ~~takes jurisdiction under its jurisdiction~~this section, including an actuarial review.
- 14 a. The committee shall take jurisdiction over a measure or proposal sponsored by
15 the judicial branch or an executive branch agency with bill introduction privileges
16 which affects, actuarially or otherwise, the retirement programs of state
17 employees or employees of any political subdivision or the health and retiree
18 health plans of state employees or employees of any political subdivision.
- 19 b. The committee shall take jurisdiction over anya measure or proposal ~~that~~
20 sponsored by the judicial branch or an executive branch agency with bill
21 introduction privileges which authorizes an automatic increase or other change in
22 benefits beyond the ensuing biennium which would not require legislative
23 approval. The committee ~~must~~shall include in the report of the committee a

- 1 statement that the proposal would allow future changes without legislative
2 involvement.
- 3 c. The committee shall report ~~its~~the committee's findings and recommendations,
4 along with any necessary legislation, to the legislative management ~~and to the~~
5 ~~legislative assembly.~~
- 6 2. To carry out ~~its~~the committee's responsibilities, the committee, or ~~its~~the committee's
7 designee, may:
- 8 a. Enter contracts, including retainer agreements, with an actuary or actuarial firm
9 for expert assistance and consultation. Each retirement, insurance, or retiree
10 insurance program shall pay, from ~~its~~the program's retirement, insurance, or
11 retiree health benefits fund, as appropriate, and without the need for a prior
12 appropriation, the cost of any actuarial report required by the committee which
13 relates to that program.
- 14 b. Call on personnel from state agencies or political subdivisions to furnish such
15 information and render such assistance as the committee may from time to time
16 request.
- 17 c. Establish rules for ~~its~~the committee's operation, including the submission and
18 review of proposals and the establishing of standards for actuarial review.
- 19 3. The committee may solicit draft measures and proposals from interested persons
20 during the interim between legislative sessions, and may also study measures and
21 proposals referred to ~~it~~the committee by the legislative assembly or the legislative
22 management. However, this subsection does not require a legislator or a legislative
23 committee to submit to the committee a draft measure or proposal for review.
- 24 4. Alf a measure over which the committee takes jurisdiction under this section is
25 introduced for consideration by a legislative assembly, a copy of the committee's
26 report concerning any~~the~~ legislative measure shall, ~~if that measure is introduced for~~
27 ~~consideration by a legislative assembly,~~must be appended to the copy of that measure
28 which is referred to a standing committee.
- 29 5. A~~The~~ judicial branch or an executive branch agency with bill introduction privileges
30 may not introduce a legislative measure affecting a ~~public employees retirement~~
31 ~~program, public employees health insurance program, or public employee retiree-~~

- 1 ~~health insurance program may not be introduced in either house~~over which the
2 ~~committee may have jurisdiction under subsection 1,~~ unless if the legislative measure
3 ~~is accompanied by a report from the committee~~ or the committee has determined the
4 ~~committee does not have jurisdiction.~~ A majority of the members of the committee,
5 acting through the chairman, has sole authority to determine whether ~~any legislative-~~
6 ~~measure affects a program~~the committee has jurisdiction under this section.
- 7 6. ~~Any amendment made during a legislative session to a legislative measure affecting a~~
8 ~~public employees retirement program, public employees health insurance program, or~~
9 ~~public employee retiree health insurance program may not be considered by a~~
10 ~~standing committee unless it is accompanied by a report from the employee benefits~~
11 ~~programs committee.~~
- 12 7. ~~Any legislation~~Legislation enacted in contravention of this section is invalid and of no
13 force and effect, and any benefits provided under such legislation must be reduced to
14 the level current ~~prior to~~before enactment.

Retirement & Investment Office Overview

Investment Update: Teachers' Fund for Retirement (TFFR) and Public Employees Retirement System (PERS)

Employee Benefits Programs Committee

May 2, 2018

Dave Hunter, Executive Director / CIO

Fay Kopp, Deputy Executive Director / Chief Retirement Officer

Retirement & Investment Office (RIO)

State Investment Board (SIB)

Retirement & Investment Office (RIO) – Background

RIO was created by the 1989 Legislative Assembly to capture administrative and investment cost savings in the management of TFFR's retirement program and the SIB investment program.

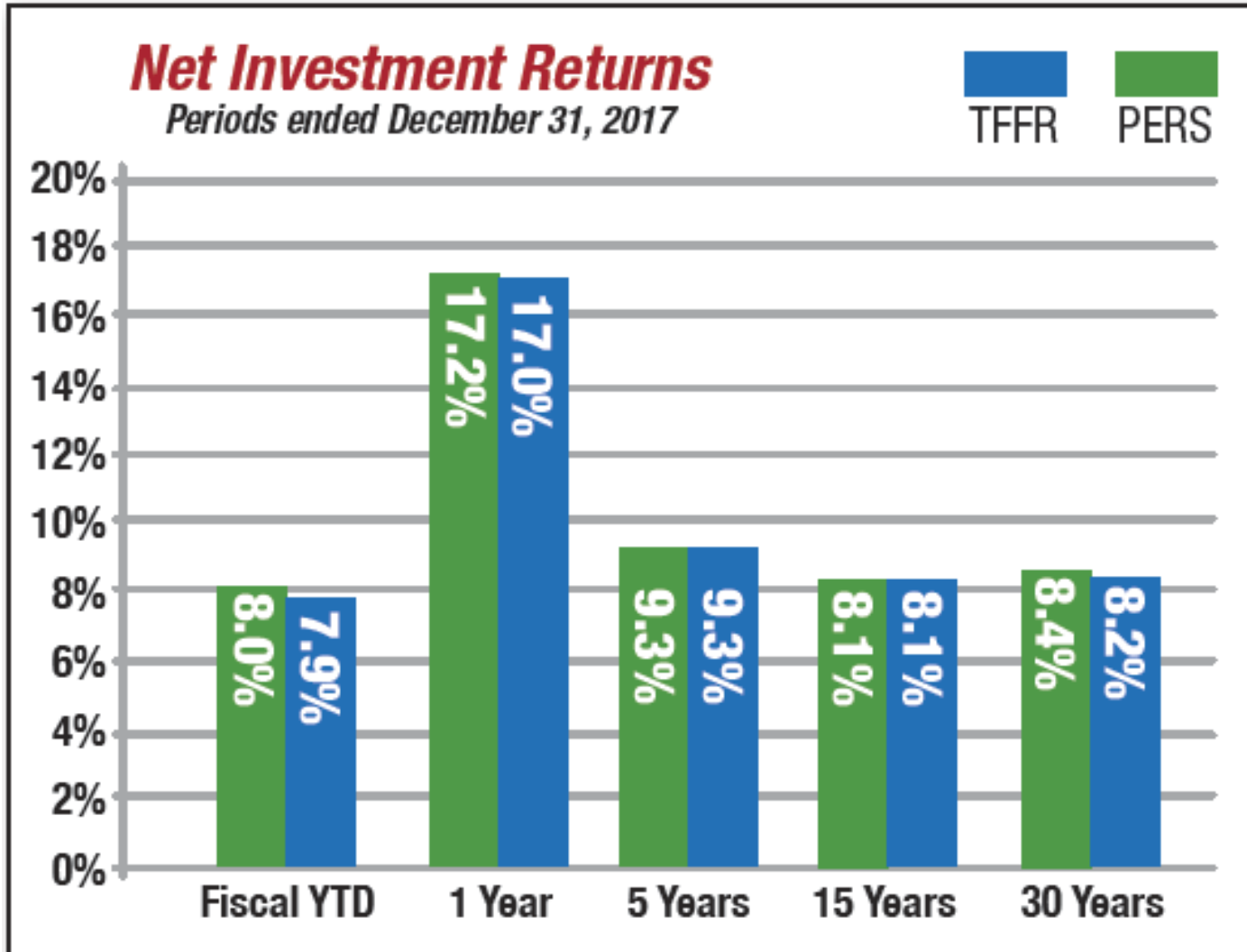
RIO is a Special Fund agency which serves the:

1. SIB, which oversees \$13.5 billion of investments for 15 clients including TFFR, PERS, Legacy Fund, OMB and Workforce Safety & Insurance; and
2. TFFR, which oversees pension benefit administration for nearly 20,000 North Dakota teachers, retirees and their designated beneficiaries.

SIB Client Overview:

- The SIB and RIO serve 16 client boards including TFFR, PERS, City of Bismarck Employee Pension Plan, City of Bismarck Police Pension Plan, City of Grand Forks Employee Pension Plan and City of Grand Forks Park District Pension Plan within the Pension Trust. Non-Pension Trust clients include WSI, Insurance Commission, Risk Management, NDACO, Council on the Arts, Board of Medical Examiners, City of Fargo (Fargo Dome), OMB, Parks & Recreation (L&C Center) and the Legacy and Budget Stabilization Fund Advisory Board.
- Since June 30, 2013, SIB client investments have experienced dramatic growth and increased by 80% (or \$6 billion) in less than 5-years.

TFFR and PERS – Net Investment Return Update



Interim Investment Update as of April 30, 2018:

TFFR and PERS net investment returns are estimated to approximate 8% for the 10 months ended April 30, 2018.

These estimates are deemed to be materially accurate, but are unaudited and subject to change.

RIO estimates that actual net returns exceed their policy benchmarks by approximately 1% for the 10 months ended April 30, 2018.

SIB Facts

- 1) SIB and TFFR client satisfaction ratings remain solid at 3.6 for the SIB and 3.8 for TFFR (on a 4.0 scale).
- 2) SIB investments increased by \$1.9 billion or 17% in 2017 due to favorable economic conditions and \$424 million of Legacy Fund oil and gas tax deposits.
- 3) Net investment income exceeded \$1.7 billion in 2017 including \$640 million for the Legacy Fund, \$800 million for PERS and TFFR and \$195 million for WSI.
- 4) SIB client investment returns surpassed their performance benchmark by over 1% in 2017 and over 0.60% over the last 5-years (after fees and expenses).
- 5) RIO conservatively estimates that net investment returns exceeded approved performance benchmarks by \$120 million in 2017 (e.g. \$12 billion x 1%) and \$300 million (e.g. \$10 billion x 0.60% x 5 yrs.) for the 5-years ended 12/31/2017.
- 6) The SIB's commitment to developing strategic partnerships with major institutional investment firms have paid significant dividends and reduced fees (as a % of investments) from 0.65% in 2013 to 0.46% in 2017. This 0.19% reduction translates into over \$20 million of annual fee savings. The SIB earns more than a 2-for-1 return on every \$ spent on investment fees.
- 7) If the SIB and RIO can improve investment returns by 0.01%, we increase our client investment income by \$1.3 million (e.g. \$13 billion x 0.01% = \$1.3 million).

State Investment Board – Client Assets Under Management

As of 12/31/17, 6/30/17 and 12/31/16

<u>Fund Name</u>	<u>Market Values as of 12/31/17 ⁽¹⁾</u>	<u>Market Values as of 6/30/17 ⁽²⁾</u>	<u>Market Values as of 12/31/16 ⁽¹⁾</u>
Pension Trust Fund			
Public Employees Retirement System (PERS)	2,994,979,615	2,781,347,059	2,563,018,948
Teachers' Fund for Retirement (TFFR)	2,473,097,233	2,318,214,336	2,147,574,445
City of Bismarck Employees Pension	98,190,912	91,954,163	85,523,410
City of Grand Forks Employees Pension	65,631,836	63,392,385	58,008,561
City of Bismarck Police Pension	39,669,311	38,136,784	35,374,745
Grand Forks Park District	6,632,313	6,160,568	5,871,117
Subtotal Pension Trust Fund	5,678,201,220	5,299,205,294	4,895,371,226
Insurance Trust Fund			
Workforce Safety & Insurance (WSI)	1,941,922,235	1,894,614,793	1,825,110,509
City of Fargo FargoDome Permanent Fund	44,602,637	41,634,919	33,312,203
Budget Stabilization Fund	38,399,123	6,127,845	103,537,937
PERS Group Insurance Account	35,284,686	37,500,315	36,834,347
State Fire and Tornado Fund	23,591,124	22,008,326	22,545,969
Petroleum Tank Release Compensation Fund	6,493,334	6,396,410	6,842,054
State Risk Management Fund	5,298,651	5,781,004	6,246,768
State Risk Management Workers Comp Fund	5,335,413	5,534,627	5,748,688
ND Association of Counties (NDACo) Fund	5,937,947	4,383,922	4,164,771
State Bonding Fund	3,428,672	3,374,398	3,292,172
ND Board of Medicine	2,242,647	2,179,911	2,258,841
Insurance Regulatory Trust Fund	1,254,637	5,289,165	1,477,615
Bismarck Deferred Sick Leave Account	733,682	698,132	661,093
Cultural Endowment Fund	459,249	431,471	406,389
Subtotal Insurance Trust Fund	2,114,984,037	2,035,955,239	2,052,439,356
Legacy Trust Fund			
Legacy Fund	5,252,300,943	4,687,963,730	4,189,334,992
PERS Retiree Insurance Credit Fund	125,251,245	116,150,947	106,879,605
Job Service of North Dakota Pension	98,324,290	97,332,819	95,685,427
ND Tobacco Prevention and Control Trust Fund	58,139,612	57,462,736	50,509,542
Total Assets Under SIB Management	13,327,201,347	12,294,070,765	11,390,220,148

⁽¹⁾ Market values are unaudited and subject to change.

⁽²⁾ 6/30/17 market values as stated in the Comprehensive Annual Financial Report.

- ▶ **SIB client assets grew by 17% or \$1.9 billion in 2017 largely due to \$1.7 billion of net investment income including \$640 million for Legacy, \$440 million for PERS, \$360 million for TFFR and \$195 million for WSI.**
- ▶ **The Pension Trust posted a net return of 17.1% in the last year.** During the last 5-years, the Pension Trust generated a net annualized return of 9.3%, exceeding the performance benchmark of 8.2%.
- ▶ **The Insurance Trust generated a net return of 10.5% in the last year.** During the last 5-years, the Insurance Trust posted a net annualized return of 5.5%, exceeding the performance benchmark of 4.1%.
- ▶ **Legacy Fund generated a net return of 14.6% last year, exceeding its policy benchmark.** During the last 5-years, Legacy Fund earned a net annualized return of 6.0%, exceeding the performance benchmark of 5.0%.
- ▶ **SIB client assets totaled approximately \$13.3 billion as of December 31, 2017, based on unaudited valuations.**

North Dakota State Investment Board Clients
Investment Performance (Net of Fees)
As of June 30, 2017

Fund Name	Market Values as of 6/30/17	Fiscal 2017	Investment Performance (net of fees)									
			Fiscal Years ended June 30					Periods ended 6/30/17 (annualized)				
			2016	2015	2014	2013	2012	3 Years	5 Years	10 Years	15 Years	30 Years
Pension Trust Fund												
Teachers' Fund for Retirement (TFFR)	2,318,214,334	12.93%	0.28%	3.52%	16.53%	13.57%	-1.12%	5.44%	9.18%	3.81%	7.03%	7.84%
Public Employees Retirement System (PERS)	2,781,347,058	13.05%	0.28%	3.53%	16.38%	13.44%	-0.12%	5.48%	9.16%	4.28%	7.21%	7.85%
City of Bismarck Employees Pension	91,954,165	11.56%	0.82%	3.69%	14.56%	12.41%	1.57%	5.26%	8.47%	4.68%	7.09%	*
City of Bismarck Police Pension	38,136,784	12.24%	0.32%	3.56%	15.27%	13.03%	1.31%	5.26%	8.72%	4.53%	7.08%	*
City of Grand Forks Employees Pension	63,392,384	12.84%	0.11%	3.53%	16.33%	14.01%	1.09%	5.36%	9.18%	*	*	*
Park District of the City of Grand Forks Pension	6,160,568	12.74%	0.36%	4.22%	16.44%	14.43%	0.86%	5.65%	9.46%	*	*	*
Subtotal Pension Trust Fund	5,299,205,292											
Insurance Trust Fund												
Workforce Safety & Insurance (WSI)	1,894,614,791	8.29%	3.58%	3.26%	11.71%	8.31%	6.17%	5.02%	6.98%	5.46%	6.26%	*
State Fire and Tornado Fund	22,008,326	9.30%	2.67%	3.16%	12.78%	10.59%	4.93%	5.00%	7.62%	5.57%	6.45%	*
State Bonding Fund	3,374,399	2.40%	3.48%	1.25%	4.06%	2.96%	5.31%	2.37%	2.83%	1.13%	3.60%	*
Petroleum Tank Release Compensation Fund	6,396,410	2.23%	3.17%	1.13%	3.68%	2.47%	4.84%	2.18%	2.53%	0.86%	3.29%	*
Insurance Regulatory Trust Fund	5,289,164	7.40%	1.46%	2.04%	9.88%	8.49%	2.82%	3.60%	5.80%	4.27%	5.38%	*
State Risk Management Fund	5,781,003	8.27%	4.46%	4.08%	12.29%	10.19%	7.63%	5.59%	7.81%	6.30%	6.61%	*
State Risk Management Workers Comp Fund	5,534,628	9.41%	4.21%	4.57%	13.68%	11.61%	7.40%	6.04%	8.63%	6.47%	*	*
Cultural Endowment Fund	431,470	12.71%	2.18%	5.22%	16.94%	15.58%	4.65%	6.62%	10.37%	6.05%	*	*
Budget Stabilization Fund	6,127,844	0.80%	1.82%	1.86%	1.94%	1.87%	2.03%	1.49%	1.66%	1.68%	*	*
ND Counties	4,383,920	8.30%	2.76%	2.77%	11.61%	9.46%	1.69%	4.58%	6.92%	4.06%	5.87%	*
Bismarck Deferred Sick Leave Account	698,131	8.85%	3.26%	2.95%	12.32%	9.83%	5.69%	4.99%	7.38%	5.80%	6.54%	*
City of Fargo FargoDome Permanent Fund	41,634,918	12.25%	1.19%	3.38%	16.34%	13.46%	3.14%	5.50%	9.16%	5.81%	*	*
State Board of Medicine Fund	2,179,911	5.29%	1.63%	2.70%	*	*	*	3.20%	*	*	*	*
PERS Group Insurance Account	37,500,315	0.08%	1.49%	0.01%	0.06%	0.27%	0.24%	0.53%	0.38%	0.73%	1.48%	*
Subtotal Insurance Trust Fund	2,035,955,231											
Legacy Fund	4,687,963,729	12.03%	1.06%	3.31%	6.64%	1.15%	*	5.36%	*	*	*	*
Job Service of North Dakota Pension	97,332,820	5.63%	5.45%	3.30%	13.54%	11.71%	3.09%	4.79%	7.85%	5.02%	7.01%	*
Tobacco Control and Prevention Fund	57,462,736	1.66%	*	*	*	*	*	*	*	*	*	*
PERS Retiree Health Insurance Credit Fund	116,150,947	11.81%	0.72%	3.06%	16.53%	12.71%	2.62%	5.09%	8.80%	4.69%	6.55%	*
Total Assets Under SIB Management	\$ 12,294,070,755											

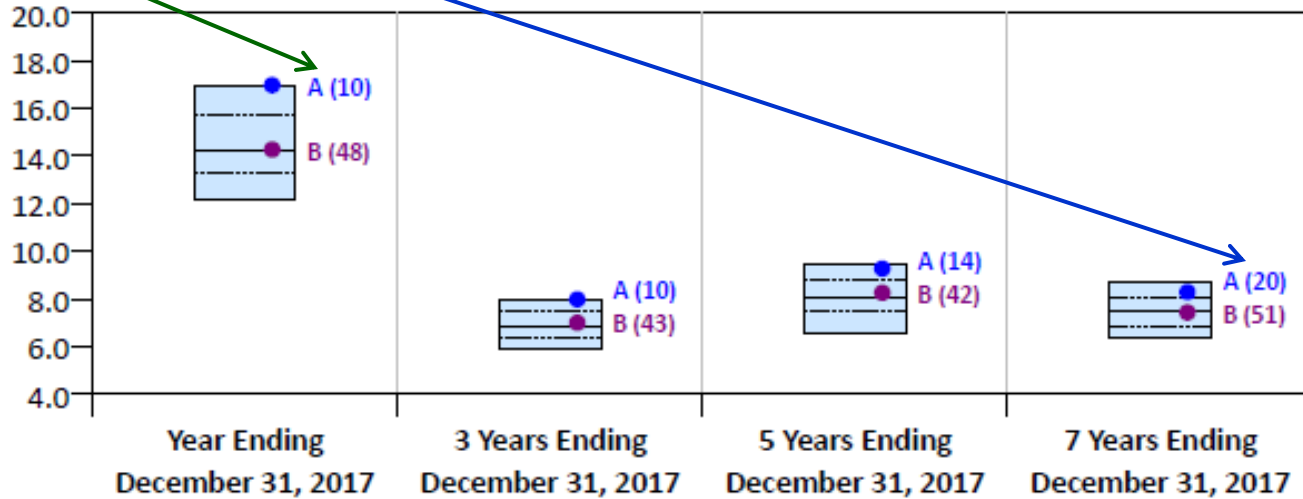
* These funds do not have the specified periods of history under SIB management.



Note: Asset allocation largely drives investment performance. Each fund has a unique allocation that takes into consideration return objectives, risk tolerance, liquidity constraints, and unique circumstances. Such considerations must be taken into account when comparing investment returns. **All figures are preliminary and subject to revision.**

TFFR Net Returns have improved (by increasing) from the 20th percentile to 10th percentile.

**Net of Fee Returns
for Periods Ended December 31, 2017
Group: Callan Public Fund Sponsor Database**

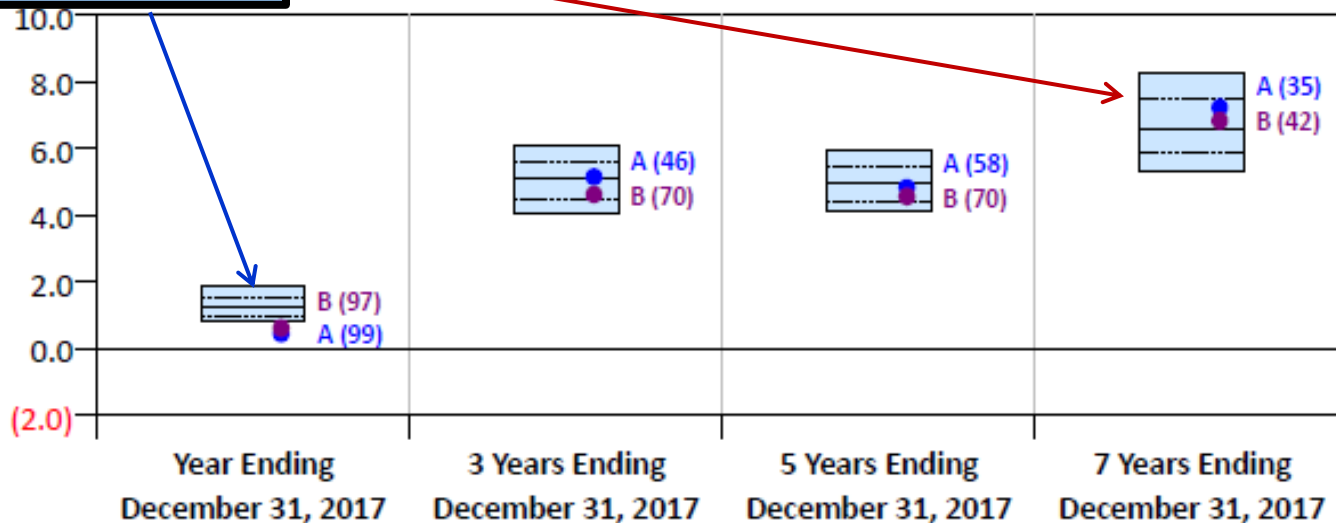


	Year Ending December 31, 2017	3 Years Ending December 31, 2017	5 Years Ending December 31, 2017	7 Years Ending December 31, 2017
10th Percentile	16.9	8.0	9.5	8.7
25th Percentile	15.7	7.5	8.8	8.0
Median	14.2	6.9	8.1	7.5
75th Percentile	13.3	6.4	7.5	6.9
90th Percentile	12.2	5.9	6.6	6.4
Member Count	153	150	146	138
Total Fund-TFFR ● A	17.0	8.0	9.3	8.3
NDSIB TFFR Target ● B	14.3	7.0	8.3	7.5

The “Floating Bar Charts” shown above contain horizontal lines at 10th, 25th, 50th, 75th and 90th percentile. As example, TFFR ranked in the 10th percentile (designated with a blue A and # 10) in the first column, while the median return for peers (of 14.2) was at the 50th percentile for the “Year Ending 12/31/2017”.

TFFR “Risk” has improved (by declining) from the 35th percentile to 99th percentile.

**Net of Fee Standard Deviation
for Periods Ended December 31, 2017
Group: Callan Public Fund Sponsor Database**



	Year Ending December 31, 2017	3 Years Ending December 31, 2017	5 Years Ending December 31, 2017	7 Years Ending December 31, 2017
10th Percentile	1.9	6.1	6.0	8.3
25th Percentile	1.6	5.6	5.5	7.5
Median	1.2	5.1	5.0	6.6
75th Percentile	1.0	4.5	4.4	5.9
90th Percentile	0.8	4.1	4.1	5.3
Member Count	153	150	146	138
Total Fund-TFFR	● A 0.5	5.2	4.8	7.2
NDSIB TFFR Target	● B 0.6	4.6	4.6	6.8

Key: Most investors prefer risk, as measured by standard deviation, to be lower.

Agency Considerations

- **Since June 30, 2013, SIB client investments have experienced dramatic growth and increased by 80% (or \$6 billion) in less than 5-years.**
- **RIO has delivered high customer service and strong investment returns in recent years while benefitting from dramatic client asset growth.**
- **In order to improve operation efficiency and maintain favorable investment performance, RIO seeks to enhance its existing investment risk management framework and use of more current IT systems. This may require additional FTE such as a Senior Investment Risk (Fee) Officer and/or a major systems upgrade to continue to generate significant fee savings while improving our overall internal control environment as our investment base continues to grow.**
- **It is important to emphasize that RIO is a Special Fund agency and received no funding from the General Fund or any other Federal or State Agency.**
- **RIO serves the SIB which oversees \$13.5 billion of client investments and has been responsible for generating consistently strong above market returns over the last 5-years, while driving down investment costs by over \$20 million/year.**
- **SIB clients have earned a 2-for-1 return on investment fees the last 5-years.**

TFFR Investment Update

For the Periods Ended March 31, 2018 and May 31, 2018

July 20, 2018

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
Connie Flanagan, Fiscal and Investment Operations Manager
ND Retirement & Investment Office (RIO)
State Investment Board (SIB)

TFFR Investment Ends – March 31, 2018

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 3/31/2018	1 Yr Ended 3/31/2018	3 Yrs Ended 3/31/2018	5 Yrs Ended 3/31/2018	Risk 5 Yrs Ended 3/31/2018	Risk Adj Excess Return 5 Yrs Ended 3/31/2018
Total Fund Return - Net	8.0%	12.2%	7.2%	8.3%	4.8%	0.51%
Policy Benchmark Return	6.6%	10.1%	6.3%	7.3%	4.5%	
Excess Return (Actual > Expected)	1.4%	2.1%	0.9%	1.0%	107%	
<i>Estimated Incremental Return (Actual > Expected by 0.50%)</i>		\$12 million	\$33 million	\$50 million		

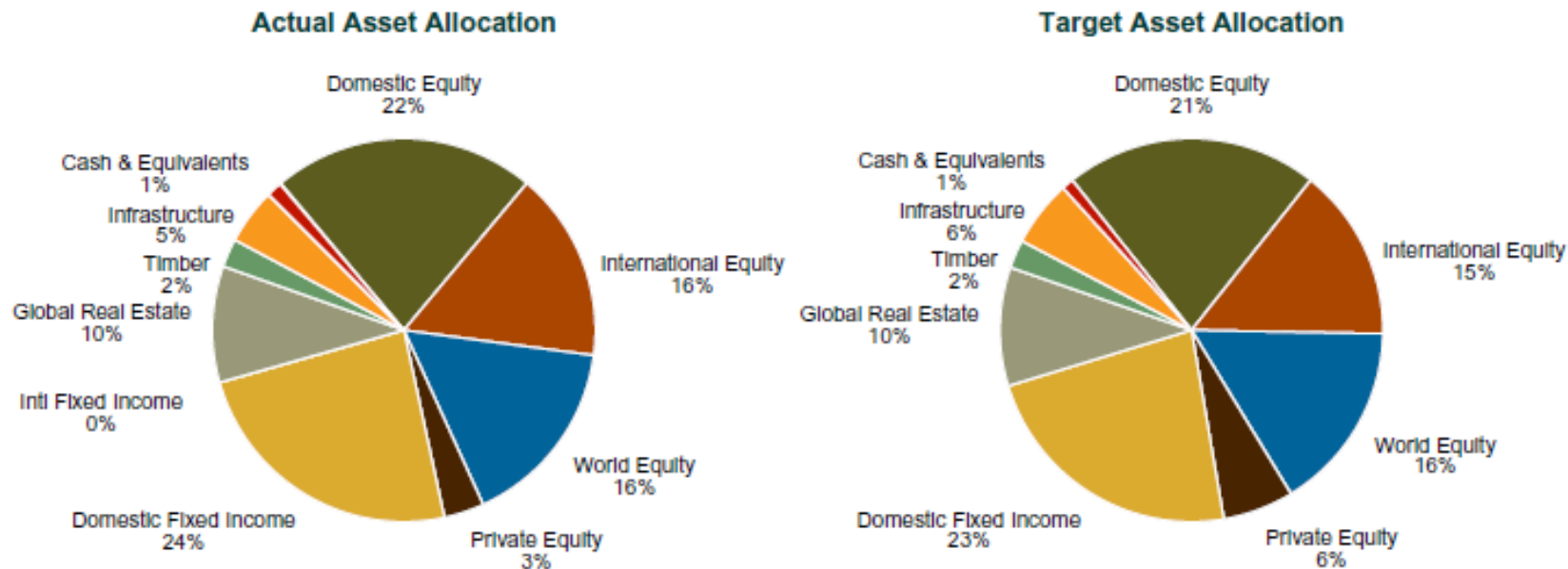


Key Point: TFFR investments have averaged over **\$2 billion** during the last 5-years and Excess Return has averaged over **0.50%** per annum. Based on these conservative values, **TFFR’s use of active management has enhanced Net Investment Returns by \$50 million for the 5-years ended March 31, 2018** (or $\$2 \text{ billion} \times 0.50\% = \$10 \text{ million} \times 5 \text{ years} = \50 million). This Excess Return has been achieved while adhering to prescribed **Risk** limits (e.g. **107%** versus a policy limit of 115%).

Current Policy Benchmark: 58% Equity (31% U.S., 21% Non-U.S., 6% Private); 23% Fixed Income (16% U.S., 7% High Yield); 18% Real Assets (10% Real Estate; 5.6% Infrastructure; 2.4% Timber); and 1% Cash.

Actual Asset Allocations are within 3% of Target

The **Private Equity Underweight of 2.6%** is offset by **Overweight** allocations to **Domestic Equity of 0.8%**, **International Equity of 1.4%** and **World Equity of 0.1%**.



