



NDTFFR Board Meeting AGENDA

Thursday, January 23, 2020 – 8:30 am
Radisson Hotel – Renoir Russell Room
6th & Broadway, Bismarck, ND

BUSINESS MEETING – 8:30 am

1. **Call to Order and Approval of Agenda** – Pres. Lech (Action)
2. **Approval of Minutes of October 24, 2019 Meeting** – Pres. Lech (Action)
3. **2019 GASB 67 & 68 Report** – Matt Strom, Segal via phone conference (Action) 10 min.
4. **2019 Plan Management Policy Report** – Matt Strom, Segal via phone conference (Action) 10 min.
5. **Plan Management Policy Correction** – Fay Kopp (Action) 10 min.
6. **Executive Session – Attorney Consultation, Review and Approval of Order, Benefit Appeal #2019-1A** – Nici Meyer (Board Action) 30 min.
**Executive Session required to discuss confidential member information and for attorney consultation pursuant to NDCC 15-39.1-30, NDCC 44-04-19.1, and NDCC 44-04-19.2.*
7. **Quarterly Investment Update (9/30/19)** – Dave Hunter (Information) 15 min.
8. **Board Education: Retiree Reemployment Provisions** – Shelly Schumacher (Information) 15 min
9. **2018-19 Reemployed Retiree Report** – Shelly Schumacher (Action) 15 min.
10. **2021 Legislative Planning** – Fay Kopp (Information) 30 min.
11. **Pension Administration System Project Charter** – Fay Kopp (Action) 15 min.
12. **Core Values Approval** – Pres. Lech (Information) 15 min.
13. **2019 CAFR, PPCC Award, and TFFR Fast Facts** – Fay Kopp (Information) 10 min.
14. **Quarterly Audit Services Update (9/30/19)** – Sara Sauter (Information) 10 min.
15. **RIO Staffing Update** – Dave Hunter, Fay Kopp (Information) 15 min.
16. **2020-21 Board Calendar** – Fay Kopp (Action) 5 min.
17. **Consent Agenda** – Fay Kopp (Action) 10 min.
Employer Reporting Reviews Wilton and Jamestown
Disability #2020-1, 2020-2 Confidential – to follow separately
QDRO # 2020-1, 2020-2 Confidential – to follow separately
**Executive Session possible if Board discusses confidential information pursuant to NDCC 15-39.1-30.*

18. **Other Business**

***** RECESS FOR LUNCH *****

BOARD RETREAT – 1:00 pm (approximately)

1. **Retreat Introduction and Purpose** – Pres. Lech
2. **Review of Mission, Vision, and Values Statements** – Pres. Lech
3. **Perspectives – Decision-making Exercise** – Pres. Lech
4. **Revised Board Governance Manual Highlights** – Cody Mickelson and Committee
5. **Board Education Competencies** – Pres. Lech
6. **TFFR's Image – Communication Ideas** - Mel Olson
7. **Trustee Open Forum** – Pres. Lech
8. **Adjournment**

Next TFFR Board Meeting: March 26, 2020

Any individual requiring an auxiliary aid or service should contact the Retirement and Investment Office at 701.328.9885 at least three (3) days prior to the scheduled meeting.



EXECUTIVE SUMMARY
TFFR Board Meeting & Retreat
January 23, 2020 – 8:30 am
Radisson Hotel
Renoir/Russel Room

Highlights of the January 23 TFFR Board meeting:

- Segal will present the **2019 GASB 67 & 68 Report**. Segal will also present the updated **2019 Plan Management Policy Score**. The 2019 policy score of 6 (which means the Board should continue to monitor the plan) did not change from the 2018 score. However, it will be updated again based on the results of the Experience Study which is currently in progress. Because reducing TFFR's current 7.75% investment return assumption is expected to be recommended, as well as other possible assumption changes, there is the potential the policy score could decline. The **Plan Management Policy** which was approved in October also requires a correction since a section of the policy was omitted in error in the approved version.
- Dave will provide a **TFFR Investment Update**. TFFR earned a net investment return of 15.9% for the 11 months ended 11.30.19 (over \$365 million of net investment income) due to favorable capital market and economic conditions in 2019. TFFR returns have approximated the actuarial return assumption for the last 30 years ended 6.30.19 (TFFR earned 7.7% compared to 7.75% return assumption). Pension trust "gross" returns were in the 33rd percentile for the 5-years ended 9.30.19.
- Lots of discussion about **Retiree Re-employment rules** so Shelly will present **Board Education** on the topic and present the **2018-19 Retiree Re-employment Report**. Last year 336 retirees returned to covered employment with 132 employers. Most retirees continue to return to work under the General Rule (700-1000 hours). There has been little change from previous years.
- Fay will review **2021 Legislative Planning** issues and topics for Board discussion. Legislative proposals must be filed by 4.1.20 for Legislative Employee Benefits Committee review. At this time, there are no critical funding, administrative or compliance issues requiring legislation.
- **TFFR Pension Administration System Modernization Project** planning meetings are underway. A Project Manager has been assigned by NDIT, and a Project Charter has been drafted. The Project Charter will be reviewed by the Executive Steering Committee on 1.21.20, and then submitted to the TFFR Board for final approval at the 1.23.20 meeting.

- Continued discussion of **TFFR Core Values** will include feedback from trustees and staff.
- A **RIO Staffing Update** will be shared with the Board. External recruitment for the Deputy Executive-Chief Retirement Officer position has commenced with a closing date of January 30 (5 applications received to date), and the Retirement Program Manager position has been posted internally (1 application received).
- An update will be provided on the **Member Benefit Appeal** and administrative hearing which was conducted on 1.8.20. The Administrative Law Judge's recommendation is expected within 30 days of the hearing after which the Board will be expected to act on the recommended order.
- **TFFR's Board Retreat** will follow the Board Business Meeting. The Retreat agenda includes a variety of topics and activities – **Board decision making, governance, education competencies, and image**. The Retreat topics are intended to provide a starting point for Board discussion and new ideas.

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
OCTOBER 24, 2019, BOARD MEETING**

BOARD MEMBERS PRESENT: Rob Lech, President
Mike Burton, Vice President
Toni Gumeringer, Trustee
Cody Mickelson, Trustee
Mel Olson, Trustee
Kelly Schmidt, State Treasurer

BOARD MEMBER ABSENT: Kirsten Baesler, State Supt. DPI

STAFF PRESENT: David Hunter, ED/CIO
Fay Kopp, Deputy ED/CRO
Missy Kopp, Retirement Assistant
Stephanie Starr, Ret Programs Spec
Dottie Thorsen, Internal Auditor
Denise Weeks, Ret Programs Spec

OTHERS PRESENT: Danelle Hopkins, Governor's Office
Kim Nicholl, Segal Consultants
Anders Odegaard, Attorney General's Office
Fern Pokorny, NDU - Retired
Matt Strom, Segal Consultants

CALL TO ORDER:

Dr. Rob Lech, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:00 p.m. on Thursday, October 24, 2019, at the State Capitol, Peace Garden Room, Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: MR. BURTON, MS. GUMERINGER, PRES. LECH, MR. MICKELSON, MR. OLSON AND TREASURER SCHMIDT.

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the October 24, 2019, meeting.

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

AYES: TREASURER SCHMIDT, MR. BURTON, MR. MICKELSON, MS. GUMERINGER, MR. OLSON, AND PRES. LECH

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

MINUTES:

The Board considered the minutes of the September 26, 2019, meeting.

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MS. GUMERINGER AND CARRIED BY A VOICE VOTE TO ACCEPT THE SEPTEMBER 26, 2019, MINUTES AS DISTRIBUTED.

AYES: MR. MICKELSON, MR. OLSON, TREASURER SCHMIDT, MR. BURTON, MS. GUMERINGER, AND PRES. LECH

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

ACTUARIAL VALUATION REPORT:

Ms. Kim Nicholl and Mr. Matt Strom, Segal Consulting, described the annual actuarial valuation process, assumptions, methods and presented the Actuarial Valuation Report as of July 1, 2019. Highlights include the following:

- Market value of assets returned 5.4% for year ending 6/30/19 (Segal calculation). Gradual recognition of deferred losses resulted in 6.4% return on actuarial value of assets.
- Net impact on funded ratio was an increase from 65.4% (as of 7/1/2018) to 66.0% (as of 7/1/2019).
- Effective amortization period decreased from 26 years to 24 years.
- Net impact on actuarially determined contribution (ADC) was a decrease from 12.94% of payroll to 12.84% of payroll. Based on the employer contribution rate of 12.75%, the contribution deficiency has decreased from 0.19% of payroll to 0.09% of payroll.
- GASB Net Pension Liability increased from \$1.33 billion as of 6/30/18, to \$1.38 billion as of 6/30/19.

Board discussion followed on 2019 valuation results and future funding projections.

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE 2019 ACTUARIAL VALUATION REPORT.

AYES: TREASURER SCHMIDT, MS. GUMERINGER, MR. OLSON, MR. BURTON, MR. MICKELSON, AND PRES. LECH

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

BOARD EDUCATION - EXPERIENCE STUDY BASICS:

Ms. Nicholl and Mr. Strom presented information related to Experience Study planning and purpose. Each actuarial valuation involves a projection of benefits expected to be paid in the future to all members of TFFR. The projection of benefit payments is based on assumptions of future events and conditions.

Assumptions are grouped into two broad categories, demographic assumptions which are primarily selected based on recent experience and economic assumptions which rely more on a long-term outlook of expected future trends.

Gains and losses result from actual experience that differs from expected. Actuarial experience studies are undertaken periodically and serve as the basis for recommended changes in actuarial assumptions and methods.

The Plan Management Policy will be updated in November 2019 based on the results of the July 1, 2019 actuarial valuation. The experience study will be presented at the March 2020 Board meeting, then the Plan Management Policy will be updated based on the results of the experience study in 2020.

Board discussion followed on TFFR's current 7.75% investment return assumption, and implications of reducing the assumption.

PLAN MANAGEMENT POLICY - 2ND READING:

Ms. Kopp commented on the Plan Management Policy. No feedback has been received since the 1st reading, and no additional changes have been made.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MS. GUMERINGER AND CARRIED BY A ROLL CALL VOTE FOR FINAL APPROVAL OF THE TFFR PLAN MANAGEMENT POLICY.

AYES: MS. GUMERINGER, MR. BURTON, MR. MICKELSON, MR. OLSON, TREASURER SCHMIDT, AND PRES. LECH

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

LEGISLATIVE UPDATE:

Ms. Kopp commented on the Legislative Employee Benefit Programs Committee meeting on October 23, 2019. Mr. Hunter presented an overview of the Retirement and Investment Office (RIO) and State Investment Board (SIB), including investment returns and programs. Ms. Kopp presented an overview of the TFFR program. Segal presented the 2019 actuarial valuation report.

The Board recessed at 2:00 p.m. and reconvened at 2:15 p.m.

BENEFIT APPEAL #2019-1A:

Pres. Lech stated that TFFR Benefit Appeal #2019-1A must be discussed in executive session. The purpose of the executive session is to consider the benefit appeal and review confidential information under NDCC 15-39.1-30. The legal authority for closing this portion of the meeting is NDCC section 44-04-19.2.

Executive session began at 2:17 p.m. and ended at 3:05 p.m. It was attended by the TFFR Board, RIO staff members, TFFR legal counsel, and the member.

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO DENY BENEFIT APPEAL #2019-1A.

AYES: MR. OLSON, MR. MICKELSON, MS. GUMERINGER, TREASURER SCHMIDT, MR. BURTON, AND PRES. LECH

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

The Board recessed at 3:07 and reconvened at 3:12 p.m.

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO AUTHORIZE RIO STAFF TO RELEASE INFORMATION RELATED TO APPEAL #2019-1A, PURSUANT TO NDCC 15-39.1-30(12), CONFIDENTIALITY OF RECORDS WHICH ALLOWS DISCLOSURE OF INFORMATION TO ANY PERSON IF THE BOARD DETERMINES DISCLOSURE IS NECESSARY FOR TREATMENT, OPERATIONAL, OR PAYMENT PURPOSES, INCLUDING THE COMPLETION OF NECESSARY DOCUMENTS.

AYES: MR. BURTON, MS. GUMERINGER, MR. OLSON, TREASURER SCHMIDT, MR. MICKELSON, AND PRES. LECH

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

The Board recessed at 3:15 p.m. and reconvened at 3:26 p.m.

EMPLOYER REPORTING REVIEWS:

Ms. Kopp reviewed the new process for Employer Reporting Reviews. After Internal Audit (IA) completes their review of employer reporting, they issue a report to Retirement Services who is responsible for creating and issuing an official Employer Reporting Review report documenting errors, corrections, and recommendations to the Employer. All communications and follow up related to the review are handled by Retirement Services. The employer is also required to accept or reject the report and sign an acknowledgement letter providing an explanation of how the employer will comply with findings and recommendations. The TFFR Board will then approve the report at a regularly scheduled board meeting.

Ms. Kopp suggested that these reports could be approved on the consent agenda in the future.

Board discussion followed.

IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE WARWICK AND NEW ENGLAND REPORTING REVIEWS.

AYES: MR. BURTON, MS. GUMERINGER, MR. OLSON, TREASURER SCHMIDT, MR. MICKELSON, AND PRES. LECH

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

PENSION ADMINISTRATION SYSTEM (PAS) PROJECT UPDATE:

Ms. Kopp provided an update on the PAS project. In early October, Ms. Kopp sent a memo to the Governor's Office as a response to their request for information. The memo explained that the Board and staff are focused on the Board's fiduciary responsibility and the importance of making the most prudent decision for TFFR without regard to other State or outside interests. TFFR intends to follow all state procurement guidelines to ensure a fair and competitive bidding process is used.

RIO staff is currently working with ND Information Technology (NDIT) on the Project Charter, which is required for all large IT projects. The Charter will be presented to the Board for approval.

Board discussion followed.

GOVERNANCE & POLICY REVIEW (GPR) COMMITTEE UPDATE:

Mr. Mickelson and Ms. Kopp provided an update on the GPR Committee. The Committee has had initial discussions on the first draft of a revised TFFR Board Governance Policy Manual, Sections A-J. Ms. Kopp will be scheduling a meeting with TFFR's legal counsel to discuss governance related questions and ensure proper legal review of potential changes and additions to the policies and bylaws. The Committee plans to meet in November or early December for another review of changes made to Sections A-J and an initial review of Sections K-U.

Board discussion followed.

TRUSTEE EDUCATIONAL CONFERENCE REPORTS:

Ms. Gumeringer reported on the National Education Association (NEA) Pension Forum which she attended in July 2019 and the National Council on Teacher Retirement (NCTR) Annual Conference which she attended in October 2019. Mr. Olson and Mr. Burton also reported on the NCTR Annual

Conference which they attended in October 2019. Mr. Mickelson reported on the NCTR Trustee Workshop, which he attended in July 2019.

BOARD RETREAT PLANNING:

Ms. Kopp and Pres. Lech have started making plans for a TFFR Board retreat on January 23, 2020. The tentative plan is to meet at the Radisson Hotel, in Bismarck, at 1:00 p.m. for the regular Board business meeting followed by a retreat session, dinner and a second retreat session. Treasurer Schmidt mentioned the possibility of having the Board meeting in the morning, and retreat sessions in the afternoon as another alternative which will be considered.

Board discussion followed.

CHIEF RETIREMENT OFFICER (CRO) SUCCESSION PLANNING:

Mr. Hunter discussed the plans for filling the CRO position after Ms. Kopp's retirement. RIO management and TFFR leadership has met to discuss the best ways to fill this opening. They have also consulted with Human Resource Management Services for input. In order to identify any retirement leaders who may be interesting in pursuing the opportunity to become TFFR's next CRO and RIO's next Deputy Executive Director, RIO intends to post the position internally in the upcoming weeks and then will post it externally. They will provide a further update to the TFFR Board and SIB in November.

VISION STATEMENT APPROVAL:

At the September meeting, Pres. Lech led the Board in an exercise to develop a TFFR vision statement. Board members worked in small groups to identify TFFR's cause, actions, and outcomes which were used to draft possible vision statements. Pres. Lech sent the options to Board members and RIO staff to get feedback on these statements.

Using this feedback and after further discussion, the Board considered the following vision statement:

"TFFR's vision is to be a trusted leader in the administration of a financially sound retirement program for ND educators by providing exceptional customer service, professional plan management, and organizational effectiveness by adhering to the principles of good governance, transparency, and accountability."

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE NEW TFFR BOARD VISION STATEMENT.

AYES: MS. GUMERINGER, MR. MICKELSON, TREASURER SCHMIDT, MR. BURTON, MR. OLSON, AND PRES. LECH.

NAYS: NONE

MOTION CARRIED

ABSENT: SUPT. BAESLER

CORE VALUES DEVELOPMENT:

Pres. Lech explained the process that will be used to establish core values of the TFFR Board. Pres. Lech created a survey with a vast selection of values, skills, and attributes related to investments, organizational performance, governance, and other outcomes to be ranked. Board members and RIO staff were asked to review the list and rank the Top 5 as it relates to the success of TFFR. There will be additional discussion on TFFR's core values at the January meeting.

ADJOURNMENT:

With no further business to come before the Board, President Lech adjourned the meeting at 4:13 p.m.

Respectfully Submitted:

Dr. Rob Lech, President
Teachers' Fund for Retirement Board

Missy Kopp
Reporting Secretary



MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: January 17, 2020
SUBJ: 2019 GASB 67 & 68 Report

Matt Strom, Segal Consultants, will highlight the attached 2019 GASB 67 & 68 Report which was prepared by TFFR's actuary, Segal, and audited by RIO's auditor, CliftonLarsonAllen.

After Board approval, the 2019 GASB 67 & 68 Report, and the audited Schedules of Employer Allocations and Pension Amounts by Employer, will be posted on the TFFR website. These reports, along with the sample GASB 68 disclosure template and sample journal entries, are provided to assist TFFR participating employers and their auditors with GASB 68 compliance as they prepare their annual financial statements.

BOARD ACTION

Board Motion to approve the 2019 GASB 67 & 68 Report.

North Dakota Teachers' Fund for Retirement

**Governmental Accounting Standards Board
Statement Nos 67 and 68
Actuarial Valuation as of July 1, 2019**

This report has been prepared at the request of the Board of Trustees to assist the sponsors of the Fund in preparing their financial report for liabilities associated with the Fund. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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October 31, 2019

Board of Trustees
North Dakota Teachers' Fund for Retirement
3442 East Century Avenue
Bismarck, ND 58507-7100

Dear Board Members:

We are pleased to submit the following report intended to be used for satisfying certain reporting requirements by Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68 as of June 30, 2019.

This report was prepared in accordance with generally accepted actuarial principles and practices. The census and financial information on which our calculations were based was supplied by the staff of the Retirement and Investment Office. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Matthew Strom, FSA, MAAA, Enrolled Actuary.

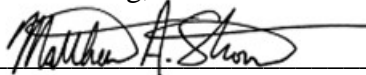
The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the Fund.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By: 
Matthew Strom, FSA, MAAA, EA
Senior Vice President and Actuary



Tanya Dybal, FSA, MAAA, EA
Actuary

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Section 1: Actuarial Valuation Summary

Purpose

This report has been prepared by Segal Consulting to present certain disclosure information required by Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68 as of June 30, 2019. This valuation is based on:

- The benefit provisions set forth in the North Dakota Century Code, as administered by the TFFR Board of Trustees;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of July 1, 2019, provided by the North Dakota Retirement and Investment Office;
- The assets of the Fund as of June 30, 2019, provided by the North Dakota Retirement and Investment Office;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Valuation Comments

The following are key observations regarding this actuarial valuation:

- Governmental Accounting Standards Board (GASB) Statements 67 and 68 contain rules for the reporting of pension liabilities for accounting purposes. Statement 67 was effective with the fiscal year ending June 30, 2014, for Plan reporting. Statement 68 was effective with the fiscal year ending June 30, 2015, for employer reporting. The information contained in this valuation is intended to be used (along with other information) in order to comply with both Statements 67 and 68.
- It is important to note that the GASB rules only redefine pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Plans can still develop and adopt funding policies under current practices.
- When measuring pension liability for GASB purposes, the same actuarial cost method (Entry Age method) is used to determine the funded status of the Plan, the actuarially determined contribution rate, and the effective amortization period. In addition, the GASB blended discount rate calculation results in the same discount rate (expected return on assets) as used for funding purposes. This

means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on the same basis as the Actuarial Accrued Liability (AAL) measure for funding.

- The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) on a market value basis. The NPL increased from \$1.33 billion as of June 30, 2018, to \$1.38 billion as of June 30, 2019, primarily as a result of unfavorable investment returns for the fiscal year ending June 30, 2019. Changes in these values during the prior fiscal year ending June 30, 2019, can be found in Exhibit 5.
- The discount rate used to determine the TPL and NPL was 7.75% as of both June 30, 2019 and June 30, 2018. The detailed calculations used in this derivation were provided separately.

