

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

BOARD MEMBERS PRESENT: Rob Lech, President
Mike Burton, Vice President
Thomas Beadle, State Treasurer
Cody Mickelson, Trustee
Mel Olson, Trustee

BOARD MEMBER ABSENT: Kirsten Baesler, State Supt. DPI

STAFF PRESENT: Jayme Heick, Retirement Programs Spec
Missy Kopp, Retirement Assistant
Jan Murtha, Interim ED/CRO
Sara Sauter, Supvr of Internal Audit
Darren Schulz, Interim CIO
Stephanie Starr, Retirement Programs Spec
Dottie Thorsen, Internal Auditor
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 1:07 p.m. on Thursday, July 22, 2021. The meeting was held at the State Capitol, Peace Garden Room, Bismarck, ND.

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

ACCEPTANCE OF AGENDA:

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

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

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

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

MINUTES:

The Board considered the minutes of the April 22, 2021 TFFR Board meeting, June 3, 2021 Governance and Policy Review meeting, and June 17, 2021 Special TFFR Board meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO APPROVE THE APRIL 22, JUNE 3, AND JUNE 17, 2021, MINUTES AS DISTRIBUTED.

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

GOVERNANCE:

Trustee Appointments:

Ms. Murtha shared an update on appointments for the two active teacher trustee positions. ND United provided candidates to the Governor's office to fill the two active teacher trustee positions. Mr. Mickelson has indicated that he will continue to serve, but his reappointment has not been confirmed. Mr. Mickelson will continue to serve until the Governor's office confirms his reappointment. The Governor's office has also not chosen a new trustee for the open active teacher position.

Board discussion followed.

Election of 2021-22 Officers:

Pres. Lech opened the floor for nomination for officers of the TFFR Board.

MR. OLSON NOMINATED DR. LECH FOR PRESIDENT. WITH NO FURTHER NOMINATIONS, TREASURER BEADLE MADE A MOTION FOR A UNANIMOUS BALLOT, MR. OLSON SECONDED. MOTION MARRIED BY A ROLL CALL VOTE.

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

MR. MICKELSON NOMINATED MR. BURTON FOR VICE PRESIDENT, WITH NO FURTHER NOMINATIONS, TREASURER BEADLE MADE A MOTION FOR A UNANIMOUS BALLOT, MR. OLSON SECONDED. MOTION CARRIED BY A ROLL CALL VOTE.

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

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO APPOINT PRES. LECH, MR. MICKELSON, AND MR. OLSON AS TFFR REPRESENTATIVES TO THE STATE INVESTMENT BOARD (SIB).

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

IT WAS MOVED BY MR. BURTON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPOINT PRES. LECH TO THE SIB AUDIT COMMITTEE.

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

IT WAS MOVED BY MR. OLSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPOINT MR. BURTON AS THE ALTERNATE REPRESENTATIVE TO THE SIB.

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

Recognition of Service for Estelle Kirchoffner and Ruby Benning:

ND TFFR Board Resolution
In Appreciation of
Membership Specialist Estelle Kirchoffner

WHEREAS, Estelle Kirchoffner has served as a state employee and valued member of the Retirement and Investment Office for the past 23 years; and

WHEREAS, Estelle Kirchoffner has diligently carried out her duties and responsibilities for the TFFR Program, the Retirement and Investment Office, and the general population of the State of North Dakota; and

WHEREAS, Estelle Kirchoffner has been a valued and dedicated State employee in helping maintain the stability of the Retirement and Investment Office.

NOW THEREFORE, BE IT RESOLVED that Estelle Kirchoffner be duly recognized by this Board for her years of unselfish dedication to the State of North Dakota through her service to the Teachers' Fund for Retirement Program.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE RESOLUTION.

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

ND TFFR Board Resolution
In Appreciation of
Office Assistant Ruby Benning

WHEREAS, Ruby Benning has served as a state employee and valued member of the Retirement and Investment Office for the past 28 years; and

WHEREAS, Ruby Benning has diligently carried out her duties and responsibilities for the TFFR Program, the Retirement and Investment Office, and the general population of the State of North Dakota; and

WHEREAS, Ruby Benning has been a valued and dedicated State employee in helping maintain the stability of the Retirement and Investment Office.

NOW THEREFORE, BE IT RESOLVED that Ruby Benning be duly recognized by this Board for her years of unselfish dedication to the State of North Dakota through her service to the Teachers' Fund for Retirement Program.