Asset Class	\$Dollars Actual	Weight Actual	Target	Percent Difference	Difference
Domestic Equity	546,980,228	22.2%	21.4%	0.8%	19,164,686
International Equity	394,665,861	16.0%	14.6%	1.4%	34,567,389
World Equity	398,305,986	16.1%	16.0%	0.1%	3,677,527
Private Equity	83,751,011	3.4%	6.0%	(2.6%)	(64,234,661)
Domestic Fixed Income	593,057,636	24.0%	23.0%	1.0%	25,779,241
Intl Fixed Income	149	0.0%	0.0%	0.0%	149
Global Real Estate	242,274,419	9.8%	10.0%	(0.2%)	(4,368,377)
Timber	59,270,344	2.4%	2.4%	0.0%	76,074
Infrastructure	115,393,909	4.7%	5.6%	(0.9%)	(22,726,059)
Cash & Equivalents	32,728,380	1.3%	1.0%	0.3%	8,064,101
Total	2,466,427,922	100.0%	100.0%		

Asset Class Performance

Periodic Table of Investment Returns
for Periods Ended March 31, 2018

Best



Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
MSCI:EM Gross 1.5%	MSCI:EM Gross 25.4%	S&P:500 10.8%	S&P:500 13.3%	Russell:2000 Index 9.8%	MSCI:EM Gross 13.2%
3 Month T-Bill 0.4%	MSCI:EAFE 14.8%	MSCI:EM Gross 9.2%	Russell:2000 Index 11.5%	S&P:500 9.5%	Russell:2000 Index 11.5%
Russell:2000 Index (0.1%)	S&P:500 14.0%	Russell:2000 Index 8.4%	MSCI:EAFE 6.5%	Blmbg:Aggregate 3.6%	S&P:500 10.1%
S&P:500 (0.8%)	Russell:2000 Index 11.8%	MSCI:EAFE 5.6%	MSCI:EM Gross 5.4%	MSCI:EM Gross 3.4%	MSCI:EAFE 8.6%
Blmbg:Commodity Price Idx (0.8%)	Blmbg:Commodity Price Idx 2.5%	Blmbg:Aggregate 1.2%	Blmbg:Aggregate 1.8%	MSCI:EAFE 2.7%	Blmbg:Aggregate 3.9%
Blmbg:Aggregate (1.5%)	Blmbg:Aggregate 1.2%	3 Month T-Bill 0.5%	3 Month T-Bill 0.3%	3 Month T-Bill 0.3%	3 Month T-Bill 1.3%
MSCI:EAFE (1.5%)	3 Month T-Bill 1.1%	Blmbg:Commodity Price Idx (3.8%)	Blmbg:Commodity Price Idx (8.6%)	Blmbg:Commodity Price Idx (8.0%)	Blmbg:Commodity Price Idx (1.7%)

Worst

Emerging Market Equities (MSCI EM) returned 25% for the 1-year ended March 31, 2018, while International Equities (MSCI EAFE) and U.S. Large Cap (S&P 500) were up over 14% and U.S. Small Cap (Russell 2000) was up 12% last year while U.S. Fixed Income (Blmbg. Aggregate) returned 1.2%.

Global Equity, Fixed Income and Real Asset Valuations

Asset Class Allocation

	March 31, 2018		Net New Inv.	Inv. Return	December 31, 2017	
	Market Value	Weight			Market Value	Weight
GLOBAL EQUITY	\$1,423,703,085	57.72%	\$(30,747,899)	\$(4,024,635)	\$1,458,475,618	58.97%
Domestic Equity	\$546,980,228	22.18%	\$(13,408,521)	\$(979,378)	\$561,368,126	22.70%
Large Cap	420,060,346	17.03%	(15,301,291)	(1,546,011)	436,907,647	17.67%
Small Cap	126,919,882	5.15%	1,892,770	566,633	124,460,479	5.03%
International Equity	\$394,665,861	16.00%	\$3,827,054	\$(96,486)	\$390,935,293	15.81%
Developed Intl Equity	307,001,985	12.45%	2,327,054	(2,018,121)	306,693,052	12.40%
Emerging Markets	87,663,876	3.55%	1,500,000	1,921,635	84,242,241	3.41%
World Equity	\$398,305,986	16.15%	\$(20,150,624)	\$(6,745,063)	\$425,201,673	17.19%
Private Equity	\$83,751,011	3.40%	\$(1,015,808)	\$3,796,292	\$80,970,527	3.27%
GLOBAL FIXED INCOME	\$593,057,785	24.05%	\$29,938,833	\$3,129,144	\$559,989,808	22.64%
Fixed Income Comp	\$593,057,636	24.05%	\$150,239,424	\$114,278	\$442,703,933	17.90%
Investment Grade Fixed	424,361,798	17.21%	119,537,644	(994,519)	305,818,673	12.37%
Below Inv. Grade Fixed Income	168,695,838	6.84%	30,701,781	1,108,798	136,885,260	5.53%
International Fixed Income	\$149	0.00%	\$(120,300,591)	\$3,014,866	\$117,285,874	4.74%
GLOBAL REAL ASSETS	\$416,938,672	16.90%	\$2,845,115	\$4,390,983	\$409,702,574	16.57%
Real Estate	242,274,419	9.82%	5,809,874	2,268,559	234,195,986	9.47%
Timber	59,270,344	2.40%	(857,648)	(747,445)	60,875,438	2.46%
Infrastructure	115,393,909	4.68%	(2,107,111)	2,869,869	114,631,151	4.64%
Cash & Equivalents	\$32,728,380	1.33%	\$(12,356,742)	\$155,254	\$44,929,868	1.82%
Securities Lending Income	\$0	0.00%	\$(34,077)	\$34,077	-	-
Total Fund	\$2,466,427,922	100.0%	\$(10,354,769)	\$3,684,823	\$2,473,097,868	100.0%

Actual versus Benchmark Return Comparisons – Equity

TFFR's Global Equities earned 16.4% for the 1-year ended March 31, 2018, which surpassed its performance benchmark by over 2% largely due to strong returns within the Emerging Markets and International sectors.

Global Fixed Income earned 5.8% over the last year largely due to solid returns in high yield and several private credit mandates.

Global Real Assets were mixed with Real Estate and Infrastructure earning 8.3% and 12.5%, respectively, for the 1-year ended March 31, 2018. **Timber valuations were poor and declined 3%.**

Every major asset class outperformed their respective benchmarks for the 1, 3, and 5 years ended March 31, 2018.

The current level of outperformance exceeds long-term expectations.

	Target Allocation	1-year	3-years	5-years
Global Equity	58%			
- Actual		16.4%	8.5%	10.2%
- Benchmark		<u>14.3%</u>	<u>7.7%</u>	<u>9.3%</u>
		2.1%	0.8%	0.9%
Global Fixed Income	23%			
- Actual		5.8%	3.7%	4.1%
- Benchmark		<u>4.0%</u>	<u>2.1%</u>	<u>2.6%</u>
		1.8%	1.6%	1.5%
Global Real Assets	18%			
- Actual		7.5%	7.0%	8.1%
- Benchmark		<u>5.2%</u>	<u>5.7%</u>	<u>6.8%</u>
		2.3%	1.3%	1.3%
Cash Equivalents	1%			
- Actual		1.2%	0.7%	0.4%
- Benchmark		<u>1.1%</u>	<u>0.5%</u>	<u>0.3%</u>
		0.1%	0.2%	0.1%
TFFR - Total Fund	100%			
- Actual		12.2%	7.2%	8.3%
- Benchmark		<u>10.1%</u>	<u>6.3%</u>	<u>7.3%</u>
		2.1%	0.9%	1.0%

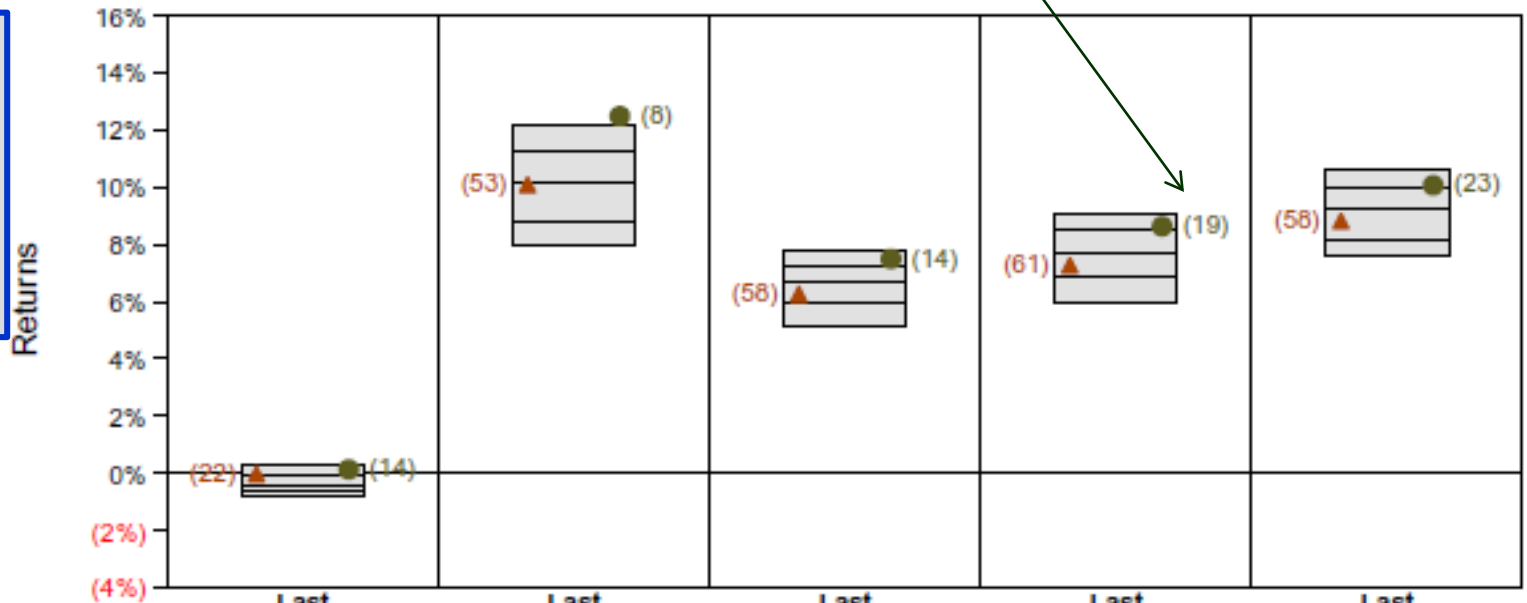


TFFR's "gross" returns were ranked in the 19th percentile for the 5-years ended March 31, 2018, based on Callan's "Public Fund Sponsor Database".

Callan Public Fund Sponsor Database

Unadjusted Ranking

NOTE: TFFR's asset allocation adjusted ranking was in the 6th and 17th percentiles for the 1 and 5-years ended March 31, 2018.

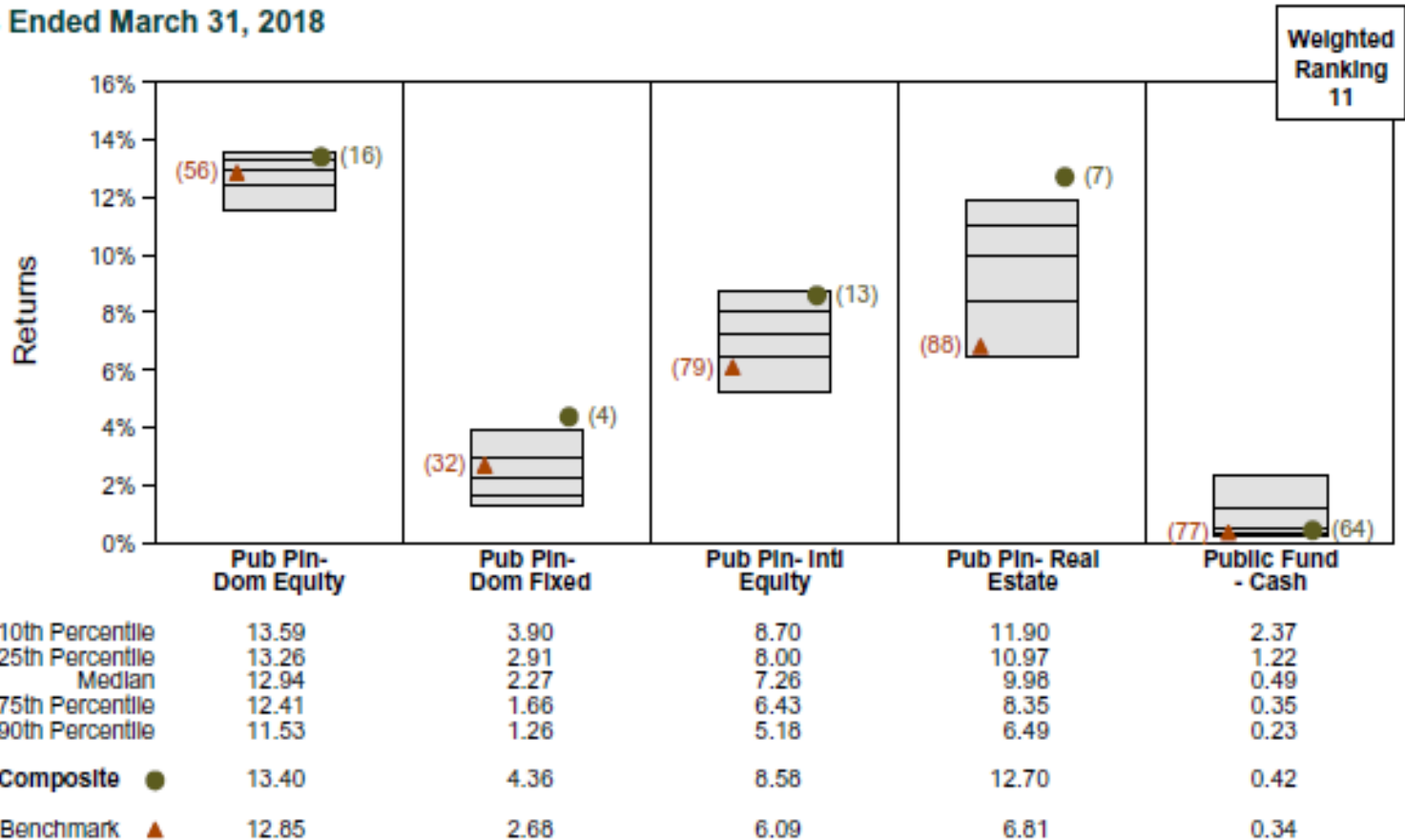


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7-3/4 Years
10th Percentile	0.30	12.18	7.75	9.08	10.62
25th Percentile	(0.08)	11.29	7.21	8.55	10.02
Median	(0.39)	10.21	6.66	7.67	9.24
75th Percentile	(0.62)	8.84	5.96	6.86	8.18
90th Percentile	(0.75)	7.95	5.16	5.95	7.60
Total Fund ●	0.14	12.49	7.50	8.64	10.07
Policy Target ▲	(0.02)	10.10	6.28	7.28	8.82

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% Bimbg Aggregate, 16.0% MSCI World, 11.8% MSCI World ex US, 10.0% NCREIF Total Index, 7.0% Bimbg HY 2% Iss Cap, 6.0% NDSIB TFFR - Private Equity, 5.6% CPI-W, 4.8% Russell 2000 Index, 2.8% MSCI EM, 2.4% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

SIB Pension Trust managers performed well in the public markets the last 5 years, but were challenged in private equity and timber.

**Total Asset Class Performance
Five Years Ended March 31, 2018**



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

TFFR Net Returns for 11 Months Ended May 31, 2018

TFFR earned 9.3% for the 11 months ended May 31, 2018, beating the Policy Benchmark of 7.7% by 1.6%.

Equity markets were strong with TFFR Global and International Equities up 12%, while U.S. Equities were up 15% for the 11 months ended May 31, 2018. Our Private Equity portfolio only earned 1.9%.

	May-18			Current Fiscal YTD		Prior Year FY17	
	Market Value	Actual	Policy	Gross ⁽⁴⁾	Net	Gross ⁽⁴⁾	Net
TOTAL FUND	2,490,948,641	100.0%	100.0%	9.56%	9.31%	13.22%	12.92%
POLICY TARGET BENCHMARK				7.72%	7.72%	11.63%	11.63%
TOTAL RELATIVE RETURN				1.84%	1.59%	1.60%	1.29%
GLOBAL EQUITIES Benchmark	1,447,155,626	58.1%	58.0%	13.14%	12.89%	19.10%	18.81%
Epoch Global Choice (1)	180,323,334	7.2%	7.0%	15.19%	14.48%	17.71%	16.96%
LSV Global Value Equity	223,283,828	9.0%	9.0%	10.65%	10.44%	23.50%	23.29%
Total Global Equities	403,607,162	16.2%	16.0%	12.64%	12.23%	21.01%	20.57%
MSCI World				11.14%	11.14%	18.20%	18.20%
Domestic - broad Benchmark	568,149,561	22.8%	21.5%	15.50%	15.30%	17.35%	17.07%
Large Cap Domestic				14.51%	14.51%	19.56%	19.56%
LA Capital Large Cap Growth	171,922,759	6.9%	6.6%	18.67%	18.42%	15.90%	15.66%
Russell 1000 Growth				21.34%	21.34%	20.42%	20.42%
LA Capital 60% Large Cap/40% Large Cap Active Extension	90,092,820	3.6%	3.3%	11.46%	11.35%	15.56%	15.44%
Russell 1000				13.80%	13.80%	18.03%	18.03%
NTAM - Quant Enhanced S&P 500	86,218,351	3.5%	3.3%	14.47%	14.47%	16.51%	16.51%
Clifton Group Enhanced S&P 500	85,506,393	3.4%	3.3%	12.61%	12.59%	17.97%	17.72%
S&P 500				13.68%	13.68%	17.90%	17.90%
Total Large Cap Domestic	433,740,324	17.4%	16.6%	15.14%	15.02%	16.36%	16.20%
Russell 1000 (2)				13.80%	13.80%	18.03%	18.03%
Small Cap Domestic							
Atlanta Capital Small Cap Equity Fund	67,560,394	2.7%	2.4%	16.53%	15.72%	15.83%	14.98%
Clifton Group Enhanced Russell 2000	66,848,844	2.7%	2.4%	16.39%	16.27%	24.97%	24.44%
Total Small Cap Domestic	134,409,238	5.4%	4.8%	16.61%	16.16%	20.74%	20.08%
Russell 2000				16.73%	16.73%	24.60%	24.60%
International - broad Benchmark	393,090,911	15.8%	14.5%	12.81%	12.61%	21.37%	21.17%
Developed International				9.15%	9.15%	20.33%	20.33%
NTAM - MSCI World ex-US Index	146,276,247	5.9%	5.9%	8.51%	8.47%	19.94%	19.92%
MSCI World Ex US				8.23%	8.23%	19.49%	19.49%
William Blair International Leaders	82,443,982	3.3%	3.5%	17.44%	17.03%	20.15%	19.77%
MSCI ACWI ex-US IMI (Net)				9.95%	9.95%	20.43%	20.43%
DFA Intl. Small Cap Value Portfolio (4)	40,198,998	1.6%	1.2%	8.17%	8.17%	28.80%	28.80%
Wellington International Small Cap Opportunities	40,319,667	1.6%	1.2%	20.38%	19.39%	20.62%	19.62%
S&P/Citigroup BMI EPAC < \$2BN				14.76%	14.76%	20.89%	20.89%
Total Developed International	309,238,894	12.4%	11.8%	12.29%	12.04%	21.30%	21.05%
MSCI World Ex US (3)				8.23%	8.23%	19.49%	19.49%
Emerging Markets							
Axiom Emerging Markets Equity Fund (4)	60,692,043	2.4%	2.1%	15.24%	15.24%	22.29%	22.29%
DFA Emerging Markets Small Cap Portfolio (4)	23,159,973	0.9%	0.7%	13.10%	13.10%	19.53%	19.53%
Total Emerging Markets	83,852,016	3.4%	2.8%	14.78%	14.78%	21.55%	21.55%
MSCI Emerging Markets				12.90%	12.90%	23.75%	23.75%
Total Private Equity (4)	82,307,992	3.3%	6.0%	1.95%	1.95%	11.12%	11.12%

**TFFR
Net Returns –
11 Months Ended
May 31, 2018**

Global Fixed Income earned 3.16% for the 11 months ended May 31, 2018, exceeding the 1.96% benchmark by 1.2%. Strong returns in Private Credit and High Yield where offset by more modest returns within investment grade fixed income.

	May-18			Current Fiscal YTD		Prior Year FY17	
	Allocation			Gross ⁽⁴⁾	Net	Gross ⁽⁴⁾	Net
	Market Value	Actual	Policy				
GLOBAL FIXED INCOME	592,625,973	23.8%	23.0%	3.36%	3.16%	4.93%	4.68%
<i>Benchmark</i>				1.96%	1.96%	0.94%	0.94%
Domestic Fixed Income	592,625,973	23.8%	23.0%	2.38%	2.22%	6.24%	6.02%
<i>Benchmark</i>				0.28%	0.28%	2.62%	2.62%
Investment Grade Fixed Income							
PIMCO Distressed Senior Credit Opportunities II (4)	50,939,645	2.0%	2.0%	9.24%	9.24%	17.08%	17.08%
Prudential Core Fixed Income	137,472,909	5.5%	5.2%	N/A	N/A	N/A	N/A
Bloomberg Aggregate				-0.27%	-0.27%	-0.31%	-0.31%
State Street Long U.S. Treasury Index NL Fund	51,155,693	2.1%	1.6%	-0.30%	-0.33%	-7.23%	-7.27%
Bloomberg Long Treasuries				-0.30%	-0.30%	-7.22%	-7.22%
PIMCO Unconstrained Bond Fund	134,198,322	5.4%	5.2%	1.72%	1.52%	9.71%	9.22%
3m LIBOR				1.55%	1.55%	0.98%	0.98%
Declaration Total Return Bond Fund (4)	50,530,375	2.0%	1.9%	3.09%	3.09%	4.99%	4.99%
3m LIBOR				1.55%	1.55%	0.98%	0.98%
JP Morgan Mortgage Backed Securities	(3)	0.0%	0.0%	N/A	N/A	0.81%	0.61%
PIMCO Agency MBS	-	0.0%	0.0%	N/A	N/A	0.36%	0.19%
Bloomberg Mortgage Backed Securities Index						-0.06%	-0.06%
Total Investment Grade Fixed Income	424,296,942	17.0%	16.0%	1.64%	1.54%	3.79%	3.65%
Bloomberg Aggregate				-0.27%	-0.27%	-0.31%	-0.31%
Below Investment Grade Fixed Income							
Ares ND Credit Strategies	28,735,218	1.2%	1.2%	N/A	N/A	N/A	N/A
Cerberus ND Private Credit Fund	28,008,372	1.1%	1.1%	N/A	N/A	N/A	N/A
S&P LSTA Leveraged Loan B Index							
Loomis Sayles High Yield	91,434,284	3.7%	3.9%	3.02%	2.50%	13.48%	12.91%
PIMCO BRAVO II (4)	19,904,264	0.8%	0.8%	3.64%	3.64%	13.38%	13.38%
GS Mezzanine Partners 2006 Offshore, L.P. (4)	56,567	0.0%	0.0%	13.17%	13.17%	59.81%	59.81%
GS Mezzanine Partners V Offshore, L.P. (4)	190,327	0.0%	0.0%	20.15%	20.15%	-13.28%	-13.28%
Total Below Investment Grade Fixed Income	168,329,031	6.8%	7.0%	4.13%	3.83%	13.30%	12.86%
Bloomberg High Yield 2% Issuer Constrained Index				2.21%	2.21%	12.69%	12.69%
International Fixed Income	-	0.0%	0.0%	N/A	N/A	1.15%	0.79%
<i>Benchmark</i>						-3.80%	-3.80%
Developed Investment Grade Int'l FI							
UBS Global (ex-US) Bond Strategy	-	0.0%	0.0%	N/A	N/A	-3.69%	-4.00%
Bloomberg Global Aggregate ex-US						-3.80%	-3.80%
Brandywine Global Opportunistic Fixed Income	-	0.0%	0.0%	N/A	N/A	4.78%	4.38%
Bloomberg Global Aggregate (ex-US)						-2.18%	-2.18%
Total Developed Investment Grade Int'l FI	-	0.0%	0.0%	N/A	N/A	1.15%	0.79%
Bloomberg Global Aggregate ex-US						-3.80%	-3.80%

**TFFR
Net Returns –
11 Months Ended
May 31, 2018**

**Global Real Assets
earned 6.25% with Real
Estate and Infra-
structure earning 6.8%
and 9%, respectively,
while Timber valuations
declined 0.69%% for the
11 months ended May
31, 2018.**

	May-18			Current Fiscal YTD		Prior Year FY17	
	Market Value	Allocation		Gross ⁽⁴⁾	Net	Gross ⁽⁴⁾	Net
		Actual	Policy				
GLOBAL REAL ASSETS	419,543,183	16.8%	18.0%	6.57%	6.25%	6.20%	5.78%
Benchmark				4.99%	4.99%	4.82%	4.82%
Global Real Estate							
Invesco Core Real Estate - U.S.A., L.P.	124,366,122			6.30%	6.04%	8.53%	8.16%
INVESCO Real Estate Fund II (4)	79,451			1.13%	1.13%	22.72%	22.72%
Invesco Real Estate Fund III, LP (4)	7,798,635			-1.74%	-1.74%	11.58%	11.58%
Invesco U.S. Value-Add Fund IV, L.P. (4)	18,541,732			9.76%	9.76%	8.07%	8.07%
Invesco Asia Real Estate Fund I, L.P. (4)	102,386			-12.13%	-12.13%	982.41%	982.41%
Invesco Asia Real Estate Fund III, L.P. (4)	1,212,601			79.99%	79.99%	21.25%	21.25%
JP Morgan Strategic & Special Situation Property Blend	86,129,789			7.80%	7.09%	8.05%	7.08%
JP Morgan Alternative Property Fund	132,671			8.62%	8.62%	6.73%	6.73%
JP Morgan European Opportunistic Property Fund III (4)	3,545,095			-14.24%	-14.24%	-0.51%	-0.51%
JP Morgan Greater China Property Fund (4)	127,219			-1.27%	-1.27%	37.81%	37.81%
Total Global Real Estate	242,035,700	9.7%	10.0%	7.15%	6.77%	9.65%	9.12%
NCREIF TOTAL INDEX				6.47%	6.47%	6.97%	6.97%
Timber							
TIR Teredo Timber, LLC	14,273,141	0.6%		0.55%	0.55%	-7.02%	-7.02%
TIR Springbank, LLC	45,050,869	1.8%		-1.09%	-1.09%	-10.13%	-10.13%
Total Timber (4)	59,324,010	2.4%	2.4%	-0.69%	-0.69%	-9.44%	-9.44%
NCREIF Timberland Index				3.70%	3.70%	3.35%	3.35%
Infrastructure							
JP Morgan Asian Infrastructure & Related Resources (4)	9,978,424	0.4%		-1.30%	-1.30%	35.48%	35.48%
JP Morgan Infrastructure Investments Fund (IIF)	86,607,471	3.5%		11.99%	11.45%	7.06%	6.33%
Grosvenor Customized Infrastructure Strategies, LP (4)	14,798,812	0.6%		4.17%	4.17%	8.70%	8.70%
Grosvenor Customized Infrastructure Strategies II (4)	6,798,766	0.3%		5.91%	5.91%	3.28%	3.28%
Total Infrastructure	118,183,474	4.7%	5.6%	9.37%	8.99%	9.73%	9.21%
CPI				2.91%	2.91%	1.50%	1.50%
Cash Equivalents							
Northern Trust Collective STIF	26,587,020			1.28%	1.28%	0.75%	0.75%
Bank of ND	5,036,839			1.26%	1.26%	N/A	N/A
Total Cash Equivalents	31,623,859	1.3%	1.0%	1.30%	1.30%	0.74%	0.74%
90 Day T-Bill				1.19%	1.19%	0.49%	0.49%

TEACHERS' FUND FOR RETIREMENT
A Division of ND Retirement and Investment Office
Statement of Net Position
As of 5/31/2018

	As of 5-31-18	As of 6-30-17
ASSETS:		
INVESTMENTS (AT FAIR VALUE)		
DOMESTIC EQUITIES	\$ 567,334,734	\$ 520,416,310
GLOBAL/INTERNATIONAL EQUITIES	794,123,791	755,154,802
DOMESTIC FIXED INCOME	588,108,277	401,444,012
INTERNATIONAL FIXED INCOME	-	120,483,860
REAL ASSETS	418,002,876	407,547,460
PRIVATE EQUITY	82,307,927	76,976,255
INVESTED CASH (NOTE 1)	31,570,302	27,243,767
TOTAL INVESTMENTS	2,481,447,907	2,309,266,466
RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	9,500,736	8,947,870
CONTRIBUTIONS RECEIVABLE	(4,211,640)	26,326,188
MISCELLANEOUS RECEIVABLE	6,946	7,434
TOTAL RECEIVABLES	5,296,042	35,281,492
OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	12,839,545	12,839,759
OPERATING CASH (NOTE 3)	19,509,867	19,073,513
FIXED ASSETS (NET OF ACCUM DEPR)	8,549	8,549
TOTAL ASSETS	2,519,101,910	2,376,469,779
DEFERRED OUTFLOWS OF RESOURCES		
DEFERRED OUTFLOWS RELATED TO PENSIONS	315,577	384,391
LIABILITIES:		
SECURITIES LENDING COLLATERAL (NOTE 2)	12,839,545	12,839,759
ACCOUNTS PAYABLE	15,850	198,351
ACCRUED EXPENSES	1,459,438	1,685,809
INVESTMENT EXPENSES PAYABLE	1,583,835	1,583,834
TOTAL LIABILITIES	15,898,668	16,307,753
DEFERRED INFLOWS OF RESOURCES		
DEFERRED INFLOWS RELATED TO PENSIONS	55,342	55,342
NET POSITION:		
HELD IN TRUST	2,503,463,477	2,360,491,075
TOTAL NET POSITION	\$ 2,503,463,477	\$ 2,360,491,075

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

6/29/2018

TEACHERS' FUND FOR RETIREMENT
A Division of ND Retirement and Investment Office
Statement of Changes in Net Position
For the Month Ended 5/31/2018

	Month Ended 5-31-18	Year-to-Date
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 22,599,161	\$ 260,538,436
LOSS ON SALE OF INVESTMENTS	14,514,422	154,665,499
NET GAINS (LOSSES) INVESTMENTS	8,084,739	105,872,937
NET APPREC (DEPREC) MARKET VALUE	5,252,909	66,505,077
NET CHANGE IN FAIR VALUE OF INVESTMENTS	13,337,648	172,378,014
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	6,490,411	48,633,258
	19,828,059	221,011,272
LESS INVESTMENT EXPENSES	661,064	5,959,159
NET INCOME FROM INVESTING ACTIVITIES	19,166,995	215,052,113
SECURITIES LENDING INCOME	17,119	190,745
SECURITIES LENDING EXPENSES	3,422	38,132
NET SECURITIES LENDING INCOME	13,697	152,613
NET INVESTMENT INCOME	19,180,692	215,204,726
PURCHASE OF UNITS (\$1/UNIT) (NOTE 4)	29,650,000	295,535,000
MEMBER & EMPLOYER CONTRIBUTIONS (NOTE 6)	13,991,558	117,481,196
PURCHASED SERVICE CREDIT (NOTE 7)	162,609	2,046,291
PENALTY & INTEREST (NOTE 8)	15,408	160,231
TOTAL ADDITIONS	63,000,267	630,427,444
DEDUCTIONS:		
BENEFITS PAID PARTICIPANTS (NOTE 9)	16,700,496	184,552,598
PARTIAL LUMP SUM BENEFITS PAID	-	568,882
REFUNDS TO MEMBER (NOTE 10)	304,865	5,225,332
TOTAL BENEFITS PAID	17,005,361	190,346,812
ADMINISTRATIVE EXPENSES	140,010	1,573,230
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 5)	29,650,000	295,535,000
TOTAL DEDUCTIONS	46,795,371	487,455,042
CHANGE IN NET POSITION	16,204,896	142,972,402
NET POSITION:		
BEGINNING OF PERIOD	2,487,258,581	2,360,491,075
END OF PERIOD	\$ 2,503,463,477	\$ 2,503,463,477

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

6/29/2018

TFFR board members are invited to attend our SIB meeting on July 27, 2018. Board education will be offered by Callan on Performance Benchmarks as well as an Investment Market Update by Global Equity manager Epoch.

Board Education will be held at Bismarck State College Energy Center – Room #335. This SIB meeting will be from 8:30 a.m. to Noon.

