

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
JULY 24, 2025, BOARD MEETING**

BOARD MEMBERS PRESENT: Dr. Rob Lech, President
Mike Burton, Vice President
Scott Evanoff, Trustee
Cody Mickelson, Trustee

BOARD MEMBERS ABSENT: Kirsten Baesler, State Supt. DPI
Thomas Beadle, State Treasurer
Alexis Rasset, Trustee

STAFF PRESENT: Scott Anderson, Chief Investment Officer
Deneen Gathman, Retirement Accountant
Jayme Heick, Retirement Spec.
Missy Kopp, Exec. Assistant
Denise Leingang-Sargeant, Retirement Spec.
Chad Roberts, DED/CRO
Sara Seiler, Internal Audit Supvr.
Jodi Smith, Interim Exec. Director
Rachelle Smith, Retirement Admin. Assistant
Dottie Thorsen, Internal Auditor
Tami Volkert, Compliance Spec.
Denise Weeks, Retirement Program Mngr.

OTHERS PRESENT: 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, July 24, 2025. The meeting was held in-person.

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

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the July 24, 2025, meeting.

IT WAS MOVED BY MR. EVANOFF AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO APPROVE THE JULY 24, 2025, AGENDA AS DISTRIBUTED.

AYES: MR. BURTON, MR. MICKELSON, MR. EVANOFF, AND PRES. LECH

NAYS: NONE

ABSENT: SUPT. BAESLER, TREASURER BEADLE, AND MS. RASSET

MOTION CARRIED

ACCEPTANCE OF MINUTES:

The Board considered the minutes for the April 24, 2025, June 16, 2025, and July 10, 2025, TFFR Board meetings.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. EVANOFF AND CARRIED BY A VOICE VOTE TO ACCEPT THE APRIL 24, 2025, JUNE 16, 2025, AND JULY 10, 2025, MINUTES AS DISTRIBUTED.

AYES: MR. MICKELSON, MR. EVANOFF, MR. BURTON, AND PRES. LECH

NAYS: NONE

ABSENT: SUPT. BAESLER, TREASURER BEADLE, AND MS. RASSET

MOTION CARRIED

GOVERNANCE:

Election/Appointment of Officers:

Board members made the following nominations:

- Dr. Lech as Board President
- Ms. Rasset as Board Vice President
- Dr. Lech and Mr. Mickelson as State Investment Board (SIB) Representatives
- Mr. Evanoff as SIB Alternative
- Mr. Mickelson as SIB Audit Committee Representative
- Mr. Burton, Mr. Mickelson, and Dr. Lech as TFFR GPR members

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. EVANOFF AND CARRIED BY A ROLL CALL VOTE TO APPROVE AND APPOINT THE NOMINATION SLATE.

AYES: MR. EVANOFF, MR. BURTON, MR. MICKELSON, AND PRES. LECH

NAYS: NONE

ABSENT: SUPT. BAESLER, TREASURER BEADLE, AND MS. RASSET

MOTION CARRIED

Annual Governance & Policy Review Report:

Mr. Mickelson reviewed the annual Governance and Policy Review report which outlined the workplan for the Governance and Policy Review (GPR) Committee's review of the board governance manual for fiscal year (FY) 2025. There was only one substantive change in section 1, subsection D, which added designee language to the State Treasurer and Superintendent to comply with legislation.

IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO APPROVE THE INTRODUCTION AND FIRST READING OF CHANGES TO TFFR POLICY I – D-2.

AYES: MR. BURTON, MR. MICKELSON, MR. EVANOFF, AND PRES. LECH

NAYS: NONE

ABSENT: SUPT. BAESLER, TREASURER BEADLE, AND MS. RASSET

MOTION CARRIED

Annual TFFR Program Review:

The board was provided with the TFFR program monitoring summary for FY 2025 which monitors established activities which fulfill the Board's responsibilities to monitor the TFFR program. All activities were completed.

Ms. Mudder reviewed recent member feedback included in the meeting packet. Website comments initially reflected typical launch frustrations but have become increasingly positive and less frequent over time. Customer satisfaction cards, historically mailed with retirement packets, remain positive but will be phased out as manual mailings end. Future feedback will primarily come from the website, which now shows improved user satisfaction, and from event evaluations that inform the strategic plan.

Regional Education Association access to TFFR program systems and data:

Staff reported two incidents in which regional education associations (REAs) sought TFFR data or fee waivers in ways that raised confidentiality and governance concerns. Because TFFR's confidentiality statutes are strict, the Assistant Attorney General provided a preliminary opinion and advised that only the board—not staff—has limited authority to waive interest. The board discussed establishing clearer procedures requiring proof of a contractor's authority, such as a district-approved contract or separate agreement, before any confidential data is released or waiver requests are considered. A formal interest-waiver request will be deferred until these legal and procedural issues are resolved.

BOARD EDUCATION:

Mr. Roberts discussed the performance metrics available from the *MyTFFR* system which can be utilized for program monitoring of retirement services, account claims, and membership data. The data can be used in quarterly and annual reports to the board. Board discussion followed.

