

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
SEPTEMBER 25, 2025, BOARD MEETING**

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

BOARD MEMBERS ABSENT: Kirsten Baesler, State Supt. DPI

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: Donna Fishbeck, DPI
Robert Goldthorpe, NEPC
Joe Nankof, NEPC
Kirsten Tuntland, Attorney 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 1:00 p.m. on Thursday, September 25, 2025. The meeting was held in the WSI Board Room, 1600 E Century Avenue, Bismarck.

**THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM:
TREASURER BEADLE, MR. BURTON, MR. EVANOFF, DR. LECH, MR. MICKELSON, AND
MS. RASSET.**

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the September 25, 2025, meeting.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MS. RASSET AND
CARRIED BY A VOICE VOTE TO APPROVE THE SEPTEMBER 25, 2025, AGENDA AS
DISTRIBUTED.**

**AYES: TREASURER BEADLE, MR. BURTON, MR. MICKELSON, MS. RASSET, MR.
EVANOFF, AND PRES. LECH**

NAYS: NONE
ABSENT: SUPT. BAESLER
MOTION CARRIED

ACCEPTANCE OF MINUTES:

The Board considered the minutes for the July 24, 2025, TFFR Board meeting.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE JULY 24, 2025, MINUTES AS DISTRIBUTED.

AYES: MR. MICKELSON, MR. EVANOFF, TREASURER BEADLE, MR. BURTON, MS. RASSET, AND PRES. LECH
NAYS: NONE
ABSENT: SUPT. BAESLER
MOTION CARRIED

EDUCATION:

Fiduciary Duties & Ethics:

Ms. Tuntland, Assistant Attorney General, provided board education on fiduciary duties and ethics. The presentation included information about the prudent investor rule, fiduciary duties of TFFR Board members, and ways to mitigate fiduciary risk. Ms. Tuntland provided an overview of the 6-step process for disclosing conflicts of interest. Board discussion followed.

REPORTS:

Quarterly & Annual Investment Report:

Mr. Anderson reviewed performance for the quarter ending June 30, 2025. The TFFR portfolio is well diversified and generally maintained close to target through monthly rebalancing. Additional staff resources are being added to enhance rebalancing efficiency.

Performance results were highlighted for multiple periods:

- **10-year return:** 7.6% versus a 7.1% benchmark, exceeding the policy benchmark by 50 basis points and ranking in the top quartile for similar risk profiles.
- **5-year return:** 8.9% versus 8.3%, a 60-basis-point excess return.
- **3-year return:** 9.0% versus 8.6%, a 40-basis-point excess return.
- **1-year return:** 11.4% versus 9.7%, a 1.7% excess return.
- **Year-to-date (January–June 2025):** 7.4% versus 5.9%, a 1.5% excess return.

Overall, TFFR's returns exceeded benchmarks across all measured periods, reflecting strong performance relative to risk.

Asset Allocation Study:

Mr. Nankof and Mr. Goldthorpe, NEPC, provided an overview of the updated asset allocation study. It was noted that current return expectations across all asset classes have improved

compared to prior years, largely due to higher yields in low-risk assets such as short-term treasuries and money market funds.

NEPC explained that the 7.25% assumed rate of return is primarily an actuarially driven assumption, developed through collaboration among actuaries, investment consultants, and the board. Actuarial models incorporate both 10-year and 30-year capital market assumptions, smoothing techniques, and comparisons to national trends to arrive at the final rate.

Discussion included questions regarding an increase in the allocation to real estate. NEPC noted that while real estate markets have faced valuation adjustments in recent years, core real estate remains stable and continues to provide diversification benefits. The updated allocation slightly increases real estate and modestly reduces infrastructure holdings, aligning the plan more closely with peer fund structures.

The investment committee previously reviewed and unanimously recommended the proposed asset allocation adjustments for consideration by the client boards. Board discussion followed.