The proposed agenda is as follows:

8:30 – 9:00 Call to Order, Acceptance of Agenda & Minutes
Election of Officers - Investment Policies
Affirm Code of Conduct - Private Equity Update
- Investment Consulting Contract Update

9:00 – 10:15 **NDSIB Fundamental Investment Beliefs**
Callan - Welcome and Opening Remarks
Callan - Investment Performance Benchmarks
Board Member Education Options

10:15 - 10:30 **Break**

10:30 - 11:30 **Epoch – Investment Market Update**

11:30 - 11:45 **RIO Budget, Performance and VSIP Update**

Noon **Meeting Adjourns**

NDSIB Fundamental Investment Beliefs

- 1) Asset allocation is the # 1 driver of investment returns.
- 2) The prudent use of active management can improve investment returns and contribute towards ensuring our clients attain their stated investment objectives (e.g. TFFR, PERS and WSI).

Key Point: RIO conservatively estimates the prudent use of active management has enhanced SIB client returns by over \$300 million for the 5-years ended March 31, 2018.

Callan – Investment Performance Benchmarks:

Callan will provide an overview of the theory behind establishing investment performance benchmarks which are generally straight forward in the public equity and debt markets and developed private markets (such as real estate).

Epoch Investment Partners – Market Update:

Epoch manages over \$400 million in global equity investments for our Pension Trust clients since January 1, 2012. (Prior to 2012, Epoch managed U.S. Equities within the Pension Trust.)

Epoch will provide an update on the current state of the investment markets in addition to conducting a portfolio review of their global equity strategy.

Appendix of Supporting Materials

TFFR Update as of March 31, 2018 and May 31, 2018

Callan's Quarterly Reports of investment performance are available on the following web address:
<http://www.nd.gov/rio/SIB/Board/SIB%20Meeting%20Materials/2018-05-25.pdf>

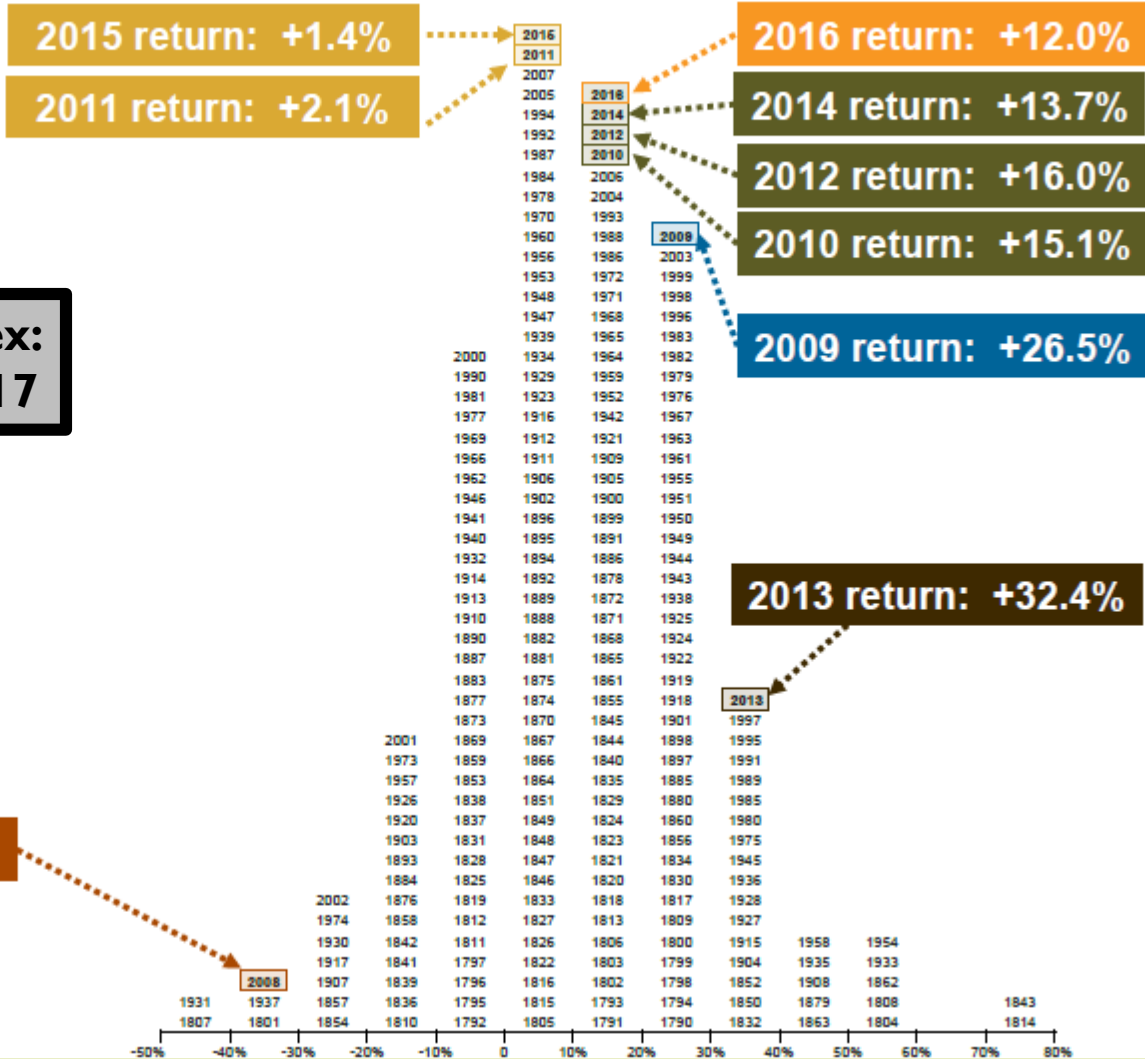
Board members can review monthly manager level performance using the following web address:
http://www.nd.gov/rio/RIO_ref/performance/TFFR/201805.pdf

Interim Investment Update: Based on interim and unaudited investment results as of May 31, 2018, plus estimated benchmark data for June, TFFR's Net Return is estimated at approximately 9% for the fiscal year ended June 30, 2018.

Stock Market Returns by Calendar Year

2016 Performance in Perspective: History of the U.S. Stock Market (228 Years of Returns)

**S&P 500 Index:
+21.8% in 2017**



Source: Ibbotson

U.S. Economy – Annual GDP Growth Rates



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

US GDP Growth Rates:

The US economy expanded 2.8% in the 1st quarter of 2018 increasing from 2.0% for the 1st quarter of 2017 and up from 1.2% 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 2018.

Global GDP Growth Rate - History & Forecast

GDP Growth Rates (% change)

	Actual	Actual	Forecast	Projected	Trend
	2012-2016	2017	2018	2018-2022	2023-2027
United States	2.3	2.4	3.0	2.1	1.9
Europe	1.1	2.5	2.0	1.5	1.2
<i>of which: Euro Area</i>	0.7	2.5	2.0	1.5	1.2
<i>of which: United Kingdom</i>	2.2	1.8	0.9	1.6	1.3
Japan	1.4	1.7	1.0	1.3	0.9
Other Mature Economies	2.5	3.0	2.7	2.8	2.2
All Mature Economies	1.8	2.4	2.4	1.9	1.6
China	5.3	4.2	4.0	3.8	3.3
India	6.8	6.3	6.8	6.1	5.8
Other Developing Asian Economies	4.9	5.3	5.2	5.3	4.7
Latin America	0.9	0.9	2.0	2.0	1.9
<i>of which: Brazil</i>	-0.4	1.0	1.8	1.2	1.3
<i>of which: Mexico</i>	2.7	2.3	2.2	3.5	2.6
Middle East & North Africa	3.1	2.6	2.3	3.1	2.8
Sub-Saharan Africa	3.6	2.4	3.1	4.3	4.4
Russia, Central Asia, S.E. Europe	2.7	3.8	2.6	2.2	2.1
<i>of which: Russia</i>	7.0	1.5	1.7	0.4	0.5
<i>of which: Turkey</i>	5.5	7.4	3.5	4.7	4.2
All Emerging Markets	4.2	3.9	3.9	3.9	3.6
World	3.0	3.2	3.2	3.0	2.8

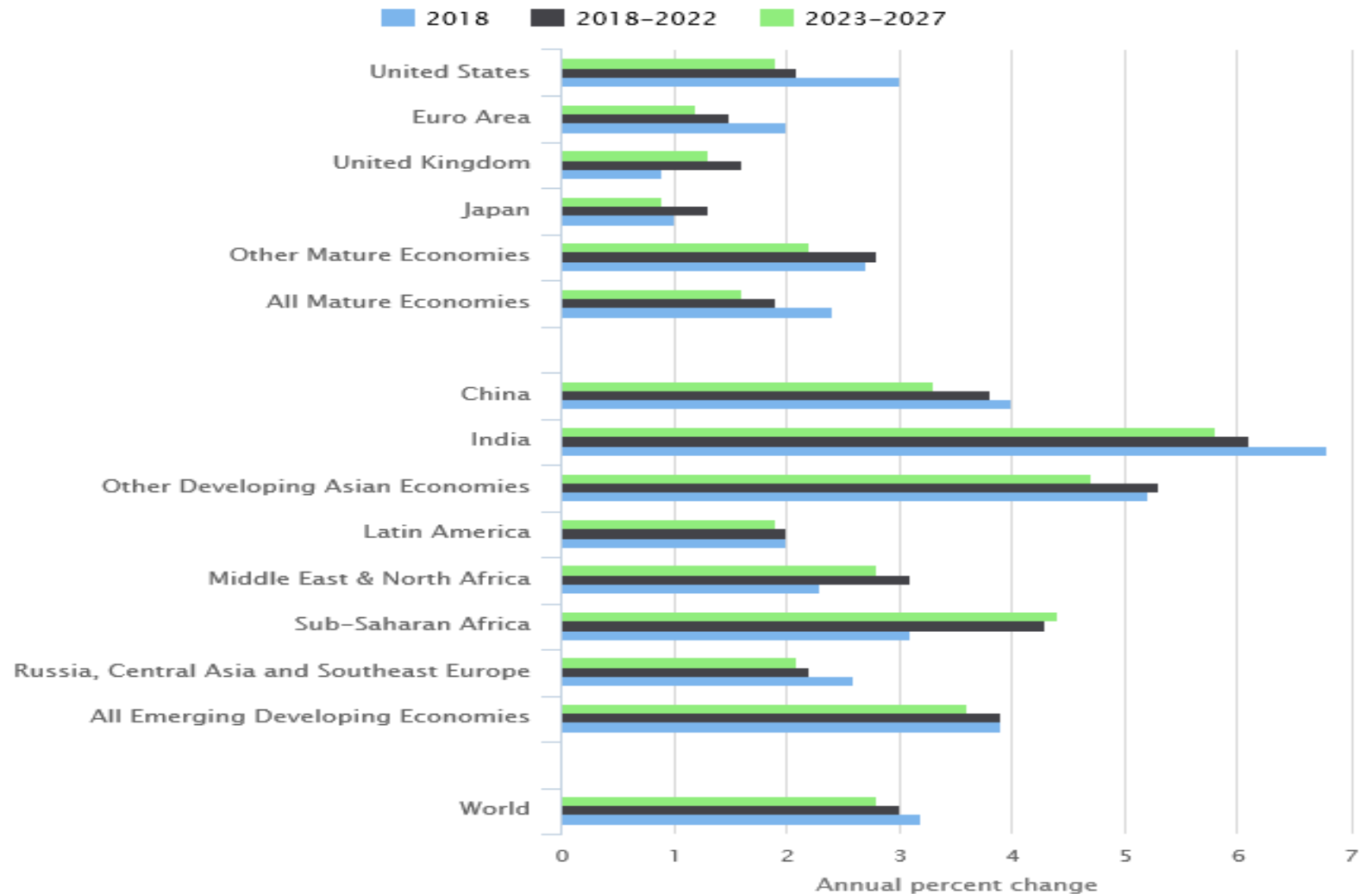
- ▶ Global GDP Growth Rates have increased from:
 - ▶ **3%** in 2012-to-2016 to
 - ▶ **3.2%** in 2017 and 2018, but expected
 - ▶ to decline back to **3%** in 2018 to 2022.

- ▶ Global GDP Growth in the Emerging Markets is expected to trend downward over the next decade largely due to China's growth rate slowing from:
 - ▶ 5.3% in 2012-to-2016 down to
 - ▶ **4%** in 2018 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, 2018–2027

Download Chart



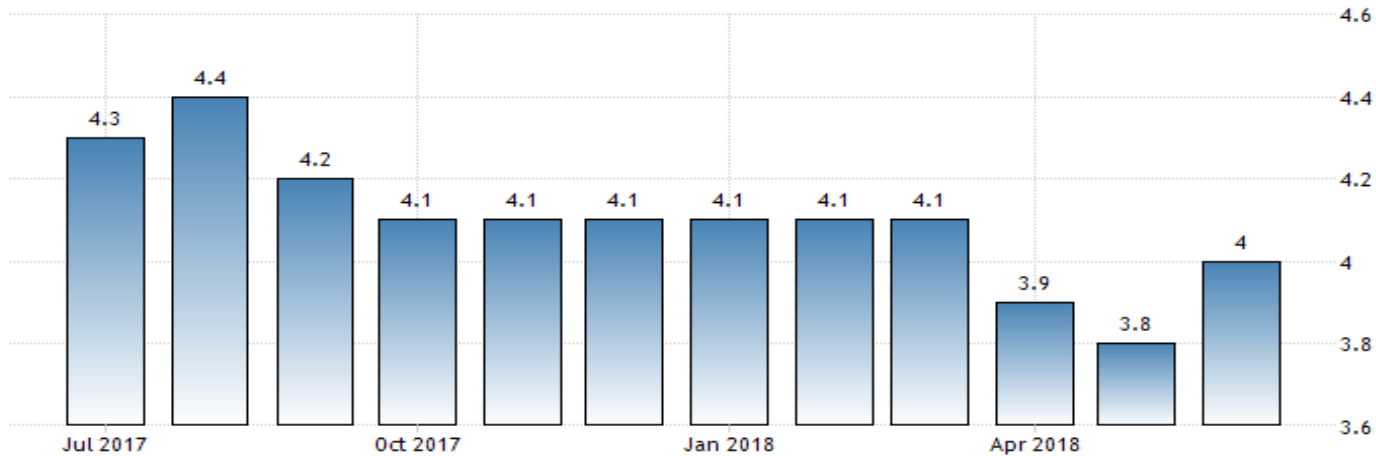
Notes: For more details regarding deviations from officially reported GDP growth rates, as well as a list of countries included in each region, please refer to the methodology tab.

Source: The Conference Board Global Economic Outlook 2018, May 2018 update.

U.S. Unemployment Rates

2017
to
2018

US UNEMPLOYMENT RATE



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

The US unemployment rate rose to 4% in June 2018 from 3.8% in the previous month, which was the lowest since April 2000. The number came above market expectations of 3.8% as more entered the labor force.

1950
to
2018

US UNEMPLOYMENT RATE

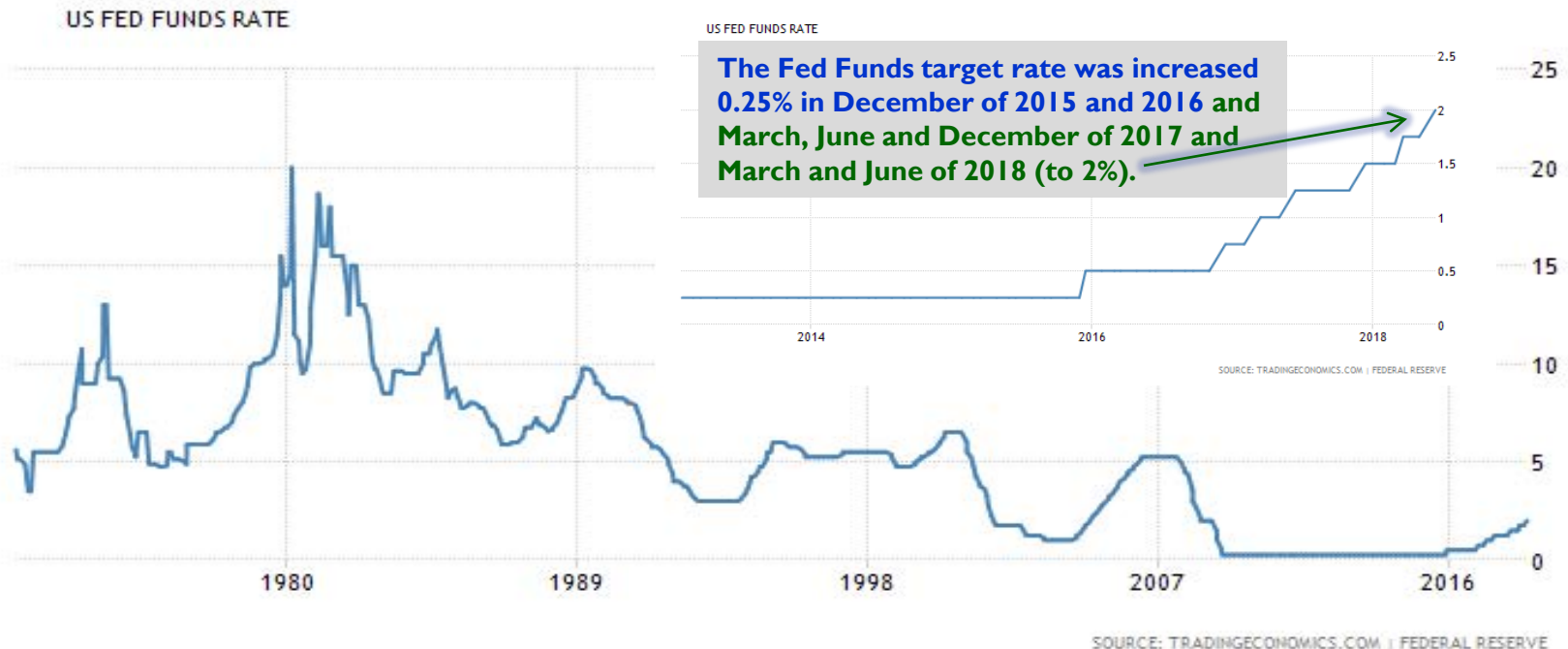


SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

The number of unemployed persons increased by 499,000 to 6.6 million. A year earlier, the jobless rate was 4.3%, and the number of unemployed persons was 7.0 million.

U.S. Fed Funds Rate (1971 to 2018)

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 has raised the target range for federal funds five (5) times in the past 18 months including three rate hikes in 2017 and two rate hikes in the first of 2018. Interest Rates 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.

Informational Purposes Only

RIO Budget Update

July 20, 2018

Dave Hunter, Executive Director / Chief Investment Officer
Fay Kopp, Deputy Executive Director / Chief Retirement Officer
Darren Schulz, Deputy Chief Investment Officer
Connie Flanagan, Fiscal and Investment Operations Manager
ND Retirement & Investment Office (RIO)
State Investment Board (SIB)

RIO Budget Background

On April 18, 2018, Governor Burgum released budget guidelines for 2019-2021. The Governor is requesting all agencies (including special fund agencies) to adopt the following guidelines:

- 1) Agencies with an appropriation less than \$5 million should submit a base budget with a 5% reduction in ongoing expenditures;
- 2) Agencies with an appropriation of \$5 million or more should submit a base budget with a 10% reduction in ongoing expenditures; and
- 3) Agencies with 20 or more FTE should submit a base budget with a 5% FTE reduction.

RIO currently has 19 authorized FTE and our appropriation for 2017-19 is \$5.3 million. Given that RIO's budget is over \$5 million, we will need to submit a base budget which includes a 10% reduction which will likely translate into at least 1, if not 3-to-4, less FTE. The FTE reduction is assumed due to RIO's budget largely consisting of salaries and benefits (for \$4.4 million or 83%) while operating expenses and contingencies have already been reduced to historically low levels. As evidence, RIO's operating expenses declined by 13% over the past 20 years (to less than \$863,000 in 2017-19) due to our agency consistently being very cost conscious. RIO's contingency line has also been subject to extreme budget pressures and was reduced by over 36% in the last biennium (to \$52,000).

	2017-19 Base Appropriation	Requested 10% Budget Cut	Governor's Base Budget
Salaries and Wages	\$ 4,425,570	\$ (572,066)	\$ 3,853,504
Operating Expenses	\$ 862,484	\$ 38,061	\$ 900,545
Contingencies	\$ 52,000	\$ -	\$ 52,000
Total Special Funds	\$ 5,340,054	\$ (534,005)	\$ 4,806,049
Full-time Equivalent	19.00	-3.00	16.00

RIO management believes our agency has operated in a fiscally conservative manner for many years, while maintaining favorable client satisfaction survey scores (for both TFFR and SIB) despite a 38% increase in TFFR membership (from 15,781 in 1998 to 21,853 in 2017) and 80% increase in assets under management (AUM) since 2013. During the last 20-years, RIO's FTE has only grown by 1 person including two new investment professionals in the last 6-years (which coincided with an 80% increase in AUM between 2013 and 2018). RIO's overall performance has generally been strong as evidenced by solid client survey scores while investment performance has generally met or exceeded expectations in recent years including above benchmark returns, favorable peer rankings, and a keen focus on optimizing risk adjusted returns. **SIB clients have benefitted from an excellent return on their investment over the last 5-years as evidenced by a 2-for-1 return on investment fees which conservatively translates into over \$300 million of incremental client investment income since 2013.**

RIO Budget Submission – Agency Overview

	A	B	C	D	E	F
	2017-19 Approved Budget	2019-21 Base Budget Request	Option 1 - Reinstate 10% Cuts	Option 2 - TFFR Pension System	Option 3 - Investment Risk Officer	2019-21 Total Budget Request
SALARIES & BENEFITS	4,425,570	3,861,563	550,194	50,000	294,996	4,756,753
OPERATING	862,484	862,484	-	2,789,000	14,450	3,665,934
CONTINGENCY	52,000	82,000	-	-	-	82,000
CAPITAL ASSETS	-	-	-	6,300,000	-	6,300,000
TOTAL	5,340,054	4,806,047	550,194	9,139,000	309,446	14,804,687
% Change		-10.0%	10.3%	171.1%	5.8%	177.2%

Column A: RIO's **2017-19 Approved Budget** was for **\$5.3 million** (including 19 FTE).

Column B: RIO's **Base Budget** submission of **\$4.8 million** reflects a 10% cut in agency expenses as OMB requested.

Column C: **Option 1** - Given RIO's desire to maintain high quality service levels while noting that SIB investments and TFFR's client population are at all-time highs, RIO respectfully seeks to reinstate the 10% OMB budget cut request .

Column D: **Option 2** – Given TFFR's pension administration system is 13-years old and our desire to adopt recent IT system advances, efficiencies and cybersecurity protection levels, we respectfully made a 1-time request for **\$9.1 million**.

Column E: **Option 3** – RIO also requests **\$309,446** to enhance our investment risk management team, controls and processes by adding a new investment risk officer position to further improve our overall risk management environment.

Column F: RIO's **Total Budget Request for 2019-21** including three (3) optional packages exceeds **\$14.8 million**.

RIO Budget Submission – July 20, 2018

TFFR and SIB Component Overview

	2017-19 Approved Budget			2019-21 Base Budget Request			Optional Package #1 Reinstate 10% Cuts		
	TFFR	SIB	RIO	TFFR	SIB	RIO	TFFR	SIB	RIO
SALARIES & BENEFITS	2,325,812	2,099,758	4,425,570	1,956,054	1,905,509	3,861,563	357,628	192,566	550,194
OPERATING	680,124	182,360	862,484	689,424	173,060	862,484	-	-	-
CONTINGENCY	26,000	26,000	52,000	41,000	41,000	82,000	-	-	-
CAPITAL ASSETS	-	-	-	-	-	-	-	-	-
TOTAL	3,031,936	2,308,118	5,340,054	2,686,478	2,119,569	4,806,047	357,628	192,566	550,194
% Change				-11.4%	-8.2%	-10.0%	11.8%	8.3%	10.3%

	Optional Package #2 TFFR Pension Administration			Optional Package #3 Additional FTE - Investment			2019-21 Total Budget Request		
	TFFR	SIB	RIO	TFFR	SIB	RIO	TFFR	SIB	RIO
SALARIES & BENEFITS	50,000	-	50,000	-	294,996	294,996	2,363,682	2,393,071	4,756,753
OPERATING	2,789,000	-	2,789,000	-	14,450	14,450	3,478,424	187,510	3,665,934
CONTINGENCY	-	-	-	-	-	-	41,000	41,000	82,000
CAPITAL ASSETS	6,300,000	-	6,300,000	-	-	-	6,300,000	-	6,300,000
TOTAL	9,139,000	-	9,139,000	-	309,446	309,446	12,183,106	2,621,581	14,804,687
% Change	301.4%	0.0%	171.1%	0.0%	13.4%	5.8%	301.8%	13.6%	177.2%



RIO Budget Update:

Detailed Narrative and Supporting Documentation

RIO Base Budget Narrative: 10% Cut

In order to meet the 10% overall base budget reduction, RIO carefully reviewed all expenditures to determine areas that could potentially be reduced. After that review, taking into consideration the 13% decrease in the operating line after the 2017 legislative session, it was determined that no additional cuts were possible within the operating line. There were recognized savings in some of the subcategories within operating that were used to reinstate some of the cuts from the previous biennium, but the overall change in the operating line is zero. Some of the larger adjustments were as follows:

IT Data Processing - a reduction of \$22,000 or 12.1% from the previous biennium request was possible due mainly to the elimination of the necessity for a second web hosting site for the recently completed Member On-line site for TFFR members.

Postage and Printing - a reduction of nearly \$22,000 or 30% from the previous biennium request was possible due to an internal change in the way semi-annual newsletters are delivered to active TFFR members. These newsletters are now delivered electronically, eliminating the need to print and mail them. Additional savings have been realized in this area through increased use of Central Services for printing and mailing of large batches of correspondence, such as 1099R tax statements and annual member statements.

Staff and Board Travel and Professional Development - the savings recognized in the previous subcategories within the operating line have been used to reinstate funds available for staff and board members to travel for out-of-state professional development opportunities. The SIB and TFFR boards place a high priority on ensuring board members are adequately trained in order to properly fulfill their fiduciary responsibilities to their clients and members. As equally important to the boards and management of RIO is the education and training of the RIO staff. This relatively small agency is fiduciarily responsible for a large amount of funds and it is of utmost importance that they keep abreast of all of the industry best practices and evolving regulations and requirements in both the pension and investment communities. Reinstating these funds for travel and professional development will enable these individuals to continue to provide a high level of services to the clients and members of these funds.

Contingency Line - For at least 20 years prior to the 2017 legislative session, RIO had \$82,000 appropriated in the contingency line for use by the boards in instances where unforeseen events occurred that had a significant cost. Examples of some of the more recent events (in 2010 and 2013) were costs associated with a consultant hired to assist the SIB in hiring a new Executive Director/CIO for the agency. The cost of these services met or exceeded the amount in the contingency line. During the last legislative session, \$30,000 was removed from the contingency line as part of the reductions across most state agencies. RIO is asking that the \$30,000 be added back to the contingency line, to restore that line to its historical level.

Salaries & Benefits - In order to meet the requirement of a 10% cut in the base budget, RIO has chosen to submit that cut in the salaries and benefits line. As mentioned earlier, the previous 13% cut to the operating line has made it difficult to find any additional savings in that line. In addition to that fact, the 10% overall reduction, if taken from the operating line, would equate to a 62% cut to the operating line. RIO currently has no vacant positions and has no temporary salary dollars in the current biennium. Board member pay is included in the salaries and benefits line for the statutory \$148 per meeting. No specific positions have been indicated for elimination at this point. Over a dozen combinations of position cuts and salary reductions have been considered and most scenarios require a minimum of three positions to be eliminated to reach the 10% unless high level executive positions are included. If ultimately required, RIO will make the decisions on which position(s) to eliminate.

RIO Budget: Option 1 Reinstate 10% Cut

- RIO is a Special Fund Agency; No General Fund dollars are appropriated.
 - Funding for administration of the TFFR Pension Plan comes from Member and Employer Contributions and Investment Earnings
 - Funding for administration of the Investment Program comes directly from Investment Clients' invested assets (both statutory and contracted).
- 83% of RIO's 2017-19 budget is Salaries & Benefits.
- Total FTE count has fluctuated between 17 and 19 over the past 26 years while assets under management have grown by over 200% in the past 10 years and TFFR membership has grown nearly 50% in the past 30 years.
- RIO's Operating line was cut by 13% for the 2017-19 biennium and is currently at \$862,484 (0.006% of Assets Under Management)
 - That amount is also 13% lower than the RIO operating budget was 20 years ago.
- To meet the 10% budget reduction requirement, RIO needs to cut \$534,005.
 - This equates to 62% of current Operating Line
- Although not required to cut FTE positions (RIO currently has 19 FTEs), in order to meet the 10% budget reduction requirement, the Salaries & Benefits line will need to be reduced.
 - RIO has no vacant positions currently.
 - RIO has no temporary positions in the current biennium budget.
 - Board member pay is included in the Salaries and Benefits Line (\$148 per board member per meeting based on statute).
- Over a dozen combinations of position cuts and salary reductions have been considered.
 - Most require a minimum of 3 positions to be eliminated to reach 10% of total budget.
- With a reduction of over 15% or more (3+ FTEs) of RIO's current workforce, the agency's ability to maintain ongoing TFFR pension administration operations and SIB investment management functions would be severely compromised. This would result in:
 - TFFR Program
 - Critical retirement and audit programs, processes, and operations would need to be modified or eliminated. This would result in increased potential for inaccurate TFFR contribution and salary reporting, account maintenance, benefit payment processing, member and employer services and communications, compliance with statutes, and other essential functions.
 - Accuracy, timeliness and quality of benefit payments, communications, and customer service would be negatively impacted.
 - Initiatives intended to continue reinventing TFFR program administration processes would not be possible. For example, upgrading system software and transforming the manner in which members, employers, and staff conduct TFFR business would no longer be feasible, as it would require additional staff during the planning, implementation, and transition phases. This would limit our ability to reduce future costs and operate more efficiently.
 - SIB Program
 - Monitoring and due diligence on existing investments would be reduced and modifications and improvements to portfolios would be less timely, increasing the risk of underperformance due to investment manager issues and non-compliance with client policies.
 - RIO Agency
 - Overall financial and investment reporting would be impacted. Internal controls/segregation of duties would be reduced. Customers would not receive required reports in a timely manner, leading to lower client satisfaction scores. The potential for inaccurate reports and related audit findings would increase.
 - A 15% staff reduction would further negatively impact remaining RIO staff members. Staff retention, recruitment, and morale issues would worsen.

RIO Budget: Option 2 TFFR Pension Admin. System

The TFFR Pension Administration System (PAS) project is summarized in a separate memo given the estimated cost (of \$9.1 million) and importance of this “one-time” expenditure.

RIO Budget: Option 3 - Add Investment Risk Officer

As an industry best practice, RIO is currently developing a more robust investment risk management oversight and reporting function within the SIB investment program. Investment risk management is the process of identifying the level of risk that an entity wants, measuring the level of risk that an entity currently has, taking actions that bring the actual level of risk to the desired level, and monitoring the new actual level of risk so that it continues to be aligned with the desired level of risk. The process is continuous and developing an effective framework requires measuring, monitoring, and managing exposure to both economic and fundamental drivers of risk and return across asset classes to avoid over-exposures to common risk factors.

The SIB's current strategic plan includes "enhancing our internal control environment by improving the use of proven risk management solutions" noting that "a robust risk management framework serves as the foundation to support a sound internal control environment and lessen downside risk."

Following an extensive review of leading investment risk management system vendors, RIO selected a solution in 2016 to implement a risk management system across the investment program. The state of the art multi-asset class risk management solution combines sophisticated risk analytics and subject matter expertise to help RIO better understand and manage risk, resulting in more informed investment decisions using the system's tools for portfolio risk, stress testing and scenario analysis; asset allocation analysis; performance and attribution; and compliance and oversight.

RIO continues to work with the vendor to develop a risk dashboard for monitoring downside risk under various historical and hypothetical stress scenarios. Additionally, RIO intends to enhance its investment risk monitoring reports to include an expanded list of key risk metrics. However, current staffing within the investment program is seriously limiting the amount of time available to make these enhancements.

