

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
MARCH 23, 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
Sarah Mudder, Communications/Outreach Dir.
Jan Murtha, Exec. Dir.
Chad Roberts, DED/CRO
Sara Seiler, 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
Brad Ramirez, Segal
Matt Strom, Segal

CALL TO ORDER:

Dr. Lech, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:02 p.m. on Thursday, March 23, 2023. The meeting was held in the WSI Board Room, 1600 E Century Avenue, Bismarck.

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

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the March 23, 2023, meeting.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. BURTON 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 DR. LECH

NAYS: NONE

MOTION CARRIED

Ms. Murtha introduce Sarah Mudder, the new Communications and Outreach Director.

MINUTES:

The Board considered the minutes of the January 26, 2023, TFFR Board meeting.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. OLSON AND CARRIED BY A VOICE VOTE TO APPROVE THE JANUARY 26, 2023, MINUTES AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED

EDUCATION:

Public Sector Retirement Plans:

Mr. Ramirez, Segal, provided education on Alternative Plan Designs. Information for the presentation came from the NCPERS 2023 Public Retirement Systems Study. Topics discussed included statistics about public plan members, different features of defined benefit (DB) plans, different plan types, and statistics about participation in the different types of public sector plans. According to the survey, in 2022 60% of respondents lowered the actuarial assumed rate of return and 34% raised the benefit age/service requirement. Other changes implemented by public plans include increased employee contributions, lengthened amortization periods to improve affordability and shortened amortization periods to improve funding status. Mr. Ramirez shared information about Cost-of-Living Adjustments (COLAs) in public plans and shared case studies that illustrate different retirement plan options used in other public settings. Board discussion followed.

GOVERNANCE:

2023 Legislative Session Update:

Ms. Murtha reviewed the bills that staff are tracking in relation to the TFFR program. HB 1150 which provides an exemption from the TFFR plan to military veterans has passed both chambers and has been sent to the Governor. HB 1219 is the TFFR technical changes bill which makes is more attractive for retirees to return to work by changing the annual hour limit rule and critical shortage area (CSA) requirement. SB 2258 expands the CSA in a way that would nullify the annual hour limit rule. 1219 passed the house and was sent to the Senate. The committee recommended a do pass, and it went to the floor but was sent back to the committee. Staff have been reaching out to figure out why this happened but have not found an answer. Staff provided testimony to the committee on 2258. The RIO budget bill passed the Senate with all of our requests. The first House committee hearing was held with additional committee work occurring today. Board discussion followed.

Pioneer Project Update:

Mr. Roberts provided an update on the Pioneer Project. The project is running on schedule. There will be an overlap of Pilot 2 and 3, so staff will have additional meetings for that overlap period. The project is currently within budget, however an additional unforeseen cost of \$23,800 was approved by the Executive Steering Committee (ESC) on March 7, 2023. During development of the data integration and migration plan for the existing historical records in

our FileNet system, an additional cost of \$47,600 was put forward by the vendor. The vendor and TFFR disagreed as to the interpretation of a requirement in the RFP process that led to this cost increase from the vendor. After negotiation, the vendor agreed to reduce the cost by 50%. Board discussion followed.

120-Day Waiver Review:

Ms. Murtha provided information about the procedure used in approving the waiver of the 120-day waiting period for processing refund of account requests. While reviewing this process, staff observed that there was a lack of clarity in the plan governing documents. Ms. Murtha reviewed the rules in statute, administrative rules, and TFFR policy for this waiver process. If the Board wants to continue to delegate authority to the Deputy Executive Director/Chief Retirement Officer (DED/CRO), staff recommends that an appeals process be added to the Board policy. After Board discussion, members agreed that the DED/CRO should continue to approve these waivers. The Board will work to clarify their policy on this process.

The Board recessed at 2:36 p.m. and reconvened at 2:45 p.m.

REPORTS:

Quarterly Investment Report:

Mr. Anderson provided the investment performance report for the quarter ended December 31, 2022. Mr. Anderson reviewed the economic factors that impact investment performance. TFFR's ten-year average return shows that the effort of good governance and implementation has added value to the fund. Mr. Anderson explained the effort staff is making to increase the ability to rebalance more frequently which should improve asset allocation returns. TFFR remains in the top quartile when compared to peer plans in both an allocation and implementation basis. Board discussion followed.

Pres. Lech left the meeting at 3:17 p.m. to attend a legislative hearing.

Annual Retirement Trends Report:

Mr. Roberts provided the Annual Retirement Trends Report as of February 2023. Of the 11,870 active TFFR members, 818 are currently eligible to retire. In the last ten years an average of 1,008 teachers have been eligible to retire each year with an average of 377 who actually retired each year. Approximately 2,000 to 2,200 active members are projected to retire in the next 10 years which averages about 220 per year. Board discussion followed.

Quarterly 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.

Quarterly Internal Audit Report:

Ms. Seiler reviewed the Internal Audit (IA) Activities report for the quarter ended December 31, 2022. At their February 15, 2023, meeting, the SIB Audit Committee approved the second

quarter audit activities. IA completed the Executive Limitations audit and is sufficiently satisfied that the ED was in compliance with SIB Governance Executive Limitations policies. IA performed an employee exit review which occurs when there is a sudden resignation or separation of employment. IA reviews files to see if anything needs to be addressed. The GASB 68 Schedules audit was completed with no materials findings. IA continues to work with the consultant on the IA Business Process review. The review is on track to be completed and presented to the Audit Committee in May 2023.

Executive Limitations/Staff Relations:

Mr. Roberts provided an update on staffing at RIO. The Investment Accountant position was posted and extended to reach more candidates. Interviews were completed for a summer Legal Intern. Current projects include the TFFR Pioneer Project, TFFR Actuarial Services request for proposal (RFP), Legacy Fund Asset Allocation study, and Northern Trust Initiative. The ERCC is beginning the process for the annual review of the ED. Surveys will be sent to Board members for their feedback. The ERCC is also collecting survey data related to the performance of the DED/CRO from the Board to assist the ED in the performance review of this position.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY INVESTMENT, ANNUAL RETIREMENT TRENDS, QUARTERLY TFFR ENDS, QUARTERLY INTERNAL AUDIT, AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.

AYES: MR. WILLGOHS, MR. BURTON, MR. MICKELSON, MR. OLSON, AND TREASURER BEADLE

NAYS: NONE

**ABSENT: SUPT. BAESLER AND DR. LECH
MOTION CARRIED**

ADJOURNMENT:

With no further business to come before the Board, Vice Pres. Burton adjourned the meeting at 4:22 p.m.

Prepared by,

Missy Kopp, Assistant to the Board