

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
SEPTEMBER 21, 2023, BOARD MEETING**

BOARD MEMBERS PRESENT: Dr. Rob Lech, President
Mike Burton, Vice President
Thomas Beadle, State Treasurer
Scott Evanoff, Trustee
Cody Mickelson, Trustee
Jordan Willgohs, Trustee

BOARD MEMBERS ABSENT: Kirsten Baesler, State Supt. DPI

STAFF PRESENT: Jennifer Ferderer, Fiscal/Investment Admin.
Missy Kopp, Exec. Assistant
Sarah Mudder, Communications/Outreach Dir.
Jan Murtha, Exec. Director
Matt Posch, Sr. Investment Officer
Chad Roberts, DED/CRO
Sara Seiler, Supvr. of Internal Audit
Stephanie Schilling, Retirement Programs Spec
Ryan Skor, CFO/COO
Rachelle Smith, Retirement Admin.
Dottie Thorsen, Internal Auditor
Tami Volkert, Compliance Specialist
Denise Weeks, Retirement Program Mgr.

OTHERS PRESENT: Michele Blumhagen, NDIT
Dean DePountis, Atty. General's Office
Jessica Newby, NDIT
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, September 21, 2023. The meeting was held in the WSI Board Room, 1600 E Century Avenue, Bismarck.

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

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the September 21, 2023, 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: MR. BURTON, MR. MICKELSON, MR. WILLGOHS, MR. EVANOFF, AND PRES. LECH
NAYS: NONE**

**ABSENT: SUPT. BAESLER AND TREASURER BEADLE
MOTION CARRIED**

ACCEPTANCE OF MINUTES:

The Board considered the minutes for the July 21, 2023, and August 31, 2023, TFFR Board meetings.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. WILLGOHS AND CARRIED BY A VOICE VOTE TO ACCEPT THE JULY 21, 2023, AND AUGUST 31, 2023, MINUTES AS DISTRIBUTED.

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

NAYS: NONE

ABSENT: SUPT. BAESLER

MOTION CARRIED

EDUCATION:

Cybersecurity:

Ms. Jessica Newby, NDIT, provided education on cybersecurity. Ms. Newby provided an overview of the Cyber Operations Center and the services they provide. A summary of ransomware headlines and statistics were shared. ND prevents and detects over 4.5 billion threats on STAGEnet per year. The average cost of ransomware remediation has more than doubled over the last year. Ms. Newby reviewed the risk management framework and third-party risk management processes. An overview of House Bill 1528 and new international traveler guidelines were provided. Board discussion followed.

GOVERNANCE:

Governance & Policy Review (GPR) Committee Update:

Mr. Roberts summarized the review of the TFFR Policy Manual, that was completed by the GPR Committee. The Board approved the introduction and first reading of the amended policies at the July 2023 meeting. Following that meeting, the policies were reviewed by RIO's legal counsel. One change was made after the first reading to add an effective date for policy II. E-3.

IT WAS MOVED BY MR. WILLGOHS AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE SECOND READING AND FINAL ADOPTION 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: TREASURER BEADLE, MR. WILLGOHS, MR. EVANOFF, MR. BURTON, MR. MICKELSON, AND PRES. LECH

NAYS: NONE

ABSENT: SUPT. BAESLER

MOTION CARRIED

Administrative Rules:

Ms. Murtha provided an update on the Administrative Rules process. The public notice will be published next week. Staff will provide an update on the public hearing at the November 16, 2023, TFFR meeting. Board discussion followed.

IT WAS MOVED BY TREASURE BEADLE AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO ALLOW STAFF TO SCHEDULE THE PUBLIC HEARING SOMETIME DURING THE WEEK OF OCTOBER 23, 2023.