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

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

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

Annual SIB Customer Satisfaction Survey:

Pres. Lech will share the SIB Customer Satisfaction survey with Board members. After the survey is completed, Pres. Lech will compile the results. Ms. Sauter requested that the Board allow Pres. Lech to submit the results directly to the SIB after they are compiled.

Board discussion followed.

Annual TFFR Program Review:

1. Program Awards

Ms. Murtha shared information about the Recognition Award for Administration that was awarded to TFFR from the Public Pension Coordinating Council. This award recognizes TFFR for meeting professional standards for plan administration as set forth in the Public Pension Standards.

2. Program Monitoring Summary

Ms. Murtha discussed the program monitoring summary. This summary illustrates how the board and staff have completed all the Ends requirements throughout the fiscal year. Board members pointed out an error with some of the dates and staff confirmed that those dates would be corrected. Board discussion followed.

IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO APPROVE THE PROGRAM REVIEW WITH AMMENDMENTS.

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

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

3. Customer Satisfaction Reports

Ms. Murtha discussed the results of customer satisfaction feedback from TFFR outreach events, the ongoing customer comments cards, and stakeholder groups. Dr. Lech thanked RIO staff for the high level of customer service they provide. Board discussion followed.

4. Code of Conduct Policy Affirmations

Ms. Murtha discussed the annual affirmation of Code of Conduct policy which requires trustees to affirm that they have read and understand the Code of Conduct and Ethics policy and to disclose any conflicts of interest.

Governance & Policy Review (GPR) Committee Report:

1. Program Policy Annual Review Recommendation

Ms. Murtha presented the recommendation from the GPR committee. The GPR committee will continue to work with staff on policy development and review during the 2021-22 fiscal year in compliance with Board Policy M.3 and implement the interim PAS project recommendations relating to policy review made by our consultant. The GPR committee will bring proposed policy amendments to the Board for consideration and approval on a rolling basis. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. OLSON AND APPROVED BY A VOICE VOTE TO APPROVE THE RECOMMENDATION FOR THE GPR COMMITTEE TO CONTINUE THE ANNUAL REVIEW AND TO BRING PROPOSED POLICY AMENDMENTS TO THE BOARD ON A ROLLING BASIS OVER THE 2021-22 FISCAL YEAR.

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

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

2. Proposed Program Policy Manual Amendments

The GPR committee recommended moving the Investment Policy Statement and Plan Management Policy to the new TFFR Board Program Manual. Both policies have recently been reviewed and approved by the Board but have not been placed in the new manual. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. OLSON AND CARRIED BY A VOICE VOTE TO MOVE THE INVESTMENT POLICY STATEMENT AND PLAN MANAGEMENT POLICY TO THE NEW TFFR BOARD PROGRAM MANUAL.

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

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

The TFFR Board approved as final minor changes and updates to its Investment Policy Statement at its April 2021. Subsequent to that date the RIO Investment team, as it prepared for implementation, realized that some of the language restricted implementation efforts. As a result, the RIO Investment team is requesting changes to the language describing asset allocation. Proposed Changes were provided. Board discussion followed.

IT WAS MOVED BY MR. OLSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE PROPOSED CHANGES TO THE TFFR INVESTMENT POLICY STATEMENT.

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

NAYS: NONE

MOTION CARRIED
ABSENT: SUPT. BAESLER

3. In-Staff Subbing Policy Update and Recommendation

Ms. Murtha summarized the actions taken by the Board to suspend the In-Staff Subbing Policy in relation to reemployed retirees in January 2021. That suspension expired on July 1, 2021. A survey was sent to TFFR Employers to collect data about their utilization of reemployed TFFR retirees for in-staff subbing. Board discussion followed.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO CONTINUE THE SUSPENSION OF THE IN-STAFF SUBBING POLICY, AS IT APPLIES TO REEMPLOYED RETIREES, UNTIL GPR REIVEW AND BOARD ACTION.

AYES: MR. BURTON, MR. MICKELSON, MR. OLSON, TREASURER BEADLE, AND PRES. LECH
NAYS: NONE

MOTION CARRIED
ABSENT: SUPT. BAESLER

REPORTS:

Quarterly Investment Update:

Mr. Schulz shared an investment update for the periods ended March 31, 2021. TFFR investments averaged approximately \$2.5 billion the last five years and excess returns have averaged roughly 0.34% per year. TFFR's use of active management has enhanced net investment returns by roughly \$42 million for the five years ended March 31, 2021. These returns were achieved while adhering to prescribed risk limits and positive risk adjusted returns. Except for private infrastructure, actual asset allocations are within 3% of target as of March 31, 2021.