Summary of Key Valuation Results

	2019	2018
Disclosure elements for fiscal year ending June 30:		
Service cost	\$77,755,965	\$78,041,335
Total Pension Liability	3,993,424,160	3,863,515,726
Plan Fiduciary Net Position	2,616,171,056	2,530,657,411
Net Pension Liability	1,377,253,104	1,332,858,315
Pension fiduciary net position as a percentage of total pension liability	65.5%	65.5%
Schedule of contributions for fiscal year ending June 30:		
Actuarially determined contributions	\$90,777,781	\$88,307,239
Actual contributions	89,444,881	86,675,715
Contribution deficiency / (excess)	1,332,900	1,631,524
Demographic data for plan year ending June 30:		
Number of retired members and beneficiaries	8,918	8,743
Number of vested terminated members	1,657	1,623
Number of inactive non-vested members	1,035	971
Number of active members	11,175	10,881
Key assumptions as of June 30:		
Investment rate of return	7.75%	7.75%
Municipal Bond Index	3.50%	3.87%
Inflation rate	2.75%	2.75%
Projected salary increases	4.25% to 14.50% varying by service	4.25% to 14.50% varying by service

Important Information about Actuarial Valuations

In order to prepare an actuarial valuation, Segal Consulting (“Segal”) relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our funding valuation report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by TFFR. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the valuation date, as provided by TFFR.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The valuation is prepared at the request of TFFR to assist the sponsors of the Fund in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- If TFFR is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. TFFR should look to their other advisors for expertise in these areas.

As Segal Consulting has no discretionary authority with respect to the management or assets of TFFR, it is not a fiduciary in its capacity as actuaries and consultants with respect to TFFR.

Section 2: GASB 67 and 68 Information

Exhibit 1 - Membership Data

	July 1, 2019	July 1, 2018
Retired members and beneficiaries	8,918	8,743
Vested inactive members	1,657	1,623
Non-Vested inactive members	1,035	971
Active members		
Vested	7,936	7,696
Non-Vested	<u>3,239</u>	<u>3,185</u>
Total active members	11,175	10,881
Total membership	22,785	22,218

Active Membership By Plan Eligibility

	July 1, 2019	July 1, 2018
Tier 1 Grandfathered	1,633	1,889
Tier 1 Non-Grandfathered	3,131	3,180
Tier 2	<u>6,411</u>	<u>5,812</u>
Total Active membership	11,175	10,881

Exhibit 2 - Net Pension Liability

	July 1, 2019	July 1, 2018
Components of the Net Pension Liability		
Total Pension Liability	\$3,993,424,160	\$3,863,515,726
Plan Fiduciary Net Position	<u>(2,616,171,056)</u>	<u>(2,530,657,411)</u>
Net Pension Liability	1,377,253,104	1,332,858,315
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	65.5%	65.5%

Plan provisions. The plan provisions used in the measurement of the net pension liability are the same as those used in the actuarial valuation as of July 1, 2019.

Actuarial assumptions. The total pension liability as of June 30, 2019, which was measured by an actuarial valuation as of July 1, 2019, used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.25% to 14.50%, varying by service, including inflation and productivity
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Cost-of-living adjustments	None

For active and inactive members, mortality rates were based on the RP-2014 Employee Mortality Table, projected generationally using Scale MP-2014. For healthy retirees, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table set back one year, multiplied by 50% for ages under 75 and grading up to 100% by age 80, projected generationally using Scale MP-2014. For disability retirees, mortality rates were based on the RP-2014 Disabled Mortality Table set forward four years.

The actuarial assumptions used were based on the results of an experience study dated April 30, 2015. They are the same as the assumptions used in the July 1, 2019, funding actuarial valuation for TFFR.

Exhibit 3 - Target Asset Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Global Equities	58%	6.9%
Global Fixed Income	23%	2.1%
Global Real Assets	18%	5.4%
Cash Equivalents	1%	0.0%
Total	100%	

*As reported by the North Dakota Retirement and Investment Office.

Discount rate: The long-term expected rate of return on pension plan investments is 7.75%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closest date prior to the valuation date of June 30, 2019, is 3.50%, as published by The Bond Buyer.

The discount rate used to measure the total pension liability was 7.75% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates equal to those based on the July 1, 2019, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Exhibit 4 - Discount Rate Sensitivity

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the TFFR as of June 30, 2019 and June 30, 2018, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate.

Net Pension Liability	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability as of June 30, 2019	\$1,859,994,289	\$1,377,253,104	\$976,082,834
Net pension liability as of June 30, 2018	\$1,799,744,383	\$1,332,858,315	\$944,554,161

Exhibit 5 - Schedule of Changes in Net Pension Liability

	2019	2018
Total Pension Liability		
Service cost	\$77,755,965	\$78,041,335
Interest	296,875,949	287,375,333
Change of benefit terms	0	0
Differences between expected and actual experience	(23,494,914)	(27,939,071)
Changes of assumptions	0	0
Benefit payments, including refunds of member contributions	<u>(221,228,566)</u>	<u>(207,978,699)</u>
Net change in Total Pension Liability	\$129,908,434	\$129,498,898
Total Pension Liability – beginning	<u>3,863,515,726</u>	<u>3,734,016,828</u>
Total Pension Liability – ending	<u>\$3,993,424,160</u>	<u>\$3,863,515,726</u>
Plan Fiduciary Net Position		
Contributions – employer	\$89,444,881	\$86,675,715
Contributions – employee	82,429,594	79,877,611
Contributions – member	1,916,787	2,181,106
Contributions – other	158,713	194,028
Net investment income	135,043,319	211,345,369
Benefit payments, including refunds of member contributions	(221,228,566)	(207,978,699)
Administrative expense	(2,251,083)	(2,128,794)
Other	<u>0</u>	<u>0</u>
Net change in Plan Fiduciary Net Position	\$85,513,645	\$170,166,336
Plan Fiduciary Net Position – beginning	<u>2,530,657,411</u>	<u>2,360,491,075</u>
Plan Fiduciary Net Position – ending	<u>\$2,616,171,056</u>	<u>\$2,530,657,411</u>
Net Pension Liability – ending	<u>\$1,377,253,104</u>	<u>\$1,332,858,315</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	65.5%	65.5%
Covered payroll	\$701,528,450	\$679,809,385
Plan Net Pension Liability as percentage of covered payroll	196.3%	196.1%

Exhibit 6 - Schedule of Employer Contributions

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$52,396,153	\$59,300,720	(\$6,904,567)	\$551,655,590	10.75%
2014	59,513,485	62,355,146	(2,841,661)	580,053,235	10.75%
2015	71,167,632	78,422,098	(7,254,466)	615,104,860	12.75%
2016	84,724,122	82,839,932	1,884,190	649,724,868	12.75%
2017	89,231,211	86,058,868	3,172,343	674,971,342	12.75%
2018	88,307,239	86,675,715	1,631,524	679,809,385	12.75%
2019	90,777,781	89,444,881	1,332,900	701,528,450	12.75%

Notes to Exhibit 6

Methods and assumptions used to establish “actuarially determined contribution” rates:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, with appropriate interest to the middle of the fiscal year.
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percentage of pay, closed
Remaining amortization period	24 years as of July 1, 2019 The amortization of unfunded actuarial accrued liability (UAAL) within the actuarially determined contribution rate calculation is based on the level percentage of pay required to amortize the UAAL over the 30-year closed period that began July 1, 2013. For this calculation, payroll is assumed to increase 3.25% per year.
Asset valuation method	The market value of assets with a five-year phase-in of actual return in excess of (or less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year).
Actuarial assumptions:	
Investment rate of return	7.75%, net of pension plan investment expense
Inflation rate	2.75%
Projected salary increases	4.25% to 14.50%, varying by service, includes inflation and productivity
Mortality*	Post-retirement Non-Disabled: RP-2014 Healthy Annuitant Mortality Table set back one year, multiplied by 50% for ages under 75 and grading up to 100% by age 80, projected generationally using Scale MP-2014. Pre-retirement Non-Disabled: RP-2014 Employee Mortality Table, projected generationally using Scale MP-2014. Disabled: RP-2014 Disabled Mortality table set forward 4 years.
Other assumptions	Same as those used in the July 1, 2019, and July 1, 2018, actuarial funding valuations.

*The mortality rates were based on historical and current demographic data, as used in the experience study dated April 30, 2015. The underlying tables reasonably reflect the mortality experience of the Fund as of the measurement date.

Section 3: Additional Information for GASB 68

Changes in the collective net pension liability from the beginning of the year to the end of the year arise from the net difference between changes in the total pension liability and plan fiduciary net position that occurred during the year. Changes in net pension liability will be recognized immediately as pension expense, or reported as deferred outflows of resources related to pensions or deferred inflows of resources related to pensions, depending on the nature of the change.

Differences between actual and expected investment-related experience are recognized over a closed five-year period. Differences between actual and expected non-investment-related experience and changes of assumptions are recognized over the average of the expected remaining service lives of all members who are provided with pensions through the pension plan (active employees and inactive employees). The amounts below that are not included in pension expense for the current year are included in deferred outflows of resources or deferred inflows of resources related to pensions.

Exhibit A - Reconciliation of Collective Net Pension Liability

	Increase/(Decrease) For Fiscal year Ending June 30, 2019		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balance at the beginning of the year	\$3,863,515,726	\$2,530,657,411	\$1,332,858,315
Changes for the year			
• Service cost	77,755,965		77,755,965
• Interest	296,875,949		296,875,949
• Differences between expected and actual experience	(23,494,914)		(23,494,914)
• Contributions – employer		89,444,881	(89,444,881)
• Contributions – member		82,429,594	(82,429,594)
• Contributions – purchased service credit		1,916,787	(1,916,787)
• Contributions – other		158,713	(158,713)
• Net Investment income		135,043,319	(135,043,319)
• Benefit payments, including refunds of employee contributions	(221,228,566)	(221,228,566)	--
• Administrative expense	--	(2,251,083)	2,251,083
• Change of assumptions	--	--	--
• Change of benefit terms	--	--	--
Net Change	129,908,434	85,513,645	44,394,789
Balances at end of year	\$3,993,424,160	\$2,616,171,056	\$1,377,253,104

As shown in Exhibit A, during the plan year that ended June 30, 2019, the changes in net pension liability due to differences between expected and actual demographic experience is a decrease of \$23,494,914. The average expected remaining service lives of all members is 7 years, determined as of July 1, 2018 (the beginning of the measurement period ending June 30, 2019). Therefore, of the \$23,494,914 demographic gain, \$3,356,416 is recognized in pension expense in the current year and \$20,138,498 is reflected as a deferred inflow of resources related to pensions.

Based on the assumed investment return of 7.75%, the expected net investment income for the year was \$194,206,674. As shown in Exhibit A, the actual net investment income for the year was \$135,043,319. The difference between actual and expected investment experience is an increase in net pension liability of \$59,163,355, which is recognized over a 5-year period. Of this amount, \$11,832,671 is reflected in the current year and \$47,330,684 is reflected as a deferred outflow of resources related to pensions.

Exhibit B – Collective Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

Employer	Year Established	Original Balance	Original Amortization Period	Amortization Amount During 2019	Outstanding Balance at June 30, 2019
Outflows					
Demographics	2014	\$9,347,346	7 years	\$1,335,335	\$1,335,336
Demographics	2015	2,209,258	7 years	315,608	631,218
Assumptions	2015	171,324,647	7 years	24,474,950	48,949,897
Investments	2015	93,160,436	5 years	18,632,088	0
Investments	2016	156,759,166	5 years	31,351,833	31,351,834
Investments	2019	59,163,355	5 years	11,832,671	47,330,684
Total Outflows				\$87,942,485	\$129,598,969
Inflows					
Demographics	2016	8,092,800	7 years	1,156,114	3,468,344
Demographics	2017	10,748,944	7 years	1,535,563	6,142,255
Investments	2017	103,235,815	5 years	20,647,163	41,294,326
Investments	2018	30,002,998	5 years	6,000,600	18,001,798
Demographics	2018	27,939,071	7 years	3,991,296	19,956,479
Demographics	2019	23,494,914	7 years	3,356,416	20,138,498
Total Inflows				\$36,687,152	\$109,001,700

Exhibit B – Collective Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	June 30, 2019	June 30, 2018
Deferred Outflows of Resources		
Difference between expected an actual experience in the Total Pension Liability	\$1,966,554	\$3,617,497
Changes in assumptions	48,949,897	73,424,847
Net difference between projected and actual earnings on pension plan investments	<u>19,386,394</u>	<u>0</u>
Total Deferred Outflows of Resources	\$70,302,845	\$77,042,344
Deferred Inflows of Resources		
Difference between expected and actual experience in the Total Pension Liability	\$49,705,576	\$36,250,051
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	<u>0</u>	<u>4,608,132</u>
Total Deferred Inflows of Resources	\$49,705,576	\$40,858,183
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Year Ended June 30:		
2019	N/A	\$42,779,078
2020	\$32,623,247	24,146,992
2021	(63,924)	(8,540,179)
2022	(4,207,318)	(12,683,573)
2023	2,949,393	(5,526,862)
2024	(7,347,711)	(3,991,295)
Thereafter	(3,356,418)	
Net deferred outflows/(inflows) of resources	\$20,597,269	\$36,184,161

Exhibit C below shows the individual components of collective pension expense, which totaled \$149,426,562 for the fiscal year that ended June 30, 2019.

Annual pension expense for the year can also be viewed as the change in net pension liability, plus employer contributions for the year, less the change in outstanding balances of deferred outflows and deferred inflows of resources from the end of the prior fiscal year to end of the current fiscal year. From Exhibit A, the change in net pension liability during the year was \$44,394,789 and employer contributions were \$89,444,881. The net value of deferred outflows and deferred inflows of resources as of the end of the current fiscal year is \$20,597,269 compared to the net value as of the end of the prior fiscal of \$36,184,161 for a change of (\$15,586,892). Therefore, the pension expense for the fiscal year that ended June 30, 2019, is \$44,394,789 + \$89,444,881 – (\$15,586,892), or \$149,426,562.

Exhibit C – Collective Pension Expenses

Components of Pension Expense	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018
Service cost	\$77,755,965	\$78,041,335
Interest on the Total Pension Liability	296,875,949	287,375,333
Projected earnings on plan investments	(194,206,674)	(181,342,371)
Member contributions	(82,429,594)	(79,877,611)
Contributions – purchased service credit	(1,916,787)	(2,181,106)
Contributions – other	(158,713)	(194,028)
Administrative expense	2,251,083	2,128,794
Current Year recognition of:		
Changes in assumptions	24,474,950	24,474,950
Difference between expected and actual experience	(8,388,446)	(5,032,030)
Difference between projected and actual earnings on pension plan investments	35,168,829	(6,422,617)
Change of benefit terms	0	0
Total pension expense	\$149,426,562	\$116,970,649

TFFR is classified as a cost-sharing multiple-employer defined benefit pension plan for GASB accounting purposes. As specified in GASB 68, employers that participate in TFFR are required to recognize their proportionate share of the collective pension amounts for all benefits provided through the Fund. Pension amounts to be recognized by employers include the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense. In addition, the effects of (1) a change in the employer's proportion of the collective net pension liability and (2) differences during the measurement period between the employer's contributions and its proportionate share of the total of contributions from employers included in the collective net pension liability are required to be determined and recognized.

The basis of an employer's allocation of the collective pension amounts should be consistent with the manner in which contributions to the plan are determined. Since contributions to TFFR are collected as a percentage of payroll, covered payroll for the fiscal year ending June 30, 2019, is used as the proportionate share allocation basis. Retirement and Investment Office staff supplied covered payroll for each employer.

The net effect of the change on an employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources is recognized over the average of the expected remaining service lives of all members who are provided with pensions through TFFR.

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2019, is recognized over the same period. However, since TFFR contributions are collected on the same basis as the proportionate share allocation, there is no difference between the actual employer contributions and the proportionate share of the employer contributions. If employers no longer report to TFFR, they will continue to remain on the schedule until their deferral balances are depleted.

Exhibits D and E that follow show the proportionate share information for employers of TFFR for the fiscal year ending June 30, 2019.

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EXHIBIT D
Schedule of Employer Allocations as of June 30, 2019

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Alexander School	\$ 1,420,946	0.20255003%
Anamoose School	691,421	0.09855917%
Apple Creek Elem School	297,570	0.04241743%
Ashley School	969,017	0.13812935%
Bakker Elem School	43,525	0.00620431%
Barnes County North	1,582,685	0.22560524%
Beach School	2,153,298	0.30694385%
Belcourt School	8,650,947	1.23315700%
Belfield Public School	1,637,915	0.23347807%
Beulah School	3,555,146	0.50677145%
Billings Co. School Dist.	848,687	0.12097678%
Bismarck Public Schools	74,264,596	10.58611318%
Bismarck State College	-	0.00000000%
Blessed John Paul II Catholic Sch Network	-	0.00000000%
Bottineau School	3,849,361	0.54871056%
Bowbells School	612,593	0.08732255%
Bowman School	2,945,220	0.41982906%
Burke Central School	1,003,631	0.14306350%
Burleigh County Spec. Ed.	117,449	0.01674181%
Carrington School	2,921,503	0.41644826%
Cavalier School	2,308,894	0.32912329%
Center Stanton School	1,586,576	0.22615995%
Central Cass School	3,935,508	0.56099057%
Central Elementary School	-	0.00000000%
Central Valley School	1,336,672	0.19053708%
Dakota Prairie School	2,035,168	0.29010482%
Devils Lake School	10,821,543	1.54256645%
Dickinson School	22,201,680	3.16475838%
Divide School	2,508,494	0.35757553%
Drake School	483,917	0.06898037%
Drayton School	1,416,967	0.20198279%
Dunseith School	3,346,884	0.47708456%
E Central Ctr Exc Childn	794,262	0.11321875%
Earl Elem. School	26,000	0.00370618%
Edgeley School	1,375,535	0.19607684%
Edmore School	779,372	0.11109629%
Eight Mile School	1,668,632	0.23785663%
Elgin-New Leipzig School	1,201,171	0.17122198%
Ellendale School	1,720,552	0.24525756%
Emerado Elementary School	631,984	0.09008678%
Enderlin Area School District	1,972,282	0.28114065%
Fairmount School	1,038,903	0.14809138%
Fargo Public Schools	72,692,434	10.36200801%
Fessenden-Bowdon School	1,115,739	0.15904403%
Finley-Sharon School	1,093,723	0.15590577%
Flasher School	1,207,678	0.17214952%
Fordville Lankin School	628,946	0.08965366%
Fort Ransom Elem School	158,186	0.02254880%
Fort Totten School	1,539,679	0.21947488%
Fort Yates School	1,158,728	0.16517197%
Gackle-Streeter Pub Sch	818,783	0.11671412%
Garrison School	2,331,883	0.33240028%
Glen Ullin School	1,065,916	0.15194202%
Glenburn School	1,889,344	0.26931819%
Goodrich School	308,819	0.04402087%
Grafton School	4,384,159	0.62494382%
Grand Forks School	48,158,729	6.86482901%
Great North West Cooperative	174,410	0.02486149%
Grenora School	1,313,027	0.18716657%
Griggs County Central Sch	1,703,149	0.24277690%

EXHIBIT D
Schedule of Employer Allocations as of June 30, 2019

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Gst Educational Services	1,783,059	0.25416781%
Halliday School	280,182	0.03993877%
Hankinson School	1,559,779	0.22234004%
Harvey School	2,253,165	0.32117945%
Hatton Eielson Psd	1,203,702	0.17158274%
Hazelton - Moffit School	906,274	0.12918562%
Hazen School	2,772,477	0.39520525%
Hebron School	1,121,990	0.15993511%
Hettinger School	1,378,657	0.19652184%
Hillsboro School	2,646,943	0.37731084%
Hope School	750,602	0.10699527%
Horse Creek Elem. School	40,100	0.00571608%
James River Multidistrict Spec Ed Unit	1,334,268	0.19019447%
Jamestown School	13,519,117	1.92709460%
Kenmare School	1,750,587	0.24953902%
Kensal School	283,068	0.04035014%
Kidder County School District	2,296,223	0.32731715%
Killdeer School	3,064,597	0.43684577%
Kindred School	3,539,400	0.50452687%
Kulm School	1,005,518	0.14333242%
Lake Region Spec Ed	1,914,995	0.27297468%
Lakota School	1,208,701	0.17229535%
Lamoure School	1,492,516	0.21275209%
Langdon Area School	2,551,015	0.36363667%
Larimore School	2,133,160	0.30407320%
Leeds School	1,051,290	0.14985708%
Lewis And Clark School	2,522,521	0.35957500%
Lidgerwood School	1,146,596	0.16344261%
Linton School	1,680,696	0.23957635%
Lisbon School	3,538,121	0.50434466%
Litchville-Marion School	842,175	0.12004852%
Little Heart Elem. School	139,392	0.01986977%
Logan County	4,079	0.00058148%
Lone Tree Elem. School	253,413	0.03612298%
Lonetree Spec Ed Unit	171,822	0.02449251%
Maddock School	947,106	0.13500606%
Mandan Public Schools	21,037,667	2.99883309%
Mandaree School	1,653,855	0.23575023%
Manning Elem School	96,744	0.01379048%
Manvel Elem. School	984,860	0.14038772%
Maple Valley School	1,696,016	0.24176009%
Mapleton Elem. School	836,679	0.11926511%
Marmarth Elem. School	127,525	0.01817818%
Max School	1,155,181	0.16466624%
May-Port C-G School	2,750,120	0.39201835%
Mcclusky School	695,349	0.09911915%
Mckenzie County	44,541	0.00634912%
Mckenzie County School	8,887,089	1.26681805%
Medina School	1,038,726	0.14806608%
Menoken Elem School	206,510	0.02943715%
Midkota	1,058,691	0.15091208%
Midway School	1,260,899	0.17973603%
Milnor School	1,452,267	0.20701466%
Minnewaukan School	1,710,976	0.24389258%
Minot School	44,638,534	6.36303966%
Minto School	1,376,253	0.19617920%
Mohall Lansford Sherwood	2,108,918	0.30061758%
Montpelier School	808,563	0.11525736%
Morton County	5,963	0.00085000%
Mott-Regent School	1,348,084	0.19216380%