This request is for an additional FTE for the SIB investment program and additional operating expenses related to that position. The tentative title for this new position is Senior Investment Risk Officer and it is anticipated that this position would have the following responsibilities:

- Assist in employing quantitative methods to assess attractiveness of investments
- Provide analysis in key areas including risk monitoring, risk management, and risk/return optimizations
- Provide monitoring and potential investment solutions to the assessment of absolute and/or relative risks
- Provide ex-ante and ex-post risk and return attribution analysis at various levels in the investment structure
- Work collaboratively across functional areas
- Analyze approaches to solving investment problems, quantifying results, and recommending practical implementation approaches
- Work with and understand external vendors' risk applications and methodologies
- Participate in the evaluation and implementation of fund-level, portfolio level, and asset-specific risk management systems such as value-at-risk measurement, aggregate exposure measurement, and credit concentration monitoring

This position would require high-level math skills and advanced analytical and quantitative skills as well as significant Excel and/or programming skills.

Significant highlights in the SIB investment program include the following; however RIO recognizes that our ability to continue achieving these results and reaching the goal of additional risk monitoring or any other enhancements to client services will be highly challenged without the additional FTE.

- SIB client investments have increased by \$7.4 billion or 122% in the past 6 years while authorized FTEs assigned to the investment program have remained steady at 6.95.
- Investment returns for the Pension Trust (including PERS and TFFR) improved from the 71st percentile for the last 10-years to the 20th percentile the last 5-years and 13th percentile for the 3-years ended 3/31/2018.
- Legacy Fund investment earnings exceed \$1 billion since inception including \$373 million for the 11 months ended May 31, 2018. NDCC earnings (transferrable to the General Fund) were \$222 million as of May 31.
- Customer satisfaction surveys have remained strong (averaging 3.6 on a 4.0 scale)

VSIP Update

RIO intends to offer its team members the opportunity to participate in the Voluntary Separation Incentive Program (VSIP) in the near future. RIO notes that Cabinet Level agencies rolled out this program on July 9, 2018 (with an end date of August 24, 2018). RIO employees will have 45-days from the offer date to submit a VSIP application for agency consideration.

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 19, 2018
SUBJ: TFFR Pension Administration System (PAS) Modernization Project

At the April 2018 TFFR Board meeting, I provided an update to the Board on the need for technology enhancements in order to administer the TFFR retirement program in a more efficient and cost effective manner in the future.

RIO staff has studied various costs and options for upgrading or replacing the current TFFR pension administration software, and included this large IT project as an optional budget request for the 2019-21 biennium.

Attached is the justification for this IT project which is estimated to cost approximately \$9.1 million. If the Legislature approves the budget for this project, all expenses related to this project will come directly from the TFFR trust fund. The selection of the vendor and associated project costs to either upgrade or replace the current software will be determined through the RFP process after the budget for the project is approved.

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

BOARD INFORMATION ONLY. NO BOARD ACTION IS REQUESTED.

TFFR Pension Administration System Project

TFFR's current pension administration software (PAS) replaced the outdated mainframe system in 2005, and has been in operation for 13 years. The functionality and technical architecture of this client-server technology is at the end of its product release lifecycle.

RIO believes it is time to move toward a more technologically advanced, more secure web based system which would provide significant improvements in functionality for TFFR members, employers, and staff. During the past year, RIO has studied the potential risks, benefits, and costs of upgrading or replacing the current application to improve and streamline TFFR pension administration processes, reporting capabilities, communications and services to members and employers.

Risks of Current PAS

- Functionality and technical architecture is outdated and has progressed through its lifecycle. While the current vendor provides limited support for the PAS product, the number of personnel familiar with the older version technical environment and TFFR customizations will diminish, resulting in a higher cost for support services as time progresses.
- Current PAS administrator interface is deployed as a client-server application. While functional for RIO staff administrators, the client-server interface does not receive the user interface enhancements made available to the administrator web-browser interface.
- Client-server technology is available, but it is not considered to be advancing. There are limitations as the current software is a 32-bit application. Current operating systems are based on 64-bit technology platforms. To date, Microsoft supports backward compatibility, but there are no guarantees that will continue in the future for older 32-bit systems.
- Current Member self-service portal provides basic viewing functionality. While it can be customized to add new features (at a significant cost), the portal presentation will retain the present look and feel. The current self-service user interface uses frames technology which has limitations and is not fully ADA compliant based on current regulation definitions.
- Current Employer self- service portal provides employers the ability to upload payroll contribution and earnings data files for processing by RIO staff. However, employers cannot perform any business rule validations of the member data contained in the file. RIO staff must perform the validations, evaluate any data exceptions and any action for any data corrections that are to be addressed and resubmitted by the employer.

Benefits of Updated PAS

- Most of the desired features needed to reinvent the way TFFR conducts business are standard functions of modern PAS, either out of the box, or implemented with configuration.
- An updated PAS would provide future ability to deploy the application to either a private or public cloud environment.
- Updated PAS will enable TFFR to adopt current best practices in self services for members and employers, and achieve greater efficiencies in daily administration.
- Employers can take greater ownership of their data with the ability to securely upload contribution data, including optional electronic submission methods available to paper-based reporting employers, receive immediate validation results, confirm contribution remittances, and view their remittance histories and receivable accounts.
- Members using self-service can access and update certain personal information, and run their own benefit estimates. Online retirement planning tools enable members to actively engage in their retirement planning.
- Communications are timelier with members being able to initiate requests online and receive statements and notifications securely through the web portal from anywhere and at any time using a desktop computer or mobile device.
- Digital communication is direct and secure, saves on mailing costs, and reduces reliance on paper.

Additional benefits to help improve and streamline administration processes, reporting capabilities, and the services provided to members and employers include:

- Web-based interface for administrators via commonly used and supported web browsers
- Enhanced web self-services for members, retirees, employers, and other stakeholders
- Benefit estimates and retirement modelling tools with member self-service
- Responsive web design for access with tablets and smartphones – mobile access
- Business process workflow

- Case and task management
- Straight-through-processing to automate enrollment, termination, retirement request processing, calculations, communications and distribution to member self-service
- Email notification
- Administrator dashboards
- Employer self-service payroll contribution reporting, real-time data validation, and view access to receivable accounts
- Expanded accounting functionality to capture financial transactions, map to and export data to the general ledger system
- Integrated document imaging with bar-coding capability for process automation
- Online ad-hoc queries and reports
- Online query authoring tools
- Seminar scheduling
- Application management tools (via web browser)

Project Risks

- Procurement – low quality responses to RFP; contract negotiations; low service quality
- Scope – scope not defined thoroughly; scope creep will inflate scope; adding change requests for items not included in requirements
- Cost Management – inaccurate cost estimates; adding extra functionality not defined in requirements
- Resources and Team – turnover; delays due to learning curves and cost overrun; inadequate or no training
- Technical – technology components have security vulnerabilities; compliance with best practices and standards
- Requirements – incomplete or low quality requirements; compliance issues
- Decisions and Issue Resolution – incomplete or slow responses in decision making; minimize delays in decision making to keep within the scope

Cost of Upgrading or Replacing Current PAS

RIO has reviewed market value research conducted by a nationwide IT consulting firm specifically focused on addressing the operational and technological challenges of retirement benefits administration organizations. Two approaches were used in developing the \$9.139 million base estimate for this project: scaling and multivariate analysis. In these analyses, key parameters such as plan members, employers, users, and market value of assets were matched against a large database of other state and local pension systems, and averaged to those that are similar to TFFR to determine an estimate. Additionally RIO staff worked with state ITD staff in identifying other potential costs for this project.

The \$9.139 million project cost includes budget estimates for:

<ul style="list-style-type: none">• External vendor costs for software licensure, implementation, deployment, and post implementation maintenance and support	\$6,300,000
<ul style="list-style-type: none">• External consulting costs including procurement assistance, project management, oversight support, quality assurance, and business process improvement and reengineering	1,200,000
<ul style="list-style-type: none">• Internal consulting costs for ITD project management, ITD oversight, AGO legal fees, and other project costs and contingencies	1,589,000
<ul style="list-style-type: none">• Temporary salaries for RIO project team and/or for temporary employees to backfill current job responsibilities for RIO project team	50,000
TOTAL ESTIMATED PROJECT COST	\$9,139,000

It is important to note that IF a system upgrade by the current vendor is selected, the cost could be much less than the \$9.139 million project cost estimate for a system replacement by a new vendor. Upgrades by a current vendor to a newer software version typically cost less and have a shorter timeline than a new implementation utilizing a new vendor.

RIO staff also received a demo of the current web-based PERS pension administration software which utilizes a different vendor than TFFR.

The selection of the vendor and associated costs to either upgrade or replace the current software will be determined through the RFP process after the budget for the project is approved.

Summary

While a TFFR pension administration software modernization project will be costly and time consuming, we believe it is in TFFR's best interests to make this investment to take advantage of technology improvements that have been made in the years since the current software was implemented.

This will allow RIO to continue to reinvent the way it conducts business by providing significant functionality and service improvements for over 20,000 active and retired members, 215 school districts and other participating employers, and RIO staff administering the TFFR plan.

Great State of North Dakota

Strategy Review

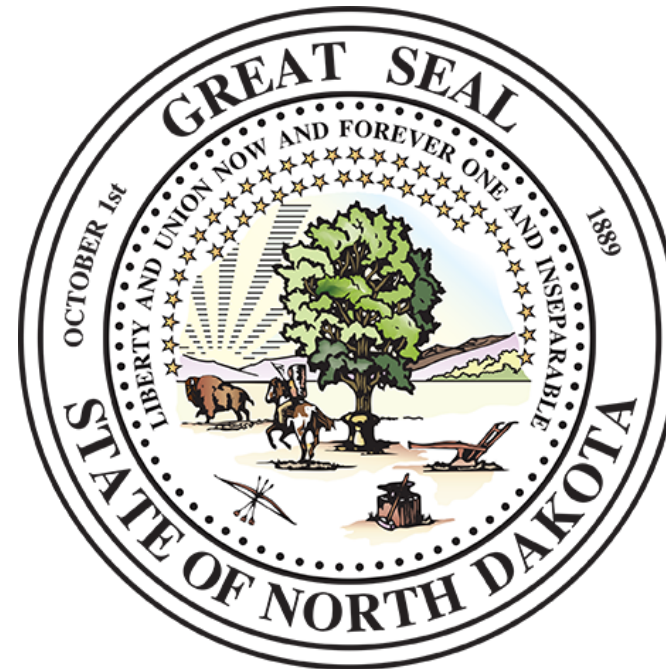


David Hunter, Executive Director/CIO

Fay Kopp, Deputy Executive Director/CRO

Darren Schulz, Deputy CIO

Connie Flanagan, Fiscal & Investment Operations Manager



EMPOWER PEOPLE
IMPROVE LIVES
INSPIRE SUCCESS



5 STRATEGIC INITIATIVES



Reinventing
Government



Behavioral
Health &
Addiction



Tribal
Engagement



Transforming
Education



Main Street
Initiative

← CORE AGENCY MISSIONS →

5 CULTURAL ASPIRATIONS



Citizen
Focused



Growth
Mindset



Leadership
Everywhere



Work
As One



Make A
Difference



Discussion Topics

- Current State
- Reinvention
- Future State



Retirement and Investment Office (RIO)

The Retirement and Investment Office (RIO) was created by the 1989 Legislative Assembly to capture administrative and investment cost savings in the management of two important long-standing state programs - the retirement program of the Teachers' Fund for Retirement (TFFR) and the investment program of the State Investment Board (SIB).

TFFR is a qualified defined benefit public pension plan for over 20,000 active and retired North Dakota public school teachers and administrators.

The SIB is responsible for the investment of nearly \$14 billion in client assets for the Legacy Fund, seven pension funds (including TFFR and PERS), WSI, the Budget Stabilization Fund and 15 other non-pension funds.

RIO exists in order that:

- SIB clients receive investment returns, consistent with their written investment policies and market variables, in a cost effective manner and under the Prudent Investor Rule.
- Potential SIB clients have access to information regarding the investment services provided by the SIB.
- TFFR benefit recipients receive their retirement benefits in a cost effective and timely manner.
- TFFR members have access to information which will allow them to become knowledgeable about the issues and process of retirement.
- SIB clients and TFFR benefit recipients receive satisfactory services from the boards and staff of the office.

RIO Strategic Goals

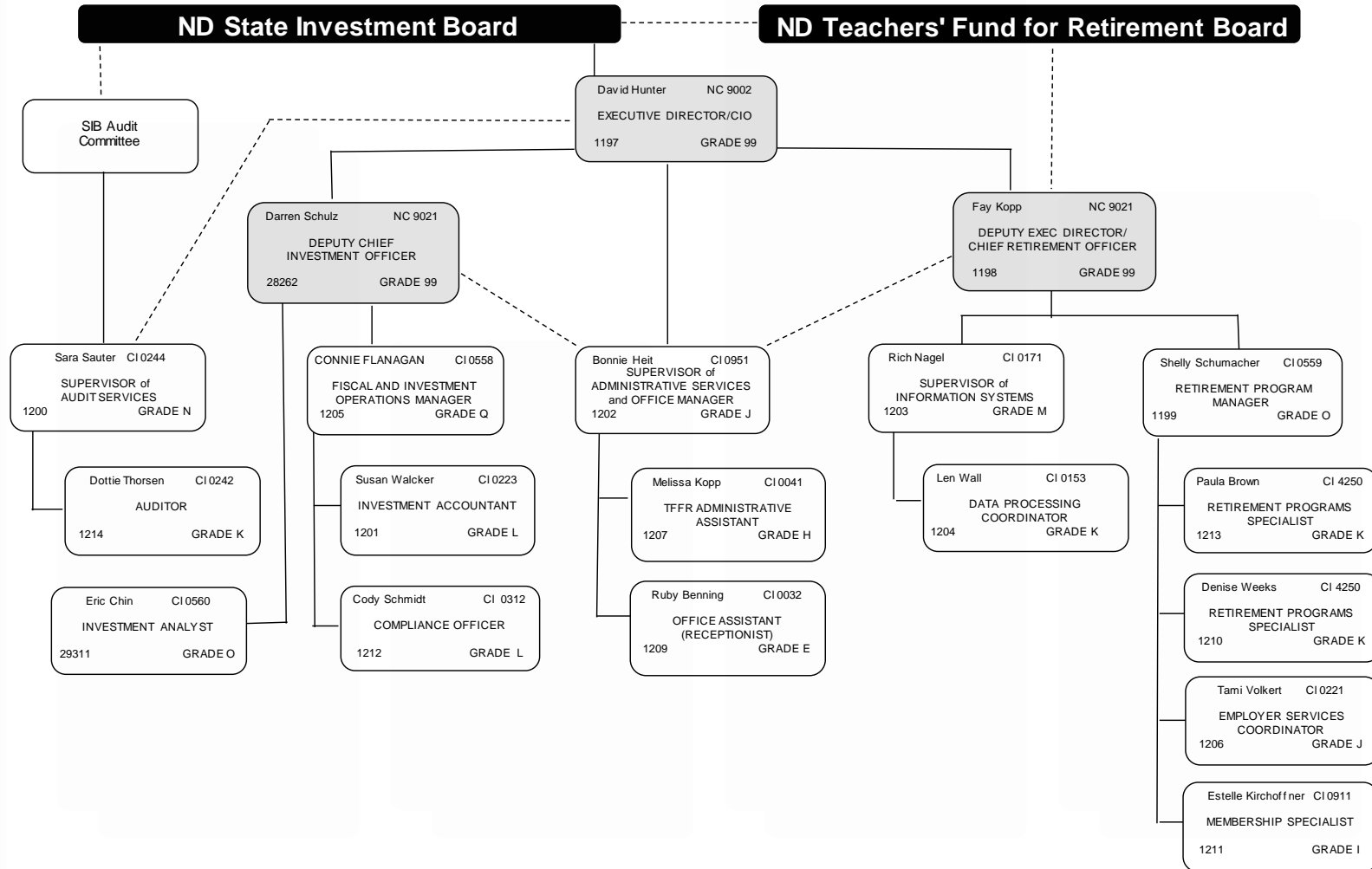
- Deliver top tier retirement benefit services and investment management oversight at below market rates. (Example: SIB internal investment management costs approximate 0.01% per annum which compares favorably with most other comparable public pension plans which generally range from 0.01% to 0.02%.)
- Empower RIO team members to be leaders in their chosen field and reward this achievement by increasing compensation levels to median market rates at a minimum (for delivering top tier services at or below market rates).
- Engage with Legislative Leaders and the Executive Branch by working together to deliver effective and efficient solutions to meet, if not exceed, the needs and expectations of our citizens and constituents.

Current State – Agency

- RIO is a Special Fund Agency; No General Fund dollars are appropriated
 - Funding for administration of the **TFFR Pension Plan** comes from Member and Employer Contributions and Investment Earnings
 - Actual appropriated costs for the administration of the TFFR Pension Plan have averaged 8 basis points (0.08%) of fund investment value over the past 10 years. (10.1 basis points if administrative costs covered under continuing appropriation are included.)
 - The average cost of administration of other public pension plans polled was 8-15 basis points.
 - Funding for administration of the **Investment Program** comes directly from Investment Clients' invested assets (both statutory and contracted).
 - Actual costs are simply passed through to clients based on their pro-rata share of those expenses (based on AUM).
 - Actual appropriated costs for the administration of the SIB Investment Program have averaged 1 basis point (0.01%) of total assets under management (AUM) over the past 10 years. (1.2 basis points if administrative costs covered under continuing appropriation are included.)
 - The average cost of administration of other state investment programs polled was 1-2 basis points.

Current State – Agency

**ND Retirement and Investment Office (RIO)
 Agency Organizational Chart (January 2018)**



Current State – Agency

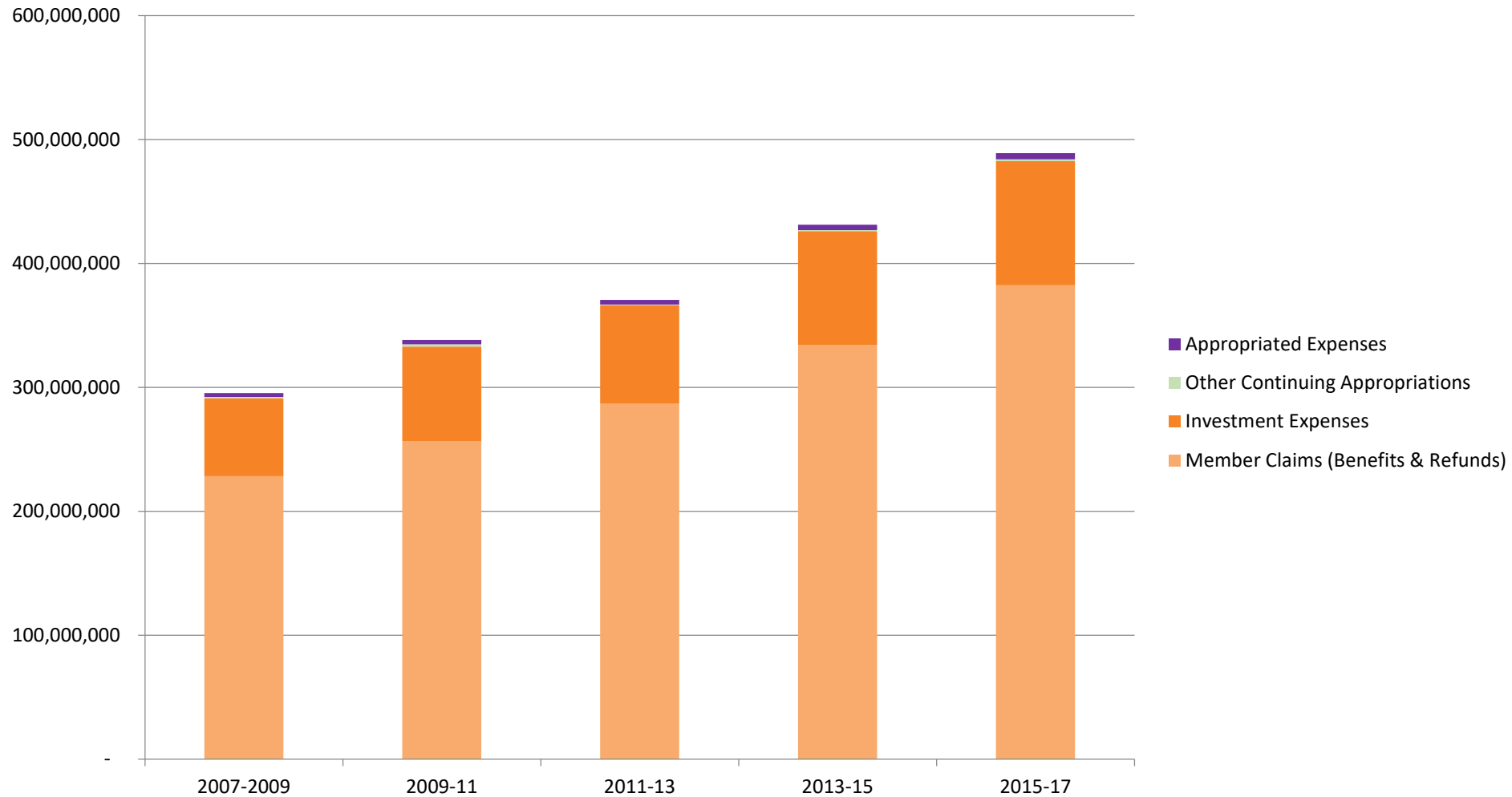
Appropriated expenses are only a small fraction of the total expenses of RIO. The following table shows actual total expenses paid in FY2017.

	TFFR		SIB		Total RIO	
	Actual Expenses	% of Total	Actual Expenses	% of Total	Actual Expenses	% of Total
<u>CONTINUING APPROPRIATIONS</u>						
INVESTMENT EXPENDITURES	\$ 13,111,481	6.2%	\$ 41,353,940	97.4%	\$ 54,465,421	21.4%
MEMBER CLAIMS						
ANNUITY PAYMENTS	191,104,694		-		191,104,694	
REFUND PAYMENTS	5,411,850		-		5,411,850	
TOTAL MEMBER CLAIMS	196,516,544	92.8%	-	0.0%	196,516,544	77.3%
OTHER CONTINUING APPROPRIATIONS	415,576	0.2%	187,578	0.4%	603,154	0.2%
TOTAL CONTINUING APPROPRIATIONS	210,043,601	99.2%	41,541,518	97.8%	251,585,119	98.9%
<u>APPROPRIATED EXPENDITURES</u>						
SALARIES AND BENEFITS	1,135,689	0.5%	1,038,489	2.4%	2,174,178	0.9%
OPERATING EXPENSES	400,350	0.2%	101,981	0.2%	502,331	0.2%
CAPITAL ASSETS	8,999	0.0%	-	0.0%	-	0.0%
SIB EXPENSES ALLOCATED TO TFFR	221,816		(221,816)		-	
TOTAL APPROPRIATED EXPENDITURES	1,766,854	0.8%	918,654	2.2%	2,676,509	1.1%
TOTAL EXPENDITURES	\$ 211,810,455		\$ 42,460,171		\$ 254,261,628	

Other continuing appropriations per NDCC 21-10-06.2 and 15-39.1-05.2 include investment and fiduciary consulting services (actuary, audit, legal) as well as investment due diligence travel costs and other investment related expenses not directly attributable to investment managers.

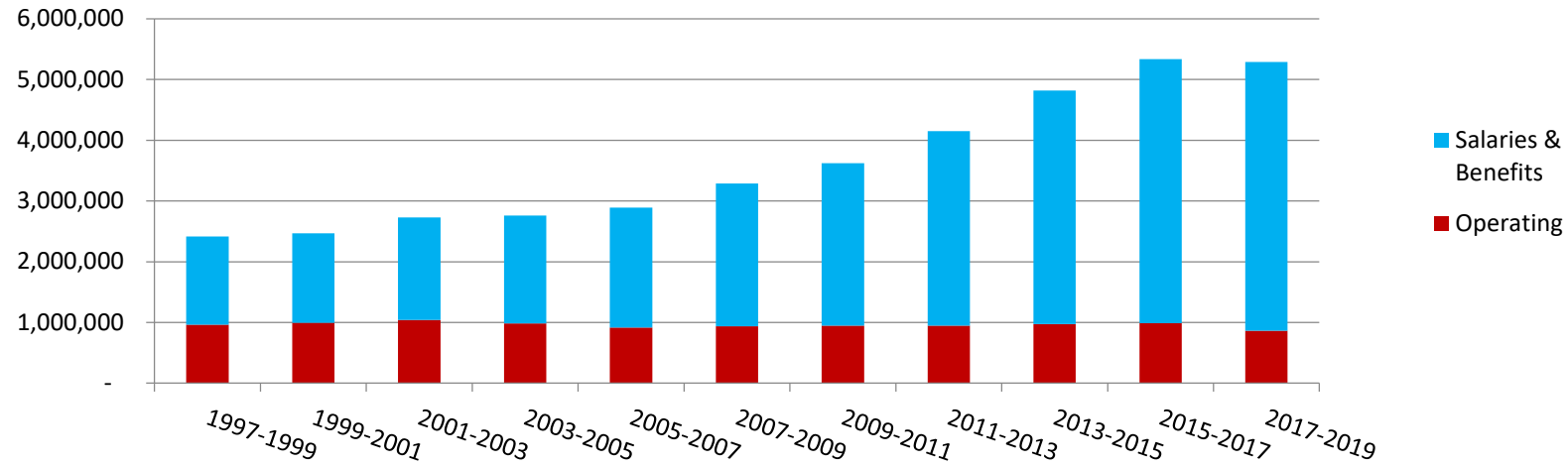
Current State – Agency

Total RIO Expenses

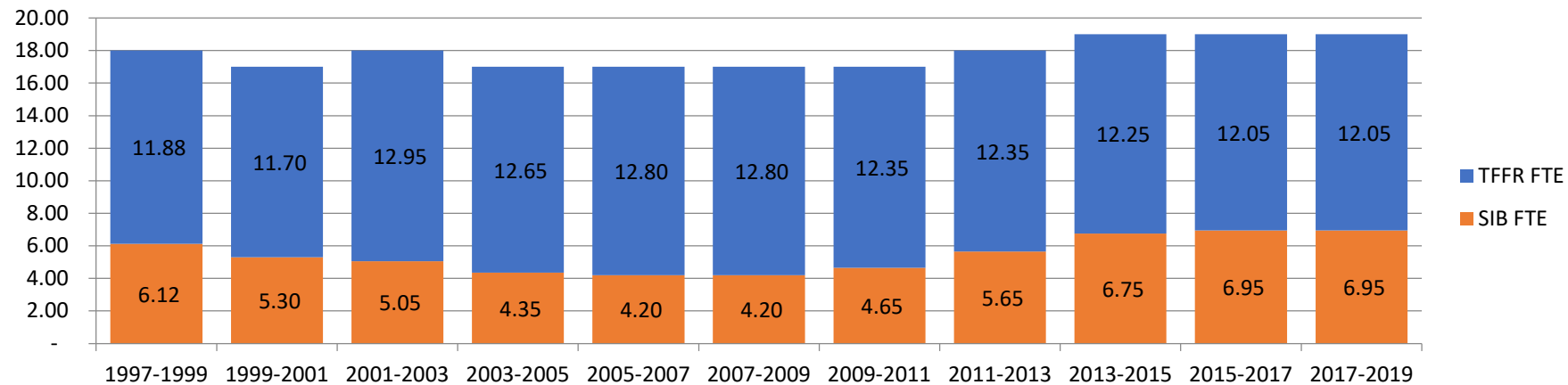


Current State – Agency

RIO Budget History



RIO FTE History



Current State – Agency

Successes

- Operating Line of budget has decreased by 9.2% over the past 5 biennia and 13.1% over the past 10 biennia
- 83% of RIO budget is Salaries & Benefits
 - Average years of service of total RIO Staff is 17 years
 - Average years of service of RIO management staff is 17.6 years
 - Generally low overall staff turnover
- Annual Staff Survey
 - RIO has conducted an annual survey since 2014 to gauge staff satisfaction and morale.
 - Survey used in 2017 was the statewide survey developed for cabinet level agencies, modified for RIO.
 - Overall results have remained fairly consistent (between 2.7 and 2.9 on a 3.0 scale).
 - RIO results match the results of the statewide survey very closely, showing areas of most concern are communication and compensation.
- RIO has received the Certificate of Achievement in Financial Reporting from the Government Finance Officers' Association (GFOA) on its annual financial report for 20 consecutive years (as of 6/30/17 report)
- RIO has received unqualified/unmodified audit opinions on its annual financial statements since inception in FY1990.
- RIO has not had an audit finding/recommendation since FY2009.

Challenges

- Over 30% (6) of current staff will be retirement eligible by end of current biennium and another 10% (2) by 6/30/21.
 - 50% of those eligible to retire are in management positions
 - Potentially over 200 years of institutional knowledge will be lost over next 3-5 years.
- Succession planning
- Current budget reductions are limiting resources (funding and staffing) to make technology advances in areas such as website upgrades, disaster recovery and investment portfolio risk management.

State Investment Board (SIB)

Fundamental Investment Beliefs

Asset allocation decisions are the primary driver of investment returns, but the prudent use of active investment management is an important contributor towards ensuring our clients attain their stated investment objectives. All investment decisions are driven by our desire to maximize risk adjusted returns based on our clients stated risk appetite and liquidity profile.

- SIB clients generated over \$300 million of incremental income via the prudent use of active management the last 5 years including over \$120 million of incremental income in 2017.

Strategic Investment Plan

1. Reaffirm our organizational commitment to the importance of continuing board education and strong board governance.
2. Enhance understanding of our core goals and beliefs while enhancing overall transparency.
 - a. Remain steadfast in our commitment to the prudent use of active investment management.
 - b. Expand awareness to downside risk management which is essential to achieving our long term investment goals.
 - c. Given actual and projected growth of SIB client assets and the heightened public awareness of the Legacy Fund, align our investment platforms to promote greater clarity and efficiency in reporting and implementing client investment policies.
3. Expand RIO's influence and ability to create positive and sustainable change by building deeper relationships with existing clients, organizations and legislative leaders.
 - a. Enhance community outreach to build upon public awareness and confidence.
 - b. Develop concise presentations which highlight our overall risk, return and cost control framework including our progress towards attaining our long-term goals.