Board discussion followed.

IT WAS MOVED BY MR. BURTON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE QUARTERLY INVESTMENT REPORT.

AYES: MR. MICKELSON, MR. BURTON, TREASURER BEADLE, MR. OLSON, AND PRES. LECH
NAYS: NONE

MOTION CARRIED
ABSENT: SUPT. BAESLER

Break: 2:40 p.m. – 2:51 p.m.

Annual Technology Report:

Mr. Nagel provided the annual technology report. As of July 1, 2021, about 6,600 TFFR members have successfully logged into the Member Online Portal. RIO staff continue to provide members and employers with assistance as issues or questions arise. Staff have worked with NDIT and the consultant on the PAS project. The RIO website was replaced with a more current site utilizing the state website platform. The new site is more user-friendly and provide more security, features, and functionality.

IT staff provided hardware and software updates throughout the year. Communication has been shared with staff stressing the importance of security and educating users about how to best protect from malicious cyber-attacks.

Effective July 1, 2021, RIO is joining NDIR unification. RIO's two IT staff members will transition under NDIR but will continue to support RIO functions. This unification allows RIO IT staff to have more resources, support, and the opportunity to learn and grow in their professions. Board discussion followed.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO APPROVE THE ANNUAL TECHNOLOGY REPORT.

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

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

Quarterly TFFR Ends:

Ms. Weeks shared the TFFR Ends monitoring report for the quarter ended March 31, 2021. The report highlights exceptions to normal business operations. HB 1174 passed related to TFFR Required Minimum Distributions. Staff and the Board began the Administrative Rule Promulgation process to address assumption changes. The TFFR Board suspended the in-staff subbing policy as it applies to reemployed retirees for the remainder of the fiscal year. Staff conducted outreach via electronic methods. Virtual sessions were conducted for members and employers. Board discussion followed.

IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO APPROVE THE QUARTERLY TFFR ENDS REPORT.

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

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

Audit Reports:

Ms. Sauter shared the Internal Audit (IA) report for the quarter ended March 31, 2021. IA completed an employer salary review of Minot and issued the report in November 2020. The Salary Verification/Participant Data review report was issued to Retirement Services in May 2021. Ms. Sauter has participated in the PAS project throughout the process. Board discussion followed.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. OLSON AND CARRIED BY A VOICE VOTE TO APPROVE THE QUARTERLY AUDIT REPORT.

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

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

OPERATIONS:

Member Outreach Update:

Ms. Weeks provided an update on outreach activities. Staff provided a presentation on employer reporting during the Spring Business Manager Workshop in May 2021. Two model analysis presentation were provided to two schools. A

Retirement Education Workshop was held in Bismarck in July 2021. Speakers presented information on health insurance options, financial and estate planning, and TFFR benefits. Upcoming outreach events include the Career & Tech Ed Conference, virtual individual counseling, and virtual group counseling. Board discussion followed.

Pension Administration System (PAS) Project Update:

Ms. Murtha provided an update on the PAS project from April 2021 until the current date. All Phase 1 deliverables have been accepted by staff and Phase 2, procurement of solution, has been initiated. Staff continue to meet twice per month to discuss operation items and conduct trainings. Staff have worked to respond to vendor questions and prepare for the Request for Proposal (RFP) response review. The vendor solution RFP was issued on June 1, 2021 with responses due on July 21, 2021. The Executive Steering Committee approved contracting with Segal for assistance through Phase 3 of the PAS project. Board discussion followed.

Executive Limitations/Staff Relations:

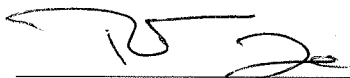
Ms. Murtha provided an update on RIO staffing and operations. Estelle Kirchoffner and Ruby Benning have both announced their retirements. Weekly meetings are being held to aid in the IT unification transition. Staff meetings are occurring twice per month to aid in agency communication. The executive team is meeting weekly. They have rolled out an interim plan to cover staff openings. The first step in a reorganization plan will be shared with staff and the Board in August. Board discussion followed.

Ms. Murtha shared information about the upcoming NCTR virtual workshop and encouraged Board members to attend.

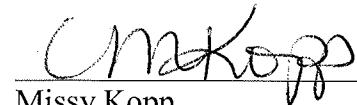
ADJOURNMENT:

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