EXHIBIT D
Schedule of Employer Allocations as of June 30, 2019

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Mt Pleasant School	1,717,486	0.24482060%
Munich School	1,082,119	0.15425165%
N Central Area Career And Tech Center	-	0.00000000%
Napoleon School	1,513,829	0.21579014%
Naughton Rural School	105,170	0.01499159%
Nd Center For Distance Education	1,404,997	0.20027652%
Nd Dept Of Public Instruction	185,243	0.02640563%
Nd School For Blind	684,479	0.09756961%
Nd School For Deaf	945,356	0.13475661%
Nd United	155,114	0.02211088%
Nd Youth Correctional Cnt	1,176,353	0.16768434%
Nedrose School	3,072,119	0.43791790%
Nelson County	13,521	0.00192735%
Nesson School	1,837,917	0.26198747%
New England School	1,486,390	0.21187876%
New Rockford Sheyenne School	1,799,363	0.25649178%
New Salem-Almont	2,060,302	0.29368763%
New Town School	5,399,683	0.76970263%
Newburg United District	832,843	0.11871839%
North Border School	2,767,199	0.39445282%
North Sargent School	1,586,165	0.22610135%
North Star	1,685,871	0.24031404%
North Valley Area Career	585,301	0.08343221%
Northern Cass School Dist	3,342,452	0.47645279%
Northern Plains Spec Ed	316,450	0.04510858%
Northwood School	1,754,253	0.25006162%
Oakes School	1,988,877	0.28350632%
Oberon Elem School	473,668	0.06751936%
Oliver - Mercer Spec Ed	880,230	0.12547319%
Page School	687,587	0.09801263%
Park River Area School District	2,083,502	0.29699470%
Parshall School	1,864,703	0.26580577%
Peace Garden Spec Ed	534,330	0.07616654%
Pembina Spec Ed Coop	114,694	0.01634912%
Pingree - Buchanan School	756,716	0.10786672%
Pleasant Valley Elem	-	0.00000000%
Powers Lake School	1,220,462	0.17397188%
Richardton-Taylor	1,837,418	0.26191641%
Richland School	1,563,354	0.22284975%
Robinson School	-	0.00000000%
Rolette County	-	0.00000000%
Rolette School	1,232,898	0.17574452%
Roosevelt School	418,032	0.05958869%
Roughrider Area Career And Tech Center	143,474	0.02045163%
Roughrider Service Program	193,712	0.02761286%
Rugby School	3,493,391	0.49796854%
Rural Cass Spec Ed	1,346,584	0.19194998%
Sargent Central School	1,619,237	0.23081558%
Sawyer School	567,661	0.08091776%
Scranton School	1,201,696	0.17129682%
Se Region Career And Tech	1,588,560	0.22644268%
Selfridge School	955,755	0.13623897%
Sheyenne Valley Area Voc	932,149	0.13287395%
Sheyenne Valley Spec Ed	1,457,880	0.20781479%
Slope County	26,757	0.00381412%
Solen - Cannonball School	1,647,712	0.23487460%
Souris Valley Spec Ed	1,244,857	0.17744919%
South Cent. Prairie Sp Ed	59,855	0.00853208%
South East Education Cooperative	578,882	0.08251728%
South Heart School	1,959,845	0.27936785%

EXHIBIT D
Schedule of Employer Allocations as of June 30, 2019

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
South Prairie School District	2,557,680	0.36458676%
South Valley Spec Ed	496,464	0.07076884%
Southwest Special Education Unit	68,836	0.00981229%
St. John'S School	2,784,709	0.39694882%
St. Thomas School	631,772	0.09005647%
Stanley School	3,770,614	0.53748549%
Starkweather School	543,086	0.07741466%
Sterling School	304,559	0.04341363%
Strasburg School District	997,680	0.14221512%
Surrey School	2,531,108	0.36079906%
Sweet Briar Elem School	119,090	0.01697581%
Tgu School District	2,539,124	0.36194175%
Thompson School	2,478,583	0.35331185%
Tioga School	3,346,879	0.47708384%
Turtle Lake-Mercer School	1,345,786	0.19183632%
Twin Buttes Elem. School	449,696	0.06410235%
Underwood School	1,475,910	0.21038491%
United School	3,382,044	0.48209650%
Upper Valley Spec Ed	2,600,460	0.37068484%
Valley - Edinburg School	1,571,267	0.22397766%
Valley City School	6,093,991	0.86867340%
Velva School	2,666,812	0.38014313%
Wahpeton School	6,747,928	0.96188941%
Ward County	29,842	0.00425383%
Warwick School	1,621,711	0.23116820%
Washburn School	1,832,370	0.26119679%
West Fargo School	64,487,314	9.19240184%
West River Student Services	684,249	0.09753686%
Westhope School	1,109,593	0.15816791%
White Shield School	1,657,607	0.23628508%
Williams Co School Dist #8	2,410,913	0.34366580%
Williston School	20,782,759	2.96249689%
Wilmac Special Education	4,292,043	0.61181313%
Wilton School	1,435,276	0.20459276%
Wing School	727,360	0.10368224%
Wishek School	1,325,738	0.18897844%
Wolford School	541,162	0.07714039%
Wyndmere School	1,412,260	0.20131183%
Yellowstone Elem. School	506,724	0.07223146%
Zeeland School	415,851	0.05927784%
Grand Totals:	701,528,450	100%

EXHIBIT E
Schedule of Pension Amounts by Employer as of June 30, 2019

Employer Name	Discount Rate Sensitivity						Schedule of Contributions					Pension Expense	
	Employer's Proportionate Share Allocation	Net Pension Liability	Covered Payroll	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)	Statutory Required Contribution	Contributions In Relation to the Statutory Required Contribution	Contribution Deficiency/ (Excess)	Contributions as a Percentage of Covered Payroll	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
South Prairie School District	0.36458676%	5,021,282	2,557,680	6,781,293	5,021,282	3,558,669	326,104	(326,104)	-	12.75%	544,789	270,872	815,661
South Valley Spec Ed	0.07076884%	974,666	496,464	1,316,296	974,666	690,762	63,299	(63,299)	-	12.75%	105,747	(61,622)	44,125
Southwest Special Education Unit	0.00981229%	135,140	68,836	182,508	135,140	95,776	8,777	(8,777)	-	12.75%	14,662	(977)	13,685
St. John'S School	0.39694882%	5,466,990	2,784,709	7,383,225	5,466,990	3,874,549	355,050	(355,050)	-	12.75%	593,147	11,225	604,372
St. Thomas School	0.09005647%	1,240,306	631,772	1,675,045	1,240,306	879,026	80,551	(80,551)	-	12.75%	134,568	(33,307)	101,261
Stanley School	0.53748549%	7,402,536	3,770,614	9,997,199	7,402,536	5,246,304	480,753	(480,753)	-	12.75%	803,146	90,482	893,628
Starkweather School	0.07741466%	1,066,196	543,086	1,439,908	1,066,196	755,631	69,243	(69,243)	-	12.75%	115,678	(31,062)	84,616
Sterling School	0.04341363%	597,916	304,559	807,491	597,916	423,753	38,831	(38,831)	-	12.75%	64,871	14,082	78,953
Strasburg School District	0.14221512%	1,958,662	997,680	2,645,193	1,958,662	1,388,137	127,204	(127,204)	-	12.75%	212,507	5,972	218,479
Surrey School	0.36079906%	4,969,116	2,531,108	6,710,842	4,969,116	3,521,698	322,716	(322,716)	-	12.75%	539,130	(12,669)	526,461
Sweet Briar Elem. School	0.01697581%	233,800	119,090	315,749	233,800	165,698	15,184	(15,184)	-	12.75%	25,366	8,064	33,430
Tpu School District	0.36194175%	4,984,854	2,539,124	6,732,096	4,984,854	3,532,851	323,738	(323,738)	-	12.75%	540,837	(121,241)	419,596
Thompson School	0.35331185%	4,865,998	2,478,583	6,571,580	4,865,998	3,448,616	316,019	(316,019)	-	12.75%	527,942	57,494	585,436
Tioga School	0.47708384%	6,570,652	3,346,879	8,873,732	6,570,652	4,656,733	426,727	(426,727)	-	12.75%	712,890	123,385	836,275
Turtle Lake-Mercer School	0.19183632%	2,642,072	1,345,786	3,568,145	2,642,072	1,872,481	171,588	(171,588)	-	12.75%	286,654	(25,008)	261,646
Twin Buttes Elem. School	0.06410235%	882,852	449,696	1,192,300	882,852	625,692	57,336	(57,336)	-	12.75%	95,786	(19,645)	76,141
Underwood School	0.21038491%	2,897,533	1,475,910	3,913,147	2,897,533	2,053,531	188,179	(188,179)	-	12.75%	314,371	(62,230)	252,141
United School	0.48209650%	6,639,689	3,382,044	8,966,967	6,639,689	4,705,661	431,211	(431,211)	-	12.75%	720,380	8,463	728,843
Upper Valley Spec Ed	0.37068484%	5,105,268	2,600,460	6,894,717	5,105,268	3,618,191	331,559	(331,559)	-	12.75%	553,902	9,582	563,484
Valley - Edinburg School	0.22397766%	3,084,739	1,571,267	4,165,972	3,084,739	2,186,207	200,337	(200,337)	-	12.75%	334,682	(34,865)	299,817
Valley City School	0.86867340%	11,963,831	6,093,991	16,157,276	11,963,831	8,478,972	776,984	(776,984)	-	12.75%	1,298,029	(233,890)	1,064,139
Velva School	0.38014313%	5,235,533	2,666,812	7,070,641	5,235,533	3,710,512	340,019	(340,019)	-	12.75%	568,035	(33,085)	534,950
Wahpeton School	0.96188941%	13,247,652	6,747,928	17,891,088	13,247,652	9,388,837	860,361	(860,361)	-	12.75%	1,437,318	(196,061)	1,241,257
Ward County	0.00425383%	58,586	29,842	79,121	58,586	41,521	3,805	(3,805)	-	12.75%	6,356	(402)	5,954
Warwick School	0.23116820%	3,183,771	1,621,711	4,299,715	3,183,771	2,256,393	206,768	(206,768)	-	12.75%	345,427	(54,940)	290,487
Washburn School	0.26119679%	3,597,341	1,832,370	4,858,245	3,597,341	2,549,497	233,627	(233,627)	-	12.75%	390,297	26,472	416,769
West Fargo School	9.19240184%	126,602,640	64,487,314	170,978,149	126,602,640	89,725,456	8,222,133	(8,222,133)	-	12.75%	13,735,890	2,942,222	16,678,112
West River Student Services	0.09753686%	1,343,329	684,249	1,814,180	1,343,329	952,041	87,242	(87,242)	-	12.75%	145,746	(4,282)	141,464
Westhope School	0.15816791%	2,178,372	1,109,593	2,941,914	2,178,372	1,543,850	141,473	(141,473)	-	12.75%	236,345	(6,156)	230,189
White Shield School	0.23628508%	3,254,244	1,657,607	4,394,889	3,254,244	2,306,338	211,345	(211,345)	-	12.75%	353,073	4,559	357,632
Williams Co School Dist #8	0.34366580%	4,733,148	2,410,913	6,392,164	4,733,148	3,354,463	307,391	(307,391)	-	12.75%	513,528	5,678	519,206
Williston School	2.96249689%	40,801,080	20,782,759	55,102,273	40,801,080	28,916,424	2,649,802	(2,649,802)	-	12.75%	4,426,757	970,372	5,397,129
Wilmac Special Education	0.61181313%	8,426,215	4,292,043	11,379,689	8,426,215	5,971,803	547,236	(547,236)	-	12.75%	914,211	323,237	1,237,448
Wilton School	0.20459276%	2,817,760	1,435,276	3,805,414	2,817,760	1,996,995	182,998	(182,998)	-	12.75%	305,716	16,087	321,803
Wing School	0.10368224%	1,427,967	727,360	1,928,484	1,427,967	1,012,025	92,738	(92,738)	-	12.75%	154,929	(8,061)	146,868
Wishek School	0.18897844%	2,602,711	1,325,738	3,514,988	2,602,711	1,844,586	169,032	(169,032)	-	12.75%	282,384	1,506	283,890
Wolford School	0.07714039%	1,062,418	541,162	1,434,807	1,062,418	752,954	68,998	(68,998)	-	12.75%	115,268	(3,730)	111,538
Wyndmere School	0.20131183%	2,772,573	1,412,260	3,744,389	2,772,573	1,964,970	180,063	(180,063)	-	12.75%	300,813	(58,359)	242,454
Yellowstone Elem. School	0.07223146%	994,810	506,724	1,343,501	994,810	705,039	64,607	(64,607)	-	12.75%	107,933	(12,961)	94,972
Zeeland School	0.05927784%	816,406	415,851	1,102,564	816,406	578,601	53,021	(53,021)	-	12.75%	88,577	(29,651)	58,926
Grand Totals:	100%	1,377,253,104	701,528,450	1,859,994,289	1,377,253,104	976,082,834	89,444,881	(89,444,881)	-	12.75%	149,426,562	-	149,426,562

Note: Columns may not foot due to rounding.

EXHIBIT E (continued)

Schedule of Pension Amounts by Employer as of June 30, 2019

Employer Name	Deferred Outflows of Resources				Deferred Inflows of Resources				Deferred (Inflows)/Outflows Recognized In Future Pension Expense (Year Ended June 30):						
	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	2020	2021	2022	2023	2024	Thereafter
										(23)	(24)	(25)	(26)	(27)	(28)
South Prairie Elem School	7,170	70,680	178,465	932,258	1,188,573	181,220	-	181,220	389,812	270,641	229,881	111,225	4,289	1,505	
South Valley Spec Ed	1,392	13,720	34,641	138,244	187,997	35,176	-	302,439	337,615	(38,535)	(61,665)	9,810	17,796	(3,431)	
Southwest Special Education Unit	193	1,902	4,803	1,102	8,000	4,877	-	3,281	8,158	2,224	(981)	(405)	393	(889)	
St. John'S School	7,806	76,954	194,306	141,208	420,274	197,306	-	56,875	254,181	140,723	10,970	(11,333)	36,035	(12,002)	
St. Thomas School	1,771	17,459	44,083	23,374	86,687	44,763	-	146,232	190,995	(3,928)	(33,364)	(37,213)	(13,903)	(16,734)	
Stanley School	10,570	104,199	263,099	415,012	792,880	267,160	-	134,406	401,566	265,827	90,139	33,947	82,384	(45,532)	
Starkweather School	1,522	15,008	37,894	51,628	106,052	38,479	-	150,024	188,503	(5,807)	(31,110)	(29,512)	(16,287)	(5,739)	
Sterling School	854	8,416	21,251	55,317	85,838	21,579	-	21,579	28,245	14,056	7,803	10,312	4,681	(839)	
Strasburg School District	2,797	27,570	69,614	157,535	257,516	70,689	-	57,010	127,699	52,367	5,879	28,494	35,465	(2,509)	
Surrey School	7,095	69,946	176,611	113,805	367,457	179,337	-	181,697	361,034	105,035	(12,902)	(31,846)	1,267	(24,186)	
Sweet Briar Elem School	334	3,291	8,310	35,639	47,574	8,438	-	-	8,438	13,602	8,052	7,176	7,767	2,152	
Tgu School District	7,118	70,167	177,170	-	254,455	179,905	-	546,419	726,324	(3,164)	(121,469)	(123,100)	(86,938)	(89,503)	
Thompson School	6,948	68,494	172,946	322,232	570,620	175,616	-	34,186	209,802	172,756	57,268	59,719	68,155	5,526	
Tioga School	9,382	92,489	233,532	413,763	749,166	237,137	-	42,333	279,470	279,025	123,079	26,877	36,690	(1,850)	
Turtle Lake-Mercer School	3,773	37,190	93,904	136,730	271,597	95,353	-	145,443	240,796	37,575	(25,129)	(527)	32,084	(2,815)	
Twin Buttes Elem. School	1,261	12,427	31,378	37,426	82,492	31,862	-	90,610	122,472	1,267	(19,687)	(17,170)	5,878	(3,968)	
Underwood School	4,137	40,786	102,983	-	147,906	104,573	-	280,201	384,774	6,404	(62,362)	(65,450)	(39,770)	(46,731)	
United School	9,481	93,461	235,986	331,152	670,080	239,629	-	259,406	499,035	165,739	8,155	32,970	67,298	(65,001)	
Upper Valley Spec Ed	7,290	71,862	181,450	158,356	418,958	184,251	-	205,917	390,168	130,511	9,347	(27,984)	7,744	(48,667)	
Valley - Edinburg School	4,405	43,421	109,637	136,188	293,651	111,329	-	379,149	490,478	38,204	(35,005)	(33,265)	(62,632)	(68,503)	
Valley City School	17,083	168,404	425,215	71,134	681,836	431,779	-	881,463	1,313,242	49,499	(234,443)	(122,523)	(84,063)	(150,319)	
Velva School	7,476	73,696	186,080	92,433	359,685	188,952	-	213,913	402,865	90,930	(33,325)	(24,378)	7,276	(45,729)	
Wahpeton School	18,916	186,476	470,844	-	676,236	478,113	-	775,880	1,253,993	117,739	(196,677)	(219,659)	(95,766)	(132,984)	
Ward County	84	825	2,082	577	3,568	2,114	-	2,060	4,174	986	(406)	(541)	(47)	(328)	
Warwick School	4,546	44,815	113,157	133,416	295,934	114,903	-	395,728	510,631	20,475	(55,086)	(109,465)	(52,146)	(18,018)	
Washburn School	5,137	50,637	127,856	209,148	392,778	129,829	-	79,318	209,147	111,683	26,304	18,574	19,840	11,225	
West Fargo School	180,774	1,782,075	4,499,671	11,417,005	17,879,525	4,569,136	-	-	4,569,136	5,941,082	2,936,348	2,010,417	1,972,160	227,335	
West River Student Services	1,918	18,909	47,744	123,181	191,752	48,481	-	168,265	216,746	27,538	(4,342)	(25,417)	(12,769)	(21,583)	
Westhope School	3,110	30,663	77,423	57,216	168,412	78,618	-	112,029	190,647	45,444	(6,255)	(30,750)	(6,436)	(22,484)	
White Shield School	4,647	45,807	115,661	318,511	484,626	117,447	-	152,100	269,547	81,643	4,407	9,762	45,185	37,421	
Williams Co School Dist #8	6,758	66,624	168,224	391,227	632,833	170,821	-	171,096	341,917	117,793	5,461	17,378	67,452	42,647	
Williston School	58,259	574,321	1,450,139	3,273,362	5,356,081	1,472,526	-	74,933	1,547,459	1,936,835	968,479	381,856	333,095	46,774	
Wilmac Special Education	12,032	118,609	299,482	1,449,656	1,879,779	304,105	-	200,893	504,998	522,830	322,843	222,093	196,796	22,812	
Wilton School	4,023	39,683	100,148	124,388	268,222	101,694	-	50,904	152,598	82,832	15,958	6,152	17,900	(12,781)	
Wing School	2,039	20,100	50,752	43,513	116,404	51,536	-	68,894	120,430	25,764	(8,124)	(8,264)	6,678	(14,874)	
Wishek School	3,716	36,636	92,505	48,779	161,636	93,933	-	52,428	146,361	63,157	1,386	(9,874)	10,589	(19,347)	
Wolford School	1,517	14,955	37,760	37,605	91,837	38,343	-	75,171	113,514	21,436	(3,781)	(13,640)	(2,596)	(10,738)	
Wynndere School	3,959	39,027	98,542	38,565	180,093	100,063	-	237,767	337,830	7,315	(58,490)	(49,013)	(20,774)	(36,451)	
Yellowstone Elem. School	1,420	14,003	35,357	29,199	79,979	35,903	-	100,711	136,614	10,603	(13,006)	(24,362)	(7,870)	(18,421)	
Zealand School	1,166	11,492	29,016	70,035	111,709	29,464	-	161,489	190,953	(10,313)	(29,691)	(25,042)	4,169	(4,318)	
Grand Totals:	1,966,554	19,386,394	48,949,897	53,354,203	123,657,048	49,705,576	-	53,354,203	103,059,779	32,623,247	(63,924)	(4,207,318)	2,949,393	(7,347,711)	(3,356,418)

TO: TFFR Board
FROM: Fay Kopp
DATE: January 17, 2020
SUBJ: 2019 TFFR Plan Management Policy Report

Matt Strom, Segal Consultants, will present the attached 2019 Plan Management Policy Report.

As you can see from the attached report, the 2019 composite summary score is equal to 6 which indicates the Board should continue to monitor the plan. This score has not changed from the 2018 score, but will be updated again based on the results of the Experience Study which is currently in progress.

BOARD ACTION

Board Motion to approve the 2019 Plan Management Policy Report.



Segal Consulting

North Dakota Teachers' Fund for Retirement

Plan Management Policy Score Update Based on the June 30, 2019 Actuarial Valuation

December 20, 2019

Summary Score based on July 1, 2019 Actuarial Valuation

- Composite summary score equal to 6

Assessment:

Summary score of 11 to 14: Objectives being met or likely to be met

Summary score of 7 or 10: Objectives may be met over longer period

Summary score of 4 to 6: Continue to monitor

Summary score of 0 to 3: Changes should be considered

Based on a summary score of 6: Orange



The summary score has not changed from last year's valuation results. However, the summary score will be updated based on the results of the experience study currently in progress.

