

ND TFFR BOARD MEETING

Thursday, July 21, 2022, 1:00 p.m.

WSI Board Room (In Person)

1600 E Century Ave, Bismarck, ND

[Click here to join the meeting](#)

AGENDA

I. CALL TO ORDER AND ACCEPTANCE OF AGENDA

- A. Executive Summary
- B. Welcome new DED/CRO, Accounting Manager and Legal Intern
- C. Board Appointments Update – Ms. Murtha

II. ACCEPTANCE OF MINUTES (April 21, 2022)

III. GOVERNANCE (95 minutes)

- A. Election of Officers – Mr. Burton
- B. SIB Customer Satisfaction Survey – Mr. Burton, Ms. Murtha
- C. Annual TFFR Program Review – Ms. Murtha, Ms. Weeks
 - 1. Code of Conduct Affirmation
- D. Annual Governance Policy Review Report/Governance and Policy Review Committee Update – Mr. Mickelson, Ms. Murtha
- E. Actuarial Audit RFP Review & Approval – Ms. Murtha
- F. Member/Stakeholder Outreach Update – Ms. Weeks
- G. PAS Project Update – Ms. Murtha
- H. Employee Benefits Programs Committee Update – Ms. Murtha

IV. EDUCATION (20 minutes)

- A. Investment Manager Selection Process – Mr. Chin

(Break)

V. REPORTS (60 minutes) *Board Action*

- A. Quarterly Investment Report (3/31) – Mr. Posch
- B. Quarterly Internal Audit Report (3/31) – Ms. Sauter
- C. Quarterly TFFR Ends Report (3/31) – Ms. Weeks
- D. Executive Limitations/Staff Relations Report – Ms. Murtha

VI. CONSENT AGENDA - DISABILITIES¹

VII. OTHER BUSINESS

- A. Board Reading Materials – *Material References Included*
- B. Next Meeting:
 - 1. TFFR Regular Board Meeting Thursday, September 22, 2022, at 1 p.m.
 - 2. GPR Committee – August 9, 2022, at 10 a.m.

VIII. ADJOURNMENT

¹ Executive Session possible if Board discusses confidential member information under N.D.C.C. 15-39.1-30.

EXECUTIVE SUMMARY

TFFR Regular Meeting July 21, 2022 – 1:00pm CT

- I. Agenda:** The July Board Meeting will be held at the Conference Room at the WSI Building to accommodate in person attendance, however, a link will also be provided so that Board members and other attendees may join via video conference. The board member video link is included in the email with the Board materials.
- We will begin the meeting by welcoming our new Deputy Executive Director – Chief Retirement Officer and new Accounting Manager.
 - Mr. Burton has also been reappointed to the TFFR Board for another term.
- II. Minutes (Board Action):** The April 21, 2022, Board meeting minutes are included for review and approval.
- III. A. Election of 2022-2023 Officers (Board Action):** Election of Board President and Vice President, three trustees to represent TFFR on the SIB, one Audit committee member, and an SIB alternate.
- B. Annual SIB Customer Satisfaction Survey (Information Only):** Board members will be requested to provide feedback to the SIB relating to services.
- C. Annual TFFR Program Review (Board Action):** The Board will conduct its annual program review by receiving reports regarding program awards, program monitoring, customer satisfaction; conduct its annual code of conduct policy affirmations and provide guidance to staff regarding program mission, goals, and policy.
- D. Annual Governance & Policy Review Committee Report/GPR Committee Update (Board Action):** The Board will receive recommendations regarding program policy annual review requirements, program policy amendments, and the status of the GPR committee.
- E. Actuarial Audit RFP Review & Approval (Board Action):** The Board will be presented with an RFP for Actuarial Audit services. The RFP is currently pending legal review and will be provided in an update to the Board packet prior to the meeting.
- F. Member/Stakeholder Outreach Update (Information Only):** Ms. Weeks will provide an update on scheduled outreach efforts presented by the Retirement Services Division.
- G. PAS Project Update (Information Only):** Ms. Murtha will provide the Board with an update on the current status of the PAS project.
- H. Employee Benefits Programs Committee Update (Information Only):** Ms. Murtha will provide the Board with an update on the current status of the Board's bill before the legislature and other pending legislation.
- IV. Board Education - Investment Manager Selection Process (Information Only):** Mr. Chin will provide the Board with education on the SIB's investment manager selection process.

- V. **Reports (Board Action):** Staff will provide a reports on quarterly investment performance, audit activities, TFFR Ends and executive limitations/staff relations.

Adjournment.

MEMORANDUM

TO: TFFR Board
FROM: Jan Murtha, Executive Director
DATE: July 14, 2022
RE: Trustee Appointment

Mike Burton's term as a representative of retired members on the TFFR Board was set to expire June 30, 2022. As of the date of this Memorandum, the RIO agency received verbal confirmation from the Governor's Office that Mr. Burton has been reappointed to another term. Thank you Mike for your continued service!

BOARD INFORMATION ONLY. No board action requested.

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
APRIL 21, 2022, BOARD MEETING**

BOARD MEMBERS PRESENT: Dr. Rob Lech, President
Mike Burton, Vice President
Kirsten Baesler, State Supt. DPI
Thomas Beadle, State Treasurer
Cody Mickelson, Trustee
Mel Olson, Trustee
Jordan Willgohs, Trustee

STAFF PRESENT: Connie Flanagan, CFO/COO
Jayme Heick, Retirement Programs Spec
Missy Kopp, Exec Assistant
Jan Murtha, Exec Dir
Sara Sauter, Supvr of Internal Audit
Rachelle Smith, Retirement Assistant
Stephanie Starr, Retirement Programs Spec
Dottie Thorsen, Internal Auditor
Tami Volkert, Employer Svs Coor

OTHERS PRESENT: Dean DePountis, Atty. General's Office
Tanya Dybal, Segal
Brad Ramirez, Segal
Matt Strom, Segal

CALL TO ORDER:

Dr. Rob Lech, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:08 p.m. on Thursday, April 21, 2022. The meeting was held in the Peace Garden Room, State Capitol, 600 E Boulevard Ave., Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: SUPT. BAESLER, TREASURER BEADLE, MR. BURTON, DR. LECH, MR. MICKELSON, MR. OLSON, AND MR. WILLGOHS.

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the April 21, 2022, meeting.

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

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

NAYS: NONE

MOTION CARRIED

MINUTES:

The Board considered the minutes of the March 25, 2022, TFFR Board meeting.

IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO APPROVE THE MARCH 25, 2022, MINUTES AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED

GOVERNANCE:

Plan Management Policy Score Update:

Mr. Matt Strom, Segal, discussed the updated plan management policy score. The score has been updated following the most recent actuarial valuation. The composite summary score is equal to 9 which is up from 6 last year. This score is in the yellow range which indicates that objective may be met over a longer period. The TFFR plan management policy is a more robust way to evaluate the ongoing health and sustainability of TFFR. The policy score provides context for the likelihood of future positive or negative events. Notable differences from the previous score update include the market value return for the plan year ended June 30, 2021, of 26.1% compared to the assumed rate of 7.25% and a 75.7% actual funded ratio compared to a 64.1% projected funded ratio. Probabilities on which the scoring is based improved for Criteria 2 and 3 compared to the prior analysis resulting in the improved score. Mr. Brad Ramirez, Segal, discussed the factors outside of TFFR that could influence the directional trend of future policy scores including projected economic conditions, market cycles, and the economy in ND.

IT WAS MOVED BY MR. OLSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE PLAN MANAGEMENT POLICY SCORE UPDATE.

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

NAYS: NONE

MOTION CARRIED

Annual Public Pension Plan Comparison Report:

Ms. Weeks and Ms. Murtha presented the annual Public Pension Plan Comparison Report comparing TFFR to the FY 2020 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.

IT WAS MOVED BY MR. OLSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE ANNUAL PUBLIC PENSION PLAN COMPARISON REPORT.

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

NAYS: NONE

MOTION CARRIED

The Board recessed at 2:12 p.m. and reconvened at 2:27 p.m.

Board Calendar & Education Plan:

Ms. Murtha presented the proposed TFFR Board calendar and education plan for 2021-22.

IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE BOARD CALENDAR AND EDUCATION PLAN.

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

NAYS: NONE

MOTION CARRIED

2022 Legislative Planning Update:

Ms. Murtha provided an update on activity related to legislative planning. Staff submitted proposed statutory changes to Legislative Council prior to April 1, 2022. The Employee Benefits Programs Committee may first consider the proposed changes at its May 3, 2022, meeting.

Pension Administration System (PAS) Project Update:

Ms. Murtha provided an update on the PAS project. A kick-off meeting has been scheduled with Sagitec, our consultants from Segal, and the project management team on May 16-17, 2022. Staff are working with Sagitec to schedule a presentation for the TFFR Board at an upcoming meeting. Part of Phase 3 of the project will be increased outreach efforts to members and employers.

REPORTS:

Executive Limitations/Staff Relations:

Ms. Murtha provided an update on staffing, procurement, open records/media requests, and Board members email accounts. The Chief Retirement Officer/Deputy Executive Director position posting has closed. Staff will conduct the initial interviews followed by final interviews which will include the Executive Search Committee. Staff have received a verbal denial of the reclassification request for Ms. Flanagan's position. Staff plan to post the position as it is currently graded with hopes to hire by June. The legal intern will work over the summer on a comparison of governance structures of TFFR and SIB to other peer plans. Staff are still waiting for the classification requests for the four investment positions.

IT WAS MOVED BY SUPT. BAESLER AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORT.

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

NAYS: NONE

MOTION CARRIED

CONSENT AGENDA:

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CONSENT AGENDA – QDRO 2022-1.

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

NAYS: NONE
MOTION CARRIED

ADJOURNMENT:

With no further business to come before the Board, Pres. Lech adjourned the meeting at 3:04 p.m.

Prepared by,

Missy Kopp
Reporting Secretary

MEMORANDUM

TO: TFFR Board
FROM: Jan Murtha, Executive Director
DATE: July 14, 2022
RE: Election of 2022-23 Officers and SIB members

Pursuant to Policy I. L. of the TFFR Program Manual the TFFR Board must elect officers at the first meeting of each fiscal year. Position terms are for one year. For the 2022-23 fiscal year, the Board will need to select:

- **TFFR Board President**
(Currently Rob Lech)
- **TFFR Board Vice President**
(Currently Mike Burton)
- **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, Cody Mickelson, and Mel Olson).
- **One TFFR trustee from SIB to represent TFFR on SIB Audit Committee – Subject to official appointment by SIB Chair.**
(Currently Cody Mickelson).
- **One TFFR trustee to serve as SIB alternate/designee**
(Currently Mike Burton)

The State Treasurer serves as a member of the State Investment Board pursuant to state law, and therefore is not subject to assignment by the TFFR Board.

BOARD ACTION: Nominations for positions. Motion to approve candidates.

MEMORANDUM

TO: TFFR Board
FROM: Jan Murtha, Executive Director
DATE: July 14, 2022
RE: SIB Customer Satisfaction Survey

The **State Investment Board** wants to hear from its customers whether the SIB, through the RIO agency, is providing quality service.

Sara Sauter, Supervisor of Internal Audit, will send the annual SIB Customer Satisfaction Survey to the TFFR Board on behalf of the Board President. The Board President will submit the compiled the results to Ms. Sauter. At the July 2021 Board meeting the Board discussed and approved the Board President to submit the compiled results to the SIB without further review and approval by the TFFR Board to expedite the process. Staff proposes the Board follow the same process this year, and allow the results to be submitted to the SIB without further approval, with the understanding the compiled responses will then be reviewed with the TFFR Board at its September 2022 meeting.

BOARD INFORMATION ONLY. No board action requested, unless a change in the proposed process is requested by the Board.

MEMORANDUM

TO: TFFR Board
FROM: Jan Murtha, Executive Director
DATE: July 14, 2022
RE: Annual TFFR Program Review

Pursuant to Policy I.M.3. of the TFFR Program Manual and in fulfillment of its fiduciary responsibilities, the Board is responsible for reviewing governance and program policies at its July Board meeting.

As part of your annual TFFR Program Review this year, the following reports are included:

- TFFR Board Awards
- TFFR Program Monitoring Summary
- TFFR Customer Satisfaction Reports
- Code of Conduct Policy Affirmations
- Mission/Policy/Goals Review – To be discussed under Agenda Item III.D.

Highlights from these reports are:

- TFFR Employees were rated as excellent or above average in almost every category.
- The increase in online presentations was well received.
- RIO received numerous positive comments regarding the courtesy of staff.
- We received constructive feedback regarding how to improve our presentations.
- There was a consistent theme regarding lower satisfaction with a paper-based system, which highlights the improvements we can achieve with our new PAS system.

Board members are also required to complete the TFFR Board Code of Conduct form. Please return to RIO no later than August 12, 2022. You may print and sign the one included here and return via fax, email, or mail; a digital copy will also be emailed to you separately for your completion and convenience.

BOARD ACTION REQUESTED: Board motion to approve the fiscal year end 2021 Annual Program Review.



Public Pension Coordinating Council

***Recognition Award for Administration
2021***

Presented to

North Dakota Teachers' Fund For Retirement

In recognition of meeting professional standards for
plan administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

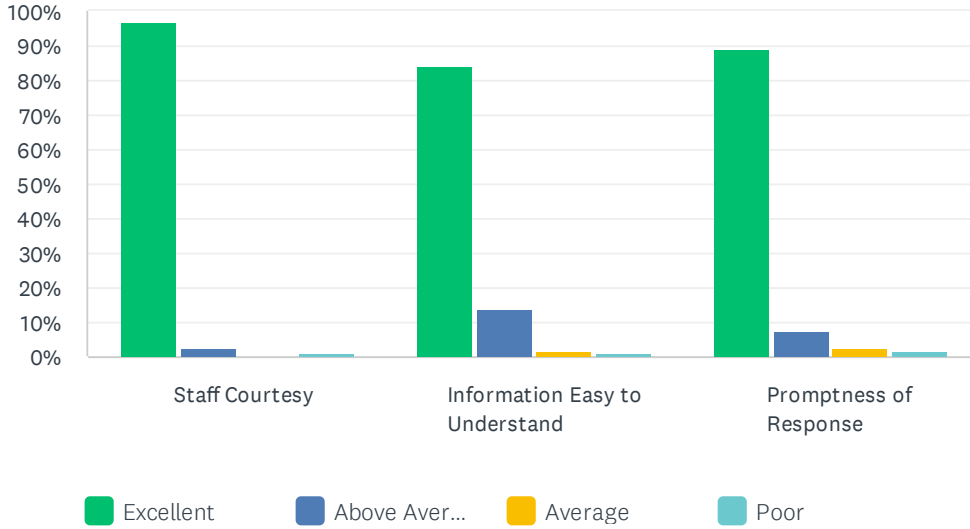
TFFR Program Monitoring Summary

2021-22

Ends Policy	Responsibility	Action	Scheduled	Completed
Mission	TFFR Board	Annual Review	July	7/22/2021
Goals	TFFR Board	Annual Review	July	7/22/2021
Membership Data	TFFR Board	Annual Review	January, March	1/27/2022, 3/24/2022
	Internal Audit	Annual Report	September	9/23/2021
	External Audit/Audit Com.	CliftonLarsonAllen	November	11/18/2021
	Retirement Officer	Staff Presentations	Ongoing	
Investments	TFFR Board/SIB	Asset Allocation Review	November	11/18/2021
	Chief Investment Officer	Annual Report	September	9/23/2021
Retirement Services	TFFR Board	Annual Review	July	7/22/2021
	Internal Audit	Annual Report	September	9/23/2021
	External Audit/Audit Com.	CliftonLarsonAllen	November	11/18/2021
	Interest Groups	Annual Report	July	7/22/2021
	Retirement Officer	Staff Presentations	Ongoing	
Account Claims	TFFR Board	Annual Review	July	7/22/2021
	Internal Audit	Annual Report	September	9/23/2021
	External Audit/Audit Com.	CliftonLarsonAllen	November	11/18/2021
	Retirement Officer	Staff Presentations	Ongoing	
Trust Fund Valuation	TFFR Board	Annual Review	July	7/22/2021
	Segal	Annual Valuation	November	11/18/2021
	Internal Audit	Annual Report	September	9/23/2021
	External Audit/Audit Com.	CliftonLarsonAllen	November	11/18/2021
	Retirement Officer	Staff Presentations	Ongoing	
	Segal	GASB 68	January	1/27/2022
Program Policies	TFFR Board (GPR Comm.)	Annual Review	Ongoing	

Q1 We strive to deliver quality service to our customers. Please take a minute to provide us with your feedback.

Answered: 126 Skipped: 0



	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
Staff Courtesy	96.83% 122	2.38% 3	0.00% 0	0.79% 1	126	3.95
Information Easy to Understand	84.00% 105	13.60% 17	1.60% 2	0.80% 1	125	3.81
Promptness of Response	88.89% 112	7.14% 9	2.38% 3	1.59% 2	126	3.83

Customer Satisfaction Survey

Q2 Comments/Suggestions

Answered: 86 Skipped: 40

#	RESPONSES
1	Thank you the counselor for making this process a lot easier then I thought. I will be getting my employer's acceptance of resignation to you. Tell me what you need? Is this from my principle, Superintendent or school board. (not sure what you need)
2	Only that I should have called sooner. The counselor was so helpful.
3	The counselor did a great job
4	I worked with the counselor and she was more than amazing! Thank you.
5	The counselor is beyond AMAZING. She is so knowledgeable and understanding of her job. TFFR and us members are so lucky to have her. Thanks
6	Thanks to all who helped with my retirement questions! You are very much appreciated!!
7	The counselor was GREAT to work with! :)
8	The counselor was a terrific resource.
9	Last minute decision to retire. The counselor was so helpful in providing info, and helping us accomplish our retirement! :)
10	The counselor is great!
11	The counselor is amazing! Thank you to ALL of the staff for being so helpful and patient! 2 THUMBS UP! :)
12	The staff was very helpful and went out of their way to make everything go smoothly. Thanks!
13	The counselor was very helpful and efficient!
14	I have been working with the counselor and she has been excellent to work with.
15	Thank you for your help and promptness of documents that were needed!
16	Keep up the good work!
17	The counselor was very flexible in arranging a time for my husband and I to come in and sign papers as I had forgotten to check one of the boxes.
18	The counselor is a rock star. She goes above and beyond her needed duties!
19	The counselor was awesome!
20	The counselor has been so helpful, currently, as well as when I was going through the retirement process in the spring of 2020.
21	The counselor was outstanding.
22	Very impressed by the constant (and helpful) communication as my retirement occurred. I live out of state and the service provided was exceptional. Thank you!!!
23	The counselor was awesome to work with, send her back anytime!
24	The counselor is SO helpful!!!
25	The counselor is a breath of fresh air. She made the presentation interesting while very professional --- true asset for TFFR. I am very happy to have an in person presentation. Her promptness/suggestions to ?s was enlightening.
26	The counselor was great to work with! I do wish the TFFR office had a list of experienced advisors available so we knew who to contact to get advice specific to TFFR benefits.

Customer Satisfaction Survey

27	Thank you for your service! I have loved working in both Underwood & Dickinson, ND! God bless you!
28	The counselor was very helpful and courteous when I needed clarification on my retirement forms. The counselor made the process easy and stress - free. Thank You!
29	The service I received was fantastic - the counselor was easy to work with and very prompt! All e-mails were answered with in a day.
30	It was such a blessing to work with the counselor. She is so knowledgeable and comforting in this time of transition. Thank you so much!!!
31	The counselor is wonderful to deal with - very helpful! Thank you.
32	Thank you for everything, and making the transition to retirement joyful.
33	You could mention on your form you sent the date of deposit
34	Great people to work with and explain things.
35	Thanks for the help
36	Thanks for helping to make the process so easy to follow. Also thanks for being so available on the phone.
37	The people have been very courteous & prompt in responding.
38	Thank you so much for making my transition from teacher to "retired teacher" so easy. Thanks for everything!
39	Thank you for your professionalism!
40	Thank you so much for all of your help. I'm looking forward to my retirement.
41	Very easy to work with you. Thank you so much!
42	Thank you.
43	Thanks for all you do!
44	I am very appreciative of the excellent service I received with every step of my retirement preparation. Thanks very much!
45	None really. You guys are amazing and very helpful!
46	None at this time.
47	The retirement process has been pretty uncomplicated and easy to navigate. The pre retirement seminars are very helpful.
48	The TFFR staff have been very accommodating. Whenever I was unsure of the process or had questions, I received a timely, kind response. Everyone has been so helpful and supportive. THANK YOU for transitioning me into retirement!
49	Thank you so much for your easy transition into retirement! Kudos to all of you!
50	Process has been very stress free, with excellent communication and guidance.
51	Thanks for all your help!
52	Both written & phone contact. You made this process understandable & efficient. Thank you!
53	Every one was great to work with. Information was timely and very easy to understand. Thank you.
54	Everyone was so helpful! Your assistance was very much appreciated :)
55	Thank you!
56	Thank you!
57	Very thorough explanation of process
58	BEST SERVICE EVER! THANK YOU! :)

Customer Satisfaction Survey

59	For a 43 yr veteran teacher who started her retirement process "quite bc" I was busy teaching, wrapping up my classroom and mentoring my coworker to "take my place", I was grateful for all the understanding from the TFFR staff!
60	Thank you for your help!
61	You do a "GREAT" job helping to prepare to retire!
62	The support I received from contacting your office was awesome! All of my questions were answered!
63	My emails were promptly and efficiently answered. I was informed when I needed additional paperwork. Great job!
64	Wonderful staff. Very knowledgeable and willing to answer all questions.
65	EXCELLENT!
66	All I had to do was follow their instructions & deadlines and it was a smooth transition. Very knowledgeable staff.
67	Every interaction I've had with the staff/office has been excellent. I have a lot of respect for everyone here. Thank you!
68	I started getting nervous, but then my check showed up! Thanks to all that made it happen.
69	Thank you :)
70	Always extremely helpful with questions. I appreciate quick responses and being able to answer all questions.
71	Without all of the lengthy phone calls, I never would have gotten through this process! Thanks so much!
72	Thank you for the great service! You guys did a fantastic job!
73	Thanks for the excellent service!
74	Always very helpful!!
75	All was handled well. All questions asked! :)
76	I appreciate your efforts with security, but it was easier to generate a new Social Security 1099....all done online....no waiting for mail to be forwarded.
77	Thanks for all your help!
78	The form I filled out was a bit confusing about picking a beneficiary. I assumed I had given my choice on the first page, but was also supposed to name the same beneficiary on the third page. This wasn't the way I read the instructions.
79	I have attended several seminars in Dickinson put on by the TFFR staff over the years. Everyone is always so knowledgeable and extremelty courteous. Thank you.
80	Keep up the good work! When I started this job I was afraid that working on retirement issues would make me feel small - TFFR employees always make me feel good!
81	It is unbelievable to me that in this electronic age, this outfit insists on using snail mail and they do not answer emails promptly. It is almost like they do everything they can to delay benefits! Since when does it take three weeks to process a change of address, and to "send" necessary paperwork? Perhaps it is because they "send out" paperwork that is outdated???????
82	I registered for a TFFR Benefit event...times are listed but I had to assume it was central time. It would be wonderful if CT is part of the information. That helps those of us in MT make the adjustment!
83	Thank you for being so helpful and kind while I was trying to figure things out. Your patience and efficiency are appreciated more than you know.
84	Very helpful and patient.

Customer Satisfaction Survey

85 It doesn't matter who I talk to, every time I call I feel like my call is important. Wonderful service.

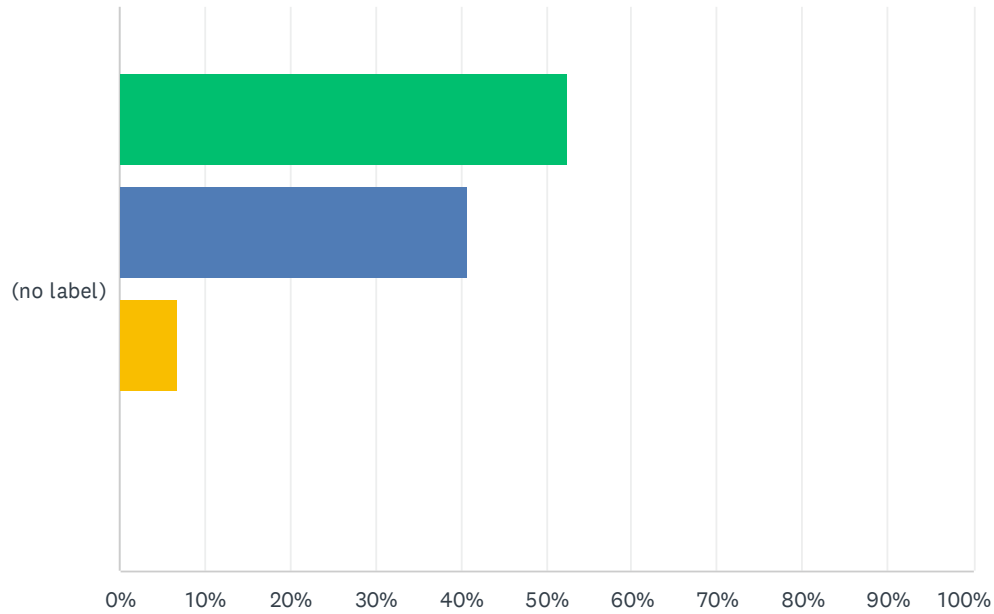
86 The staff was very easy to work with and pleasant and quick to answer questions.

TFFR Group Benefit Counseling Evaluation

January 2022

Q1 Please rate the overall program.

Answered: 59 Skipped: 0

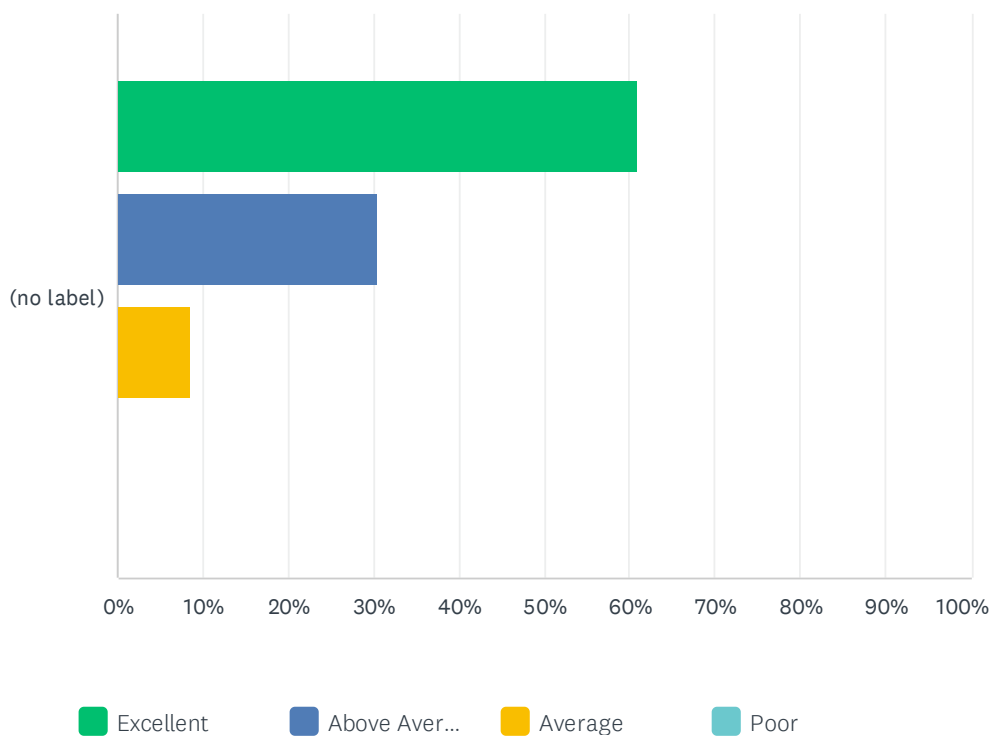


Excellent Above Aver... Average Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	52.54% 31	40.68% 24	6.78% 4	0.00% 0	59	3.46

Q2 Was the material relevant to your needs?

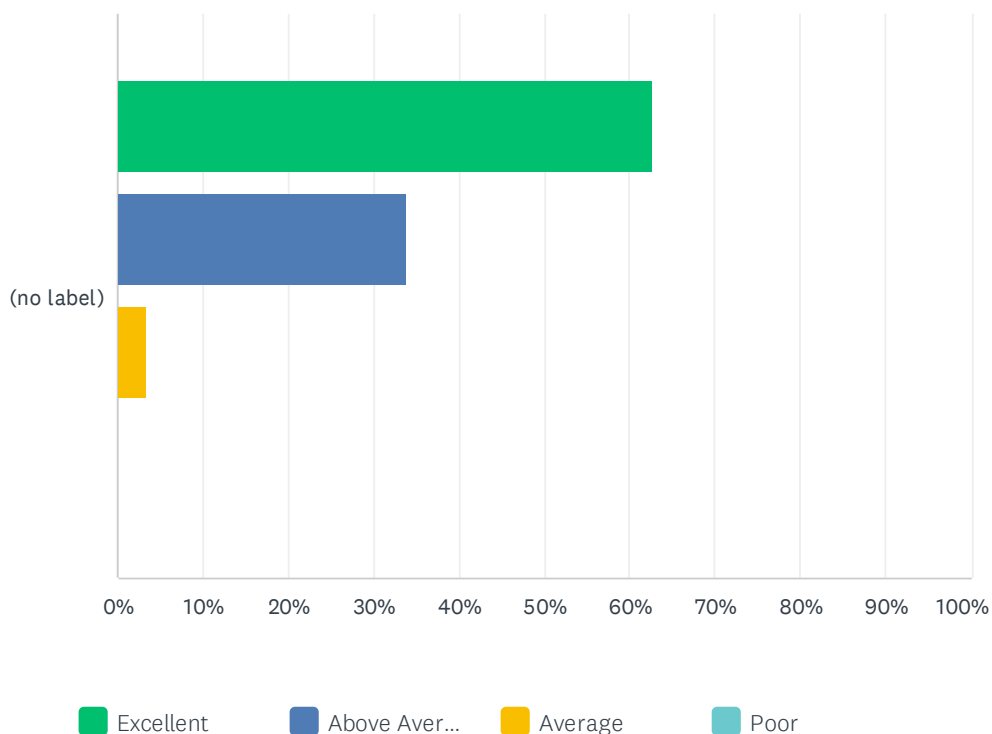
Answered: 59 Skipped: 0



	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	61.02% 36	30.51% 18	8.47% 5	0.00% 0	59	3.53

Q3 How knowledgeable, organized, and effective were the speakers?

Answered: 59 Skipped: 0



	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	62.71% 37	33.90% 20	3.39% 2	0.00% 0	59	3.59

Q4 Do you have suggestions for future webinars?

Answered: 30 Skipped: 29

#	RESPONSES	DATE
1	I'm one that with my age and background do not remember things presented months ago so after I get a copy of my retirement letter to my board at the January board meeting I will need to either work through what I was told at the presentation or inquire on things I can't remember being told to do. It was a great presentation though.	7/7/2022 4:43 PM
2	I thought the presentation was excellent. The presenter was knowledgeable, well-prepared and engaging. Thank you!!	1/13/2022 2:53 PM
3	No, I think it is helpful to know that we can call with personal questions as everyone's situation for retirement is different.	1/12/2022 11:11 AM
4	I am still old school and wish we were in person.	1/11/2022 9:32 PM
5	Have important info. in handouts as I had to screen shot some of the slides.	1/11/2022 2:59 PM
6	This was exactly what I needed. Thanks!!	1/11/2022 2:04 PM
7	I think that if they can send the Powerpoint out in advance or after the session that could help with the understanding.	1/11/2022 1:56 PM
8	No	1/11/2022 12:22 PM
9	More advice!	1/11/2022 10:38 AM
10	Great job!	1/11/2022 10:34 AM
11	Continue the excellent work. Include as many examples as time allows.	1/11/2022 9:02 AM
12	it would be great if during the seminar if the speaker were to exactly say how payouts worked during retirement. Is there a cost of living raise? Do state and federal taxes get taken out of the checks before they are distributed? I feel like these topics are danced around when the presentation is given and people mistakenly believe that they will get the check presented without taxes being taken out. Also, more clarification on what one can take for a payout and how it will affect the actual check you get. Thank you for your time.	1/11/2022 8:18 AM
13	too much time spent explaining the forms online (info I can get online) and raced through the important, difficult to understand info on the retirement options and their implications- (assumed we knew more than we do). Would have liked more info on what taking the different options will mean to me and my spouse financially.	1/11/2022 7:49 AM
14	No	1/10/2022 8:23 PM
15	Hope they are offered again this fall since I decided to teach another year.	1/10/2022 8:07 PM
16	Tell the participants what time zone your webinar is using. At least one person thought it was Mountain time zone. Very minor detail.	1/10/2022 8:06 PM
17	NOT AT THIS TIME	1/10/2022 5:42 PM
18	It was well organized and covered all of my questions.	1/10/2022 5:14 PM
19	No, I think it was well done. I like that the presentation was provided before hand, so one could do a preview. I also like how it is available now, so one doesn't miss the steps.	1/10/2022 4:41 PM
20	I liked how this workshop was done. Great job.	1/10/2022 4:37 PM
21	Taxes	1/10/2022 4:22 PM
22	None	1/10/2022 4:13 PM
23	Not at this time	1/10/2022 4:00 PM

TFFR Group Benefit Counseling Evaluation

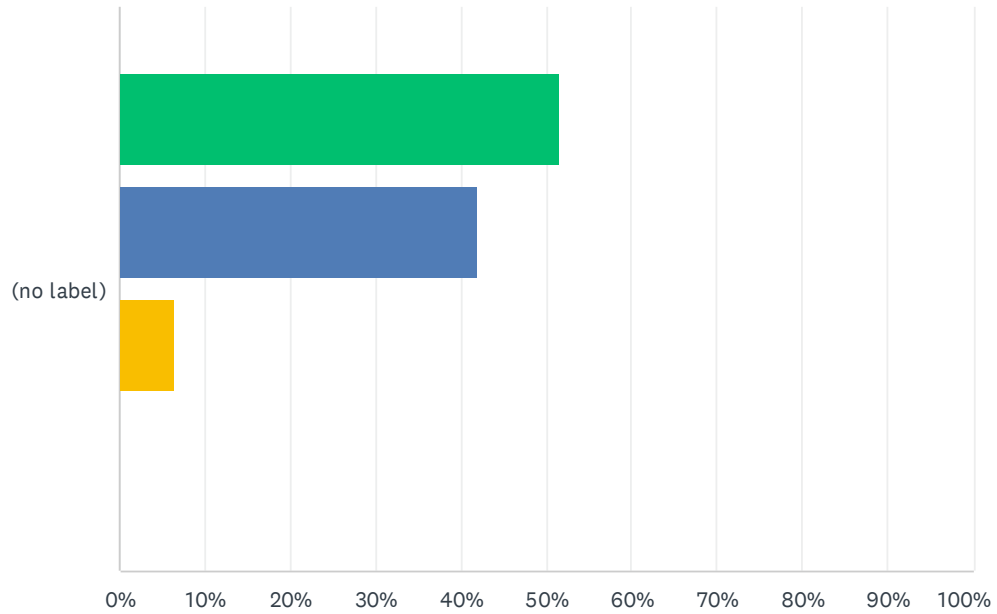
24	I thought it was fine.	1/10/2022 3:51 PM
25	I thought the webinar was really easy to follow.	1/10/2022 3:43 PM
26	Put together a real world or occassion that may happen in a realistic situation for an individual.	1/10/2022 3:37 PM
27	The in person sessions, of course, were so much better!	1/10/2022 3:37 PM
28	Have access to the zoom recording to review it, as there is a lot of information to digest.	1/10/2022 3:33 PM
29	Keep up the good work!! Thanks.....	1/10/2022 3:23 PM
30	Happy Hour topics	1/7/2022 12:03 PM

Group Benefits Counseling Evaluation

Fall/Winter 2022

Q1 Please rate the overall program

Answered: 31 Skipped: 0

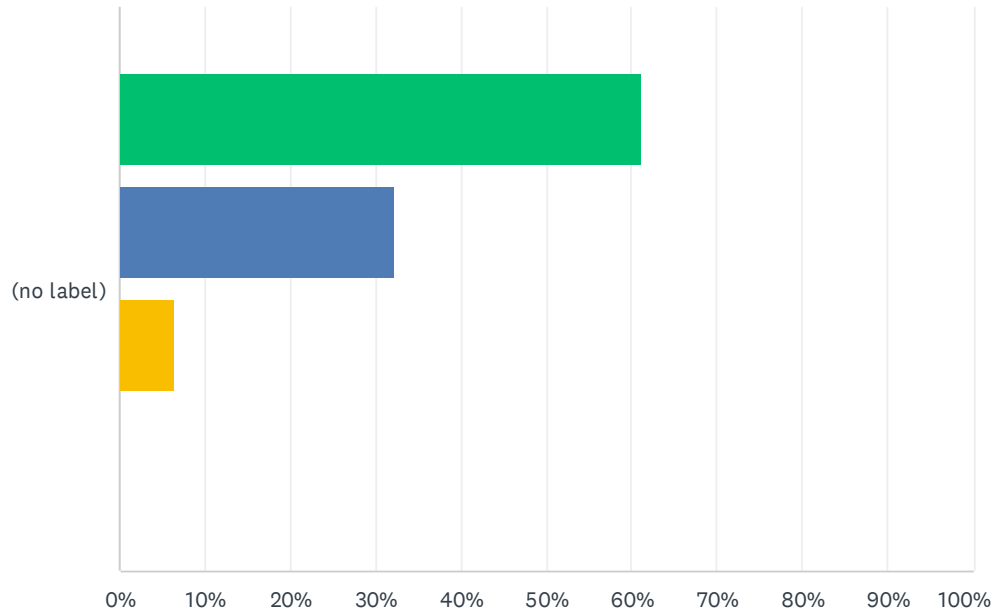


Excellent Above Aver... Average Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	51.61% 16	41.94% 13	6.45% 2	0.00% 0	31	3.45

Q2 Was the material relevant to your needs?

Answered: 31 Skipped: 0

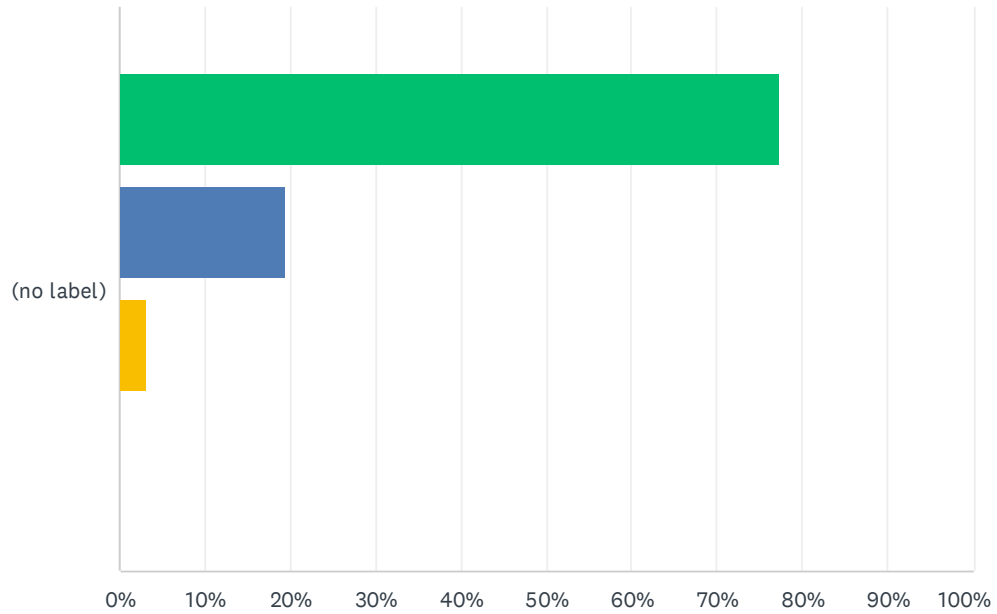


■ Excellent
 ■ Above Aver...
 ■ Average
 ■ Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	61.29% 19	32.26% 10	6.45% 2	0.00% 0	31	3.55

Q3 How knowledgeable, organized, and effective were the speakers?

Answered: 31 Skipped: 0



■ Excellent
 ■ Above Aver...
 ■ Average
 ■ Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	77.42% 24	19.35% 6	3.23% 1	0.00% 0	31	3.74

Q4 How did the online format work for you? Do you have any suggestions for future webinars?

