

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT  
MINUTES OF THE  
JULY 20, 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  
Jordan Willgohs, Trustee

**STAFF PRESENT:** Scott Anderson, CIO  
Derek Dukart, Investment Officer  
Missy Kopp, Exec. Assistant  
Rachel Kmetz, Accounting Mgr.  
George Moss, Sr. Investment Officer  
Sarah Mudder, Communications/Outreach Dir.  
Jan Murtha, Exec. Director  
Chad Roberts, DED/CRO  
Sara Seiler, Supvr. of Internal Audit  
Stephanie Schilling, Retirement Programs Spec  
Dottie Thorsen, Internal Auditor  
Nitin Vaidya, Chief Risk Officer  
Tami Volkert, Compliance Specialist  
Denise Weeks, Retirement Program Mgr.  
Jason Yu, Risk Officer  
Lance Zietlow, Sr. Investment Officer

**OTHERS PRESENT:** Dean DePountis, Atty. General's Office  
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 1:10 p.m. on Thursday, July 20, 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, TREASURER BEADLE, DR. LECH, MR. MICKELSON, AND MR. WILLGOHS.**

**ACCEPTANCE OF AGENDA:**

The Board considered the agenda for the July 20, 2023, meeting.

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

**AYES: SUPT. BAESLER, TREASURER BEADLE, MR. MICKELSON, MR. WILLGOHS, AND PRES. LECH  
NAYS: NONE**

**ABSENT: MR. BURTON  
MOTION CARRIED**

**ACCEPTANCE OF MINUTES:**

The Board considered the minutes for the April 27, 2023, and June 20, 2023, TFFR Board meetings.

**IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE APRIL 27, 2023, AND JUNE 20, 2023, MINUTES AS DISTRIBUTED.**

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

**NAYS: NONE**

**ABSENT: MR. BURTON  
MOTION CARRIED**

**GOVERNANCE:**

Election of Officers:

Pursuant to TFFR policy, the Board must elect officers at the first meeting of each fiscal year.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO CAST A UNANIMOUS BALLOT OF DR. LECH FOR BOARD PRESIDENT.**

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

**NAYS: NONE**

**ABSENT: MR. BURTON  
MOTION CARRIED**

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO CAST A UNANIMOUS BALLOT OF MR. BURTON FOR BOARD VICE PRESIDENT.**

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

**NAYS: NONE**

**MOTION CARRIED**

**IT WAS MOVED BY MR. WILLGOHS AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO CAST A UNANIMOUS BALLOT OF PRES. LECH AND MR. MICKELSON AS SIB REPRESENTATIVES.**

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

**NAYS: NONE**

**MOTION CARRIED**

**IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO CAST A UNANIMOUS BALLOT OF MR. BURTON FOR SIB ALTERNATE.**

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

**NAYS: NONE**

**MOTION CARRIED**

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. WILLGOHS AND CARRIED BY A ROLL CALL VOTE TO REAPPOINT MR. MICKELSON TO THE SIB AUDIT COMMITTEE AND PRES. LECH, MR. BURTON, AND MR. MICKELSON TO THE TFFR GPR COMMITTEE.**

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

**NAYS: NONE**

**MOTION CARRIED**

SIB Customer Satisfaction Survey:

Ms. Seiler shared the annual SIB customer satisfaction survey that will be sent to the TFFR Board. The SIB asks for feedback from its customers on the service provided by the SIB, through the RIO agency. Ms. Seiler will send the survey on behalf of the Board President who will submit the compiled results to the SIB on behalf of the Board. Board discussion followed.

Annual TFFR Program Review:

Mr. Roberts provided the annual review of program performance including Board responsibilities, awards, customer satisfaction reports, and the code of conduct policy affirmation. Board discussion followed.

**IT WAS MOVED BY MR. BURTON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE ANNUAL TFFR PROGRAM REVIEW.**

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

**NAYS: NONE**

**MOTION CARRIED**

Annual Governance & Policy Review (GPR) Committee Report:

Mr. Mickelson provided an update on the work of the GPR Committee. The Committee has worked to review and update the TFFR Policy Manual this past year. Mr. Roberts shared the approach taken by the Committee. Ms. Murtha discussed the Employer Reporting Models policy change. When this policy change is finalized, it will require an effective date and education for the employers. Board discussion followed.

**IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE INTRODUCTION AND FIRST READING**

**OF TFFR POLICIES SECTION 1 – A, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, AND EXHIBIT 2; SECTION 2 – A, B, D, E, F, AND G.**

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

Administrative Rules:

Ms. Murtha provided an update on the Administrative Rules process. Ms. Trotter provided an overview on the Administrative Rules timeline. The Board will have a special meeting in August to approve the first reading of the proposed revisions. Phase 2 will be completed at the November Board meeting when the Board approves the second reading of the proposed revisions. In Phase 3 RIO will receive the rules opinion from the Attorney General's Office then will file final documents with Legislative Council and schedule the Legislative Rules Committee meeting prior to February 1, 2024, for an effective date of April 1, 2024. Board discussion followed.

Pioneer Project Update:

Mr. Roberts provided an update on the Pioneer Project. The project is on time and under budget. Staff identified three interfaces with OMB, DPI, and PERS which will eliminate manual processes. The DPI interface has been completed and will allow the system to check and validate member licenses. Board discussion followed.

**EDUCATION:**

Investment Program Overview:

Mr. Anderson provided Board education on the Investment Program. The presentation included an overview of the RIO agency, the assets under management (AUM), client funds, and investment managers. The investment team is focused on providing value to clients. Mr. Anderson reviewed an illustration of the return differences for indexing, passive, and active management. Active management provides value added for TFFR. Mr. Anderson reviewed the investment program belief statements, process, target model, sources of value added, and the evolving structure. Board discussion followed.

**REPORTS:**

Quarterly Investment Report:

Mr. Posch provided the investment performance report for the period ended May 31, 2023. The performance report is still using the old benchmark method. The next update will use the new method which will show more positive returns. TFFR's performance relative to other public funds in the last quarter was in the bottom quartile. This is primarily because of being overweight in private equity and fixed income in relation to other plans. TFFR is in the middle or top quartile when looking over the three-, five-, and ten-year periods. Board discussion followed.

Quarterly Internal Audit (IA) Report:

Ms. Seiler reviewed the IA report for the quarter ended June 30, 2023. The Audit Committee met on May 11, 2023. The external auditor, CLA, presented the engagement scope, workplan, and timeline for the 2023 fiscal year (FY) financial statement audit. The Committee approved the 2023-24 IA workplan and received the IA Business Process review report. Board discussion followed.

Quarterly TFFR Ends Report:

Mr. Roberts reviewed the TFFR Ends for the quarter ended March 31, 2023. There was a change in the Federal tax withholding form which resulted in a surge of phone calls and walk ins early in the quarter. Staff provided testimony during the legislative session. The Board received the actuarial audit report which had no significant findings. A Request for Proposals (RFP) was issued for Actuarial Services. Ms. Mudder was hired as the Communications and Outreach Director. Board discussion followed.

Executive Limitations/Staff Relations Report:

Ms. Murtha provided the Executive Limitations/Staff Relations report. Staff are working to fill two of the new FTEs granted during the legislative session. The Sr. Investment Accountant position was filled internally, so the vacated Investment Accountant position has been posted. The Fiscal/Investment Administrative Assistant position has also been posted. The actuary transition went smoothly. Ms. Murtha reviewed current projects and initiatives, presentations done by staff, and new Board member onboarding activities. Board discussion followed.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. WILLGOHS AND CARRIED BY A VOICE VOTE TO ACCEPT THE QUARTERLY INVESTMENT, INTERNAL AUDIT, AND TFFR ENDS REPORTS AND THE EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORT.**

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

**NAYS: NONE**

**ABSENT: SUPT. BAESLER**

**MOTION CARRIED**

CONSENT AGENDA:

**IT WAS MOVED BY MR MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CONSENT AGENDA ITEM - DISABILITY APPLICATION 2023-1D.**

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

**NAYS: NONE**

**ABSENT: SUPT. BAESLER**

**MOTION CARRIED**

ADJOURNMENT:

With no further business to come before the Board, Pres. Lech adjourned the meeting at 3:15 p.m.

Prepared by,

Missy Kopp, Assistant to the Board