Plan Funding Policy vs. Plan Management Policy

The funding policy sets actuarially sound contribution rates

- TFFR's funding policy serves as a benchmark, which compares the actuarially determined contribution rate to the fixed employer contribution rate
- Actuarially determined contribution is equal to Normal Cost plus 24 year amortization of Unfunded Accrued Liability (as of 7/1/2019)
 - Amortization targets 100% funding in 24 years
 - TFFR's amortization method is 30 year closed period that began on July 1, 2013

The plan management policy monitors the ongoing plan health

- Objective criteria have been established to evaluate health of TFFR
- Market volatility and contribution inadequacy risks are illustrated through stochastic modeling
- Board is able to evaluate the probabilities of future funded ratios
- Serves as advance warning tool

The TFFR plan management policy is a more robust way to evaluate the ongoing health and sustainability of TFFR.

Using the Plan Management Policy

- Initially, the Policy Score will be updated subsequent to each valuation and experience study
- The Policy Score provides context for likelihood of future positive or negative events
 - For example, if funded ratio is projected to be at an unacceptable level with a high likelihood, the Board can explore ways to address this
- The Policy Score will be part of the actuarial analysis of proposed legislation
 - Will proposed legislation improve, retain, or worsen the Policy Score?

The July 1, 2019 Policy Score is determined on the basis of:

- **The June 30, 2019 actuarial valuation**
- **The Horizon Actuarial Services, LLC *Survey of Capital Market Assumptions (2019 Edition)***

Stochastic Modeling of Investment Return

- Modeling of future simulated return trials is based on:
 - The Horizon Survey of Capital Market Assumptions (2019 Edition)
 - This survey compiles and averages the capital market assumptions of 34* investment consultants
 - TFFR’s current target asset allocation, shown below:

	Asset Class	Target Allocation
Fixed/Alternative	US Core	16%
	Real Estate	10%
	High Yield	7%
	Commodities/Timber	2%
	Infrastructure	6%
	Cash	1%
Equity	US Large Cap	24%
	US Small Cap	7%
	International Developed	17%
	Emerging Markets	4%
	Private Equity	6%

* Our analysis is based upon the 16 respondents that provided “long-term” (20+ years) assumptions

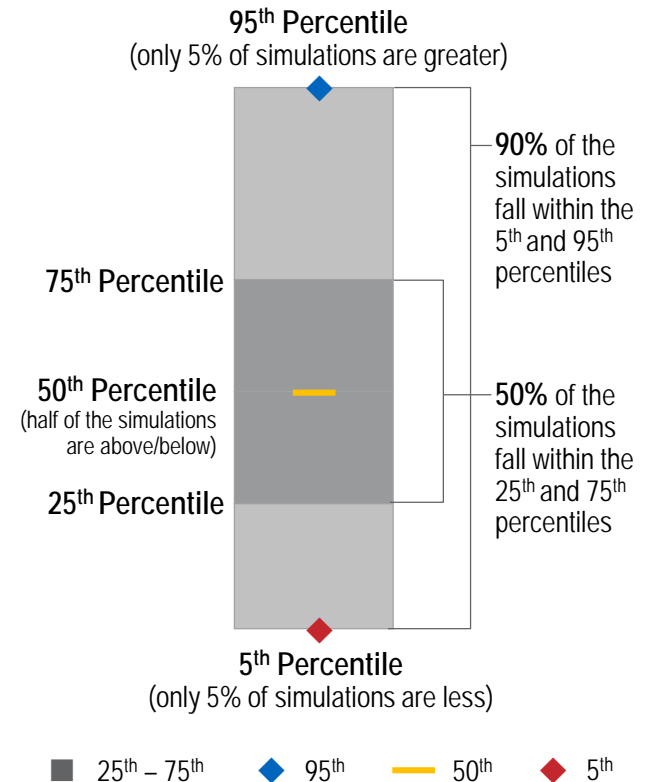
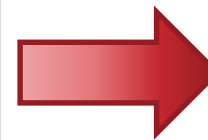
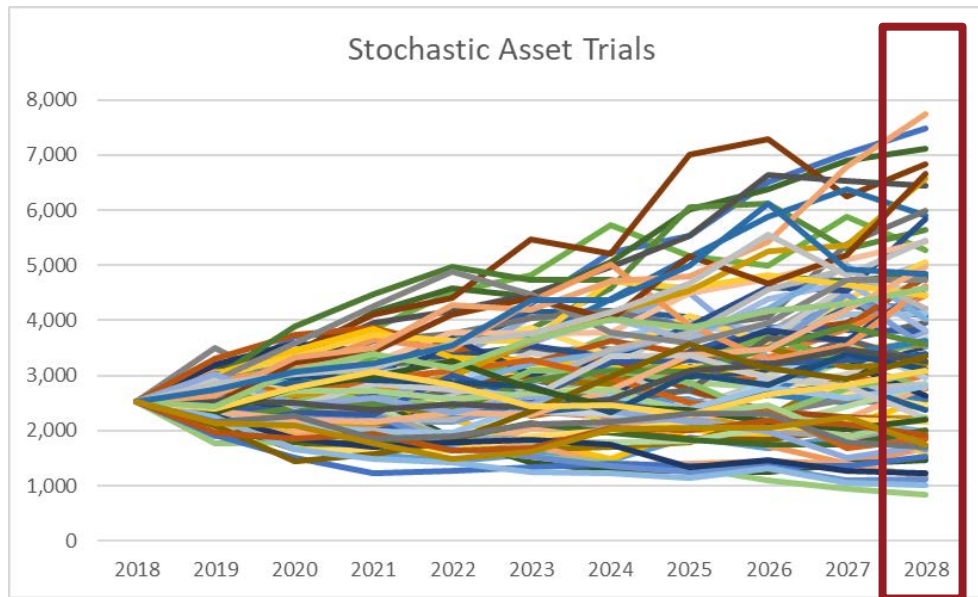
Capital Market Assumptions

	Asset Class	Expected Return*/ Standard Deviation		Target Allocation	Weighted Return
Fixed/Alternative	US Core	4.5%	5.5%	16%	0.72%
	Real Estate	7.9%	15.0%	10%	0.79%
	High Yield	6.4%	10.1%	7%	0.45%
	Commodities/Timber	6.3%	17.7%	2%	0.13%
	Infrastructure	8.5%	14.4%	6%	0.51%
	Cash	3.1%	2.3%	1%	0.03%
Equity	US Large Cap	8.3%	16.2%	24%	1.99%
	US Small Cap	9.5%	20.2%	7%	0.67%
	International Developed	9.3%	18.2%	17%	1.58%
	Emerging Markets	11.7%	24.7%	4%	0.47%
	Private Equity	12.8%	22.1%	6%	0.77%
	Total			100%	8.10%
	Adjustment to Geometric				(0.63%)
	Total Long-term Return				7.47%

* Based on 20-year arithmetic assumptions and reflects long-term inflation of 2.29%

Summarizing Stochastic Results

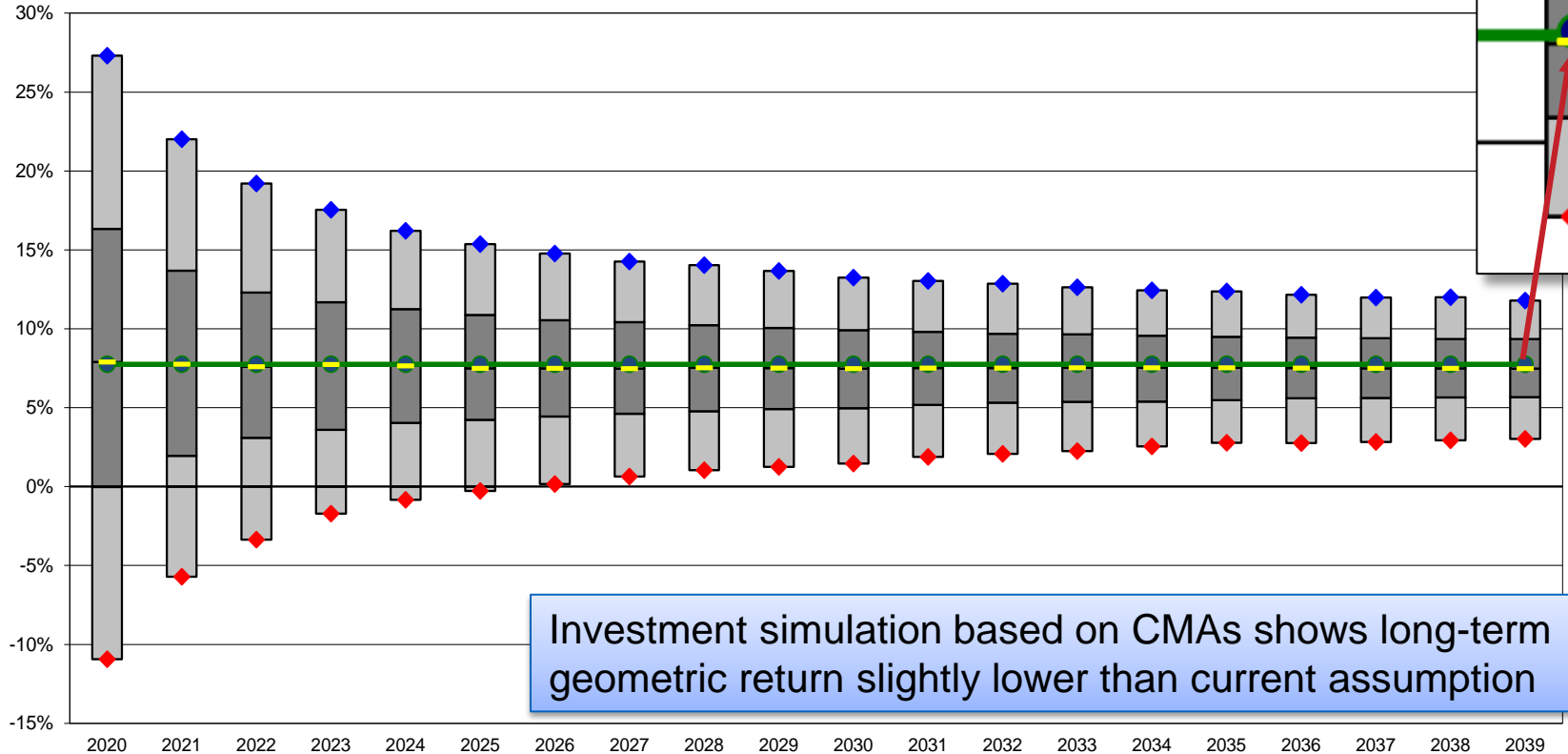
- The individual trials are grouped into percentiles and summarized as a range



- The median is represented by the yellow line at the center of the distribution
- The dark gray shaded rectangle represents 50% of all outcomes around the median
- The large, light gray rectangle (inclusive of the dark gray area) represents 90% of all outcomes around the median
- Other percentile results/probabilities are calculated from the underlying data

Investment Return

Projected Cumulative Investment Return for Plan Years Ending June 30



Investment simulation based on CMAs shows long-term geometric return slightly lower than current assumption

◆ 95th	27.3%	22.0%	19.2%	17.5%	16.2%	15.4%	14.8%	14.3%	14.0%	13.7%	13.2%	13.0%	12.9%	12.6%	12.4%	12.4%	12.2%	12.0%	12.0%	11.8%
— 75th	16.3%	13.7%	12.3%	11.7%	11.2%	10.9%	10.5%	10.4%	10.2%	10.0%	9.9%	9.8%	9.7%	9.7%	9.6%	9.5%	9.4%	9.4%	9.4%	9.4%
— 50th	7.9%	7.8%	7.6%	7.7%	7.7%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
— 25th	0.0%	1.9%	3.1%	3.6%	4.0%	4.2%	4.4%	4.6%	4.8%	4.9%	5.0%	5.2%	5.3%	5.4%	5.4%	5.5%	5.6%	5.6%	5.7%	5.7%
◆ 5th	-10.9%	-5.7%	-3.4%	-1.7%	-0.8%	-0.3%	0.2%	0.6%	1.0%	1.3%	1.5%	1.9%	2.1%	2.3%	2.6%	2.8%	2.8%	2.8%	2.9%	3.0%
●	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%

● Current investment return assumption

Metrics for Plan Management Policy Scoring System

➤ **Current funded ratio**

- The Fund's current funded ratio is one of the most visible metrics
- A high current funded ratio should be recognized in the scoring

➤ **Downside funded ratio in 2030**

- In the short-term, the Fund should avoid an “undesirable” funded ratio with relatively high probability

➤ **Target funded ratio in 2040**

- Over a longer term, the Fund should be on the path to achieving its goals with reasonable probability

➤ **Improvement in funded ratio over a 10-year period**

- Regardless of where the Fund sits today, it should seek an increasing funded ratio over time

➤ **Ability to recover from/withstand a market downturn**

- In situations where the financial markets experience a downturn, the scoring should recognize when the funded ratio improves relative to the impact after the downturn

For purposes of the Policy scoring, the market value of assets is used when determining the funded ratio.

Policy Scoring System

Criteria 1

Based on current year funded ratio

- If current ratio is 90% or higher: **+3**
- If current ratio is between 80% to 90%: **+2**
- If current ratio is between 70% to 80%: **+1**
- If current ratio is less than 70%: **+0**

Criteria 2

Downside funded ratio in 2030

- Under 65% funded ratio with less than 20% probability: **+3**
- Under 65% funded ratio with less than 30% probability: **+2**
- Under 65% funded ratio with less than 40% probability: **+1**
- Under 65% funded ratio with more than 40% probability: **+0**

Criteria 3

Target funded ratio in 2040

- 85% or higher with more than 50% probability: **+4**
- 80% or higher with more than 50% probability: **+3**
- 75% or higher with more than 50% probability: **+2**
- 70% or higher with more than 50% probability: **+1**
- Not more than 70% with more than 50% probability: **+0**

Criteria 4

Improvement over 10 years

- Funded ratio improves by +5% over 10 years with 66% probability: **+2**
- Funded ratio improves by +5% over 10 years with 50% probability: **+1**
- Ratio does not improve by +5% over 10 years with 50% probability: **+0**

Criteria 5

Ability to recover from market downturn*

- Funded ratio after downturn improves by +5% over 10 years with 50% probability: **+2**
- Funded ratio after downturn improves by +5% over 10 years with 33% probability: **+1**
- Ratio after downturn does not improve by +5% over 10 years with 33% probability: **+0**

* "Market downturn" defined as a two-year compound average return of -10% or worse

Policy Scoring System *(continued)*

- Total summary score ranged from 0 to 14
 - Metrics focus on funded ratio measures
- Summary “health” is summed up as follows:
 - **Green** (score of 11 to 14) indicates *“objectives being met or likely to be met”*
 - **Yellow** (score of 7 to 10) indicates *“objectives may be met over longer period”*
 - **Orange** (score of 4 to 6) indicates *“continue to monitor”*
 - **Red** (score of 0 to 3) indicates *“changes should be considered”*



Policy Scoring System *(continued)*

Criteria 1	<p>Current year funded ratio is <u>66%</u></p> <ul style="list-style-type: none"> If current ratio is 90% or higher: +3 If current ratio is between 80% to 90%: +2 If current ratio is between 70% to 80%: +1 If current ratio is less than 70%: +0 	+0
Criteria 2	<p><u>37%</u> probability of funded ratio <65% in 2030</p> <ul style="list-style-type: none"> Under 65% funded ratio with less than 20% probability: +3 Under 65% funded ratio with less than 30% probability: +2 Under 65% funded ratio with less than 40% probability: +1 Under 65% funded ratio with more than 40% probability: +0 	+1
Criteria 3	<p><u>51%</u> probability of funded ratio >80% in 2040</p> <ul style="list-style-type: none"> 85% or higher with more than 50% probability: +4 (47% probability) 80% or higher with more than 50% probability: +3 (51% probability) 75% or higher with more than 50% probability: +2 (56% probability) 70% or higher with more than 50% probability: +1 (60% probability) Not more than 70% with more than 50% probability: +0 	+3
Criteria 4	<p><u>55%</u> probability of improvement over 10 years</p> <ul style="list-style-type: none"> Funded ratio improves by +5% over 10 years with 66% probability: +2 Funded ratio improves by +5% over 10 years with 50% probability: +1 Ratio does not improve by +5% over 10 years with 50% probability: +0 	+1
Criteria 5	<p><u>39%</u> probability of recovering from market downturn*</p> <ul style="list-style-type: none"> Funded ratio after downturn improves by +5% over 10 years with 50% probability: +2 Funded ratio after downturn improves by +5% over 10 years with 33% probability: +1 Ratio after downturn does not improve by +5% over 10 years with 33% probability: +0 	+1
		<hr/>
		+6

* 892 scenarios contain -10% average or worse over 2 years (in the first 10 years), 346 of which “recover”

Notable Differences from Prior Analysis

- The 2019 Horizon Survey CMAs result in a lower 50th percentile long-term geometric return compared to the 2018 study
 - 7.47% versus 7.55%
- The liability projection from the 2019 actuarial valuation is negligibly higher compared to the projection based upon the 2018 actuarial valuation
 - Demographic experience during fiscal 2019 had a very minor impact on the modeling results
- For the most part, the probabilities on which the scoring is based remained similar to the prior analysis
 - Notably, for Criteria 3, where +3 points is given in both this analysis and the prior analysis, the probability of the funded ratio >80% in 2040 decreased from 53% to 51%
 - 50% is the threshold cutoff, so this is a criteria that is close to moving from a “+3” to a “+2”

Other External Factors

- Other factors outside of TFFR could have an effect on the directional trend of future Policy Scores
 - Projected economic conditions
 - Market cycles
 - North Dakota economy

- Taking into consideration the results of the July 1, 2019 actuarial valuation and relevant information used to develop the valuation results and various projections, the Policy score is 6. The stochastic projections on which most of the scoring elements are based rely on composite capital market expectations of several investment consulting firms. These expectations may reflect the potential for near-term market influences to some degree. However, there are other external forces not explicitly factored into the capital market assumptions, which may have an impact on the Policy score in the short-term. Many economists believe that the US economy is ripe for a recession. Several leading indicators, such as an inverted yield curve, slowing GDP growth, and declining corporate profits are pointing towards a recession in the near future. A recession could negate some of the investment gains that TFFR has seen in recent years. In addition, an election year coming up in 2020 and continued trade issues between the U.S. and China also create unrest in investment markets. Typically, the economy in North Dakota tends to weather national recessions well. However, it remains to be seen if the factors that contribute to this would hold true for another recession, if it were to occur.

Caveats

- *The projections are based on the results of the July 1, 2019, actuarial valuation performed for the Board of Trustees of the North Dakota Teachers' Fund for Retirement. The actuarial valuation report has information on the plan provisions, data, methods and assumptions used in the valuation.*
- *Projections, by their nature, are not a guarantee of future results. The projections modeled are intended to serve as estimates of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternate methodologies are used.*



MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: January 17, 2020
SUBJ: TFFR Plan Management Policy – Correction

Please see the attached TFFR Plan Management Policy (PMP), and consider proposed corrections noted below.

At the September 26, 2019 meeting, the Board reviewed a draft PMP which included Section VII Outside Factors (introduction and 1st reading of policy). There was additional board discussion about further modifying the Outside Factors section of the PMP to include, and then later exclude specific + or – to the PMP score. Unfortunately, for the October 24, 2019 meeting, I inadvertently included an earlier version of the draft PMP which did not include Section VII Outside factors (2nd reading and final approval). Therefore, I would like to request that the Policy which was approved in October 2019 be corrected as follows:

VII. Outside Factors

Other factors outside of TFFR could have an effect on the directional trend of future Policy Scores. These factors include, but are not limited to:

- Projected economic conditions
- Market cycles
- North Dakota economy

TFFR staff and the actuary will discuss the appropriate outside factors and determine whether these factors are expected to potentially improve or worsen the Policy Score. ~~and append the Policy Score with a plus (“+”) or minus (“-”) depending on the expected directional trend, if warranted.~~

If approved, the corrected PMP would look like the attached version.

BOARD ACTION

Board Motion to Approve corrections to the TFFR Plan Management Policy.

North Dakota Teachers' Fund for Retirement Plan Management Policy Draft

I. Plan Management Policy Overview

The North Dakota Teachers' Fund for Retirement (TFFR) Plan Management Policy is a risk assessment and management tool that monitors the ongoing health of TFFR using the most recent actuarial valuation results and stochastic projections. The objective of the Plan Management Policy is to provide a basis for balancing the Fund's obligations with current assets and expected future contributions in order to maintain its long-term health and viability. The Policy also provides a framework that the Board can follow in establishing metrics for future funding and benefit changes. The Plan Management Policy is based upon metrics and a scoring system that were established at the July 24, 2019 Board meeting. The Plan Management Policy Score will be updated subsequent to each annual actuarial valuation.

II. Background

The Plan Management Policy is different from the Funding Policy. The Funding Policy sets parameters for the determination of the actuarially determined contribution (ADC) as of each actuarial valuation date. The Plan Management Policy establishes the parameters for a forward-looking assessment of TFFR.