Answered: 29 Skipped: 2

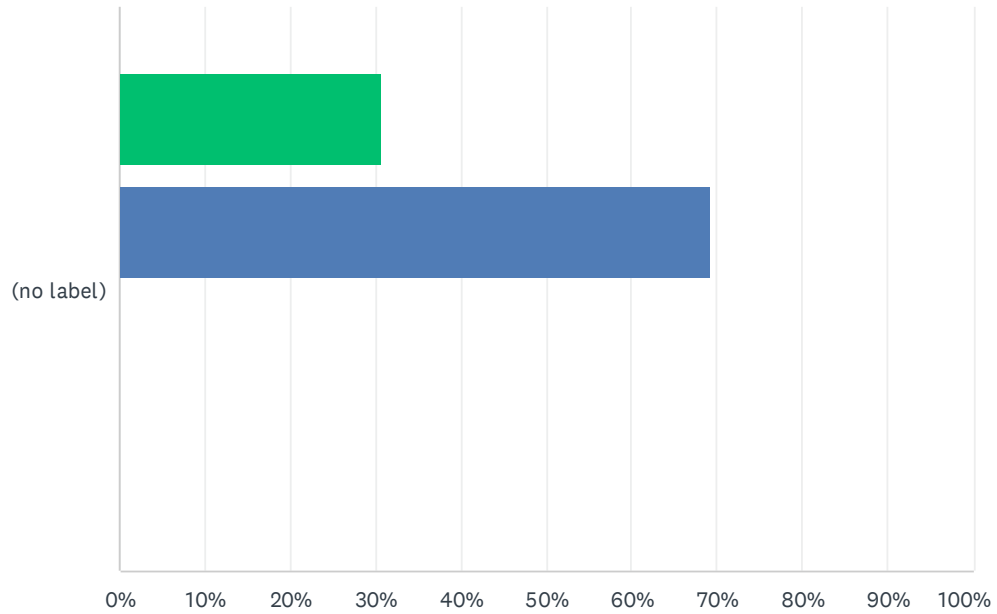
#	RESPONSES	DATE
1	It was good. I needed to have my papers with me to follow along better.	3/7/2021 6:53 PM
2	I like in person better, but it was ok for what I needed right now. Thank you!	3/4/2021 11:24 AM
3	I much prefer in-person workshops, so looking forward to the day when you can hold summer events. There is much more discussion and information picked up from others' situations/questions.	3/4/2021 8:23 AM
4	All presenters did excellent. Is there any additional advice on health insurance for a family if you are able to retire by the rule of 85, but still have children and a spouse at home? Thanks for your excellent presentation.	3/3/2021 9:01 PM
5	Great	3/3/2021 8:47 PM
6	I enjoyed the zoom version more than the face to face meeting. I printed and completed the documents prior and gathered other necessary documents before the Zoom meeting. For me it was easier to concentrate and I could spread my documents out and look at each piece and make notations as needed. Very helpful!!! Thanks so much for your expertise!	3/3/2021 8:00 PM
7	No problems	3/3/2021 3:25 PM
8	Worked well, and specific names and questions were noted so that someone from TFFR could get back to them. I have also participated in the in-person sessions in earlier years, and know that when possible, I prefer the person-to-person interaction because you get more immediate feedback for your specific questions.	3/3/2021 2:52 PM
9	I liked it. Face for face for personal questions will be important for me.	3/3/2021 2:41 PM
10	it was great	3/3/2021 2:38 PM
11	It worked great! Thank you so much for the great learning experience.	3/3/2021 2:11 PM
12	no	3/3/2021 1:46 PM
13	Worked fine. The info was presented well and everyone could still ask questions.	3/3/2021 1:30 PM
14	It went very well. I'm thankful for the online option!	3/3/2021 1:19 PM
15	It did, but I'm the type of person who just learns better face to face. I realize that is not possible at this time, so the format was fine.	3/3/2021 1:00 PM
16	worked very well	3/3/2021 12:47 PM
17	It was fine online. Actually very nice not to have to drive 3.25 hours to go to Bismarck.	3/3/2021 12:05 PM
18	Great, questions that I had I could immediately put them in the chat and receive immediately feedback. Easy to hear and minimal distractions.	3/3/2021 12:04 PM
19	Good, glad I didn't have to spend a couple hours on the road for this.	3/3/2021 11:48 AM
20	Loved the virtual learning. I am glad I did this a year before I retire	3/3/2021 11:47 AM
21	Went well, a bit harder to ask specific questions	3/3/2021 11:46 AM
22	I would be interested in a comparison of different years of retirement. We were given two years, but I would prefer 60, 61, 62, 63, 64, 65... If that is too cumbersome, I understand.	3/3/2021 11:43 AM
23	Yes, thank-you!	3/3/2021 11:41 AM
24	Very Good Presentation!	3/3/2021 11:41 AM

Group Benefits Counseling Evaluation

25	The online format worked very well. I wondered if the information that was shown could be viewed in an archive or something. There were a few things I would like to have looked at again. Thank you!	3/3/2021 11:36 AM
26	The format worked well!	3/3/2021 11:36 AM
27	This worked well for what I need to know.	3/3/2021 11:35 AM
28	It was nice to not have to travel to get the information	3/3/2021 11:30 AM
29	Loved it.	3/3/2021 11:21 AM

Q1 Insurance Presentation

Answered: 13 Skipped: 0

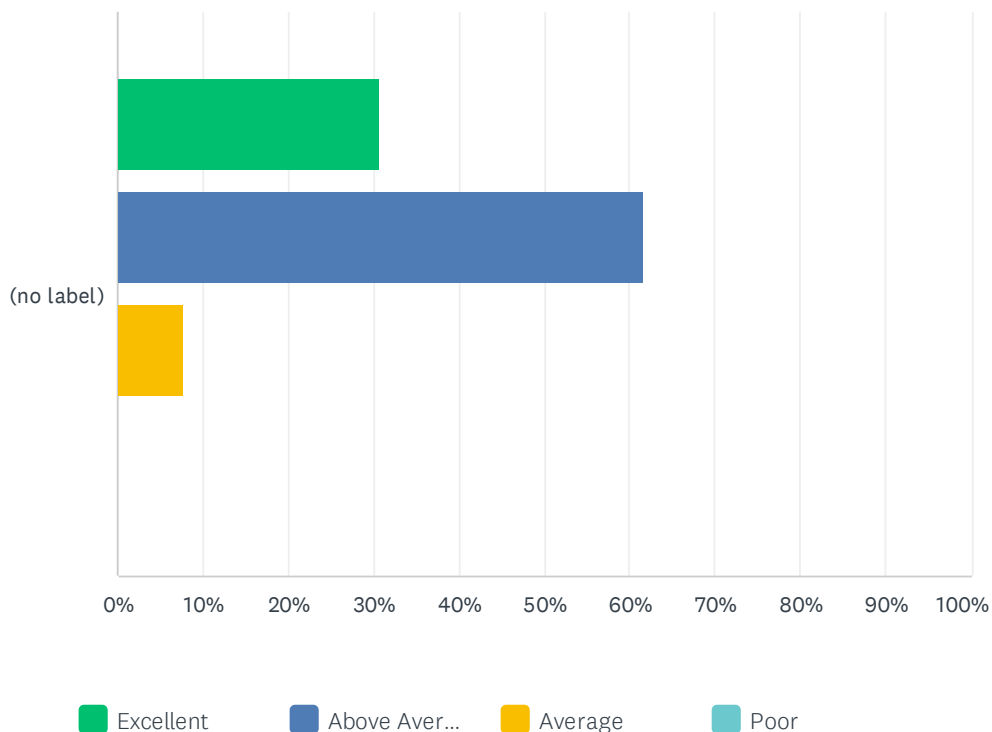


■ Excellent
 ■ Above Aver...
 ■ Average
 ■ Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	30.77%	69.23%	0.00%	0.00%	13	3.31
	4	9	0	0		

Q2 Financial Planning Presentation

Answered: 13 Skipped: 0

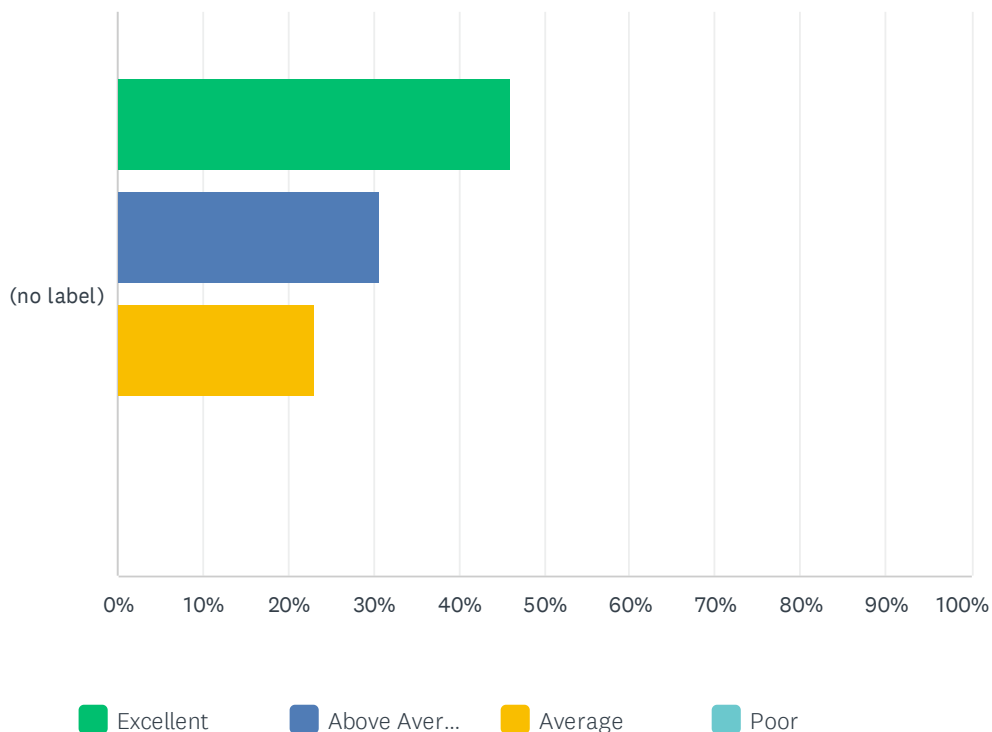


	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	30.77%	61.54%	7.69%	0.00%	13	3.23
	4	8	1	0		

#	COMMENTS	DATE
1	Jason did an excellent job!	7/26/2021 11:05 AM

Q3 Estate Planning Presentation

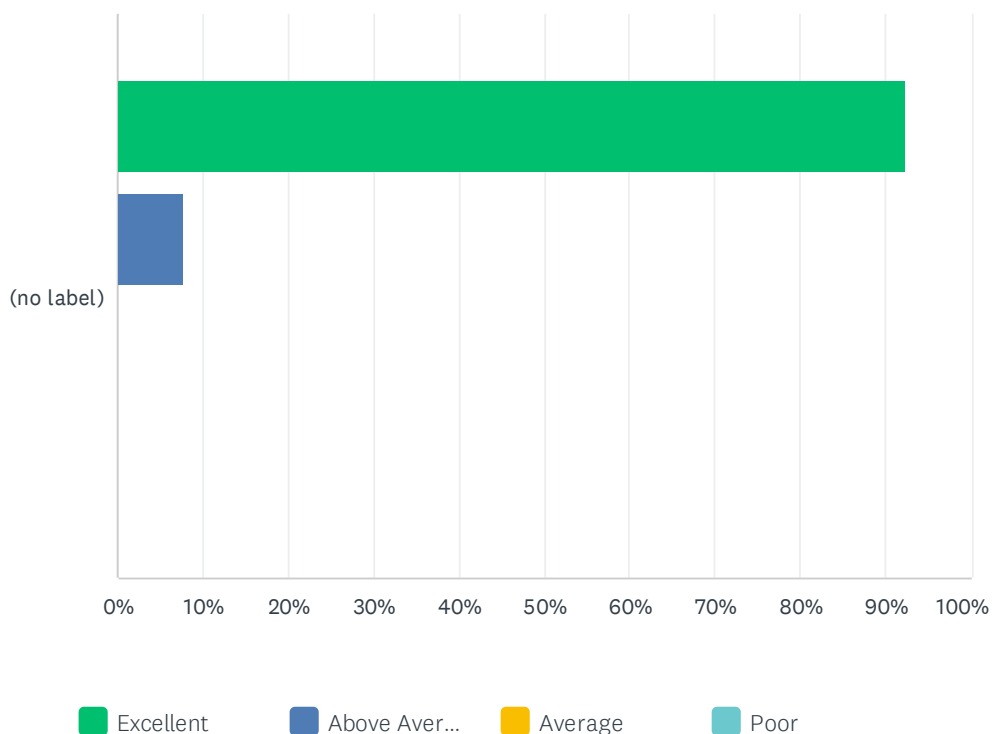
Answered: 13 Skipped: 0



	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	46.15%	30.77%	23.08%	0.00%	13	3.23
	6	4	3	0		

Q4 TFFR Pension Benefits Presentation

Answered: 13 Skipped: 0

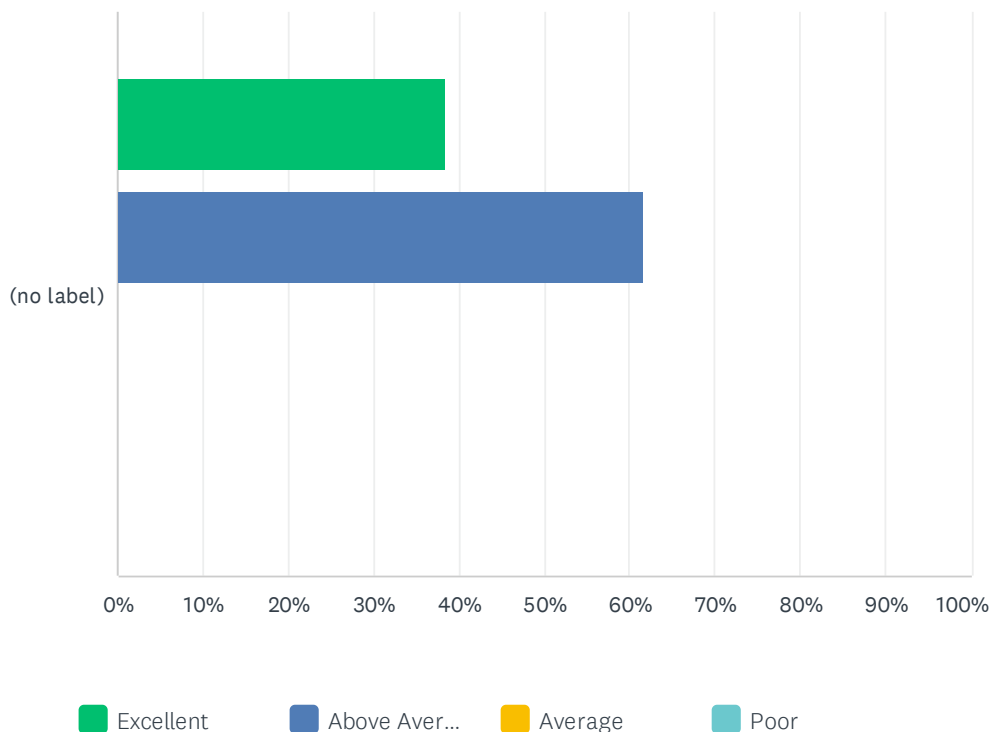


	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	92.31%	7.69%	0.00%	0.00%	13	3.92
	12	1	0	0		

#	COMMENTS	DATE
1	Excellent job but could have had a little more time as it was a bit rushed.	7/26/2021 11:05 AM

Q5 Overall Seminar

Answered: 13 Skipped: 0

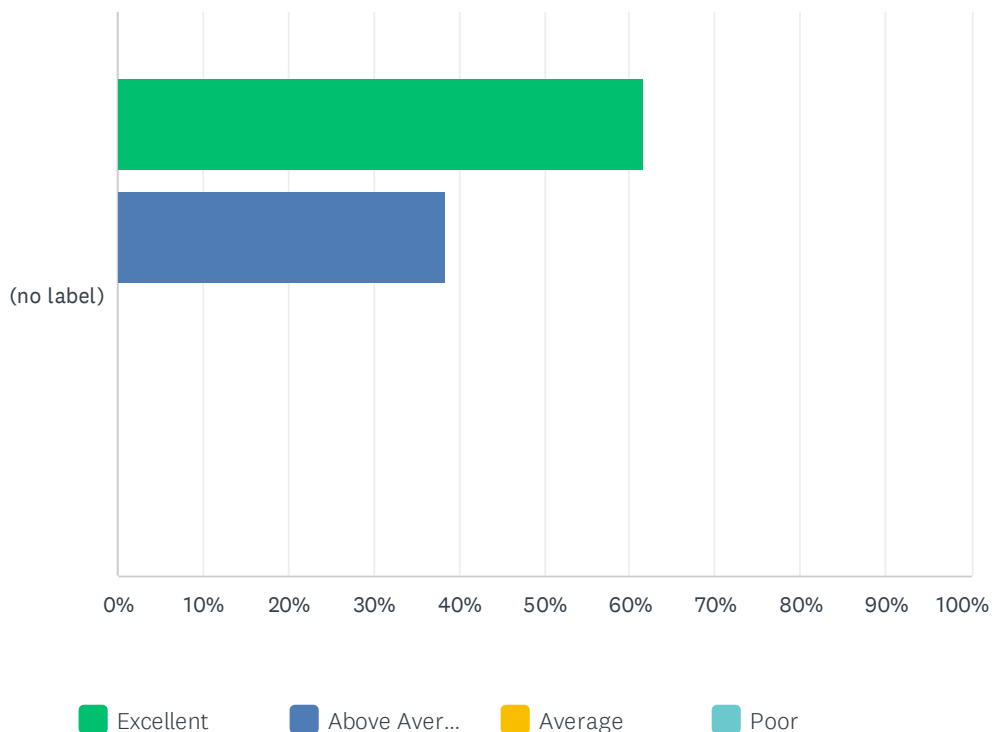


	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	38.46%	61.54%	0.00%	0.00%	13	3.38
	5	8	0	0		

#	COMMENTS	DATE
1	Thank you! I will be recommending this seminar to other teachers close to retirement.	7/22/2021 11:25 AM

Q6 Was the material relevant to your needs?

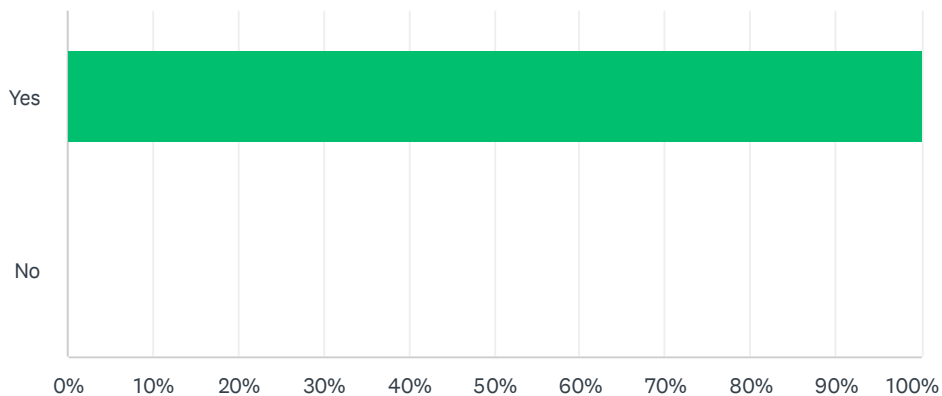
Answered: 13 Skipped: 0



	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	61.54%	38.46%	0.00%	0.00%	13	3.62
	8	5	0	0		

Q7 Will attendance at this workshop motivate you to take action relative to your retirement planning?

Answered: 13 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	13
No	0.00%	0
TOTAL		13

#	IF YES, WHAT ACTION WILL YOU TAKE?	DATE
1	Creating a will & making a decision about retirement.	8/1/2021 8:05 PM
2	Create a will and trust.	7/27/2021 1:45 PM
3	tie up any loose ends.	7/26/2021 11:05 AM
4	Changing my 401 to a Roth IRA	7/23/2021 10:12 AM
5	Get a firm estimate of my retirement benefit and look into healthcare options and estimates	7/22/2021 11:04 AM
6	undecided yet - may retire 2022 or may wait until 2023	7/22/2021 9:56 AM
7	It has motivated me to be a little more vigilant about reviewing my retirement options in more detail, I was not aware of the variety of options.	7/22/2021 9:06 AM

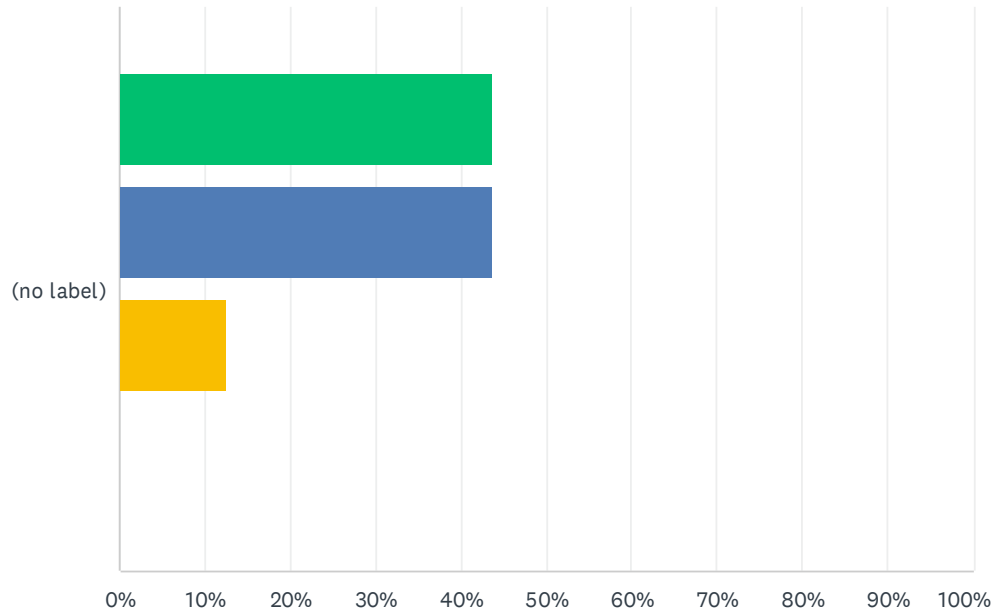
Q8 Do you have suggestions for future programs?

Answered: 7 Skipped: 6

#	RESPONSES	DATE
1	None	8/1/2021 8:05 PM
2	Nope, very satisfied with the presentation.	7/26/2021 11:05 AM
3	Keep it up!	7/25/2021 5:28 AM
4	The estate and financial planning has already been done by the majority of us so it wasn't really necessary.	7/23/2021 10:12 AM
5	Thank you. The seminar was very valuable and I will recommend to others	7/22/2021 11:25 AM
6	Not at this time.	7/22/2021 11:22 AM
7	I really missed having the opportunity to talk to a Social Security rep	7/22/2021 9:56 AM

Q1 Was the material relevant to your needs and/or interests?

Answered: 16 Skipped: 0



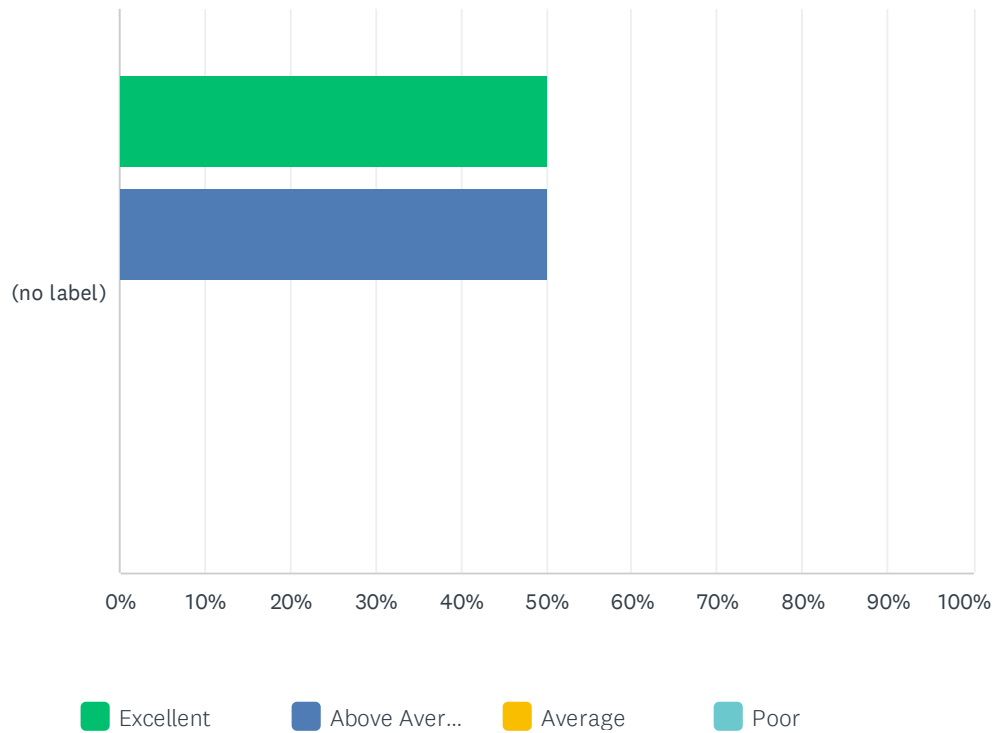
■ Excellent
 ■ Above Aver...
 ■ Average
 ■ Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	43.75% 7	43.75% 7	12.50% 2	0.00% 0	16	3.31

#	COMMENTS	DATE
1	This was a refresher for me and I used it as an intro for my coworkers to increase their familiarity with forms and requirements	3/16/2022 2:11 PM
2	I am not a new business manager, but did want to hear about the retirement part.	3/10/2022 8:33 AM

Q2 How knowledgeable, organized, and effective were the speakers?

Answered: 16 Skipped: 0

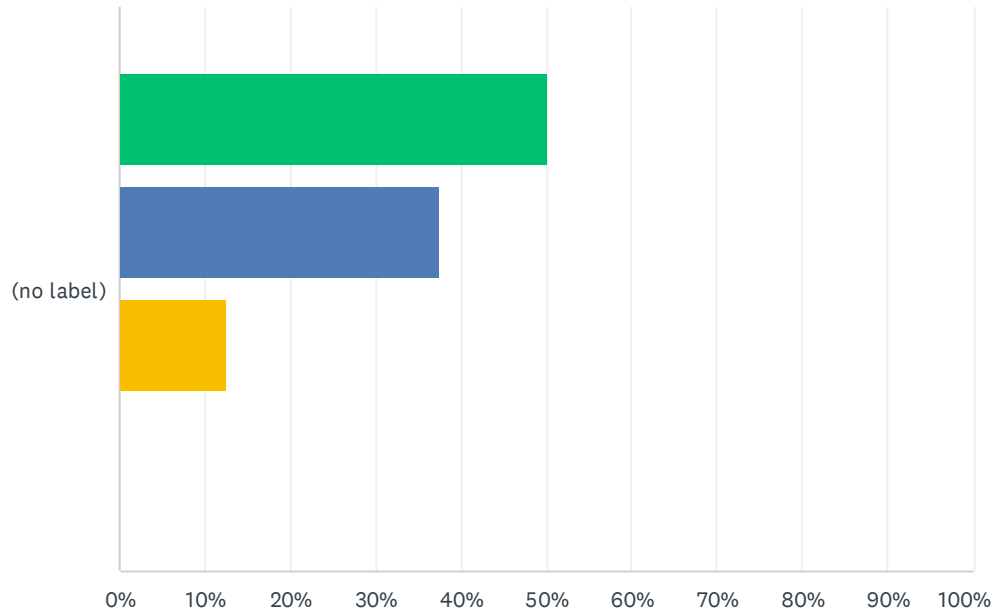


	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	50.00% 8	50.00% 8	0.00% 0	0.00% 0	16	3.50

#	COMMENTS	DATE
1	Lots of good information	3/10/2022 8:10 AM

Q3 How would you rate the overall workshop?

Answered: 16 Skipped: 0



■ Excellent
 ■ Above Aver...
 ■ Average
 ■ Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	50.00% 8	37.50% 6	12.50% 2	0.00% 0	16	3.38

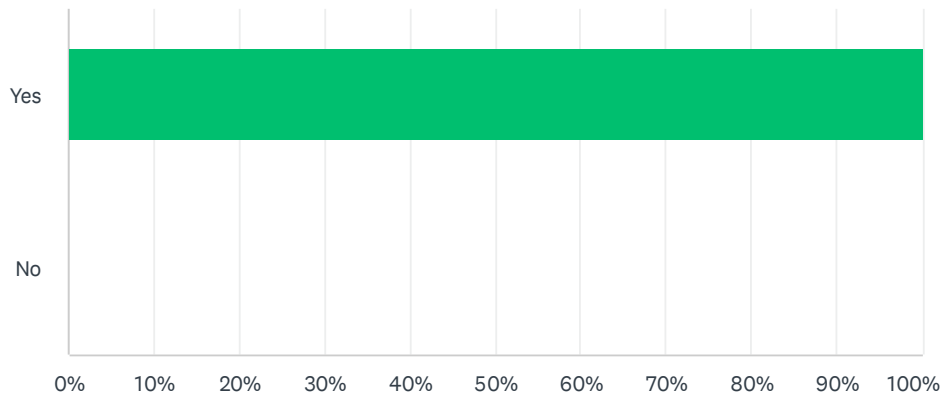
Q4 Please share your comments about how the online format worked for you and any suggestions for future webinars.

Answered: 6 Skipped: 10

#	RESPONSES	DATE
1	It is always nice to have the online format as it is easier to attend than driving to Bismarck	3/16/2022 2:11 PM
2	Way easier to attend when it's virtual rather than spend half the day driving, and it's nice to have the recording as a reference afterwards.	3/11/2022 12:00 PM
3	I like the online because I was traveling when the second one took place and online allowed me to call in and listen. I would suggest to keep them to an hour long.	3/10/2022 2:02 PM
4	I enjoy informational webinars like these, even if they are a refresher. It would be really convenient if these could be saved for later viewing, and I understand you are just waiting on further technology options to do so. Appreciate the time and work put into these webinars. Always helpful for us!	3/10/2022 9:14 AM
5	It worked great. Nice not to have to travel.	3/10/2022 8:10 AM
6	I think the presentation was excellent. I look forward to future webinars! I am a new business manager so these webinars are super helpful in making my transition.	3/10/2022 7:59 AM

Q1 Do you prefer having two day/time choices (one a.m and one p.m.)?

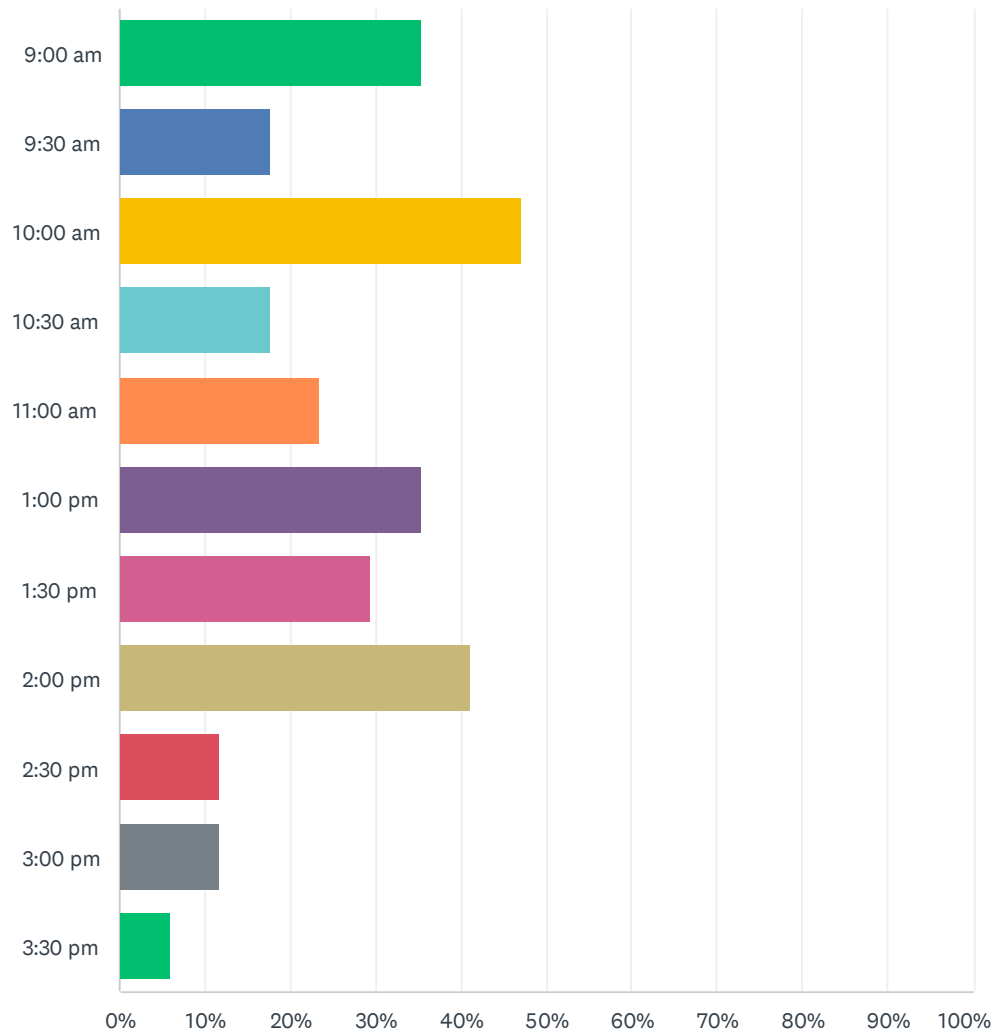
Answered: 17 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	17
No	0.00%	0
Total Respondents: 17		

Q2 What time(s) work best for you? (Central time)

Answered: 17 Skipped: 0

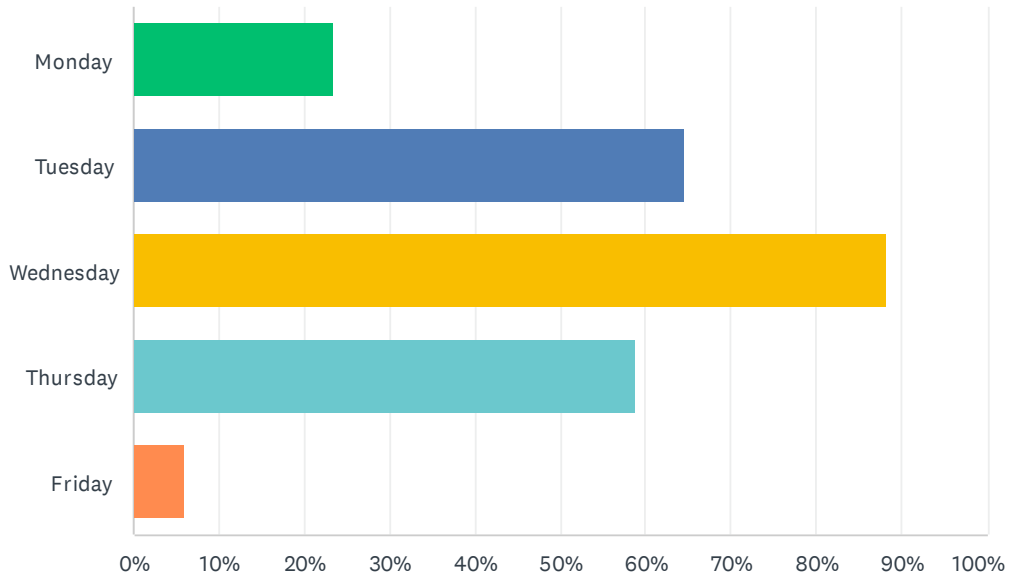


TFFR Info Mixer Evaluation - Winter/Spring 2022

ANSWER CHOICES	RESPONSES	
9:00 am	35.29%	6
9:30 am	17.65%	3
10:00 am	47.06%	8
10:30 am	17.65%	3
11:00 am	23.53%	4
1:00 pm	35.29%	6
1:30 pm	29.41%	5
2:00 pm	41.18%	7
2:30 pm	11.76%	2
3:00 pm	11.76%	2
3:30 pm	5.88%	1
Total Respondents: 17		

Q3 What day(s) of the week work best for you?

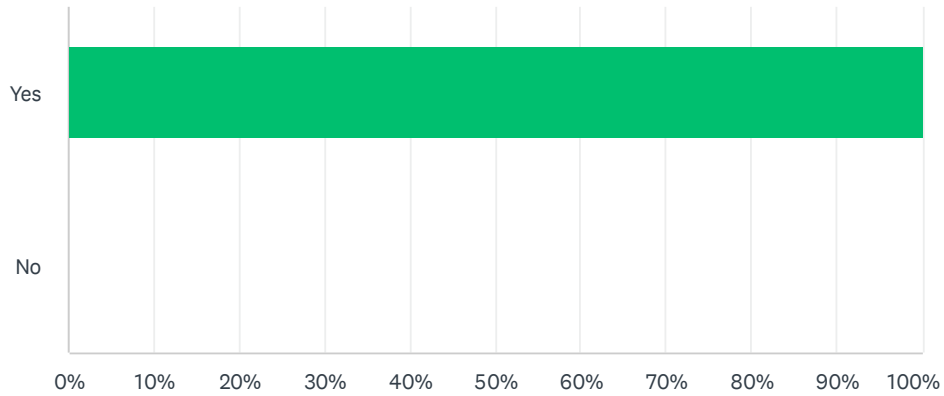
Answered: 17 Skipped: 0



ANSWER CHOICES	RESPONSES	
Monday	23.53%	4
Tuesday	64.71%	11
Wednesday	88.24%	15
Thursday	58.82%	10
Friday	5.88%	1
Total Respondents: 17		

Q4 Does the 30-45 minute timeframe work for your schedule?

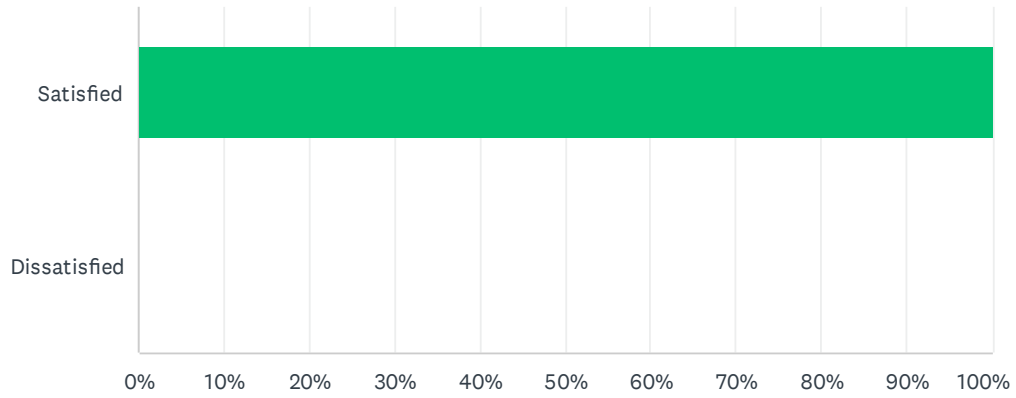
Answered: 17 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	17
No	0.00%	0
TOTAL		17

Q5 Are you happy with the variety of topics presented?

Answered: 16 Skipped: 1



ANSWER CHOICES	RESPONSES	
Satisfied	100.00%	16
Dissatisfied	0.00%	0
TOTAL		16

Q6 Topic suggestions for future Info Mixers:

Answered: 3 Skipped: 14

#	RESPONSES	DATE
1	I spend a lot of time filling out the monthly forms by hand. Is there a better way? An electronic copy where I can type it in or am I missing something? Best practices?	6/15/2022 9:09 AM
2	Continually review. Time lines for forms that are due. End of year step by step process	6/15/2022 9:00 AM
3	Always what qualifies and what doesn't. Steps when an employee is going to retire. Both our side and the employee side.	6/14/2022 8:46 AM

Q7 What parts of the Info Mixers did you like the best?

Answered: 3 Skipped: 14

#	RESPONSES	DATE
1	Keeping it to just one topic rather than the whole review. Gets too overwhelming when reviewing all areas	6/15/2022 9:00 AM
2	The new updates and just refreshers on items we do not do every month.	6/14/2022 8:30 AM
3	They were a nice refresher for someone that has been a business manager for many years.	6/14/2022 7:58 AM

Q8 Do you have any other comments/suggestions that would help us make future events better?