State Investment Board (SIB)

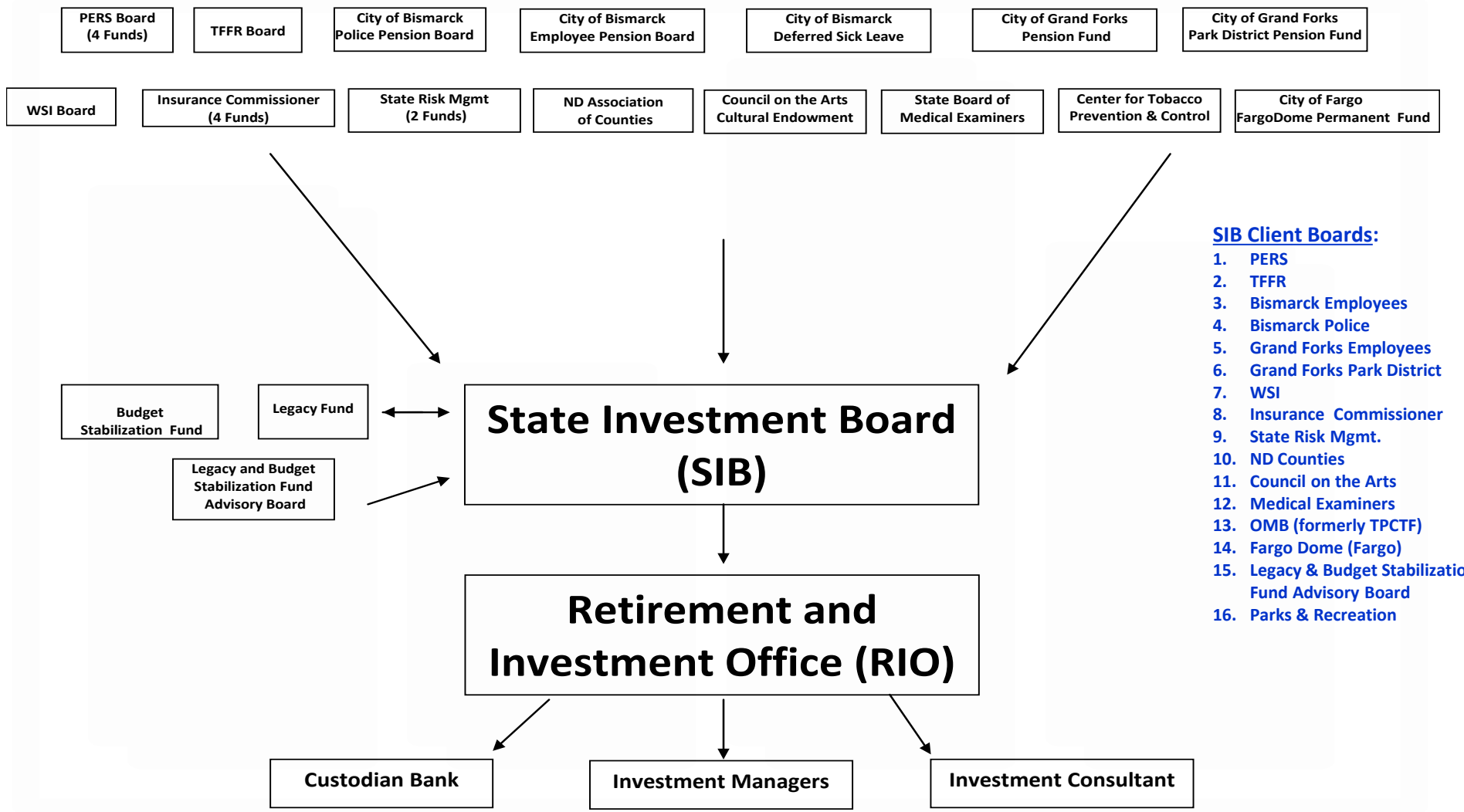
Strategic Investment Plan (continued)

4. Heighten employee engagement by promoting an open and collaborative work environment while encouraging employee participation in staff meetings, offer team members more opportunities to impact RIO's change initiatives and improve the office environment for staff and clients.
 - a. RIO's ability to continue to deliver strong results is dependent on the combined efforts of our highly valuable team members.
5. Enhance our internal control environment by improving use of proven risk management solutions relating to fraud risk assessments, investment risk management and overall enterprise risk management.
 - a. A robust risk management framework serves as a foundation to support a sound internal control environment and lessen downside risks.
 - b. Broaden stakeholder awareness of the challenges faced in estimating Legacy Fund earnings for any given period.
6. Evaluate and expand the efficient use of technology in our investment program activities including risk management, compliance monitoring, client satisfaction surveys, website design and communications in order to increase overall efficiency and effectiveness.

No legislative studies going on this biennium. Policy implementation relates to the Legacy Fund.

- 2017-19 biennium is first time Legacy Fund earnings will be transferred to General Fund.
- RIO investment staff have met with OMB and Treasurer's Office staff, as well as Legislative Council staff, to plan for the timing and methodology of this transfer. Legacy Fund earnings in the amount of \$200 million were appropriated for use in this biennium but will not be transferred until the end of the biennium per State Constitution language. Actual amount of transfer will not be known until end of biennium.

Current State – Programs – SIB



SIB Client Boards:

1. PERS
2. TFFR
3. Bismarck Employees
4. Bismarck Police
5. Grand Forks Employees
6. Grand Forks Park District
7. WSI
8. Insurance Commissioner
9. State Risk Mgmt.
10. ND Counties
11. Council on the Arts
12. Medical Examiners
13. OMB (formerly TPCTF)
14. Fargo Dome (Fargo)
15. Legacy & Budget Stabilization Fund Advisory Board
16. Parks & Recreation

Current State – Programs – SIB

Client Responsibilities: (Per NDCC 21-10-02.1) The governing body of each fund shall establish policies on investment goals, objectives and asset allocation that must include:

- Acceptable rates of return, liquidity and levels of risk
- Long-range asset allocation goals

State Investment Board Responsibilities: (Per NDCC 21-10):

- Accept and implement client asset allocations
- Apply Prudent Investor Rule when investing for fund under its supervision
- Approve general types of securities for investment
- Set policies and procedures regulating securities transactions on behalf of clients
- Select custodian servicer, investment director and/or investment consultant
- Create investment pools

Retirement and Investment Office Staff Responsibilities (on behalf of SIB):

- Administer overall investment strategy
- Advise SIB on ways to maximize risk/return opportunities within each asset class
- Act as liaison between SIB and managers, consultant and custodian
- Monitor individual clients' investment guidelines and asset allocations
- Maintain separate accounting for client accounts

Current State – Programs – SIB

Investment Manager Responsibilities:

- Accept and implement specific mandates or “investment missions”
- Make buy/sell decisions based on investment guidelines
- Report to RIO Staff on regular basis
- Provide education to SIB

Custodian Bank Responsibilities:

- Safe-keep assets
- Settle trades
- Recordkeeper

Investment Consultant Responsibilities:

- Performance measurement of investment managers
- Manager search assistance
- Provide education to SIB including special projects

Others Experts:

- Legal Counsel
- Independent Actuaries and Auditors
- Specialists in custody and fee reviews and/or transaction cost analyses

Current State – Programs – SIB

Highlights

- Investment returns for the Pension Trust (including PERS and TFFR) improved from the 71st percentile for the last 10-years to the 20th percentile the last 5-years and 13th percentile for the 3-years ended 3/31/2018.
- RIO conservatively estimates the SIB's use of active management has generated \$300 million of incremental income for clients over the last 5-years (e.g. \$10 billion x 0.60% x 5 years = \$300 million) including \$100 million for the 1-year ended March 31, 2018.
- The SIB's commitment to developing strategic partnerships with major institutional investment firms have paid significant dividends and reduced fees (as a % of investments) from 0.65% in 2013 to 0.46% in 2017. This 0.19% reduction translates into over \$20 million of annual fee savings. The SIB earns more than a 2-for-1 return on every \$1 spent on investment fees.
- Legacy Fund investment earnings exceed \$1 billion since inception including \$329 million for the 10 months ended April 30, 2018. NDCC earnings (transferable to the General Fund) were \$188 million as of April 30.
- Customer satisfaction surveys
 - SIB client satisfaction survey scores remain strong at 3.6 (on a 4.0 scale).
 - Client satisfaction surveys are sent out annually to all investment clients as part of the annual evaluation of the SIB "Ends" governance policies.
 - Rating factors include promptness and professionalism of staff, clarity and effectiveness of communications/reports, and knowledge of investment.
 - Additional feedback is requested regarding how service can be improved.

Lowlights

- Current budget reductions are limiting resources (funding and staffing) to make technology advances.

Current State - Programs – SIB

State Investment Board – Client Assets Under Management

<u>Fund Name</u>	<u>Market Values as of 3/31/18 (1)</u>
Pension Trust Fund	
Teachers' Fund for Retirement (TFFR)	\$ 2,466,427,925
Public Employees Retirement System (PERS)	2,999,335,828
City of Bismarck Employees Pension	98,280,546
City of Bismarck Police Pension	39,741,400
City of Grand Forks Employees Pension	64,240,952
Park District of the City of Grand Forks Pension	6,622,154
Subtotal Pension Trust Fund	<u>5,674,648,805</u>
Insurance Trust Fund	
Workforce Safety & Insurance (WSI)	1,925,297,355
State Fire and Tornado Fund	22,869,464
State Bonding Fund	3,411,679
Petroleum Tank Release Compensation Fund	6,466,968
Insurance Regulatory Trust Fund	1,924,358
State Risk Management Fund	5,244,793
State Risk Management Workers Comp Fund	5,278,321
Cultural Endowment Fund	454,379
Budget Stabilization Fund	38,323,931
ND Association of Counties (NDACo) Fund	5,871,740
Bismarck Deferred Sick Leave Account	726,168
City of Fargo FargoDome Permanent Fund	43,891,602
State Board of Medicine Fund	2,231,656
PERS Group Insurance Account	33,474,017
Lewis & Clark Interpretive Center Endowment	700,060
Subtotal Insurance Trust Fund	<u>2,096,166,489</u>
Legacy Trust Fund	
Job Service of North Dakota Pension	96,405,170
Tobacco Control and Prevention Fund	54,065,143
PERS Retiree Health Insurance Credit Fund	<u>125,145,623</u>
Total Assets Under SIB Management	<u>\$ 13,421,483,761</u>

- ▶ **SIB client investments exceeded \$13.4 billion as of March 31, 2018**, with the Pension Trust exceeding \$5.6 billion, Insurance Trust nearing \$2.1 billion and Legacy Fund approaching \$5.4 billion.
- ▶ **The Pension Trust posted a net return of 12.3% in the last year.** During the last 5-years, the Pension Trust generated a net annualized return of 8.3%, exceeding the performance benchmark of 7.3%.
- ▶ **The Insurance Trust generated a net return of 7.5% in the last year.** During the last 5-years, the Insurance Trust posted a net annualized return of 5.0%, exceeding the performance benchmark of 3.7%.
- ▶ **Legacy Fund generated a net return of 10.2% last year, exceeding its policy benchmark.** During the last 5-years, Legacy Fund earned a net annualized return of 5.8%, exceeding the performance benchmark of 4.8%.
- ▶ **RIO conservatively estimates the SIB use of active management enhanced client returns by over \$300 million since March 31, 2013** (e.g. \$10 billion x 0.60% = \$60 million x 5 years = \$300 million).
- ▶ **If SIB managers outperform their benchmark by 0.01% (or 1 basis point), after all fees & expenses, client returns improve by \$1.3 million per year** (e.g. \$13 billion x 0.01% = \$1.3 million).
- ▶ **RIO's internal investment cost for administering the investment programs for our SIB clients is less than 1 basis point or 0.01% (i.e. less than 1/100th of 1%).**

(1) Market values are unaudited and subject to change.

Current State – Programs – SIB

Investment performance vs benchmarks

- Per SIB Client Investment Policy, the total fund return, net of fees, should at least match the return of the policy benchmark over a minimum evaluation period of five years. The following table details the results for the five years ended March 31, 2018.

<u>Fund Name</u>	<u>Total Fund Actual (Net)</u>	<u>Total Fund Benchmark</u>
Pension Trust Fund		
Teachers' Fund for Retirement (TFFR)	8.33%	7.28%
Public Employees Retirement System (PERS)	8.34%	7.30%
City of Bismarck Employees Pension	7.52%	6.47%
City of Bismarck Police Pension	7.78%	6.78%
City of Grand Forks Employees Pension	8.24%	7.45%
Park District of the City of Grand Forks Pension	8.42%	7.52%
Insurance Trust Fund		
Workforce Safety & Insurance (WSI)	5.98%	4.43%
State Fire and Tornado Fund	6.33%	4.93%
State Bonding Fund	2.18%	1.17%
Petroleum Tank Release Compensation Fund	2.02%	1.09%
Insurance Regulatory Trust Fund	4.85%	3.99%
State Risk Management Fund	6.49%	5.07%
State Risk Management Workers Comp Fund	7.23%	5.87%
Cultural Endowment Fund	8.80%	7.64%
Budget Stabilization Fund	1.31%	0.62%
ND Association of Counties (NDACo) Fund	5.66%	4.32%
Bismarck Deferred Sick Leave Account	6.06%	4.46%
City of Fargo FargoDome Permanent Fund	7.75%	6.39%
State Board of Medicine Fund	*	*
PERS Group Insurance Account	0.36%	0.41%
Lewis & Clark Interpretive Center Endowment	*	*
Legacy Fund	5.82%	4.75%
Job Service of North Dakota Pension	6.00%	5.29%
Tobacco Control and Prevention Fund	*	*
PERS Retiree Health Insurance Credit Fund	7.56%	7.63%

* These funds do not have the specified periods of history under SIB management.

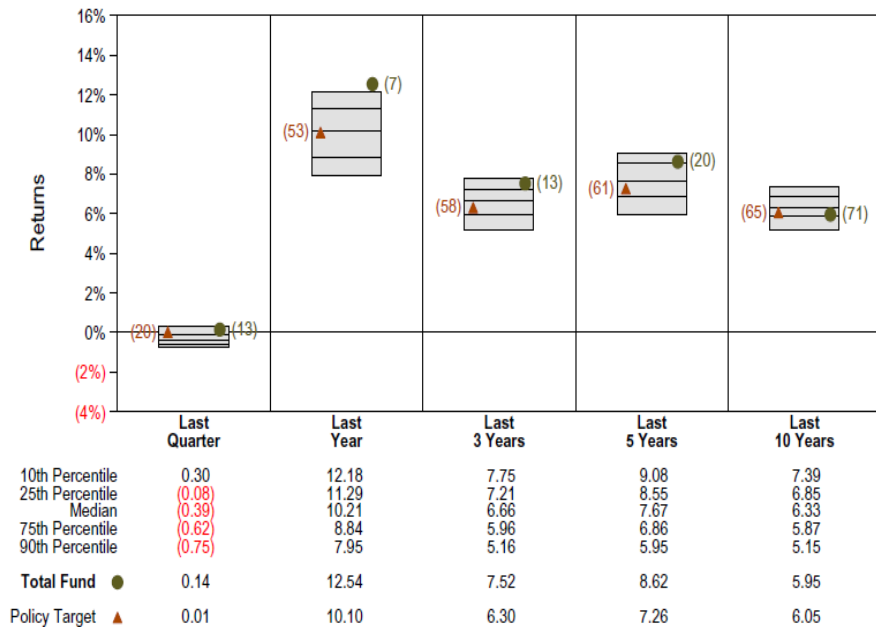
The vast majority of SIB clients (98%) are surpassing agreed upon performance benchmarks for the 1, 3, 5 and 7 years ended March 31, 2018 (based on AUM).

Current State - Programs – SIB

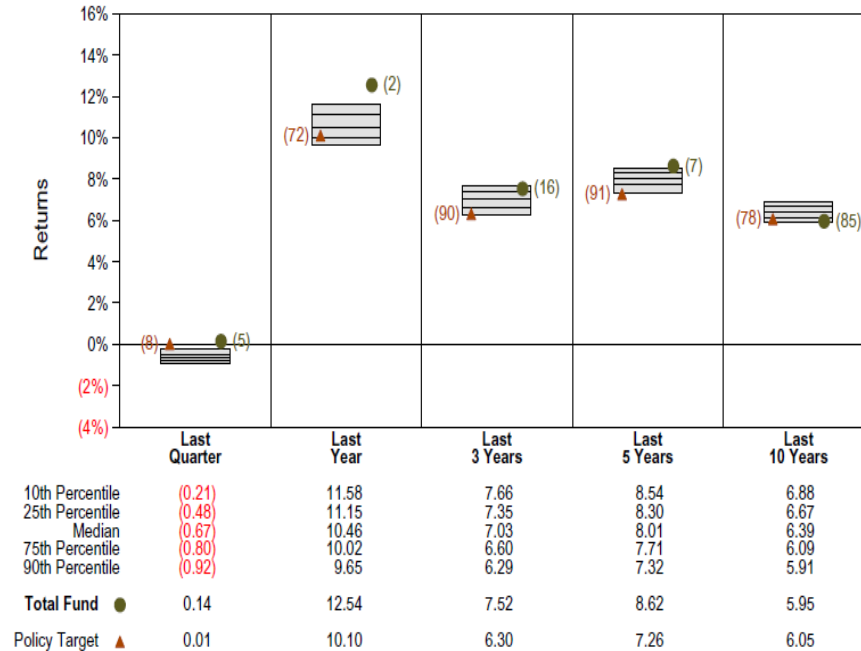
ND Pension Trust Peer Rankings have improved from the **71st percentile in the Last 10 Years** to the **20th Percentile for the Last 5 Years** and **13th percentile in the Last 3 Years** based on Callan's Public Fund Sponsor Database (left chart).

Total Fund Ranking – The following charts show the ranking of North Dakota's Pension Trust (including PERS and TFFR) performance relative to that of the Callan Public Fund Sponsor Database for the periods ended March 31, 2018. The left chart is a standard unadjusted ranking. In the right chart, each fund in the database is adjusted to have the same historical asset allocation of ND.

Callan Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



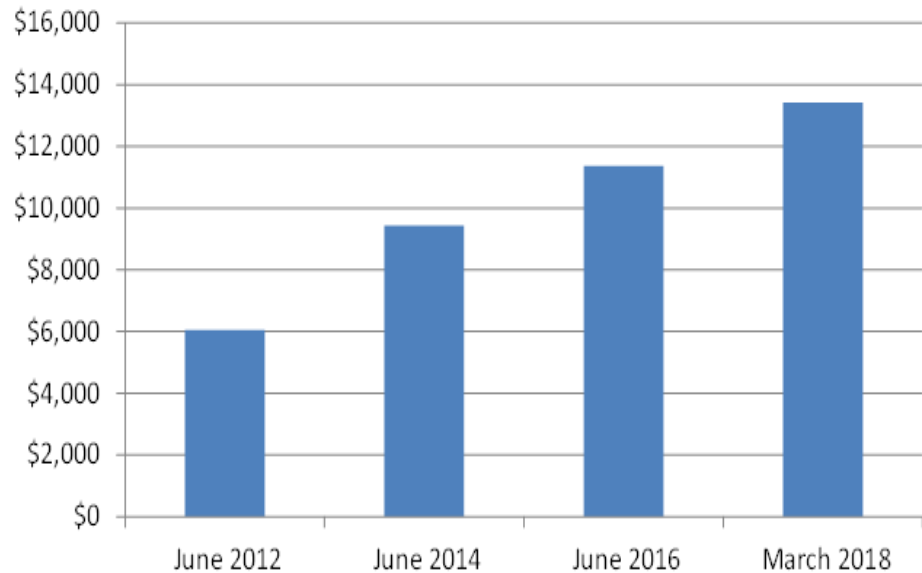
* Current Quarter Target = 16.3% Blmbg Aggregate, 16.1% Russell 1000 Index, 16.0% MSCI World, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 7.0% Blmbg HY 2% Iss Cap, 6.5% NDSIB PEN - Private Equity, 5.7% CPI-W, 4.9% Russell 2000 Index, 3.1% MSCI EM, 2.3% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

Current State - Programs – SIB

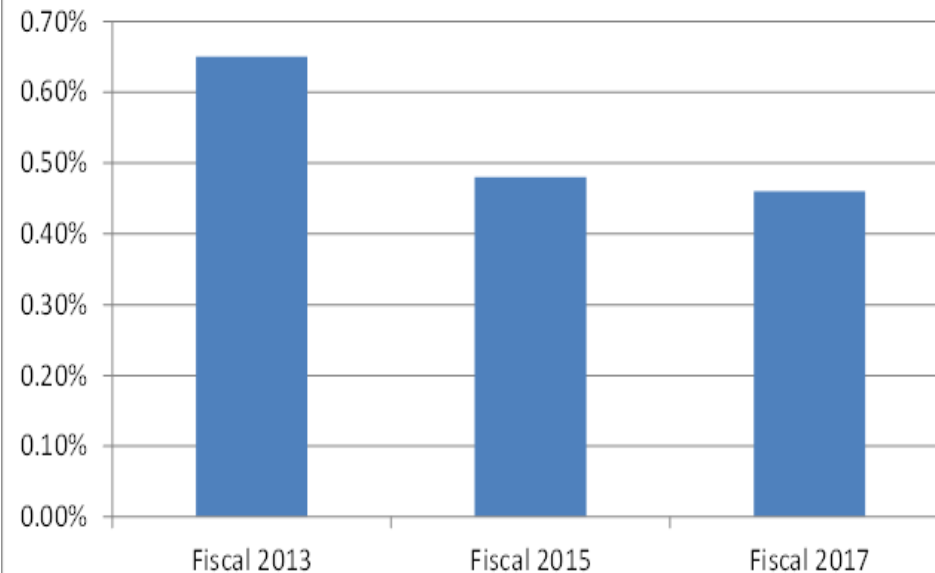
SIB investments have increased by 120% from \$6 billion in 2012 to over \$13 billion in 2018. RIO's FTE budget has remained at 19 positions despite this significant asset growth, while SIB client satisfaction scores remain strong.

SIB Fees have declined by nearly 30% from 0.65% in Fiscal 2013 to 0.46% in Fiscal 2017. Based on \$13 billion of AUM, this 0.19% reduction translates into over \$24 million of annual fee savings (e.g. \$13 billion x 0.19% = \$24.7 million).

SIB Investments



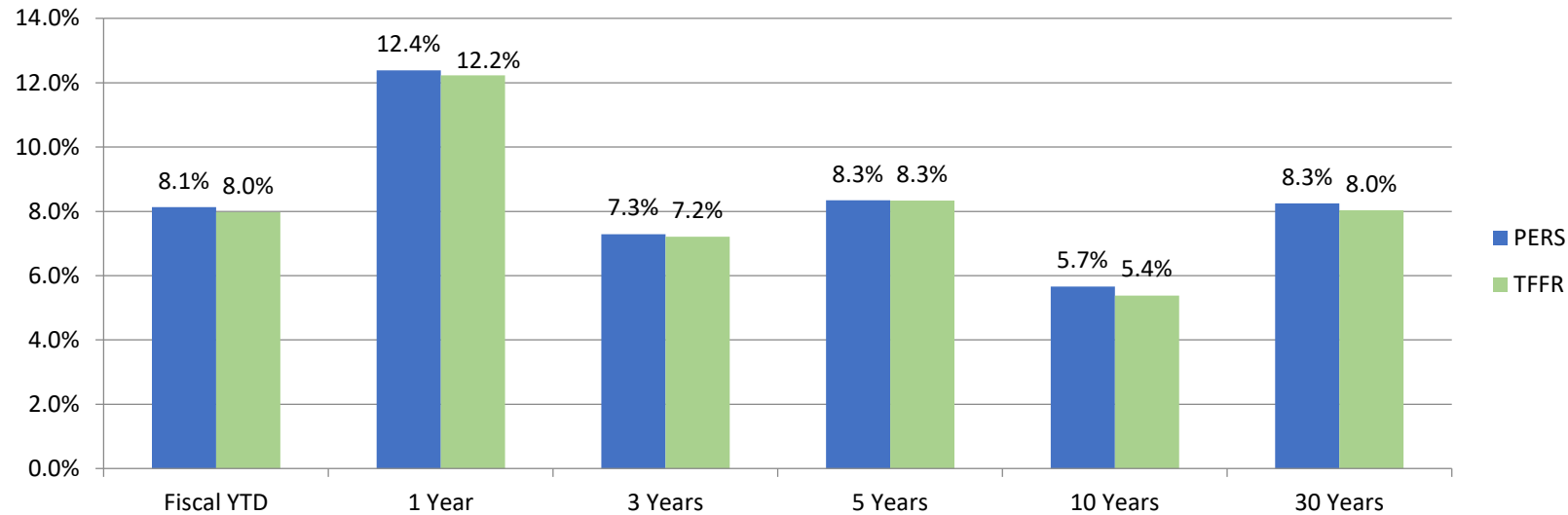
SIB Fees (% of AUM)



Current State - Programs – SIB

TFFR and PERS – Net Investment Return Update

**Net Investment Returns
For Periods Ended March 31, 2018**



**Interim Investment
Update as of
April 30, 2018:**

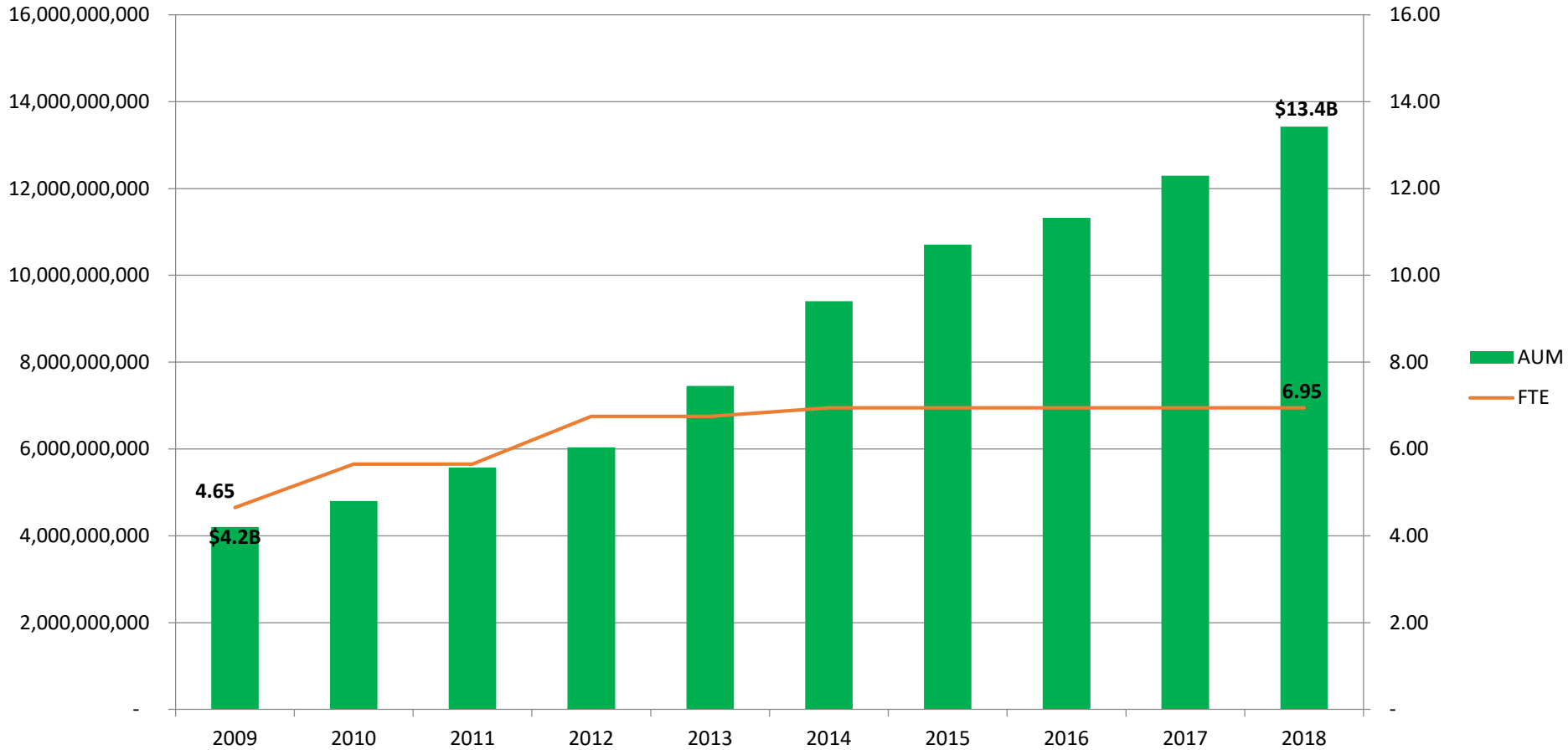
TFFR and PERS net investment returns are estimated to approximate 8% for the 10 months ended April 30, 2018.

These estimates are deemed to be materially accurate, but are unaudited and subject to change.

RIO estimates that actual net returns exceed their policy benchmarks by approximately 1% for the 10 months ended April 30, 2018.

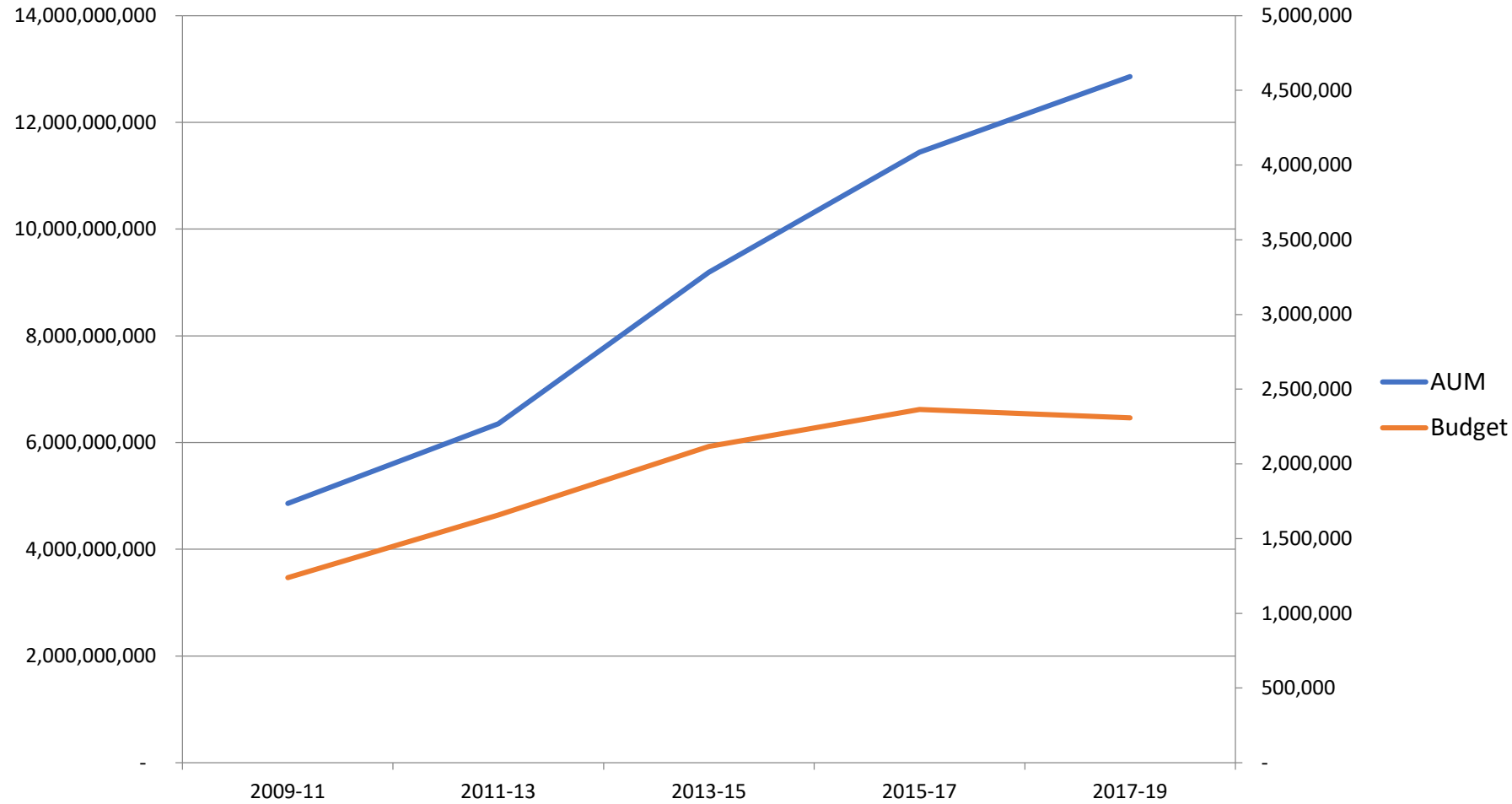
Current State – Programs – SIB

SIB Assets Under Management (AUM)

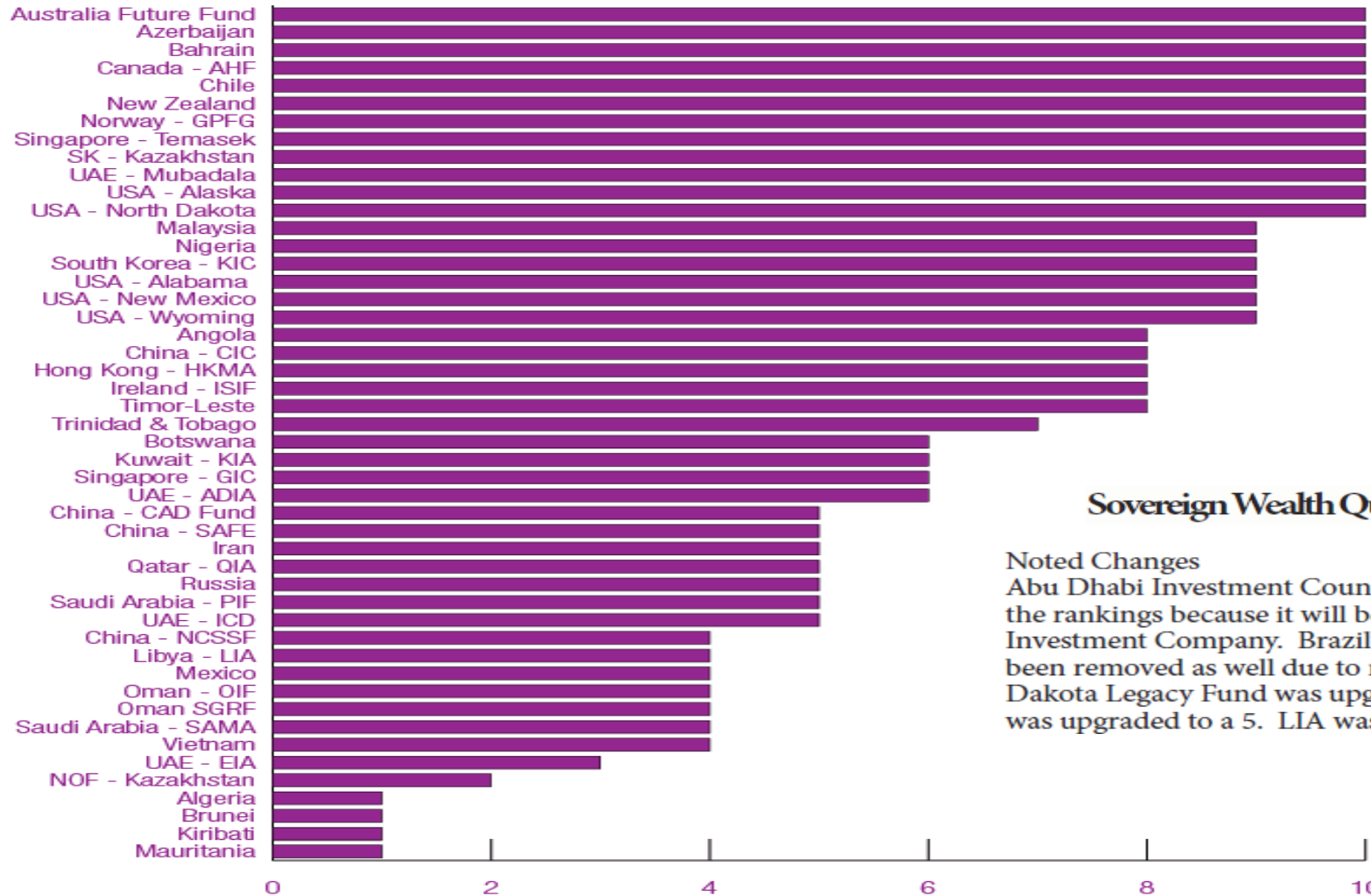


Current State – Programs – SIB

SIB AUM to Budget



Current State - Programs – SIB



Alaska (Permanent Fund) and North Dakota (Legacy Fund) are rated 10 by the Sovereign Wealth Fund Institute using the Linaburg-Maduell Transparency Index.