An ADC is used as a benchmark to compare to the statutory contribution rate. An ADC reflects an asset valuation method (i.e., smoothing method), actuarial cost method (e.g., entry age normal), and amortization method for paying down unfunded liabilities or recognizing surplus assets. A description of the ADC is contained in a separate document ("Actuarial Funding Policy Statement"). In summary, the current TFFR funding policy relies on an ADC that is equal to the sum of (a) the employer normal cost rate and (b) the level percentage of pay required to amortize the unfunded actuarial accrued liability over the 30-year closed period that began July 1, 2013 (24 years remaining as of July 1, 2019).

III. Risk Assessment and Management

The Plan Management Policy is a risk assessment tool. The risks facing TFFR can be broadly classified into three categories: risks related to economic variables, risks related to demographic events, and risks related to external forces. An overview of the primary risks facing TFFR stakeholders follows.

Risks related to economic variables:

- Investment return – the risk that actual returns will be different than expected and more volatile than desired.
- Inflation (price inflation, wage inflation) – the risk that measures of inflation will be inconsistent with other economic measures.

Risks related to demographic events:

- Mortality/longevity – the risk that participants will live longer than expected
- Payroll and/or population growth – the risk that aggregate payroll will increase at a rate less than expected. This is relevant since contributions to TFFR are collected as a percentage of member payroll.

- Retirement/disability/termination experience – the risk that members leave active service in a manner than generates actuarial gains or losses relative to the assumptions.

There are even risks related to external forces (e.g., governance risk, regulatory risk, litigation risk, political risk), but these risks are difficult – or impossible – to manage.

The Plan Management Policy is a tool that measures investment return risk, since investment return risk has the most significant impact on TFFR’s long term financial health.

IV. Scoring System Metrics

The scoring system metrics that will be monitored on a periodic basis are:

- **The current funded ratio:** This is equal to the ratio of the market value of assets to the actuarial accrued liability as of the latest actuarial valuation date. The purpose of this metric is to assess the current funded status of TFFR.
- **The downside funded ratio as of July 1, 2030:** Based on stochastic projections, determine the probability that the funded ratio will be less than 65%. The purpose of this metric is to assess the likelihood of the funded ratio not improving over the short term. The lower the likelihood that the funded ratio will not increase, the higher the score.
- **The target funded ratio as of July 1, 2040:** Based on stochastic projections, determine whether the funded ratio is projected to increase above certain thresholds over a longer time horizon with 51% or more probability.
- **Improvement in the funded ratio over a 10-year period:** Based on stochastic projections, determine the probability that the funded ratio will improve by 5% over the following 10 years.
- **Ability to recover/withstand from a market downturn:** Based on stochastic projections, determine the probability that the funded ratio improves by 5% over 10 years following a market downturn. A market downturn is defined as a two-year period with a compound average return of -10% or worse.

V. Policy Score

The Policy Score is the sum of the points that have been assigned to each metric and can range from 0 to 14 and correspond to a color ranging from red to green. A higher score indicates better overall health of TFFR. The Policy Score is grouped into the following categories:

Color	Policy Score	Indication
Green	11 to 14	TFFR objectives are being met or likely to be met
Yellow	7 to 10	TFFR objectives may be met over a longer period
Orange	4 to 6	Continue to monitor TFFR
Red	0 to 3	Changes to TFFR should be considered



VI. Policy Scoring System

Each metric is assigned a score based upon the results of the annual actuarial valuation and resulting analysis as follows:

Metric	Criteria	Score
The current funded ratio	<ul style="list-style-type: none"> • Funded ratio of 90% or higher • Funded ratio between 80% and 90% • Funded ratio between 70% and 80% • Funded ratio less than 70% 	<ul style="list-style-type: none"> • +3 • +2 • +1 • +0
The downside funded ratio as of July 1, 2030	<ul style="list-style-type: none"> • Under 65% funded ratio with less than 20% probability • Under 65% funded ratio with less than 30% probability • Under 65% funded ratio with less than 40% probability • Under 65% funded ratio with more than 40% probability 	<ul style="list-style-type: none"> • +3 • +2 • +1 • +0
The target funded ratio as of July 1, 2040	<ul style="list-style-type: none"> • 85% or higher with 51% or more probability • Between 80% and 85% with 51% or more probability • Between 75% and 80% with 51% or more probability • Between 70% and 75% with 51% or more probability • Not more than 70% with 51% or more probability 	<ul style="list-style-type: none"> • +4 • +3 • +2 • +1 • +0
Improvement in the funded ratio over a 10-year period	<ul style="list-style-type: none"> • Funded ratio improves by +5% over 10 years with 66% probability • Funded ratio improves by +5% over 10 years with 50% probability • Funded ratio does not improve by +5% over 10 years with 50% probability 	<ul style="list-style-type: none"> • +2 • +1 • +0
Ability to recover from or withstand a market downturn	<ul style="list-style-type: none"> • Funded ratio after downturn improves by +5% over 10 years with 50% probability • Funded ratio after downturn improves by +5% over 10 years with 33% probability • Funded ratio after downturn does not improve by +5% over 10 years with 33% probability 	<ul style="list-style-type: none"> • +2 • +1 • +0

For purposes of scoring, probabilities and funded ratios will be rounded to the nearest whole percentage. For example, a probability of 49.6% would be rounded up to 50%.

VII. Outside Factors

Other factors outside of TFFR could have an effect on the directional trend of future Policy Scores. These factors include, but are not limited to:

- Projected economic conditions
- Market cycles
- North Dakota economy

TFFR Staff and the actuary will discuss the appropriate outside factors and determine whether these factors are expected to potentially improve or worsen the Policy Score.

VIII. Actuarial Assumptions

The actuarial assumptions used will be the same as those used for the annual actuarial valuation. The actuarial assumptions are described in detail in the actuarial valuation report. The funded ratio used in the plan management policy is based upon the market value of assets.

In order to stochastically model investment returns, Capital Market Assumptions are used. Capital Market Assumptions are developed by investment firms and represent expectations for future risk and returns for different asset classes. The Capital Market Assumptions used for the analysis are those published in the most recently available Horizon's Annual Survey of Capital Market Assumptions. If Horizon discontinues the publication of this survey, a suitable replacement or alternative will be used.

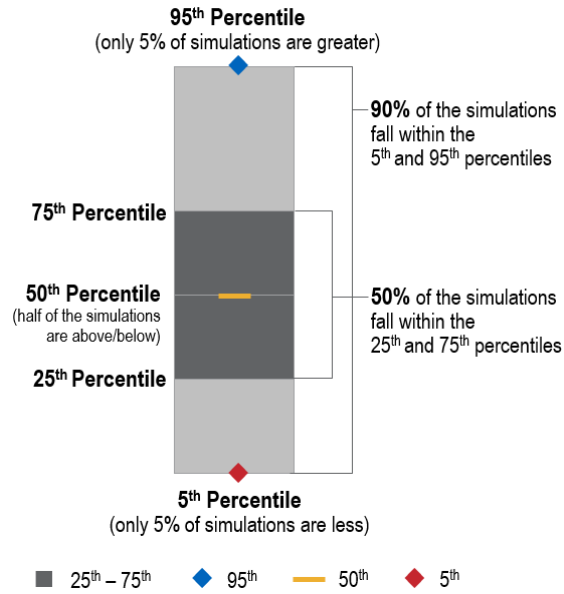
Projected liabilities are based upon an "open group" liability forecast. An open group projection generates projected populations for each future valuation date based on assumptions related to retirement, termination, salary increases, mortality, etc. New entrant records are generated to replace active members that decrement in the model in order to maintain a level active membership in the future. The profile of new entrants is based on recent demographics of new hires, subject to input from TFFR staff and Board.

IX. Stochastic Modeling

The Capital Market Assumptions are used with TFFR's target asset allocation in order to simulate 5,000 investment portfolio return scenarios, each simulation representing a 20-year period. The simulated investment returns, along with open group liability forecasts, are used to model the projected funded ratio. The results are grouped into percentiles and summarized as a range:

- **Best Case:** Better cases would occur only 5% of the time (above the 95th percentile in the example below)
- **Most Likely:** Better or worse cases (50th percentile) are equally likely
- **Worst Case:** Worse cases would occur only 5% of the time (below the 5th percentile in the example below)

Sample Funded Ratio



TFFR Board Adopted:



Executive Session – Benefit Appeal 2019-1A

Confidential member information will be sent next week, to Board members only, through a secure link.

TFFR Interim Investment Report

For the Periods Ended September 30 and November 30 of 2019

January 14, 2020

Note: This document contains unaudited data which is deemed to be materially accurate, but is unaudited and subject to change.

Dave Hunter, Executive Director/CIO

Fay Kopp, Deputy Executive Director / TFFR Chief Retirement Officer

Darren Schulz, Deputy Chief Investment Officer

Connie Flanagan, Chief Financial Officer

Eric Chin, Chief Risk Officer

ND Retirement & Investment Office (RIO)

State Investment Board (SIB)

TFFR earned a net investment return of 15.9% for the 11 months ended Nov. 30, 2019, largely due to favorable capital market and economic conditions in 2019.

SIB Interim Investment Returns Calendar Year To Date - Top Four 30-Nov-19						Since July 1, 2019	
	3/31/2019	6/30/2019	9/30/2019	10/31/2019	11/30/2019	Fiscal YTD 11/30/2019	Calendar YTD 11/30/2019
TFFR	7.46%	3.53%	0.40%	2.04%	1.74%	4.25%	15.96%
<i>Policy Benchmark</i>	7.66%	3.40%	0.64%	1.51%	1.48%	3.70%	15.41%
Excess Return	-0.20%	0.13%	-0.24%	0.53%	0.26%	0.55%	0.55%
PERS	7.46%	3.50%	0.37%	2.07%	1.74%	4.26%	15.93%
<i>Policy Benchmark</i>	7.53%	3.42%	0.61%	1.49%	1.48%	3.62%	15.23%
Legacy Fund	7.72%	3.24%	1.01%	1.79%	1.65%	4.52%	16.23%
<i>Policy Benchmark</i>	7.67%	3.38%	0.97%	1.48%	1.43%	3.93%	15.68%
WSI	5.29%	3.26%	1.70%	1.07%	0.77%	3.57%	12.61%
<i>Policy Benchmark</i>	4.89%	3.10%	1.60%	0.80%	0.65%	3.08%	11.47%

Note: All data is preliminary, unaudited and subject to change, but deemed to be materially accurate.

TFFR earned over \$365 million of net investment income for the 11 months ended November 30, 2019.

Monthly Asset Class Returns in 2019

Callan Periodic Table of Investment Returns



Best
↓
Worst

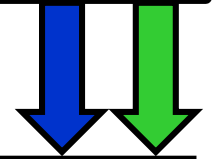
Monthly Returns												Annual Returns
Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	2019
Small Cap Equity	Small Cap Equity	Real Estate	Large Cap Equity	U.S. Fixed Income	Small Cap Equity	Large Cap Equity	U.S. Fixed Income	Dev ex-U.S. Equity	Emerging Market Equity	Small Cap Equity	Emerging Market Equity	Large Cap Equity
11.25%	5.20%	3.51%	4.05%	1.78%	7.07%	1.44%	2.59%	2.81%	4.22%	4.12%	7.46%	31.49%
Real Estate	Large Cap Equity	Large Cap Equity	Small Cap Equity	Glbl ex-U.S. Fixed	Large Cap Equity	Small Cap Equity	Real Estate	Real Estate	Dev ex-U.S. Equity	Large Cap Equity	Dev ex-U.S. Equity	Small Cap Equity
10.87%	3.21%	1.94%	3.40%	1.04%	7.05%	0.58%	1.87%	2.35%	3.23%	3.63%	3.19%	25.52%
Emerging Market Equity	Dev ex-U.S. Equity	U.S. Fixed Income	Dev ex-U.S. Equity	Real Estate	Emerging Market Equity	High Yield	Glbl ex-U.S. Fixed	Small Cap Equity	Small Cap Equity	Dev ex-U.S. Equity	Large Cap Equity	Dev ex-U.S. Equity
8.77%	2.57%	1.92%	2.83%	-0.29%	6.24%	0.56%	1.59%	2.08%	2.63%	1.25%	3.02%	22.49%
Large Cap Equity	High Yield	High Yield	Emerging Market Equity	High Yield	Dev ex-U.S. Equity	Real Estate	High Yield	Emerging Market Equity	Real Estate	High Yield	Small Cap Equity	Real Estate
8.01%	1.66%	0.94%	2.11%	-1.19%	5.94%	0.35%	0.40%	1.91%	2.50%	0.33%	2.88%	21.91%
Dev ex-U.S. Equity	Emerging Market Equity	Emerging Market Equity	High Yield	Dev ex-U.S. Equity	Glbl ex-U.S. Fixed	U.S. Fixed Income	Large Cap Equity	Large Cap Equity	Large Cap Equity	U.S. Fixed Income	High Yield	Emerging Market Equity
7.14%	0.22%	0.84%	1.42%	-4.73%	2.98%	0.22%	-1.58%	1.87%	2.17%	-0.05%	2.00%	18.44%
High Yield	U.S. Fixed Income	Glbl ex-U.S. Fixed	U.S. Fixed Income	Large Cap Equity	High Yield	Glbl ex-U.S. Fixed	Dev ex-U.S. Equity	High Yield	Glbl ex-U.S. Fixed	Emerging Market Equity	Glbl ex-U.S. Fixed	High Yield
4.52%	-0.06%	0.71%	0.03%	-6.35%	2.28%	-0.72%	-2.46%	0.36%	0.96%	-0.14%	1.09%	14.32%
Glbl ex-U.S. Fixed	Real Estate	Dev ex-U.S. Equity	Glbl ex-U.S. Fixed	Emerging Market Equity	Real Estate	Dev ex-U.S. Equity	Emerging Market Equity	U.S. Fixed Income	U.S. Fixed Income	Real Estate	Real Estate	U.S. Fixed Income
1.86%	-0.15%	0.51%	-0.61%	-7.26%	1.56%	-1.21%	-4.88%	-0.53%	0.30%	-1.22%	0.49%	8.72%
U.S. Fixed Income	Glbl ex-U.S. Fixed	Small Cap Equity	Real Estate	Small Cap Equity	U.S. Fixed Income	Emerging Market Equity	Small Cap Equity	Glbl ex-U.S. Fixed	High Yield	Glbl ex-U.S. Fixed	U.S. Fixed Income	Glbl ex-U.S. Fixed
1.06%	-1.04%	-2.09%	-1.32%	-7.78%	1.26%	-1.22%	-4.94%	-1.42%	0.28%	-1.36%	-0.07%	5.09%

Sources: ● Bloomberg Barclays Aggregate ● Bloomberg Barclays Corp High Yield ● Bloomberg Barclays Global Aggregate ex US
 ● EPRA/NAREIT Developed ● MSCI World ex USA ● MSCI Emerging Markets ● Russell 2000 ● S&P 500

Cash was King in 2018 and Everything Performed Well in 2019

The Callan Periodic Table of Investment Returns

Annual Returns for Key Indices Ranked in Order of Performance (2000–2019)



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Real Estate 13.84%	U.S. Fixed Income 8.43%	Gbl ex-U.S. Fixed 22.37%	Emerging Market Equity 55.82%	Real Estate 37.96%	Emerging Market Equity 34.00%	Real Estate 42.12%	Emerging Market Equity 39.38%	U.S. Fixed Income 5.24%	Emerging Market Equity 78.51%	Small Cap Equity 26.85%	U.S. Fixed Income 7.84%	Real Estate 27.73%	Small Cap Equity 38.82%	Real Estate 15.02%	Large Cap Equity 1.38%	Small Cap Equity 21.31%	Emerging Market Equity 37.28%	Cash Equivalent 1.87%	Large Cap Equity 31.49%
U.S. Fixed Income 11.63%	High Yield 5.28%	U.S. Fixed Income 10.26%	Small Cap Equity 47.25%	Emerging Market Equity 25.55%	Real Estate 15.35%	Emerging Market Equity 32.17%	Dev ex-U.S. Equity 12.44%	Gbl ex-U.S. Fixed 4.39%	High Yield 58.21%	Real Estate 19.63%	High Yield 4.98%	Emerging Market Equity 18.23%	Large Cap Equity 32.39%	Large Cap Equity 13.69%	U.S. Fixed Income 0.55%	High Yield 17.13%	Dev ex-U.S. Equity 24.21%	U.S. Fixed Income 0.01%	Small Cap Equity 25.52%
Cash Equivalent 6.18%	Cash Equivalent 4.42%	Real Estate 2.82%	Real Estate 40.69%	Dev ex-U.S. Equity 20.38%	Dev ex-U.S. Equity 14.47%	Dev ex-U.S. Equity 25.71%	Gbl ex-U.S. Fixed 11.03%	Cash Equivalent 2.06%	Real Estate 37.13%	Emerging Market Equity 18.88%	Gbl ex-U.S. Fixed 4.36%	Dev ex-U.S. Equity 16.41%	Dev ex-U.S. Equity 21.02%	U.S. Fixed Income 5.97%	Cash Equivalent 0.05%	Large Cap Equity 11.96%	Large Cap Equity 21.83%	High Yield -2.08%	Dev ex-U.S. Equity 22.49%
Small Cap Equity -3.02%	Small Cap Equity 2.49%	Cash Equivalent 1.78%	Dev ex-U.S. Equity 39.42%	Small Cap Equity 18.33%	Large Cap Equity 4.91%	Small Cap Equity 18.37%	U.S. Fixed Income 6.97%	High Yield -26.16%	Dev ex-U.S. Equity 33.67%	High Yield 15.12%	Large Cap Equity 2.11%	Small Cap Equity 16.35%	High Yield 7.44%	Small Cap Equity 4.89%	Real Estate -0.79%	Emerging Market Equity 11.19%	Small Cap Equity 14.65%	Gbl ex-U.S. Fixed -2.15%	Real Estate 21.91%
Gbl ex-U.S. Fixed -3.91%	Emerging Market Equity -2.61%	High Yield -1.37%	High Yield 28.97%	Gbl ex-U.S. Fixed 12.54%	Small Cap Equity 4.55%	Large Cap Equity 15.79%	Large Cap Equity 5.49%	Small Cap Equity -33.79%	Small Cap Equity 27.17%	Large Cap Equity 15.06%	Cash Equivalent 0.10%	Large Cap Equity 16.00%	Real Estate 3.67%	High Yield 2.45%	Dev ex-U.S. Equity -3.04%	Real Estate 4.06%	Gbl ex-U.S. Fixed 10.51%	Large Cap Equity -4.38%	Emerging Market Equity 18.44%
High Yield -5.86%	Gbl ex-U.S. Fixed -3.75%	Emerging Market Equity -6.16%	Large Cap Equity 28.68%	High Yield 11.13%	Cash Equivalent 3.07%	High Yield 11.85%	Cash Equivalent 5.00%	Large Cap Equity -37.00%	Large Cap Equity 26.47%	Dev ex-U.S. Equity 8.95%	Small Cap Equity -4.18%	High Yield 15.81%	Cash Equivalent 0.07%	Cash Equivalent 0.03%	Small Cap Equity -4.41%	Dev ex-U.S. Equity 2.75%	Real Estate 10.36%	Real Estate -5.63%	High Yield 14.32%
Large Cap Equity -9.11%	Real Estate -3.81%	Dev ex-U.S. Equity -15.80%	Gbl ex-U.S. Fixed 19.36%	Large Cap Equity 10.88%	High Yield 2.74%	Gbl ex-U.S. Fixed 8.16%	High Yield 1.87%	Dev ex-U.S. Equity -43.56%	Gbl ex-U.S. Fixed 7.53%	U.S. Fixed Income 6.54%	Real Estate -6.46%	U.S. Fixed Income 4.21%	U.S. Fixed Income -2.02%	Emerging Market Equity -2.19%	High Yield -4.47%	U.S. Fixed Income 2.65%	High Yield 7.50%	Small Cap Equity -11.01%	U.S. Fixed Income 8.72%
Dev ex-U.S. Equity -13.37%	Large Cap Equity -11.89%	Small Cap Equity -20.48%	U.S. Fixed Income 4.10%	U.S. Fixed Income 4.34%	U.S. Fixed Income 2.43%	Cash Equivalent 4.85%	Small Cap Equity -1.57%	Real Estate -48.21%	U.S. Fixed Income 5.93%	Gbl ex-U.S. Fixed 4.95%	Dev ex-U.S. Equity -12.21%	Gbl ex-U.S. Fixed 4.09%	Emerging Market Equity -2.60%	Gbl ex-U.S. Fixed -3.09%	Gbl ex-U.S. Fixed -6.02%	Gbl ex-U.S. Fixed 1.49%	U.S. Fixed Income 3.54%	Dev ex-U.S. Equity -14.09%	Gbl ex-U.S. Fixed 5.09%
	Dev ex-U.S. Equity -21.40%	Large Cap Equity -22.10%	Cash Equivalent 1.15%	Cash Equivalent 1.33%	Gbl ex-U.S. Fixed -8.65%	U.S. Fixed Income 4.33%	Real Estate -7.39%	Emerging Market Equity -53.33%	Cash Equivalent 0.21%	Cash Equivalent 0.13%	Emerging Market Equity -18.42%	Cash Equivalent 0.11%	Gbl ex-U.S. Fixed -3.08%	Dev ex-U.S. Equity -4.32%	Emerging Market Equity -14.92%	Cash Equivalent 0.33%	Cash Equivalent 0.86%	Emerging Market Equity -14.57%	Cash Equivalent 2.28%

Best

Worst

The Callan Periodic Table of Investment Returns conveys the strong **case for diversification** across asset classes (stocks vs. bonds), capitalizations (large vs. small), and equity markets (U.S. vs. global ex-U.S.). The Table highlights the uncertainty inherent in all capital markets. Rankings change every year. Also noteworthy is the difference between absolute and relative performance, as returns for the top-performing asset class span a wide range over the past 20 years.