Answered: 2 Skipped: 15

#	RESPONSES	DATE
1	I wish we could do all of the reporting online and also have ACH available.	6/15/2022 9:09 AM
2	send out a little quiz the day before each meeting on the topics you are going to discuss. Then listen to the mixer to see if what we thought we knew was correct.	6/14/2022 8:46 AM

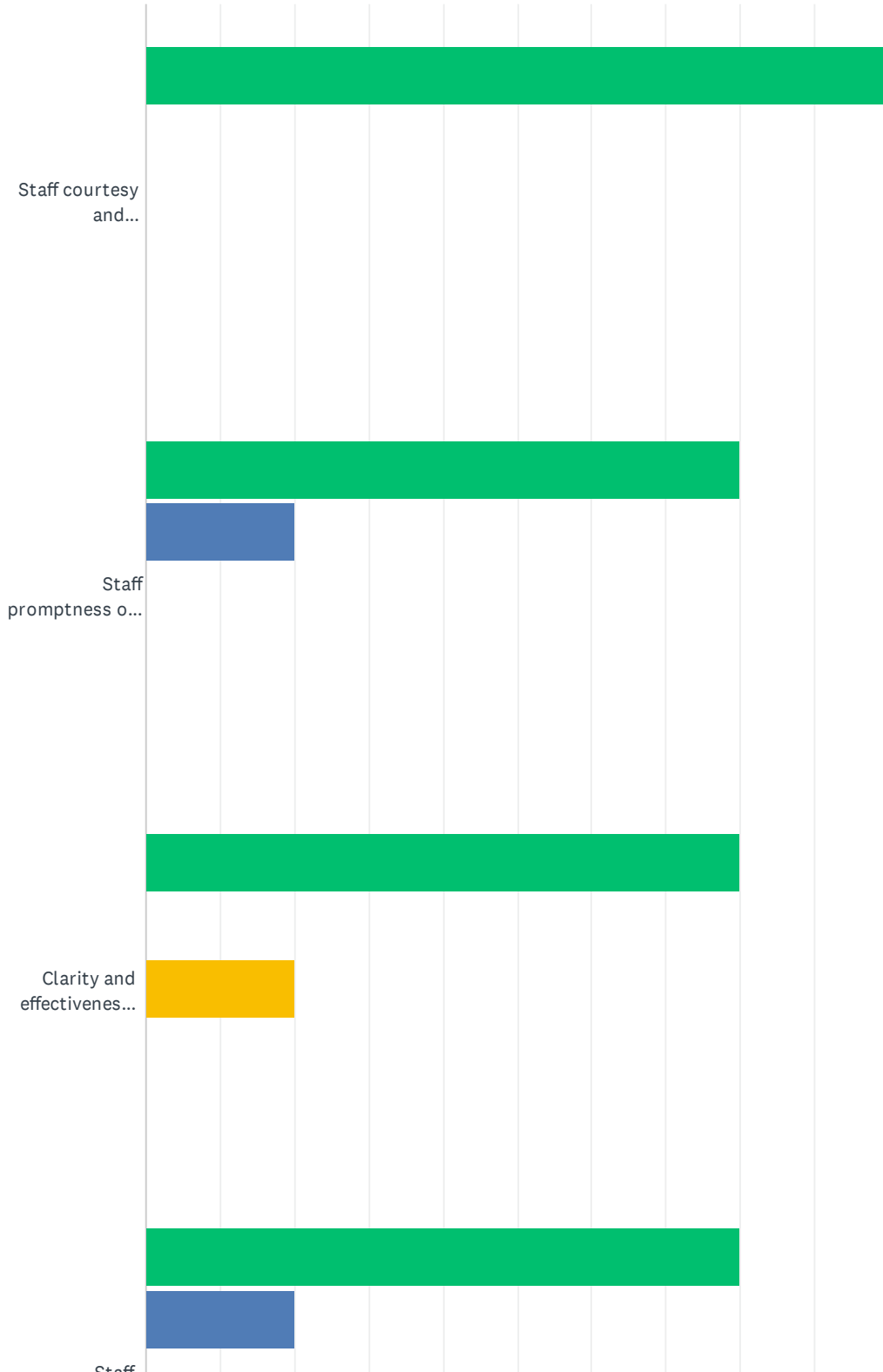
Q2 Organization

Answered: 5 Skipped: 0

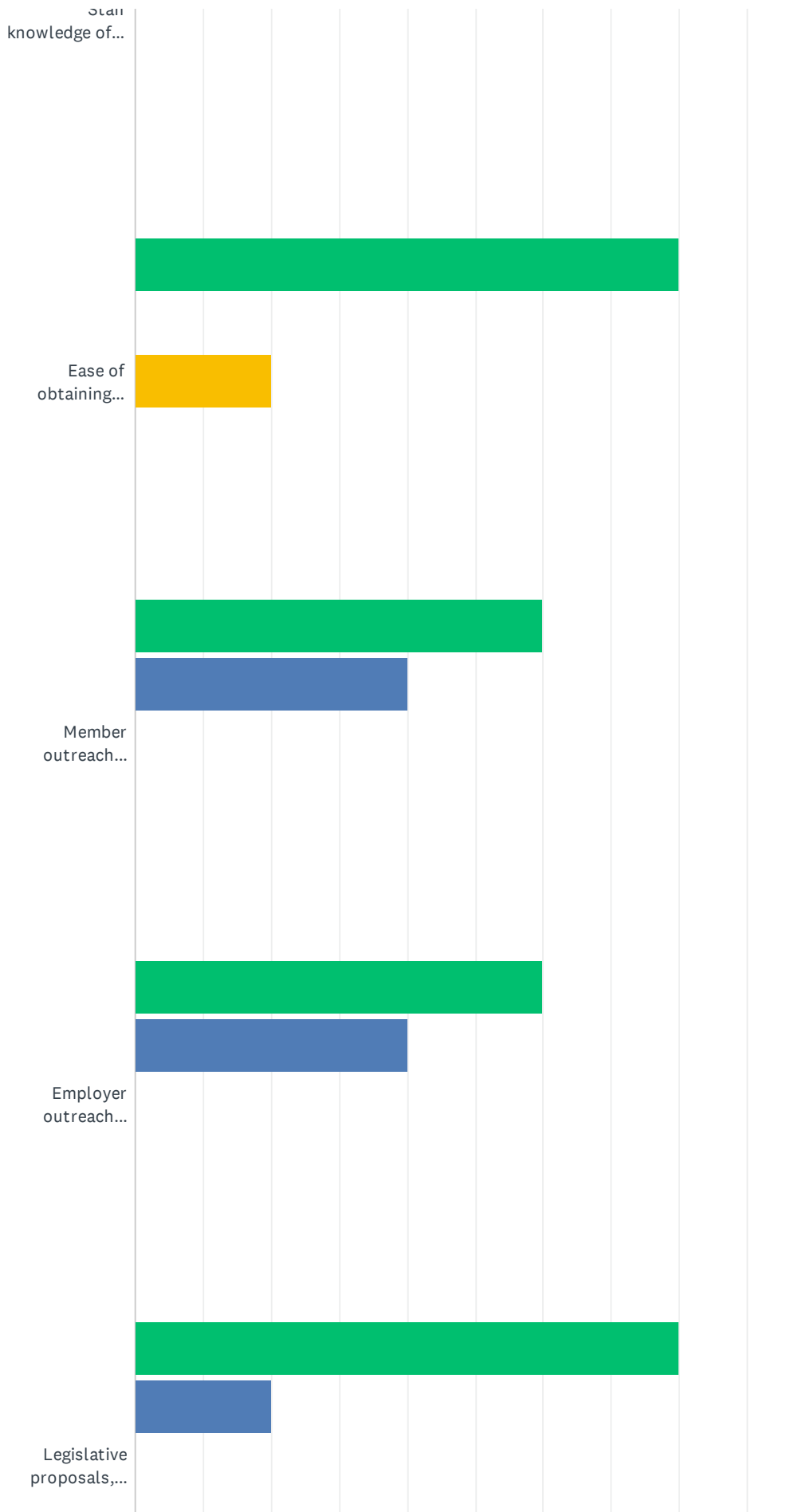
#	RESPONSES	DATE
1	NDCEL	7/18/2022 10:56 AM
2	North Dakota Retired Teachers Association	7/16/2022 2:56 PM
3	ND United	7/15/2022 10:10 AM
4	NDSBA	7/8/2022 11:00 AM
5	ND Association of School Business Managers	7/8/2022 10:53 AM

Q3 Are you receiving quality service and information about the TFFR benefits program? Please check the response which best reflects your experience with TFFR.

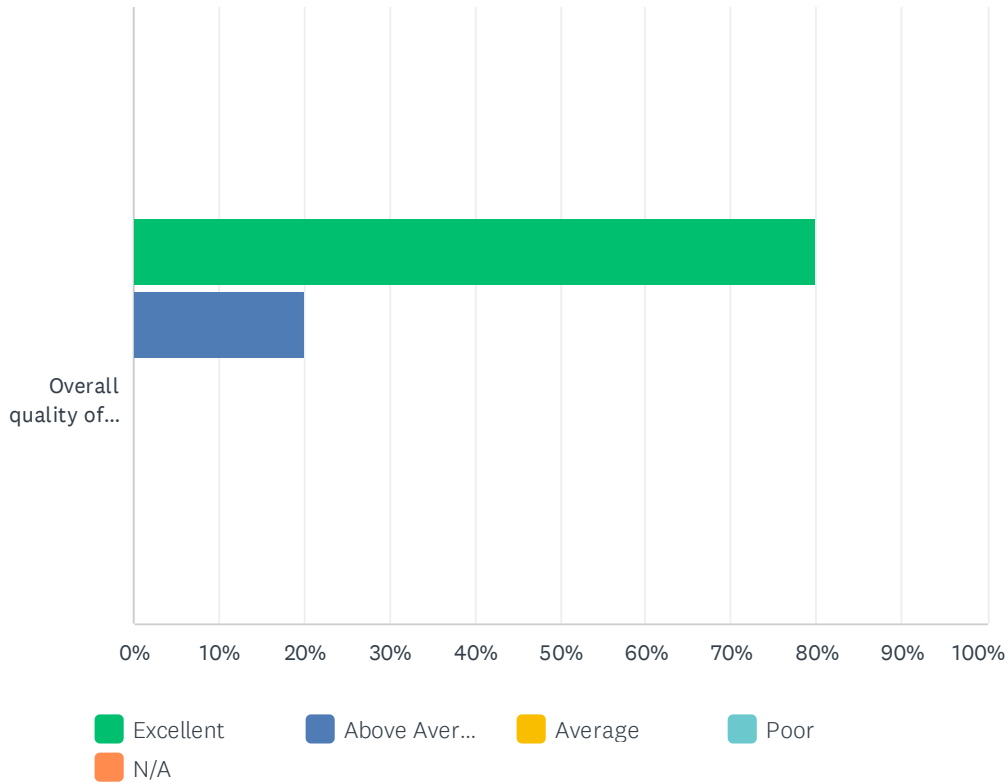
Answered: 5 Skipped: 0



Teachers' Fund For Retirement (TFFR) 2022 Customer Satisfaction Survey



Teachers' Fund For Retirement (TFFR) 2022 Customer Satisfaction Survey



	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	N/A	TOTAL	WEIGHTED AVERAGE
Staff courtesy and professionalism	100.00% 5	0.00% 0	0.00% 0	0.00% 0	0.00% 0	5	4.00
Staff promptness of response	80.00% 4	20.00% 1	0.00% 0	0.00% 0	0.00% 0	5	3.80
Clarity and effectiveness of information	80.00% 4	0.00% 0	20.00% 1	0.00% 0	0.00% 0	5	3.60
Staff knowledge of TFFR program	80.00% 4	20.00% 1	0.00% 0	0.00% 0	0.00% 0	5	3.80
Ease of obtaining information or services - phone, website, newsletters, publications	80.00% 4	0.00% 0	20.00% 1	0.00% 0	0.00% 0	5	3.60
Member outreach services - presentations, conferences, benefits counseling and retirement education	60.00% 3	40.00% 2	0.00% 0	0.00% 0	0.00% 0	5	3.60
Employer outreach services - presentations, conferences, meetings	60.00% 3	40.00% 2	0.00% 0	0.00% 0	0.00% 0	5	3.60
Legislative proposals, presentations	80.00% 4	20.00% 1	0.00% 0	0.00% 0	0.00% 0	5	3.80
Overall quality of service	80.00% 4	20.00% 1	0.00% 0	0.00% 0	0.00% 0	5	3.80

Q4 How can the TFFR Board and/or RIO staff improve their service to TFFR members and employers?

Answered: 3 Skipped: 2

#	RESPONSES	DATE
1	I miss the calculator online.	7/18/2022 10:56 AM
2	I hope someone has been hired to help with information for NDRTA. Estelle was very knowledgeable and helpful and we worked well together.	7/16/2022 2:56 PM
3	Create even more opportunities to work with TFFR members. Partner with ND United to do out reach to members about the importance of our defined benefit retirement plan.	7/15/2022 10:10 AM

Q5 Comments

Answered: 3 Skipped: 2

#	RESPONSES	DATE
1	Everyone is professional, polite, and friendly. Thank you for all you do for retired teachers in ND!	7/16/2022 2:56 PM
2	Ya'll are awesome! Thank you for your exceptional work to ensure a stable retirement plan for our teachers and administrators!	7/15/2022 10:10 AM
3	TFFR is doing a great job for their members and employers. Thank you for everything you do!	7/8/2022 10:53 AM

MEMORANDUM

To: TFFR Board

From: Paul White

Date: 14 July 2022

RE: Annual Affirmation of Code of Conduct Policy

The *TFFR Board Members' Code of Conduct and Ethics Policy*, 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 Board Members' Code of Conduct and Ethics Policy. I have disclosed any conflicts of interest as required by this policy"

Name (printed) _____

Signature _____

Date _____

Detail of any conflicts of interest (if any):

A. Code of Conduct, Ethics, and Conflicts of Interest

Following is the Code of Conduct, Ethics, and Conflicts of Interest policy 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. The Board must vote on whether the member can vote. 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.
7. Political contributions are regulated under NDCC 16.1-08-03 and are not restricted under this policy.
8. All activities and transactions performed on behalf of 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 averse 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. *See TFFR Code of Conduct Annual Affirmation (Exhibit 7)*
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.

MEMORANDUM

TO: TFFR Board
FROM: Jan Murtha, Executive Director
DATE: July 19, 2022
RE: Policy Review & Recommendations

I. Background

At the June 25, 2020, special TFFR Board meeting the Board voted to repeal and replace the following policies with the updated TFFR Board Program Manual Board Governance policies:

Introduction and Ends Policies

- A-1 Introduction
- B-1 Mission
- B-2 Goals
- B-I Exhibit – Plan Characteristics
- B-II Exhibit – TFFR Responsibilities
- B-III Exhibit – SIB Responsibilities

Program Policies

- C-1 Board Agenda
- C-2 Board Meetings
- C-3 Board Members Code of Conduct
- C-18 Board Travel
- C-21 Board Appeals
- C-22 Board Communications
- C-23 Board Policy Introduction/Amendment/Passage

By-Laws (All)

- D-1 Authority
- D-2 Board of Trustees
- D-3 Officers and Duties
- D-4 Meetings
- D-5 Committees
- D-6 Rules of Order
- D-7 Administrative Office
- D-8 Amendments

This Board action left the below Board policies active but not yet incorporated into the New Manual Format. At the July 7, 2022, TFFR GPR committee meeting, Staff recommended, and the committee agreed that moving all current active policies into one document was more efficient, reduced confusion, and illustrates greater transparency. The following table illustrates the proposed transition for the remaining policies and exhibits:

Old Manual Policy Name	Old Manual	New Manual (Proposed)
Plan Beneficiaries	B-3	II.D.11.
Actuarial Funding Policy Statement	B-4	II.C.
Investment Policy Statement	B-5	II.A.
Membership Data and Contributions	B-6	II.D.1.
Member Services	B-7	II.D.2.
Account Claims	B-8	II.D.4.
Trust Fund Evaluation & Monitoring	B-9	II.G.1.
Plan Management Policy	B-10	II.B.
Asset Allocation Definitions	Exhibit B-IV	Section II Exhibits
Deductions from Annuity Checks	C-4	II.D.5.
Disclosure of Confidential Information for Treatment, Operational, or Payment Purposes	C-5	II.D.3.
Disclosure to Membership	C-6	II.F.1.
Employer Payment Plan Models	C-7	II.E.1.
Employer Reporting Errors	C-8	II.E.2.
Employer Reports	C-9	II.E.3.
Head Start Program Employees	C-10	II.D.12.
Information Dissemination	C-11	II.F.2.
Level Income Option	C-12	II.G.2.
Military Service Credit	C-13	II.D.6.
Outreach Program Facilities	C-14	II.F.3.
Payment of Benefits	C-15	II.D.7.
PERS Retirement Plan Election (DPI and CTE)	C-16	II.D.13.
Retirement Benefit Payments	C-17	II.D.8.
Voiding Checks	C-19	II.D.9.
Ineligible TFFR Salary	C-20	II.E.4.
In-staff Subbing Contract Period	C-24	II.D.10.

ACTION REQUESTED: Motion to Approve New Manual Format for First reading.

II. May 2022 TFFR GPR Committee Program Policy Proposed Amendments for Introduction and First Reading.

At the May and July TFFR GPR Committee, the committee reviewed policies: B-8, B-9, C-4, C-5, C-6, C-8, and C-9 from the prior Program Policy Manual and approved the following changes for recommendation to the TFFR Board.

Old Manual	New Manual	Change
B-8	II.D.4	II.D.4. Amend to reference D. 5
B-9	II.G.1.	Remove due to duplication of I.K-1 in New Manual. Located at end of New Policy Manual
C-4	II.D.5	
C-5	II.D.3.	Amend to reduce redundancy with statute.
C-6	II.F.1.	Amend to provide flexibility
C-8	II.E.2.	Amend to provide flexibility
C-9	II.E.3.	Amend to provide flexibility
	Section II Exhibits	Amend Asset Allocation definitions to reflect evolving definitions of indexes.

Pursuant to Policy I.T. in the New Manual, proposed policy amendments require two readings before the full Board to pass and amendments may be proposed at any time. The proposed amendments will be submitted for legal review prior to 2nd reading and final adoption.

ACTION REQUESTED: Motion to Approve for First Reading GPR Committee amendments to Policies II.D.3,4,5, II.E.2,3, II.F.1., II.G.1., and Section II Exhibits.

III. TFFR GPR Committee Recommendation regarding Ongoing Review

The Board is required to review the entire program policy manual on an annual basis pursuant to Board Policy M.3. This policy states in part:

“At the July Board meeting each year, the Board will elect officers, review governance and program policies, and develop the annual board agenda and education plan.”

At its June 17, 2021, meeting the Board directed the GPR Committee to continue to meet on an interim basis to assist staff with policy development and to make recommendations to the full Board one of which is a recommendation regarding how to address the Policy M.3. at the 2022 July Board meeting.

GPR Committee Recommendation: The need for ongoing review of policies by a GPR committee during the 2022-2023 fiscal year in compliance with Board Policy M.3. continues to exist to implement and complete the interim PAS Project recommendations relating to policy review made by our consultant Segal. In addition, ongoing review is needed for enhanced governance oversight due to RIO agency growth related to changes in both the retirement and investment programs, including the separation of the Executive Director and Chief Investment Officer positions during 2021. The GPR committee recommends that the committee transition from an ad hoc committee to a standing committee that will bring proposed policy amendments to the Board for consideration and

approval on a rolling basis. If the Board approves the creation of a new standing committee staff will prepare a proposed charter and additional policy amendment language for the Board to review and approve at a subsequent meeting.

ACTION REQUESTED: Motion to approve GPR committee as a standing committee to facilitate review of policy amendments and governance issues on a rolling basis.



Teachers' Fund For Retirement
RETIREMENT & INVESTMENT

Board Program Manual

ND TEACHERS' FUND FOR RETIREMENT (NDTFFR) BOARD PROGRAM MANUAL

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ND TEACHERS' FUND FOR RETIREMENT (NDTFFR) BOARD PROGRAM MANUAL

SECTION I: TFFR GOVERNANCE POLICIES

A. Introduction and Purpose

The ND Teachers' Fund for Retirement (TFFR) Board of Trustees is dedicated to ethically serving the members and stakeholders of the TFFR pension plan and ensuring that the plan is effectively managed. The Board is committed to excellence in Board governance. An effective governance structure is essential to fulfilling fiduciary duties and Board responsibilities in accordance with the highest standards of professional responsibility, accountability, and transparency.

The Board developed and adopted this TFFR Board Program Manual to establish the framework within which the Board intends to set governance and oversight policy.

The purpose of the Manual is to:

1. Provide orientation material and exhibits for new TFFR trustees and executive staff as to the roles, responsibilities, policies, procedures, and activities in the governance and oversight of the TFFR plan.
2. Serve as an ongoing reference manual for current trustees and staff.
3. Describe the roles and responsibilities of the Board of Trustees as a Board, individual Trustees, Committees, Staff, and Service Providers.
4. Describe the relationship between the TFFR Board, the State Investment Board (SIB), and the Retirement and Investment Office (RIO) as it relates to the administration of the TFFR plan.
5. Establish a Board meeting protocol that outlines the manner in which the Board will conduct itself to enable the Board to carry out its responsibilities as effectively and efficiently as possible, and in accordance with state and federal law.
6. Facilitate the organized, efficient, and cohesive functioning of the Board.
7. Facilitate effective communication among the Trustees, staff, plan members, employers, and other external parties.
8. Define responsibility and accountability for hiring and monitoring outside service providers.
9. Document the method by which the Board will conduct a Board self- assessment.

10. Document Board governance and program policies, administrative rules, and state statutes governing the plan.

The TFFR Board Program Manual is an evolving set of documents that reflect the Board's current governance practices. The Manual will be reviewed by the Board on an annual basis. Board trustees, the Deputy Executive Director-Chief Retirement Officer, and/or legal counsel may recommend modifications for Board consideration and approval.

The contents of the TFFR Board Program Manual are intended to be consistent with state and federal laws, rules, and regulations. If there is any conflict between the provisions included in this Manual and state or federal law, the law prevails.

B. TFFR Program Overview

1. History

The ND Teachers' Fund for Retirement (NDTFFR) (formerly the ND Teachers' Insurance and Retirement Fund or NDTIRF) was created by the ND Legislature in 1913. The defined benefit plan provides lifetime retirement, disability and survivor benefits for ND public school educators.

Membership participation, benefits provided, contribution requirements, and plan provisions are described in State Law and the TFFR Member Handbook.

2. Legal Framework

ND Century Code (NDCC) Chapter 15-39.1 contains the legal authority and statutory language governing the TFFR plan, and is supplemented by ND Administrative Code Title 82. TFFR is a qualified (tax exempt) defined benefit public pension plan covered under Section 401(a) of the Internal Revenue Code (IRC).

C. TFFR Mission, Vision, and Values

1. Our Mission

To administer a comprehensive retirement program that provides North Dakota public educators with a foundation for retirement security.

2. Our Vision

To be a trusted leader in the administration of a financially sound retirement program for North Dakota educators by providing exceptional customer service, professional plan management, and organizational effectiveness by adhering to the principles of good governance, transparency, and accountability.

3. Our Core Values

- a. Customer Satisfaction and Commitment to Excellence which are demonstrated by our trustworthiness, accountability, and respectfulness.
- b. Strong Governance and Operational Effectiveness through our strategic leadership, fiduciary responsibility, ethical practices, and transparency.

D. TFFR Board Authority, Composition, Appointment, Terms

1. Board Authority

TFFR is governed by a 7-member TFFR Board of Trustees who are charged with oversight, policy making, and administration of the TFFR retirement program as provided under NDCC 15-39.1-05. The trustees are fiduciaries, and as such have the highest standard of law placed on them.

2. Board Composition

a. The Board is composed of seven trustees consisting of:

1) Two elected state officials:

- State Treasurer (ex officio)
- State Superintendent of Public Instruction (ex officio)

2) Five members appointed by the Governor:

- Two board members who are actively employed as elementary or secondary teachers in full-time positions not classified as school administrators. The appointment is made from a list of three nominees submitted to the Governor by ND United (NDU).
- One board member who is actively employed as a full-time school administrator. The appointment is made from a list of three nominees submitted to the Governor by the ND Council of Educational Leaders (NDCEL).
- Two board members who are retired members of the Fund. The appointment is made from a list of three nominees submitted to the Governor by the ND Retired Teachers Association (NDRTA).

3. Board Trustee Desired Attributes

Board trustees should possess or develop the following desired attributes in order to become an effective board trustee.

- a. Unwaveringly ethical
- b. Perpetually inquisitive
- c. Knowledgeable about the membership

- d. Ability to understand complex actuarial, financial, and investment concepts
- e. Committed to strong board governance practices
- f. Diligent and willing to spend time to learn best pension practices
- g. Professional, respectful, and courteous demeanor
- h. Proactive and responsive approach to member needs
- i. Committed and engaged
- j. Active listening and communication skills
- k. Critical thinking skills
- l. Ability to make fair and timely decisions
- m. Open and accountable to stakeholders

4. Board Appointment Process

When a TFFR Board trustee term expires or vacancy occurs, the Chief Retirement Officer will notify the Governor's Office and the applicable stakeholder group (ND United, ND Council of Educational Leaders, or ND Retired Teachers Association) of the vacancy. Board trustee desired attributes and board responsibilities will be provided to the Governor's Office and applicable stakeholder group to assist them in making board nominee or trustee selection.

NDU, NDCEL, or NDRTA will submit a list of three Board nominees to the Governor's Office, as required by state law. Board nominees must complete the "Application for Boards and Commissions" from the Governor's Office in order to be considered for TFFR Board appointment. This application contains information about the nominee's background, education, experience, financial disclosures, and references.

After reviewing the Board nominee applications, the Governor will make the trustee appointment, and will notify the selected nominee and the Chief Retirement Officer. The Governor's Office will send the newly appointed trustee a Certificate of Appointment which provides formal documentation of appointment to the TFFR Board. The Governor's office will also send an Oath of Office and Statement of Intent which must be signed by the trustee and returned to the Governor's Office. These documents confirm the trustee's appointment is official. Trustees can then carry out their official duties as a Board member and can be paid for authorized expenses.

5. Trustee Terms, Resignations and Vacancies

The State Treasurer is an ex-officio member of the Board, and serves on the Board throughout the term of the State Treasurer's elected position. A lawful Deputy of the State Treasurer

(pursuant to NDCC 44-03-01) may act with the full authority of the State Treasurer, and may vote when serving as the State Treasurer's official designee on the Board.

The State Superintendent of Public Instruction is an ex-officio member of the Board, and serves on the Board throughout the term of the State Superintendent's elected position. The State Superintendent may designate an individual to attend and participate in Board meetings, however the designee may not vote since the designee does not have the lawful authority to vote on behalf of the State Superintendent.

Each of the five Governor-appointed trustees are appointed for a term of five years. The terms of office are staggered with the five appointed trustee positions beginning July 1 and expiring on June 30 of each successive year. There is no limit to the number of terms a trustee may serve on the Board. Trustees may remain on the Board until they are reappointed or until their successors are appointed.

Appointed active trustees who terminate employment may not continue to serve on the Board as active teacher representatives. Appointed active and retired trustees may resign from the Board by providing written notice to the Governor and the TFFR Board.

Appointed trustee position vacancies which occur before the expiration of a term will be filled by the Governor, and the new appointee will complete the term for which the original trustee was selected.

E. TFFR Board - Duties and Responsibilities

1. Fiduciary Duties

TFFR trustees are fiduciaries, and as such, have the highest standard of law placed upon them. Trustees are expected to discharge their duties with the utmost honesty and integrity and to act solely in the interest of the members, retirees, and beneficiaries for the exclusive purpose of providing benefits and paying reasonable expenses of administering the TFFR program.

Fiduciary duties include the following:

- a. Duty of loyalty. The obligation to act for the exclusive benefit of the plan participants and beneficiaries. Regardless of how trustees are selected, trustees must put the interests of all plan participants and beneficiaries above their own interests or those of any third parties.
- b. Duty of care. The responsibility to administer the plan efficiently and properly. The duty of care includes consideration and monitoring of the financial sustainability of funding practices and the effective administration of plan benefits in compliance with applicable laws.
- c. Duty of prudence. The obligation to act prudently in exercising power or discretion over the interests that are subject of the fiduciary relationship. A trustee should act in a manner consistent with a reasonably prudent person exercising care, skill, and caution.

2. Board Responsibilities

The TFFR Board of Trustees is responsible for oversight, policy making, and administration of the TFFR plan as provided under NDCC 15-39.1-05.2.

Board responsibilities include:

- a. Establish and monitor policies for the administration of the TFFR plan.
- b. Set legislative priorities and positions, submit legislative proposals, and monitor legislation affecting the plan.
- c. Develop and adopt administrative rules and board policies to administer the plan.
- d. Establish and monitor TFFR plan funding policy and progress.
- e. Establish and monitor TFFR investment policies and asset allocation under NDCC 21-10-02.1.
- f. Select and monitor the performance of consultants, advisors, and service providers for the plan.
- g. Select and monitor actuarial consultant(s) to provide actuarial and technical consulting services including: annual actuarial valuations and GASB reports, periodic actuarial experience studies, independent actuarial audits, and other special projects and studies; develop and monitor actuarial funding policy, assumptions, methods, and factors; analyze proposed legislative changes; and advise the Board on actuarial, technical, and administrative issues.
- h. Select and monitor medical consultant to conduct disability reviews.
- i. Select and monitor investment consultant to perform asset allocation and liability studies.
- j. Monitor and pay plan benefits, consulting fees, administrative and investment expenditures.
- k. Administer the plan so as to maintain the plan's qualified status under Internal Revenue Code requirements.
- l. Review and approve applications for disability retirement, Qualified Domestic Relations Orders (QDROs), and other special benefit payments.
- m. Review and decide board appeals.
- n. Determine appropriate levels of service and monitor outreach programs provided to members and employers.
- o. Monitor RIO budget, expenditures, financial reporting system, and financial audit.

- p. Monitor RIO information technology systems, projects, and security.
- q. Select TFFR representatives to serve on SIB and monitor investment program activities and fund performance.
- r. Select TFFR representative to serve on SIB Audit Committee and monitor audit program activities.
- s. Inform the State Investment Board (SIB), which is the administrative board of the Retirement and Investment Office (RIO), of the TFFR program needs, policies, and services expected to be provided through RIO.
- t. Participate with the RIO Executive Director in the hiring, evaluation, and termination of the TFFR Chief Retirement Officer – RIO Deputy Executive Director.

F. TFFR Board Trustees and Officers – Duties and Responsibilities

1. TFFR Trustee

Trustees must be willing and able to devote the necessary time to fulfill their duties on the Board. This commitment includes the responsibility to:

- a. Act as a member of a seven-member Board of Trustees to provide leadership, oversee plan administration, and set the strategic direction for the TFFR program.
- b. Prepare for and attend Board and Committee meetings.
- c. Be an informed and active member of the Board, fully participating in the decisions and actions of the Board and its Committees by making independent assessments and reasonable judgments.
- d. Acquire and maintain the knowledge and skills necessary to perform trustee duties.
- e. Follow Board policies and procedures, applicable state and federal laws and rules.
- f. Be accurate when communicating with other trustees, members, beneficiaries, interested parties, the public, and RIO staff.
- g. Act collegially with the other trustees and staff in the conduct of TFFR business.
- h. Bring to the attention of the Board matters of concern that affect the TFFR plan.
- i. Seek the advice of the Chief Retirement Officer, legal advisor, and other trustees when necessary to fulfill their fiduciary duties.
- j. Comply with the Board's Code of Conduct and Ethics.
- k. Adhere to state law regarding confidentiality of member records and benefits.
- l. Adhere to state law regarding Open Meetings and Open Records.

- m. Evaluate trustee's individual performance and the Board's performance as a whole.

2. TFFR Board President

The Board President's principal role is to lead the Board in the conduct of Board business by managing the affairs of the Board and ensuring the integrity of the Board's process. The Board President must be willing and able to devote the time necessary to fulfill these special responsibilities. This commitment includes the responsibility to:

- a. Convene and preside over all Board meetings in a collegial, fair, and efficient manner following Board policies, procedures, and applicable state laws and rules.
- b. Review and approve the agenda for regular and special Board meetings.
- c. Ensure proper and timely flow of adequate information to the Board.
- d. Solicit input from trustees regarding matters before the Board.
- e. Ensure adequate time is provided for effective study and discussion of business.
- f. Make Committee assignments.
- g. Execute documents and other legal instruments on behalf of TFFR as required by state law, authorized by the Board, or determined in conjunction with the Chief Retirement Officer.
- h. Represent the Board to outside parties and organizations.
- i. Lead the Board's self-assessment and self-development processes.
- j. Perform all other duties identified by the Board.

3. TFFR Board Vice President

The Vice President will perform the duties of the President in the absence of the President.

4. TFFR Representatives to SIB

The TFFR Board selects three trustees to represent TFFR on the SIB. TFFR representatives to the SIB must include one active teacher, one active administrator, and one retired member.

The TFFR representatives to the SIB have the same authority and responsibilities as do other SIB trustees as provided in NDCC 21-10 and outlined in the SIB Governance Manual.

5. Alternate TFFR Representative to SIB

The TFFR Board selects one alternate TFFR representative to serve on the SIB.

The Alternate TFFR representative to the SIB will perform the duties of the regular TFFR representative on the SIB in the absence of that trustee.

6. TFFR Representative to SIB Audit Committee

The TFFR Board selects one TFFR representative on the SIB to serve on the SIB Audit Committee, subject to official appointment by SIB Chair.

The TFFR representative on the SIB Audit Committee has the same authority and responsibilities as do other trustees on the SIB Audit Committee which are outlined in the SIB Audit Committee Charter.

G. State Investment Board

The ND State Investment Board (SIB) is responsible for oversight, policy making, and administration of the SIB investment program as provided under NDCC 21-10. As such, TFFR assets, as well as other state pension, insurance, and other state funds, are invested by the SIB.

The SIB is composed of twelve trustees consisting of:

- a. Lt. Governor of the State of ND
- b. State Treasurer
- c. State Insurance Commissioner
- d. Director of Workforce Safety & Insurance
- e. Commissioner of University and School Lands
- f. Three TFFR trustees**
- g. Three PERS trustees
- h. One Legacy & Budget Stabilization Fund Advisory Board trustee (nonvoting)

Investment of TFFR assets is based on the asset allocation and investment policy statement approved by the TFFR Board and accepted by the SIB. Funds are invested following the “prudent investor rule” and must be invested exclusively for the benefit of TFFR members.

The SIB is also the governing body of the ND Retirement and Investment Office (RIO).

H. Retirement and Investment Office

The ND Retirement and Investment Office (RIO) coordinates the activities of the TFFR retirement program and SIB investment program as provided under NDCC 54-52.5. The governing body of RIO is the SIB, although the TFFR Board and SIB each maintain their legal identities and authority under state law.

RIO is responsible for developing the agency budget, providing the staff, and allocating necessary resources to administer both the TFFR and SIB programs, subject to budget approval by the Legislature. The TFFR Board and SIB provide input to RIO Executive Management to ensure retirement and investment program needs, policies, and services are considered.

RIO Executive Director - Chief Investment Officer is the administrator of RIO and is responsible for the SIB investment program. RIO Deputy Executive Director – Chief Retirement Officer assists in the administration of RIO and is responsible for the TFFR retirement program.

RIO is an administrative agency of the State of North Dakota and operates from an office located at 3442 East Century Avenue in Bismarck, North Dakota.

I. Delegation to Staff and Organizational Structure

The TFFR Board delegates administration of the TFFR program to the RIO Deputy Executive Director - TFFR Chief Retirement Officer, subject to approval by the RIO Executive Director.

The RIO Deputy Executive Director – TFFR Chief Retirement Officer reports directly to the RIO Executive Director – Chief Investment Officer and functionally to the TFFR Board. See *RIO Organizational Chart (Exhibit 1)*.

J. Staff - Duties and Responsibilities

1. Deputy Executive Director – Chief Retirement Officer **Update in Coordination with SIB**

The Deputy Executive Director – Chief Retirement Officer is hired by the RIO Executive Director – Chief Investment Officer, serves in an unclassified position, and is paid such salary as the Executive Director determines. The Board delegates responsibility for administering the TFFR program to the Deputy Executive Director – Chief Retirement Officer, subject to approval by the Executive Director. The Board will participate with the Executive Director in the hiring, evaluation, and termination of the Deputy Executive Director-Chief Retirement Officer.

Duties and responsibilities include:

- a. Assist the Executive Director in planning, supervising, and directing overall RIO programs in accordance with the SIB governance policies and state laws and rules, and represent the Executive Director in his/her absence.
- b. Administer the TFFR retirement program in accordance with governing statutes, rules, and TFFR Board policies and perform related work as assigned by the TFFR Board.
- c. Develop annual and long-range plans for the retirement program.
- d. Interpret state and federal law which governs the retirement program.
- e. Develop administrative rules, policies, and procedures necessary to administer the program.
- f. Represent the TFFR Board on retirement program issues.
- g. Direct TFFR legislative agenda and process.
- h. Maintain effective relationships with TFFR members, beneficiaries, employers, state officials, legislators and legislative committees, member and employer stakeholder groups, the media, and the public at large.

- i. Work with actuarial consultant, medical consultant, legal counsel, auditor, investment consultant, and other service providers in administering the plan.
- j. Assist in the formulation of RIO's budget, including staffing needs, program costs, operating costs, information technology requirements, and resources to assure that retirement program obligations are met.
- k. Develop Board and Committee meeting agendas and materials, attend all Board and Committee meetings, responsible for meeting minutes, required notices, procedures, and applicable rules and regulations of the fund.
- l. Provide the Board with relevant, appropriate, and timely information to enable it to properly carry out its oversight responsibilities.
- m. Advise the Board on significant issues, problems or developments pertaining to the plan, and provide recommended courses of action as appropriate. regarding Board policy or action.
- n. Maintain the data, records, and files of TFFR members, beneficiaries, and employers including membership data, salary, service, contributions, and benefit payments.
- o. Ensure the accurate and timely collection of member and employer contributions, maintenance of member accounts, processing of account claims, and payment of pension, disability, death and refund benefits as allowed under state law.
- p. In the absence of the Deputy Executive Director-Chief Retirement Officer, the Retirement Program Manager will be responsible for the administration of the TFFR program.

2. Executive Director - Chief Investment Officer Update in Coordination with SIB

The Executive Director – Chief Investment officer (ED-CIO) is hired by the SIB, serves in an unclassified position at the SIB's pleasure, and is paid such salary as the SIB determines.

Duties and Responsibilities include:

- a. Oversee planning, supervising, and directing overall RIO programs in accordance with SIB governance policies and state laws and rules.
- b. Administer the investment program of RIO and perform related work as assigned by the SIB.
- c. Direct the preparation and execution of the RIO budget and legislative agenda and evaluates and monitors financial and operational programs.
- d. Represent RIO, promote RIO programs, and has the authority and responsibility to carry out the day-to-day administrative duties for RIO.
- e. Attend all meetings of the SIB and TFFR Board.

- f. Hire staff as necessary to carry out the responsibilities of RIO.
- g. The TFFR Board will participate with the Executive Director in the hiring, evaluation, and termination of the Deputy Executive Director-Chief Retirement Officer.

K. Service Providers – Duties and Responsibilities

1. Actuary

The TFFR Board is responsible for selecting and monitoring the actuarial consultant for the plan.

Duties and responsibilities include:

- a. Provide actuarial and technical consulting services for the plan.
- b. Prepare annual actuarial valuation and GASB reports, periodic actuarial experience studies, and other special projects and reports.
- c. Develop and monitor actuarial funding policy, assumptions, methods, factors, etc.
- d. Analyze proposed legislative changes.
- e. Advise the Board on actuarial, technical, and administrative issues.

The Board utilizes a request for proposal (RFP) process to periodically select and approve the plan's consulting actuary. It is the Board's intent to issue RFP's every 6 to 10 years, however the timing may be adjusted at the Board's discretion.

The Board monitors actuarial costs and services, and may extend the actuarial consulting service contract for 2 year terms, as approved by the TFFR Board.

The Board also hires an independent actuary to periodically perform an actuarial audit of the plan's consulting actuary. The Board utilizes an RFP process to select and approve the plan's actuarial auditor.

2. Medical Consultant

The TFFR Board is responsible for selecting and monitoring a medical consultant for the plan to conduct disability reviews, disability re-certifications, and perform other medical reviews as necessary.

The Board monitors medical consulting costs and services and may extend the medical consulting contract for 2-year terms, as approved by the TFFR Board. The Board may delegate this responsibility to the Chief Retirement Officer.

3. Legal Counsel

The ND Attorney General's Office (AGO) provides legal services to the TFFR Board and staff. The AGO assigns an assistant attorney general to advise the Board on legal issues related to plan administration.

Duties and Responsibilities include:

- a. Represent the Board and staff in all legal matters.
- b. Draft proposed legislation, administrative rules, and other legal documents.
- c. Review and advise on retirement program issues.
- d. Research and interpret state statutes and federal regulations.
- e. Review Board policies, procedural issues, contracts, and other legal documents.
- f. Respond to legal questions from staff, members, employers, and other individuals.
- g. Advise and educate the Board and staff on legal matters that relate to the administration of the retirement system including Board appeals, fiduciary duties, ethics, open records and meetings, potential litigation, and other legal issues.
- h. Work with staff from the AGO in representing the retirement plan in administrative hearings, litigation, and other matters involving the AGO.
- i. Work with outside legal counsel on application of Internal Revenue Code technical requirements and plan qualification issues.

4. Auditor (External financial)

The ND State Auditor's Office selects the external financial auditor for RIO, with input from the SIB Audit Committee.

Duties and Responsibilities include:

- a. Perform annual audit of RIO's financial statements.
- b. Perform annual audit of TFFR's GASB 68 schedules.
- c. Provide report on internal controls and compliance.
- d. Provide required written communications.

Results of the annual financial audit are reported directly to SIB Audit Committee and communicated to the TFFR Board in conjunction with annual audit services report.

5. Investment Consultant, Managers, and Advisors

The SIB is responsible for investment of TFFR trust fund assets, and selects the investment consultant, managers, custodian, and advisors for the SIB program.

The governing body of each fund invested by the SIB is required to use RIO staff and consultants in developing asset allocation and investment policies. The TFFR Board has contracted with the SIB investment consultant to perform asset allocation and liability modeling studies in the past.

L. Election of TFFR Board Officers and SIB trustee positions

1. Board Officers

The TFFR Board will elect the following Board officers each year. Any trustee may serve as a TFFR Board officer.

- Board President
- Board Vice President

The TFFR Board will select the following representatives to the SIB each year. Any trustee may serve as a TFFR representative to the SIB, except the State Treasurer is required to be an ex officio member of both the TFFR Board and SIB so may not be selected as a TFFR representative to the SIB.

- Three TFFR representatives to SIB (representatives must include one active teacher, one active administrator, and one retired member)
- One TFFR alternate representative to SIB
- One TFFR representative to SIB Audit Committee (from SIB)

2. Election Procedure

The TFFR Board will elect the Board officers and TFFR representatives to the SIB at the first regular Board meeting immediately following July 1 of each year. There must be a quorum of four board members in attendance to elect officers.

Four affirmative votes are required to elect Board officers and TFFR representatives to the SIB.

3. Term

Board officers and TFFR representatives to SIB will hold office for one year, or until their successors are elected.

There is no limit to the number of years a trustee may hold office.

4. Vacancies

A Board officer or TFFR representative to the SIB may resign from their position by providing written notice to the Board and Chief Retirement Officer.

Board officer or TFFR representative to the SIB vacancies that occur before the expiration of a term will be filled by the Board at the next regular meeting of the Board following the vacancy.

M. Board and Committee Meetings

1. Open Meetings

All Board and Committee meetings are open to the public in accordance with ND Open Meetings laws pursuant to NDCC 44-04-17.1.

Meetings include any gathering of a quorum of the members of the Board (four members constitute a quorum for TFFR Board) regarding public business, and includes committees, subcommittees, informal gatherings or work sessions, and discussions where a quorum of members are participating by phone or any other electronic communication (either at the same time or in a series of individual contacts).

Emails or text messages between Board members regarding public business may constitute a meeting and violate open meeting laws even if done on personal devices.

Training seminars and purely social gatherings attended by a quorum of the Board or Committee are not meetings, however, as soon as the members discuss any public business, it becomes a meeting.

2. Rules of Order

All Board and Committee meeting will be conducted in accordance with Robert's Rules of Order Newly Revised, except as superseded by state law and Board governance policies.

3. Meeting Schedule

The Board will hold meetings as often as necessary for the transaction of business but will conduct a minimum of six Board meetings each year.

The Board will approve an annual Board meeting schedule identifying the time, date, and location of regular Board meetings. Board meetings will generally be scheduled for the Thursday afternoon preceding SIB meetings beginning in July of each year, unless a different day is determined. (Note: SIB meetings are generally scheduled for the 4th Friday of each month.) The Board or Board President may modify this schedule, if needed. This schedule must be filed annually with the Secretary of State's office.

The Board President, or any two members of the Board, may call for special or emergency Board meetings.

At the July Board meeting each year, the Board will elect officers, review governance and program policies, and develop the annual board agenda and education plan.

The Board may hold an annual offsite Board retreat to focus on board development, strategic planning, legislative planning, developments in public pension administration, and other topics as determined by the Board. A Board Retreat must also be noticed as a meeting of the Board.

4. Meeting Notice

Public notice of all Board and Committee meetings is made in accordance with state law pursuant to NDCC 44-04-20.