IT WAS MOVED BY MR. BURTON AND SECONDED BY MS. RASSET AND CARRIED BY A ROLL CALL VOTE TO ADOPT MIX 1 AS THE ASSET ALLOCATION FOR TFFR.

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

NAYS: NONE

ABSENT: SUPT. BAESLER

MOTION CARRIED

Annual Internal Audit Report:

Ms. Seiler provided the Annual Internal Audit report for fiscal year (FY) 2025. The Audit Committee held four regular and two special meetings. Key activities included administering the SIB self-evaluation, supporting the Executive Search and Compensation Committees, and completing an internal audit maturity review with Weaver, which now provides co-sourced audit and advisory services. Ongoing projects include the external investment oversight audit, SIB governance assessment, and TFFR file maintenance audit, with reports expected in November. External financial statement and GASB 68 audits were completed with clean, unmodified opinions. An interim FY2025 work plan was approved in May, with a final plan to be presented in November.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE QUARTERLY & ANNUAL INVESTMENT AND ANNUAL INTERNAL AUDIT REPORTS.

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

NAYS: NONE

ABSENT: SUPT. BAESLER

MOTION CARRIED

The Board recessed at 2:34 p.m. and reconvened at 2:45 p.m.

GOVERNANCE:

Governance & Policy Review (GPR) Committee Update:

Mr. Mickelson provided an update from the September 11, 2025, GPR Committee meeting. The Committee completed a final review of the recommended changes to the policy manual. The Committee approved the work plan for FY 2026. Policy I. D-2 was provided to the Board for the 2nd reading and final adoption.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO APPROVE THE SECOND READING AND FINAL ADOPTION OF POLICY I. D-2.

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

NAYS: NONE

ABSENT: SUPT. BAESLER

MOTION CARRIED

Administrative Rules Update:

Ms. Smith provided an update on the development of new administrative rules related to delinquent employer reporting to TFFR. Following board discussion at the July retreat, staff are drafting the proposed rules with legal counsel. Once complete, the draft will be presented to the board for review and public comment before final adoption, anticipated in spring 2025.

The rules will define procedures and thresholds for addressing delinquent employer contributions, including potential coordination with the Department of Public Instruction (DPI) regarding payment withholdings. Staff plan to review practices of other state agencies to ensure consistency. Board members were asked to consider appropriate delinquency triggers and notification processes ahead of the next meeting in November.

Delinquent Account Update:

Mr. Roberts reported on three school districts with serious delinquent TFFR reporting: Selfridge, Twin Buttes, and Flasher. As of the most recent update, Selfridge had come into full compliance, while the other two continued working toward compliance, with Twin Buttes unresponsive to outreach. Staff noted that enforcement procedures, including penalties and interest, were implemented beginning April 15, following a system transition and grace period. Between April 15 and June 30, \$65,294 in penalties was collected from late-reporting employers.

The new administrative processes and system enhancements have improved compliance and enforcement consistency. Staff confirmed that once an employer becomes compliant, DPI payments are released within one to two business days. The board acknowledged the additional effort by staff to bring districts into compliance and expressed appreciation for their work.

Business Continuity Update:

Ms. Smith provided an update on efforts to modernize the agency's Business Continuity Plan, which had not been updated in several years. The plan will address continuity of operations in the event of leadership transitions, natural disasters, or other disruptions, ensuring payroll and essential functions continue without interruption.

Staff noted that the revised plan will align with state requirements and be developed in coordination with the Information Technology Department (NDIT) to ensure data recovery and system resilience. The agency's geographically distributed investment team provides an added advantage for maintaining operations in the event of a local disruption. A draft updated plan will be brought forward for board consideration upon completion.

OTHER:

Ms. Smith reminded Board members of the upcoming Investment Seminar on October 23, 2025, encouraging them to register.

Ms. Smith informed the Board of Mr. Roberts resignation effective on October 31, 2025.

ADJOURNMENT:

With no further business to come before the Board, Dr. Lech adjourned the meeting at 3:10 p.m.

Prepared by,

Missy Kopp, Assistant to the Board