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

NAYS: NONE

ABSENT: SUPT. BAESLER

MOTION CARRIED

Pioneer Project Update:

Mr. Roberts provided an update on the Pioneer Project. The project is on schedule and under budget. Pilot 4 began in August and will be completed in October. This pilot focuses on the design of the employer and member portals. The next stage will involve testing by the vendor and TFFR. Staff will begin to provide education to the Employers on the new system. Mr. Roberts shared mock-ups of the user interface at the Retired Teachers Association (RTA) Conference. Staff will share those with the Board in the future. The vendor lost an asset on the data migration area of the project. They have developed a plan for replacing the asset and have provided the plan to TFFR for review. This is expected to cause little delay in the data migration timeline. The system is still expected to go live in September or October 2024. Board discussion followed.

Quarterly TFFR Ends:

Mr. Roberts reviewed the TFFR Ends Report for the quarter ended June 30, 2023. The report highlights exceptions to the normal operating conditions of the TFFR program. During the quarter, an accounting intern joined RIO for the summer. Staff attended a conference, used a new communication platform to deliver email messages, and conducted a TFFR member survey. The Pioneer project continued to progress, and legislation was passed that affects the TFFR program. Board discussion followed.

Outreach Update:

Ms. Mudder provided an update on outreach activities. Staff offered Retirement Education Workshops for members both in-person and online. The online event was recorded and shared to RIO's website. GOVdelivery is now used for all newsletters and allows staff to see the open rate for items that are sent. Ms. Mudder summarized upcoming outreach activities. Board discussion followed.

REPORTS:

Annual Technology Report:

Ms. Michele Blumhagen, NDIT, provided the annual technology report. Ms. Blumhagen reviewed NDIT dedicated staff for RIO, positive trends at NDIT, and RIO IT statistics. NDIT is currently working on a request from RIO for a data warehouse for fiscal and investment data. Ms. Blumhagen reviewed the process for this type of request. NDIT is also working with RIO on the Pioneer project. Board discussion followed.

Quarterly/Annual Investment Report:

Mr. Posch provided an investment performance update as of June 30, 2023. The markets have performed much better this year. Inflation has been improving and technology companies have had a comeback with the surge of AI. Mr. Posch discussed the year to date, one, five, and ten-year performance. Using the new corridor benchmarking method, returns over one year are just slightly negative, but over five years the total relative return is 0.29%. Relative to other public funds, last year TFFR was below median, primarily because of asset allocation. Over three, five, and ten years, TFFR is in the middle or top quartile relative to peer funds. Board discussion followed.

Annual Internal Audit (IA) Report:

Ms. Seiler provided a summary of IA activities from the last fiscal year (FY). A review of the IA division and the future audit needs as the agency continues to grow was completed. A final report and recommendations were presented in May 2023. IA worked on several audits for the TFFR program and participated in the Pioneer Project, Actuarial Audit and Actuarial Services Request for Proposals (RFP). The financial statement audit was completed and received an unmodified clean opinion. Board discussion followed.

Executive Limitations/Staff Relations Report:

Ms. Murtha previewed the upcoming New Board Member Onboarding meeting which will cover performance reports, asset allocation, and investment policy statements. RIO has filled the Sr. Investment Accountant and Fiscal/Investment Administrative Assistant positions. The new Investment Accountant and Retirement Accountant will start next week. A Retirement Programs Specialist position is open. That position has been posted internally. Ms. Murtha reviewed current projects and initiatives, and staff presentations. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO ACCEPT THE ANNUAL TECHNOLOGY, QUARTERLY/ANNUAL INVESTMENT, ANNUAL IA, QUARTERLY TFFR ENDS, AND THE EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.

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

NAYS: NONE

ABSENT: SUPT. BAESLER

MOTION CARRIED

CONSENT AGENDA:

IT WAS MOVED BY MR WILLGOHS AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CONSENT AGENDA ITEMS - DISABILITY APPLICATION 2023-2D AND QUALIFIED DOMESTIC RELATIONS ORDER.

**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 3:25 p.m.

Prepared by,

Missy Kopp, Assistant to the Board