Sovereign Wealth Quarterly | April 2018

Noted Changes
 Abu Dhabi Investment Council has been removed from the rankings because it will be merged under Mubadala Investment Company. Brazil's sovereign wealth fund has been removed as well due to major asset shrinkage. North Dakota Legacy Fund was upgraded to a 10. Saudi Arabia PIF was upgraded to a 5. LIA was downgraded from 5 to 4.

Notes: The Linaburg-Maduell Transparency Index was developed at the Sovereign Wealth Fund Institute by Carl Linaburg and Michael Maduell. The Linaburg-Maduell transparency index is a method of rating transparency in respect to sovereign wealth funds. The transparency index was developed as a response to concerns of unethical agendas being carried out by government owned investment vehicles; calls have been made to the larger "opaque" or non-transparent funds to show their intentions.

Teachers' Fund for Retirement (TFFR)

The mission of TFFR, a trust fund, is to advocate for, develop, and administer a comprehensive retirement program for all trust fund members within the resources available.

- TFFR plan is designed to provide lifetime retirement, disability, and death benefits for ND public school educators and certain state teachers. It provides ND educators with a financial foundation for the future that includes a secure and stable retirement. This is possible due to TFFR's plan design, professional plan management, strong investment performance, and outstanding customer service.
- The TFFR plan is an important feature in the recruitment and retention of high quality teachers and administrators.
- TFFR provides retirement benefits services to nearly 11,000 active teachers and administrators, 2,500 inactive members, and 8,500 retired educators. Licensed staff from 215 school districts or other employers participate in the plan.

TFFR investment and funding goals

- Improve the Plan's funding status to protect and sustain current and future benefits.
- Minimize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status.

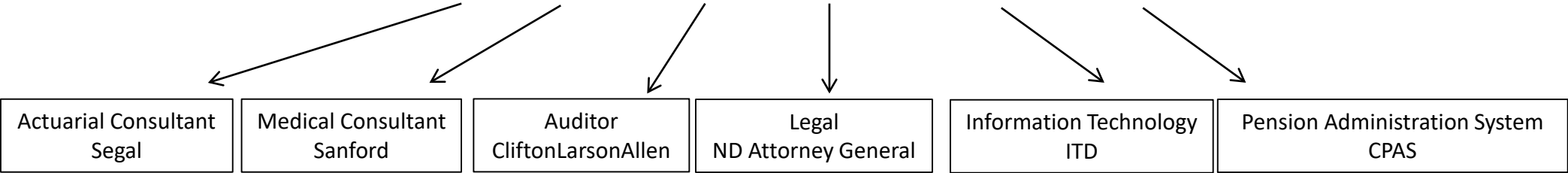
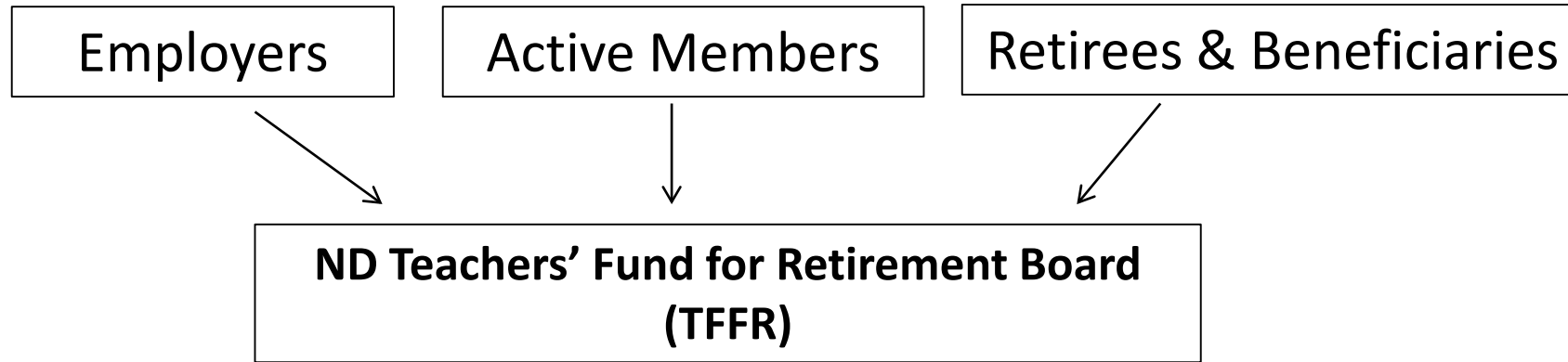
TFFR Service Goals

- Administer accurate, prompt, and efficient pension benefits program.
- Deliver high quality, friendly service to members and employers.
- Provide educational outreach programs including retirement education workshops and benefits counseling sessions.

No interim legislative studies or implementation of TFFR plan changes are occurring during the current biennium.

- Funding improvement legislation was approved in 2011, and implemented from 2011-14. This included member and employer contribution rate increases for all active and re-employed retired members, and benefit changes for nongrandfathered members (i.e. vesting, retirement eligibility, final average salary calculation period).
- Actuarial Valuation studies are conducted annually, Actuarial Experience Study was completed in 2015, followed by an Asset Liability Study in 2015-16, and an independent Actuarial Audit performed in 2016.

Current State – Programs - TFFR



Current State - Programs - TFFR

Highlights

- TFFR customer satisfaction survey scores remain strong at 3.8 (on a 4.0 scale) despite a 38% increase in TFFR membership since 1998. Members are very supportive of the TFFR defined benefit plan and services provided by RIO staff.
- Processing and payment of TFFR member benefit claims including retirement, disability, death and refund benefits are accurate and timely. Processing of employer reports and collection of retirement contributions are accurate and timely.
- In FY 2017, \$191 million in pension benefits was distributed to retirees and beneficiaries which positively impacts the state's economy.
- While the TFFR benefit plan is currently funded at 64%, long term funding projections are positive due to benefit and contribution changes approved by the Legislature in 2011.

Lowlights

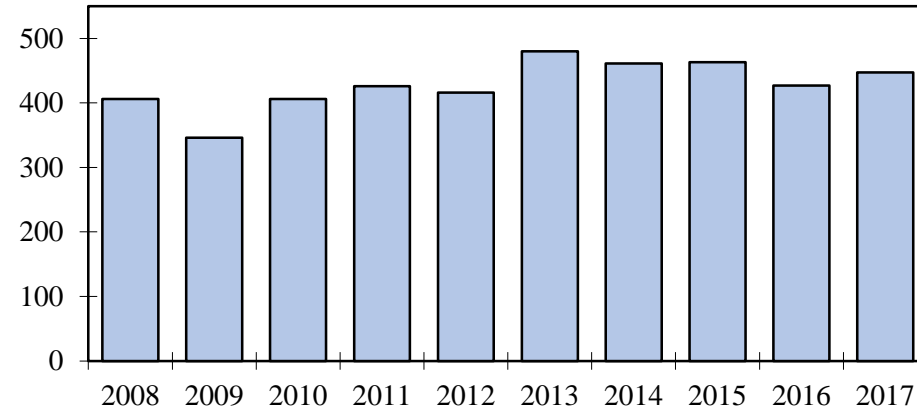
- Current budget reductions are limiting resources (funding and staffing) to make technology advances.
- Current TFFR pension administration software has been in operation for 13 years and is at the end of its product release life cycle. The current system is a client-server based application that replaced the outdated mainframe system in 2005. In today's environment, a better and more common solution is a web based application. TFFR's current software should be upgraded or replaced with a modern web-based pension administration system which would provide significant functionality improvements for members, employers, and RIO staff.
- Due to funding improvement legislation supported by TFFR members and approved by the Legislature in 2011, the complexity of the TFFR program has increased - there are currently 3 tiers of members with different benefit provisions. Additionally, member and employer contribution rates were increased until TFFR's funding level reaches 100%, which is expected to be many years in the future.

Current State – Programs - TFFR

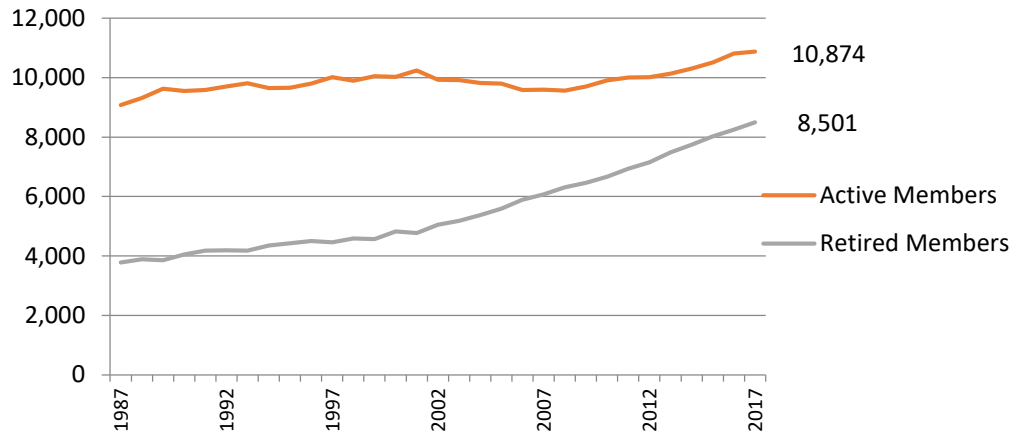
TFFR Participating Employers
 As of June 30, 2017

Public School Districts	176
County Superintendents	6
Special Education Units	19
Vocational Education Units	5
Other	9
Total	215

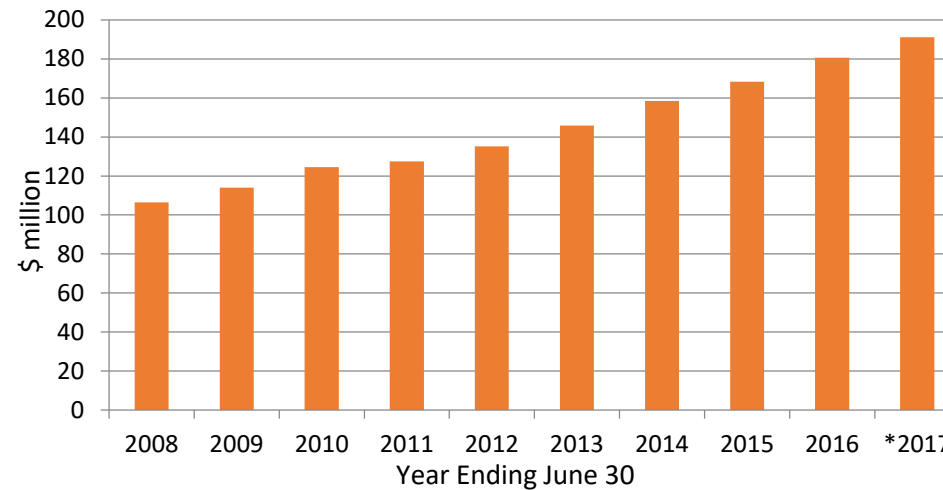
New Retirees by Fiscal Year



Active and Retired TFFR Members
 1987 - 2017



Annual TFFR Pension Benefits Paid



Current State – Programs - TFFR

Schedule of North Dakota Retirees by County June 30, 2017

County	# Retirees	Avg Benefit	Total Benefits	County	# Retirees	Avg Benefit	Total Benefits
Adams	25	1,923	48,073	Mercer	106	2,000	212,037
Barnes	164	2,196	360,092	Morton	297	1,961	582,491
Benson	55	2,111	116,115	Mountrail	77	1,580	121,669
Billings	4	1,479	5,917	Nelson	61	1,827	111,455
Bottineau	129	1,696	218,817	Oliver	17	2,019	34,318
Bowman	44	1,896	83,445	Pembina	98	2,165	212,164
Burke	41	1,539	63,102	Pierce	66	1,817	119,895
Burleigh	860	2,123	1,825,552	Ramsey	140	1,857	259,956
Cass	1,109	2,225	2,467,351	Ransom	53	1,734	91,894
Cavalier	72	1,704	122,677	Renville	41	1,874	76,823
Dickey	72	1,921	138,330	Richland	143	2,191	313,334
Divide	33	1,903	62,812	Rolette	88	1,917	168,692
Dunn	40	2,108	84,317	Sargent	43	1,594	68,549
Eddy	41	1,987	81,476	Sheridan	16	1,620	25,926
Emmons	36	1,964	70,696	Sioux	6	902	5,413
Foster	48	2,271	109,017	Slope	4	1,190	4,760
Golden Valley	18	1,838	33,080	Stark	216	2,063	445,501
Grand Forks	610	2,200	1,342,275	Steele	20	1,766	35,329
Grant	31	1,434	44,446	Stutsman	224	2,026	453,780
Griggs	43	1,909	82,091	Towner	37	1,885	69,732
Hettinger	27	1,871	50,522	Traill	105	1,883	197,694
Kidder	38	1,802	68,463	Walsh	162	1,938	314,008
LaMoure	61	1,823	111,180	Ward	607	2,096	1,272,409
Logan	20	1,850	37,003	Wells	67	1,864	124,892
McHenry	75	1,950	146,248	Williams	182	2,102	382,534
McIntosh	39	1,734	67,609	Totals	6,794	2,045	13,893,580
McKenzie	59	2,024	119,442	Out of State	1,707	1,571	2,682,530
McLean	124	1,840	228,177	Grand Totals	8,501	1,950	16,576,110

Current State – Programs - TFFR

ND TFFR Fast Facts

FY End 6/30/2017

The ND Teachers' Fund for Retirement plan (ND TFFR) provides ND educators with a financial foundation for the future that includes a secure and stable retirement. This is possible due to TFFR's plan design, professional plan management, strong investment performance, and outstanding customer service.



MEMBERS

10,874 ACTIVE MEMBERS
8,501 RETIRED MEMBERS
215 EMPLOYERS

Member Stats	Actives	Retirees
Avg. Annual Salary/Benefit	\$59,780	\$23,400
Avg. Service Credit	11.9 yrs	27.4 yrs
Avg. Current Age	42.1 yrs	71.7 yrs

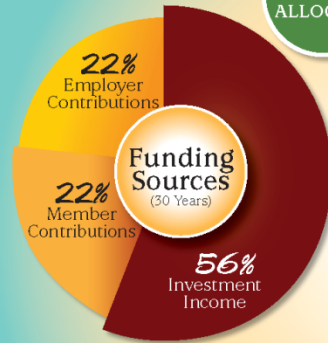
MEMBER/EMPLOYER SATISFACTION: 3.8 (4.0 Scale)

84% of benefits are paid to ND residents.

To positively impact the state's economy, **\$191 million** was distributed to retirees in FY 2017.

ND Teachers' Fund for Retirement, 3442 E. Century Avenue, P.O. Box 7100, Bismarck, ND 58507
 1-800-952-2970 or 701-328-9885 | Email: rio@nd.gov | Website: www.nd.gov/rio/tffr

Market value of TFFR assets **\$2.4 billion**



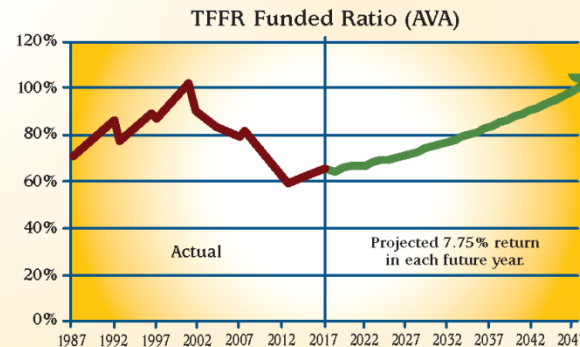
ASSET ALLOCATION



Investment Returns

1 year 12.9%
 5 year 9.2%
 30 year 7.8%

64% of BENEFITS are PREFUNDED



TFFR's long-term funding outlook is positive, and benefits are secure for past, present, and future ND educators.

Current State – Programs - TFFR

ND TFFR PLAN SUMMARY



Tier 1 is a member who had service credit in the TFFR plan prior to 7/1/08.

- Tier 1 Grandfathered member was less than 10 years away from retirement eligibility as of 6/30/13. Grandfathered member was vested, and either age 55 or had a combined total of service credit and age equal to or greater than 65 on 6/30/13.
- Tier 1 Non-Grandfathered member was more than 10 years away from retirement eligibility as of 6/30/13. Non-grandfathered member was less than age 55 and had a combined total of service credit and age which was less than 65 on 6/30/13.

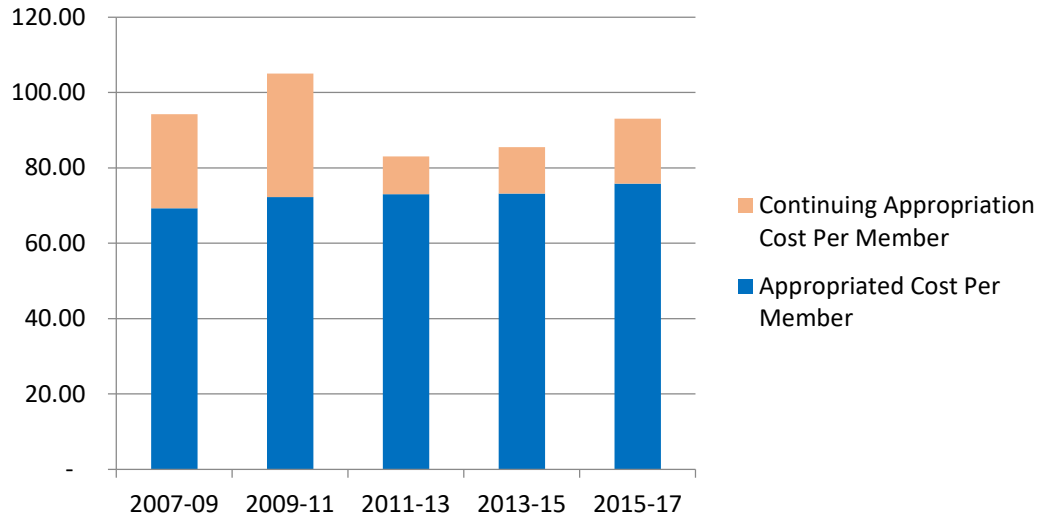
Tier 2 is a member who began participation in the TFFR plan on 7/1/08 or after.

** Contribution rates are in effect until TFFR reaches 100% funded level, then rates reduce to 7.75% each.*

	Tier 1 Grandfathered Member	Tier 1 Non-Grandfathered Member	Tier 2 Member
Employee Contribution Rates (active and re-employed retirees)			
7/1/10 – 6/30/12	7.75%	7.75%	7.75%
7/1/12 – 6/30/14	9.75%	9.75%	9.75%
*7/1/14 ongoing	11.75%	11.75%	11.75%
Employer Contribution Rates			
7/1/10 – 6/30/12	8.75%	8.75%	8.75%
7/1/12 – 6/30/14	10.75%	10.75%	10.75%
*7/1/14 ongoing	12.75%	12.75%	12.75%
Vesting Period	3 yrs	3 yrs	5 yrs
Unreduced Retirement Eligibility			
Minimum Age	No	60	60
AND Rule	Rule 85	Rule 90	Rule 90
OR Normal Retirement Age	65	65	65
Reduced Retirement Eligibility			
Minimum Age	55	55	55
Reduction Factor	6%	8%	8%
Retirement Formula Multiplier			
X Final Average Salary	3 yr FAS	3 yr FAS	5 yr FAS
X Service Credit	Total years	Total years	Total years
Disability Retirement			
	Yes	Yes	Yes
Retirement Formula Multiplier (2%) X Final Average Salary (FAS) X Total Service Credit			
Death/Survivor Benefits			
	Yes	Yes	Yes
Refund of account value or Life Annuity to survivor based on member's vesting status.			

Current State – Programs - TFFR

TFFR Average Annual Cost Per Member



- Customer satisfaction surveys
 - TFFR customer satisfaction survey scores remain strong at 3.8 (on a 4.0 scale).
 - Customer comment cards or program evaluations are included in active and retired member correspondence, and distributed to participants in member and employer outreach programs, and to member and employer stakeholder group representatives.
 - While the survey rankings related to staff courtesy, promptness, and content/effectiveness of information are important (3.8), even more valuable are the numerous comments and suggestions from members and employers related to the benefits and services provided by RIO.
 - TFFR values the feedback from members and employers, and continually strives to update and improve services to our customers.
- TFFR has received the Public Pension Coordinating Council's Public Pension Standards award for the past 25 years.
- TFFR Actuarial Audit conducted in 2016 by independent actuary confirmed that actuarial assumptions, methods, and calculations done by plan actuary were accurate, reasonable, and performed in accordance with actuarial standards of practice. Audit results were positive, with only a few minor recommendations.
- TFFR received favorable determination letter from IRS in 2017 confirming the TFFR plan is in compliance with IRC requirements for qualified plans (conditioned on adoption of certain proposed technical amendments in 2019 legislative session).

Reinvention – Programs - TFFR

- TFFR Pension administration software modernization project (exploring)
- TFFR Data analytics
 - School district master payroll files for audit (in progress)
 - Shared files with ESPB for teacher licensure (to be explored)
 - Shared files with PERS for dual membership (to be explored)
- TFFR Pension administration practices
 - Electronic payments to retirees (in progress – only 5 paper checks per month)
 - Electronic employer reporting (in progress – 98% of members currently reported electronically; system upgrade would offer other electronic options)
 - Electronic communications (in progress, limited – requires system upgrade)
 - Alternate delivery methods for member/employer information (in progress, limited – requires system upgrade)
 - Member and Employer self- service (requires system upgrade)
- RIO/TFFR and PERS executive staff are in the very early stages of exploring additional opportunities for future cost savings and/or administrative efficiencies. (Note: investment of PERS trust fund assets was transferred to the SIB in 1989 which provided significant investment cost savings.)

Reinvention – Programs - TFFR

TFFR Pension Administration Software Modernization Project

- Current TFFR pension administration software has been in operation since 2005. The functionality and technical architecture of this client-server technology is 13 years old, and is at the end of its product release life cycle.
- In order to move towards a more technologically advanced, web based system which would provide significant self-service functionality for members and employers, RIO is exploring the potential benefits, risks and costs of upgrading or replacing our current application to improve and streamline TFFR pension administration processes, reporting capabilities, communications and services to members and employers.
- Most of the desired features needed to reinvent the way TFFR conducts business are standard functions of modern pension administration software, either out of the box, or implemented with configuration.
- An updated pension administration system will enable TFFR to adopt current best practices in self services for members and employers, and achieve greater efficiencies in daily administration.
- Employers will be enabled to take greater ownership of their data with the ability to securely upload contribution data, including optional electronic submission methods available to paper-based reporting employers, receive immediate validation results, and confirm contribution remittances.
- Members using self-service can access and update certain personal information, and run their own benefit estimates.
- Communications will be timelier with members being able to initiate requests online and receive statements and notifications securely through the web portal. Further, digital communication is direct and secure, saves on mailing costs, and reduces reliance on paper.
- As part of its study, RIO is also collaborating with other state agencies to review available options and identify potential synergies to enhance operational efficiencies and reduce costs.
- While a pension administration software modernization project will be costly and time consuming, we believe it is in the interests of TFFR members and employers to consider making this type of investment to take advantage of technology improvements that have been made in the years since the current software was implemented.

Reinvention – Programs - SIB

- SIB Risk Management oversight and reporting
- RIO/SIB and Land Board staff have historically shared information regarding common investment management firms and have realized fee savings from overlapping mandates. RIO welcomes additional discussion regarding the expansion of current collaborative efforts to explore new ways in which both agencies can work together to maintain strong investment performance and further reduce investment management fees & expenses.

Reinvention – Programs - SIB

Investment Risk Management Oversight and Reporting



- The process of identifying the level of risk that an entity is comfortable with, measuring the level of risk that an entity currently has, taking actions that bring that actual level of risk to the desired level, and monitoring the new actual level of risk so that it continues to be aligned with the desired level.
 - Continuous process
 - Requires measuring, monitoring, and managing exposure to both economic and fundamental drivers of risk and return across asset classes
 - Avoidance of overexposures to common risk factors
- One of the six pillars of the SIB's 2017-19 Strategic Investment Plan - "Enhancing our internal control environment by improving the use of proven risk management solutions" noting that "a robust risk management framework serves as the foundation to support a sound internal control environment and lessen downside risk".
- BlackRock Aladdin risk management system
 - Chosen by RIO staff in 2016 after exhaustive review of leading investment risk management systems
 - State of the art multi-asset class risk management solution
 - Portfolio risk, stress testing & scenario analysis
 - Asset allocation analysis
 - Performance & attribution
 - Compliance & oversight
- Due to the expertise needed to effectively harness the full potential of this system, the time required to develop and continue to monitor the outputs, and the desire of RIO staff to provide the SIB with all of the data necessary to make informed decisions in the management of the multi-billion dollar investment portfolio, an additional FTE (Chief Risk Officer) is needed.
- If the SIB and RIO can improve investment returns by just 0.01% (by choosing investment managers that will outperform their benchmarks without taking excess risk) we increase our client investment income by \$1.3 million (e.g. \$13 billion x 0.01% = \$1.3 million).

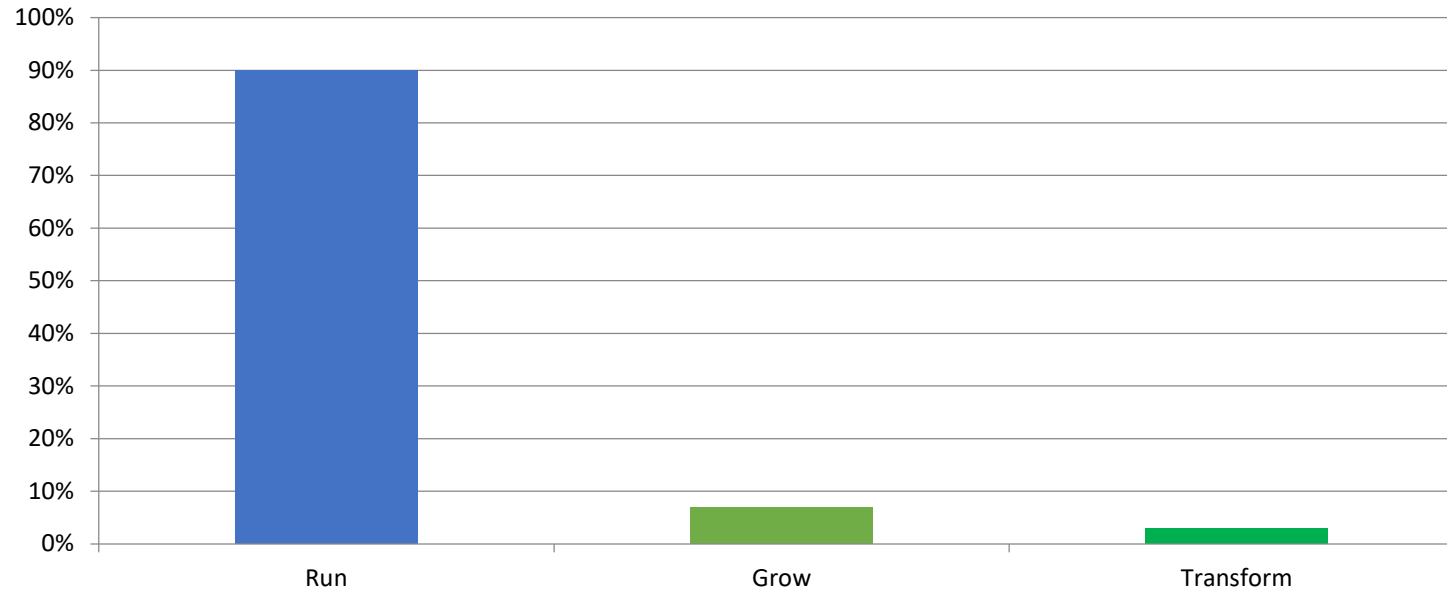
Reinvention – Agency

- RIO Website Update project (in progress)
- RIO Shared Services (to be explored)
 - HR and payroll
 - Facilities
 - Marketing/Public Information/Communications
 - Procurement
 - Print/Mailing services

RIO Reinvention Barriers

- Budget limitations
- Staffing limitations
- Cost of shared services
- Statutory authority
- Board fiduciary responsibilities and governance issues
- Difficulty in communicating benefit information to TFFR members and employers who have no or limited use of technology.