Meeting notices are posted on the Secretary of State website, RIO public website, RIO office, and the meeting location.

5. Meeting Agendas

An annual schedule of agenda topics, reports, and education items for each regular board meeting will be developed by the Chief Retirement Officer and approved by the Board. The annual schedule will also include review of the Board Governance Manual over several meetings.

Board meeting agendas will be prepared by the Chief Retirement Officer and approved by the Board President using the annual schedule as a basis for topics to be included on each regular meeting agenda. Additional topics may be added by the Chief Retirement Officer, Board President, and Board trustees subject to approval by the Board President.

The meeting agenda should contain enough detail so trustees, members, interested parties, and the general public can understand the nature of each agenda item.

Any individual or organization who desires to appear on the agenda of a Board or Committee meeting must notify the Chief Retirement Officer in writing at least ten working days prior to the meeting date. The request must include the reason or topic to be discussed with the Board. Subject to approval by the Board President, the individual will be placed on a Board meeting agenda.

Regular Board meeting agendas may be added to or altered at the time of the meeting. For special or emergency meetings, only the specific topics included in the meeting notice may be discussed.

The meeting agenda will identify if the item requires Board action, information only, consent agenda, or executive session. The agenda will also note the estimated amount of time expected for each topic.

- a. **Action** items on the agenda contain information that require Board discussion and vote (annual reports, policy changes, benefit determinations, legislative positions, etc.)
- b. **Information** only items contain information that it is important for the Board to know, but do not require Board action or a Board vote (project updates, status reports, education, etc.)
- c. **Consent agenda** items will primarily consist of approval of disability applications, QDROs, employer reviews, or other routine administrative matters that require Board action as recommended by staff, but which typically do not require Board discussion. Trustees may request any item to be removed from the Consent agenda to allow for Board discussion and action.

- d. If an **Executive session** is required or anticipated, the Executive session must be listed as an agenda item (i.e., confidential member information, attorney consultation, etc.)

6. Meeting Materials

The Chief Retirement Officer will coordinate the preparation of Board meeting materials and develop an Executive Summary.

Meeting materials will generally be sent to trustees 5-7 days before the meeting, unless otherwise indicated.

Materials will be posted on the public RIO website, except for Executive Session or confidential items which will be sent via secure email to the trustees only.

7. Meeting Attendance and Quorum

Attendance at Board meetings is an essential element of a trustee's fiduciary responsibility. Therefore, Board members are expected to attend all Board and applicable Committee meetings.

Board members may attend meetings in person, by telephone or video conference.

A quorum of four members must be present for the Board to conduct business.

Board members should come to meetings having read the materials prepared and circulated by staff and/or consultants.

Board members should be inquisitive, and should appropriately question staff, advisors, and fellow trustees as circumstances require.

Board members should conduct themselves with integrity and dignity, maintaining the highest ethical conduct at all times.

Board members should make every effort to engage in collegial deliberations and to maintain an atmosphere in which trustees can speak freely and explore ideas before becoming committed to positions.

8. Voting

Voting on matters before the Board will be by roll call vote, except for procedural matters.

Board members have a duty to vote unless there is an applicable statute that would require or permit abstention.

Each Board member is entitled to one vote. Proxy voting is not allowed.

Four members constitutes a quorum.

Four votes are required for resolution or action by the Board.

Board minutes will show the recorded vote of each Board member.

9. Public Access and Comment

All Board and Committee meetings are open to the public and all persons who wish to attend may do so in accordance with ND Open Meeting laws, NDCC 44-04-17.1.

Public participation or comments during Board meetings may be allowed and limited to reasonable time limits at the discretion of the Board president as follows:

- a. By written request to appear on a Board meeting agenda.
- b. By written request to speak on a specific Board meeting agenda topic.
- c. By written request to speak on any TFFR related topic which is not on a regular Board meeting agenda.
- d. By submitting a letter or written document for distribution to the Board.

See *TFFR Board Public Participation Guidelines (Exhibit 2)*.

10. Executive Sessions

The Board or Committee may conduct business in Executive Session only as permitted by state law, NDCC 44-04-19.2. Executive sessions shall be presided over by the Board President or Committee Chair.

Only the portions of a public meeting that are specifically confidential or exempt from the Open Meetings law may be closed to the public and held in Executive Session. The remainder of the meeting must be open to the public.

Reasons a meeting may not be open to the public includes Board discussion of:

- a. Confidential member records or information under NDCC 15-39.1-30 (examples include member benefit appeals, benefit determinations, disability applications, QDROs, etc.)
- b. Attorney's advice regarding a "pending or reasonably predictable" lawsuit involving TFFR.
- c. Attorney's assessment of the risks, strengths or weaknesses of an action of the TFFR Board or negotiating strategy if holding the discussion in an open meeting would have an adverse effect on the bargaining or litigating position of the Board.

11. Closed Meeting Procedures

State law specifies the following general procedure for holding an executive session.

- a. Convene meeting in an open session preceded by public notice.
- b. Announce during the open portion of the meeting the topics to be considered during the Executive Session and the legal authority for holding an Executive Session on those topics.

- c. Pass a motion to hold an Executive session, unless motion is unnecessary because a confidential meeting is required to discuss confidential information.
- d. Record the Executive Session electronically.
- e. Limit the topics considered during the Executive Session to the announced, authorized topics.
- f. Take final action on the topics considered in the Executive Session during the open portion of a meeting.
- g. All substantive votes must be recorded by roll call.

12. Meeting Minutes and Records

Minutes will be taken at all Board and Committee meetings and presented for approval at the next regular meeting. The Board President or Committee Chair will sign the minutes after Board approval.

At a minimum, minutes must include:

- a. The names of the members attending the meeting.
- b. The date and time the meeting was called to order and adjourned.
- c. A list of topics discussed regarding public business.
- d. A description of each motion made at the meeting and whether the motion was seconded.
- e. The results of every vote taken at the meeting; and
- f. The vote of each member on every recorded roll call vote.

Approved meeting minutes will be made available on the RIO-TFFR website, or upon request. Meeting minutes and records of the Board and Committee activities and actions will be maintained as required by state law.

13. Meeting Payment and Travel Expense Reimbursement

Board members, excluding ex-officio members, will receive compensation and travel expenses for attending Board and Committee meetings as provided in state law, NDCC 15-39.1-08.

Board members will be paid \$148 for each Board or Committee meeting attended. Board members will be paid the full amount for each meeting attended that lasts for two or more hours. Meetings lasting less than two hours will be paid at one half the amount. Mileage and travel expense reimbursement will be paid as provided in state law.

Board members may not lose regular salary, vacation pay, vacation or any personal leave, or be denied attendance by the state or political subdivision while serving on official business of TFFR.

To receive meeting payment, Board members must complete a travel expense form and submit it to RIO. See *RIO Board Meeting In-State Travel Expense Voucher (Exhibit 3)*.

N. Committees

1. Standing Committees

The TFFR Board may establish permanent standing committees. The Board currently has no standing committees. Add GPR Committee if Board approves.

2. Special Committees

The Board may establish special ad hoc committees as needed to carry out duties specified by the Board.

The Board President will appoint the Committee Chair and Committee members for special committees.

Committee Chairs are responsible for organizing the work of the Committee. In fulfilling this function, Committee Chairs:

- a. Schedule Committee meetings as often as necessary.
- b. Consult with the Chief Retirement Officer in setting the meeting agenda in accordance with the Committee's delegated responsibilities.
- c. Conduct Committee meetings in a collegial, fair, and efficient manner following Board policies, procedures, and applicable state law such as the open meetings law.
- d. Ensure the Committee operates to assist the Board consistent with its delegation.
- e. Provide Committee updates and reports to the Board.

When the Committee's duties are completed, the Committee automatically ceases to exist.

3. Audit Committee

The SIB Audit Committee also functions as the Audit Committee for the TFFR Board since the SIB is the governing body of the RIO agency and RIO administers both the TFFR retirement program and SIB investment program.

The TFFR Board selects one TFFR representative on the SIB to serve on the SIB Audit Committee, subject to official appointment by SIB Chair. This representative will act as the TFFR Board's liaison to the SIB Audit Committee.

The TFFR Board's representative on the SIB Audit Committee and/or the Audit Supervisor, will provide Audit Committee updates and monitoring reports to the Board.

O. Board Appeals

Any member, beneficiary, employer, or affected individual may appeal a determination made by the Chief Retirement Officer regarding TFFR eligibility, benefits, or other plan provisions with which the individual does not agree.

The affected individual must file a written request for Board review within thirty days after notice of the determination of the Chief Retirement Officer has been mailed to the affected individual. If a request for Board review is not filed within the thirty-day period, the decision of the Chief Retirement Officer is final. The request for Board review must include the decision being appealed, the reason(s) the individual believes the decision should be reversed or modified, and any relevant documentation.

To review the matter, an appeal hearing will be scheduled as part of a regularly scheduled Board meeting. A summary of the relevant facts and documentation will be presented. The affected individual and/or designee may attend and speak at the hearing. After review of the facts, documentation, and testimony, the Board will make its decision. The Board's decision will be communicated in writing to the affected individual within 30 days of the decision.

Any individual aggrieved by a decision of the Board may initiate a formal administrative action against the Board in accordance with ND Administrative Code Chapter 82-10 and ND Century Code Chap. 28-32.

P. Board Communications

The TFFR Board President and Chief Retirement Officer are authorized to represent the Board on retirement program issues and in announcing Board positions and decisions, unless otherwise determined by the Board.

Board members may respond to general inquiries about the TFFR retirement program, however specific questions from members, beneficiaries, employers, and the public should be referred to the Chief Retirement Officer or the Retirement and Investment Office staff to provide more detailed information about the retirement program.

Q. Trustee Orientation and Education Program

Trustees are responsible for making policy decisions affecting all major aspects of TFFR plan administration. Therefore, trustees should acquire and maintain an appropriate level of knowledge that provides and improves core competencies necessary to govern a large, complex pension fund.

1. Board Member Core Competencies

Board members should develop and maintain their knowledge and understanding of the issues involved in the prudent management of the retirement plan. Specific areas include:

- a. Public pension plan governance

- b. Asset allocation and investment management
- c. Actuarial principles and funding policies
- d. Financial reporting, controls and audits
- e. Benefits administration
- f. Open meeting and open records laws
- g. Fiduciary responsibilities
- h. Ethics and conflicts of interest

2. Board Member Education

To permit Board members to develop core competencies, discharge their fiduciary duties, and ensure Board members have a full understanding of the issues facing the TFFR plan, the Board encourages trustee education including:

- a. New trustee orientation
- b. Mentoring program
- c. Educational conferences, workshops, and other training programs
- d. In-house education sessions
- e. Fiduciary education and ethics training
- f. Open meeting and open records training
- g. Webinars, Reports, and Studies

Board members should identify areas in which they might benefit from additional education, and work with the Chief Retirement Officer to find or develop educational opportunities to best address those needs.

Board members must annually report trustee education received each year. *See TFFR Board Education Report Form (Exhibit 4).*

3. New Trustee Orientation

Each new Board member should attend a new trustee orientation session(s) as soon as possible after appointed to the Board or elected to office. The orientation sessions will be developed by the Chief Retirement Officer, and will include, at minimum, review of the following topics and materials:

- a. Introduction to RIO staff
- b. Tour of RIO office
- c. Board Governance Manual
- d. Board duties and responsibilities
- e. History and overview of the plan
- f. Overview of TFFR-SIB-RIO organizational structure
- g. Laws, rules, and board policies governing the plan
- h. Benefit structure, administration, outreach services
- i. Fiduciary responsibilities, conflict of interests, and ethics
- j. Open meetings and open records
- k. Board meeting schedule and protocol
- l. Board meeting minutes and materials
- m. Actuarial valuation report, assumptions, methods, and funding policy

- n. Actuarial experience report
- o. Actuarial audit report
- p. Annual financial report
- q. Investment program, investment policy statement, asset allocation, and performance
- r. RIO website – TFFR and SIB sections
- s. Legislative issues
- t. List of educational conferences and training sessions
- u. Other relevant information or materials deemed appropriate

4. Mentoring Program

The Board President will assign each new trustee an experienced Board mentor to assist the new trustee in becoming familiar with Board responsibilities. The Board mentor should have at least two years of experience on the Board.

The Board mentor should contact the new Board member periodically outside of regularly scheduled Board meetings for consultation or discussion related to Board member duties and responsibilities. The new Board member should contact the Board mentor as often as necessary.

Appointment of a Board mentor does not constitute appointment of a Committee and does not implicate open meeting notice requirements.

5. Educational Conferences, Workshops, and other Training Programs

The Chief Retirement Officer will maintain a list of educational conferences, workshops, and other training programs appropriate for Board members to attend. The list will be provided at least annually to Board members. Board members may attend such conferences or others deemed to be appropriate by the Chief Retirement Officer.

Subject to budget availability, Board members may attend at least one out of state educational conference each year. New trustees, or trustees with investment or other specialized Board responsibilities, may attend additional educational training sessions to help develop core competencies and become proficient in performing their duties.

The Chief Retirement Officer will review conference agendas and materials to ensure they are geared toward trustee education, and subject to budget availability, will approve Board travel requests. Board travel outside of the continental United States must be approved by the Board President and Chief Retirement Officer.

Any Board member who attends a conference, workshop, or other training program will present an oral report to the Board.

The Chief Retirement Officer will inform the Board of educational conferences, workshops, or other training programs attended by trustees on an annual basis.

6. In-House Education Sessions

Based on the education needs identified by Board members, the Chief Retirement Officer will arrange for staff or outside service providers to conduct educational sessions at regularly scheduled Board meetings. Topics may include pension board governance, actuarial and funding issues, investments, retirement operations and benefits, workforce demographics and shortages, and other topics determined by the Board.

7. Fiduciary Education and Ethics Training

At least every two years, a fiduciary education and ethics training session will be conducted at a regularly scheduled Board meeting. The session will review and update trustees regarding fiduciary issues and ethical conduct affecting their service on the Board.

8. Open Meetings and Open Records Training

At least every two years, an open meetings and open records training session will be conducted at a regularly scheduled Board meeting. The session will review and update trustees regarding open meetings and open records requirements affecting their service on the Board.

9. Webinars, Reports, and Studies

Board members are encouraged to subscribe to mailing lists and review websites for information about public pension plan conferences, webinars, reports, and studies from pension and investment organizations. Examples include:

- a. National Council on Teacher Retirement (NCTR)
- b. National Institute on Retirement Security (NIRS)
- c. National Education Association-Retired (NEA-R)
- d. National Retired Teachers Association (NRTA-AARP)
- e. International Foundation for Employee Benefit Plans (IFEBP)
- f. Center for State and Local Government Excellence (SLGE)
- g. Center for Retirement Research at Boston College (CRR)
- h. Callan Investment Institute (Callan)
- i. Council of Institutional Investors (CII)

The Chief Retirement Officer will also provide links to recent published reports and studies with Board meeting materials.

10. Reimbursement of Education Expenses

Trustees must request approval for travel to educational conferences or other educational programs. Trustees should notify the Chief Retirement Officer of their interest in attending an educational conference or other program. RIO will complete the travel authorization form which must be signed by the trustee and approved by the Chief Retirement Officer. See *ND Authorization for Out of State Travel (Exhibit 5)*.

RIO will make all travel arrangements and pay conference registration fees, unless otherwise agreed to by the Chief Retirement Officer and trustee.

Payment of travel-related expenses for trustee education will be in accordance with state of ND travel policies. Trustees will be reimbursed for travel related expenses including lodging, meals, transportation, etc. In order to receive reimbursement, a trustee must complete an expense form and attach receipts as required. See *RIO Conference Expense Voucher – Board Members (Exhibit 6)*.

R. Code of Conduct, Ethics, and Conflicts of Interest

Following is the Code of Conduct, Ethics, and Conflicts of Interest policy 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. The Board must vote on whether the member can vote. 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.
7. Political contributions are regulated under NDCC 16.1-08-03 and are not restricted under this policy.
8. All activities and transactions performed on behalf of 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 averse 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. *See TFFR Code of Conduct Annual Affirmation (Exhibit 7)*
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.

S. Strategic Planning

The Board and Chief Retirement Officer will work collaboratively to develop a long-term strategic plan which may:

1. Identify and prioritize TFFR program issues and initiatives.
2. Assess the strengths, weaknesses, opportunities, and threats for TFFR.
3. Focus resources on high value activities.
4. Develop strategies to address priorities.
5. Monitor the progress and implementation of the strategic plan.
6. Work with RIO to ensure adequate resources are in place to support the successful execution of the plan.

T. Board Policy Approval Process

Board governance and program policies may be adopted or amended from time to time based on the following process.

New policies or policy amendments may be proposed by the Chief Retirement Officer or a Board member. All new policies or amendments must be submitted to the Board's legal counsel at the Attorney General's office for review prior to Board approval.

Upon request of the Chief Retirement Officer or a Board member, a new policy or amendment shall be placed on the Board's agenda for action as follows:

1. Introduction and first reading. A brief explanation or summary of the new policy or amendment shall be presented to the Board. Upon approval of introduction and first reading, the policy shall be placed on the agenda of the next scheduled meeting of the Board for second reading and adoption. When appropriate, the policy shall be distributed to interested parties.
2. Second reading and adoption. Interested parties and the public shall be allowed an opportunity to comment on the policy or amendment before final action by the Board. The policy shall take effect immediately following second reading and adoption by the Board, unless a different effective date is stated.
3. Amendments. Amendments may be proposed at any time before final adoption of the policy. Upon determination by the Board that adoption of an amendment constitutes a substantive change that significantly changes the meaning or effect of the policy, the Board shall continue consideration of second reading and adoption to the next meeting to permit further review and comment.
4. Emergency measures. Upon determination that an emergency or other circumstances calling for expeditious action exists; the Board may waive the requirement of a second reading and immediately approve the new policy or amendment following introduction and first reading.

Board policies will be reviewed at least annually, or more often as needed.

U. Board Self-Assessment

On an annual basis, the Board will engage in a self-assessment process to evaluate the trustee's individual performance and the Board's overall performance. The Board President is responsible for overseeing implementation of this assessment, with assistance of the Chief Retirement Officer and Supervisor of Audit Services.

Individual Trustee and Overall Board Assessments may contain topics including:

1. Board and staff roles
2. Board and Committee structure
3. Board meetings
4. Policy making and reviews
5. Financial management practices
6. Pension plan administration practices

See TFFR Board Self- Assessment (Exhibit 8 Process and Survey To Be Developed).

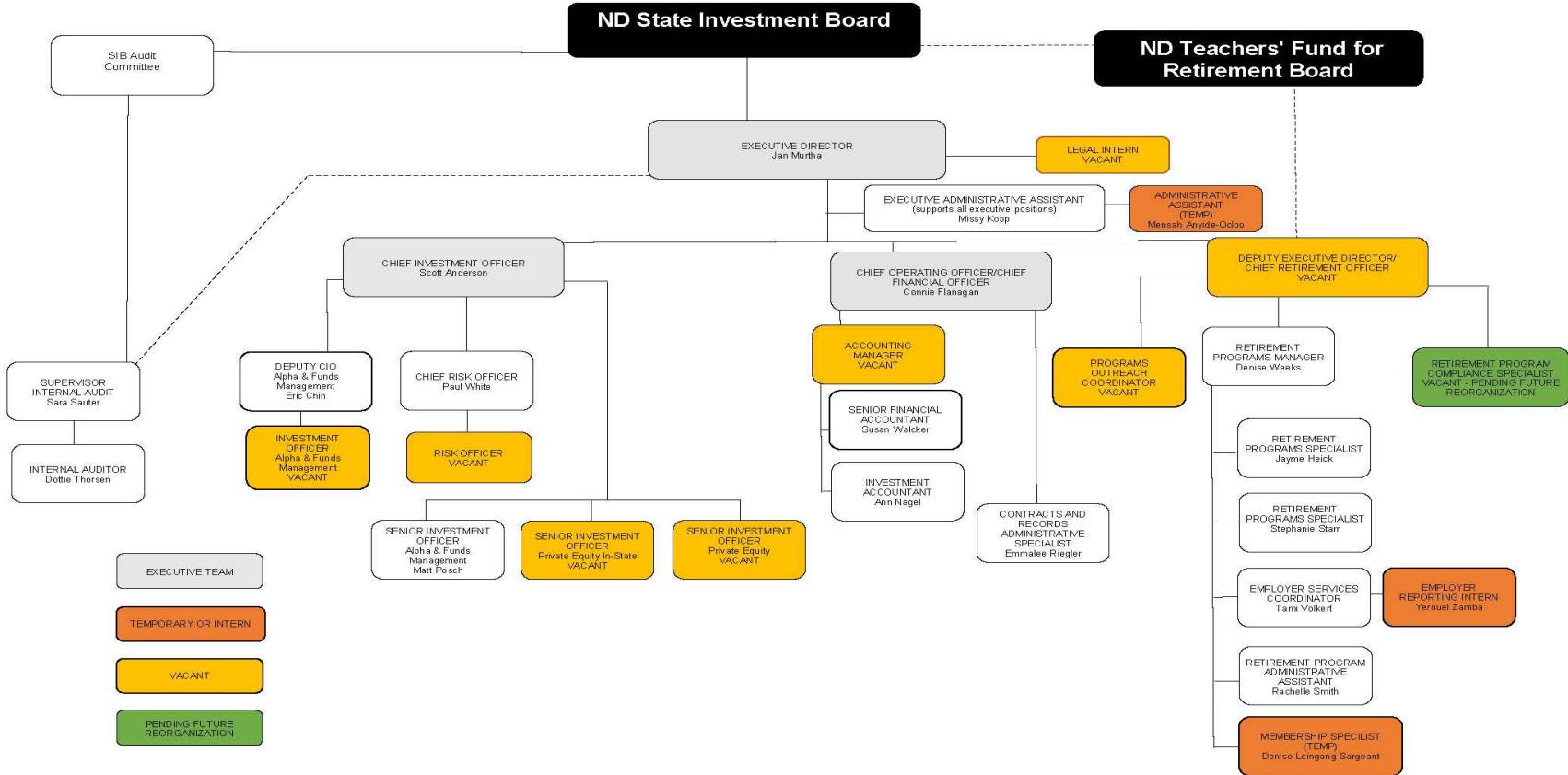
Board Governance Policies Approved _____
Date

Board Governance Section Exhibits

1. RIO Organizational Chart

RETIREMENT AND INVESTMENT OFFICE

Current with New FTEs



2. TFFR Board Public Participation Guidelines



Teachers' Fund For Retirement
RETIREMENT & INVESTMENT

TFFR Board Meeting

Public Participation Guidelines

All TFFR Board and Committee meetings are open to the public and all persons who wish to attend may do so in accordance with ND Open Meetings laws, NDCC 44-04-17.1.

The Board is responsible for oversight, policy making, and administration of the TFFR plan. The Board may seek public input to assist in making decisions, but time spent answering routine questions or criticisms must not be taken from Board business. Generally, if an individual has a question or concern about the operation of the TFFR program or a specific member or employer issue, he/she is encouraged to contact the Chief Retirement Officer to get the needed response directly.

Although there is no legal requirement that the public be given an opportunity to speak at TFFR Board meetings, it is the Board's policy that public participation or comments during Board meetings may be allowed and limited to reasonable time limits at the discretion of the Board President. (See TFFR Board and Committee Meetings – Public Access and Comment, Policy M-9.)

Subject to approval of the Board President, public participation or comments may be provided to the Board as follows:

- 1) **By written request to appear on a Board meeting agenda.** The request must include the topic to be discussed and must be provided to the Chief Retirement Officer at least ten working days prior to the meeting date.
- 2) **By written request to speak on a specific Board meeting agenda topic at the meeting.** The request must include the topic to be discussed and must be provided to the Chief Retirement Officer at least two hours prior to the meeting.
- 3) **By written request to speak on any TFFR related topic which is not on a regular Board meeting agenda under "Other Business."** The request must include the topic to be discussed and must be provided to the Chief Retirement Officer at least two hours prior to the meeting.
- 4) **By submitting a letter or written document** to the Chief Retirement Officer for distribution to the Board.

SPEAKER INFORMATION

- Speaker should stand (if able to do so) and be recognized by the Board President.
- Speaker should state Name and Organization Representing (if applicable).
- Speaker should state agenda number and topic which the speaker will address.
- 5-minute time limit for speaker unless additional time is allowed by Board President.
- No undue interruption, disorderly conduct or remarks made out of order.
- No charges or complaints against staff will be allowed.
- Questions and comments by the Board and Chief Retirement Officer will be allowed.
- Board or Staff response to the Speaker's remarks will be allowed but is not required.

TFFR BOARD
PUBLIC PARTICIPATION REQUEST FORM

Date and Time Submitted _____

Name _____

Organization Representing (if applicable) _____

Contact Information (phone number, email, or mailing address) _____

Topic or Agenda Item _____

3. RIO Board Meeting In-State Travel Expense Voucher

RETIREMENT AND INVESTMENT OFFICE
Board Meeting Travel Expense Voucher

Name (please print) _____

MEETING ATTENDED:

- TFFR
- SIB
- Audit Committee
- Securities Litigation Committee
- Executive Review Committee
- TFFR Governance & Policy Review Committee
- SIB Governance & Policy Review Committee

	Time	Office Use
Date _____		
Date _____		
Date _____		
Date _____		
Date _____		
Date _____		
Date _____		

TRAVEL EXPENSES

MEALS (Reimbursed at state rate effective 8/1/15):

- | | | |
|------------|----------------------------------------------------|---------|
| Date _____ | <input type="checkbox"/> Breakfast (1st Qtr - 6am) | \$7.00 |
| | <input type="checkbox"/> Lunch (2nd Qtr - Noon) | \$10.50 |
| | <input type="checkbox"/> Dinner (3rd Qtr - 6pm) | \$17.50 |
| Date _____ | <input type="checkbox"/> Breakfast (1st Qtr - 6am) | \$7.00 |
| | <input type="checkbox"/> Lunch (2nd Qtr - Noon) | \$10.50 |
| | <input type="checkbox"/> Dinner (3rd Qtr - 6pm) | \$17.50 |

- | | | |
|------------|----------------------------------------------------|---------|
| Date _____ | <input type="checkbox"/> Breakfast (1st Qtr - 6am) | \$7.00 |
| | <input type="checkbox"/> Lunch (2nd Qtr - Noon) | \$10.50 |
| | <input type="checkbox"/> Dinner (3rd Qtr - 6pm) | \$17.50 |
| Date _____ | <input type="checkbox"/> Breakfast (1st Qtr - 6am) | \$7.00 |
| | <input type="checkbox"/> Lunch (2nd Qtr - Noon) | \$10.50 |
| | <input type="checkbox"/> Dinner (3rd Qtr - 6pm) | \$17.50 |

MILEAGE (Round trip):

FROM: _____

TO: _____

Total Miles: _____ @58.5¢/mile Effective 1/1/22

LODGING (Attach Receipts - reimbursed at actual cost up to \$86.40/night + tax)

Effective 10/1/19:

Number of Nights: _____

MISCELLANEOUS (Attach Receipts):

Telephone Calls _____

Taxi, car rental, etc _____

Other _____

SIGNATURE:
DATE:

Office Use
521020/521035 Total Meals \$ _____
521030 Total Mileage \$ _____
521015 Total Lodging \$ _____
Total Misc. \$ _____
TOTAL TRAVEL \$ _____

4. ND Authorization for Out of State Travel

AUTHORIZATION FOR OUT OF STATE TRAVEL

STATE OF NORTH DAKOTA

SFN 2564 (8-96)

Department or Institution ND RETIREMENT AND INVESTMENT OFFICE		Dept. No. 190
Mailing Address (If not "Inside Capitol" mail) 3442 EAST CENTURY AVENUE, PO BOX 7100, BISMARCK ND 58507 7100		
Person Traveling (Last Name)		(First Name)
Destination(s) (City and State)		
METHOD OF TRAVEL:		
<input type="checkbox"/> Train (1)	<input type="checkbox"/> State Vehicle (3)	<input type="checkbox"/> Commercial Air (5)
<input type="checkbox"/> Bus (2)	<input type="checkbox"/> Personal Vehicle (4)	<input type="checkbox"/> Charter Plane (5)
<input type="checkbox"/> State Plane (6)		<input type="checkbox"/> Other (Explain)
Date to depart from home	Date to return home	Does trip include vacation days?
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
REASON FOR TRIP:		
<input type="checkbox"/> Conference/Meeting (C)	<input type="checkbox"/> Seminar/Workshop/Training (T)	<input type="checkbox"/> Routine Work (W)
<input type="checkbox"/> Other (X)		
NAME OF MEETING (DO NOT Abbreviate)		
TOTAL NUMBER OF PERSONS FROM YOUR AGENCY FOR THIS TRIP/MEETING:		NOTE: Submit a separate SFN 2564 for each person at the same time.

ESTIMATED COST OF TRIP (To Nearest Dollar)					COSTS WILL BE PAID BY
Transportation	Meals, Lodging, Etc.	Registration	Rental Car/Taxi	TOTAL	Department
\$	\$	\$	\$	Estimated \$	<input type="checkbox"/> Other (Explain in Remarks)
REMARKS					

Signature of Person Traveling

Date

Supervisor Signature

Date

Deputy Executive Director

Date

Executive Director

Date

INSTRUCTIONS FOR THE TRAVEL EXPENSE VOUCHER

Be sure to “Tab” from one field to another, rather than using the mouse.

Month – Enter the month of travel.

Year – Enter the year of travel.

Department Name – Enter the name of your Agency.

Official Position – Enter your job title.

Employee Name – Enter your name.

Employee ID – This number is assigned by payroll.

Business Unit – Your agency's 5-digit number.

Fiscal Month – Enter the fiscal month.

Biennium – Enter the biennium.

Day - Enter the day of the month in which the activity occurred.

Points Covered By Travel – Enter the departure/destination points.

Hour – Enter the departures and arrival time for the actual travel day (example: 7:00 am).

Vehicle Miles – Enter the number of vehicle miles traveled. If you have in state and out of state miles, separate them and list them on separate lines.

Ref – Enter an “I” for in-state travel or an “O” for out-of-state travel. **If this is not entered, the form will not calculate correctly.**

Comm'l Air Trans. – Enter the amount of commercial air transportation.

Ref – Enter an “I” for in-state travel or an “O” for out-of-state travel. **If this is not entered, the form will not calculate correctly.**

Taxi & Other Air Trans. – Enter taxi fares and any other air transportation.

Ref – Enter an “I” for in-state travel or an “O” for out-of-state travel. **If this is not entered, the form will not calculate correctly.**

Misc. Exp – Enter your other expenses that do not belong in any other column. Explain these expenses in the “Purpose of Travel and Explanation of Expenses” section.

Meals In State – Enter the dollar amount of the meals in state.

Meals Out of State – Enter the dollar amount of the meals out-of-state.

Ref – Enter a “T” if your meals are taxable. Meals are taxable if no overnight stay is involved.

Lodging in State – Enter the dollar amount of lodging in state.

Lodging Out of State – Enter the dollar amount of lodging out-of-state.

Purpose of Travel and Explanation of Expenses – Enter the reason for travel and any explanations for your miscellaneous expenses.

The amounts entered in the top section of the form will automatically be totaled and filled in the appropriate fields of the middle section, as long as the correct reference codes were entered and you used the tab key to navigate between fields. The only exceptions are the following two fields:

Vehicle Miles in State – Calculates the total vehicle miles traveled within the state. You will need to enter the current rate. The total will then automatically calculate.

Vehicle Miles out of State – Calculates the total vehicle miles out of state. You will need to enter the current rate. The total will automatically calculate.

Total Expenses – Calculates the total expenses automatically.

Ref. Doc. No. of Advance – Enter the document number if you received a travel advance and the dollar amount.

Net Expenses – Calculates the net expenses automatically.

Print two copies of the Travel Expense Voucher.

Sign one copy, attach all of your receipts, and submit it for approval. Once approved and forwarded to accounting, the bottom fields will be cost-coded and entered. Remember to keep copies of the receipts for yourself as well.

6. TFFR Code of Conduct Annual Affirmation



Retirement and Investment

MEMORANDUM

To: TFFR Board

From:

Date:

RE: Annual Affirmation of Code of Conduct Policy

The *TFFR Board Members' Code of Conduct and Ethics Policy*, 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 Board Members' Code of Conduct and Ethics Policy. I have disclosed any conflicts of interest as required by this policy"

Name (printed) _____

Signature _____

Date _____

Detail of any conflicts of interest (if any):

SECTION II: TFFR Program Policies

A. Investment Policy Statement

1. Plan Characteristics and Fund Constraints

The North Dakota Teachers' Fund for Retirement (TFFR) is a successor pension benefit plan to the Teachers' Insurance and Retirement Fund (TIRF). TIRF was established in 1913, 24 years after North Dakota became a state, to provide retirement income to all public school and certain state teachers and administrators in the state of North Dakota. TIRF became TFFR in 1971. The plan is administered by a seven-member Board of Trustees comprised of: two active teachers, two retired teachers and one school administrator appointed by the Governor of North Dakota and two elected officials - the State Treasurer and the State Superintendent of Public Instruction.

The plan is a multi-employer defined benefit public pension plan that provides retirement, disability, and death benefits in accordance with Chapter 15-39.1 of the North Dakota Century Code (NDCC). Monthly retirement benefits are based on the formula: Number of Years of service X 2.0% X Final Average Salary. Adjustments to the basic formula are made depending on the retirement option selected.

Funding is provided by monthly employee and employer contributions scheduled to increase as follows:

	7/1/11	7/1/12	7/1/14
Employee	7.75%	9.75%	11.75%
Employer	8.75%	10.75%	12.75%

Employee and employer contributions will be reduced to 7.75% each when TFFR reaches 100% funded level on an actuarial value basis.

The TFFR Board has an actuarial valuation performed annually and an Experience Study and Asset Liability Study performed every five years. The actuarial assumed rate of return on assets was reduced to 7.25% from 7.75% as of July 1, 2020. Key plan and financial statistics are recorded in the most recent valuation report on file at the North Dakota Retirement and Investment office (RIO).

2. Fund Goals

The Plan benefits are financed through both statutory employer and employee contributions and the investment earnings on assets held in the Fund. The TFFR Board recognizes that a sound investment program is essential to meet the pension obligations.

As a result, the Fund goals are to:

- a. Improve the Plan's funding status to protect and sustain current and future benefits.
- b. Minimize the employee and employer contributions needed to fund the Plan over the long term.
- c. Avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status.
- d. Accumulate a funding surplus to provide increases in retiree annuity payments to

preserve the purchasing power of their retirement benefit.

The Board acknowledges the material impact that funding the pension plan has on the State/School District's financial performance. These goals affect the Fund's investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The Board places a greater emphasis on the strategy of improving the funding status and reducing the contributions that must be made to the Fund, as it is most consistent with the long-term goal of conserving money to apply to other important state/local projects.

3. Responsibilities and Discretion of the State Investment Board (SIB)

The TFFR Board is charged by law under NDCC 21-10-02.1 with the responsibility of establishing policies on investment goals and asset allocation of the Fund. The SIB is charged with implementing these policies and investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent investor rule. Under this rule, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The Fund must be invested exclusively for the benefit of the members and their beneficiaries in accordance with this investment policy.

Management responsibility for the investment program not assigned to the SIB in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, who must establish written policies for the operation of the investment program, consistent with this investment policy.

The SIB may delegate investment responsibility to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy and security selection is supervisory, not advisory.

At the discretion of the SIB, the Fund's assets may be pooled with other funds. In pooling funds, the SIB may establish whatever asset class pools it deems necessary with specific quality, diversification, restrictions, and performance objectives appropriate to the prudent investor rule and the objectives of the funds participating in the pools.

The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, keeping, and terminating money managers. SIB investment responsibility also includes selecting performance measurement services, consultants, report formats, and frequency of meetings with managers.

The SIB will implement changes to this policy as promptly as is prudent.

4. Risk Tolerance

The Board is unwilling to undertake investment strategies that might jeopardize the ability of the Fund to finance the pension benefits promised to plan participants.

However, funding the pension promise in an economical manner is critical to the State/School Districts ability to continue to provide pension benefits to plan participants. Thus, the Board actively seeks to lower the cost of funding the Plan's pension obligations by taking on risk for which it expects to be compensated over the long term. The Board understands that a prudent investment approach to risk taking can result in periods of under-performance for the Fund in which the funding status may decline. These periods, in turn, can lead to higher required contribution rates. Nevertheless, the Board believes that such an approach, prudently implemented, best serves the long-run interests of the State/School District and, therefore, of plan participants.

5. Investment Objective

The Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB

- a. The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.
- b. The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of five years.
- c. The risk-adjusted performance of the fund, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.

6. Policy Asset Mix

Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates. After consideration of all the inputs and a discussion of its own collective risk tolerance, the Board approves the appropriate policy asset mix for the Fund.

Asset Class	Policy Target (%)
Public Equity	45%
- Broad U.S. Equity	27%
- Global ex-U.S. Equity	18%
Fixed Income	27%
- Core Fixed Income	18%
- High Yield	8%
- Cash Equivalents	1%
Alternatives	28%
- Real Estate	9%
- Private Infrastructure	9%
- Timber	0%
- Private Equity	10%
Total	100%

An allocation to Global Alternatives of up to 10% is authorized but shall not increase the expected volatility of the portfolio as measured in Section 5; and if utilized, all other targets will be adjusted pro-rata. The Board does not endorse tactical asset allocation, therefore, it is anticipated the portfolio be managed as close to the policy target as is prudent and practicable while minimizing rebalancing costs. Rebalancing of the Fund to this target will be done in accordance with the SIB's rebalancing policy.

7. Restrictions

- a. While the SIB is responsible for establishing specific quality, diversification, restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that:
 - 1) Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
 - 2) Derivatives use will be monitored to ensure that undue risks are not taken by the money managers
 - 3) No transaction shall be made which threatens the tax-exempt status of the Fund.
 - 4) All assets will be held in custody by the SIB's master custodian, or such other custodians as are acceptable to the SIB.
 - 5) No unhedged short sales or speculative margin purchases shall be made.
 - 6) Social investing is prohibited unless it meets the Exclusive Benefit Rule, and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

- b. For the purpose of this document, Social Investing is defined as "The investment or commitment of public pension fund money for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries."
 - 1) Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.

- c. For the purpose of this document economically targeted investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Also, for the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

- 1)The cost does not exceed the fair market value at the time of investment.
- 2)The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar task.
- 3)Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
- 4)The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity are equivalent, the Board's policy favors investments which will have a positive impact on the economy of North Dakota.

8. Internal Controls

A system of internal controls must be in place by the SIB to prevent losses of public funds arising from fraud or employee error. Such controls deemed most important are the separation of responsibilities for investment purchases from the recording of investment activity, custodial safekeeping, written confirmation of investment transactions, and established criteria for broker relationships. The annual financial audit must include a comprehensive review of the portfolio, accounting procedures for security transactions and compliance with the investment policy.

9. Evaluation and Review

Investment management of the Fund will be evaluated against the Fund's investment objectives. Emphasis will be placed on five-year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.

Performance reports will be provided to the TFFR Board periodically, but not less than annually. Such reports will include asset returns and allocation data as well as information regarding all significant and/or material matters and changes pertaining to the investment of the Fund, including but not limited to:

A list of the advisory services managing investments for the board.

A list of investments at market value, compared to previous reporting period, of each fund managed by each advisory service.

Earnings, percentage earned, and change in market value of each fund's investments.

Comparison of the performance of each fund managed by each advisory service to other funds under the board's control and to generally accepted market indicators.

All material legal or legislative proceedings affecting the SIB.

Compliance with this investment policy statement.

TFFR Board Adopted: May 25, 1995.

Amended: November 30, 1995; August 21, 1997; July 15, 1999; July 27, 2000; September 18, 2003; July 14, 2005; September 21, 2006; September 20, 2007; October 27, 2011; September 26, 2013; January 21, 2016; September 21, 2017; January 25, 2018; November 19, 2020, April 22, 2021.

Approved by SIB: November 18, 2011, February 26, 2016, September 22, 2017, February 23, 2018, November 20, 2020, May 21, 2021.

~~Change Signatures to be updated: ED & CIO or ED CRO or just ED signature with Board approval dates?~~

ND Teachers' Fund for Retirement

ND State Investment Board

Date

Date

Deputy Executive Director/
Chief Retirement Officer

Janilyn Murtha
Executive Director

B. Plan Management Policy Overview

The North Dakota Teachers' Fund for Retirement (TFFR) Plan Management Policy is a risk assessment and management tool that monitors the ongoing health of TFFR using the most recent actuarial valuation results and stochastic projections. The objective of the Plan Management Policy is to provide a basis for balancing the Fund's obligations with current assets and expected future contributions in order to maintain its long-term health and viability. The Policy also provides a framework that the Board can follow in establishing metrics for future funding and benefit changes. The Plan Management Policy is based upon metrics and a scoring system that were established at the July 24, 2019, Board meeting. The Plan Management Policy Score will be updated subsequent to each annual actuarial valuation.

1. Background

The Plan Management Policy is different from the Funding Policy. The Funding Policy sets parameters for the determination of the actuarially determined contribution (ADC) as of each actuarial valuation date. The Plan Management Policy establishes the parameters for a forward-looking assessment of TFFR.

An ADC is used as a benchmark to compare to the statutory contribution rate. An ADC reflects an asset valuation method (i.e., smoothing method), actuarial cost method (e.g., entry age normal), and amortization method for paying down unfunded liabilities or recognizing surplus assets. A description of the ADC is contained in a separate document ("Actuarial Funding Policy Statement"). In summary, the current TFFR funding policy relies on an ADC that is equal to the sum of (a) the employer normal cost rate and (b) the level percentage of pay required to amortize the unfunded actuarial accrued liability over the 30-year closed period that began July 1, 2013 (24 years remaining as of July 1, 2019).

2. Risk Assessment and Management

The Plan Management Policy is a risk assessment tool. The risks facing TFFR can be broadly classified into three categories: risks related to economic variables, risks related to demographic events, and risks related to external forces. An overview of the primary risks facing TFFR stakeholders follows.

- a. Risks related to economic variables:
 - b. Investment return – the risk that actual returns will be different than expected and more volatile than desired.
 - c. Inflation (price inflation, wage inflation) – the risk that measures of inflation will be inconsistent with other economic measures.

