

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT  
MINUTES OF THE  
JANUARY 26, 2023, 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:** Jayme Heick, Retirement Programs Spec  
Missy Kopp, Exec Assistant  
Denise Leingang-Sargeant, Member Specialist  
Jan Murtha, Exec. Dir.  
Emmalee Riegler, Contracts/Records Admin.  
Chad Roberts, DED/CRO  
Sara Sauter, Supvr. of Internal Audit  
Rachelle Smith, Retirement Assistant  
Stephanie Schilling, Retirement Programs Spec  
Dottie Thorsen, Internal Auditor  
Tami Volkert, Compliance Specialist  
Denise Weeks, Retirement Program Mgr.

**OTHERS PRESENT:** Dean DePountis, Atty. General's Office  
Tanya Dybal, Segal  
Brad Ramirez, Segal  
Matt Strom, Segal  
Paul Wood, GRS  
Dana Woolfrey, GRS  
Members of the Public

**CALL TO ORDER:**

Dr. Lech, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:00 p.m. on Thursday, January 26, 2023. The meeting was held virtually.

**THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: MR. BURTON, DR. LECH, MR. MICKELSON, MR. OLSON, AND MR. WILLGOHS.**

**ACCEPTANCE OF AGENDA:**

The Board considered the agenda for the January 26, 2023, 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: MR. BURTON, MR. MICKELSON, MR. WILLGOHS, MR. OLSON, AND DR. LECH**

**NAYS: NONE**

**ABSENT: SUPT. BAESLER & TREASURER BEADLE**

**MOTION CARRIED**

## **MINUTES:**

The Board considered the minutes of the November 17, 2022, TFFR Board meeting.

**IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. OLSON AND CARRIED BY A VOICE VOTE TO APPROVE THE NOVEMBER 17, 2022, MINUTES AS DISTRIBUTED.**

**AYES: MR. MICKELSON, MR. OLSON, MR. BURTON, MR. WILLGOHS, AND DR. LECH**

**NAYS: NONE**

**ABSENT: SUPT. BAESLER & TREASURER BEADLE**

**MOTION CARRIED**

Treasurer Beadle and Supt. Baesler joined the meeting at 1:03 p.m.

## **EDUCATION:**

### **Pension Plan Archetypes:**

Mr. Ramirez, Segal, presented on retirement plan risk perspectives. Mr. Ramirez reviewed the objectives of a retirement program and the risks facing pension plans. Defined Benefit (DB) plans have been facing increasing scrutiny because the plans were originally designed for long careers when many careers lasted 45 years. The ratio of work to retirement has changed with people working fewer years and a longer life expectancy. Mr. Ramirez discussed the drivers of DB plan costs and the continuum of retirement plan risk sharing and compared DB and Defined Contribution (DC) plans. Mr. Strom discussed hybrid retirement plan risk levels and hybrid plan types including Variable Benefit Accrual, Variable Annuity, and Cash Balance Plans. The degree of portability varies with the different types of plans. Board discussion followed.

## **GOVERNANCE:**

### **2022 GASB Report:**

Mr. Ramirez and Mr. Strom, Segal, reviewed the Governmental Accounting Standards Board (GASB) 67 and 68 report for fiscal year 2022. The GASB report is used by TFFR participating employers and their auditors to fulfill certain accounting and disclosure requirements for their financial statements. Board discussion followed.

### **Actuarial Audit:**

Ms. Woolfrey and Mr. Wood, GRO, presented the results of the TFFR Actuarial Audit of the July 1, 2021, Actuarial Valuation. The purpose of an actuarial audit is to determine if the funding results are reasonable, check for bias in the current actuarial model, determine if the reports meet standards, and if there are potential risks on the horizon. Based on the review of the census data, experience study documents, liability replications, and actuarial valuation report, GRS believes the 2021 actuarial valuation is reasonable for the purpose of determining the sufficiency of the current contribution rates, based on reasonable assumptions and methods, and the report generally complies with the Actuarial Standards of Practice. GRS made a recommendation on projections and associated communications. If the time to full funding is a key metric for decision making, then communication should use smoothed assets. Mr. Strom shared that Segal staff have looked at the recommendations and ways to incorporate them into the next valuation and experience study. Board discussion followed.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. OLSON AND CARRIED BY A VOICE VOTE TO ACCEPT THE 2022 GASB AND ACTUARIAL AUDIT REPORTS.**