Reinvention: Run – Grow - Transform



Future State – Funding opportunities

- RIO is a Special Fund Agency; **No General Fund dollars are appropriated.**
 - Funding for administration of the TFFR Pension Plan comes from Member and Employer Contributions and Investment Earnings
 - Funding for administration of the Investment Program comes directly from Investment Clients' invested assets (both statutory and contracted).
- 83% of RIO's current budget is Salaries and Benefits
- RIO's Operating Line was cut by **13%** for the current biennium and is currently at \$862,484 (0.006% of AUM)
 - That amount is also 13% lower than the RIO operating budget was 20 years ago.
- To meet the 10% budget reduction requirement, RIO needs to cut \$534,005.
 - This equates to 62% of current Operating Line
- Although not required to cut FTE positions (RIO currently has 19 FTE), in order to meet the 10% budget reduction requirement, the Salaries and Benefits Line will need to be reduced.
 - RIO has no vacant positions currently.
 - RIO has no temporary positions in the current biennium budget.
 - Board member pay is included in the Salaries and Benefits Line (\$148 per board member per meeting based on statute).

Future State – Key Strategies – Budget/FTE

Budget strategies

- Over a dozen combinations of position cuts and salary reductions have been considered.
- Most require a minimum of 3 positions to be eliminated to reach 10% of total budget (except if Executive Level positions are included)
- With a reduction of over 15% or more (3+) of RIO's current workforce, the agency's ability to maintain ongoing TFFR pension administration operations and SIB investment management functions would be severely compromised. This would result in:
 - TFFR Program
 - Critical retirement programs, processes, and operations would need to be modified or eliminated. This would result in increased potential for inaccurate TFFR contribution and salary reporting, account maintenance, benefit payment processing, member and employer services and communications, compliance with statutes, and other essential functions.
 - Accuracy, timeliness and quality of benefit payments, communications, and customer service would be negatively impacted.
 - Initiatives intended to continue reinventing TFFR program administration processes would not be possible. For example, upgrading system software and transforming the manner in which members, employers, and staff conduct TFFR business would no longer be feasible, as it would require additional staff during the planning, implementation, and transition phases. This would limit our ability to reduce future costs and operate more efficiently.

Budget strategies (continued)

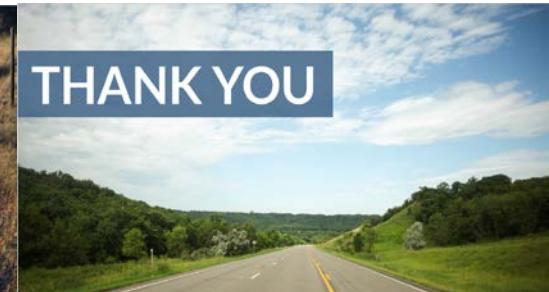
- SIB Program
 - Monitoring and due diligence on existing investments would be reduced and modifications and improvements to portfolios would be less timely, increasing the risk of underperformance due to investment manager issues and non-compliance with client policies.
- RIO Agency
 - Overall financial and investment reporting would be impacted. Internal controls/segregation of duties would be reduced. Customers would not receive required reports in a timely manner, leading to lower client satisfaction scores. The potential for inaccurate reports and related audit findings would increase.
 - A 15% staff reduction would further negatively impact remaining RIO staff members. Staff retention, recruitment, and morale issues would worsen.

FTE Strategies

- RIO is not being requested to reduce FTE as the agency only has 19 positions.

Closing Themes

- RIO deems it critically important to maintain, if not grow, funding and professional resources for our agency given the continuing growth and increasing complexity of agency services, including our \$13.5 billion client investment portfolio and TFFR member services. The rapid growth of the Legacy Fund also increases the need for additional funding to prudently manage escalating fiduciary responsibility for North Dakota's intergenerational wealth fund which is forecasted to reach \$13 billion to \$16 billion over the next decade.
- RIO looks forward to collaborating with other state agencies to deliver top tier retirement benefit services and investment management oversight to our valued members, clients and boards over the next decade.
- RIO believes this goal is highly dependent upon improving the compensation levels of all of RIO team members when benchmarked against other public pension plans and emerging sovereign wealth funds to ensure we continue to attract and retain highly skilled professionals in all functions including accounting, administration, audit, IT, investments and retirement benefit services.



MEMORANDUM

TO: State Investment Board (SIB) Audit Committee
FROM: Sara Sauter, Supervisor of Audit Services
DATE: July 26, 2018
SUBJECT: 2017-2018 Year End Audit Activities Report

Audit coverage was based on the July 1, 2017 through June 30, 2018 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 the 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. Due to staff turnover, all goals were not meant.

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.
 - **2017-2018 ACTUAL ACTIVITIES:**
 - Eleven (11) TFFR Employer Audits were completed during fiscal year 2017. This included:
 - Ten (9) Compliance Audits
 - Two (2) Special Audits
 - One (1) Compliance Audits were in progress at the conclusion of fiscal year 2018.
 - Five (5) Compliance Audits were pending but not yet started at the conclusion of fiscal year 2018.
- **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.
 - **2017-2018 ACTUAL ACTIVITIES:**
 - The Benefit Payment Audit was completed on October 30, 2017.
- **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.
 - **2017-2018 ACTUAL ACTIVITIES:**
 - The Third Quarter FY 2016-17 File Maintenance Audit was completed on August 1, 2017.
 - The Fourth Quarter FY 2016-17 File Maintenance Audit was completed on October 2, 2017.
 - The First Quarter 2017-18 File Maintenance Audit was completed May 11, 2018.

- **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.
 - **2017-2018 ACTUAL ACTIVITIES:**
 - The Annual Salary Verification Project was completed on June 25, 2018.

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.
 - **2017-2018 ACTUAL ACTIVITIES:**
 - The Executive Limitation Audit was completed on February 22, 2018.
 - The Executive Director/CIO Effectiveness Survey was completed on March 26, 2018.
 - The SIB Executive Review Committee Survey was completed on April 18, 2018.
- **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.
 - **2017-2018 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.
- **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.
 - **2017-2018 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 attended the Association of Public Pension Fund Auditor's spring conference seminar which focused on a variety of public auditing topics.
 - Audit Staff attended the IIA's fall seminar which focused on Continuous Auditing Data Analytics with Root Cause Analysis and IT Auditing for Non IT Auditors.

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 2017-2018.

North Dakota Teachers' Fund
For Retirement Board Member
Responsibilities

What is Your Role?

(NDCC § 15-39.1-05.1)

- ▶ “The authority to set policy for the fund rests in a board of trustees composed..” of you.

What is a Trustee?

- Trustee: “One who, having legal title to property, holds it in trust for the benefit of another and owes a fiduciary duty to that beneficiary.”
- Fiduciary Duty: A duty of utmost good faith, trust, confidence, and candor owed by a fiduciary to the beneficiary.

Black’s Law Dictionary 7th ed. 1999.

What guides your actions as a trustee?

- Statute: North Dakota Century Code
 - Note: Ch. 15-39.1 & .2; Sec. 59-09-02(2); Ch. 21-10; Ch. 54-52
- Rule: Administrative Rules (Title 82)
- Policy: Informal and Program Manual
- Internal Revenue Code 401(a) - Applicable to governmental plans.
- ERISA - Not applicable to governmental plans, but an excellent resource due to robust regulatory framework and extensive developed case law.
- Uniform Management of Public Retirement Systems Act (UMPERSA) - compilation of common law.
- Case-law/ Legal Treatises
 - (Ex: Restatement 3rd of Trusts)

Board's Role as Fiduciary

- ▶ Settlor establishes the terms of the trust and the plan.
 - ▶ The Settlor = City Council/Legislature/State
- ▶ Settlor determines the scope of authority of the fiduciaries.
- ▶ Each fiduciary must administer the trust and the plan for the benefit of the participants and their beneficiaries in accordance with the role assigned.

Board's Role as Fiduciary (cont'd)

- ▶ In general, role with regard to benefits
 - ▶ Board is responsible for the general administration and proper operation of the plans
 - ▶ Administer benefits in accordance with plan
 - ▶ Engage actuarial and other experts
 - ▶ Establish premiums and contribution rates
 - ▶ Establish rules and regulations

Board's Role as Fiduciary (cont'd)

- ▶ In general, role with regard to investments:
 - ▶ To whom did the Settlor give investment responsibility for retirement systems funds?
 - ▶ Is there a co-trustee of the trust assets?
 - ▶ Who has the responsibility to act in the best interests of the trust, including with respect to investments?

Fiduciary Duties

- Duty of Loyalty
- Exclusive Benefit Rule (Duty of Loyalty)
- Duty of Impartiality (Duty of Loyalty)
- Maintaining Independence (Duty of Loyalty)
- Prohibited Transactions (Duty of Loyalty)
- Adherence to Trust (Duty of Loyalty)
- Co-Trustees (Duty of Loyalty)
- Duty of Prudence (Duty of Care)
- Duty of Administration (Duty of Care)
- Duty of Skill (Duty of Care)
- Duty of Delegation (Duty of Care)
- Prudent Investor Rule

Duty of Loyalty

- A Trustee must administer a trust solely in the interests of the beneficiaries.
 - Exclusive Benefit Rule
 - Avoid conflicts
 - Practice Fair dealing and candor with beneficiary.
 - Balancing the interests of retirees and active participants.
 - Balancing interests of different groups of participants.

NDCC § 21-10-07, 54-52-14.3, 59-16-02;

Restatement 3rd of Trusts § 78

Exclusive Benefit Rule (Duty of Loyalty)

- ▶ "Under the trust instrument it [must be] impossible, at any time prior to the satisfaction of all liabilities with respect to employees and their beneficiaries under the trust, for any part of the corpus or income to be (within the taxable year or thereafter) used for, or diverted to, purposes other than for the exclusive benefit of his employees or their beneficiaries." - Internal Revenue Code, § 401(a)(2)

Exclusive Benefit Rule (Duty of Loyalty -ERISA)

- ▶ "A fiduciary shall discharge his duties with respect to a plan
 - ▶ Solely in the interest of the participants and beneficiaries and
 - ▶ For the exclusive purpose of:
 - ▶ Providing benefits to participants and their beneficiaries
 - ▶ Defraying reasonable expenses of administering the plan"
 - ▶ These expenses must be plan expenses, not settlor expenses.
- ▶ ERISA

Duty of Impartiality (Duty of Loyalty)

- If a trust has two or more beneficiaries, the trustee shall act impartially in investing, managing, and distributing the trust property, giving due regard to the beneficiaries' respective interests.
- Includes responsibility for Income Productivity. The trustee's duty of impartiality includes a duty to so invest and administer the trust, or to so account for principal and income, that the trust estate will produce income that is reasonably appropriate to the purposes of the trust and to the diverse present and future interests of its beneficiaries.

NDCC § 59-16-03; Restatement 3rd of Trusts § 79

Duty of Impartiality (Duty of Loyalty)

- ▶ UMPERSA Commentary: "Differing interests are inevitable in the retirement system setting. Differences can arise between retirees and working members, young members and old, long and short-term employees, and other groupings of those with interests in the retirement system. The duty of impartiality does not mean that fiduciaries must accommodate such interests according to some notion of absolute equality. The duty of impartiality ... requires that such decisions be made carefully and after weighing the differing interests."
- ▶ Trustees must identify impact of actions on each group of participants and beneficiaries.

Maintaining Independence (Duty of Loyalty)

- ▶ A trustee must set aside the interests of the appointing authority or the group the trustee represents.
 - ▶ "It is as improper for a fiduciary to take actions for the purpose of benefiting a third person as it is for a fiduciary to act in its own interest. **In the retirement system setting, it is important to note that this duty includes the obligation to set aside the interests of the party that appoints a trustee or fiduciary. A trustee, for example, must act solely in the interests of participants and beneficiaries and set aside any interest of a party responsible for the trustee's appointment, such as an employer or union.**"
- UMPERSA Comments on § 7 (Emphasis added)

Maintaining Independence (Duty of Loyalty)

- ▶ UMPERSA "is intended to ensure that retirement system trustees have a level of independence sufficient to permit them to perform their duties and to do so effectively and efficiently. Trustees are different from other state actors because they are subject to an extensive and stringent set of fiduciary obligations to retirement system participants and beneficiaries. These obligations both require and justify some level of trustee independence."
- UMPERSA Comments on § 5.

Independence - Practical Impact on Trustee (Duty of Loyalty)

- ▶ Independence comes from following procedural prudence - have established procedures and follow them.
- ▶ Applying lessons from "outside world" is not prohibited, but the overriding principle is to follow the exclusive benefit rule.
 - ▶ A trustee must make a decision given the facts and circumstances that are relevant.

Prohibited Transactions (Duty of Loyalty)

- ▶ A qualified plan is prohibited from participating in any transaction in which it -
 - ▶ 1) "Lends any part of its income or corpus, without receipt of adequate security and a reasonable rate of interest, to;
 - ▶ 2) Pays any compensation, in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered, to;
 - ▶ 3) Makes any part of its services available on a preferential basis to;

Prohibited Transactions (cont'd) (Duty of Loyalty)

- ▶ 4) makes any substantial purchase of securities or any other property, for more than adequate consideration in money or money's worth, from;
- ▶ 5) sells any substantial part of its securities or other property, for less than an adequate consideration in money or money's worth, to; or
- ▶ 6) engages in any other transaction which results in a substantial diversion of its income or corpus to;

the creator [of or] a person who has made a substantial contribution to [the trust]...."

- Internal Revenue Code, § 503(b)

Prohibited Transactions - Practical Impact on Trustee (Duty of Loyalty)

- ▶ A fiduciary may not:
 - ▶ Deal with plan assets in his own interest.
 - ▶ Act in a transaction with a "party in interest" if adverse to the interests of plan participants.
 - ▶ Any "deals" with the employer (or "funder") must be commercially reasonable, at arms' length.
 - ▶ Receive any consideration for his personal account from any party in connection with a transaction involving the plan.

Fiduciary Principles - Adherence to the Trust (Duty of Loyalty)

- ▶ Administer the trust in accordance with its terms and applicable laws - "Doing things by the book"
 - ▶ Set aside pre-conceived notions and work from the facts and from statutes, rules, Board policies and procedures.
 - ▶ The plan must be administered as written.
 - ▶ Make sure to keep up-to-date with law changes.
- ▶ The fiduciary must be aware of the entire legal context, of issues that come before them, including other state and federal laws.

Fiduciary Principles - Co-Trustees (Duty of Loyalty)

- ▶ Duty with respect to co-Trustees from ERISA and from the Restatement
 - ▶ Settlor determines areas of responsibility
 - ▶ **Each trustee must take reasonable care to prevent a co-trustee from committing a breach of trust and to obtain redress if there is a breach.**
 - ▶ Consideration by trustees of integrity of process used for decision-making

Duty of Prudence (Duty of Care)

- A trustee shall administer the trust as a prudent person would by considering the purposes, terms, distributional requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution.
- Duty of Prudence (Duty of Care) related to process

Prudent Process is Critical (Duty of Care)

- ▶ The focus is on process, not best possible result.
- ▶ The test of prudence -
 - ▶ "is one of conduct, and not a test of the result of performance of the investment. The focus of the inquiry is how the fiduciary acted in his selection of the investment, and not whether his investments succeeded or failed."

Document, document, document.

Duty of Administration (Duty of Care)

- In administering a trust, the trustee may incur only costs that are reasonable in relation to the trust property, the purposes of the trust, and the skills of the trustee.

NDCC § 59-16-05; See also § 21-10-06.2;

Restatement 3rd of Trusts § 76 & 88

Duty of Skill (Duty of Care)

- A trustee who has special skills or expertise, or is named trustee in reliance upon the trustee's representation that the trustee has special skills or expertise, shall use those special skills or expertise.

NDCC § 59-16-06; Restatement 3rd of Trusts § 77

Duty of Delegation (Duty of Care)

- Ok to delegate if appropriate under the circumstances.
 - Responsibilities that are outside of the Trustee's skill set.
- Be prudent in selecting agent.
 - Prudent Expert Standard
- Must establish scope of delegation.
- Ongoing review to monitor.
- A trustee compliant with the duty of delegation is not liable to the beneficiaries or trust for an action of the agent to whom the function was delegated.

NDCC § 59-16-07; See also § 21-10-02

Restatement 3rd of Trusts § 80

Prudent Investor Rule

- Exercise all Fiduciary Duties in relation to making investment decisions.
 - Exclusive Benefit Rule
 - Ex: Social Investing
 - Prudent Process
 - RFP
 - Investment evaluation
 - Prudent Expert
 - Monitor
 - Vendor consideration
 - Communication to participants

NDCC § 59-17-01 & 02; See also § 21-10-07

Restatement 3rd of Trusts § 90

Specific Application of Fiduciary Duties

- Administration of the Plan
NDCC § 15-39.1-05.2
- Maintaining the Confidentiality of Records
NDCC § 15-39.1-30
See NDCC § 12.1-13-01:

Class C Felony for a public servant to knowingly release confidential information.

- Monitoring and Suggesting Improvements to the Plan.
NDCC § 15-39.1-35

Conflicts of Interest

- Obvious: Direct, Substantial, Personal, Pecuniary.
- Less Obvious: Favors, Gifts, Special Treatment.
- The appearance of impropriety.
- Refer to Code of Conduct for Questions

Breach

- ▶ Potential ramifications for a breach of fiduciary duties and code of conduct.
 - ▶ Board reprimand
 - ▶ Loss of Position
 - ▶ Civil Liability
 - ▶ Criminal Liability

See NDCC § 12.1-11-06:

Class A misdemeanor for public servant to refuse to perform any duty imposed by law.

Board Member Liability

- ▶ Common Question: Am I personally liable for decisions I make as a board member?

Definitions: N.D.C.C. Ch. 32-12.2

- "State employee" means every present or former officer or employee of the state or any person acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. The term does not include an independent contractor.
- "State" includes an agency, authority, board, body, branch, bureau, commission, committee, council, department, division, industry, institution, instrumentality, and office of the state.
- "Scope of employment" means the state employee was acting on behalf of the state in the performance of duties or tasks of the employee's office or employment lawfully assigned to the employee by competent authority or law.

Operate within scope of your employment

- NDCC § 32-12.2-03(1-3)

“Actions against state employees operating within the scope of the employee’s employment must be brought against the state.”

“A state employee may not be held liable in the employee’s personal capacity for acts or omissions of the employee occurring within the scope of employee’s employment.”

- NDCC § 32-12.2-03(5)

“A judgment in a claim against the state is a complete bar to any claim by the claimant, resulting from the same injury, against the employee whose act or omission gave rise to the claim.

Who represents me?

- NDCC § 32-12.2-03(6)

“The state shall defend any state employee in connection with any civil claim or demand, whether groundless or otherwise, arising out of an alleged act or omission occurring within the scope of the employee's employment if the employee provides complete disclosure and cooperation in the defense of the claim or demand and if the employee requests such defense in writing within ten days after being served with a summons, complaint, or other legal pleading asserting a cause of action against the state employee arising out of a civil claim or demand.”

Can I choose Who represents me?

- NDCC § 32-12.2-03(7)

“For any claim brought under this chapter, a state employee may choose to hire the employee's own separate defense counsel to represent the state employee in the litigation. If the state employee chooses to hire separate defense counsel, subsections 4 and 6 do not apply to the state employee in that litigation and the state will not indemnify, save harmless, or defend the state employee nor pay for the state employee's defense or any judgment against the state employee.”

Who pays if they win?

- NDCC § 32-12.2-03(4)

“Except for claims or judgments for punitive damages, the state shall indemnify and save harmless a state employee for any claim, whether groundless or not, and final judgment for any act or omission occurring within the scope of employment of the employee if the employee provides complete disclosure and cooperation in the defense of the claim or demand and if the employee has given written notice of the claim or demand to the head of the state entity that employs the state employee and to the attorney general within ten days after being served with a summons, complaint, or other legal pleading asserting that claim or demand against the state employee.”

QUESTIONS

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the slide, creating a modern, layered effect. The rest of the slide is a plain white background.

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
AUDIT SERVICES DIVISION
FISCAL YEAR 2017 -2018**

	FY 2018 1st QTR	FY 2018 2nd QTR	FY 2018 3rd QTR	FY 2018 4th QTR	FY 2018 TOTAL
Audit Activities					
Retirement Program Audits:					
TFFR Employer Audit Program	332.25				1314
<i>Anamoose Public School District</i>	32				32
<i>Fort Totten Public School District</i>	22				22
<i>Fort Yates Public School District</i>	97				97
<i>Gackle-Streeter Public School District</i>	20				20
<i>Glenburn Public School District</i>	18				18
<i>Kindred Public School District</i>	20	17.50			37
<i>ND School for the Blind</i>	21				21
<i>Scranton Public School District</i>		72.25	78.75		151
<i>Scranton Appeal</i>				24.00	24
<i>Tioga Public School District</i>	60	50.00			110
<i>Anamoose, Ft. Totten, Ft. Yates, ND. School for Blind</i>		173.50			174
<i>Alexander Public School District</i>			3.00		3
<i>Parshall Public School District</i>			31.00	181.50	213
<i>Grenora</i>			20.00	36.50	57
<i>General Employer Audits</i>		39.25	45.25	24.25	109
<i>Audit Peer Reviews/TFFR Meeting(s)/Audit Planning/Audit Notifications</i>	91		71.25	66.00	229
Benefit Payments Audit	162	8.25			170
TFFR File Maintenance Audit(s)	47	22.75	50.50	29.75	150
Annual Salary Verification Project	2			134.25	136
REA Project			35.00	2.00	37
Audit Continuous Improvement Project - Employer Audit Program - Census Data Audit File	11				11
Agency Administrative and Investment Audits:					
Executive Limitation Audit	9	10.25	166.25	12.00	197
Risk Assessment				4.00	4
RIO External Auditor Assistance	14			3.00	17
Administrative Activities					
Administrative - Staff Mtgs, Time Reports, Email, Records Retention, General Reporting, Performance reviews	166	217.00	157.00	211.25	751
Audit Committee/SIB/TFFR Attendance and Preparation	43	33.50	111.25	179.00	367
Supervisor Training			129.75		130
Professional Development/CE/General Education	10	23.25	4.00	25.00	63
Annual Leave, Sick Leave, and Holidays	198	196.50	145.75	119.75	660
Quarterly Total:	1041	864	1048.75	1052.25	4006

Total Hours for 2017-2018	4,160
Actual Hours for 2017-18	4,006
Total Hours for two Supervisors	1,926
D. Thorsen Total Hours 2017-2018	2,080
T. Miller Bowley Hours 2017-2018 (Left employment with RIO October 31, 2017)	865
Sara Sauter 2017-2018 (Started employment with RIO January 1, 2018)	1061

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 19, 2018
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. These will be reviewed at the board 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 members are also required to complete the TFFR Board Code of Conduct form and return to RIO Compliance Officer Cody Schmidt. You may print and sign the one included here, or hard copies will be available for your completion at the meeting.

BOARD ACTION REQUESTED: Board motion to approve 2018 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 2017-18

- ✓ 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.
- ✓ Accepted annual TFFR member and employer customer satisfaction reports, TFFR ends and statistics report, TFFR retirement trends and projections report, RIO budget and expense report, RIO technology report, 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 internal audits and reviews.
- ✓ Received and analyzed results of 2017 actuarial valuation report, funding projections and GASB 67 and 68 report from Segal Company.
- ✓ Received favorable IRS determination on TFFR plan, subject to approval of certain compliance changes in 2019 legislative session.
- ✓ Reviewed legislative issues relating to TFFR program during 2017-18 interim; discussed possible legislative changes to plan; approved submission of one bill draft relating to technical corrections for IRC compliance .
- ✓ Studied ESPB critical shortage area designation of teachers and administrators; received and approved annual Re-employed Retiree Report; and discussed statutory provisions and issues related to working after retirement.
- ✓ Studied LEA president contract release time issue, and made eligible salary determination.
- ✓ Reviewed one-year only salary increases/bonus payments issue resulting from various ND Fact Finding Commission recommendations to school districts at impasse.
- ✓ Approved clarifications and changes to Board Policy C-7: Employer Payment Plan Models, which will eliminate Model 3 (\$ fixed amount) effective 7.1.19.

- ✓ Received updates on TFFR implementation and timing of 2018 federal and state tax withholding changes for retirees from Tax Cuts & Jobs Act.
- ✓ Received status reports on rollout of TFFR Member Online.
- ✓ Received 2016 Public Fund Survey and various public plan surveys comparing NDTFFR to other statewide public pension plans.
- ✓ Discussed future technology enhancements and potential upgrade or replacement of current pension administration software, pending budget approval by 2019 legislature.
- ✓ Heard member benefit appeal; made eligible salary determination; monitored status of appeal to Administrative Law Judge.
- ✓ Received periodic updates on national pension issues and federal legislation relating to public pension plans.
- ✓ Received 2017 Public Pension Standards Award for Administration from PPCC.
- ✓ Received 2017 Certificate of Achievement for Excellence in Financial Reporting from GFOA.
- ✓ Approved three disability applications and one QDRO application.
- ✓ Approved board resolution recognizing trustee and board president Mike Gessner's service to TFFR, SIB, and Audit Committee.
- ✓ Received board education on:
 - Callan College Investment Overview (Callan)
 - Actuarial Valuation Process (Segal)
 - Public Pension Actuarial Issues (Segal)
 - QDRO Benefits (RIO)
 - Disability Benefits (RIO)
 - Environmental, Social and Governance Investing (RIO)
 - Securities Litigation (RIO)
- ✓ Attended 2017-18 trustee or administrator educational conferences and meetings (external).

Mike Burton	NEA Pension Trustee Forum	06/18 Minneapolis, MN
Mike Gessner	--	
Toni Gumeringer	NEA Pension Forum (NDU)	06/18 Minneapolis, MN
Mel Olson	NCTR Annual Conference	10/17 Tucson, AZ
Rob Lech	--	
Treas. Schmidt	Callan Conference	01/18 San Francisco, CA
State Supt. Baesler	--	
Fay Kopp	--	

TFFR Program Monitoring Summary

2017-18

Ends Policy	Responsibility	Action	Scheduled	Completed
Mission	TFFR Board	Annual Review	July	7-27-17
Goals	TFFR Board	Annual Review	July	7-27-17
Plan Beneficiaries	TFFR Board	Annual Review	July	7-27-17
Membership Data	TFFR Board	Annual Review	July	7-27-17
	Internal Audit	Annual Report	July	7-27-17
	External Audit/Audit Com.	CliftonLarsonAllen	November	11-16-17
	Retirement Officer	* Staff Presentations	Ongoing	
Investments	TFFR Board/SIB	Annual Review	September	9-21-17
	Investment Director	Annual Report	September	9-21-17
Retirement Services	TFFR Board	Annual Review	July	7-27-17
	Internal Audit	Annual Report	July	7-27-17
	External Audit/Audit Com.	CliftonLarsonAllen	November	11-16-17
	Interest Groups	Annual Report	July	7-27-17
	Retirement Officer	*Staff Presentations	Ongoing	
Account Claims	TFFR Board	Annual Review	July	7-27-17
	Internal Audit	Annual Report	July	7-27-17
	External Audit/Audit Com.	CliftonLarsonAllen	November	11-16-17
	Retirement Officer	*Staff Presentations	Ongoing	
Trust Fund Valuation	TFFR Board	Annual Review	July	7-27-17
	Segal	Annual Valuation	October	10-26-17
	Internal Audit	Annual Report	October	7-27-17
	External Audit/Audit Com.	CliftonLarsonAllen	November	11-16-17
	Retirement Officer	*Staff Presentations	Ongoing	
Program Policies	TFFR Board	Annual Review	July	7-27-17
* Ongoing RIO Staff Presentations include:				
	TFFR Accomplishments	Retirement Officer	July	7-27-17
	Customer Satisfaction	Retirement Officer	July	7-27-17
	RIO Budget Summary	Fiscal Management	September	9-21-17
	Technology Review	Information Tech	September	9-21-17
	TFFR Ends & Statistics	Retirement Services	January	1-25-18
	Retirement Trends	Retirement Services	March	3-22-18
	Pension Plan Comparisons	Retirement Officer	April	4-26-18
	Audit Services Update	Audit Services	Quarterly	J, O, J, M
	Investment Update	CIO	Quarterly	J, O, J, M

TFFR Board Calendar and Education Plan 2018-19

JULY 26, 2018 – 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)
Educ: Fiduciary Duties – Ethics (AGO)

JULY 27, 2018 – 8:30 am

Special TFFR Meeting
SIB Annual Governance Meeting

SEPTEMBER 27, 2018 – 1 pm

Annual Investment Report (6/30)
Annual Budget and Expense Report
Annual Technology Report
Educ: ND Education Demographics-DPI
Educ: ND Teacher Shortage - ESPB

OCTOBER 25, 2018 – 1 pm

2018 Actuarial Valuation Report - Segal
2018 GASB Report - Segal
Qtrly Audit Services Update (9/30)
Educ: New ASOPs and Mortality Tables
DB/DC/Hybrid plan changes in other states

JANUARY 24, 2019 – 1 pm

2018 GASB Report – Segal
2019 Legislative Update
Actuarial Contract
Annual Retirement Trends Report
Annual Retirement Statistics Report
Qtrly Investment Update (9/30)
Qtrly Audit Services Update (12/30)
Educ: TFFR Employer Reporting -
Eligible/Ineligible Salary

MARCH 21, 2019 – 1 pm

2019 Legislative Update
Annual Pension Plan Comparison Report
Qtrly Investment Update (12/30)
Educ: TBD

APRIL 25, 2019 – 1 pm

2019 Legislative Update
Qtrly Audit Services Update (3/30)
2019-20 Board Calendar and Educ Plan
Educ: Open Records - Meetings (AGO)

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

07/01/18

Memorandum

To: TFFR Board

From: RIO Compliance Officer

Date: July 19, 2018

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 19, 2018
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 2017-18 survey responses.

- Responses to the TFFR Customer Satisfaction Survey from NDCEL, NDRTA, NDSBA, and NDASBM. I have not yet received the response from ND United.
- Evaluation responses and comments received directly from the members and employers from retirement education workshops, benefits counseling sessions, business manager workshops, and other member and employer communications.

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. RIO staff does a terrific job serving the needs of TFFR customers, and I am very proud of them.

BOARD ACTION REQUESTED: Board motion to accept 2017-18 TFFR Customer Satisfaction Reports.

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?

Comments__ Faye is our main point of contact – she is awesome to work with – always ready with good answers, willing to research and more than willing to help. ☺

Signature __ Aimee Copas _____ Date
 __7/17/18_____ 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 _____

Signature Judy Korte - Pfeifer

Date 7-9-18

Organization API Inc. / NDRTA

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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 NDSBA appreciates our relationship with TFFR. ~~Keep up the good work!~~ Keep up the good work!

Signature Alexis Paxley Date 7/5/18

Organization NDSBA

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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?

I would recommend switching to a web based system to enter employer information. Most places do not process paper pdf forms anymore, or are at least providing an option to enter digitally.

Comments _____

Signature Laura Dotter, Wahpeton Public Schools Date 7-18-18

Organization ND Assc of School Business Managers

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

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**RETIREMENT EDUCATION WORKSHOP
EVALUATION SUMMARY
BISMARCK (7.11.17) GRAND FORKS (7.12.17)
2017-18**

Members 62
Spouses 18
Evaluation Forms Returned 56

1. TFFR PENSION BENEFITS

Excellent	Above Average	Average	Poor	No Answer
51	4			1

- The different options were well explained.
- Thanks!
- Good information!
- Very clear - Thanks!
- Very well explained.
- Did not attend.
- Very informative!
- It covered exactly what I needed to learn.
- Very good
- Well organized & logically sequenced PowerPoint. Keep doing it like you're doing it.
- What a great presenter! It is rare to go to a presentation of this kind of info where you are captivated due to the skill of the presenter. WOW!
- Engaging and knowledgeable
- Very informative and helpful. Tremendous information presented on TFFR, Social Security/ Medicare and health options!!
- Presentation was very easy to understand and presenter did an excellent job.
- This was very helpful - well presented. I do not have a spouse & it really helped me to understand better for myself & my beneficiaries.
- Thanks presenter! Everything was well-organized and easy to understand. Very willing to answer questions.
- Presenter did a great job! Very approachable!
- Very helpful & easy to understand.
- Knows her stuff - good information.
- More than excellent! Well-versed and knowledgeable in many topics today.
- Really well informed. Great information.
- Learned more about benefits & dates of retirement.
- Very informative and very well presented!
- Good info.
- Presenter is very knowledgeable! The morning went very fast.
- Presenter--one sharp cookie! So knowledgeable & approachable.