- b. Risks related to demographic events:
 - a. Mortality/longevity – the risk that participants will live longer than expected
 - b. Payroll and/or population growth – the risk that aggregate payroll will increase at a rate less than expected. This is relevant since contributions to TFFR are collected as a percentage of member payroll.
 - c. Retirement/disability/termination experience – the risk that members leave active service in a manner that generates actuarial gains or losses relative to the assumptions.

There are even risks related to external forces (e.g., governance risk, regulatory risk, litigation risk, political risk), but these risks are difficult – or impossible – to manage. The Plan Management Policy is a tool that measures investment return risk since investment return risk has the most significant impact on TFFR’s long term financial health.

3. Scoring System Metrics

The scoring system metrics that will be monitored on a periodic basis are:

- a. **The current funded ratio:** This is equal to the ratio of the market value of assets to the actuarial accrued liability as of the latest actuarial valuation date. The purpose of this metric is to assess the current funded status of TFFR.
- b. **The downside funded ratio as of July 1, 2030:** Based on stochastic projections, determine the probability that the funded ratio will be less than 65%. The purpose of this metric is to assess the likelihood of the funded ratio not improving over the short term. The lower the likelihood that the funded ratio will not increase, the higher the score.
- c. **The target funded ratio as of July 1, 2040:** Based on stochastic projections, determine whether the funded ratio is projected to increase above certain thresholds over a longer time horizon with 51% or more probability.
- d. **Improvement in the funded ratio over a 10-year period:** Based on stochastic projections, determine the probability that the funded ratio will improve by 5% over the following 10 years.
- e. **Ability to recover/withstand from a market downturn:** Based on stochastic projections, determine the probability that the funded ratio improves by 5% over 10 years following a market downturn. A market downturn is defined as a two-year period with a compound average return of -10% or worse.

4. Policy Score

The Policy Score is the sum of the points that have been assigned to each metric and can range from 0 to 14 and correspond to a color ranging from red to green. A higher score indicates better overall health of TFFR. The Policy Score is grouped into the following categories:

Color	Policy Score	Indication
Green	11 to 14	TFFR objectives are being met or likely to be met
Yellow	7 to 10	TFFR objectives may be met over a longer period
Orange	4 to 6	Continue to monitor TFFR
Red	0 to 3	Changes to TFFR should be considered



5. Policy Scoring System

Each metric is assigned a score based upon the results of the annual actuarial valuation and resulting analysis as follows:

Metric	Criteria	Score
The current funded ratio	<ul style="list-style-type: none"> Funded ratio of 90% or higher Funded ratio between 80% and 90% Funded ratio between 70% and 80% Funded ratio less than 70% 	<ul style="list-style-type: none"> +3 +2 +1 +0
The downside funded ratio as of July 1, 2030	<ul style="list-style-type: none"> Under 65% funded ratio with less than 20% probability Under 65% funded ratio with less than 30% probability Under 65% funded ratio with less than 40% probability Under 65% funded ratio with more than 40% probability 	<ul style="list-style-type: none"> +3 +2 +1 +0
The target funded ratio as of July 1, 2040	<ul style="list-style-type: none"> 85% or higher with 51% or more probability Between 80% and 85% with 51% or more probability Between 75% and 80% with 51% or more probability Between 70% and 75% with 51% or more probability Not more than 70% with 51% or more probability 	<ul style="list-style-type: none"> +4 +3 +2 +1 +0
Improvement in the funded ratio over a 10-year period	<ul style="list-style-type: none"> Funded ratio improves by +5% over 10 years with 66% probability Funded ratio improves by +5% over 10 years with 50% probability Funded ratio does not improve by +5% over 10 years with 50% probability 	<ul style="list-style-type: none"> +2 +1 +0
Ability to recover from or withstand a market downturn	<ul style="list-style-type: none"> Funded ratio after downturn improves by +5% over 10 years with 50% probability Funded ratio after downturn improves by +5% over 10 years with 33% probability Funded ratio after downturn does not improve by +5% over 10 years with 33% probability 	<ul style="list-style-type: none"> +2 +1 +0

For purposes of scoring, probabilities and funded ratios will be rounded to the nearest whole percentage. For example, a probability of 49.6% would be rounded up to 50%.

6. Outside Factors

Other factors outside of TFFR could have an effect on the directional trend of future Policy Scores. These factors include, but are not limited to:

- a. Projected economic conditions
- b. Market cycles
- c. North Dakota economy

TFFR Staff and the actuary will discuss the appropriate outside factors and determine whether these factors are expected to potentially improve or worsen the Policy Score.

7. Actuarial Assumptions

The actuarial assumptions used will be the same as those used for the annual actuarial valuation. The actuarial assumptions are described in detail in the actuarial valuation report. The funded ratio used in the plan management policy is based upon the market value of assets.

In order to stochastically model investment returns, Capital Market Assumptions are used. Capital Market Assumptions are developed by investment firms and represent expectations for future risk and returns for different asset classes. The Capital Market Assumptions used for the analysis are those published in the most recently available Horizon's Annual Survey of Capital Market Assumptions. If Horizon discontinues the publication of this survey, a suitable replacement or alternative will be used.

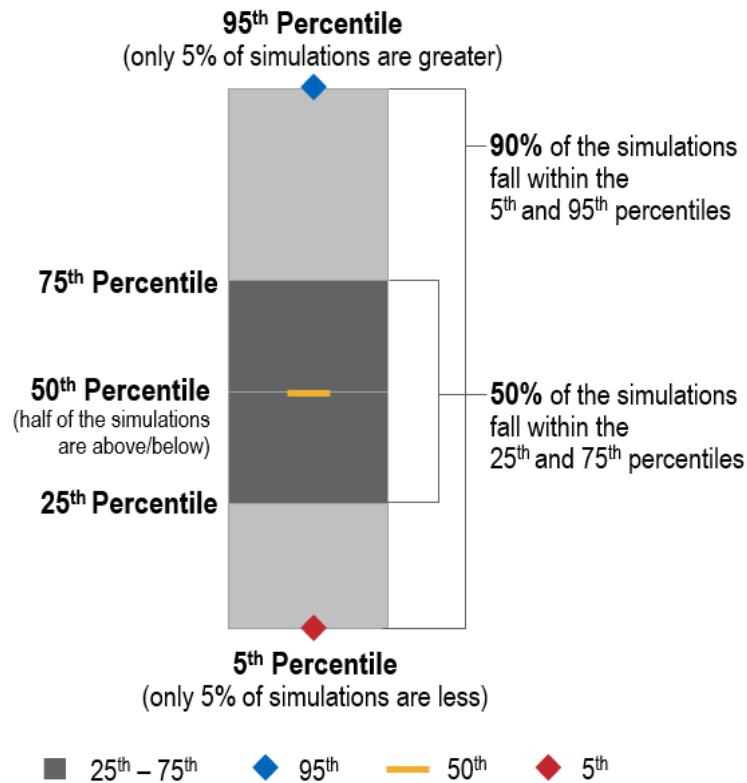
Projected liabilities are based upon an "open group" liability forecast. An open group projection generates projected populations for each future valuation date based on assumptions related to retirement, termination, salary increases, mortality, etc. New entrant records are generated to replace active members that decrement in the model in order to maintain a level active membership in the future. The profile of new entrants is based on recent demographics of new hires, subject to input from TFFR staff and Board.

8. Stochastic Modeling

The Capital Market Assumptions are used with TFFR's target asset allocation in order to simulate 5,000 investment portfolio return scenarios, each simulation representing a 20-year period. The simulated investment returns, along with open group liability forecasts, are used to model the projected funded ratio. The results are grouped into percentiles and summarized as a range:

- a. **Best Case:** Better cases would occur only 5% of the time (above the 95th percentile in the example below)
- b. **Most Likely:** Better or worse cases (50th percentile) are equally likely
- c. **Worst Case:** Worse cases would occur only 5% of the time (below the 5th percentile in the example below)

Sample Funded Ratio



TFFR Board Adopted: October 24, 2019

Amended: January 23, 2020

C. Actuarial Funding Policy Statement

1. Introduction

The purpose of this Actuarial Funding Policy is to record the funding objectives and policy set by the Board of Trustees (Board) for the North Dakota Teachers' Fund for Retirement (TFFR). Effective with the July 1, 2013, actuarial valuation, the Board establishes this Actuarial Funding Policy to help ensure the systematic funding of future benefit payments for members of TFFR. The contributions made to TFFR are set by statute. These statutory contributions will be compared to the contributions determined under the funding policy in order to assess the appropriateness of the statutory contributions. Based upon this comparison, the Board will decide what action to take, if any. The employer contribution determined under the funding policy is called the actuarially determined employer contribution (ADEC). In addition, this document records certain guidelines established by the Board to assist in administering TFFR in a consistent and efficient manner.

This Actuarial Funding Policy supersedes any previous Actuarial Funding Policies and may be modified as the Board deems necessary.

2. Goals of Actuarial Funding Policy

- a. To achieve long-term full funding of the cost of benefits provided by TFFR;
- b. To seek reasonable and equitable allocation of the cost of benefits over time;
- c. To maintain a policy that is both transparent and accountable to the stakeholders of TFFR, including plan participants, employers, and residents of the State of North Dakota.

3. Actuarially Determined Employer Contribution and Funding Policy Components

TFFR's actuarially determined employer contribution is comprised of the Normal Cost and an amortization of the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and the amortization of the UAAL are determined by the following three components of this funding policy:

- a. Actuarial Cost Method: the techniques to allocate the cost/liability of retirement benefits to a given period;
- b. Asset Smoothing Method: the techniques that spread the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and
- c. Amortization Policy: the decisions on how, in terms of duration and pattern, to reduce the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets in a systematic manner.

4. Actuarial Cost Method:

The Entry Age Normal method shall be applied to the projected benefits in determining the Normal Cost and the Actuarial Accrued Liability. The Normal Cost shall be determined as a level percentage of pay on an individual basis for each active member.

5. Asset Smoothing Method:

The investment gains or losses of each valuation period, as a result of comparing the actual market return to the expected market return, shall be recognized in level amounts over 5 years in calculating the Actuarial Value of Assets. Deferred investment gains or losses cannot exceed 20% of the Market Value of Assets (i.e., the Actuarial Value of Assets cannot be more than 120%, nor less than 80%, of the Market Value of Assets as of any valuation date).

6. Amortization Policy:

- a. The UAAL, (i.e., the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets), as of July 1, 2013, shall be amortized over a "closed"

30-year period. In other words, the UAAL as of July 1, 2014 shall be amortized over 29 years, the UAAL as of July 1, 2015 shall be amortized over 28 years, etc.

- b. Beginning with the July 1, 2024, valuation, the Board shall have the discretion to continue the “closed” amortization period, or instead to amortize the UAAL over another period, not to exceed 20 years.
- c. Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period equal to the amortization period of the UAAL. The Board shall have the discretion to amortize the new UAAL as a result of change in actuarial assumptions or methods over a period of 20 years.
- d. Unless an alternative amortization period is recommended by the Actuary and accepted by the Board based on the results of an actuarial analysis, the increase in UAAL as a result of any plan amendments will be amortized over a period not to exceed 20 years.
- e. In a situation where the amortization of the UAAL has more than one component, a single equivalent amortization period will be determined by the Actuary.
- f. UAAL shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase.
- g. If an overfunding exists (i.e., the UAAL becomes negative so that there is a surplus), such surplus and any subsequent surpluses will be amortized over an “open” amortization period of 30 years. Any subsequent UAAL will be amortized over 20 years as the first of a new series of closed period UAAL amortization.

7. Actuarial Assumptions Guidelines

The actuarial assumptions directly affect only the timing of contributions; the ultimate contribution level is determined by the benefits and the expenses actually paid offset by actual investment returns. To the extent that actual experience deviates from the assumptions, experience gains and losses will occur. These gains (or losses) then serve to reduce (or increase) the future contribution requirements.

Actuarial assumptions are generally grouped into two major categories:

- a. Demographic assumptions – including rates of termination, retirement, disability, mortality, etc.
- b. Economic assumptions – including investment return, salary increase, payroll growth, inflation, etc.

The actuarial assumptions are described in detail in the actuarial valuation report. They represent the Board’s best estimate of anticipated experience under TFFR and are intended to be long term in nature. Therefore, in developing the actuarial assumptions, the Board considers not only past experience but also trends, external forces and future expectations.

Actuarial experience studies are completed every five years or at the Board’s direction.

8. Glossary of Funding Policy Terms

- a. **Present Value of Benefits (PVB) or total cost:** the “value” at a particular point in time of all projected future benefit payments for current plan members. The “future benefit payments” and the “value” of those payments are determined using actuarial assumptions as to future events. Examples of these assumptions are estimates of retirement patterns, salary increases, investment returns, etc. Another way to think of the PVB is that if the plan has assets equal to the PVB and all actuarial assumptions are met, then no future contributions would be needed to provide all future service benefits for all current members, including future service and salary increases for current active members.
- b. **Actuarial Cost Method:** allocates a portion of the total cost (PVB) to each year of service, both past service and future service.
- c. **Normal Cost:** the cost allocated under the Actuarial Cost Method to each year of active member service.
- d. **Entry Age Normal Actuarial Cost Method:** A funding method that calculates the Normal Cost as a level percentage of pay or level dollar amount over the working lifetime of the plan’s members.
- e. **Actuarial Accrued Liability (AAL):** the value at a particular point in time of all past Normal Costs. This is the amount of assets the plan would have today if the current plan provisions, actuarial assumptions and participant data had always been in effect, contributions equal to the Normal Cost had been made and all actuarial assumptions came true.
- f. **Market Value of Assets (MVA):** the fair value of assets of the plan as reported in the plan’s audited financial statements.
- g. **Actuarial Value of Assets (AVA):** the market value of assets less the deferred investment gains or losses not yet recognized by the asset smoothing method.
- h. **Unfunded Actuarial Accrued Liability (UAAL):** the portion of the AAL that is not currently covered by the AVA. It is the positive difference between the AAL and the AVA.
- i. **Surplus:** the positive difference, if any, between the AVA and the AAL.
- j. **Actuarial Value Funded Ratio:** the ratio of the AVA to the AAL.
- k. **Market Value Funded Ratio:** the ratio of the MVA to the AAL.
- l. **Actuarial Gains and Losses:** changes in UAAL or surplus due to actual experience different from what is assumed in the actuarial valuation. For example, if during a given year the assets earn more than the investment return assumption, the amount of earnings above the assumption will cause an unexpected reduction in UAAL, or “actuarial gain” as of the next valuation. These

include contribution gains and losses that result from actual contributions made being greater or less than the level determined under the policy.

m. **Valuation Date:** July 1 of every year.

D. Operations

1. Membership Data and Contributions

A. Ensure the security and accuracy of the members' permanent records and the collection of member and employer contributions from every governmental body employing a TFFR member.

B. Accordingly, the administrative means will be to:

1. Retain member and employer documents applicable to the retirement program.
2. Safeguard TFFR database files.
3. Protect the confidential information contained in member and employer files.
4. Collect the member and employer contributions from the employers based on retirement salary earned by the member.
5. Monitor the employer reporting process including the timely filing of information, consistency of month-to-month data, and changes in the employer payment plan models.
6. Review the individual member data, salary, and service credit for accuracy.
7. Post and validate the data received from the employer to the individual member accounts.
8. Provide annual statements to every member.
9. Summarize the member data reported and notify the employers annually of the prior fiscal year information.
10. Perform reviews to monitor whether individuals employed as "teachers" in North

Dakota school districts, political subdivisions, and state institutions are reported to TFFR in compliance with the North Dakota Century Code (NDCC).

11. Provide publications and reporting instructions to employers on TFFR.
12. Transfer member and employer contributions to the investment program in a timely manner.

C. **Monitoring** (Method, Responsibility, Frequency)

1. Internal Report
 - a. Disclosure of compliance to the board from RIO's internal auditors.
 - b. Compliance for individual accounts is monitored through internal audits of staff compliance with state laws, rules, board policy, and procedures.
2. External Report
 - a. Disclosure of compliance to the board by RIO's external auditors as a part of the annual audit.
 - b. Disclosure of compliance to members through annual statements.

2. Member Services

Provide direct services and public information to members of TFFR.

A. Accordingly, the administrative means will be to:

1. Enroll, update, maintain, and certify all member accounts.
2. Respond to member inquiries on the retirement program.
3. Provide statewide benefits counseling services to members.
4. Make group presentations and distribute information at conferences and conventions throughout the state.
5. Coordinate and conduct retirement education programs for members on a statewide basis.
6. Certify eligibility for TFFR benefits and purchase of service credit.

7. Calculate and process claims for refund, retirement, disability, survivor, and Qualified Domestic Relations Order (QDRO) benefits, as well as claims for purchasing credit.
8. Permit members to change designated beneficiaries in the event of life occurrences identified in the administrative rules.
9. Close retirement accounts of deceased teachers.
10. Develop and distribute information to the members on the retirement program and related topics through newsletters, annual reports, member handbooks, brochures, and retirement planning materials.
11. Maintain a website and provide online services to provide members with a variety of access methods for TFFR information.

B. Monitoring (Method, Responsibility, Frequency)

1. Internal Report
 - a. Disclosure of compliance to the board through internal audits on compliance with laws, rules, and policies.
 - b. Periodic presentations by staff at board meetings.
2. External Report
 - a. Receive annual reports from leadership of groups representing the plan's beneficiaries.
 - b. RIO's annual audit by independent auditor.
 - c. Written and oral communication with board members from teachers regarding payment and processing of benefit claims.

3. Disclosure of Confidential Information for Treatment, Operational, or Payment Purposes

The TFFR Board of Trustees has determined that confidential information for treatment, operational, or payment purposes under NDCC 15-39.1-30(12) includes:

- ~~4.~~ A. Information related to enrollment, participation, benefits, ~~or~~ contributions, and otherwise necessary for the administration and operation of the program may be shared with participating employers or TFFR contractors, attorneys, and consultants. ~~for purposes of maintaining a member's participation and benefits in the TFFR program. Such sharing of information is limited to that information which is necessary to assure that a member's participation and benefits are properly handled. All such information remains confidential whether in the possession of TFFR, its participating employers, or its contractors.~~

~~2. Information necessary for the administration and operation of the program may be shared with TFFR attorneys and consultants. To the extent such information is shared, it remains confidential.~~

~~3. Information relating to the death benefits and beneficiary designations of a deceased member or beneficiary may be shared with an ex-spouse if listed as a beneficiary on a designation of beneficiary form, subsequent to the death of the applicable member or beneficiary, but in advance of a final determination regarding the applicable beneficiary, only to the extent necessary to accurately identify the appropriate beneficiary.~~

4. B. Information relating to the death benefits and beneficiary designations of a member or beneficiary may be shared with any other person if the beneficiary is unknown or unable to be located, only to the extent necessary to accurately identify the appropriate beneficiary or to close an account subsequent to the death of a member or beneficiary.

~~All other requests for confidential information under this policy must first be submitted to the Deputy Executive Director/Chief Retirement Officer and then reviewed by the TFFR Board of Trustees.~~

TFFR Board adopted: September 25, 2014

4. Account Claims

A. Ensure the payment of benefit claims to members of TFFR.

Accordingly, the administrative means will be to:

1) Pay retirement benefits based on an estimated final salary for members retiring upon completion of their teaching contract and whose final salary has not been reported to TFFR.

2) Allow retired members receiving an annuity from TFFR to have payroll deductions subtracted from their monthly benefit, pursuant to section II.D.5. including: , but not limited to: health, life, and other insurance premiums payable to NDPERS, North Dakota Retired Teachers Association (NDRTA) dues, North Dakota United (ND United) Retired dues, and federal and North Dakota income tax withholdings.

3) Distribute payments for benefit claims (annuities, PLSOs, refunds, and rollovers) once per month. ~~Benefit payments made by Electronic Funds Transfer (EFT) will be deposited and payable on the first working day of each month. Benefit payments made by check will be mailed on the last working day of the previous month payable on the first working day of each month.~~

4) Distribute special payments for benefit claims in the event of unforeseen circumstances (i.e., death, disability, Court Order, staff processing delay, etc.) if approved by the Deputy Executive Director-Chief Retirement Officer.

5) Mail Produce and make available new account notices and account change notices to retired members and beneficiaries receiving benefits.

B. **Monitoring** (Method, Responsibility, Frequency)

1) Internal Report

i. Disclosure of compliance to the board through internal audits on compliance with laws, rules, and policies.

2) External Report

- ii. Disclosure of compliance to the board through annual audit by RIO external auditors.

5. Deductions from Annuity Checks

- A. It shall be the policy of the TFFR Board of Trustees to allow retirees and beneficiaries receiving annuity payments to have payroll deductions subtracted from their monthly payments.
- B. To initiate, change, or stop a deduction, the retiree must notify the administrative office in writing at least ten working days prior to the date the monthly benefit is issued. All deductions withheld will be forwarded to the appropriate entity within three working days after the first of the month or as required by federal/North Dakota state law. Authorization forms are to be kept on file at the administrative office.
- C. The following deductions are available to retirees and beneficiaries receiving monthly annuity benefits:
 - 1) Health, life, and other insurance premiums payable to the NDPERS.
 - 2) Annual dues payable to the NDRTA and the ND United Retired organization.
 - 3) Federal and North Dakota income tax withholdings.
 - 4) Court ordered payments including child support orders, Qualified Domestic Relations Orders (QDRO), IRS tax levies, federal garnishments, and other court ordered payments, subject to approval by the Attorney General's office.
 - 5) Additional deductions may be added upon approval by the board.

6. Military Service Credit

It shall be the policy of the TFFR Board of Trustees that a teacher purchasing military service be credited with a full year of credit if the service was rendered for at least 175 school days or a period of nine months within any fiscal year.

7. Payment of Benefits

It shall be the policy of the TFFR Board of Trustees to distribute payments for benefit claims (annuities, refunds/rollovers) once per month. Distributions will be mailed on the last working day of the previous month payable on the first working day of each month.

In order for a teacher to assure receipt of a benefit payment on the first working day of the month, the required information and forms must be filed with the administrative office at least ten working days prior to the distribution date.

The Deputy Executive Director/Chief Retirement Officer may authorize special payments to pay benefit claims due to unforeseen circumstances that delay the processing of the claim.

Payments to a teacher approved for a refund/rollover will include all contributions and interest paid by a teacher for the purchase and repurchase of service credit. This is in addition to the entitled refund of member contributions plus interest. The Deputy Executive Director/Chief Retirement Officer may waive the 120-day waiting period for refunds/rollovers based on necessary documentation.

8. Retirement Benefit Payments

- A. It is the policy of the TFFR Board of Trustees that new retirees will have their initial retirement benefit payment calculated using either estimated or final salary and service credit information:

1) Estimated salary and service credit information

The member's initial retirement benefit is calculated using 90% of the estimated current year salary for final average salary calculation purposes. If the final information reported by the employer is different than the estimated information, the member's monthly retirement benefit will be adjusted retroactive to the member's retirement date. Using estimated information allows a member to begin receiving retirement benefits sooner but results in correction of benefits at a later date retroactive to the member's retirement date.

2) Finalized salary and service credit information

The member's retirement benefit is calculated using finalized current year salary and service credit information. After salary, service credit, and last date of employment are reported by the employer and verified by TFFR, the member's retirement benefit is calculated and claim is processed. Using finalized information delays a member's first retirement benefit payment, but when payment is made, it is retroactive to the member's retirement date.

- B. Under all circumstances, if any change or error in the records of TFFR or a participating employer or if any calculation results in a member receiving more or less in benefits than the member is entitled to receive, TFFR will correct the error and adjust the benefit (NDCC 15-39.1-31 and 32).

9. Voiding Checks

It shall be the policy of the TFFR Board of Trustees to void any uncashed benefit checks for the payment of retirement, disability, survivor, and refund benefits after six months. Should the payee request payment after six months, the RIO will reissue a check, but without additional interest.

10. In-Staff Subbing Contract Period – Per Board action on 7-22-21 the policy is suspended as it applies to rehired retirees until further Board action.

It is the policy of the TFFR Board of Trustees that the following guidelines apply for the purpose of determining the contract period for in-staff subbing for active members and re-employed retirees as provided for in NDCC 15-39.1-04 (4) and (12), 15-39.1-19.1, 15-39.1-19.2, and NDAC 82-05-06-01.

- A. In-staff subbing is defined as substitute teaching duties performed by a contracted teacher for the contracting TFFR participating employer.
- B. If the active member or re-employed retiree has a contract or written agreement with the participating employer for full or part time work, TFFR will view the beginning and ending calendar dates indicated on the contract as the contract term to determine the contract period, unless the contract period is otherwise specifically detailed in the active member or re-employed retiree's contract.
 - 1) If substitute teaching duties are performed during the contract term, those duties are considered in-staff subbing, and retirement contributions are required to be paid on the substitute teaching pay. The in-staff subbing hours are reported as compensated hours for active members and are counted toward the annual hour limit for re-employed retirees (700 – 1000 hours depending upon length of contract).
 - 2) If substitute teaching duties are performed before the beginning calendar date or after the ending calendar date of the contract term, those duties are not considered in-staff subbing, and no retirement contributions are required to be paid on the substitute teaching pay. The subbing hours are not reported as compensated hours for active members and are not counted toward the annual hour limit for re-employed retirees.
- C. If the active member or re-employed retiree does not have a contract or written agreement with the participating employer, then no retirement contributions are required to be paid on the substitute teaching pay. The subbing hours are not reported as compensated hours for active members and are not counted toward the annual hour limit for re-employed retirees.
- D. This policy does not prohibit the Board from making an eligible salary determination for an individual member pursuant to N.D.A.C. 82-04-02-01.

11. Plan Beneficiaries

TFFR beneficiaries are:

A. Plan Members:

- 1) Active – all persons who are licensed to teach in North Dakota and who are contractually employed in teaching, supervisory, administrative, or extracurricular services:
 - i. Classroom teachers
 - ii. Superintendents, assistant superintendents, county superintendents
 - iii. Business managers
 - iv. Principals and assistant principals
 - v. Special teachers
 - vi. Superintendent of Public Instruction, professional employees of Dept. of Public Instruction and Dept. of Career and Technical Education,

- unless transferred to North Dakota Public Employees Retirement System (NDPERS)
- vii. Professional or teaching staff of Center for Distance Education, Youth Correctional Center, School for the Blind and School for the Deaf.
- viii. Other persons or positions authorized in state statutes
- 2) Annuitants – All persons who are collecting a monthly benefit:
 - i. Retirees
 - ii. Disabilitants
 - iii. Survivors/Beneficiaries
- 3) Inactive members:
 - i. Vested
 - ii. Nonvested

B. Employers:

- 1) School districts, special education units, vocational centers, County superintendents, Regional Education Associations (REA)
- 2) State institutions and agencies defined in state statutes
- 3) Other TFFR participating employers

12. Head Start Program Employees

It shall be the policy of the TFFR Board of Trustees that employees of a Head Start Program who are certified to teach and contracted with a school district or other participating employer, are members of TFFR if the following conditions are met:

- A. Grantee agency for the Head Start Program is the school district which is governed by the local school board.
- B. Head Start Program employees are on the school district teaching or administrative faculty in positions such as coordinator, director, teacher, or home visitor.
- C. Head Start Program employees are on the school district salary schedule and negotiate for salary and benefits like other school district teaching faculty.

13. PERS Retirement Plan Election (DPI and CTE)

- A. NDCC 15-39.1-09(3) allows new employees of the Department of Public Instruction (DPI), who are eligible for TFFR coverage and hired after January 6, 2001, excluding the State Superintendent of Public Instruction, to elect to become participating members of ND Public Employees Retirement System (PERS).
- B. NDCC 15-39.1-09(4) allows new employees of the Department of Career and Technical Education (CTE) who are eligible for TFFR coverage and hired after July 1, 2007, to elect to become participating members of PERS.
- C. It is the policy of the TFFR Board of Trustees to allow the PERS retirement plan election by eligible new DPI and CTE employees under the following guidelines:
 - 1) Any new employee who is required to participate in TFFR under NDCC 15-39.1-04(11)(b) and who is entered onto the payroll of DPI after January 6, 2001 (except the Superintendent of Public Instruction), or CTE

after July 1, 2007, is eligible to make the election to become a participating member of NDPERS.

- 2) If eligible, the new employee must complete the “NDPERS/TFFR Membership Election” form within ninety days of hire. Until this election is made, the employee will be enrolled in the NDPERS retirement plan. If no election is made, the employee will be transferred to TFFR.
- 3) If the new employee is a former DPI employee or is retired from DPI and receiving TFFR benefits, the employee must have a one-year break in service to be eligible to elect participation in PERS. If the new employee is a former CTE employee or is retired from CTE and receiving TFFR benefits, the employee must have a one-year break in service to elect participation in PERS.
- 4) If the new employee is a TFFR retiree (but not a former DPI or CTE employee), the retiree may elect participation in PERS upon date of hire. The retiree is not subject to the one-year waiting period and is not subject to the TFFR retiree annual hours limit.

E. Employer Policies

1. Employer Payment Plan Models

- A. The TFFR Board has developed models relating to employer payment of member
- B. contributions as provided for in NDCC 15-39.1-09 and NDAC 82-04-01. The models are outlined in employer instructions prepared by the fund. Special provisions apply to state agencies and institutions, and employers that have not adopted a model.
- C. Employers must select the employer payment plan model under which they will pay member contributions on a form provided by the administrative office. The model selected by the employer can only be changed once each year at the beginning of the fiscal year.
- D. The following employer payment plan models are available to participating employers:
 - 1) Model 1: Member contributions are paid by the member through a salary reduction and remitted to TFFR by the employer as tax deferred contributions.
 - 2) Model 2 All: Member contributions are paid by the employer as a salary supplement and remitted to TFFR as tax deferred contributions.
 - 3) Model 2 Partial (%): A fixed percentage (1% minimum) of the member contributions are paid by the employer as a salary supplement and remitted to TFFR as tax deferred contributions. The remaining member contributions are paid by the member and remitted by the employer as tax deferred contributions.
 - 4) Model 3 Partial (\$): A fixed dollar amount of the member contributions are paid by the employer as a salary supplement and remitted to TFFR as tax deferred contributions. The remaining member contributions are paid by the member and

remitted by the employer as tax deferred contributions. Effective July 1, 2003, employers may no longer select Model 3. Any employers currently paying member contributions under this model may continue as a closed group, but Model 3 will no longer be available to other employers. Effective July 1, 2019, Model 3 will be eliminated, and no employers will be allowed to utilize this model.

- 5) Model 4 State Agencies: Four Percent (4%) of the member contributions (or the % of member contributions the State agrees to pay) are paid by the State as a salary supplement and remitted to TFFR as tax deferred contributions. The remaining member contributions are paid by the member and remitted by the employer as tax deferred contributions.

E. Employers who do not select one of the above models must report member contributions paid by the member and remitted by the employer as taxed contributions. Payment of member contributions cannot be made on a tax deferred basis unless one of the above approved models is selected in writing.

2. Employer Reporting Errors

It is the policy of the TFFR Board of Trustees that when an unintentional error in the reporting of retirement contributions by a TFFR participating employer is discovered during an employer audit, the following guidelines will apply:

- a. The employer will be billed for all material shortages due plus interest or refunded for all material overpayments.
- b. Materiality limit to be used in determining if a member's account will be corrected is an aggregate total of ~~\$300~~ \$500 in a fiscal year for salary per individual member per year, unless otherwise approved by the Deputy Executive Director-Chief Retirement Officer.
- c. The interest charged to the employer will be the actuarial
 - i. investment return assumption.
 - ~~d.~~ ~~The time period will be from the onset of the error or three years prior to the beginning of the current school year.~~
 - ~~d.e.~~ Failure of the employer to pay the required shortages or provide required information will constitute "failure to make required reports and payments" and require application of section 15-39.1-23, NDCC.
 - ~~e.f.~~ The TFFR board reserves the right to negotiate with a n employer.
 - ~~f.g.~~ The employer must respond in writing to the audit finding(s) and/or recommendation(s) within 30 days of being notified the report.
 - ~~g.h.~~ ~~NDRIO will conduct a follow up review of the audit finding(s) and/or recommendation(s) once one year of unaudited salary is available or as determined by the Deputy Executive Director/Chief Retirement Officer.~~

3. Employer Reports

A. It shall be the policy of the TFFR Board of Trustees to require all participating e m p l o y e r s to file reports and make payment of member and employer contributions on a monthly basis to the RIO. Both payment and report are due by the 15th day of the month following the end of the reporting period. ~~Effective July 1, 2014, reports must be~~

~~submitted in one of the following formats: 1) paper reports, 2) internet, unless another method is approved by the Deputy Executive Director/Chief Retirement Officer.~~

B. The administrative office will monitor late TFFR employer reports and payments and establish procedures for minor processing delays. Except for unintentional reporting errors, employers that do not meet the established deadlines for filing required reports shall be assessed a civil penalty as required in NDCC 15-39.1-23 unless the Deputy Executive Director/Chief Retirement Officer approves a request for a waiver of the penalty under special circumstances such as:

- a. 1) Death, surgery, or illness of the individual responsible for TFFR reports or their family.
- b. 2) "Acts of God" that require an employer to close school such as blizzards, storms, or floods.
- c. 3) Unforeseen events such as resignation of the individual responsible for TFFR reports, computer malfunction, etc.

C. The request for a waiver must be in writing and signed by the administrator.

~~In all late situations, member and employer contributions will be collected from the employer at the earliest date possible. Employers cooperating with TFFR to resolve the late filing of a report shall not have their state apportionment money (foundation payments) withheld but will be assessed interest as required in NDCC 15-39.1-23.~~

4. Ineligible TFFR Salary

The TFFR Board desires to provide guidance to TFFR employers regarding how eligible salary shall be determined for payments made to licensed teachers for performing certain duties.

NDCC 15-39.1-04(10)(h) provides that eligible salary does not include "*other benefits or payments not defined in this section which the board determines to be ineligible teachers' fund for retirement salary.*"

It is the policy of the TFFR Board of Trustees that effective July 1, 2016, additional payments made by a TFFR participating employer to a licensed TFFR member for equipment maintenance and repair, jobsite prep and finish work, and similar types of nonteaching duties are not eligible salary for TFFR purposes if the duties are not included on the member's regular teaching contract(s).

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

F. Member Communication

1. Disclosure to Membership

It shall be the policy of the TFFR Board of Trustees that member handbooks, member statements, member newsletters, and financial reports be prepared and made available for

TFFR members. RIO staff will prepare, and the TFFR Board of Trustees will review for approval at least once a biennium a communications plan that summarizes the content and method for providing member and employer education and publications. ~~The information, or notification that the information is available, may be provided by mail, email to employers for distribution, RIO website and/or TFFR Member Online. Confidential member information will not be emailed to employers for distribution nor on the RIO website.~~

● Member Handbooks Summary Plan Descriptions)

~~A member handbook will be developed and will include information about membership, contribution rates, service credit, benefit provisions for service retirement, disability retirement, and survivor benefits, eligibility for benefits, and how to apply for benefits. The handbook will be updated within 6 months of adoption of any significant legislative changes made to the plan. Members will be notified that the member handbook is available on the RIO website, and a printed copy can be provided upon request.~~

● Member Annual Statements

~~Effective July 1, 2020, active and inactive members will be provided an annual statement on TFFR Member Online within six months of fiscal year end reporting the status of their member account as of June 30 of the current year. The annual statement will include: member's name, address, personal identification number, date of birth, beneficiary on file, value of account, retirement salary reported for current year, service credit earned during the current year, accumulated service credit, date of eligibility for unreduced benefits, retirement benefit estimate, and other information pertinent to the member's account, unless the member has dual service, a qualified domestic relation order, or other special circumstances requiring nonstandard benefit calculations.~~

~~Retired members and beneficiaries receiving monthly benefits will be mailed an annual statement to their home address reporting the status of their member account as of December 30 of the current year. The annual statement will include: retired member's name, address, personal identification number, beneficiary on file, value of account, accumulated service credit, retirement date, retirement option, benefits received life to date, current monthly benefit, adjustments to benefit (if applicable), and other information pertinent to the retiree's account.~~

● Member Newsletters

~~Member newsletters will be published and distributed to active, inactive, and retired TFFR members four times per year. Two newsletters will contain legislative, actuarial,~~

~~C-6~~

~~financial, and plan information (Report Card and Retirement Today), and two newsletters will contain investment information (Vested Interest). Member newsletters will be provided electronically to employers for e-mail distribution to active members, and will be mailed to inactive and retired members.~~

● Annual Financial Report

~~A comprehensive annual financial report (CAFR) will be published within six months following every fiscal year end. The report will include financial, actuarial, and investment information~~

~~about the plan. Members will be notified that the CAFR is available on the RIO website, and a printed copy can be provided upon request.~~

2. Information Dissemination

It is the policy of the TFFR Board of Trustees to allow member and employer interest groups and other approved third parties to send specific information to the TFFR membership using a “blind mailing” method. The information to be mailed and third party organization must be approved by the RIO Deputy Executive Director/Chief Retirement Officer in advance. Member and employer interest groups include, but are not limited to, North Dakota Council of Educational Leaders (NDCEL), ND United, NDRTA, and North Dakota School Boards Association (NDSBA).

Under the “blind mailing” method, the third party must submit information or materials they wish to send to TFFR members. The third party must sign an agreement that they will not use the mailing to engage in partisan political activities.

If approved, the third party will forward the materials to an independent mailing company approved by TFFR. The mailing company must sign a “no disclosure” agreement with TFFR.

TFFR will then supply membership mailing information to the mailing company. The mailing company will combine the material from the third party with the mailing list and send to TFFR members. The cost of the mailing will be paid by the third party.

TFFR Board Adopted: July 15, 1999.

Amended: November 15, 2001.

3. Outreach Program Facilities

It shall be the policy of the TFFR Board of Trustees that school district facilities used for TFFR outreach programs must meet ADA requirements. In addition, authorized school district employees must be present to direct guests to the proper meeting room and lock the building at the close of the program. RIO employees who are conducting outreach programs for TFFR members are not allowed to be in school district buildings without the presence of an administrator, teacher, or other authorized school district employee.

RIO staff will not be able to conduct outreach programs at that site if the above conditions are not met.

G. Other Policies – Recommended for Removal

1. Trust Fund Evaluation/Monitoring

~~Ensure actuarial consulting and accounting services are provided to the retirement program. The TFFR Board of Trustees will select the independent actuary for consulting and actuarial purposes and direct a contract be executed by the Deputy Executive Director/ Chief Retirement Officer.~~

~~Accordingly, the administrative means will be to:~~

- ~~1. Have an annual actuarial valuation (July 1 to June 30) performed on the retirement program. The valuation must be performed by an independent actuary who is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems. The valuation must be prepared in accordance with principles of practice prescribed by the Actuarial Standards Board. The calculations must be performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the system.~~
- ~~2. Have an actuarial review or audit of TFFR's actuarial valuation performed at least every five years by an independent actuary. The review should include an evaluation by an independent actuary, other than the one who performs the plan's actuarial valuation, for the purposes of expressing an opinion on the reasonableness or accuracy of the actuarial assumptions, actuarial cost methods, valuation results, contribution rates and certifications as described above. If there is a change in actuaries, a full replication of the previous actuarial valuation should be conducted and will serve as an actuarial audit.~~
- ~~3. Have an actuarial experience study performed on TFFR every five years. The experience study should include a review of demographic and economic assumptions and compare to actual experience. The study should analyze plan experience relating to assumed rates of mortality, disability, retirement, employment turnover, investment returns and other cost factors.~~
- ~~4. Have an asset liability study performed on TFFR every five years. The study should identify the optimal distribution of funds among the various asset classes that offers the highest probability of consistently achieving investment objectives within the confines of a predetermined level of risk. Projected changes in active and retired membership should also be considered.~~
- ~~5. Prepare financial statements in accordance with generally accepted accounting principles for defined benefit public pension plans.~~
- ~~6. Have a financial audit conducted annually in accordance with generally accepted~~

~~auditing standards (as established by the AICPA) by an independent auditor. Receive an unqualified opinion by the independent auditor regarding the audited financial statements.~~

- ~~7. Perform internal audits on the retirement program which provide the board with reasonable assurance that TFFR is being administered in compliance with federal and state laws, administrative rules, board policy, and established procedures.~~

~~Monitoring (Method, Responsibility, Frequency)~~

- ~~• Internal Report~~

- ~~— Disclosure of compliance to the Board through periodic presentations by staff at Board meetings.~~

- ~~• External Report~~

- ~~— Disclosure of compliance to the Board through annual audit and actuarial reports.~~

2. Level Income Option

(May be Removed Pending Legislation)

It shall be the policy of the TFFR Board of Trustees to allow members who select the level income retirement option:

1. To level to age 62 or normal retirement age (including any fractional age from age 65 to 67).
2. To combine the level income option with the service retirement options offered (single life annuity, 100% and 50% joint and survivor, 10 and 20 year term certain and life annuity).
3. To reduce a member's retirement benefit the second month following the month the member reaches age 62 or normal retirement age.
4. To apply postretirement legislative benefit increases to the teacher's non-level income monthly retirement benefit.

Section II Program Policies Section Exhibits

Asset Allocation Definitions

Overview of Asset Class Definitions

There are three major asset classes:

1. **Equity**
2. **Debt**
3. **Real Assets** (or Other)

Alternative Investments are often cited as the fourth major asset class, but can frequently be reclassified into one of the other three categories with some exceptions (i.e. total return strategies using debt and equity).

Equity investments represent an ownership claim on the residual assets of a company after paying off debt.

Equities should be segregated into two major sectors, Public and Private, given major differences in liquidity:

1. Public equities are generally highly liquid and *valued on a daily basis* in the financial markets. Examples include common stock (Apple, Coca-Cola or McDonalds), options and futures.
2. Private equities are generally less liquid and often *valued on a less frequent basis* (quarterly). ~~Major PE firms include Apollo, Ares, Bain, Blackstone, Carlyle, Clayton Dubilier & Rice, CVC Capital, EQT, Fortress, KKR, Silver Lake, TPG and Warburg Pincus in addition to Adams Street, BlackRock, Neuberger Berman, Pantheon and Pathway.~~

Public equity markets are often sub-classified by geographic region (U.S., International or Global), market capitalization (Large, Medium or Small), investment style (core, growth or value) and level of economic development (developed or emerging markets). The top U.S. and global equity benchmarks are discussed below.