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

**NAYS: NONE**

**MOTION CARRIED**

Actuarial Services Request for Proposal (RFP) Review & Approval:

Mr. Roberts discussed the RFP for actuarial and consulting services for the period of July 1, 2023, through June 30, 2025. The scope of work includes the next experience study, actuarial valuations, GASB 67 and 68 reporting, legislation analysis, and consulting services. A timeline for the RFP process was provided. Board discussion followed.

**IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE ACTUARIAL SERVICES RFP AS PRESENTED.**

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

**NAYS: NONE**

**MOTION CARRIED**

Dr. Lech welcomed Ann Nagel who moved from the Investment Accountant position to the new Retirement Accountant position.

The Board recessed at 3:00 p.m. and reconvened at 3:10 p.m.

Pioneer Project Update:

Mr. Roberts provided an update on the progress of the development of the new pension administration system. The project is currently on time and on budget. Staff are participating in many hours of meetings for the project. The system is still projected to go live in the fourth quarter of 2024. During the elaboration process, staff identified some necessary interfaces with other state agency software solutions. The vendor has determined that those interfaces are within the scope of their contract and will not result in additional cost. Board discussion followed.

Legislative Update:

Ms. Murtha reviewed the bill tracking process that RIO staff have used. The bills that staff testify on are all included, but there are other bills staff are monitoring and are included because they may be of interest to Board members. All testimony that staff have provided was included in the meeting materials. HB 1219 is the TFFR technical changes bill that was sponsored by Representative Kempenich. The first hearing took place last week and staff testified in support of the bill and answered questions from the committee. HB 1271 would allow retired teachers returning to service to opt out of paying TFFR contributions. Staff testified in opposition. The actuarial analysis indicated that as a result of this bill, TFFR would never reach a full funding status. The bill received a do not pass recommendation from the

committee and failed in the House. HB 1150 would allow veterans with at least 20 years of military service to opt out of TFFR for their first year. Staff testified in opposition and the committee recommended do not pass, but the bill passed the House. Staff will reach out to Senators to make them aware of the issues with this bill. SB 2258 expands the scope of Critical Shortage area qualification for rehired retirees. Staff have spoken with the bill sponsor about HB 1219 and the desire to make both bills consistent. SB 2070 extends the length of time non-certified teachers can be permitted. Staff provided data to the actuaries to analyze the impact of changing the definition of a teacher for TFFR. Once we have the analysis, the Board could choose to suggest an amendment to the bill to change that definition. HBs 1040 and 1486 both close the PERS DB plan. Staff have testified as neutral on HB 1040. Board discussion followed.

## **REPORTS:**

### **Annual TFFR Ends Report:**

Mr. Roberts reviewed the annual TFFR Ends report. The report summarizes and provides metrics for performance of the TFFR program to demonstrate that the program is adhering to policies and expectations. Key areas covered by the report are membership data and contributions, member services, account claims, and trust fund evaluation.

### **Executive Limitations/Staff Relations Report:**

Ms. Murtha gave an update on staffing at RIO. The Retirement Accountant position was filled by an internal candidate which created a vacancy for an Investment Accountant. That position has been posted. The new Chief Risk Officer and Sr. Investment Officer have accepted offers. The new Accounting Intern started in December 2022. The Communications and Outreach Director position was recently vacated, and staff are working on filling that opening. Current projects include the Legacy Fund Asset Allocation Study, Pioneer Project, Northern Trust initiative, and Audit Consultant project. Ms. Murtha shared the results of the 2022 Gallup Engagement Survey for the RIO agency and the plan to address engagement each month at division meetings. Board discussion followed.

**IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO ACCEPT THE ANNUAL TFFR ENDS AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.**

**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 4:22 p.m.

Prepared by,

Missy Kopp  
Assistant to the Board