

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
APRIL 22, 2021 BOARD MEETING**

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

STAFF PRESENT: David Hunter, ED/CIO
Jayme Heick, Retirement Programs Spec
Missy Kopp, Retirement Assistant
Jan Murtha, Deputy ED/CRO
Sara Sauter, Supvr of Internal Audit
Stephanie Starr, Retirement Programs Spec
Dottie Thorsen, Internal Auditor
Denise Weeks, Retirement Program Mgr

OTHERS PRESENT: Dean DePountis, Atty. General's Office
Noel Johnson, Segal
Kim Nichols, 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 1:00 p.m. on Thursday, April 22, 2021. The meeting was held in the Workforce Safety & Insurance Board Room, Bismarck, ND.

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

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the April 22, 2021, meeting.

IT WAS MOVED BY MS. GUMERINGER AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED

MINUTES:

The Board considered the minutes of the March 25, 2021, meeting.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE MARCH 25, 2021, MINUTES AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED

GOVERNANCE:

Plan Management Policy Score:

Mr. Matt Strom, Segal, discussed the updated plan management policy score. The score has been updated following the most recent actuarial valuation, experience study, and assumption rate change. The composite summary score is equal to 6 which has not changed from last year's valuation results. 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 likelihood of future positive or negative events. Notable differences from the prior analysis include lower investment return assumption from 7.75% to 7.25% which increased liabilities and changes to demographic assumptions which decreased liabilities and projected benefit payments. The liability projection from the 2020 valuation is lower than 2019. Ms. Nichols discussed the factors outside of TFFR than could have an effect on the directional trend of future policy scores including projected economic conditions, market cycles, and the economy in ND.

Board discussion followed.

IT WAS MOVED BY MS. GUMERINGER AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE PLAN MANAGEMENT POLICY SCORE UPDATE.

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

NAYS: NONE

MOTION CARRIED

Board Calendar and Education Plan:

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

Board discussion followed.

IT WAS BY MR. OLSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE 2021-22 BOARD CALENDAR AND EDUCATION PLAN.

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

NAYS: NONE

MOTION CARRIED

Investment Policy Statement:

Ms. Murtha presented the TFFR Investment Policy Statement, with the suggested changes, for a second reading.

Board discussion followed.

IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE SECOND READING OF THE TFFR INVESTMENT POLICY STATEMENT

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

NAYS: NONE

MOTION CARRIED

Actuary Services Contract:

Ms. Murtha shared the proposed contract from Segal for actuary services from 2021-23. The current contract expires on June 30, 2021. The Board last issued a Request for Proposals (RFP) for actuary services in 2016 and prior to that in 2010. The proposed contract has some slight increases in fixed costs for the actuarial and GAS 67/68 reports and a slight increase to the hourly rate for consulting services. The cost increase appears reasonable, a second extension of the current actuarial services contract is consistent with the past practices of the Board, and continuity of actuarial services through the second stage of the PAS project would assist staff with the transition to a new system. RIO staff recommends that the Board approve an extension of the actuarial services contract with Segal for 2021-23 and authorize staff to negotiate and finalize the extension.

Board discussion followed.

IT WAS MOVED BY MR. OLSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO RENEW THE CONTRACT FOR ACTUARY SERVICES FROM SEGAL.

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

NAYS: NONE

MOTION CARRIED

Program Policy Review Planning:

Ms. Murtha reviewed the Board's responsibilities in relation to reviewing the TFFR Program Manual. Board policy requires the Board to review the entire program policy manual on an annual basis. This is difficult to complete in one meeting, so staff recommended three options for the Board to consider:

1. Create a standing Governance and Policy Review Committee to meet quarterly and conduct an entire program manual review and make recommendations on an annual basis
2. Continue the special ad hoc Governance and Policy Review Committee created in 2019 through to 2023, to meet quarterly and make recommendations regarding the need for a standing committee for program policy review in July 2023
3. Maintain the current practice of conducting the annual review of the program manual at the July meeting

Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO CONTINUE WITH THE AD HOC GOVERNANCE AND POLICY REVIEW COMMITTEE AS OUTLINED IN OPTION 2.

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

NAYS: NONE

MOTION CARRIED

Administrative Rules:

Ms. Murtha provided an update on the administrative rules change process. RIO staff submitted the proposed rules and required materials to the office of the Attorney General (AG) for a compliance opinion. The assigned attorney contacted staff and suggested a slight modification to a federal citation. Staff updated the citation per that request. The AG's office provided their opinion that the proposed rules are within RIO's statutory authority. The administrative rules were approved as to their legality and can be filed with the Legislative Council.

Board discussion followed.

Legislative Update:

Ms. Murtha shared an update on bills that RIO staff are following or providing testimony on.

Board discussion followed.

OPERATIONS:

PAS Project:

Ms. Murtha provided an update on the PAS project. All Phase 1 deliverables have been accepted by RIO staff. The RIO budget included a request for a PIO based on the recommendations from the PAS consultant to allocate more resources to strategic communication. The legislature did not approve this request. Staff will continue to pursue ways to allocate additional resources to communication efforts and develop a business case for future legislative sessions. Staff worked with the Department of Commerce to adjust agency and program logos. Staff continue to meet with Segal to discuss operation items, training, and project status. Phase 2, RFP development, is underway with a tentative goal of June 2021 to issue the vendor RFP.

Board discussion followed.

CONSENT AGENDA:

IT WAS MOVED BY MS. GUMERINGER AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CONSENT AGENDA – QDRO 2021-1, AND EMPLOYER REPORT – MINOT.

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

NAYS: NONE

MOTION CARRIED

Resolution for Ms. Gumeringer:

**ND TFFR and ND SIB Joint Board Resolution
In Appreciation of
Trustee Toni Gumeringer**

WHEREAS, Trustee Toni Gumeringer has served as a member of the TFFR and SIB Boards; and

WHEREAS, Trustee Toni Gumeringer has diligently carried out her duties and responsibilities as a member of these Boards and fiduciary of the TFFR and SIB Programs; and

WHEREAS, Trustee Toni Gumeringer has been a valued and dedicated member of these Boards in helping maintain the high standards of integrity for the TFFR and SIB Programs.

NOW THEREFORE, BE IT RESOLVED that Trustee Toni Gumeringer be duly recognized by these Boards for her dedication to the State of North Dakota through her service on the Teacher's Fund for Retirement Board of Trustees and State Investment Board.

IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. OLSON AND CARRIED BY A VOICE VOTE TO APPROVE THE RESOLUTION.

**AYES: TREASURER BEADLE, MR. OLSON, MR. BURTON, MR. MICKELSON, SUPT. BAESLER, AND PRES. LECH
NAYS: NONE
MOTION CARRIED**

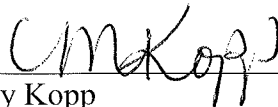
ADJOURNMENT:

With no further business to come before the Board, Pres. Lech adjourned the meeting at 4:00 p.m.

Respectfully Submitted:



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



Missy Kopp
Reporting Secretary