Five major U.S. equity benchmarks include the **S&P 500**, **Russell 1000**, **2000** and **3000**, and **Dow Jones Industrial Average** (“Dow”). The **S&P 500** is based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. The **Russell 1000** represents the highest-ranking 1,000 stocks in the Russell 3000 Index, and represents about 90% of the total market capitalization of that index. The Russell 1000 has a weighted average market capitalization of over \$100 billion with a median of approximately \$8 billion. The **Russell 2000 Index** is a small-cap index and represents the bottom 2,000 stocks in the Russell 3000 Index. The Russell 2000 has a weighted average market capitalization of less than \$2 billion with a median of less than \$1 billion. The Russell 2000 is the most common benchmark for funds that identify themselves as “small-cap”, while the **S&P 500** index is used primarily for large capitalization stocks. The **Dow** is a price-weighted measure of 30 U.S. blue-chip companies. **The Dow** covers all industries with the exception of transportation and utilities, which are covered by the Dow Jones Transportation Average and Dow Jones Utility Average. While stock selection is not governed by quantitative rules, a stock typically is added to The Dow only if the company has an excellent reputation, demonstrates sustained growth and is of interest to a large number of investors. Maintaining adequate sector representation within the indices is also a consideration in the selection process.

The MSCI All Country World Index (or “ACWI”) measures the equity market performance of developed and emerging markets and consists of 47 country indexes comprising 23 developed and 24 emerging market country indexes. The ACWI includes approximately 2,500 large and mid-cap equity securities and covers 85% of the global investable market. The **MSCI ACWI Investible Market Index** (or “ACWI IMI”) captures large, mid and small cap securities across 23 developed and 24 emerging market countries with over 8,700 constituents and covering approximately 99% of the global investment opportunity set. ~~The developed market countries are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong,~~

~~Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, UK and US. The emerging market countries are listed below.~~ The **MSCI EAFE Index (Europe, Australasia, Far East)** measures the equity market performance of the developed market countries, excluding the US & Canada. The **MSCI Emerging Markets Index** measures equity market performance of emerging markets and consists of ~~the following 24 countries~~: ~~Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates.~~

Public equity has historically provided **high investment returns with high volatility and high liquidity when compared to Bonds or Real Assets**. Most investment consultants believe that Private Equity will-can provide an even higher investment return than Public Equity, albeit with significant less liquidity and potentially higher volatility.

Debt represents a legal obligation between a borrower and a lender for a stated period of time and rate.

Debt or “Bonds” are classified as fixed or floating depending upon whether the interest rate is derived using a fixed rate (i.e. 5%) or a floating rate (i.e. Prime + 1.00%). Duration risk within fixed income is a major driver of investment risk and return particularly for longer term securities, including U.S. Treasury bonds.

Debt is often sub-classified into investment grade (rated BBB- or better) or non-investment grade (rated less than BBB- or non-rated) or by geographic region (U.S., International, Developed Markets or Emerging Markets). Debt can be issued by governments, agencies or companies and represent general obligations of the issuer or be backed by a specified pool of assets (i.e. mortgage backed securities). Bonds serve to diversify a portfolio by offering **lower volatility** than equities along with a **lower expected return and generally high liquidity**. **Real Assets represent an ownership interest in physical assets** such as real estate, infrastructure (airports, electrical grids, energy pipelines, information technology data centers and systems, shipping ports, toll roads, and water supply and treatment facilities), timberland and certain commodities (gold, oil, wheat). Real assets are expected to provide inflation hedging characteristics in periods of unanticipated inflation and diversify a portfolio consisting of debt and equity.

Alternative Investments can include precious metals, art, antiques, and financial assets such as derivatives, commodities, private equity, distressed debt and hedge funds. Real estate, infrastructure and forestry/timber are also often termed alternative. Alternatives are sometimes used as a tool to reduce overall investment risk through diversification and may offer lower correlation with traditional financial investments such as stocks and bonds, although it may be difficult to determine the current market value of the asset, may be illiquid, purchase and sales costs may be high, and there may be limited historical risk and return data, all of which makes analysis complex.

Asset Class Definitions

Global Equity

Definition

Investment represents an ownership claim on the residual assets of a company after the discharge of all senior claims such as secured and unsecured debt.

Public Equity

Public equity is traded on a national exchange. Includes common stock, preferred stock, convertible to stock, options, warrants, futures and other derivatives on equities or composites of equities, exchange-traded funds and equity-linked notes, units and partnership shares representing ownership interests in an underlying equity investment.

Private Equity

Private equity represents equity or equity linked securities in operating companies that are not publicly traded on a stock exchange.

Types of investment strategies

- *Leveraged buyout (LBO)* – Acquisition of a company with the use of financial leverage
- *Growth capital* – Investment in mature companies looking for capital to expand, restructure, enter new markets
- *Venture capital* – Investment in typically less mature companies, for launch, early development, or expansion
- *Mezzanine* – Subordinated debt/preferred equity used to reduce amount of equity capital required to finance LBOs
- *Distressed* – Equity securities of financially stressed companies
- *Secondary* – Investment in existing private equity assets

Types of structures

- *Direct investment* – Direct purchase of equity securities of a private company
- *Co-investments* – Investments in equity securities of a private company alongside the manager of a direct fund
- *Direct fund* – Pool of capital formed to make direct investments
- *Fund-of-funds* – Pool of capital formed to make investments in direct funds

Strategic Role

- High long-term real returns
- Hedge against active (pre-retirement) liabilities
- Private equity enhances total portfolio return as a tradeoff for illiquidity

Characteristics

Public Developed Markets

- Relatively high returns (long-term) as compared to fixed income and real assets
- Relatively high volatility (standard deviation of returns) as compared to fixed income and real assets
- Relatively high liquidity
- Diversification
- Historically, public developed equities exhibit high correlation with private equity and high yield bonds, moderate correlation with investment grade corporate bonds and real assets, and negative correlation with sovereign debt.
- Currency adds to volatility but can be hedged, which mutes the diversification benefits

Public Emerging Markets

- Higher expected returns due to economic growth potential
- Liquidity risk is significant, particularly in frontier markets

- High volatility, particularly in frontier markets
- Historically, public emerging equities exhibit high correlation with high yield bonds, moderate correlation with investment grade corporate bonds and real assets, and negative correlation with sovereign debt.
- FX markets not sufficiently developed to hedge currency risk
- Limited access to markets
- Market information less abundant than for developed markets
- Counterparty risk and settlement delays pronounced in frontier markets

Private Equity

- Illiquid, long-term time horizon (7-12 year closed-end partnerships)
- Quality of the managers selected is the key determinant of success
- High volatility of returns compensated by higher expected returns
- Historically, public emerging equities exhibit high correlation with high yield bonds, moderate correlation with investment grade corporate bonds and real assets, and negative correlation with sovereign debt.
- Encompasses three stages: fundraising, portfolio construction and investment, exit and return realization

Risks

Public Equity

- *Absolute risk* – Possible magnitude of price decline
- *Liability hedging risk* – Risk that assets will not increase when liabilities increase
- *Regulatory risk* – Changes may adversely affect markets
- *Tax risk* – Changes may adversely affect markets
- *Liquidity risk* – Difficulty trading securities under adverse market conditions
- *Firm specific risk* – Unique risks associated with a specific firm
- *Tracking risk* – Magnitude of performance deterioration from a benchmark
- *Time horizon* – Horizon too short to weather cycles
- *Benchmark risk* – Benchmark not appropriate proxy
- *Market risks* – Price decline
- *Currency risk* – Unanticipated changes in exchange rate between two currencies
- *Counterparty risk* – Counterparty does not live up to its contractual obligations

Private Equity

- *Liquidity risk* – Absence of liquidity and appropriate exits could significantly increase time horizon
- *Firm specific risk* – Unique risks associated with a specific firm
- *Leverage risk* – Historical excess use of leverage and current inability to secure financing may adversely affect LBOs
- *Manager selection risk* – Selecting managers that fail to deliver top performance results
- *Diversification risk* – Inability to properly diversify the portfolio by vintage year, industry groups, geography
- *Tax risk* – Changes may adversely affect markets
- *Regulatory risk* – Changes may adversely affect markets
- *Strategy risk* – Continuing applicability of investment strategy in context of capital flows
- *Market risks* – Price decline

Global Fixed Income

Definition

Investment represents a legal obligation between a borrower and the lender with a maturity in excess of one year. Evidence of indebtedness and securities that evidence an ownership interest in debt obligations that are issued, insured, guaranteed by, or based on the credit of the following: companies, governmental entities or agencies, banks and insurance companies. Includes agency and non-agency mortgage-backed securities, collateralized mortgage obligations, commercial mortgage-backed securities, asset-backed securities, private placements, and options, futures or other derivatives on fixed income securities or components of fixed income.

Strategic Role

- Diversification within a multi-asset class, total return portfolio
- Hedge against a long duration accrued liability
- Current income
- Non-U.S. provides hedge against unanticipated domestic inflation and diversification to U.S. assets

Characteristics

- Medium volatility asset class
- Relatively high liquidity
- Broadly diversified by market sector, quality, and maturity
- Historically, developed sovereign debt exhibits low to negative correlation with real assets and negative correlation with equities; investment grade corporate bonds exhibit moderate correlation with equities and low correlation with real assets; high yield exhibits high correlation with equities and moderate correlation with real assets.
- A large currency component exists within international fixed income returns
- Developed markets are extremely liquid. Many issues of less developed markets are also relatively liquid.

Risks

- *Duration risk* – Price volatility from a change in overall interest rates
- *Convexity risk* – Negative convexity is the risk of price declines being greater than the price increase due to interest rates moving equally up versus down
- *Default or credit risk* – The uncertainty surrounding the borrower's ability to repay its obligations
- *Structure risk* – Risk that arises from the options implicit in bonds (like call ability and sinking funds) or the rules that govern cash flow differ from expectations
- *Sector risk* – Risk of holding sectors that are in different proportions than the benchmark
- *Liquidity risk* – Cost of trading in a security which is reflected in the bid-ask spread or the cost of selling due to cash flow needs
- *Reinvestment risk* – The uncertainty surrounding future yield opportunities to invest funds which come available due to call, maturities, or coupon payments
- *Benchmark risk* – Risk of the benchmark being inappropriate
- *Yield curve risk* – Price changes induced by changes in the slope of the yield curve
- *Currency risk* – The risk of currency movements vs. the dollar for each market. Currency may contribute greatly to return and lower correlation.

Global Real Assets

Definition

Investment represents an ownership interest in real return assets that provide inflation hedging characteristics in periods of unanticipated inflation. Includes inflation-linked securities, private or public real estate equity or equity-linked investments, private or public real estate debt, infrastructure, timber, real asset mezzanine debt or equity, non-fixed assets and other opportunistic investments in real assets.

Strategic Role

- Reduces risk of composite multi-asset portfolios through diversification
- Relatively low correlations to traditional asset classes
- Can serve as a possible inflation hedge during periods of high inflation
- Provides an attractive return relative to fixed income asset class in periods of low to moderate inflation
- Infrastructure provides inflation protection as the revenues of the underlying assets are typically linked to CPI
- Potential for high returns in niche opportunities

Characteristics

Real Estate

- *Risk* – Volatility of private real estate falls between publicly-traded debt and publicly-traded equities
- *Returns* – Nominal returns are expected to fall between equities and fixed income
- *Correlation* – Expected to exhibit low to no correlation with government and investment grade corporate bonds, and moderate correlation with high yield and equities.
- *Illiquidity* – Transactions require a significantly longer period to execute than other asset classes
- *Inefficient Market* – Information affecting real estate asset valuation and market trading is not rapidly, accurately, or efficiently reflected or interpreted in its pricing

Infrastructure

- *Long life assets* – Capital intensive assets with 25 to 99 year concessions, match for liability duration
- *Inflation protection* – Revenues typically linked to CPI
- *Monopoly or quasi monopoly* – High barriers to entry due to scale and capital cost
- *Steady and predictable cash flow* – Produce strong and predictable yields
- *Low correlation* – Provides portfolio diversification, low beta; expected to exhibit low to no correlation with fixed income and equities
- *Inelastic demand* – Predictable demand with little volatility, less susceptibility to economic downturns
- *Limited commodity risk* – Not subject to commodity pricing
- *Insensitive to changes in technology* – Low risk of redundancy or technology obsolescence
- Investments are usually illiquid and involve a long (10 to 20 year) holding period

Timberland

- *Return* – Low correlation with other asset classes, returns stem from four distinct sources: biological growth, timber prices, land values and management strategy
- *Income* – Driven almost entirely by the sale of harvested mature trees

- *Correlation* – Expected to exhibit low to no correlation with government and investment grade corporate bonds, and moderate correlation with high yield and equities.
- *Appreciation* – Driven by increased volume and value on timber and appreciation of underlying land
- Categorized by type of land (e.g. plantation, natural forest), type of tree (e.g., hardwood, softwood), country and region

Commodities

- *Real assets* – Raw materials that are the physical inputs of production, relatively homogenous in nature, lending itself to be traded via contracts with standardized terms
- *Inflation protection* – Storable commodities (such as energy) directly related to the intensity of economic activity exhibit positive correlation with unexpected inflation
- *Insurance risk premium* – Commodity futures prices tend to be priced at a discount to spot prices in order to induce speculators to bear volatile commodity price risk that inventory holders and producers wish to lay off
- *Positive event risk* – Surprises that occur in the commodities markets tend to be those that unexpectedly reduce the supply of the commodity to the market, resulting in price spikes
- *Negatively correlated with financial assets* – Unlike stocks and bonds, commodities are not as directly impacted by changes in discount rates as they are by the current supply and demand of the underlying commodity, thus they should be expected to have little or even negative correlation with capital assets.

Risks

Real Estate

- *Property type risks* – Negative changes in demand/supply conditions by property type (e.g., office, industrial, retail, lodging, mixed-use, multi-family)
- *Location risks* – Local market condition relative to the adverse changes surrounding a property, or in discovery of hazardous underlying conditions, such as toxic waste
- *Tenant credit risks* – Failure by a tenant to pay what is contractually owed
- *Physical/functional obsolescence* – Negative influences on buildings due to technological changes, outdated layout and design features, and physical depreciation
- *Interest rate risk* – Higher rates can negatively impact both sales strategies and leveraged properties at refinancing
- *Reinvestment risk* – In a declining rental rate market, cash flow received may not be reinvested at the same level
- *Business cycle risk* – As economies slow down, there may be less demand for space
- *Inflationary risk* – Rent levels may not always keep up with rising operating expense levels
- *Illiquidity* – Inability to effectively liquidate a property into cash
- *Natural disaster risk* – Weather, floods, earthquake
- Regulatory concerns are critical, especially in emerging markets
- Capital and managerial intensive

Infrastructure

- *Leverage* – Deals with leverage between 40% and 80% can transform low risk assets into risky investments. Changes in the credit environment alter refinancing risk.
- *Market inefficiencies* – Competitive auctions lead to overpaying. There is a limited history

and track record in the U.S. infrastructure space.

- *Political and headline risk* – Public acceptance and understanding of infrastructure needs to expand. In addition, the political landscape in every state and municipality differs.
- *Regulatory risk* – Regulated assets are subject to government changes
- *Construction and development* – Project overruns and delays should be shared with construction partners. Volume/demand risk for new developments can vary.
- *Labor issues* – Greenfield projects could generate new jobs while the privatization of brownfield assets could eliminate skilled labor members
- *Asset control* – Stipulations via concession agreements limit some management control (pricing, growth, decision approvals, etc.). Asset control needs to be appropriately priced.
- *Firm specific risk* – Unique risks are associated with specific firm

Timberland

- *Liquidity risk* – Liquidity is thin, marketplace characterized by few buyers and sellers, transactions are complicated and can take many months to execute
- *Valuation risk* – Annual appraisal process can lead to disparities between carrying value and realized sales prices during downturns
- *Physical risk* – Subject to losses from natural and human-caused events such as fire, insect and vermin infestations, disease, inclement weather, and theft
- *Political and regulatory risk* – Environmental regulations can restrain or prohibit timberland management activities
- *Leverage* – Can amplify volatility and potentially lead to an inability to refinance properties or lead to a distressed sale, requires a minimum level of generated income
- *Location risks* – Real estate dispositions may also be impacted by weakness in local residential real estate markets

Commodities

- *Price risk* – Commodities with difficult or non-existent storage situations (heating oil, live cattle, live hogs, copper) coupled with a long-lead time between the production decision and the actual production of the commodity can lead to very volatile spot prices
- *Negative futures roll* – When the future contract's price is at a premium to the spot price, the cost to roll contracts forward is negative: an investor continuously locks in losses from the futures contracts converging to a lower spot price
- *Regulatory risk* – Concerns about the role played by investors in commodity markets could lead to new regulations impacting available investment opportunities, ultimately affecting investors' "license to invest".
- *Leverage* – A commodity futures program that is not fully collateralized (for every desired \$1 in commodity futures exposure, an investor sets aside \$1 in cash) can amplify volatility and potentially lead to greater losses
- *Implementation* – Because futures contracts are levered, cash management for the collateral is an important consideration due to the value

Global Alternatives

Definition

Investment has a distinct return/risk factor profile as compared to other specified broad asset class groupings. Examples: Low market exposure/absolute return strategies such as market neutral, and other niche strategies with low asset class beta such as insurance-linked investments, volatility, intellectual property, healthcare royalty, shipping, litigation finance and fine art.

Strategic Role

- More robust diversification achieved through the introduction of non-traditional return driver/risk factors
- Low or negative correlations to other asset classes
- Return profile less dependent on economic growth and interest rates
- Potential for attractive risk-adjusted returns

Characteristics

- *Returns* – Exhibits lower correlations to broader equity and credit markets in periods of market distress
- *Illiquidity* – Transactions may require a longer period to execute than other asset classes
- *Inefficient Market* – Information affecting asset valuation and market trading may not be accurately or efficiently reflected or interpreted in its pricing

Risks

- *Market risk* – Cost of carry on being long volatility
- *Natural disaster risk* – Weather, floods, earthquake affect natural catastrophe-based insurance-linked products
- *Due diligence* – Complicated to evaluate and monitor
- *Illiquidity* – Transactions may require a longer period to execute than other asset classes
- *Implementation* – Complexity of implementation may be an impediment

MEMORANDUM

TO: TFFR Board
FROM: Jan Murtha, Executive Director
DATE: July 19, 2022
RE: Actuarial Audit RFP

At its March 2022, the Board approved RIO staff to initiate procurement process for actuarial audit, subject to approval by the Board. Staff, with the assistance of State Procurement, developed the enclosed RFP for your review and approval. The RFP has been reviewed and approved for legal compliance by A.A.G. DePountis. If approved, staff would proceed with issuing the RFP and providing an initial evaluation of the responses. Staff would then arrange for finalist to be presented to the Board at its September meeting for Board selection and award issuance.

TFFR Governance Manual Policy K states in part:

The Board also hires an independent actuary to periodically perform an actuarial audit of the plan's consulting actuary. The Board utilizes an RFP process to select and approve the plan's actuarial audit.

[teachersprogrammanual.pdf \(nd.gov\)](#)

An actuarial audit was last conducted in 2016, and previously in 2006. It is the recommendation of the Internal Audit Division that such an audit occur every 5 years. Staff requests the Board to approve the enclosed RFP and allow staff to proceed with the procurement process as outlined therein.

BOARD ACTION REQUESTED: Move to approve RFP for an Actuarial Audit and approve staff to proceed with the procurement process as outlined therein.

STATE OF NORTH DAKOTA
ND Teachers' Fund for Retirement -
ND Retirement and Investment Office
1930 Burnt Boat Drive
P.O. Box 7100
Bismarck, ND 58507

REQUEST FOR PROPOSAL (RFP)

RFP Title: Actuarial Audit Services

RFP Number: 110.7-022-047

Issued: 7/22/2022

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ATTACHMENTS

- Attachment A - Cost Proposal Template
- Attachment B – Technical Proposal Evaluation Worksheet
- Attachment C - Contract

SECTION ONE – INSTRUCTIONS

1.1 PURPOSE OF RFP

The state of North Dakota, acting through its ND Teachers' Fund for Retirement - ND Retirement and Investment Office (the STATE) is soliciting proposals for Actuarial Audit Services.

1.2 PROCUREMENT OFFICER CONTACT INFORMATION

The Procurement Officer is the point of contact for this RFP. Offerors shall direct all communications regarding this RFP to the Procurement Officer. Please do not add the Procurement Officer to any marketing distribution lists.

PROCUREMENT OFFICER: Gabriel Hoggarth

EMAIL: gjhoggarth@nd.gov

PHONE: 701-328-2740

TTY Users call: 7-1-1

A person or firm interested in submitting a proposal should ensure all communications related to the procurement are only with the designated point of contact. This section does not restrict communication with state officials or any member of the legislative assembly unless the state official or member of the legislative assembly is involved directly with the procurement for which the person is interested or has submitted a bid or proposal (N.D.C.C. § 54-44.4-01.1).

Engaging in unauthorized communication or seeking to obtain information about an open solicitation with any state employee or official other than the responsible Procurement Officer or designee is sufficient grounds for suspension or debarment. [\[N.D.A.C. § 4-12-05-04\(7\)\]](#)

1.3 DEFINITIONS

For the purposes of this RFP, the acronyms and defined terms are as follows:

Acronym or Term	Name or Definitions
Contractor	Entity that has an approved contract with the State of North Dakota
CT	Central Time Zone
OMB	Office of Management and Budget
RFP	Request for Proposal
Solicitation Closing	Deadline for receipt of proposals listed in the RFP Schedule
SPO	Office of Management and Budget, State Procurement Office
SPO Online	State Procurement Office Online system

1.4 RFP SCHEDULE

EVENT	DATE and TIME
RFP issued	7/22/2022
Deadline for submission of Questions and Objections	7/29/2022 by 12:00 PM, C.T.
Solicitation Amendment with responses to Questions issued approximately (if required)	8/2/2022
Deadline for receipt of proposals (Solicitation Closing)	8/12/2022 by 12:00 PM C.T.
Proposal evaluation completed by approximately	8/23/2022
Top Offerors Present to TFFR Board. (In Bismarck or Remote available).	9/22/2022

EVENT	DATE and TIME
Notice of intent to award issued approximately	9/23/2022
Contract start approximately	10/3/2022

1.5 ASSISTANCE TO INDIVIDUALS WITH A DISABILITY

Contact the Procurement Officer, as soon as possible, if an individual with a disability needs assistance with the RFP, including any events in the RFP schedule, so reasonable accommodations can be made.

1.6 BIDDERS LIST AND SECRETARY OF STATE REGISTRATION REQUIREMENTS

Offerors must comply with requirements related for OMB Bidders List application and Secretary of State registration [[N.D.C.C. § 54-44.4-09](#)]. Bidders Lists are used to notify vendors when solicitations are issued on SPO Online.

Proposals will be accepted from Offerors that are not on the Bidders List. The successful Offeror must complete the Bidders List application process and comply with Secretary of State registration requirements within 14 calendar days from the date a notice of intent to award is issued. If the successful Offeror does not register within this time, its proposal may be rejected.

Bidders List and Secretary of State Information

1. Secretary of State Registration and Online Bidder Registration instructions are available online at [How to Bid | Office of Management and Budget, North Dakota](#).
2. Offeror should check the [Bidders List](#) to determine if Offeror is already registered.
3. An Offeror that needs to complete the registration process shall:
 - a. Register with the Secretary of State (fees apply) and obtain a “System ID” number.
 - b. Complete the [On-line Bidder Registration](#) including selecting [commodity codes](#). Notices related to this RFP will be sent to the Bidders List for the needed commodity or service and other known potential Offerors. The commodity codes used for this solicitation are: 946-20 and 918-04 [commodity codes](#)
4. The successful Offeror may be required to register as a new supplier to receive payment from the STATE. New vendors (suppliers and individuals) looking to receive payment from the STATE should use the online [Supplier Registration](#).

1.7 STATE PROCUREMENT WEBSITE (SPO ONLINE)

This RFP and any related amendments and notices will be posted on the North Dakota OMB website using SPO Online. Offerors are responsible for checking this website to obtain all information and documents related to this RFP: <https://apps.nd.gov/csd/spo/services/bidder/main.htm>

Select “Recent Solicitations”. Recent Solicitations are listed by close date.

Notices related to this RFP will be sent to the Bidders List for the needed commodity or service and other known potential Offerors.

Offerors not having completed the Bidders List registration may request to receive notices related to this RFP by contacting the Procurement Officer in writing with the following information: RFP title, business name, contact person, mailing address, telephone number, and email address.

1.8 AMENDMENTS TO THE RFP

If an amendment to this RFP is issued, it will be provided to all Offerors on the Bidders List for the solicitation and to those prospective Offerors who have contacted the Procurement Officer to receive notices related to the RFP. An Offeror shall include in its proposal any required acknowledgements of amendments to the RFP.

1.9 DEADLINE FOR QUESTIONS AND OBJECTIONS

Offerors should carefully review the RFP including all Attachments. Offerors may ask questions to obtain clarification and request additional information, or object to material in the RFP. Questions and objections must be submitted to the Procurement Officer in writing by the deadline identified in the RFP Schedule. If no deadline is specified, questions or objections must be received at least seven days prior to the Solicitation Closing deadline. The Procurement Officer may elect to respond to questions received after the deadline.

Questions and objections should include a reference to the applicable RFP section or subsection. Email is the preferred method of submission with the RFP number and title cited in the email subject line.

Responses to questions will be distributed as a solicitation amendment unless the question can be answered by referring the Offeror to a specific section of the RFP.

1.10 OFFER HELD FIRM

Offerors must hold proposals firm for at least 60 days from the deadline for receipt of proposals (Solicitation Closing). The STATE may send a written request to all Offerors to hold their offer firm for a longer period of time.

1.11 OFFEROR RESPONSIBLE FOR COSTS

Offeror is responsible for all costs associated with the preparation, submittal, and evaluation of any proposal including any travel and per diem associated with demonstrations and presentations.

1.12 TAXES

The STATE is not responsible for and will not pay itemized local, state, or federal taxes. Purchases of tangible personal property made by a state government agency is exempt from sales tax. The state sales tax exemption number is E-2001, and certificates will be furnished upon requested by the purchasing agency. The contractor must provide a valid Vendor Tax Identification Number as a provision of the contract.

The purchasing agency will determine if services provided under this contract are 1099 reportable. The purchasing agency may require the contractor to submit an IRS Form W-9.

The state tax exemption number should not be used by contractors in the performance of a contract.

A contractor or service provider performing any contract, including service contracts, for the United States Government, State of North Dakota, counties, cities, school districts, park board or any other political subdivisions within North Dakota is not exempt from payment of sales or use tax on materials, tangible personal property, and supplies used or consumed in carrying out contracts. In these cases, the contractor is required to file returns and pay sales and use tax just as required for contracts with private parties. Contact the North Dakota Tax Department at 701.328.1246 or visit its website at <https://www.nd.gov/tax/tax-resources/> for more information.

A contractor performing any contract, including a service contract, within North Dakota is also subject to the corporation income tax, individual income tax, and withholding tax reporting requirements, whether the contract is performed by a corporation, partnership, or other business entity, or as an employee of the contractor. In the case of employees performing the services in the state, the contractor is required to withhold state income tax from the employees' compensation and remit to the state as required by law. Contact the North Dakota Tax Department at 701.328.1248 or visit its website for more information.

1.13 PROPOSAL RECEIPT DEADLINE – LATE PROPOSALS REJECTED

An Offeror is solely responsible for ensuring its proposal is received by the STATE prior to the Solicitation Closing deadline identified in the RFP schedule regardless of the method of submission. A solicitation amendment will be issued if this deadline is changed. An Offeror may contact the

Procurement Officer to inquire whether its proposal has been received. Proposals delivered late will be rejected pursuant to [N.D.A.C. § 4-12-08-13](#).

1.14 PROPOSAL OPENING

This is an informal Request for Proposal (RFP) process that does not require formal sealed proposals or a public opening. A public opening will not be held.

1.15 AMENDMENT AND WITHDRAWAL OF PROPOSALS

Offeror may amend, supplement, or withdraw proposal prior to the Solicitation closing deadline. No changes will be accepted after the Solicitation closing deadline. After the Solicitation closing deadline, Offeror may make a written request to withdraw proposal and provide evidence that a substantial mistake has been made, and the STATE may permit withdrawal.

1.16 NEWS RELEASES

Offerors shall not make any news releases related to this RFP without prior approval of the STATE.

1.17 CONFLICT OF INTEREST

Under state laws and rules, a state employee or official shall not participate directly or indirectly in a procurement when the state employee or officials knows of a conflict of interest. Potential conflicts of interest include state employees or their immediate family members employed by the firm, seeking employment with the firm, or with a financial interest in the firm. Potential conflicts of interest will be addressed in accordance with [N.D.A.C. § 4-12-04-04](#). [[N.D.C.C. § 12.1-13-03](#)]

Persons employed by the State of North Dakota, or within one year thereafter, may be prohibited from acquiring a pecuniary interest in a public contract or transaction. Offerors should review [N.D.C.C. § 12.1-13-02](#) to ensure compliance and avoid such conflict(s) of interest.

1.18 ATTEMPT TO INFLUENCE PROHIBITED

Offerors must not give or offer to give anything to a state employee or official anything that might influence or appear to influence procurement decisions. Suspected attempt to influence will be handled in accordance with [N.D.A.C. § 4-12-04-05](#).

1.19 COLLUSION PROHIBITED

Offerors must prepare proposals independently, without collusion. Suspected collusion will be handled in accordance with [N.D.A.C. § 4-12-04-06](#).

1.20 PROTEST AND APPEAL

An interested party may protest a solicitation pursuant to [N.D.C.C. § 54-44.4-12](#) and [N.D.A.C. § 4-12-14-01](#). When a solicitation contains a deadline for submission of questions and objections, protests of the solicitation will not be allowed if these faults have not been brought to the attention of the Procurement Officer before the specified deadline. If no deadline for questions is specified, protest based upon defects in the solicitation must be made at least seven calendar days before the deadline for receipt of proposals.

An Offeror that has submitted a response to a solicitation and is aggrieved may protest an award or notice of intent to award pursuant to [N.D.C.C. § 54-44.4-12](#) and [N.D.A.C. § 4-12-14-02](#). The protest must be submitted in writing to the Procurement Officer during the protest period, which is seven calendar days beginning the day after the notice of intent to award is issued.

The protestor may appeal the decision of the Procurement Officer to the Director of OMB or designee in writing within seven calendar days after receiving notice of the decision pursuant to [N.D.C.C. § 54-44.4-12](#) and [N.D.A.C. § 4-12-14-03](#).

SECTION TWO – BACKGROUND

2.1 BACKGROUND INFORMATION

The North Dakota Teachers' Fund for Retirement (NDTFFR) is a qualified governmental defined benefit pension plan covering North Dakota public school teachers and administrators and certain other teachers who meet statutory membership requirements. NDTFFR provides retirement, disability, and survivor benefits under North Dakota Century Code (NDCC) Chapter 15-39.1.

The NDTFFR Board of Trustees is responsible for managing the retirement program. The Board consists of the state treasurer, state superintendent of public instruction, and five members appointed by the Governor for five-year terms. The appointed members include one active school administrator, two active teachers, and two retired members.

Under North Dakota law, the NDTFFR Board is required to arrange for actuarial valuations of the Fund, establish the Fund's investment policy, and determine appropriate service levels for members. The ND State Investment Board (NDSIB) is responsible for setting the policies and procedures guiding the investment of ND TFFR assets. The NDTFFR and NDSIB programs are administered by the ND Retirement and Investment Office (NDRIO).

As of the July 1, 2021 valuation report, NDTFFR had 11,627 active members, 2,967 inactive members, and 9,262 retirees and beneficiaries. The plan's funded level was 68.6%.

Additional information about the NDTFFR program can be found here:

<https://www.rio.nd.gov/teachers-fund-retirement-members>

North Dakota Century Code (NDCC) Chapter 15-39.1 contains NDTFFR plan provisions:

<http://www.legis.nd.gov/cencode/t15c39-1.pdf?20151104100514>

2021 Annual Valuation Report and Funding Projections:

<https://www.rio.nd.gov/sites/www/files/documents/PDFs/TFFR/Reports/valuationreportsegal2021.pdf>

2019 Actuarial Experience Study:

<https://www.rio.nd.gov/sites/www/files/documents/PDFs/TFFR/Reports/experiencestudyreport2020.pdf>

2021 Annual Comprehensive Financial Report:

<https://www.rio.nd.gov/sites/www/files/documents/PDFs/RIO/Reports/annualreport2021.pdf>

2016 Actuarial Audit Report:

<https://www.rio.nd.gov/sites/www/files/documents/PDFs/TFFR/Reports/cavmacauditreport2016.pdf>

SECTION THREE – SCOPE OF WORK

3.1 SCOPE OF WORK

The ND Retirement and Investment Office (NDRIO), on behalf of the ND Teachers' Fund for Retirement (NDTFFR), hereafter known as "purchasing agency" is soliciting proposals for an actuarial consulting firm to perform an independent actuarial audit and evaluation of actuarial services provided to NDTFFR by its current actuarial consultant, Segal Consulting. The auditing actuarial consultant will be required to conduct a Level 1 full scope actuarial audit by replicating the 2021 actuarial valuation. The auditing actuary must also examine the current actuary's methods and assumptions in the 2019 actuarial experience study. The auditing actuary must express an opinion regarding the reasonableness and/or accuracy of valuation results, actuarial assumptions, and actuarial methods in accordance with generally recognized and accepted actuarial principles and practices.

The full scope actuarial audit should include:

- 1) Replication and evaluation of the 2021 actuarial valuation results, including a review of the data used, the degree to which data is sufficient to support the conclusions of the investigation, and a review of the accuracy of the actuarial calculations. Reconciliation and explanation of significant discrepancies between the auditing actuary and current actuary is required for valuation results (including a determination of actuarial accrued liability, normal cost, actuarial required contribution rate, funded ratio, etc.)
- 2) Evaluation of the appropriateness and accuracy of actuarial assumptions and methods recommended in the 2019 experience study and used in the 2021 valuation report.
- 3) Assessment of the actuarial information for required reporting under Governmental Accounting Standards Board (GASB).
- 4) Assessment of the reasonableness of funding projections under alternative investment return scenarios.
- 5) Determination of whether the actuary's reports are accurate and comprehensive.

The actuarial audit should culminate in a report that:

- 1) Provides an evaluation and expresses an opinion regarding the reasonableness and accuracy of the valuation results, actuarial assumptions, actuarial methods, funding projections, and GASB information in accordance with generally recognized and accepted actuarial principles and practices.
- 2) Includes any recommendations regarding reasonable alternatives to the actuarial assumptions or methods.
- 3) Provides any recommendations to improve the quality and understanding of the actuarial valuation reports.
- 4) Is provided in draft form to NDRIO for review and comment by NDRIO staff and Segal Consultants, prior to the issuance of the final report.
- 5) Is provided in final form to NDRIO in advance of January 2023 board meeting.

- 6) Is presented to NDTFFR Board at its January 2023 board meeting. An electronic copy of the final report must be provided by January, 16, 2023, in advance of the meeting.
- 7) Is summarized in a letter to be included in NDTFFR's FY 2023 Comprehensive Annual Financial Report.

3.2 REQUIREMENTS

A. DELIVERABLES

The contractor will be required to provide the following to achieve the objective of this project: This schedule of events represents the State's best estimate of the contract schedule that will be followed. The contractor will be required to provide the following deliverables according to the estimated contract schedule below.

- Contract Start Date: October 3, 2022 TBD
- Kickoff Conference: October 2022 TBD
- Status Update: November 2022
- Draft Audit Report Due: December 19, 2022
- Final Audit Report Due: January 16, 2023
- Final audit report presented at NDTFFR Board meeting tentatively scheduled: January 26, 2023

B. LOCATION OF WORK/TRAVEL

- No on-site work is required.
- Final report must be presented to the TFFR board at its January meeting. The report may be presented in person in Bismarck, ND, or remotely.

C. STATE-FURNISHED PROPERTY/SERVICES

- The STATE will provide past reports as requested.

D. RISK MANAGEMENT

The contractor will take appropriate measures to ensure the safety of its employees, state employees, the public, and property. The contractor must identify any potential risks, issues and problems associated with the project and identify ways to mitigate those potential risks.

E. CONTRACT TERM, SCHEDULE AND DELIVERABLES

1. Contract Term

The length of this contract will be from the date of award, approximately 10/3/2022, for approximately four months until completion, approximately 1/26/2023. See the attached Contract for extension provisions.

3.3 EXPERIENCE AND QUALIFICATIONS

For offers to be considered responsive, offerors must meet the minimum qualifications and prior experience requirements. An offeror's failure to meet these minimum requirements will cause its proposal to be considered non-responsive and its proposal will be rejected. The minimum qualifications and prior experience are:

Actuarial Firm:

- 1) Must have a minimum of five (5) years of experience as a professional actuarial services firm that provides actuarial valuations, experience studies, actuarial audits, and pension consulting services to U.S multiple-employer public employee retirement plans.
- 2) Must have a minimum of five (5) public pension clients who engaged the firm for such services as conducting actuarial valuations, experience studies, actuarial audits, and other pension consulting services. At least three (3) of these clients must be listed as references.

Primary or Lead Actuary:

- 1) Must be a Fellow of the Society of Actuaries and an Enrolled Actuary.
- 2) Must have a minimum of five (5) years of experience as an actuary providing actuarial valuations, experience studies, actuarial audits, and pension consulting services for U.S. multiple-employer public employee retirement plans.

At the time specified by the deadline for submission of proposals, the offeror must have and keep current any professional licenses and permits required by federal, state, and local laws for performance of this contract. Offerors that do not possess required licenses at the time proposals are due will be determined non-responsive.

SECTION FOUR – PROPOSAL INSTRUCTIONS

4.1 PROPOSAL PREPARATION

The STATE discourages overly lengthy and costly proposals. An Offeror must prepare its proposal using the prescribed proposal format and provide all the requested information; this will enable the proposal to be evaluated fairly and completely. If an Offeror submits more than one proposal, each proposal must be prepared in accordance with these instructions.

Each proposal will include a Technical Proposal and a Cost Proposal prepared in accordance with these instructions. The Technical Proposal and a Cost Proposal must be submitted as separate documents, clearly labeled with the name of the Offeror, and marked “Technical Proposal” and “Cost Proposal.” Costs must not be revealed in the Technical Proposal. Options may be discussed in the technical proposal, but all cost information must be in the Cost Proposal only. DO NOT submit documents that are embedded into proposal documents or that contain links to documents on an external website.

4.2 PROPOSAL SUBMISSION INSTRUCTIONS

UPLOAD RESPONSE THROUGH THE STATE PROCUREMENT ONLINE SYSTEM (SPO ONLINE):

Offeror must electronically submit proposals through the State Procurement Office Online system (SPO Online) by the Solicitation Closing deadline.

DO NOT WAIT UNTIL THE “LAST MINUTE” TO SUBMIT A RESPONSE. Recommend uploading response 24 hours prior to the Solicitation Closing deadline.

Offeror must begin the electronic submission process well in advance of the Solicitation Closing deadline to allow for transmission and resolution of any technical difficulties. Be advised that the STATE is not responsible for an Offeror’s failure to timely submit a proposal due to any technical difficulties. If you experience any technical difficulties contact the Procurement Officer or the State Procurement Office at infospo@nd.gov or 701.328.2740.

If documents are in the process of being uploaded when the Solicitation Closing deadline occurs, the upload process will stop. The attempted submission will not be uploaded successfully and is ineligible for consideration. The STATE takes no responsibility for electronic submissions that are captured, blocked, filtered, quarantined, or otherwise prevented from uploading by any anti-virus or other security software.

1. This solicitation is posted on SPO Online at: <https://apps.nd.gov/csd/spo/services/bidder/main.htm>
2. Select “Recent Solicitations” and find this solicitation. Solicitations are listed by close date.
3. Use “Upload Response” to upload a maximum of five (5), clearly labeled documents before the Solicitation Closing deadline provided in the RFP Schedule.
4. Offeror must upload their Technical Proposal and Cost Proposal in separate files.
5. The maximum file size allowed is 50mb per file.
6. There is a 50 character file name limitation for the document being uploaded.
7. There is 75 character limit in the TITLE field within SPO Online.
8. All SPO Online field entries must be alphanumeric. Dashes and underscores are allowed; however, the system DOES NOT accept other special characters such as apostrophe, & symbol, quotation marks, etc..
9. DO NOT submit documents that are embedded (zip files), movies, wmp, encrypted, or mp3 files.
10. Offeror will receive an email confirmation from infospo@nd.gov that the upload response was received including the “File Description” for the uploaded files. Review this email to ensure all files

were successfully uploaded. If Offeror DOES NOT receive an email confirmation, the upload was NOT successful, and the files will need to be uploaded again. If Offeror does not receive an email confirmation after the reattempt, contact the Procurement Officer or the State Procurement Office at infospo@nd.gov or 701.328.2740.

Visit <https://www.omb.nd.gov/sites/www/files/documents/doing-business-with-the-state/procurement/spo-electronic-response-external-job-aid.pdf> for the SPO Electronic Response Job Aid which describes how to submit an electronic response.

4.3 PROPOSAL FORMAT

Prepare the Technical Proposal and Cost Proposal in accordance with these instructions.

Technical Proposal – Format the proposal with the following labeled sections:

- Section 1 – Cover Letter
- Section 2 – RFP Amendments
- Section 3 – Scope of Work Strategy
- Section 4 – Experience and Qualifications
- Section 5 – Contract Provisions
- Section 6 – Open Records and Confidentiality

Cost Proposal – The Cost Proposal must be a separate document. Format the Cost Proposal following the RFP instructions.

4.4 TECHNICAL PROPOSAL

SECTION 1 – COVER LETTER

Proposals shall include a cover letter that includes the following:

1. The name of the Offeror, name of the person to contact regarding the proposal, email address, telephone number, and mailing address.
2. Offerors are instructed to review the “Conflict of Interest” provisions in RFP Section 1 “Instructions.” If the firm, its employees or subcontractors working on the contract have an apparent or actual conflict of interest, provide a statement disclosing the circumstances of the apparent or actual conflict of interest. Otherwise, provide a statement that your firm, employees and subcontractors do not have a conflict of interest.
3. The cover letter must be signed by an individual with authority to bind the Offeror. By signing the cover letter, an Offeror certifies that it complies with:
 - a. All the requirements, terms and conditions as set forth in this RFP.
 - b. The requirement that the Offeror’s proposal accurately describes the goods and services being offered to the STATE, and the proposal will be held firm for the period specified.
 - c. All local, state, and federal laws, rules, code laws, rules, code, regulation, and policies, including those relating to nondiscrimination, accessibility, civil rights, and equal employment.
 - d. The requirement that this proposal was prepared independently without collusion.