A printable copy of *The Callan Periodic Table of Investment Returns* is available on our website at www.callan.com.
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**ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF NOVEMBER 30, 2019**

	November-19				Current	Pr. Year	3 Years Ended		5 Years Ended	
	<u>Allocation</u>			Month	FYTD	FY19	6/30/2019		6/30/2019	
	Market Value	Actual	Policy	Net	Net	Net	Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net
TOTAL FUND	2,647,826,535	100.0%	100.0%	1.76%	4.25%	5.54%	9.42%	9.15%	6.48%	6.18%
<i>POLICY TARGET BENCHMARK</i>				1.51%	3.70%	6.36%	8.61%	8.61%	5.66%	5.66%
TOTAL RELATIVE RETURN				0.25%	0.55%	-0.82%	0.81%	0.54%	0.82%	0.53%
GLOBAL EQUITIES	1,582,238,164	59.8%	58.0%	2.82%	5.50%	4.50%	11.99%	11.74%	6.98%	6.70%
<i>Benchmark</i>				2.48%	4.83%	5.71%	11.69%	11.69%	6.36%	6.36%
PUBLIC EQUITIES	1,465,619,655	55.4%	52.0%	3.02%	5.97%	4.26%				
<i>Benchmark</i>				2.72%	5.41%	5.08%				
Epoch Global Choice (1)	207,237,092	7.8%	7.0%	3.74%	5.70%	6.90%	13.25%	12.55%	8.21%	7.52%
<i>MSCI World</i>				2.79%	5.96%	6.33%	11.77%	11.77%	6.60%	6.60%
LSV Global Value Equity	226,701,925	8.6%	9.0%	3.09%	7.03%	0.07%	10.13%	9.96%	4.82%	4.36%
<i>MSCI ACWI IMI (2)</i>				2.49%	5.13%	6.33%	11.77%	11.77%	6.60%	6.60%
Total Global Equities	433,939,018	16.4%	16.0%	3.40%	6.41%	3.04%	11.55%	11.15%	6.31%	5.75%
<i>MSCI World</i>				2.79%	5.96%	6.33%	11.77%	11.77%	6.60%	6.60%
Domestic - broad	611,546,509	23.1%	21.5%	3.77%	7.03%	8.40%	14.11%	13.89%	10.49%	10.30%
<i>Benchmark</i>				3.86%	6.77%	6.94%	13.80%	13.80%	9.75%	9.75%
Large Cap Domestic										
LA Capital Large Cap Growth	186,625,763	7.0%	6.6%	4.48%	8.08%	11.56%	15.88%	15.65%	13.04%	12.80%
<i>Russell 1000 Growth</i>				4.44%	8.98%	11.56%	18.07%	18.07%	13.39%	13.39%
LA Capital 60% Large Cap/40% Large C	94,757,943	3.6%	3.3%	3.63%	6.86%	10.75%	12.99%	12.87%	10.62%	10.49%
<i>Russell 1000</i>				3.78%	7.48%	10.02%	14.15%	14.15%	10.45%	10.45%
NTAM - Quant Enhanced S&P 500	94,158,426	3.6%	3.3%	3.74%	7.21%	6.28%	12.39%	12.39%	8.95%	8.88%
Clifton Group Enhanced S&P 500	96,401,531	3.6%	3.3%	3.68%	8.20%	10.62%	13.91%	13.82%	10.68%	10.63%
<i>S&P 500</i>				3.63%	7.67%	10.42%	14.19%	14.19%	10.71%	10.71%
Total Large Cap Domestic	471,943,662	17.8%	16.6%	4.00%	7.67%	10.12%	14.20%	14.07%	11.28%	11.14%
<i>Russell 1000 (3)</i>				3.78%	7.48%	10.02%	14.15%	14.15%	10.45%	10.45%
Small Cap Domestic										
Atlanta Capital Small Cap Equity Fund	68,031,537	2.6%	2.4%	1.95%	4.86%	9.54%	14.93%	14.13%	N/A	N/A
Clifton Group Enhanced Russell 2000	71,571,310	2.7%	2.4%	4.00%	4.90%	-3.36%	12.27%	12.07%	7.55%	7.27%
Total Small Cap Domestic	139,602,847	5.3%	4.8%	2.99%	4.95%	3.00%	13.82%	13.33%	7.75%	7.39%
<i>Russell 2000</i>				4.12%	4.29%	-3.31%	12.30%	12.30%	7.06%	7.06%

**ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF NOVEMBER 30, 2019**

	November-19				Current	Pr. Year	3 Years Ended		5 Years Ended	
	Market Value	Allocation		Month	Net	Net	6/30/2019		6/30/2019	
		Actual	Policy	Net			Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net
International - broad Benchmark	420,134,129	15.9%	14.5%	1.58%	4.05%	-0.57%	10.07%	9.88%	3.69%	3.50%
				0.98%	2.80%	1.31%	9.37%	9.37%	2.32%	2.32%
Developed International										
NTAM - MSCI World ex-US Index	167,246,561	6.3%	5.9%	1.23%	3.74%	1.51%	9.40%	9.36%	2.40%	2.37%
MSCI World Ex US				1.25%	3.55%	1.29%	9.01%	9.01%	2.04%	2.04%
William Blair International Leaders	99,348,015	3.8%	3.5%	2.96%	5.37%	5.20%	13.68%	13.30%	N/A	N/A
MSCI ACWI ex-US IMI (Net)				0.99%	2.79%	0.26%	9.17%	9.17%		
DFA Intl. Small Cap Value Portfolio (6)	35,720,483	1.3%	1.2%	1.67%	5.54%	-11.54%	6.29%	6.29%	1.05%	1.05%
Wellington International Small Cap Opp	35,101,220	1.3%	1.2%	3.19%	6.46%	-13.37%	7.10%	6.20%	4.70%	3.83%
S&P/Citigroup BMI EPAC < \$2BN				1.40%	4.64%	-9.91%	6.36%	6.36%	3.29%	3.29%
Total Developed International	337,416,279	12.7%	11.8%	1.98%	4.72%	-0.87%	10.03%	9.79%	3.57%	3.33%
MSCI World Ex US (4)				1.25%	3.55%	1.29%	9.01%	9.01%	2.19%	2.19%
Emerging Markets										
Axiom Emerging Markets Equity Fund (60,878,639	2.3%	2.1%	0.30%	2.72%	0.91%	11.00%	11.00%	N/A	N/A
DFA Emerging Markets Small Cap Port	21,839,211	0.8%	0.7%	-0.90%	-1.99%	-1.31%	7.55%	7.55%	2.90%	2.90%
Total Emerging Markets	82,717,850	3.1%	2.8%	-0.02%	1.43%	0.41%	10.14%	10.14%	3.75%	3.75%
MSCI Emerging Markets				-0.14%	-0.35%	1.22%	10.66%	10.66%	2.49%	2.49%
Private Equity										
Total Private Equity (6)	116,618,509	4.4%	6.0%	0.36%	-0.22%	8.62%	8.31%	8.31%	2.22%	2.21%

NOTE: Monthly returns and market values are preliminary and subject to change.

New asset class structure began October 1, 2011. Composite returns for new composites not available prior to that date.

Portfolios moved between asset classes will show historical returns in new position.

(1) Epoch was included in the Large Cap Domestic Equity composite through 12/31/11.

(2) Prior to January 1, 2012, the benchmark was S&P 500.

(3) This benchmark was changed to the MSCI EAFE (unhedged) as of April 1, 2011.

(4) Prior to July 1, 2018, the benchmark was 3m LIBOR.

(5) All limited partnership-type (and mutual funds as of 7/1/14) investment returns will only be reported net of fees, which is standard practice by the investment consultant.

**ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF NOVEMBER 30, 2019**

	November-19				Current	Pr. Year	3 Years Ended		5 Years Ended	
	Market Value	Allocation		Month	Net	Net	6/30/2019		6/30/2019	
		Actual	Policy	Net			Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net
GLOBAL FIXED INCOME	566,564,336	21.4%	23.0%	0.21%	2.60%	7.75%	5.53%	5.32%	4.36%	4.13%
<i>Benchmark</i>				<i>0.06%</i>	<i>2.35%</i>	<i>7.80%</i>	<i>3.54%</i>	<i>3.54%</i>	<i>2.91%</i>	<i>2.91%</i>
Domestic Fixed Income	566,564,336	21.4%	23.0%	0.21%	2.60%	7.75%	5.63%	5.45%	4.82%	4.62%
<i>Benchmark</i>				<i>0.06%</i>	<i>2.35%</i>	<i>7.80%</i>	<i>3.53%</i>	<i>3.53%</i>	<i>3.32%</i>	<i>3.32%</i>
Investment Grade Fixed Income										
PIMCO Distressed Senior Credit Opport	41,185,298	1.6%	1.6%	0.84%	2.46%	5.90%	10.90%	10.90%	8.24%	8.24%
Prudential Core Fixed Income	131,674,319	5.0%	5.5%	0.00%	2.89%	8.17%	N/A	N/A	N/A	N/A
Bloomberg Aggregate				-0.05%	2.52%	7.87%	2.31%	2.31%	2.95%	2.95%
State Street Long U.S. Treasury Index	39,137,186	1.5%	1.6%	-0.51%	6.45%	12.29%	1.33%	1.30%	5.70%	5.67%
Bloomberg Long Treasuries				-0.52%	6.44%	12.30%	1.34%	1.34%	5.71%	5.71%
PIMCO Core Plus Constrained (formerly	132,365,329	5.0%	5.5%	-0.30%	2.76%	8.20%	6.52%	6.25%	4.00%	3.70%
Bloomberg Aggregate (5)				-0.05%	2.52%	7.87%	3.49%	3.49%		
Declaration Total Return Bond Fund (6)	49,566,221	1.9%	1.9%	0.21%	2.35%	6.47%	4.92%	4.92%	4.20%	4.20%
3m LIBOR				0.16%	0.88%	2.61%	1.78%	1.78%	1.21%	1.21%
Total Investment Grade Fixed Income	393,928,353	14.9%	16.0%	-0.04%	3.19%	8.12%	4.54%	4.42%	4.48%	4.36%
Bloomberg Aggregate				-0.05%	2.52%	7.87%	2.31%	2.31%	2.95%	2.95%
Below Investment Grade Fixed Income										
Ares ND Credit Strategies	41,970,680	1.6%	1.6%	2.10%	2.10%	8.03%	N/A	N/A	N/A	N/A
Cerberus ND Private Credit Fund	43,599,165	1.6%	1.6%	1.16%	3.37%	8.89%	N/A	N/A	N/A	N/A
S&P LSTA Leveraged Loan B Index				0.86%	1.15%	4.22%				
Loomis Sayles High Yield	75,730,696	2.9%	3.3%	-0.10%	-0.19%	6.63%	7.86%	7.32%	4.87%	4.35%
PIMCO BRAVO II (6)	11,102,092	0.4%	0.4%	0.00%	-0.11%	3.10%	7.41%	7.41%	7.91%	7.91%
GS Mezzanine Partners 2006 Offshore,	43,009	0.0%	0.0%	1.26%	2.51%	6.62%	24.47%	24.47%	20.07%	20.07%
GS Mezzanine Partners V Offshore, L.F.	190,340	0.0%	0.0%	28.33%	29.39%	36.09%	11.26%	11.26%	8.38%	8.38%
Bloomberg High Yield 2% Issuer Constrained Index				0.33%	1.94%	7.48%	3.32%	3.32%	1.98%	1.98%
Total Below Investment Grade Fixed Income	172,635,983	6.5%	7.0%	0.77%	1.33%	6.93%	8.64%	8.30%	5.77%	5.39%
Bloomberg High Yield 2% Issuer Constrained Index				0.33%	1.94%	7.48%	7.52%	7.52%	4.71%	4.71%

**ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF NOVEMBER 30, 2019**

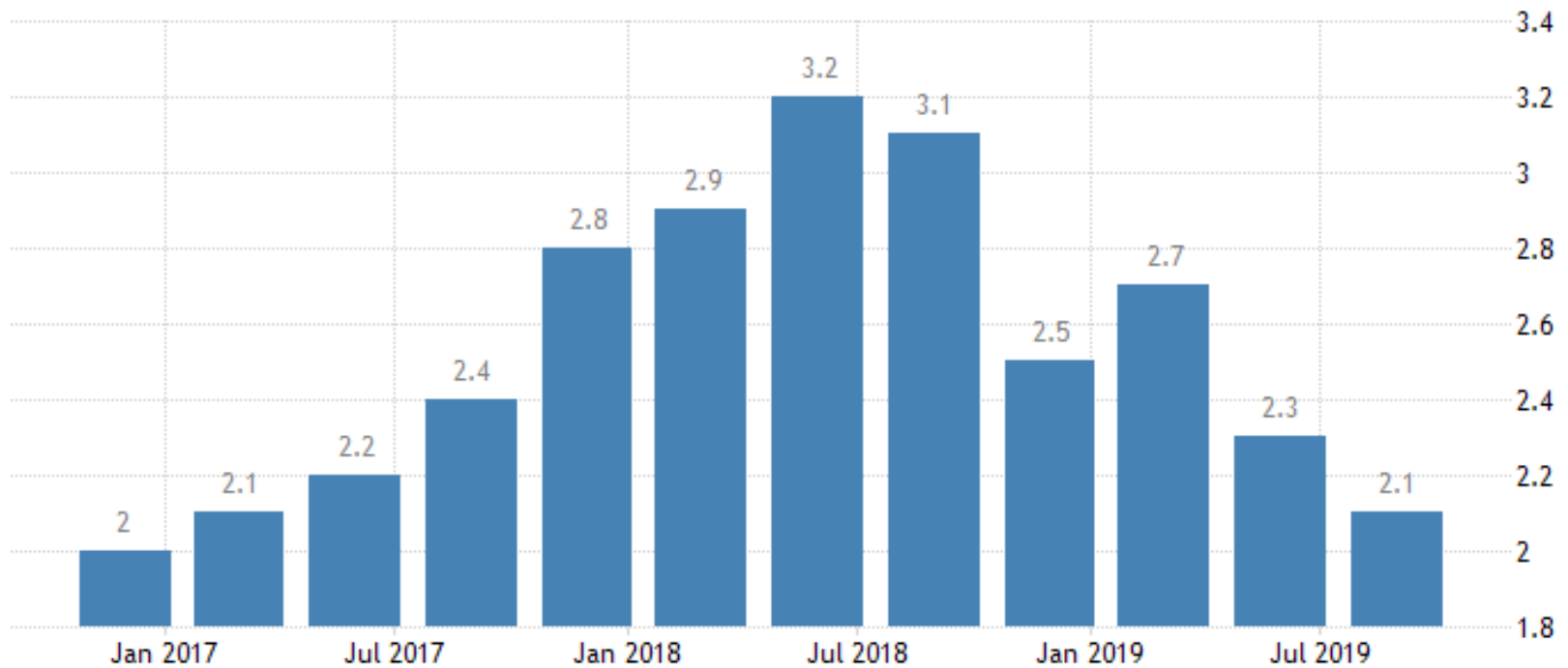
	November-19				Current	Pr. Year	3 Years Ended		5 Years Ended	
	Market Value	Allocation		Month	FYTD	FY19	6/30/2019		6/30/2019	
		Actual	Policy	Net	Net	Net	Gross ⁽⁶⁾	Net	Gross ⁽⁶⁾	Net
GLOBAL REAL ASSETS	483,082,514	18.2%	18.0%	0.29%	2.28%	5.56%	6.23%	5.80%	7.31%	6.86%
Benchmark				0.33%	1.82%	5.26%	5.16%	5.16%	6.10%	6.10%
Global Real Estate										
Invesco Core Real Estate - U.S.A., L.P.	134,610,324			0.00%	1.91%	6.69%	7.95%	7.58%	10.19%	9.81%
Invesco Real Estate Fund III, LP (6)	1,714,864			0.00%	-13.82%	-17.71%	-2.70%	-2.70%	4.55%	4.55%
Invesco U.S. Value-Add Fund IV, L.P. (6)	18,531,727			0.00%	5.04%	12.51%	10.72%	10.72%	N/A	N/A
Invesco U.S. Value-Add Fund V, L.P. (6)	8,818,690			0.00%	0.65%	N/A	N/A	N/A	N/A	N/A
Invesco Asia Real Estate Fund III, L.P.	10,002,325			5.94%	5.73%	16.08%	37.14%	37.14%	N/A	N/A
JP Morgan Strategic & Special Situation	105,624,239			0.58%	2.09%	5.19%	7.65%	6.69%	9.94%	8.89%
JP Morgan European Opportunistic Pro	1,972,558			-12.89%	-16.88%	9.79%	-16.29%	-16.29%	-3.12%	-3.12%
Total Global Real Estate	281,356,417	10.6%	10.0%	0.31%	2.00%	6.02%	8.14%	7.61%	10.39%	9.84%
NCREIF TOTAL INDEX				0.47%	2.37%	6.51%	6.89%	6.89%	8.83%	8.83%
OTHER REAL ASSETS	201,726,097	7.6%	8.0%	0.25%	2.67%	4.85%				
Benchmark				0.16%	1.13%	3.69%				
Timber										
TIR Teredo Timber, LLC	14,169,842	0.5%		0.00%	0.06%	7.55%	-1.35%	-1.35%	3.92%	3.92%
TIR Springbank, LLC	45,107,961	1.7%		0.00%	9.03%	2.99%	-3.22%	-3.22%	-1.77%	-1.77%
Total Timber (6)	59,277,803	2.2%	2.2%	0.00%	6.75%	4.10%	-2.78%	-2.78%	-0.07%	-0.07%
NCREIF Timberland Index				0.06%	0.31%	3.18%	3.37%	3.37%	4.67%	4.67%
Infrastructure										
Rohatyn Group Asian Infrastructure & R	8,181,740	0.3%		0.00%	2.04%	-15.64%	1.37%	1.37%	-1.72%	-1.72%
JP Morgan Infrastructure Investments F	80,137,455	3.0%		0.00%	0.38%	6.88%	8.40%	7.69%	6.24%	5.40%
ISQ Global Infrastructure Fund II	10,497,178	0.4%		5.95%	4.41%	2.41%	N/A	N/A	N/A	N/A
Macquarie Infrastructure Partners IV	24,447,410	0.9%		0.08%	2.47%	N/A	N/A	N/A	N/A	N/A
Grosvenor Customized Infrastructure St	10,919,912	0.4%		-0.95%	-1.02%	3.58%	6.44%	6.44%	6.62%	6.62%
Grosvenor Customized Infrastructure St	8,264,598	0.3%		0.00%	0.15%	16.38%	9.08%	9.08%	N/A	N/A
Total Infrastructure	142,448,294	5.4%	5.8%	0.35%	1.00%	5.12%	7.72%	7.22%	5.57%	5.02%
50% NCREIF ODCE/50% CPI-U (lagged one quarter)				0.19%	1.45%	3.91%	2.83%	2.83%	1.74%	1.74%
Cash Equivalents										
Northern Trust Collective STIF	8,369,495			0.15%	0.87%	2.23%	1.47%	1.47%	0.95%	0.95%
Bank of ND	7,572,025			0.14%	0.85%	2.27%	N/A	N/A	N/A	N/A
Total Cash Equivalents	15,941,520	0.6%	1.0%	0.14%	0.86%	2.32%	1.51%	1.51%	0.97%	0.97%
90 Day T-Bill				0.13%	0.88%	2.31%	1.38%	1.38%	0.87%	0.87%

TFFR underperformed its Policy Benchmark in Fiscal 2019 (like most other SIB clients). Despite this disappointing performance in Fiscal 2019, TFFR's Net Returns for the 3, 5 and 10-years ended June 30, 2019, generally exceeded its Policy Benchmark by over 0.50% or ½ of 1%.