2. SOCIAL SECURITY & MEDICARE

Excellent	Above Average	Average	Poor	No Answer
24	15	16		1

- Thanks for giving me more to think about.

- Very good information.
- She gave too many details of old "past" law and then didn't explain what we can do NOW! Very confusing. Ran through slides very quickly-hard to read all the info.
- Good info.
- Presenter is easy to understand, knowledgeable. She made it look easy to do.
- She talked about items that were provided--not sure where it is at. Not seeing it in the info printed out prior to today.
- Too much generic information. Too broad of a topic. I would like more real-life examples that apply to someone about to retire.
- Was a bit hard to follow. Wish I had some of her slides. Went rapidly. Remember we are older people - speak slowly & loudly.
- Too fast-wish she would have given us think time to something so new to me.
- I'd have liked more examples.
- The presenter did a good job (pleasant voice) dispensing information, but without her actually being here face to face, it was harder to focus. Just so much info.
- Difficult to follow on webinar.
- It would have been nice to have her here in person.
- Handouts did not follow her presentation. Would prefer in person, not just by phone.
- Handouts didn't follow presentation. She needs to be present.
- This was helpful-I wish we would have had the PowerPoint the same as shown. It's nice to know we can contact presenter.
- She did an excellent job via audio. However, it would have been nice to have her in the room.
- The webinar format worked well.
- But hard to take it all in in the webinar format. The information comes at you so fast! Hard to absorb it all.
- Very informative, not a fan of webinars.
- Good information.
- In person would have been better when it cam to Q & A.
- Good info!
- Would rather listen to a presentation w/a real life person not just audio.
- Handout should match the presentation. A lot of information presented very overwhelming and nothing to refer back to.
- I would rather have had a person "in person".
- Done remotely so not as affective; but still good info.

3. GOVERNMENT HEALTH CARE OPTIONS

Excellent	Above Average	Average	Poor	No Answer
22	17	11	5	1

- Good explanation of where to get coverage and the different levels.
- Good info for questioning minds.
- I learned a lot.
- Good information, good presenter.
- So good. Very easy to understand.
- He's knowledgeable & was able to answer questions.
- So boring - Sorry -
- Easy to listen to. Points were quite clear.
- Did not explain material well.
- I did not feel that the information pertained to me. It was more for people who retire before 65 and not especially for teachers.
- I have been worried about this when I started thinking about retirement. This information was helpful but still an area I have questions & concerns about.
- Got me thinking and several options to research. Thanks!

- Good info considering health care is up in the air at the time.
- Need to provide more information on how deductibles, co-pay, out of pocket max works. I work with insurance through my job so I understand it but many people have no clue. Have examples to show how much could pay each year including premiums.
- Good things to know - did not know about cobra, how expensive it was and that there were other options.
- Just pushing his product!
- Not super helpful--this is a major part of retirement and I understand the country is in murky waters, but presenter not as helpful as this area should be.
- Didn't seem real prepared; maybe he was a last minute fill-in?

4. ESTATE PLANNING

Excellent	Above Average	Average	Poor	No Answer
48	4			4

- Great person to give the presentation.
- Glad I've started on this.
- I learned a lot from this!
- We really needed to learn about this!
- Very Good!
- Very useful.
- Great information to have.
- Very interesting and useful information.
- So good.
- Good food for thought. I need to get on the ball.
- Very brief and informative.
- EXCELLENT X 3! Thank you!! So helpful! Exactly what I needed to hear!
- Top notch presenter and easy to understand information.
- Awesome information!!
- Susan was very informational!
- Excellent x 3 - **OUTSTANDING!**
- Wow did she give us a lot to think about!
- Amazing!!
- This was excellent - these are things I need to take care of & it was so helpful hearing this information & having it explained so well.
- Super info!
- Wow! Great info! Thanks!
- Overwhelming. Almost need a "to do" list format.
- This is wonderful information; I could listen to this again!
- Learned a lot for myself & my parents.
- Very good information - need to give her more time.
- Thank you! I learned so much.
- Learned a lot!!
- Could spend a half day on these interesting topics--lots of good information.
- Wonderful clarifications.
- Very knowledgeable/could spend a half day on these topics.
- Very relevant, informative
- I could listen to her all day. So informed and sharp!

5. PLEASE RATE THE OVERALL WORKSHOP

Excellent	Above Average	Average	Poor	No Answer
47	6	2		1

- Thanks so much.
- I learned more than I realized there was to learn!
- Thanks - informative and helpful.
- Counselor does an outstanding job of answering people's questions.
- So worth it!
- A lot of information. I need to come again.
- Liked the legal portion.
- Very helpful, answered a lot of questions.
- Very good information--helpful & I am aware of various things I need to do & take care of.
- Great information.

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

Yes	No	No answer
56		

7. WOULD YOU RECOMMEND THIS WORKSHOP TO OTHERS?

Yes	No	No answer
56		

- I am 44-probably took 10 years too early LOL. Laws & rules will change by the time I can retire.
- Absolutely! This exceeded expectations by far!

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

Yes	No	No answer
49	3	4

If yes, what action will you take?

- Meet with benefits counselor.
- Make a will, reduce debt, find my 3 sources of income. Gather all my materials in an area for my children to know.
- Might call Counselor to buy a few years - taught 9 years in Minnesota
- None yet. I will not retire for 3+ years.
- Create a contingent beneficiary.
- Contact a health insurance agent.
- I'll make some decisions about my future.
- Selecting a lawyer.
- Look over estate planning.
- Plan for health care
- No, I've already taken that action.
- Start my 9-12 month count down.
- Paying more attention to health care matters.
- I now know the time frame that I need to follow when I'm ready to retire.
- Make a will.
- Check out insurance - get started on getting paperwork ready.
- Update my will, continue reviewing my retirement funds.
- Review trust, health care directive, get POA, look into long term care insurance.
- Talk with my financial advisor, etc.
- Retire next year! ☺

- I already did many things as a result of attending last year-in our estate planning. This year I will set up my social security account.
- Get my durable power of attorney paperwork to the correct people. Call for prices of insurance.
- Answered a lot of questions-will definitely plan ahead now that we are aware of what needs to be done to have an easy transition.
- Talk to some people (retired, people that will retire this year). I am not planning to retire soon, just to be informed.
- Changing my beneficiary to include a contingent.
- Talk to my administrator about my option should I want to go part time, etc. Health insurance will be a factor in decision to retire before 62.
- Looking for a financial advisor
- Estate planning, meet with financial advisors
- Getting started on paperwork & process as I plan to retire after this year.
- POA; LTC; check deeds for real estate, etc.
- My first step will be setting up power of attorney, health directive, etc.
- Look into medical insurance,meet with an attorney & get power of attorney & health care directive
- Change of beneficiaries, planning for retirement-making plans now for the future.
- Being aware of what steps I need to do ahead of time before I retire.
- Put contingents on and put "joint" on everything.
- Many - esp. deeds, joint accounts, etc.
- I intend to do more planning soon - esp. in regard to land that I own & check deeds.
- More planning for
- Enrolling on social security site, checking on insurance options. We came to this a few years ago, and did estate planning as a result.
- I will start investigating & planning today! I want to be sure I don't screw up! ☺

9. WAS THE LENGTH OF THE WORKSHOP APPROPRIATE? (ONE DAY)

Yes	No	No answer
55	1	1

If not, how long should the workshop be?

- I stayed only for the portions I needed.
- Adequate!
- Could have used another couple hours
- Yes - but longer on legal.
- It's a lot of information to take in.
- I'm glad it was shortened a bit from before.

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

Yes	No	No answer
56		

If not, what would be a better time?

- I'm glad I got into the Grand Forks workshop.

11. DO YOU HAVE ANY SUGGESTIONS FOR FUTURE WORKSHOPS?

- Good job! ☺
- Nice location, comfortable - easy to find.
- The legal presentation & time for Q and A was so tremendous!

- Very thorough! Well done!
- I feel your speakers covered all of the questions that I have had about retire and social security. I also liked hearing about estate planning. All good information.
- Maybe offer this workshop in Dickinson for teachers of the southwest part of the state.
- No. This was an excellent program.
- Was very beneficial. ☺
- Thank you!
- Will probably attend again the summer before retirement again as a refresher and to make sure to do everything. Thanks for today - it was great!
- Consider doing a few more in other locations to cut down drive time. Almost two hour drive to Grand Forks for us, 3 hours if in Fargo.
- Would love opportunity to schedule appointment with estate planning at later date.
- The estate planning needed more time.
- Counselor did a good job. I am very glad I came.
- Keep having them!! Advertise more!!
- Keep this one going!
- Invite attorney back.
- More overview on medical supplement insurance.
- Give estate planning more time.
- Have to have a limit on questions. It takes you much of the time. I was guilty of this!!
- Good set up, good temp, good size room -- All Good!!

**Group Counseling Sessions
Annual Evaluation
Bismarck, Dickinson, Grand Forks, Minot, Rugby & West Fargo**

Please rate the overall program.

Excellent	Above Average	Average	Poor	No Answer
163	35	1		

What did you like best about the program?

- ◆ All the necessary paperwork given with options and dates for turning in
- ◆ Talking about the process, timeline and deadlines, thanks!
- ◆ Counselor did a great job answering all my questions
- ◆ Folder, organized, great presentation counselor
- ◆ Information presented - necessary papers, deadlines
- ◆ general info
- ◆ She was able to answer questions on an individual basis
- ◆ Great information
- ◆ Tax information, estimate of payment, organized
- ◆ Going through the steps to submit paperwork!
- ◆ The folder with all the information
- ◆ Answered all questions!
- ◆ Options explanation, forms
- ◆ Thanks for the written explanations - will review with my spouse, atty, tax preparer etc!
- ◆ Folder, answered questions
- ◆ Counselor made the information easy to understand. Good/excellent handouts
- ◆ Great presentation - nice job
- ◆ Retirement checklist
- ◆ Good explanation of all aspects of upcoming future!
- ◆ Explanation of 90% salary
- ◆ Counselor was great - love all my personal information
- ◆ Great information
- ◆ Information, presenter, easy to understand
- ◆ Great overview
- ◆ Very informative - liked being able to ask a question - great presentation
- ◆ Information about preparing for retirement
- ◆ Very information, counselor is very knowledgeable!
- ◆ The information was presented well and made it easy to understand
- ◆ Step by step instruction on benefits
- ◆ General information
- ◆ Lots of info
- ◆ Great presenter, nice job, lots of info
- ◆ Presenter was very well versed
- ◆ Good handouts, could ask questions
- ◆ Very organized, very simplified
- ◆ The handouts

Group Counseling Sessions

- ◆ The handouts and concise info
- ◆ Concise, informative
- ◆ Information presented well, like the folder to follow along
- ◆ Lots of info, nice job
- ◆ Counselor clarified the information - great job!
- ◆ Good explanation, counselor made it easy to understand
- ◆ Great overview of monthly benefit options
- ◆ The 4:00 time worked well, presenter was very knowledgeable
- ◆ To the point information
- ◆ The forms that you need to fill out. I didn't realize there are so many!
- ◆ Benefits
- ◆ Laying the foundation for understanding my retirement options
- ◆ The payment options
- ◆ Specific information and print outs
- ◆ Very thorough
- ◆ Information is helpful in planning
- ◆ Personal paper work
- ◆ A lot of questions answered, casual comfortable
- ◆ The counselor's humor! Materials well organized and followed PowerPoint
- ◆ All of it
- ◆ Learning what needs to be done before retiring
- ◆ Slides/handouts
- ◆ The visuals and the well-informed speaker
- Examples
- ◆ Good information that was very helpful
- ◆ Very informative
- ◆ Information about options
- ◆ Appreciate that you explained it in plain language
- ◆ Well planned, well laid out
- ◆ Clarification of benefits/payment
- ◆ The personalization of the info with individual folders
- ◆ Answered all my questions
- ◆ All the information in the folder
- ◆ Informative
- ◆ All information and folder
- ◆ Counselor explained everything so I could understand
- ◆ Opportunity to ask questions
- ◆ All the information presented was helpful
- ◆ Hearing about all retirement options, working after retirement and how to apply
- ◆ Good handouts - explained clearly
- ◆ Very thorough
- ◆ Good info
- ◆ Overheads, info - Keep her doing this, she is so knowledgeable about TFFR
- ◆ The personal information
- ◆ Information
- ◆ Options/folder
- ◆ Good specific information
- ◆ Very information, counselor was great!

Group Counseling Sessions

- ◆ Slides/handouts, counselor answered all my questions
- ◆ All the information was very clear
- ◆ Informative information
- ◆ Full of info and scenarios
 - Folder, counselor is very knowledgeable
- ◆ I feel more prepared for the retirement process
- ◆ The information was clearly presented and easy to understand
- ◆ The clear, easy to understand information
- ◆ Very well organized
- ◆ Good explanations
- ◆ Very explanatory and answered questions and easier to understand preparations
- ◆ Explaining benefits
- ◆ Pace
- ◆ Both personal and general information was shared
- ◆ Local, after school hours, informative, timely
- ◆ It was very convenient to be able to only have to travel to Minot for this meeting.
- ◆ Very informative and easy to understand
- ◆ All the info
- ◆ Clear info and explanation; good pace, great resources
- ◆ Counselor was so informative, she answered questions I didn't know I had.
- ◆ Good information - good location
- ◆ Pertinent information - well presented
- ◆ Very thorough! Convenient to have this session in my home town
- ◆ Very informative
- ◆ Very well explained and planned out
- ◆ Very organized and informative; counselor has very friendly and helpful personality
- ◆ Great information; so happy I had the opportunity to attend! Excellent!
- ◆ Brought to my community instead of having to travel to Bismarck
- ◆ Things were explained very simply. No confusion.
- ◆ Information good
- ◆ Very clear; delivered info very well; Nice folder with lots of information
- ◆ Personal info
- ◆ Great information
- ◆ Clear explanation
- ◆ Easy, step by step directions; knowing what is needed and what to expect
- ◆ Very informative
- ◆ Info I needed was all covered
- ◆ All of it was great
- ◆ Very informative
- ◆ Awareness to the mass of paperwork needed to prepare during the year of planned retirement
- ◆ Handout - explanations
- ◆ Detailed info
- ◆ Very informative
- ◆ Forms were very logically organized
- ◆ Overall info
- ◆ Convenience of meeting in Minot right after school
- ◆ Clear explanations
- ◆ Terrific presentation, very professional

Group Counseling Sessions

- ◆ The program was explained very well! Thank you for making this very relaxing, not scary!
- ◆ Options
- ◆ Information
- ◆ Very thorough! All questions answered
- ◆ Helped me understand what I need to do to plan ahead
- ◆ Answered a lot of questions
- ◆ Great information for me to think about
- ◆ The handouts and information
- ◆ The retirement benefit estimate explanation
- ◆ Presented in a way that was understandable
- ◆ Handouts so I can take home to look over
- ◆ Helped me to think of things to prepare for in the future
- ◆ Large packet of information, speaker explained the enclosures in a clear and concise manner
- ◆ Details regarding time frames and specificity of forms
- ◆ Good examples of things to watch out for and avoid
- ◆ Everything was well explained, thank you!
- ◆ Informative, it's nice to have this program presented close to where I live
- ◆ Convenience of location
- ◆ The counselor was thorough and helpful. The location was great!
- ◆ The counselor was extremely knowledgeable
- ◆ Very explicit information
Counselor is very knowledgeable and has great presentation skills
- ◆ All new stuff to me/very informative - good to start planning
- ◆ Very informative
- ◆ Very complete information. Knowledge of the presenter.
- ◆ Concise explanations
The counselor did an excellent job of explaining retirement process, so helpful and professional
- ◆ It was presented by a person who knows all of the details needed for retirement
- ◆ Becoming acquainted with the process
- ◆ Very knowledgeable presenter
- ◆ Good detailed explanations
- ◆ The PowerPoint and handouts went together so the explanation for each was very clear. Questions
- ◆ The proximity of this meeting to my home
- ◆ Very informative
- ◆ Very informative especially the health insurance recommendations and sites
- ◆ Time and getting info
- ◆ She was knowledgeable and personable
- ◆ Knowing the checklist and that you individualize for each member
- ◆ Like that they individualize all the info for me; good checklist
- ◆ Valuable information; steps to retirement
- ◆ Details tell the story; did details well
- ◆ Great insight and information
- ◆ All the info
- ◆ Having a packet with all information
- ◆ The counselor did an excellent job; her explanation of the information was so helpful
- ◆ Organized; appreciate folders
- ◆ She gave great information - lots of it; folders were very nice to receive and keep
- ◆ All the info presented

Group Counseling Sessions

- ◆ Lots of info
- ◆ Very direct information and well organized folder
- ◆ Counselor was very informative; she was well organized
- ◆ Packet is well put together and helpful
- ◆ Great overall view of what I need to do before I retire
- ◆ Lots of good information; good, knowledgeable presenter
- ◆ Very clear
- ◆ Well spoken presenter and very knowledgeable; step by step was easy to follow; did not need to drive 5 hours to Bismarck
- ◆ That I could hear the counselor!; well spoken
- ◆ Counselor was very knowledgeable
- ◆ Information, how would I manage without it!

What did you like least about the program?

- ◆ Maybe more information on insurance
- ◆ Not being able to have a private conference
- ◆ Seemed a little rushed
- ◆ End of program
- ◆ A lot of information is shared, and it feels like a lot to take in.
- ◆ The slides were hard to see for old people
- ◆ Lots of information was given
- ◆ confusing
- ◆ Maybe more on health insurance options
- ◆ Couldn't read forms on overhead (too small)
- ◆ The end of the day is tough but I don't know when else you could do it
- ◆ A bit overwhelming, some forms on the screen not in folder
- ◆ Lots of info I don't understand
- ◆ Overwhelming
- ◆ Lots of info in a short time
- ◆ Would have liked a "spread sheet" of retirement values from 55 to 65 based on current salary
- ◆ Complicated to know what to do
- ◆ Hard to see some of the slides
- ◆ Hot room
- ◆ I have several more years to retire
- ◆ So much to take in
- ◆ This is a lot of information, but it was presented well
- ◆ So much information I was getting stressed even though presenter was excellent. I have to hear the info more than once
- ◆ Glad I sat in front so we could see
- ◆ So much information to absorb!
- ◆ Longer time may have been nice for individual counseling
- ◆ Too much info
- ◆ There is a lot of info to digest
- ◆ Say to do when you are within 5 years, but it seemed more appropriate for this year only
- ◆ So much information to absorb!
- ◆ Longer time may have been nice for individual counseling

Group Counseling Sessions

- ◆ Entrance to building was unclear; quite a few people at other entrance, locked out; (Put sign up and folders in back)
- ◆ Hard to see some of the slides
- ◆ I still have another year before I can retire
- ◆ It was hard to read the PowerPoint
- ◆ Just so much info
- ◆ I need to know some of the basic - what is a service credit to purchase? Maybe offer some TFFR 101 classes?
- ◆ The scary thought of what to choose
- ◆ Though district was presenting

Was the length of the program appropriate?

Yes	No	No Answer
172	6	

If not, how long should the program be?

- ◆ Maybe 1 1/2 hours?
- ◆ 1 hour
- ◆ Should be longer - 90 minutes
- ◆ Went over the hour limit - 1 hour, stay on track
- ◆ So much info, it gets to be overwhelming

Would you recommend this program to others?

Yes	No	No Answer
172		6

- ◆ Highly - this needs to be shared and we can't take days off to travel
- ◆ Yes. It helped greatly to have someone walk through the forms rather than going through the forms on
- ◆ Yes I would, I am a few years away from retirement so this helps me with planning
- ◆ Very much as it is difficult to get to Bismarck when we work and then have to take off days. Appreciate it being in closer to town I work and then have to take off days. Appreciate it being close to the town I
- ◆ can manage because TFFR is there to help!
- ◆ Thank you!
- ◆ I cannot imagine going through this process without someone like the counselor guiding and explaining
- ◆ Thank you very much for the information! It was very valuable
- ◆ Wonderful, and better because you were blessedly concise - thanks
- ◆ Fantastic feed back!
- ◆ Thank you!

Any additional comments?

Group Counseling Sessions

- ◆ Thanks for taking the time and explain what we need to do for retirement
- ◆ It is good to hear the information more than one time. The second time was much easier for me
- ◆ The presentation was very good and informational! Thank you!
- ◆ Thanks for taking your time, you did a great job!
- ◆ She is very knowledgeable, great presentation
- ◆ Nice reference course for the full day summer workshop. Thanks!
- ◆ Thank you for this opportunity to receive this information
- ◆ Thank you for this, it put many pieces of the retirement puzzle together for me
- ◆ I would like to attend again as I have much to learn
- ◆ It would be nice to have all of this information on a web site so it is easier to refer to
- ◆ Access to your presentation
- ◆ Well done! Informative!
- ◆ Thank you for making this available to us!
- ◆ Thank you for coming - your preparation and presentation were very helpful
- ◆ Good information
- ◆ Access to your PowerPoint, great info
- ◆ Good job, I feel much better prepared for this journey
- ◆ These meetings are vital to helping our teachers plan their retirement
- ◆ Thanks for coming to Minot!
Thanks for coming to Minot - couldn't have attended without!
- ◆ I appreciate that this presentation was offered in my home town
- ◆ It is wonderful to have a local presentation held after school hours! Thank you for offering this in Minot
- ◆ Very well done. It answered many vital questions I had.
- ◆ Very vital info
- ◆ Thanks so much! This was the information I was looking for!
- ◆ Sense of humor, nice!
- ◆ Very good presentation
- ◆ This needs to be continued to each city
- ◆ Great job, lots of info, like the folder
- ◆ Good info for anyone thinking of retiring
- ◆ Thank you for traveling to us
- ◆ Look forward to meeting in Bismarck
Counselor answered all my questions and gave succinct advice, thank you
- ◆ Keep coming to Minot - don't want to drive further
- ◆ Worked well to get to West Fargo without taking time off
- ◆ Thank you so much for having the counselor come to Fargo. This was very beneficial
- ◆ Welcoming - puts me at ease
- ◆ It would be helpful to sit down with someone
- ◆ Thanks for coming to us
- ◆ Thank you for traveling to Fargo for a seminar! We would not be able to travel to Bismarck during the school year due to teaching
- ◆ I recommend the state to support this for their travel; excellent meeting

**Retirement 101
Evaluation
Hettinger
January 15, 2018**

Members Present 20
Evaluations Returned 6

Please rate the overall program.

Excellent	Above Average	Average	Poor	No Answer
5	1			

- ◆ Thank you for coming down
- ◆ Easy to understand facts and statistics
- ◆ Very informative, well presented

What did you like best about the program?

- ◆ Just good update on everything
- ◆ Great use of ppt, digital and print info was very clearly stated and presented
- ◆ Great information - explained so I could understand, thank you!
- ◆ Personal
- ◆ Ease of talk about difficult subject

What did you like least about the program?

- ◆ The lighting and the chill

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

Yes	No	No Answer
6		

Was the length of the program convenient (Part of In-Service Day)?

Yes	No	No Answer
6		

Do you have any suggestions for future programs?

- ◆ Thank you

Annual Tabulation	
Comment Cards	121

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
COMMENT CARD**

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

	Excellent	Above Average	Average	Poor
Staff Courtesy	112	9		
Promptness	110	10	1	
Content/Information	111	9	1	

- ◆ Thank you for your patience and helpful information as I transitioned to retirement.
- ◆ The counselor did an excellent job explaining my choices. I would recommend her to anyone!
- ◆ Thank you for your guidance and direction in the retirement process!
- ◆ The retirement process was made very easy and was able to contact staff and get prompt service and answers to my questions!
- ◆ Counselor is very knowledgeable and helpful!
- ◆ Everyone was so kind. I am so grateful. Thank you for making me feel like a welcomed person.
- ◆ Very professional - Thank you!
- ◆ Thank you for leading me through this process. You made it easy!
- ◆ Appreciated the early meetings folder with all the organized sheets to keep on target with - access to staff who promptly returned calls etc. Very helpful!
- ◆ The counselor was always professional and helpful. She was able to answer all of my questions. I appreciate working with an individual who is always kind, helpful and has a warm personality.
- ◆ I am pleasantly surprised with the service thus far.
- ◆ I appreciate the work of the staff at the NDRIO office!
- ◆ Very good experience
- ◆ Thanks for the great help to get my retirement started
- ◆ Every question and concern was treated promptly and efficiently. I have only the highest praise for the people in this office. Thank you so much for your help!
- ◆ You are easy to contact; answer all questions; very courteous.
- ◆ Thanks for all your help and hard work.
- ◆ Thank you!
- ◆ Very helpful - Thanks!
- ◆ TFFR was totally awesome!! Every step you guys took me was so helpful and comforting. Thank you for everything TFFR does for me !!
- ◆ I have received excellent service and information since the day I decided to retire. Thank
- ◆ When I sent in my final paperwork, it would have been comforting to receive a notification that it had been received.
- ◆ Very helpful. Thank you!
- ◆ Well done!
- ◆ Very professional! Took the time to answer all my questions.
- ◆ Thank you!
- ◆ We have received great service during a stressful transition!
- ◆ Thank you for your help and patience.

- ◆ The entire process wasn't as complicated as I anticipated. The TRFF office was so helpful.
- ◆ Thank you for being so helpful!
- ◆ Consider confirming with the retiree that the papers are on the way. I just wasn't sure. It all came that last week when things are nuts! Thanks for all your help!
- ◆ Thank you for your help!! I appreciate your advice and assistance during this process. WLJ
- ◆ You guys did an excellent job. Glad I went to longer retirement session/training 2 years before I retired; possibly that could be promoted/encouraged more. Thanks for all you do.
- ◆ Thank you so much for making my retirement process so Easy. We had a quick decision to make when we found out that this was the last year of my buyout 2 days before I had to turn in my decision. You were awesome in making things on your end easy and even caught all of my mistakes. Thanks again.
- ◆ Very pleasant with everything. If I was to retire again, I would hope I could use the ND Retirement and Investment people again!
- ◆ The promptness and kindness in this Department is to be highly commended. Thank you
- ◆ The counselor is excellent. This can be a stressful time, but she really helps out so much.
- ◆ The counselor was amazing.
- ◆ Every time I spoke to someone, they were very courteous!
- ◆ Thank you for helping me through this process.
- ◆ Excellent, efficient, friendly and timely service. Thank you!
- ◆ You made the entire experience worry-free. You are amazing to work with and we appreciate all your help and expertise in making our transition stress-free!
- ◆ You are all great!
- ◆ Thank you. Your help was great. I'm excited about this next phase of my life.
- ◆ I was happy with everything!
- ◆ Thank you for your help!
- ◆ Words can't say enough of what an excellent source, resource and help the counselor has been to me as I stumbled the path of retirement. I couldn't have made it without you. And you were so pleasant about it, thank you for your kindness...bless you.
- ◆ The counselor was great to work with!
- ◆ I was very easy. Thank you
- ◆ Very polite, patient and helpful
- ◆ I've been very impressed with everyone I have spoken to and corresponded with. Good information, very prompt responses. I appreciate your help.
- ◆ The counselors were very courteous and extremely helpful, especially as I had misunderstood and not signed and returned the (2nd set of) required enrollment forms and bank deposit forms as well as the final termination of employment forms. Hallelujah, my final pension is coming just in the nick of time
- ◆ Above excellent!
- ◆ Everyone is so wonderful. Thank you for your friendly attitude and patience when answering our questions!
- ◆ The counselor was extremely helpful during my visit!
- ◆ Very satisfied with the courteous prompt and thoughtful service. The process went very smoothly.
- ◆ Very pleased with correct info relayed and call to confirm. Thank you!
- ◆ The employees were very helpful and kind over the phone. They went above and beyond their job description!
- ◆ Very comfortable and understanding!
- ◆ Wonderful service! Thank you! I miss North Dakota.
- ◆ I always got answers when I called! Great service!

- ◆ Very professional, knowledgeable and helpful!
- ◆ I have no suggestions for improvement. Everyone did a great job helping me. Thanks!
- ◆ You made a confusing and slightly stressful event go so smoothly.
- ◆ I appreciated the prompt and accommodating service from the staff at the office. They were always willing to answer questions even without an appointment.
- ◆ The whole process went very smoothly. I understand everything and had no problems.
- ◆ Our counselor was outstanding to work with! Thank you!
- ◆ Email questions were answered promptly!
- ◆ Great help with organizing my retirement information.
- ◆ The counselor was outstanding to work with! Thank you!
- ◆ The counselor is an outstanding program specialist - very courteous and knowledgeable!
- ◆ your office promptly processed my application and payments started promptly as well.
- ◆ I attempted a couple workshops and found them to be informative and valuable. When I had questions, staff were very good about answering them in a way that was easy to understand.
- ◆ I felt like I got excellent service. Everyone was kind and helpful, and also knowledgeable about any question asked of them
- ◆ I was impressed with our counselor and the service she provided me.
- ◆ These people made my retirement process as "smooth as silk"! Very knowledgeable and understanding.
- ◆ Thanks for making the transition to retirement easy. You were so helpful.
- ◆ Thank you for making the retirement process very easy to understand and complete.
- ◆ The counselor is so positive and easy to work with. The RIO office is efficient and prompt to answer questions.
- ◆ The counselor was absolutely wonderful! She was so accommodating and answered all of my questions with patience!
- ◆ The counselor has been wonderful to work with. Especially patient with all my questions. I really do appreciate that.
- ◆ The helpfulness provided from your office was always polite and very much appreciated.
- ◆ Everything was handled quickly and professionally. Thank you!
- ◆ As I told my counselor, teaching was never about the money, but retirement is ALL about the money - thanks for your help navigating this change.
- ◆ The counselor was always helpful, knowledgeable and friendly
- ◆ Thank you for all your assistance.

Business Manager Workshops Evaluation 2018

Attendees 101
Evaluations 91

Above			
Excellent	Average	Average	Poor
58	21	1	

Was the subject material relevant to your needs and/or interests?

Comments:

73	12	1	
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How knowledgeable, organized, and effective were the speakers?

Comments:

76	5		
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How would you rate the service you receive from TFFR staff?

Comments:

Thanks for the chocolate!

How could we serve you better? Other comments?

Having names and contact info (who) is great!

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 19, 2018
SUBJ: Annual SIB Customer Satisfaction Reports

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

Sara Sauter, Supervisor of Audit Services, will send the annual SIB Customer Satisfaction Survey (via Survey Monkey) to Rob Lech, TFFR Board Vice President. A pdf version of the survey is also included here. In the past, each TFFR trustee has completed the form individually and forwarded to the Board President 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. NO ACTION REQUESTED AT THIS MEETING.

**2018 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 2018 (July 1, 2017 - June 30, 2018). Please check the response which best reflects your experience.

	Excellent	Above Average	Average	Poor	N/A
Availability/Responsiveness to Requests (via calls and/or emails)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity and Effectiveness of Communications, Reports, and Presentations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Frequency of Communications/Reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knowledge of Investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall value of services provided	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

How can the State Investment Board (SIB) and/or Retirement and Investment Office (RIO) staff better meet your expectations and improve the services currently being offered?

Thank you for helping us serve you better.

NDTFFR Board Reading July 2018

- Center for State & Local Government Excellence: [How have Pension Cuts Affected Public Sector Competitiveness?](#) – April 2018
- National Association of State Retirement Administrators (NASRA): [State and Local Government Contributions to Statewide Pension Plans: FY 2016](#) – June 2018
- Center for Retirement Research at Boston College: [What Explains Differences in Public Pension Returns Since 2001?](#) – July 2018
- National Conference on Public Employee Retirement Systems: [Unintended Consequences: How Scaling Back Public Pensions Puts Government Revenues at Risk](#) – May 2018
- National Conference on Public Employee Retirement Systems: [Don't Dismantle Public Pensions Because They Aren't 100% Funded](#) – November 2017
- Center for Retirement Research at Boston College: [Modernizing Social Security: An overview](#) – May 2018
- Center for Retirement Research at Boston College: [Social Security's Financial Outlook: The 2018 Update in Perspective](#) – June 2018