REPORTS:

Quarterly Investment Report:

Mr. Anderson reviewed performance for the quarter ending April 30, 2025. Despite historically poor fixed-income and equity markets, the fund achieved a 5.1% policy return and 40 basis points of excess return, near top-quartile performance over five years. Two long-tenured private real estate managers remain the main drag on results due to heavy office and medical-office exposure; however, their processes are sound, and capital cannot be easily redeemed or sold without steep discounts. Staff continue close monitoring, expecting eventual recovery while maintaining the current holdings.

Mr. Anderson discussed the preliminary findings from a continuous asset-allocation study comparing the current TFFR portfolio with two alternative mixes. Both proposed mixes (Mix 1 and Mix 2) offer higher expected returns or lower risk than the current allocation and outperform it across multiple economic scenarios—including recession, stagflation, and depression—while maintaining or improving the plan's funding ratio. Mix 1 generally delivers the best balance of return and risk, while Mix 2 provides the lowest overall risk. Staff plan to bring additional information to the next board meeting. Board discussion followed.

Quarterly Internal Audit (IA) Report:

Ms. Seiler provided that quarterly IA report for the quarter ending June 30, 2025. The Audit Committee met on May 15 to review and approve third-quarter audit activities, receive an update on the ongoing financial statement audit, and discuss the interim audit work plan in light of agency vacancies. Internal Audit continues to work with consultant Weaver, shifting some audit hours to advisory services consistent with IA standards. A special meeting was held in June to launch the external financial statement audit with UHY, selected by the State Auditor's Office, which will conduct the financial and GASB 68 audits over the next three years. The financial statement report is expected by November, with the GASB 68 report by year-end.

Quarterly Update and Annual Strategic Communications Plan:

Ms. Mudder provided a quarterly communications update highlighting improved tracking of targeted outreach following the first integration between MyTFFR and GovDelivery, which now provides more accurate metrics on employer, active-member, and retiree subscribers. Social media engagement, particularly on YouTube, remains strong. The annual strategic communications plan for the coming year focuses on five goals: positioning RIO as an industry leader, strengthening transparency and demonstrating value, modernizing digital and public communications, educating and engaging stakeholders, and supporting continuity and crisis readiness. A key initiative will be a campaign encouraging retired members to use MyTFFR for account security and beneficiary updates, with success measured by growth in retiree account activity. The agency recently upgraded to GovDelivery's advanced package to enable email automation. Website improvements are planned to meet Department of Justice ADA accessibility requirements and enhance user experience. After the Board retreat staff discussed the next steps for the retirement education initiative. Staff plan to issue an RFP to bring in an expert to design a structured curriculum, ensuring content is comprehensive and effectively organized. Once created, these materials can be easily added to the website, allowing staff to focus on delivery rather than development. Board discussion followed.

Quarterly TFFR Ends:

Mr. Roberts provided the TFFR Ends report for the quarter ending June 30, 2025. The report highlights exceptions to normal operating conditions. The previously reported fraud incident has been resolved. The last temporary position to support the pension system project ended on April 30, 2025. Ms. Smith was appointed as the permanent Executive Director (ED). Mr. Roberts discussed staff development.

Quarterly Executive Limitations/Staff Relations Report:

Ms. Smith provided the Executive Limitations/Staff Relations report which outlined numerous staffing and operational updates. Several positions remain open, and succession plans for key leadership roles—including the Executive Director, Chief Investment Officer, Chief Financial Officer, and Chief Retirement Officer—are in draft form, with completion targeted for early next year. Office space has been reconfigured to improve efficiency and prepare for additional staff as the agency expands internal investment management.

Major initiatives include a project to replace the aging fiscal IT system before vendor support ends in 2029, ongoing business process modeling to streamline operations, and preparation

for a comprehensive governance audit by the State Investment Board. The agency is also beginning work on a Legacy Fund transparency website as part of broader website updates.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. EVANOFF AND CARRIED BY A VOICE VOTE TO ACCEPT THE REPORTS AS DISTRIBUTED.

AYES: MR. EVANOFF, MR. MICKELSON, MR. BURTON, AND PRES. LECH

NAYS: NONE

ABSENT: SUPT. BAESLER, TREASURER BEADLE, AND MS. RASSET

MOTION CARRIED

CONSENT AGENDA:

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CONSENT AGENDA ITEMS, QDRO 2025-03 AND DISABILITY APPLICATION 2025-4D.

AYES: MR. BURTON, MR. EVANOFF, MR. MICKELSON, AND PRES. LECH

NAYS: NONE

ABSENT: SUPT. BAESLER, TREASURER BEADLE, AND MS. RASSET

MOTION CARRIED

ADJOURNMENT:

With no further business to come before the Board, Dr. Lech adjourned the meeting at 3:01 p.m.

Prepared by,

Missy Kopp, Assistant to the Board