	Rates of Return (net of fees)									
	For Fiscal Year Ended 6/30					Periods ended 6/30/19 (Annualized)				
	2019	2018	2017	2016	2015	3 Years	5 Years	10 Years	20 Years	30 Years
TFFR	5.54%	9.11%	12.92%	0.28%	3.52%	9.15%	6.18%	9.57%	5.68%	7.68%
<i>Policy Benchmark</i>	6.35%	7.90%	11.63%	0.61%	2.15%	8.61%	5.66%	8.89%	5.74%	7.87%
PERS	5.52%	9.19%	13.05%	0.28%	3.53%	9.21%	6.22%	9.41%	6.00%	7.90%
<i>Policy Benchmark</i>	6.40%	7.82%	11.88%	0.56%	2.15%	8.68%	5.69%	8.96%	6.05%	8.09%
WSI	6.87%	5.34%	8.29%	3.58%	3.27%	6.83%	5.45%	7.82%	5.87%	7.39%
<i>Policy Benchmark</i>	7.05%	3.77%	5.20%	3.41%	2.66%	5.33%	4.41%	6.05%	5.46%	*
Legacy Fund	4.98%	7.57%	12.03%	1.06%	3.31%	8.15%	5.72%	*	*	*
<i>Policy Benchmark</i>	6.12%	6.50%	9.90%	1.03%	2.38%	7.49%	5.14%			

	Rates of Return (net of fees)									
	For Fiscal Year Ended 6/30					Periods ended 6/30/19 (Annualized)				
	2019	2018	2017	2016	2015	3 Years	5 Years	10 Years	20 Years	30 Years
<u>BENCHMARKS</u>										
S&P 500	10.42%	14.37%	17.90%	3.99%	7.42%	14.19%	10.71%	13.24%	6.33%	9.72%
Bloomberg Aggregate	7.87%	-0.40%	-0.31%	6.00%	1.86%	2.31%	2.95%	3.75%	5.01%	6.03%
90 Day T-Bills	2.31%	1.36%	0.49%	0.19%	0.02%	1.38%	0.87%	0.54%	1.82%	2.93%
Callan Public Plan Sponsors Database (Median-Net of Fees)	5.75%	7.66%	11.33%	0.34%	2.46%	8.22%	5.44%	8.44%	5.58%	6.72%

U.S. Economy – Annual GDP Growth Rates



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS

US GDP Growth Rates:

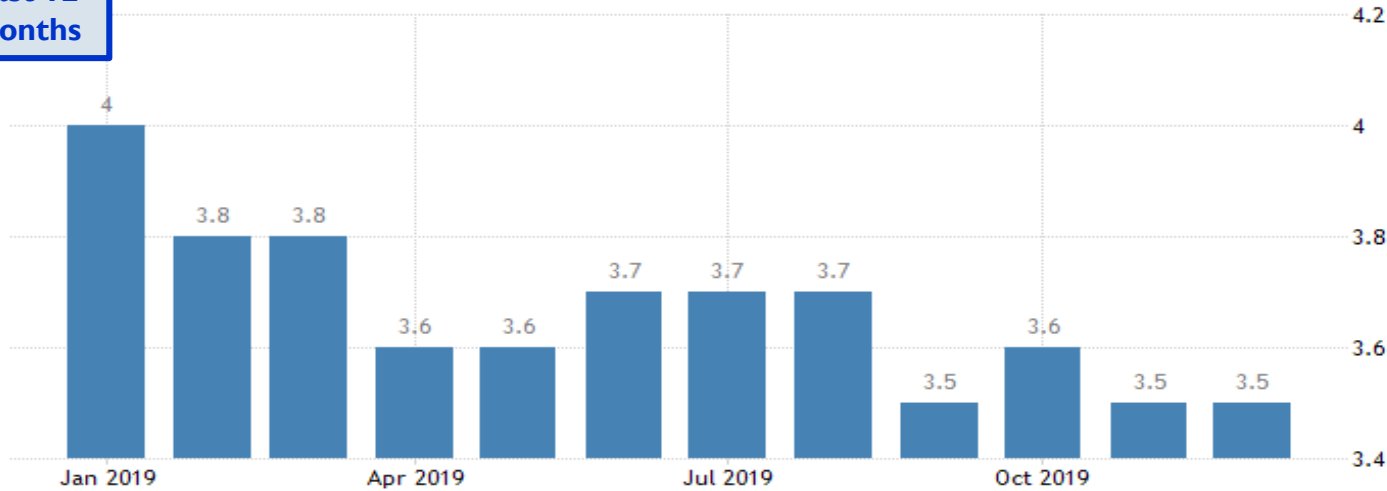
The US economy expanded at an annual growth rate of 2.1% in the 3rd quarter of 2019 versus 2.3% in the prior (2nd) quarter and down from 3.2% in the 2nd quarter of 2018.

The United States is the world's largest economy. Yet, like in the case of many other developed nations, U.S. growth rates have generally been declining in the last two decades. GDP annual growth rates in the U.S. averaged 3.2% from 1948 until 2019, reaching an all-time high of 13.4% in the 4th quarter of 1950 and a record low of **-3.9%** in the 2nd quarter of 2009.

Updated Sep. 19, 2019

U.S. Unemployment Rates

Last 12 months



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

The U.S. unemployment rate remained at 3.5% in December of 2019 after hitting a 50-year low of 3.5% three times in the last half of 2019 generally in line with market expectations.

1950 to 2019



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

Unemployment Rates in the United States averaged 5.7% from 1948 until 2019, reaching an all time high of 10.8% in November of 1982 and a record low of 2.5% in May of 1953.

10-Year U.S. Government Bond Rates



U.S. Gov't. 10-Yr. Yields fell from 3.2% in October of 2018 to 1.5% during the 3rd quarter of 2019 before increasing to 1.8% on Jan. 10, 2019.

U.S. Treasury %
January 10, 2020

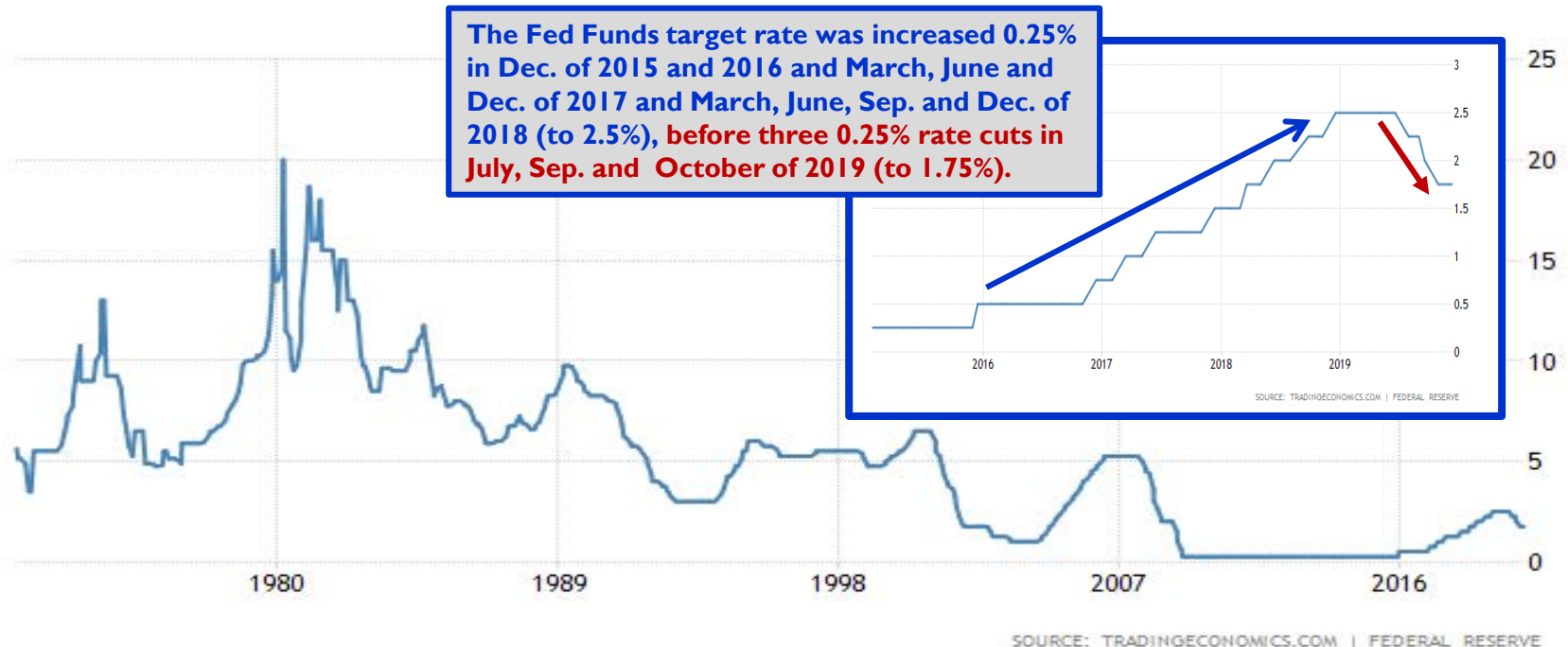
1.57% 2-yr
1.63% 5-yr
1.82% 10-yrs
2.28% 30-yrs



U.S. Gov't. 10-Yr. Yields reached an all time high of 15.82% in September of 1981 and a record low of 1.36% in July of 2016.

U.S. Fed Funds Rate (1971 to 2020)

Background: The **federal funds rate** is the interest rate at which banks lend reserve balances to other banks overnight (on an uncollateralized basis). Banks with surplus balances lend to those in need of larger balances. Reserve balances are held at the Federal Reserve to maintain the banks' reserve requirements. **Changes in the federal funds rate trigger a chain of events that affect other short-term interest rates**, foreign exchange rates, long-term interest rates, the amount of money and credit, and, ultimately, a range of economic variables, including employment, output, and prices of goods and services. The Federal Reserve uses "monetary policy" to influence the availability and cost of money and credit to help promote national economic goals.



The Federal Reserve raised the target range for fed funds four (4) times in 2018, three (3) times in 2017 and once each in December of 2016 and 2015. Interest Rates in the U.S. averaged 5.8% from 1971 until 2017, reaching an all time high of 20% percent in March of 1980 and a record low of 0.25% in December 2008. The Fed lowered the Fed Funds Target by 0.25% in July, Sep. and October of 2019.

TFFR Investment Ends – September 30, 2019

SIB clients should receive investment returns consistent with their written investment policies and market variables. This “End” is evaluated based on comparison of each client’s (a) actual net investment return, (b) standard deviation and (c) risk adjusted excess return, to the client’s policy benchmark over 5 years.

	1 Yr Ended 9/30/2019	3 Yrs Ended 9/30/2019	5 Yrs Ended 9/30/2019	Risk 5 Yrs Ended 9/30/2019	Risk Adj Excess Return 5 Yrs Ended 9/30/2019
Total Fund Return - Net	3.42%	7.98%	6.51%	6.5%	0.15%
Policy Benchmark Return	4.15%	7.59%	6.07%	6.1%	
Total Relative Return	-0.73%	0.39%	0.44%	105%	



Key Point: TFFR investments have averaged over **\$2 billion** during the last 5-years and Excess Return has averaged over **0.40%** per annum. Based on these values, **TFFR’s use of active management has enhanced Net Investment Returns by \$40 million for the 5-years ended June 30, 2019** (or $\$2 \text{ billion} \times 0.40\% = \$8 \text{ million} \times 5 \text{ years} = \40 million). This Excess Return has been achieved while adhering to prescribed **Risk** limits (e.g. **105%** versus a policy limit of 115%).

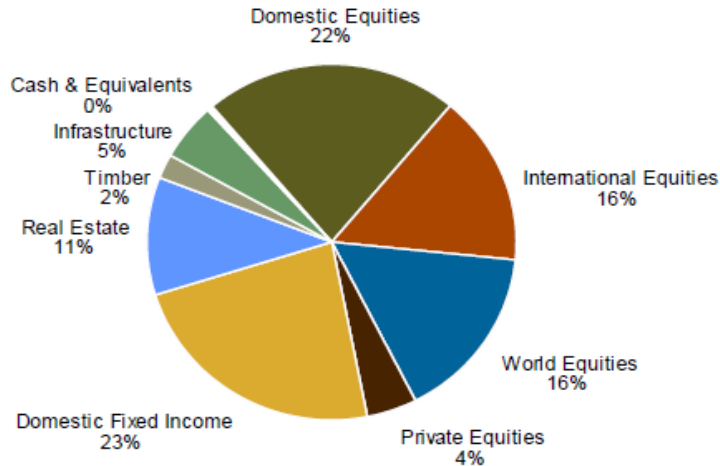
Current Policy Benchmark: 58% Equity (31% U.S., 21% Non-U.S., 6% Private); 23% Fixed Income (16% U.S., 7% High Yield); 18% Real Assets (10% Real Estate; 5.7% Infrastructure; 2.3% Timber); and 1% Cash.

TFFR Allocation

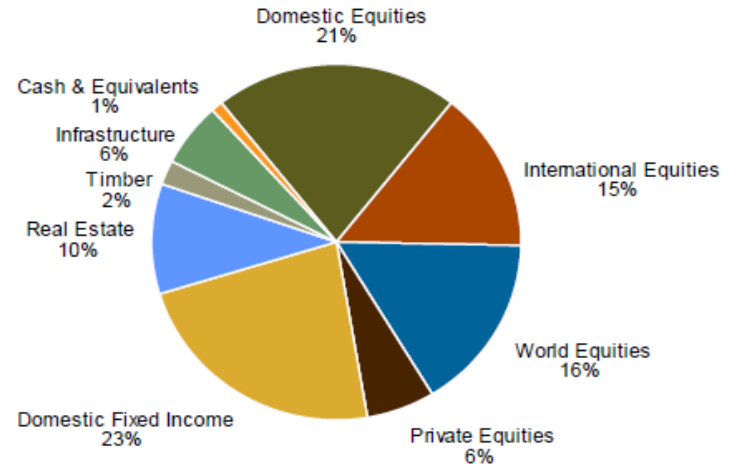
As of September 30, 2019

TFFR's Actual Asset Allocations are within 2% of Target noting the **Private Equity Underweight of 1.6%** is offset by an **Overweight allocation to Domestic Equities of 0.9%**, and **International Equities of 0.9%**.

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equities	571,200	22.3%	21.4%	0.9%	23,598
International Equities	397,821	15.5%	14.6%	0.9%	24,223
World Equities	408,022	15.9%	16.0%	(0.1%)	(1,400)
Private Equities	112,496	4.4%	6.0%	(1.6%)	(41,038)
Domestic Fixed Income	596,100	23.3%	23.0%	0.3%	7,555
Real Estate	275,035	10.7%	10.0%	0.7%	19,146
Timber	55,933	2.2%	2.2%	0.0%	0
Infrastructure	133,654	5.2%	5.8%	(0.6%)	(15,124)
Cash & Equivalents	8,629	0.3%	1.0%	(0.7%)	(16,959)
Total	2,558,891	100.0%	100.0%		

Global Equity, Fixed Income and Real Asset Valuations

Asset Class Allocation

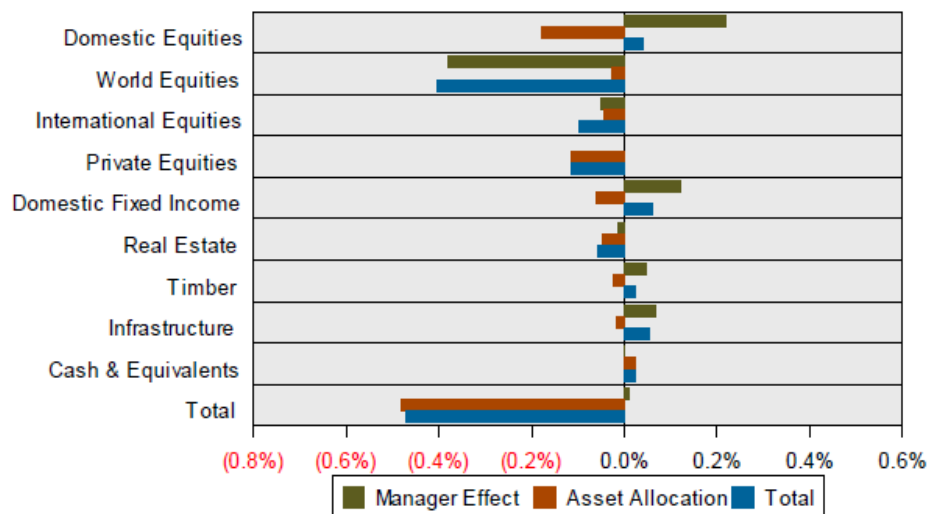
	September 30, 2019			June 30, 2019		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Global Equities	\$1,489,539,156	58.21%	\$(6,756,264)	\$(2,289,289)	\$1,498,584,709	58.23%
Public Equities	\$1,377,043,499	53.81%	\$(14,097,119)	\$(1,824,220)	\$1,392,964,837	54.12%
World Equities	\$408,022,150	15.95%	\$(5,084,269)	\$(2,983,318)	\$416,089,737	16.17%
Domestic Equities	\$571,200,359	22.32%	\$(4,095,875)	\$6,505,994	\$568,790,240	22.10%
Large Cap	443,369,621	17.33%	(4,148,908)	6,151,979	441,366,550	17.15%
Small Cap	127,830,738	5.00%	53,033	354,015	127,423,689	4.95%
International Equities	\$397,820,989	15.55%	\$(4,916,975)	\$(5,346,896)	\$408,084,861	15.86%
Developed	318,828,399	12.46%	(4,986,975)	(3,011,790)	326,827,165	12.70%
Emerging Markets	78,992,590	3.09%	70,000	(2,335,106)	81,257,696	3.16%
Private Equities	\$112,495,657	4.40%	\$7,340,855	\$(465,070)	\$105,619,872	4.10%
Global Fixed Income	\$596,100,294	23.30%	\$3,840,290	\$11,973,778	\$580,286,226	22.55%
Domestic Fixed Income	\$596,100,294	23.30%	\$3,840,290	\$11,973,778	\$580,286,226	22.55%
Investment Grade	414,609,468	16.20%	778,182	11,742,855	402,088,431	15.62%
Below Investment Grade	181,490,826	7.09%	3,062,109	230,923	178,197,795	6.92%
Global Real Assets	\$464,622,027	18.16%	\$3,617,597	\$1,290,310	\$459,714,120	17.86%
Real Estate	\$275,035,050	10.75%	\$(1,816,488)	\$1,104,717	\$275,746,821	10.71%
Other Real Assets	\$189,586,977	7.41%	\$5,434,085	\$185,593	\$183,967,299	7.15%
Infrastructure	133,654,178	5.22%	6,273,677	185,594	127,194,908	4.94%
Timber	55,932,798	2.19%	(839,593)	(0)	56,772,391	2.21%
Cash	\$8,629,467	0.34%	\$(26,570,958)	\$162,926	\$35,037,499	1.36%
Securities Lending Income	\$0	0.00%	\$(49,388)	\$49,388	-	-
Total Fund	\$2,558,890,943	100.0%	\$(25,918,723)	\$11,187,112	\$2,573,622,554	100.0%

Net Investment Income increased TFR pension assets by \$11.2 million in the first fiscal quarter of 2020.

TFFR Performance and Attribution

As of September 30, 2019

One Year Relative Attribution Effects



Returns for 1 Year Ended 09/30/2019

Return Type	Return (%)
Gross	3.66%
Net of fees	3.42%
Target	4.13%
Net added	-0.71%



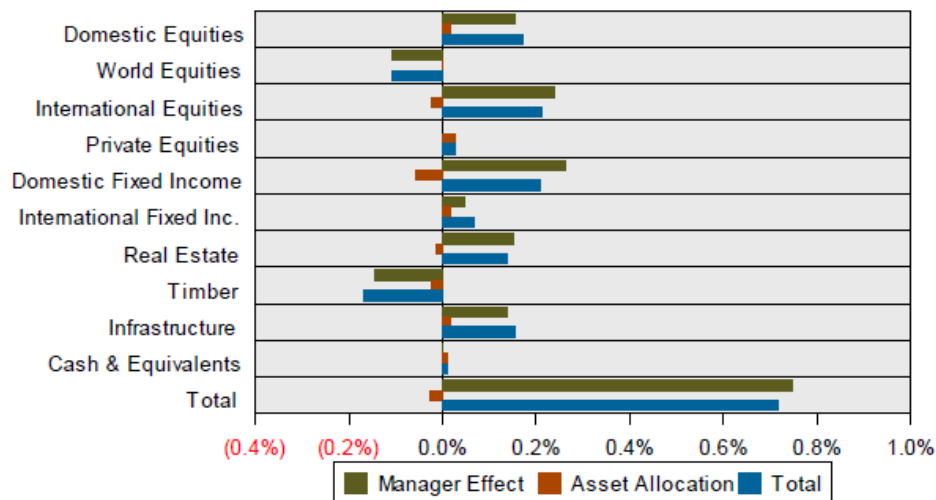
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equities	23%	21%	1.92%	0.92%	0.22%	(0.18%)	0.04%
World Equities	16%	16%	(0.41%)	1.83%	(0.38%)	(0.03%)	(0.40%)
International Equities	16%	15%	(1.56%)	(1.12%)	(0.05%)	(0.04%)	(0.10%)
Private Equities	4%	6%	7.73%	7.73%	0.00%	(0.11%)	(0.11%)
Domestic Fixed Income	23%	23%	9.62%	9.14%	0.12%	(0.06%)	0.06%
Real Estate	11%	10%	6.13%	6.24%	(0.01%)	(0.05%)	(0.06%)
Timber	2%	2%	4.10%	2.10%	0.05%	(0.02%)	0.02%
Infrastructure	5%	6%	4.86%	3.44%	0.07%	(0.02%)	0.05%
Cash & Equivalents	1%	1%	2.35%	2.39%	(0.00%)	0.02%	0.02%
Total			3.66%	4.13%	+ 0.01%	+ (0.48%)	(0.47%)

TFFR Performance and Attribution

As of September 30, 2019

Five Year Annualized Relative Attribution Effects



Returns for 5 Year Ended 09/30/2019

Return Type	Return (%)
Gross	6.79%
Net of fees	6.51%
Target	6.07%
Net added	0.44%