SECTION 2 – RFP AMENDMENTS

Provide signed copies of all Solicitation Amendments issued by the STATE that were required to be acknowledged by Offerors.

SECTION 3 –SCOPE OF WORK STRATEGY

Offeror must review the requirements and deliverables provided in RFP Section 3, Scope of Work.

1. **Deliverables.** The Offeror must provide narrative statements to demonstrate their understanding of the scope of work requirements. Explain the proposed strategy to accomplish the scope of work, meet all requirements, and provide the deliverables described in the scope of work within the STATE's project schedule.
2. **Location of Work.** The proposal must respond to the STATE's Location of Work instructions within the RFP Scope of Work. Describe where the work will be performed and any proposed travel.
3. **State Furnished Property and Services.** Provide a detailed breakdown of the Offeror's expectations for STATE resources that will be needed for the project, including number of staff, qualifications, roles and responsibilities, and time requirements for the various phases of the project.
4. **Risk Management.** Offerors must describe measures to be taken to ensure the safety of its employees, state employees, the public and property. Offerors must also identify any pertinent issues and potential problems related to the project and describe how those potential issues and problems could be mitigated.
5. **Contract Term, Schedule and Deliverables.** The proposal must provide a timeline for accomplishing the work, in consideration of the STATE's Contract Schedule within the RFP Scope of Work.

SECTION 4 –EXPERIENCE AND QUALIFICATIONS

Mandatory Requirements. An Offeror must provide information to demonstrate meeting the Offeror Experience and Qualifications Requirement in RFP Section 3, Scope of Work, [Experience and Qualifications](#).

Experience and Qualifications of the Firm

Provide a brief history and describe the organization of the firm. Describe the number of years the Offeror has provided the type of work requested in this RFP. Describe specific experience of their firm in completing similar projects. Provide a description of the project, approximate time frame of the project, and contact information for the customer. Offerors may provide letters of reference from customers.

Experience and Qualifications of the Project Team

Provide a narrative or organizational chart that describes the organization of the proposed project team. Provide information for key project team members, including:

1. Description of anticipated work they will perform and approximate estimated hours;
2. Resume or description of the relevant education, training, experience, skills and qualifications;
3. If the Offeror has vacant positions, identify the job description and minimum qualifications for staff members to be recruited;
4. Subcontractors. If an Offeror intends to use subcontractors, the Offeror must identify in the proposal the names of the subcontractors and the portions of the work the subcontractors will perform. Provide a statement that the Offeror will ensure that the

- subcontractor has or will obtain any required licenses and registrations, including registration with the North Dakota Secretary of State; and
5. Joint Venture. If submitting a proposal as a joint venture, provide narrative statements that describe the roles and responsibilities of each party to the joint vendor. If available, submit a copy of the joint venture agreement that identifies the parties involved and its rights and responsibilities.

References

Provide three (3) reference letters from clients for whom similar work was completed. The reference letter must include the name of a contact person, address, email, and telephone number. The STATE may contact references provided for verification and to obtain additional information. Evaluation may be impacted if the STATE is unable to contact the reference or the reference does not timely provide the requested information.

SECTION 5 – CONTRACT PROVISIONS

Offeror shall review the RFP Section 6 and the STATE’s Contract – Attachment C.

The proposal must include indicate whether the Offeror accepts the terms and conditions in the STATE’s Contract.

An Offeror may state that they accept the STATE’s Contract as written.

An Offeror may state any objections or propose changes or additions to the STATE’s Contract. Describe the changes to the Contract being proposed or provide a red-line of the STATE’s Contract. Offerors are not to submit their own contract or standard terms and conditions with their proposals. Offeror should address the specific language in the attached contract and submit any proposed changes.

North Dakota procurement statutes, rules, and policies allow some negotiation of the terms and conditions. No changes to the terms and conditions will be permitted without prior written approval from the STATE.

SECTION 6 – OPEN RECORDS AND CONFIDENTIALITY

All proposals and other material submitted become the property of the State and may be returned only at the State’s option. The State of North Dakota has broad open records laws. Proposals received are exempt from open record requirements until an award is made, in accordance with [N.D.C.C. § 54-44.4-10\(2\)](#). After award, proposals are subject to the North Dakota open records laws. Proposals or portions of proposals may be confidential only if specifically stated in law.

Offerors are instructed not to mark their entire proposal as “confidential.”

Offeror must provide one of the following in their proposal:

- Provide a statement indicating that their proposal does not contain any confidential information, OR
- Make a written request to hold confidential any trade secrets and other proprietary data contained in its proposal. Offeror must clearly identify the material considered confidential and explain why the material is confidential. See the North Dakota Office of the Attorney General website for additional information. <https://www.legis.nd.gov/cencode/t44c04.pdf> and <https://attorneygeneral.nd.gov/open-records-meetings>

If the STATE receives a request for public information, the Procurement Officer, in consultation with the Office of the Attorney General, shall determine whether the information is an exception to the North Dakota open records laws, and the information shall be processed accordingly.

4.5 COST PROPOSAL

Cost Proposal Format. Cost proposals must be prepared as a separate document from the technical proposal, clearly labeled, "Cost Proposal."

Offeror must complete the Cost Proposal Format – Attachment A or prepare a Cost Proposal following the same format.

Value-Added Options. Offeror may include pricing for any value-added options that are described in the Offeror's proposal as options, but not included in the total cost. Any options must be within the scope of work. (e.g. an option for a higher level of service, equipment accessories, extended warranty options, etc.). Provide details related to initial cost, reoccurring costs, and options. The STATE shall not consider these costs as part of cost evaluation scoring.

All costs must be stated in U.S. currency. Any commodities being imported must be identified, and the price must include any applicable shipping and handling, customs, brokerage agency fees, and duties.

Offeror should describe any discount terms for prompt payment. Discounts for prompt payment will not be considered in evaluating costs.

SECTION FIVE – AWARD AND PROPOSAL EVALUATION

5.1 AWARD

The STATE intends to award a contract to the responsible Offeror whose proposal is determined to be responsive to the requirements of the solicitation and is determined to be most advantageous in consideration the RFP evaluation criteria.

5.2 RESPONSIVENESS

All proposals will be evaluated to determine if they are responsive to the requirements of the solicitation. The STATE reserves the right to waive minor informalities in accordance with [N.D.A.C. chapter 4-12-10](#). Minor informalities are insignificant omissions or nonjudgmental mistakes that are matters of form rather than substance, evident from RFP document, with a negligible effect on price, quantity, quality, delivery, or contractual conditions that can be waived or corrected without prejudice to other Offerors. Responsive proposals will be evaluated by the Procurement Officer or evaluation committee using the evaluation criteria stated in the RFP.

5.3 RESPONSIBILITY – SUPPLEMENTARY INVESTIGATION

The STATE reserves the right to contact references, other customers, including state and local government agencies, regarding past experience with the Offeror. Prior experience of the state agency or institution with any prospective Offeror may also be taken into consideration during evaluation.

The STATE may, at any time, may make a supplementary investigation as to the responsibility of any Offeror in accordance with [N.D.A.C. § 4-12-11-04](#). This investigation may include, but is not limited to, financial responsibility, capacity to produce, sources of supply, performance record, or other matters related to the Offeror's probable ability to deliver if a contract is awarded to the Offeror. If it is determined that an Offeror appears not to be sufficiently responsible, the proposal will be rejected.

5.4 EVALUATION CRITERIA

Proposals will be evaluated using a 100 point scale. The evaluation committee will award points based on the questions in the Technical Proposal Evaluation Worksheet – [Attachment Insert number](#). The Technical Proposal evaluation score and Cost Proposal evaluation score will be added together to determine the total evaluation score. After the initial evaluation, the evaluation committee may determine which proposals are reasonably susceptible for award and continue the evaluation process with only those Offerors. Offerors whose proposals are not selected for further evaluation may request a debrief from the Procurement Officer after an award notice is issued. The final evaluation score will consider information received by the STATE, including but not limited to, discussions with Offerors, demonstrations, presentations, site visits, reference checks, and best and final offers.

The evaluation criteria and relative weight is as follows:

Technical Proposal Evaluation: 70 Points

- A. Scope of Work Strategy– 45 Points
- B. Experience and Qualifications – 25 Points

Cost Proposal Evaluation: 30 Points

Minimum Technical Score: Technical proposals must receive at least 50 points of the total points available for the Technical Score to be considered responsive to the RFP requirements.

5.5 COST PROPOSAL EVALUATION – RECIPROCAL PREFERENCE

The STATE will calculate evaluation points awarded to Cost Proposals. Any prompt payment discount terms proposed by the Offeror will not be considered in evaluating cost.

The cost amount used for evaluation may be affected by the application of North Dakota preference laws in accordance with [N.D.C.C. § 44-08-01](#). The preference given to a resident Offeror will be equal to the preference given or required by the state of the nonresident Offeror (i.e., reciprocal preference). For more information, refer to [Guidelines to North Dakota Purchasing Preference Laws](#).

The cost amount used for evaluation may also be affected by the application of other costs required to implement the proposed solution to determine the total cost of the solution (i.e. cost for ITD to host a STATE hosted solution).

After applying any reciprocal preference, the lowest Cost Proposal will receive the maximum number of points allocated to cost. Cost proposals will be evaluated using the following formula.

$$\frac{\text{Price of Lowest Cost Proposal}}{\text{Price of Proposal Being Rated}} \times \text{Total Points for Cost Available} = \text{Awarded Points}$$

5.6 CLARIFICATIONS OF PROPOSALS – DISCUSSIONS

To determine if a proposal is reasonably susceptible for award, communications by the Procurement Officer or evaluation committee are permitted with an Offeror to clarify uncertainties or eliminate confusion concerning the contents of a proposal and determine responsiveness to the RFP requirements. Discussions will be limited to the specific section of the RFP or proposal indicated by the STATE. Discussions are generally conducted by telephone or internet-based conference.

In conducting discussions, there may be no disclosure of any information derived from proposals submitted by competing Offerors. Clarifications may not result in material or substantive change to the proposals. Evaluation scores may be adjusted based in consideration of information obtained through discussions.

5.7 RIGHT OF REJECTION

The STATE reserves the right to reject any proposals, in whole or in part. Proposals received from suspended or debarred bidders will be rejected. Proposals determined to be nonresponsive to the requirements of the RFP will be rejected. The STATE reserves the right to reject the proposal of an Offeror determined to be not responsible. The STATE reserves the right to refrain from making an award if determined to be in its best interest.

5.8 PRESENTATIONS, DEMONSTRATIONS, AND SITE VISITS

After the initial evaluation, the evaluation committee may determine which proposals are reasonably susceptible for award and continue the evaluation process with only those Offerors. Offerors whose proposals are not selected for further evaluation may request a debrief from the Procurement Officer after an award notice is issued.

Offerors who receive the highest total scores will be required to make an oral presentation of their proposal to the TFFR Board of Trustees. The presentations will be made to the TFFR Board at their meeting scheduled to be held on September 22, 2022, presentations may be in person in Bismarck, ND, or presented remotely.

Offerors will be responsible for all costs associated with providing the oral presentation, including travel expenses.

5.9 BEST AND FINAL OFFERS

The STATE is not obligated to request best and final offers; therefore, Offerors should submit their best terms (technical and cost) in response to this RFP.

If the STATE determines there is a need for any additional information, substantial clarification or changes to the RFP or proposals, the STATE may request for best and final offers from Offerors that have submitted proposals determined to be reasonably susceptible for award. The best and final offer request will describe the additional information, clarification, or change being requested.

A date and time will be established for receipt of revised proposals. If an Offeror does not submit a best and final offer, the STATE shall consider its original proposal as its best and final offer. Best and final offers will be evaluated using the evaluation criteria stated in the RFP. The STATE may request more than one Best and Final Offer.

5.10 NEGOTIATIONS

Contract negotiations will be conducted in accordance with [N.D.A.C. § 4-12-12](#). The STATE may enter negotiations with one or more Offeror whose proposals received the highest scores and are reasonably susceptible for award. During negotiations, the STATE and Offeror may agree to alter or otherwise change the terms and conditions and price of the proposed contract. Negotiation, if held, will be within the scope of the RFP and limited to those items that would not have an effect on the ranking of proposals.

Each Offeror will be responsible for all costs it incurs as a result of negotiations, including any travel and per diem expenses. Contract negotiations will be conducted primarily by email, conference calls, or internet-based conference. Any on-site negotiation, if needed, will be held in [Bismarck](#), North Dakota.

The STATE may terminate negotiations, reject a proposal as nonresponsive, and continue or commence negotiations with other Offerors reasonably susceptible for award, if the Offeror:

- fails to provide necessary information for negotiation in a timely manner,
- fails to negotiate in good faith,
- is unable to successfully negotiate contract terms that are acceptable to the STATE, or
- indicates that it cannot perform the contract within the budgeted funds.

In accordance with N.D.C.C. § 54-44.4-13.1, The STATE and CONTRACTOR may negotiate payment terms for all commodities and services procured. If a date for payment is not specified in this Contract, payment must be made pursuant to section [13-01.1-01](#).

5.11 NOTICE OF INTENT TO AWARD

After proposals have been evaluated and the successful Offeror selected, notice of intent to award will be issued to all Offerors that submitted proposals on approximately 9/23/2022. Upon issuance of this notice, the procurement file becomes an open record. The successful Offeror named in the Notice of Intent to Award is advised not to begin work, purchase materials, or enter into subcontracts until the successful Offeror and the STATE sign the contract.

5.12 CONTRACT APPROVAL

This RFP does not, by itself, obligate the STATE. The STATE's obligation shall commence when the STATE signs the contract. Upon written notice to the contractor, the STATE may set a different starting date for the contract. The STATE shall not be responsible for any work done by the contractor, even work done in good faith, if it occurs prior to the contract start date set by the STATE.

5.13 EVALUATION DEBRIEFING

After the notice of intent to award is issued, Offerors may contact the Procurement Officer to schedule an evaluation debrief. The debrief will provide information about the evaluation process and proposal scores.

SECTION SIX – CONTRACT INFORMATION

6.1 NORTH DAKOTA CONTRACTUAL REQUIREMENTS – BACKGROUND

As a public institution and government entity of the State of North Dakota (the STATE), there are a number of statutes, rules, and policies (Requirements) that may restrict or prevent the STATE from entering into certain types of contracts or certain contractual terms and conditions, some of these Requirements are non-negotiable.

While these Requirements occasionally make the process of negotiating a contract with the STATE more challenging than negotiating with a private industry business, these are not unique to any one agency of the State of North Dakota. These Requirements apply to all public institutions and government entities of the State of North Dakota. Although some are unique to North Dakota, the majority of these Requirements are common to public institutions and government entities throughout the United States.

6.2 STATE CONTRACT TERMS AND CONDITIONS – OFFEROR’S PROPOSED CHANGES

The STATE intends to execute a contract substantially similar to the Contract – Attachment C. The Offeror will be required to sign the Contract attached to this RFP and must comply with the terms and conditions. The STATE may deem any failure to object to a contract provision as the Offeror’s acceptance of that provision.

North Dakota procurement statutes, rules, and policies allow some negotiation of the terms and conditions. No changes to the terms and conditions will be permitted without prior written approval from the STATE.

Pursuant to [N.D.A.C. § 4-12-11-06](#), proposals subject to conditions imposed by the Offeror may be rejected as nonresponsive, as determined by the STATE. Proposed terms and conditions that conflict with those contained in the attached contract or that diminish the STATE’s rights under the contract shall be considered null and void. The terms and conditions in the attached contract shall prevail in the event a conflict arises between a term or condition in the proposal and a term or condition in the attached contract.

Part or all of this RFP and Offeror’s proposal may be incorporated into the attached contract. The STATE may deem any failure to object to a contract provision as the Offeror’s acceptance of that provision.

6.3 CONTRACT PROVISIONS

A. Contract Type.

The contract type will be as follows:

Firm Fixed Price. The contractor will be required to hold the price firm for the contract period, except as otherwise provided in the contract.

B. Payment Procedures

Compensation and payment terms will be set forth in the contract based upon the successful Offeror’s proposal. The STATE will not make any advanced payments before performance by the contractor under this contract.

- The STATE will make a single payment when all the deliverables are received, and the contract is completed and approved by the project manager designated by the STATE.

C. Inspection & Modification

The contractor is responsible for the completion of all work set out in the contract. All work is subject to inspection, evaluation, and approval by the STATE. The STATE may employ all reasonable means to ensure that the work is progressing and being performed in compliance with the contract.

Should the STATE determine that corrections or modifications are necessary to accomplish its intent, the STATE may direct the contractor to make changes. The contractor will not unreasonably withhold changes.

Substantial failure of the contractor to perform the contract may cause the STATE to terminate the contract. In this event, the STATE may require the contractor to reimburse monies paid (based on the identified portion of unacceptable work received) and may seek associated damages.

D. Contract Changes – Unanticipated Amendments

During the course of the contract entered as a result of this solicitation, the contractor may be required to perform additional work due to a legitimate unforeseen circumstance. That work will be within the general scope of the initial contract. When additional work is required, the STATE shall provide contractor a written description of the additional work and request contractor to submit proposal for accomplishing the scope of work. CONTRACTOR will not commence additional work until all parties agree in writing.

E. Purchasing Card

STATE may make payments under this contract using a state purchasing card. See the contract related to payments using the STATE purchasing card.

6.4 CONTRACTUAL TERMS AND CONDITIONS – NO MATERIAL CHANGES

A. Indemnification and Insurance

[N.D.C.C. § 32-12.2-17](#) requires that the OMB establish guidelines for indemnification and insurance provisions in state contracts. The indemnification and insurance requirements contained in the attached contract are pursuant to those guidelines. The STATE shall not be deemed to have accepted any alteration of these provisions without prior written approval to Offeror from the STATE acting in consultation with the North Dakota Risk Management Division.

B. Indemnification

Indemnification is a contractual clause by which one party to a contract asks the other party to defend it against any claims of third parties who might be injured as a result of something that occurs while the parties are performing their duties and obligations under the contract. Without specific authority to do so, the STATE agencies cannot enter into agreements indemnifying contractors, or any other entity, against third party claims.

Any clause that has the intent of seeking indemnification from the STATE, whether the clause contains the words “indemnity” or “indemnify,” are not clauses to which the STATE may agree.

The STATE will also not agree to clauses to indemnify a contractor “to the extent permitted by law.” This is because the STATE knows that the extent to which the law permits it to indemnify contractors is no extent whatsoever, and as a result would be disingenuous for the STATE to imply in a contract that there might be some set of circumstances under which the STATE would defend the contractor against a third party claim(s). Simply put, the STATE is not going to agree to something it knows it cannot do. In this circumstance an “extent” clause is merely an invitation to litigate the matter in the event a third party claim(s) arises, and the STATE does not enter into agreements that invite litigation. Do not ask the STATE to indemnify you against third party claims because it is a contractual obligation to which the STATE cannot agree.

While the STATE may limit the liability of a contractor in claims between the STATE and the contractor, the STATE does not have authority to limit a contractor's liability for claims brought by a third party. In the event a contract contains a limitation of liability clause, the contract's Indemnification clause and obligation of the contractor cannot be subject to that limitation of liability clause. See 6.4(D) for *Limitation of Liability*.

C. Insurance

Upon receipt of the Notice of Intent to Award, the successful Offeror must obtain the required insurance coverage and provide the Procurement Officer with proof of coverage prior to contract approval. The coverage must be satisfactory to the STATE, in consultation with the North Dakota Risk Management Division. The successful Offeror's failure to provide evidence of insurance coverage is a material breach and grounds for withdrawal of the award or termination of the contract.

D. Limitation of Liability

The STATE may negotiate Limitation of Liability pursuant to N.D.C.C. § 32-12.2-15 "Contracts limiting liability to the STATE".

Notwithstanding any provision in N.D.C.C. ch. 32-12.2 to the contrary, an agency may agree to limit the liability of a contractor to the STATE if:

1. the agency determines such services or products cannot be effectively obtained without such limitation; and
2. the limitation does not pose any significant risk of loss to the STATE; and
3. the limitation is in the best interests of the STATE.

The agency, in consultation with the OMB and the attorney general's office, shall prepare a written documentation before agreeing to any liability limitation.

An agency's authority to agree to a limitation of liability is limited to contracts for the purchase or lease of, or services related to, software, communication, electronic equipment, and economic forecasting.

1. An agency may limit its ability to recover indirect consequential damages.
2. If the extent of potential direct loss is unknown, an agency may agree to limit direct damages to a reasonably estimated amount commensurate with the foreseeable risk of loss to the STATE. The amount must be equal to twice the total value of the contract, unless all parties to the contract agree to an alternative amount. Any agreed upon amount that is less than twice the value of the contract must be approved by the director of the OMB. The liquidated damages and retainage provisions for delay, missed deadlines, and other breaches are not subject to a general limitation on direct or indirect damages authorized under N.D.C.C. § 32-12.2-15.
3. A contract under N.D.C.C. § 32-12.2-15 may not limit any loss to the STATE resulting from fraud or other intentional or willful misconduct, breach of confidentiality obligations, or loss resulting from tangible property damage or personal injury.

E. Waivers of Jurisdiction and Venue; Alternative Dispute Resolution

The North Dakota Attorney General is the STATE's attorney for all purposes, including management of litigation and claims against the state. The STATE may not usurp the Attorney General's authority by agreeing in advance to control the way litigation may be managed in the event of a dispute. The STATE cannot, without specific authority, agree to the jurisdiction or the

laws of another state or federal courts, nor can it contractually agree to participate in any form of alternative dispute resolution.

Although the STATE cannot contractually agree to such terms, this does not mean that in the event of a dispute, the STATE would not agree to participate in alternative dispute resolution. It simply means that this is a decision that must be made by the Attorney General and is a decision that is made at the time a dispute arises.

F. Confidentiality

All state agencies of North Dakota are subject to North Dakota public records laws. The STATE cannot agree to contractual terms that attempt to prevent it from having to disclose records that are declared public records under applicable statutes. Although some confidentiality and exemptions are allowed under the public records laws, the STATE may not agree to more restrictive obligations concerning its records. Under North Dakota public records laws, contracts are records that are open to the public and may be reviewed at the request of the public.

G. Unliquidated Expenses (i.e., attorney's fees, add-ons, cost increases)

Because the STATE may only obligate those funds that have been appropriated to it by the Legislative Assembly and may only obligate those funds for the purposes for which the funds were appropriated, the STATE may not agree to clauses which may obligate it to pay for claims that might exceed its current funding appropriation. Certainly, this is one of numerous reasons why the STATE cannot indemnify a contractor against third party claims, but it may also be said for clauses that purport to obligate the STATE to pay a contractor's attorneys' fees, unknown cost increases during the life of the contract, add-ons that were not contemplated or priced in the contract.

6.5 SCOPE OF WORK

The Scope of Work agreed upon by the parties will be incorporated into the attached contract.

6.6 CONTRACT TERM

The contract term will be set forth in the contract, including any options for extension, renewal, and renegotiation.

6.7 RIGHT TO INSPECT PLACE OF BUSINESS

At reasonable times, the STATE may inspect those areas of the contractor's place of business that are related to the performance of a contract. If the STATE makes an inspection, the contractor must provide reasonable assistance.

ATTACHMENT A
COST PROPOSAL TEMPLATE

Total Fixed Fee

Actuarial Audit \$ _____

ATTACHMENT B

TECHNICAL PROPOSAL EVALUATION WORKSHEET

Proposals that are determined to be responsive to the requirements of the RFP will be evaluated by the Evaluation Committee using the evaluation criteria stated in the RFP. For assistance with RFP evaluations, contact the State Procurement Office at infospo@nd.gov or 701-328-2740.

- If a group evaluation is conducted, the Evaluation Committee will produce one worksheet that summarizes the comments and scores. If individual scores are being compiled, each member of the Evaluation Committee will prepare an evaluation worksheet with their comments and scores.
- Evaluation Committee members must read the Request for Proposal and have a clear understanding of the requirements and evaluation criteria before attempting to evaluate proposals.
- Evaluators should read all proposals twice. First, read all proposals for a general understanding without scoring. Next, read proposals with the intent to complete the evaluation worksheet which includes taking notes and documenting any questions/clarification needed.
- Each evaluation criterion is assigned a specific number of points. The questions under each evaluation criterion help Evaluators measure the quality of the Offeror's response. Do not assign points to individual questions, instead, award a total score for each evaluation criterion.
- Evaluators will assign an initial score for each evaluation criterion and provide comments which explain their scores.
- Evaluation documents become an open record upon award.

RATING SCALE FOR TECHNICAL PROPOSAL SCORING

The rating scale provided is intended to help Evaluators perform evaluations. Evaluators are exercising independent judgement so variation in scoring is normal. However, the Procurement Officer may question scoring that appears to be unsupported. Evaluators may assign any value for a given evaluation area from 0 to the maximum number of points allowed per evaluation criterion. A zero value typically constitutes no response or an inability of the Offeror to meet the criteria. In contrast, the maximum value should constitute a high standard of meeting the criteria. For example: "Experience and Qualifications" is an evaluation area weighted at 25% of the total possible points on a 100 Point Scale, so any value between 0 and 25 points can be awarded. An example of the rating scale is below:

Experience and Qualifications Rating Scale (25 Point Maximum)	
Point Value	Explanation
0-5	Poor. Not addressed or response of no value
6-10	Fair. Limited applicability
11-15	Good. Some applicability
16-20	Very Good. Substantial applicability
21-25	Excellent. Total applicability

COST PROPOSAL

Cost proposals are normally scored by the Procurement Officer or selected evaluators, and cost proposals are given to the Evaluation Committee after technical proposals have been evaluated. Remember to check if reciprocal preference applies to out of state offerors. Prompt payment discounts are not considered in evaluating cost.

ADJUSTMENT OF INITIAL EVALUATION SCORES

After the initial scoring, the Evaluation Committee should meet to discuss proposals and identify areas where clarification or more information is needed. Evaluation scores may be adjusted as a result of discussions with offerors, clarifications, demonstrations, presentations, reference check results, Best and Final Offers, and further due diligence within the evaluation process.

TECHNICAL PROPOSAL EVALUATION WORKSHEET

Offeror Name: _____

RFP Title/Number: Actuarial Audit Services RFP #110.7-022-047

Evaluator Names: _____

Evaluator Certification. I have reviewed the Request for Proposal Evaluators Guide, and I certify that neither I nor my immediate family members have a conflict of interest with regard to this offeror, in accordance with [N.D.A.C. § 4-12-04-04](#).

Evaluators Signatures: _____ Date: _____

THE TOTAL NUMBER OF POINTS USED TO SCORE THIS PROPOSAL IS 100

SCOPE OF WORK STRATEGY RATING SCALE (45 Point Maximum)	
Point Value	Explanation
0 – 9	None. Not addressed or response of no value
10 – 18	Fair. Limited applicability
19 – 27	Good. Some applicability
28 – 36	Very Good. Substantial applicability
37 – 45	Excellent. Total applicability

IMPORTANT. Proposals will be evaluated against the questions set out below. Do not assign points to individual questions, instead, award a total score for each evaluation criterion. Evaluators must provide comments to support scoring.

How well has the Offeror followed the proposal preparation instructions? Does the proposal contain all the requested information?

EVALUATOR NOTES

Has the Offeror identified any additional directives that apply to the contract?

EVALUATOR NOTES

How well has the Offeror described their strategy for accomplishing the scope of work requirements? What are the strengths of the proposed strategy?

EVALUATOR NOTES

Are there aspects of the proposed Scope of Work strategy of concern or that requires clarification or further information?

EVALUATOR NOTES

How well does the proposed timeline demonstrate the offeror's ability to meet the contract schedule and deliverables?

EVALUATOR NOTES

How well does the proposal address where the work will be performed and any travel?

EVALUATOR NOTES

How well has offeror described any expectations for State resources?

EVALUATOR NOTES

How well has the offeror addressed risk management? Did they identify any potential risks, issues or problems?

EVALUATOR NOTES

Has the offeror described their project management to accomplish the work on time, within budget, and meet quantity and quality standards?

EVALUATOR NOTES

INITIAL EVALUATION SCORE FOR SCOPE OF WORK STRATEGY: _____

Additional/overall comments related to the offeror's proposed strategy for accomplishing the work.

EVALUATOR NOTES

EXPERIENCE AND QUALIFICATIONS RATING SCALE (25 Point Maximum)	
Point Value	Explanation
0-5	None. Not addressed or response of no value
6-10	Fair. Limited applicability
11-15	Good. Some applicability
16-20	Very Good. Substantial applicability
21-25	Excellent. Total applicability

IMPORTANT. Proposals will be evaluated against the questions set out below. Do not assign points to individual questions, instead, award a total score for each evaluation criterion. Comments to support scoring are required, and will be helpful when performing offeror evaluation debriefs after award.

MINIMUM EXPERIENCE OR QUALIFICATIONS

If the RFP required a minimum amount of experience or qualifications, has the offeror provided information to demonstrate meeting this requirements? Does the offeror exceed the minimum experience or qualifications?

EVALUATOR NOTES

EXPERIENCE AND QUALIFICATIONS OF THE FIRM

Has the offeror provided historical information to demonstrate the firm is well established in this field?

EVALUATOR NOTES

How extensive is the firm’s experience in this type of work? How well does the information about similar projects demonstrate the firm’s experience work related to this RFP?

EVALUATOR NOTES

If the offeror provided letters of reference or the Evaluation Committee contacted the customer contacts, what information did the offeror’s customers provide related to the offeror’s past performance?

EVALUATOR NOTES

EXPERIENCE AND QUALIFICATIONS OF THE PROJECT TEAM

Has the offeror provided information about the organization of the project team and proposed work project team members will perform, and estimated hours? Does the proposed project team and work breakdown seem appropriate to accomplish the requirements of the RFP?

EVALUATOR NOTES

Are resumes complete and do they demonstrate education and experience that would be desirable for individuals engaged in the work the RFP requires?

EVALUATOR NOTES

How extensive is the experience of the project team members on similar projects?

EVALUATOR NOTES

If a subcontractor will perform work on the project or joint venture is proposed, has the offeror provided the requested information? How extensive is the experience and qualifications of the subcontractor or other party of the joint venture?

EVALUATOR NOTES

REFERENCE CHECK RESULTS

If references were required, did the references provide information to verify the satisfactory performance of the vendor?

EVALUATOR NOTES

Did references identify any areas of concern?

EVALUATOR NOTES

Did references identify any particular strengths of the vendor?

EVALUATOR NOTES

INITIAL EVALUATION SCORE FOR EXPERIENCE AND QUALIFICATIONS: _____

Additional/overall comments related to the offeror's experience and qualifications.

EVALUATOR NOTES

ATTACHMENT C

CONTRACT

OFFEROR INSTRUCTIONS

Offeror shall review the STATE's Contract.

The proposal must include indicate whether or not the offeror accepts the terms and conditions in the STATE's Contract.

An offeror may state that they accept the STATE's Contract as written.

An offeror may state any objections or propose changes or additions to the STATE's Contract. Describe the changes to the Contract being proposed or provide a red-line of the STATE's Contract. Offerors are not to submit their own contract or standard terms and conditions with their proposals. Offeror should address the specific language in the attached contract and submit any proposed changes.

North Dakota procurement statutes, rules, and policies allow some negotiation of the terms and conditions. No changes to the terms and conditions will be permitted without prior written approval from the STATE.

RIO ACTUARIAL AUDIT SERVICES CONTRACT

1. PARTIES

The parties to this contract (Contract) are the state of North Dakota, acting through its Retirement & Investment Office (STATE), and *Name of Business a type of business (e.g. Delaware corporation or privately held company)* having its principal place of business at *principal business address* (CONTRACTOR);

2. SCOPE OF WORK AND DELIVERABLES

CONTRACTOR, in exchange for the compensation paid by STATE under this Contract, shall provide the following:

The full scope actuarial audit should include:

- 1) Replication and evaluation of the 2021 actuarial valuation results, including a review of the data used, the degree to which data is sufficient to support the conclusions of the investigation, and a review of the accuracy of the actuarial calculations. Reconciliation and explanation of significant discrepancies between the auditing actuary and current actuary is required for valuation results (including a determination of actuarial accrued liability, normal cost, actuarial required contribution rate, funded ratio, etc.)
- 2) Evaluation of the appropriateness and accuracy of actuarial assumptions and methods recommended in the 2019 experience study, and used in the 2021 valuation report.
- 3) Assessment of the actuarial information for required reporting under Governmental Accounting Standards Board (GASB).
- 4) Assessment of the reasonableness of funding projections under alternative investment return scenarios.
- 5) Determination of whether the actuary's reports are accurate and comprehensive.

The actuarial audit should culminate in a report that:

- 8) Provides an evaluation and expresses an opinion regarding the reasonableness and accuracy of the valuation results, actuarial assumptions, actuarial methods, funding projections, and GASB information in accordance with generally recognized and accepted actuarial principles and practices.
- 9) Includes any recommendations regarding reasonable alternatives to the actuarial assumptions or methods.
- 10) Provides any recommendations to improve the quality and understanding of the actuarial valuation reports.
- 11) Is provided in draft form to NDRIO for review and comment by NDRIO staff and Segal Consultants, prior to the issuance of the final report.
- 12) Is provided in final form to NDRIO in advance of January 2023 board meeting.
- 13) Is presented in person or remotely to NDTFFR Board at its January 2023 board meeting. An electronic copy of the final report must be provided by January 16, 2023, in advance of the meeting.
- 14) Is summarized in a letter to be included in NDTFFR's FY 2023 Comprehensive Annual Financial Report.

DELIVERABLES:

The contractor will be required to provide the following to achieve the objective of this project: This schedule of events represents the State's best estimate of the contract schedule that will be followed. The contractor will be required to provide the following deliverables according to the estimated contract schedule below.

- Contract Start Date: October 3, 2022 TBD
- Kickoff Conference: October, 2022 TBD
- Status Update: November 2022 TBD
- Draft Audit Report Due: December 19, 2022
- Final Audit Report Due: January 16, 2023
- Final audit report presented at NDTFFR Board meeting tentatively scheduled: January 26, 2023

3. COMPENSATION-PAYMENTS

i. Contractual Amount

STATE shall pay for the accepted services provided by CONTRACTOR under this Contract an amount not to exceed **[Amount]** (Contractual Amount).

The Contractual Amount is firm for the duration of this Contract and constitutes the entire compensation due CONTRACTOR for performance of its obligations under this Contract regardless of the difficulty, materials or equipment required, including fees, licenses, overhead, profit and all other direct and indirect costs incurred by CONTRACTOR, except as provided by an amendment to this Contract.

ii. Payment

- 1) Payment made in accordance with this Compensation section shall constitute payment in full for the services and work performed and the deliverables and work(s) provided under this Contract and CONTRACTOR shall not receive any additional compensation hereunder.
- 2) STATE shall make payment under this Contract within forty-five (45) calendar days after receipt of a correct invoice.
- 3) Payment of an invoice by STATE will not prejudice STATE's right to object to or question that or any other invoice or matter in relation thereto. CONTRACTOR's invoice will be subject to reduction for amounts included in any invoice or payment made which are determined by STATE, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute allowable costs. At STATE's sole discretion, all payments shall be subject to reduction for amounts equal to prior overpayments to CONTRACTOR.
- 4) For any amounts that are or will become due and payable to STATE by CONTRACTOR, STATE reserves the right to deduct the amount owed from payments that are or will become due and payable to CONTRACTOR under this Contract.

iii. Travel

CONTRACTOR acknowledges travel costs are covered by the Contractual Amount and shall not invoice STATE for travel costs unless pre-approved by STATE.

- 3) **Meals:** If pre-approved by STATE, meals shall be paid on a per diem basis for each day of travel at then current, published GSA per diem rate for the travel location. Per diem for the first and last day of travel shall be paid at seventy five percent (75%) of the GSA per diem rate. Requests for per diem payments must include the start and end dates of travel, the location where the services are performed, and the allowable per diem amount for each trip on the billing/invoice.

iv. Prepayment

STATE will not make any advance payments before performance or delivery by CONTRACTOR under this Contract.

v. Payment of Taxes by STATE

STATE is not responsible for and will not pay local, state, or federal taxes. STATE sales tax exemption number is E 2001. STATE will furnish certificates of exemption upon request by the CONTRACTOR.

vi. **Taxpayer ID**

CONTRACTOR'S federal employer ID number is: *[Insert FEIN]*.

vii. **Purchasing Card**

STATE may make payment using a government credit card. CONTRACTOR will accept a government credit card without passing the processing fees for the government credit card back to STATE.

4. TERM OF CONTRACT

This Contract term (Term or Initial Term) begins on 10/3/2022 or its Effective Date, and ends after final report presentation scheduled for 1/26/2023.

a. **No Automatic Renewal**

This Contract will not automatically renew.

viii. **Extension Option**

STATE reserves the right to extend this Contract for an additional period, not to exceed six months, beyond the current termination date of this Contract.

5. TERMINATION

a. **Termination by Mutual Agreement**

This Contract may be terminated by mutual consent of both Parties executed in writing.

b. **Early Termination in the Public Interest**

STATE is entering this Contract for the purpose of carrying out the public policy of the State of North Dakota, as determined by its Governor, Legislative Assembly, Agencies and Courts. If this Contract ceases to further the public policy of the State of North Dakota, STATE, in its sole discretion, by written notice to CONTRACTOR, may terminate this Contract in whole or in part.

c. **Termination for Lack of Funding or Authority**

STATE by written notice to CONTRACTOR, may terminate the whole or any part of this Contract under any of the following conditions:

- 1) If funding from federal, state, or other sources is not obtained or continued at levels sufficient to allow for purchase of the services or goods in the indicated quantities or term.
- 2) If federal or state laws or rules are modified or interpreted in a way that the services or goods are no longer allowable or appropriate for purchase under this Contract or are no longer eligible for the funding proposed for payments authorized by this Contract.
- 3) If any license, permit, or certificate required by law or rule, or by the terms of this Contract, is for any reason denied, revoked, suspended, or not renewed.

Termination of this Contract under this subsection is without prejudice to any obligations or liabilities of either Party already accrued prior to termination.

d. Termination for Cause

STATE may terminate this Contract effective upon delivery of written notice to CONTRACTOR, or any later date stated in the notice:

- 1) If CONTRACTOR fails to provide services or goods required by this Contract within the time specified or any extension agreed to in writing by STATE; or
- 2) If CONTRACTOR fails to perform any of the other provisions of this Contract, or so fails to pursue the work as to endanger performance of this Contract in accordance with its terms.

The rights and remedies of STATE provided in this subsection are not exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

6. FORCE MAJEURE

Neither Party shall be held responsible for delay or default caused by fire, riot, terrorism, pandemic (excluding COVID-19), acts of God, or war if the event was not foreseeable through the exercise of reasonable diligence by the affected Party, the event is beyond the Party's reasonable control, and the affected Party gives notice to the other Party promptly upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default. If CONTRACTOR is the affected Party and does not resume performance within fifteen (15) days or another period agreed between the Parties, then STATE may seek all available remedies, up to and including termination of this Contract pursuant to its Termination Section, and STATE shall be entitled to a pro-rata refund of any amounts paid for which the full value has not been realized, including amounts paid toward software subscriptions, maintenance, or licenses.

7. INDEMNIFICATION

Indemnification provisions are incorporated and made part of this solicitation and resultant contract.

- None

8. INSURANCE

Insurance provisions are incorporated and made part of this solicitation and resultant contract. Bidders are instructed to review the Insurance Requirements. The Successful Bidder will be required to provide the required proof of insurance prior to contract award, and failure to provide evidence of insurance coverage is a material breach and grounds for award rescission. Failure of

the CONTRACTOR to keep the required insurance in effect during the term of the contract is grounds for termination of the contract.

Contractor shall secure and keep in force during the term of this agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, the following insurance coverages:

- 1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$2,000,000 per occurrence.
- 2) Workers compensation coverage meeting all statutory requirements.

The insurance coverages listed above must meet the following additional requirements:

- 1) This insurance may be in policy or policies of insurance, primary and excess, including the so called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by the State. The policies shall be in form and terms approved by the State.
- 2) The Contractor shall furnish a certificate of insurance to the undersigned State representative prior to commencement of this agreement.
- 3) Failure to provide insurance as required in this agreement is a material breach of contract entitling State to terminate this agreement immediately.
- 4) Contractor shall provide at least 30-day notice of any cancellation or material change to the policies or endorsements. An updated, current certificate of insurance shall be provided in the event of any change to a policy.
- 5) Professional errors and omissions with minimum limits of \$1,000,000 per claim and in the aggregate, Contractor shall continuously maintain such coverage during the contact period and for three years thereafter. In the event of a change or cancellation of coverage, Contractor shall purchase an extended reporting period to meet the time periods required in this section.

9. WORKS FOR HIRE

CONTRACTOR acknowledges that all work(s) under this Contract is "work(s) for hire" within the meaning of the United States Copyright Act (Title 17 United States Code) and hereby assigns to STATE all rights and interests CONTRACTOR may have in the work(s) it prepares under this Contract, including any right to derivative use of the work(s). All software and related materials developed by CONTRACTOR in performance of this Contract for STATE shall be the sole property of STATE, and CONTRACTOR hereby assigns and transfers all its right, title, and interest therein to STATE. CONTRACTOR shall execute all necessary documents to enable STATE to protect STATE's intellectual property rights under this section.

10. WORK PRODUCT

All work product, equipment or materials created for STATE or purchased by STATE under this Contract belong to STATE and must be immediately delivered to STATE at STATE's request upon termination of this Contract.

11. NOTICE

All notices or other communications required under this Contract must be given by email, registered or certified mail and are complete on the date postmarked when addressed to the Parties at the following addresses:

STATE	CONTRACTOR
<i>Chad Roberts</i>	<i>Name</i>
<i>Chief Retirement Officer</i>	<i>Title</i>
<i>PO Box 7100</i>	<i>Address</i>
<i>Bismarck, ND 58507</i>	<i>City, State, Zip</i>
<i>chad.roberts@nd.gov</i>	<i>Email</i>

Notice provided under this provision does not meet the notice requirements for monetary claims against the State found at N.D.C.C. § 32-12.2-04.

