

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
JUNE 17, 2021 BOARD RETREAT**

BOARD MEMBERS PRESENT: Rob Lech, President
Mike Burton, Vice President
Kirsten Baesler, State Supt. DPI
Thomas Beadle, State Treasurer
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
Dottie Thorsen, Internal Auditor
Tami Volkert, Employer Svs Coor
Denise Weeks, Retirement Program Mgr

OTHERS PRESENT: Dean DePountis, Atty. General's Office

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, June 17, 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, PRES. LECH, MR. MICKELSON, AND MR. OLSON.

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the June 17, 2021, meeting.

IT WAS MOVED BY MR. MICKELSON 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, MR. OLSON, AND PRES. LECH

NAYS: NONE

MOTION CARRIED

RESOLUTION FOR MR. HUNTER:

**ND TFFR and ND SIB Joint Board Resolution
In Appreciation of
Executive Director/Chief Investment Officer
Dave Hunter**

WHEREAS, Mr. Hunter has served as the Executive Director and Chief Investment Officer of the North Dakota Retirement and Investment Office for the past 7.5 years; and

WHEREAS, Mr. Hunter has diligently carried out his duties and responsibilities to the Retirement and Investment Office, the Teachers' Fund for Retirement and State Investment Board Programs, and the general population of the State of North Dakota; and

WHEREAS, Mr. Hunter has been a valued and dedicated State employee in helping maintain the integrity and stability of the TFFR and SIB Programs, and leader of this state agency.

NOW THEREFORE, BE IT RESOLVED that Mr. Hunter be duly recognized by these Boards for his years of unselfish dedication to the State of North Dakota through his service to the TFFR Board of Trustees and the SIB.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE RESOLUTION.

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

NAYS: NONE

MOTION CARRIED

BOARD RETREAT:

Ms. Murtha discussed the goals for the Board retreat. The Board and RIO staff need to prepare for the implementation of the new Pension Administration System (PAS). The PAS consultant provided interim recommendations to facilitate the transition. Staff discussed each recommendation and a timeline for action. Some recommended changes will require actuarial review. Staff will present some suggested changes to Board policy, administrative rules, or code to discuss the issues and decide if it is something the Board wants to pursue.

Post-Retirement Adjustments:

Ms. Murtha pointed out the places in code that address increases for retirees. RIO staff receive calls from retirees inquiring about when they might receive an increase. One of the fund goals in the TFFR investment policy statement states that the Board hopes to accumulate a funding surplus to provide increases in retirement annuity payments. Board members discussed how to communicate better about this goal so members understand how the plan is funded and how long it will take to reach a fully-funded status which would allow increases. It is also important for members to understand the multiplier that is used to calculate their benefit and that the multiplier is high compared to other plans. Education about retirement planning is also important.

Return to Work:

Ms. Weeks provided Board members with the Return to Work brochure to show them what information is provided to members. Retirees who return to TFFR covered employment do not have to count extra-curricular hours towards their annual limit, but do have to pay contributions, so this causes confusion for members and employers. Staff would like to ask the actuary to study the impact of eliminating extra-curricular and professional development contributions. After discussion, the Board agreed that an actuarial review would be appropriate.

In-Staff Subbing:

Ms. Murtha discussed the in-staff subbing policy. The Board suspended the policy in relation to reemployed retirees until July 1. Staff will provide the financial impact of this policy change, but that information will not be available until November. Staff will conduct a survey of TFFR employers to gauge how many took advantage of the change and share that information with the Board in July.

Retirement Options:

Ms. Weeks provided information about the Level Income and 10-year Certain and Life retirement options. Very few members choose these options. Staff would like to have the actuary study the impact of eliminating these retirement options. After discussion, the Board agreed that an actuarial review would be appropriate.

Employer Reporting:

Ms. Murtha discussed employer payment plan models. The Board has the authority to determine the reporting requirements and models. The Model 2 partial option currently allows employers to choose to pay any amount of the employee contributions, to the decimal point. This creates audit concerns about tracking Model 2 partial compliance. Staff requests that the Board set limits on what percentages employers can choose. The Board discussed the need to put this change into place with the new PAS. The Board and staff will work on developing this policy change and discuss it with the employers so it can be rolled out with the new system.

Ms. Murtha shared the challenges staff have with inaccurate employer reporting. Staff would like to have more robust consequences for inaccurate employer reports because a large number of staff hours are spent correcting inaccurate reports. Many of the errors are connected to eligible salary for contributions.

Board Education:

Ms. Murtha asked the Board for feedback on Board education topics. Board members shared that the onboarding process for new trustees is very well done. Topics of interest for future education were discussed.

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