

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
MARCH 21, 2024, BOARD MEETING**

BOARD MEMBERS PRESENT: Dr. Rob Lech, President
Mike Burton, Vice President
Kirsten Baesler, State Supt. DPI
Thomas Beadle, State Treasurer
Scott Evanoff, Trustee
Cody Mickelson, Trustee

BOARD MEMBER ABSENT: Jordan Willgohs, Trustee

STAFF PRESENT: Mensah Anyide-Ocloo, Membership Spec.
Jennifer Ferderer, Investment Admin. Asst.
Jayme Heick, Retirement Spec.
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
Rachelle Smith, Retirement Admin.
Dottie Thorsen, Internal Auditor
Tami Volkert, Retirement Compliance Spec.
Denise Weeks, Retirement Program Mgr.

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 1:00 p.m. on Thursday, March 21, 2024. The meeting was held virtually.

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

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the March 21, 2024, 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. BURTON, MR. MICKELSON, MR. EVANOFF, AND PRES. LECH

NAYS: NONE

ABSENT: MR. WILLGOHS

MOTION CARRIED

ACCEPTANCE OF MINUTES:

The Board considered the minutes for the January 25, 2024, TFFR Board meeting.

IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. EVANOFF AND CARRIED BY A VOICE VOTE TO ACCEPT THE JANUARY 25, 2024, MINUTES AS DISTRIBUTED.

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

NAYS: NONE

ABSENT: MR. WILLGOHS

MOTION CARRIED

EDUCATION:

Fiduciary Duties and Ethics:

Mr. DePountis, Assistant Attorney General, presented education on Fiduciary Duties and Ethics. Mr. DePountis reviewed terminology and Century Code language that establishes the retirement trust and outlines the responsibilities of the trustees. The definition of a fiduciary was discussed and included an explanation of who a fiduciary is and their duties and responsibilities under the law. Mr. DePountis described the types of conflict of interest and how board members should prepare for meetings, so they are aware of possible conflicts. Board discussion followed.

GOVERNANCE:

RIO Strategic Plan:

Ms. Murtha presented the RIO strategy review to the Board. The new strategic plan was completed and has been presented to RIO staff, the Governor's Office. The plan will be presented to the State Investment Board. RIO's agency priorities are outreach, organizational culture, and technology. One of the requirements for the strategy review were "Big Hairy Audacious Goals" (BHAGS) which look ahead five to ten years. RIO staff received input from board and committee members and included five BHAGs in the plan. These goals include, ND cash management practices, internal investment expansion, benefits administration optimization, financial/retirement literacy, and to be an industry leader. Ms. Murtha provided details for each of these goals including the problems being solved, prioritization, and a long-term timeline and action plan. Ms. Murtha reviewed planned legislative initiatives and a workforce plan. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT RIO'S STRATEGIC PLAN AS PRESENTED.

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

NAYS: NONE

ABSENT: MR. WILLGOHS

MOTION CARRIED

2025 Legislative Session Planning:

Ms. Murtha reviewed the changes to federal law that raised the Required Minimum Distribution (RMD) age. The Employee Benefits Program Committee (EBPC) approved the TFFR Board request for an interim change to state law in November 2023, however a bill must be submitted in the upcoming legislative session to ratify the change in state law. Proposed language for legislation was provided to the Board for review and approval. The proposed legislation must be submitted to the EBPC by April 1, 2024. Board discussion followed.

IT WAS MOVED BY MR. WILLGOHS AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE PROPOSED LEGISLATION FOR SUBMISSION TO THE EMPLOYEE BENEFITS PROGRAMS COMMITTEE.

AYES; MR. BURTON, MR. MICKELSON, SUPT. BAESLER, MR. EVANOFF, TREASURER BEADLE, AND PRES. LECH

NAYS: NONE

ABSENT: MR. WILLGOHS

MOTION CARRIED

Governance & Policy Review (GPR) Committee Update:

Mr. Mickelson provided an update from the February 8, 2024, meeting of the TFFR GPR Committee. The Committee reviewed the next section of the governance manual and discussed some minor changes that were mainly clarifying in nature. Board discussion followed.

Pioneer Project Update:

Mr. Roberts provided an update on the Pioneer Project. The project continues to be on schedule and slightly under budget. A summary was provided of tasks that have been completed, are in progress, or have not been started. User acceptance testing has started and is going well. Data migration is expected to finish on time. The vendor is working to provide a plan to address design and implementation of uniform pay codes into the system. The pay code feature was addressed during design meetings, however the vendor failed to capture the features in their designs. Any cost or delay caused by the vendor's omission of the pay codes has yet to be established. Board discussion followed.

Administrative Rules Update:

Ms. Murtha provided an update on the Administrative Rules process. Staff presented to the Administrative Rules Committee on March 5, 2024. The process is now complete, and the new and updated rules will be published on April 1, 2024.

Performance Surveys:

Ms. Seiler explained the evaluation process the SIB Executive Review and Compensation Committee (ERCC) undertakes. A part of the process is surveys of the boards. TFFR Board members will receive surveys about the Executive Director and the Deputy Executive

Director/Chief Retirement Officer. The survey responses will be used as part of the evaluation process.

Audit Committee Update:

Ms. Seiler provided an update from the February 15, 2024, Audit Committee Meeting. The Committee approved the second quarter and current audit activities reports, and audit modernization project update. The Committee reviewed and approved changes to the Audit Committee charter. The charter will be reviewed next by the SIB GPR Committee. The Committee reviewed and approved the Executive Limitations Audit.

The Board recessed at 2:42 p.m. and reconvened at 2:47 p.m.

REPORTS:

Quarterly Investment Report:

Mr. Posch provided an investment performance update as of December 31, 2023. Mr. Posch provided a summary of market returns for the second half of 2023 and first quarter of 2024. During that period, performance has been good with inflation stabilizing and more optimism in equities. There continues to be stress in real estate. As of January 2024, TFFR's total relative return is 0.6% for the one, three, and five-year periods. TFFR continues to perform well compared to peers. Board discussion followed.

Annual Retirement Trends Report:

Mr. Roberts provided the Annual Retirement Trends Report for fiscal year (FY) 2023. The report reviewed classification of TFFR members and current membership statistics. Of the 14,191 total members, 610 were eligible to retire. Over the past ten years an average of 942 teachers have been eligible to retire with an average of 367 actually retiring. 95% of members are ineligible for retirement and total retirements should continue to decline through 2028. Board discussion followed.

Executive Limitations/Staff Relations Report:

Ms. Murtha provided the Executive Limitations/Staff Relations report. There are two new board member onboarding sessions scheduled for April. The last section of the SIB Governance Manual will be covered on April 3, 2024, and a Risk Strategy Overview session will be on April 25, 2024. Ms. Murtha reviewed current projects and initiatives. Board discussion followed.

IT WAS MOVED BY MR. BURTON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE QUARTERLY INVESTMENT, ANNUAL RETIREMENT TRENDS, AND THE EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.

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

NAYS: NONE

ABSENT: MR. WILLGOHS

MOTION CARRIED

CONSENT AGENDA:

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE DISABILITY APPLICATIONS 2024-1D AND 2024-2D.

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

NAYS: NONE

ABSENT: MR. WILLGOHS

MOTION CARRIED

ADJOURNMENT:

With no further business to come before the Board, Pres. Lech adjourned the meeting at 3:38 p.m.

Prepared by,

Missy Kopp, Assistant to the Board