12. CONFIDENTIALITY

CONTRACTOR shall not use or disclose any information it receives from STATE under this Contract that STATE has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this Contract or as authorized in advance by STATE. STATE shall not disclose any information it receives from CONTRACTOR that CONTRACTOR has previously identified as confidential and that STATE determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota public records law, [N.D.C.C. CH. 44-04](#). The duty of STATE and CONTRACTOR to maintain confidentiality of information under this section continues beyond the Term of this Contract.

13. COMPLIANCE WITH PUBLIC RECORDS LAWS

Under the North Dakota public records law and subject to the Confidentiality clause of this Contract, certain records may be open to the public upon request.

Public records may include: (a) records STATE receives from CONTRACTOR under this Contract, (b) records obtained by either Party under this Contract, and (c) records generated by either Party under this Contract.

CONTRACTOR agrees to contact STATE immediately upon receiving a request for information under the public records law and to comply with STATE's instructions on how to respond to such request.

14. INDEPENDENT ENTITY

CONTRACTOR is an independent entity under this Contract and is not a STATE employee for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the North Dakota Workforce Safety and Insurance Act. CONTRACTOR retains sole and absolute discretion in the manner and means of carrying out CONTRACTOR's activities and responsibilities under this Contract, except to the extent specified in this Contract.

15. ASSIGNMENT AND SUBCONTRACTS

CONTRACTOR may not assign or otherwise transfer or delegate any right or duty without STATE's express written consent, provided, however, that CONTRACTOR may assign its rights and obligations hereunder in the event of a change of control or sale of all or substantially all of its assets related to this Contract, whether by merger, reorganization, operation of law, or otherwise. Should Assignee be a business or entity with whom STATE is prohibited from conducting business, STATE shall have the right to terminate in accordance with the Termination for Cause section of this Contract.

CONTRACTOR may enter subcontracts provided that any subcontract acknowledges the binding nature of this Contract and incorporates this Contract, including any attachments. CONTRACTOR is solely responsible for the performance of any subcontractor with whom CONTRACTOR contracts. CONTRACTOR does not have authority to contract for or incur obligations on behalf of STATE.

16. SPOILIATION – PRESERVATION OF EVIDENCE

CONTRACTOR shall promptly notify STATE of all potential claims that arise or result from this Contract. CONTRACTOR shall also take all reasonable steps to preserve all physical evidence and information that may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and grants to STATE the opportunity to review and inspect such evidence, including the scene of an accident.

17. MERGER AND MODIFICATION, CONFLICT IN DOCUMENTS

This Contract, including the following documents, constitutes the entire agreement between the Parties. There are no understandings, agreements, or representations, oral or written, not specified within this Contract. This Contract may not be modified, supplemented or amended, in any manner, except by written agreement signed by both Parties.

Notwithstanding anything herein to the contrary, in the event of any inconsistency or conflict among the documents making up this Contract, the documents must control in this order of precedence:

- a. The terms of this Contract as may be amended;
- b. STATE's Solicitation Amendment #1 to Request for Proposal ("RFP") number _____ dated _____;
- c. STATE's Request for Proposal ("RFP") number _____, dated _____;
- d. CONTRACTOR's proposal dated _____ in response to RFP number _____.
- e. All terms and conditions contained in any automated end-user agreements (e.g., click-throughs, shrink wrap, or browse wrap) are specifically excluded and null and void, and shall not alter the terms of this Contract.

18. SEVERABILITY

If any term of this Contract is declared to be illegal or unenforceable by a court having competent jurisdiction, the validity of the remaining terms is unaffected and, if possible, the rights and obligations of the Parties are to be construed and enforced as if this Contract did not contain that term.

19. APPLICABLE LAW AND VENUE

This Contract is governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this Contract must be adjudicated exclusively in the state District Court of Burleigh County, North Dakota. Each Party consents to the exclusive jurisdiction of such court and waives any claim of lack of jurisdiction or *forum non conveniens*.

20. ALTERNATIVE DISPUTE RESOLUTION – JURY TRIAL

By entering this Contract, STATE does not agree to binding arbitration, mediation, or any other form of mandatory Alternative Dispute Resolution. The Parties may enforce the rights and remedies in judicial proceedings. STATE does not waive any right to a jury trial.

21. ATTORNEY FEES

In the event a lawsuit is instituted by STATE to obtain performance due under this Contract, and STATE is the prevailing Party, CONTRACTOR shall, except when prohibited by N.D.C.C. § 28 26 04, pay STATE's reasonable attorney fees and costs in connection with the lawsuit.

22. NONDISCRIMINATION AND COMPLIANCE WITH LAWS

CONTRACTOR agrees to comply with all applicable federal and state laws, rules, and policies, including those relating to nondiscrimination, accessibility and civil rights. (See N.D.C.C. Title 34 – Labor and Employment, specifically N.D.C.C. ch. 34-06.1 Equal Pay for Men and Women.)

CONTRACTOR agrees to timely file all required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including sales and use taxes, unemployment compensation and workers' compensation premiums.

CONTRACTOR shall have and keep current all licenses and permits required by law during the Term of this Contract all licenses and permits required by law.

CONTRACTOR's failure to comply with this section may be deemed a material breach by CONTRACTOR entitling STATE to terminate in accordance with the Termination for Cause section of this Contract.

23. STATE AUDIT

Pursuant to N.D.C.C. § 54-10-19, all records, regardless of physical form, and the accounting practices and procedures of CONTRACTOR relevant to this Contract are subject to examination by the North Dakota State Auditor, the Auditor's designee, or Federal auditors, if required. CONTRACTOR shall maintain these records for at least three (3) years following completion of this Contract and be able to provide them upon reasonable notice. STATE, State Auditor, or Auditor's designee shall provide reasonable notice to CONTRACTOR prior to conducting examination.

24. COUNTERPARTS

This Contract may be executed in multiple, identical counterparts, each of which is be deemed an original, and all of which taken together shall constitute one and the same contract.

25. EFFECTIVENESS OF CONTRACT

This Contract is not effective until fully executed by both Parties. If no start date is specified in the Term of Contract, the most recent date of the signatures of the Parties shall be deemed the Effective Date.

CONTRACTOR	STATE OF NORTH DAKOTA
<insert business>	Acting through its Retirement & Investment Office
BY: <Signature>	BY: <Signature>
<Printed Name>	Chad Roberts
<Title>	Chief Retirement Officer
Date:	Date:

MEMORANDUM

TO: TFFR Board
FROM: Denise Weeks, Retirement Program Manager
DATE: July 13, 2022
RE: Outreach Program Update

Events completed

- Governors Education Summit – In Person
 - June 9, 2022 – Dickinson
 - TFFR information booth
 - The 6th annual Governor's Summit on Innovative Education inspires innovation and reimagines learning in schools across North Dakota.

Upcoming events

- TFFR Retirement Education Workshop – In-Person
 - July 20, 2022 – Bismarck
 - Speakers to present on health insurance options, Social Security benefits, estate planning, and TFFR benefits
 - 70+ registered
 - ND United to help with marketing this event
- CTE Conference – In-Person
 - August 8-9, 2022 - Bismarck
 - Informational booth
 - TFFR staff to provide retirement benefit estimates and other TFFR information
- Retired Teachers Association Convention – Minot
 - September 14, 2022
 - Denise Weeks and Chad Roberts to present
- TFFR Individual Counseling Sessions - Virtual
 - 45-minute timeslots available July through November
 - Scheduled individually with the two Retirement Programs Specialists Stephanie Starr and Jayme Heick
- TFFR Group Counseling Sessions – In Person/Virtual
 - In person sessions scheduled with 9 school districts in September through November
 - 2 statewide virtual sessions scheduled for all school districts in December

BOARD INFORMATION ONLY. No board action required.

MEMORANDUM

TO: TFFR Board
FROM: Jan Murtha, Executive Director
DATE: July 15, 2022
RE: PAS Project Update

The following summarizes the efforts of RIO agency staff to continue with Phase 3 of the project through the current date.

- Phase 1 is completed.
- Phase 2 is completed.
- The ESC approved contracting with Segal for assistance through Phase 3 of the PAS Project.
- The ESC awarded the vendor solution contract to Sagitec. The contract with Sagitec has been signed.
- The parties conducted an onsite “Kick-Off” meeting with staff on Monday May 16th, 2022 and Tuesday May 17th, 2022.
- Staff has requested that Sagitec provide the TFFR Board with a presentation at the September TFFR Board meeting.
- RIO staff, NDIT, Segal and Sagitec are currently conducting the requirements review sessions several times per week to review the functional and technical requirements of the new system in addition to weekly project status meetings.
- At the June 29, 2022 meeting of the Executive Steering Committee for the project, the committee approved a project management plan contingent on finalization of the project management schedule and budget review. Once the contingencies have been removed the final plan will be presented to the TFFR Board.
- Staff conducted a contest internally to name the project. The successful name receiving the most votes was “Pioneer” project. Subsequent reports will refer to the pension “Pioneer” project.

BOARD INFORMATION ONLY. No board action requested.

MEMORANDUM

TO: TFFR Board
FROM: Jan Murtha, Executive Director
DATE: July 15 2022
RE: Employee Benefits Programs Committee Update

Pursuant to the direction of the Board at its March 2022 meeting, staff submitted the attached proposed statutory changes to Legislative Council prior to April 1, 2022. The Employee Benefits Programs Committee first considered these proposed changes at its meeting on May 3, 2022, and again at its meeting on June 21, 2022. A link to the committee agenda, materials, and recordings are provided below:

<https://ndlegis.gov/events/2022/05/03/employee-benefits-programs-committee>

<https://ndlegis.gov/events/2022/06/21/employee-benefits-programs-committee>

Staff will provide the Board with an update at its next regularly scheduled meeting.

ACTION REQUESTED: Information Only.



MANAGER PROCESS 1.0

North Dakota Retirement & Investment

Manager Selection Process Overview

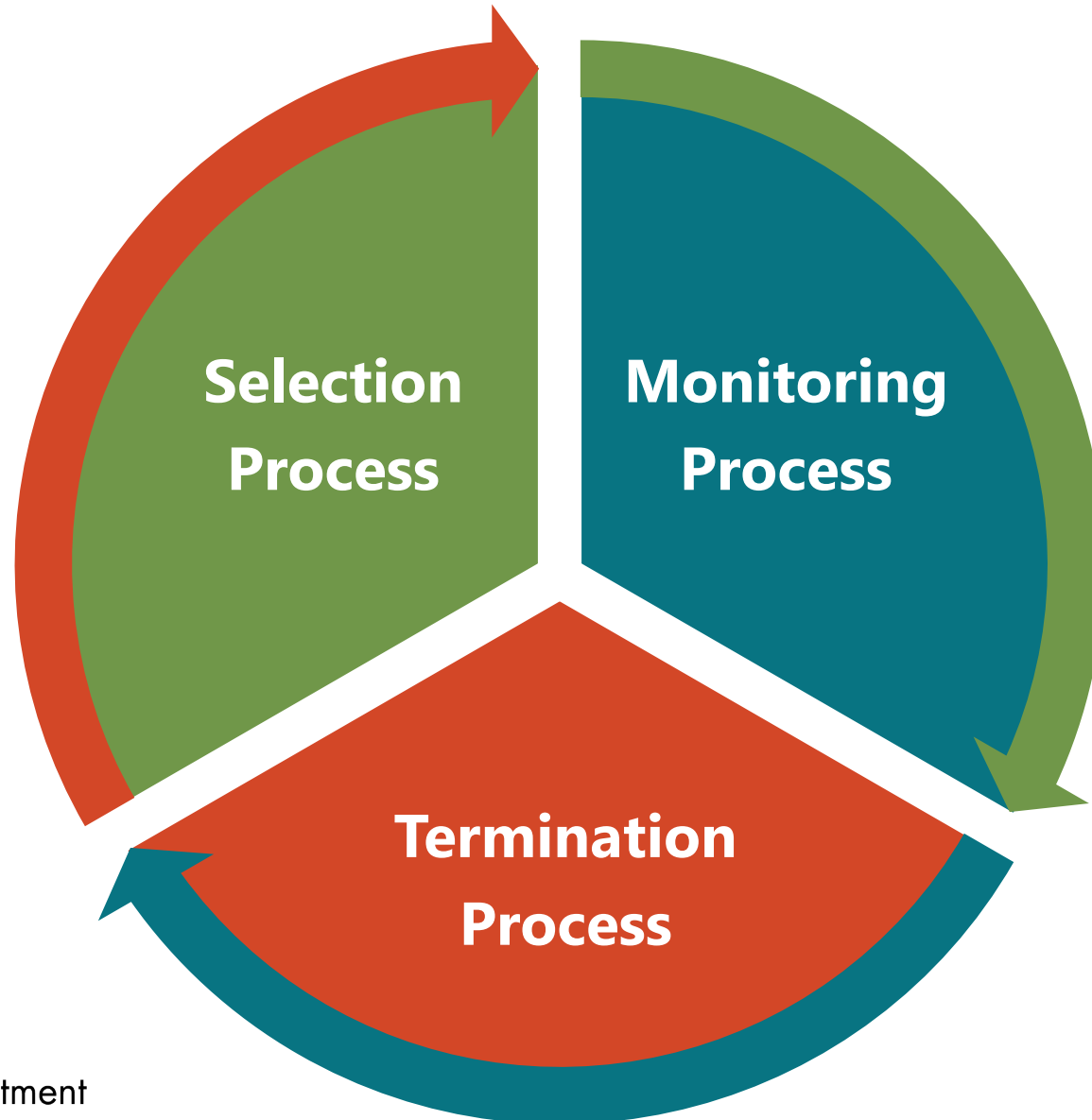
Eric Chin

July 21, 2022

NORTH
Dakota
Be Legendary.

Retirement & Investment

MANAGER LIFECYCLE



A GOOD MANAGER

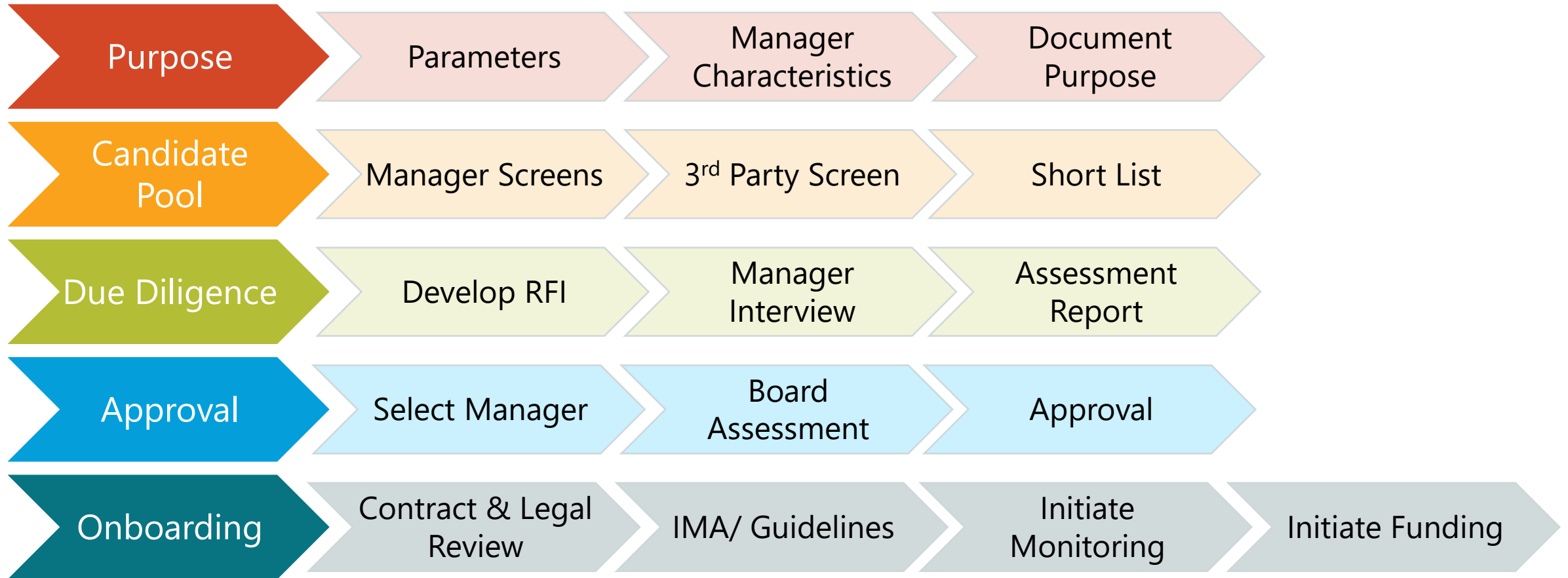
MANAGER CAPABILITIES

IMPACT TO FUND

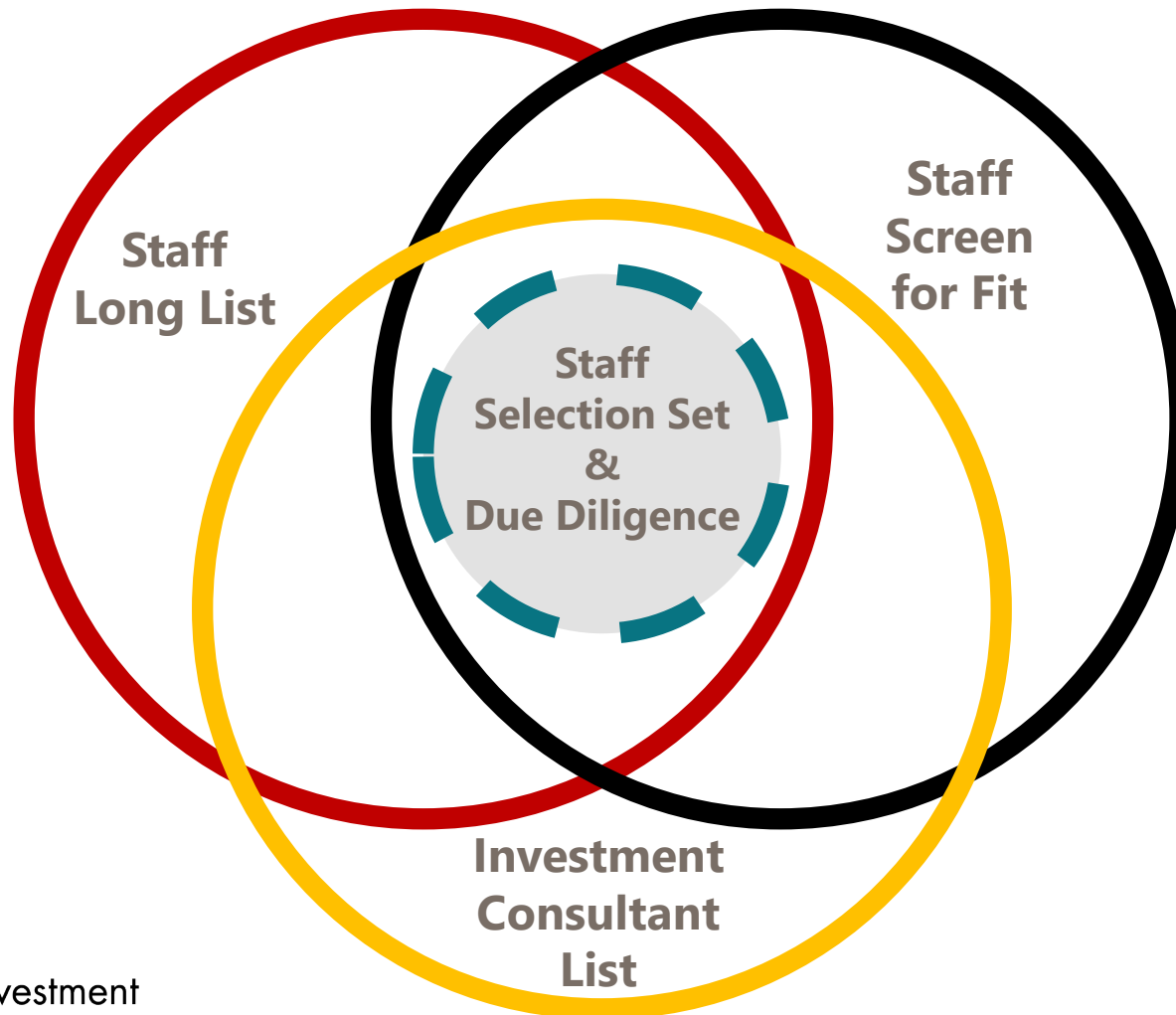
Talent	Absolute risk and return
Ownership & Compensation	Active return and risk
Locations	Incremental impact to active return and risk
Firm Size (Mandate Dependent)	Risk factor exposure and risk
Assets Under Management	Non-linear exposure and risk (Greeks)
Investment Strategy/Philosophy	Benchmark and fit
Source Of Risk And Return	Upside and downside returns
Organization Structure	Liquidity impact
Max Mandate Size	Private market metrics (TVPI, IRR, etc.)
Operations	Portfolio passive and active correlations
Headline risks	Pacing and commitment
Intellectual property/knowledge transfer	Cost

MANAGER SELECTION PROCESS

ACTIVITIES & TASKS



NARROW THE FIELD





TFFR INVESTMENT & PERFORMANCE UPDATE

Matt Posch, CFA

July 21, 2022

NORTH
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Be Legendary.

Retirement & Investment

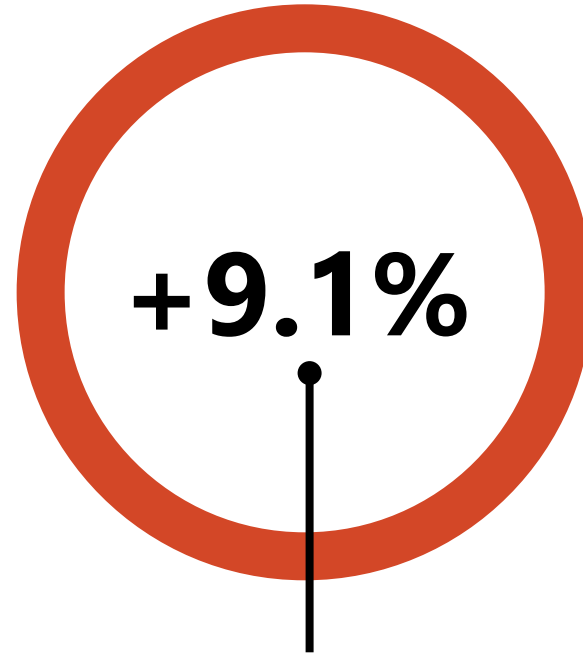
PERFORMANCE – BENCHMARK INDICES

AS OF MAY 31, 2022

Benchmark Indices (% change, annualized)	YTD	1 Yr	5 Yr	10 Yr	10 Yr Volatility
TFFR Policy Benchmark	-6.3%	1.6%	8.3%	8.5%	8.2%
Russell 1000	-13.7%	-2.7%	13.1%	14.2%	17.0%
Russell 2000	-16.6%	-17.8%	7.7%	10.8%	21.5%
S&P 500	-12.8%	-0.3%	13.4%	14.4%	16.9%
MSCI ACWI Gross	-12.8%	-6.8%	9.0%	10.2%	13.7%
MSCI World ex US	-10.3%	-9.0%	4.7%	7.1%	13.9%
MSCI Emerging Markets	-11.8%	-19.8%	3.8%	4.2%	15.4%
Bloomberg Aggregate	-8.9%	-8.2%	1.2%	1.7%	3.6%
Bloomberg Gov/Credit	-9.6%	-8.5%	1.4%	1.8%	4.1%
Bloomberg US High Yield	-8.0%	-5.3%	3.6%	5.4%	4.7%
NCREIF Property Index (3/31/2022)	5.3%	21.9%	8.5%	9.61%	2.5%

Source: Callan, Bloomberg

BOTH EXCESS
MONETARY
LIQUIDITY AND
SUPPLY CHAIN
DISRUPTIONS
CAUSE A LARGE
INFLATION RATE



**ANNUAL INFLATION RATE
(June 2021 thru June 2022)**

- **Commodity Prices**
- **Supply Chain**
- **Labor Shortage**
- **Post Pandemic Growth**

PERFORMANCE UPDATE – TFFR

AS OF MAY 31, 2022



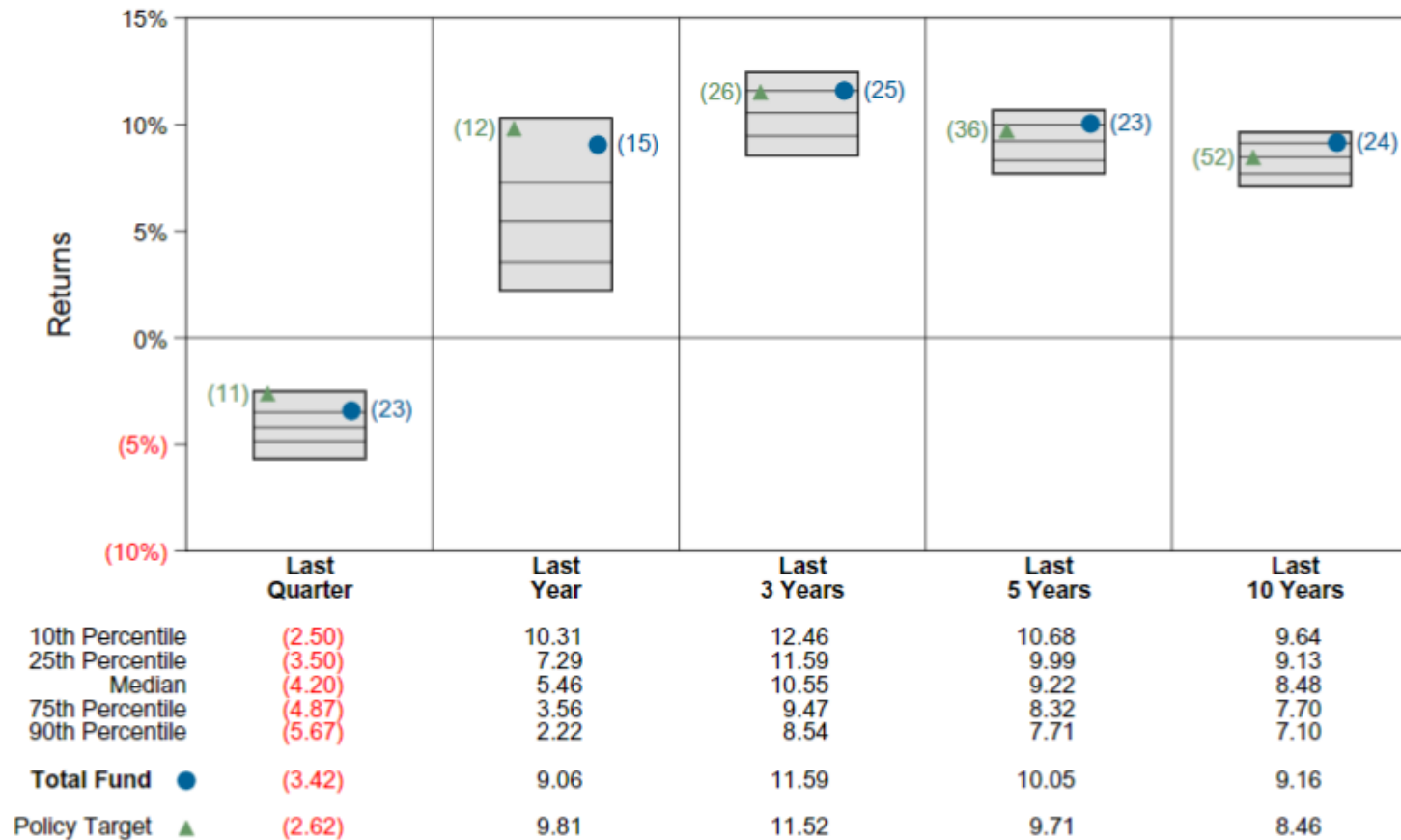
SIB clients should receive net investment returns consistent with their written investment policies and market variables. This “End” is evaluated based on comparison of each client’s (a) actual net investment return, (b) standard deviation and (c) risk adjusted excess return, to the client’s policy benchmark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

TFFR (\$3.1 Billion)	Year to Date	1 Year	3 year	5 Year	Risk (5 Year)
Total Fund Return	-7.06%	0.51%	10.29%	8.33%	8.9%
Policy Benchmark	-6.33%	1.59%	10.42%	8.31%	8.9%
Total Relative Return	-0.73%	-1.08%	-0.13%	0.02%	

Note: Amounts are unaudited and subject to change.

TFFR FUND RANKING

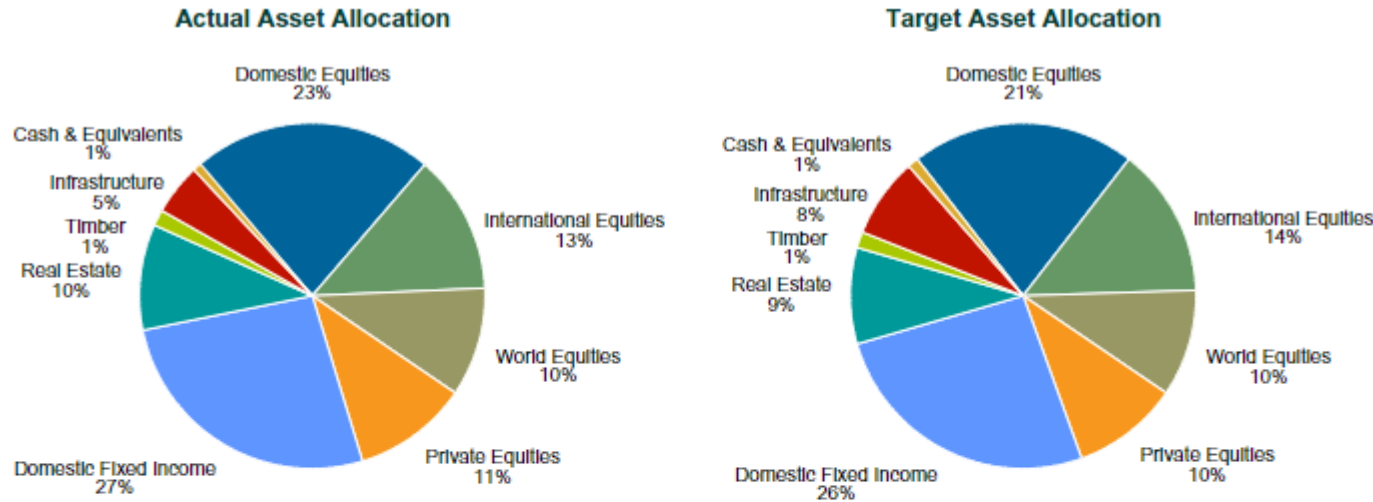
AS OF MARCH 31, 2022



Solid performance across multiple time frames relative to peers

TFFR ASSET ALLOCATION

AS OF MARCH 31, 2022



- Private Equities allocation has increased from 7.6% in June 2021 to 10.08% in March 2022
- Staff is working towards reallocating World Equities to Domestic and International Equities

Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equities	732,258	22.6%	21.0%	1.6%	51,112
International Equities	421,844	13.0%	14.0%	(1.0%)	(32,253)
World Equities	329,999	10.2%	10.0%	0.2%	5,644
Private Equities	349,755	10.8%	10.0%	0.8%	25,400
Domestic Fixed Income	860,438	26.5%	26.0%	0.5%	17,115
Real Estate	321,158	9.9%	9.0%	0.9%	29,238
Timber	48,423	1.5%	1.5%	(0.0%)	(0)
Infrastructure	154,661	4.8%	7.5%	(2.7%)	(88,836)
Cash & Equivalents	25,015	0.8%	1.0%	(0.2%)	(7,420)
Total	3,243,552	100.0%	100.0%		

TFFR ATTRIBUTION – ONE YEAR

AS OF MARCH 31, 2022

One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equities	23%	21%	12.30%	9.26%	0.72%	(0.07%)	0.65%
International Equities	15%	14%	(1.85%)	(0.67%)	(0.14%)	(0.08%)	(0.21%)
World Equities	11%	10%	6.26%	10.12%	(0.47%)	0.02%	(0.45%)
Private Equities	8%	10%	48.56%	48.56%	0.00%	(0.83%)	(0.83%)
Domestic Fixed Income	27%	26%	(0.74%)	(3.08%)	0.70%	(0.14%)	0.55%
Real Estate	9%	9%	23.51%	21.87%	0.13%	0.04%	0.16%
Timber	2%	2%	10.60%	11.82%	(0.02%)	(0.00%)	(0.02%)
Infrastructure	4%	7%	9.00%	17.41%	(0.35%)	(0.24%)	(0.59%)
Cash & Equivalents	1%	1%	0.06%	0.06%	(0.00%)	(0.01%)	(0.01%)
Total			9.06%	= 9.81%	+ 0.56%	+ (1.30%)	(0.75%)

- Domestic Equities and Domestic Fixed Income were contributors to the positive relative return manager effect during the one-year period
- Portfolio underweight to Private Equities and Infrastructure has negatively contributed to the asset allocation relative performance

TFFR ATTRIBUTION – FIVE YEAR

AS OF MARCH 31, 2022

Five Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equities	23%	21%	18.82%	17.08%	0.37%	0.04%	0.41%
World Equities	15%	15%	12.55%	15.03%	(0.34%)	(0.01%)	(0.35%)
International Equities	15%	14%	12.24%	9.60%	0.41%	(0.00%)	0.40%
Private Equities	5%	7%	16.44%	16.44%	0.00%	(0.31%)	(0.31%)
Domestic Fixed Income	23%	22%	5.69%	4.37%	0.30%	(0.07%)	0.23%
International Fixed Inc.	1%	1%	-	-	0.02%	0.02%	0.04%
Real Estate	10%	10%	8.65%	7.75%	0.09%	(0.05%)	0.04%
Timber	2%	2%	1.97%	3.58%	(0.04%)	(0.01%)	(0.06%)
Infrastructure	5%	6%	8.49%	4.85%	0.18%	0.05%	0.24%
Cash & Equivalents	1%	1%	1.17%	1.14%	0.00%	0.01%	0.01%
Total			11.78%	= 11.12%	+ 0.99%	+ (0.33%)	0.66%

- Domestic Equities, International Equities, and Domestic Fixed Income were contributors to the positive relative return manager effect during the five-year period

TFFR ATTRIBUTION – TEN YEAR

AS OF MARCH 31, 2022

Ten Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equities	23%	22%	14.83%	13.84%	0.21%	0.05%	0.26%
International Equities	15%	15%	7.50%	5.85%	0.26%	(0.02%)	0.24%
World Equities	15%	14%	9.64%	10.88%	(0.15%)	(0.03%)	(0.18%)
Private Equities	5%	6%	9.22%	9.22%	0.00%	(0.14%)	(0.14%)
Domestic Fixed Income	20%	20%	4.97%	3.23%	0.35%	(0.04%)	0.31%
International Fixed Income	3%	3%	-	-	0.06%	0.01%	0.07%
Real Estate	10%	10%	11.02%	9.61%	0.14%	(0.02%)	0.11%
Timber	3%	3%	1.80%	5.60%	(0.16%)	(0.02%)	(0.18%)
Infrastructure	4%	6%	7.10%	3.27%	0.17%	0.03%	0.20%
Cash & Equivalents	1%	1%	0.67%	0.63%	0.00%	0.01%	0.01%
Total			9.16%	= 8.46%	+ 0.88%	+ (0.18%)	0.70%

- Domestic Equities, International Equities, Domestic Fixed Income, and Infrastructure were contributors to the positive relative return manager effect during the ten-year period

MEMORANDUM

TO: TFFR Board

FROM: Sara Sauter, Supervisor of Internal Audit

DATE: July 21, 2022

SUBJECT: Audit Activities Quarterly Update

The SIB Audit Committee met May 10, 2022. The SIB Audit Committee reviewed and approved the third quarter audit activities and update on current audit activities.

The following were presented and approved:

1. June 30, 2022, Fiscal Year Financial Statement Audit Kickoff
 - a. Engagement Scope
 - i. RIO's Financial Statements as of June 30, 2022
 - ii. TFFR's GASB 68 Schedules as of June 30, 2022
 - iii. Report on Internal Controls and Compliance
 - iv. Written Communication with the Board
 - b. Workplan
 - i. Risked-Based Approach
 - ii. Investments, Contributions, Benefit Payments, Actuarial Data
 - c. Timeline
 - i. Planning & Testing: May – August 2022
 - ii. Final Audit Reports: October – November 2022
2. 2022-2023 Internal Audit Workplan
 - a. Allocate time to audits, consulting, and quality assurance
 - b. Fluid Workplan
 - i. Will be updated as needed

The following link has the committee materials that were presented for your reference:

<https://www.rio.nd.gov/sites/www/files/documents/PDFs/SIB%20Audit/Board/Materials/sibauditmat20220510.pdf>

Quarterly Monitoring Report on TFFR Ends Quarter ended March 31, 2022

Retirement Program

This report highlights **exceptions** to normal operating conditions.

- Jessica Newby, NDIT, provided education on cybersecurity. NDIT prevents/detects over 4.5 billion cyber threats per year, including external threats. Ms. Newby outlined the steps to prevent, reduce, and communicate risk and opportunities for cyber awareness education.
- Ms. Murtha reviewed the proposed statute changes and will submit all the approved statute changes as one bill to the Employee Benefits Programs Committee (EBPC), on behalf of the board.
- TFFR Member Online activity continues to increase. To date, almost 7,800 active, inactive, and retired members have registered for this service. This represents 35% of the actives and 24% of the retirees.
- The PAS contract with Sagitec has been signed by RIO staff and planning for phase 3 has begun. A “Kickoff” with the vendor and consultant will be scheduled for May.
- Ms. Murtha presented the RIO strategic plan to the Governors office. NDIT asked RIO to participate in their model strategic planning process. The plan looks ahead 5-10 years. Staff identified five core priorities: communication, infrastructure, organizational culture, talent management, and technology-enabled processes.
- Following a recommendation by internal audit, the TFFR Board authorized staff to initiate a procurement process for an actuarial audit. The last actuarial audit was done five years ago.
- Staff provided a new employer outreach program called TFFR Info Mixers. The Info Mixer is a 45-minute virtual educational opportunity for employers specifically on TFFR Employer Reporting. The first offering was done in February and there were 42 in attendance.

MEMORANDUM

TO: State Investment Board
FROM: Jan Murtha, Executive Director
DATE: July 19, 2022
RE: Executive Limitations/Staff Relations

Ms. Murtha will provide a verbal update at the meeting on agency efforts to address current and future organizational risk through strategic planning. Including updates on the following topics:

1. Retirements/Resignations/FTE's/Temporary Assistance:

Additional updates regarding ongoing discussions with HRMS related to classification and reclassification requests will be provided at the meeting. A copy of the updated organization chart is included for your reference.

Employee Title	Status
Deputy ED – Chief Retirement Officer	Position Filled. Start date 7/11/22.
Chief Fiscal Officer/Chief Operating Officer	Offer Accepted. Start date 8/22/22. Reclassification appeal pending HRMS.
Legal Intern	Position filled. Start date June 6 through July 22.
Investment #1	Posted in June, closed 6/27/22. Interviews scheduled.
Investment #2	Posted in June, closed 6/27/22. Interviews scheduled.
Investment #3	Posted in June, closed 6/29/22. Interviews pending.
Investment #4	Posted in June, closed 7/5/22. Interviews pending.
Accounting #1	Position Filled. Start date 6/13/22.
Programs Coordinator	Anticipate posting first week of August.

2. Current Project Activities/Initiatives:

- **Legacy Fund Asset Allocation Study** – RVK continues its work on the Legacy Fund Asset Allocation Study and provided preliminary considerations/recommendations to the Advisory Board on June 30, 2022.
- **TFFR PAS Project** (hereinafter TFFR “Pioneer Project”)– The TFFR Pioneer Project continues with implementation consistent with the project plan. The amount of time spent on the project by various staff members currently varies from 5 to 25 hours or more per week.
- **Northern Trust Initiative** – In an effort to enhance the infrastructure for the investment program the Investment and Fiscal teams are leading an initiative to coordinate with Northern Trust for additional functionality/capabilities.
- **Board Member Email Accounts:** State email accounts have been created for all SIB, TFFR, and committee members that are non-state employees. During the month of August RIO administrative staff will reach out to schedule an introduction/transition to these accounts with affected Board members.

3. RIO Board & Committee Presentations – June 1 through July 31, 2022

Staff provided or is scheduled to provide the following presentations to Boards and Committees during the above referenced time period.

- **Cultural Endowment Fund Meeting – 6/3/22**
- **Employee Benefits Programs Committee – 6/21/22**
- **Legacy Fund Earnings Committee – 6/22/22**
- **Advisory Board (Legacy) – 6/30/22**
- **TFFR GPR Committee – 7/7/22**
- **TFFR – 7/21/22 (scheduled)**
- **SIB – 7/22/22 (scheduled)**
- **SIB GPR Committee – 7/27/22 (scheduled)**

BOARD ACTION REQUESTED: Board Acceptance.

ND TFFR Board Education Materials July 2022

As the TFFR Board is aware, during the 2021 legislative session an interim Retirement Committee was created and assigned the following mandate:

“During the 2021-22 interim, the Legislative Management may develop a plan for new hires under the Public Employees Retirement System main system to participate in a defined contribution, cash benefit, or hybrid plan and to close the defined benefit plan to hires effective on a date certain. (Legislative Management directive).” (see below link for reference)

At its next meeting this committee is scheduled to receive a presentation from Milliman, Inc, regarding:

“... a financing model to explore asset derisking, biennial funding, bonding, and increased employer and employee contribution rates, including the long-range financial impact of changing the retirement program for future hires.” (see below link for reference)

The next scheduled meeting of this Retirement Committee is set for the same time as the July TFFR Board meeting (Thursday July 21, 2022, at 1:00pmCT).

A video of the meeting will be posted at the link provided below. Staff suggests Board members review the recording as part of Board member education for the month of July.

[Retirement Committee | North Dakota Legislative Branch \(ndlegis.gov\)](https://ndlegis.gov/committees/retirement)