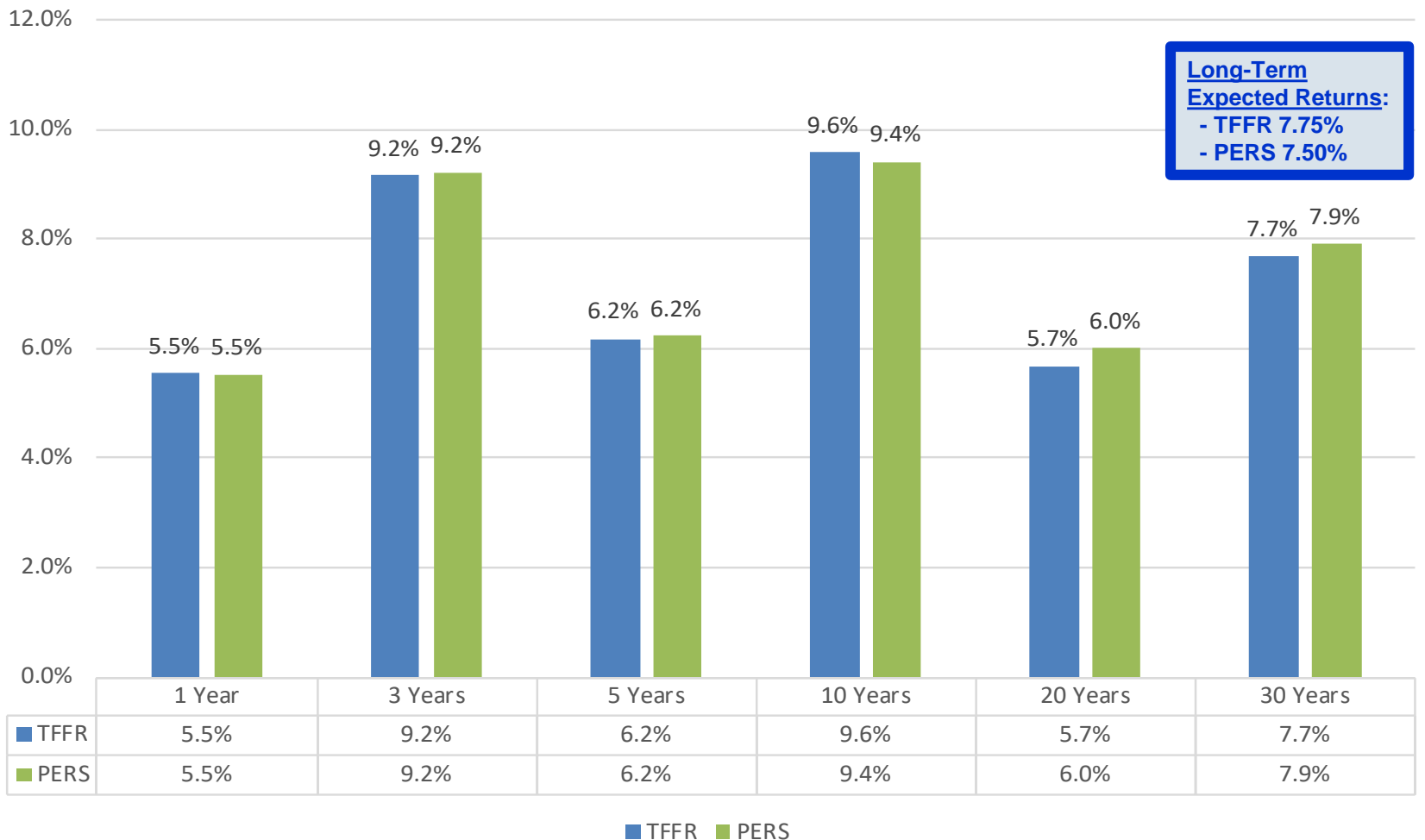
Five Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equities	23%	21%	10.86%	10.13%	0.15%	0.02%	0.17%
World Equities	16%	16%	6.48%	7.18%	(0.11%)	(0.00%)	(0.11%)
International Equities	15%	15%	4.61%	3.13%	0.24%	(0.03%)	0.21%
Private Equities	4%	6%	1.82%	1.82%	0.00%	0.03%	0.03%
Domestic Fixed Income	19%	19%	5.22%	3.82%	0.26%	(0.06%)	0.21%
International Fixed Inc.	3%	4%	-	-	0.05%	0.02%	0.07%
Real Estate	10%	10%	10.11%	8.57%	0.15%	(0.01%)	0.14%
Timber	3%	3%	(0.07%)	4.36%	(0.14%)	(0.02%)	(0.17%)
Infrastructure	5%	5%	4.91%	1.98%	0.14%	0.02%	0.16%
Cash & Equivalents	1%	1%	1.08%	0.98%	0.00%	0.01%	0.01%

Total **6.79% = 6.07% + 0.75% + (0.03%)** **0.72%**

TFFR and PERS Returns have approximated their actuarial return assumptions the last 30 years.

Net Investment Returns for Periods Ended June 30, 2019



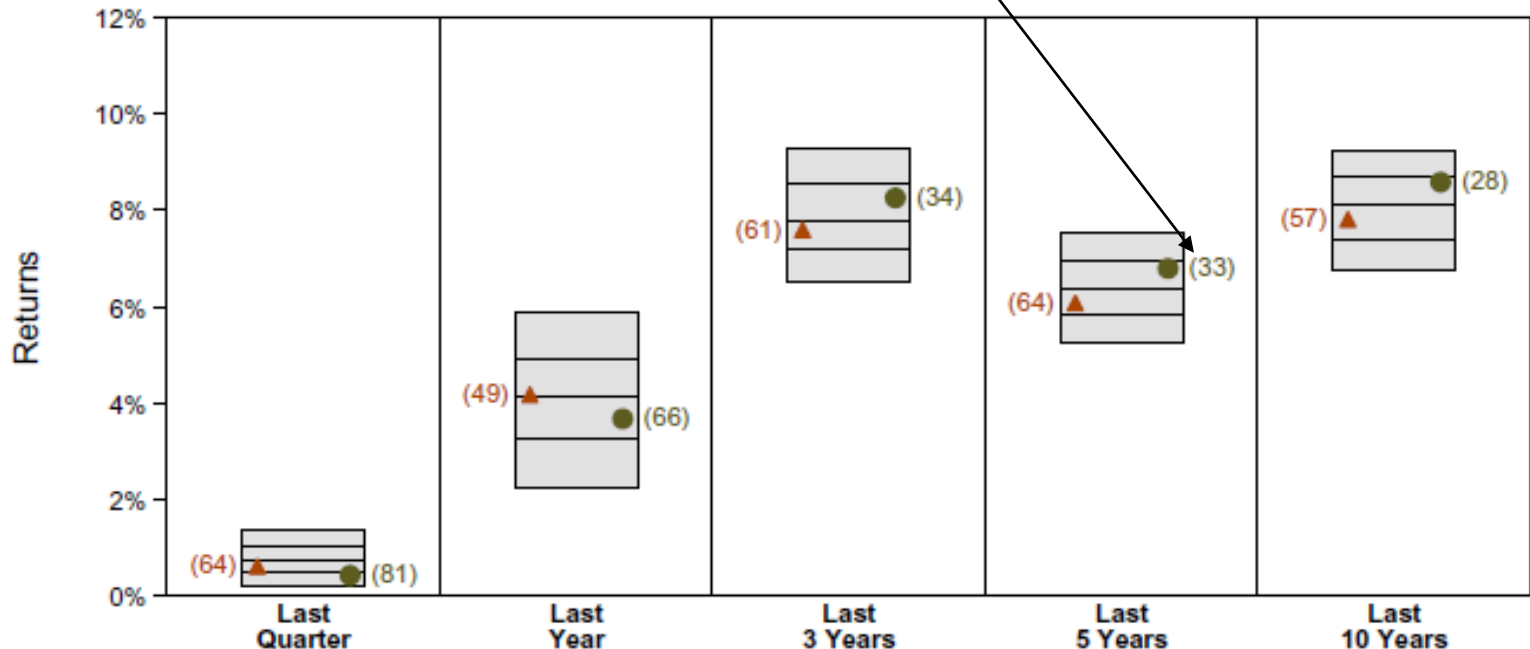
**Long-Term
Expected Returns:**
- TFFR 7.75%
- PERS 7.50%

Pension Trust “gross” returns were in the 33rd percentile for the 5-years ended Sep. 30, 2019, based on Callan’s Public Fund Sponsor Database”.

Callan Public Fund Sponsor Database

Unadjusted Ranking

The Pension Trust was ranked in the top decile on an Asset Allocation Adjusted Basis for the 5 and 10 years ended Sep.30, 2019.



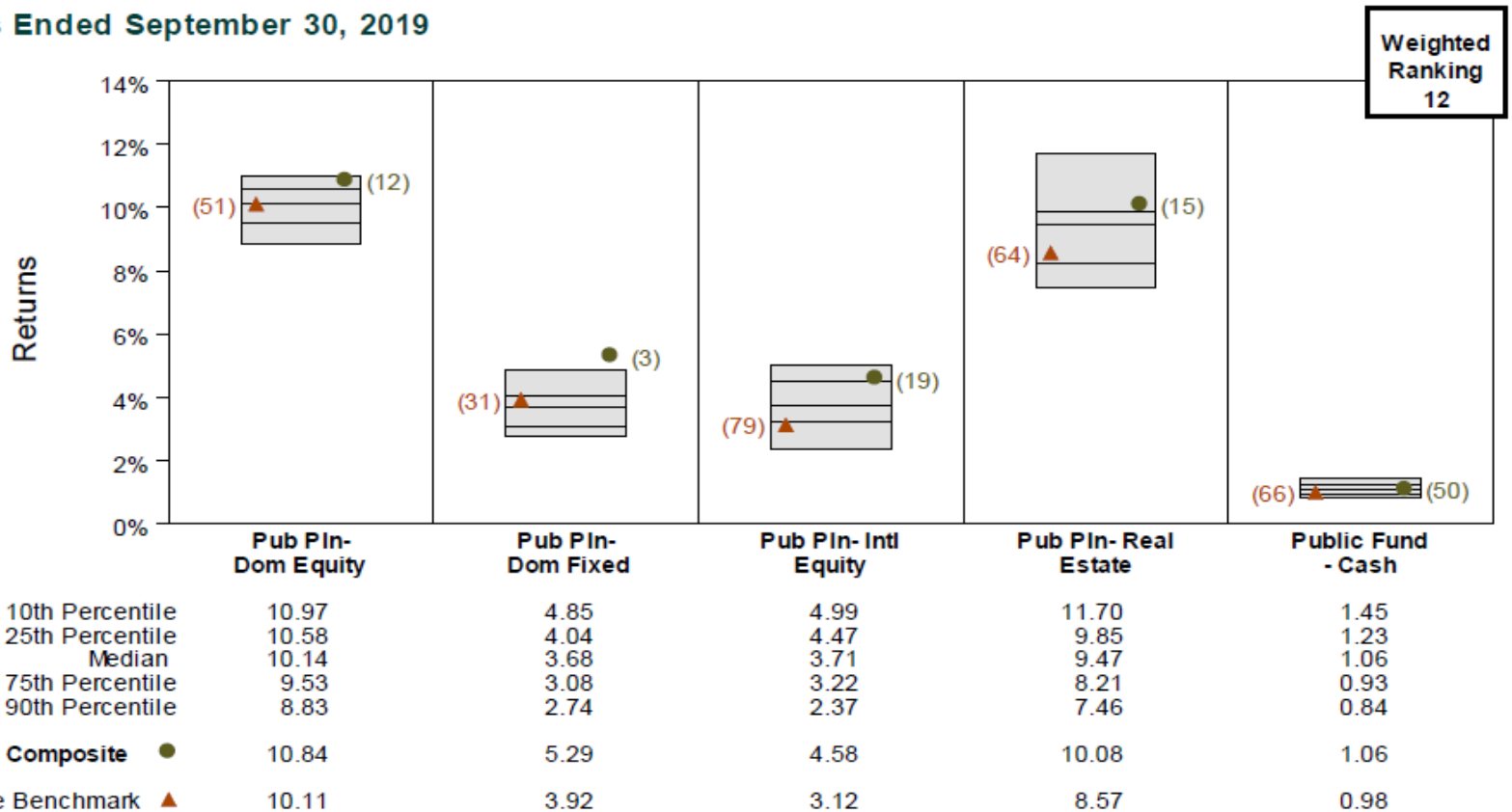
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	1.39	5.88	9.26	7.55	9.25
25th Percentile	1.07	4.94	8.58	6.96	8.71
Median	0.75	4.17	7.80	6.39	8.10
75th Percentile	0.51	3.28	7.20	5.84	7.41
90th Percentile	0.24	2.25	6.55	5.27	6.75
Total Fund ●	0.44	3.68	8.26	6.80	8.59
Policy Target ▲	0.63	4.18	7.60	6.09	7.82

* Current Quarter Target = 16.3% Blmbg Aggregate, 16.1% Russell 1000 Index, 16.0% MSCI World, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 7.0% Blmbg:HY Corp 2% Iss Cap, 6.5% NDSIB PEN - Private Equity, 4.9% Russell 2000 Index, 3.1% MSCI EM, 3.0% NCREIF NFI-ODCE Eq Wt Net, 3.0% CPI All Urban Cons lagged 3 months, 2.1% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

Asset Class Composite Results

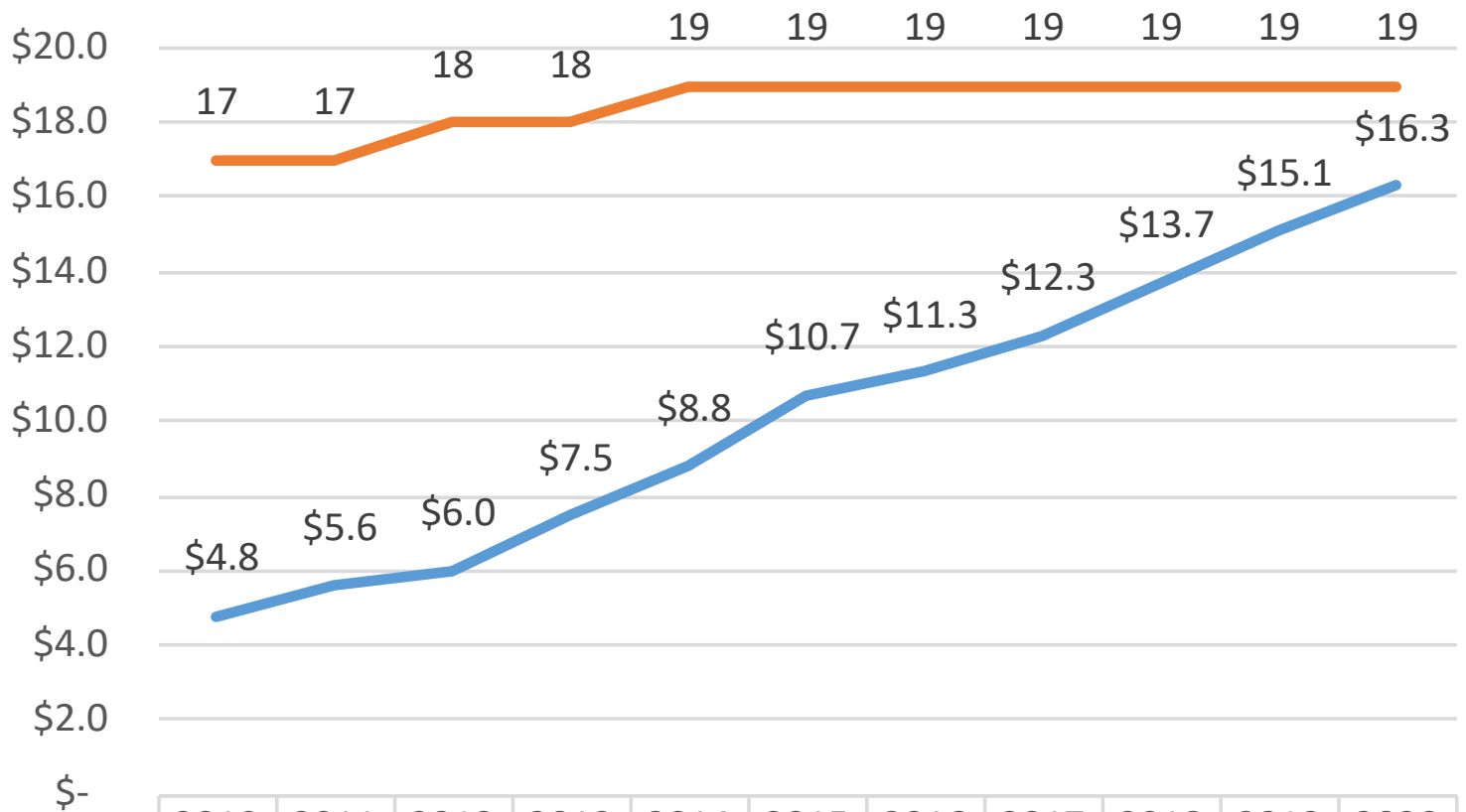
Consolidated Pension Trust Asset Class Results vs. Other Public Pension Funds

Total Asset Class Performance Five Years Ended September 30, 2019



- All asset classes outperformed their respective benchmarks over the trailing five years.
- All asset classes, with the exception of cash, ranked in the top quartile over the trailing five years.

RIO FTE and SIB Assets



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
\$ billions	\$4.8	\$5.6	\$6.0	\$7.5	\$8.8	\$10.7	\$11.3	\$12.3	\$13.7	\$15.1	\$16.3
RIO FTE	17	17	18	18	19	19	19	19	19	19	19

— \$ billions — RIO FTE

Trustee Education offered by Council of Institutional Investors (CII)



CII Spring 2020 Conference & 35th Anniversary

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Trustee Events

CII hosts educational and networking events in conjunction with semi-annual conferences for pension fund trustees and staff. Please contact CII Deputy Director [Amy Borrus](#) for more information or [Kylund Arnold](#) for assistance in registering for either event.

Pension Fund Trustee Training - Education Trustees Can Use

Monday, March 9, from 8:30 AM - 2:30 PM ET | Hosted by CII in partnership with the CFA Institute | [See the full curriculum here](#)

WHAT: CII and the CFA Institute are pleased to offer a one-day training program tailored for public pension fund trustees.

The newly refreshed course starts with fiduciary duties and ethics training based on real-life case studies that provide instruction and encourage critical thinking. Trustees will hone their investment skills in “basic training” and in seminars on advanced topics such as private equity and the pros and cons of

timing the market. The course wraps up with a panel discussion on hot issues in fund governance. Instructors are seasoned professionals with an appreciation for the challenges fund trustees face.

WHY: The course is an entertaining and interactive program that is updated annually to reflect changing market trends. It covers fiduciary ethics, investment oversight skills and fund governance challenges delivered by CFA Institute experts and experienced fund trustees and staff. The course explores issues that are vital for both new and experienced trustees.

COST: With CFA Institute’s support, CII is able to offer trustee training at an extremely low price (\$395 for CII Members, \$595 for non-members).

Please Note: Early bird pricing ends Friday, February 14. No refunds for cancelled registrations will be given after Friday, February 14. Conference registration closes Thursday, March 5.

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Trustee Education offered by Council of Institutional Investors (CII)

Trustee Education & CII Conference Background:

If SIB or TFFR board members are interested in obtaining additional pension fund trustee training, the Council of Institutional Investors is offering education on “fiduciary ethics, investment oversight skills and fund governance challenges” the day before their Spring 2020 conference in Washington, DC, on Monday, March 9 from 8:30 AM -2:30 PM ET. More information on that session is [available here.](#)

If SIB or TFFR board members would like to attend the “Pension Fund Trustee Training” or CII Spring Conference, please reach out to myself or Bonnie in the upcoming weeks (preferably by February 14th). CII allows trustees from public pension funds to attend their conferences without any fee for registration. The full conference [agenda is here.](#)

RIO will highlight the educational benefits of attending CII’s Pension Fund Trustee Training at our next board meeting and compare the background of the typical attendee at the training session versus the conference.

Note: Callan will highlight additional board member education options at our February 28th SIB meeting.



CII Spring 2020 Conference & 35th Anniversary

Summary **Agenda** Speakers
Trustee Events Master Class
Board Meetings Advisory Council Meetings
Advertising Opportunities
Conference Sponsors

Register Now

[Already Registered?](#)

Agenda

Please Note: The conference program is subject to change. Some sessions (such as constituency meetings) are open only to certain types of attendees or CII Members - please expand the session descriptions for more information. CII provides time for members to host panels during the conference but the views expressed in these member-hosted panels do not necessarily reflect those of CII or its member-approved policies. Please contact CII Staff at 202.822.0800 with any questions.

March 9, 2020

Member Lounge Open	8:00 AM-7:45 PM
Registration Open	8:00 AM-7:45 PM
> Pension Fund Trustee Training	8:30 AM-2:30 PM
> Governance Master Class: Fifty Shades of Stewardship - Proxy Voting, Engagement and Sustainability	12:00 PM-2:00 PM
> Member-Hosted Panel: Driving SDG Adoption on a Global Scale: A Case Study	3:00 PM-4:00 PM

TFFR Retiree Reemployment

TFFR Board Meeting

January 23, 2020

General Rule

NDCC 15-39.1-19.1

- A retired TFFR member may not return to covered employment until 30 calendar days have elapsed from the member's TFFR retirement date. A retired member may then return to covered employment under an annual hour limit and continue receiving a monthly retirement benefit. The annual hour limit is based on the length of the re-employed retiree's employment arrangement as follows:

9 Months -- 700 hours	11 Months -- 900 hours
10 Months -- 800 hours	12 Months -- 1000 hours
- A retiree must only “return to covered employment” to be subject to the return to work limitations. The reporting requirement of being licensed by ESPB and contractually employed that applies to non-retired active members does not apply to re-employed retirees.
- Professional development and extracurricular hours do not apply to the annual hour limit.
- TFFR retiree re-employment limits do not apply to: non-contracted substitute teaching*; teaching in ND private schools or colleges; teaching out of state; or employment outside of education.
- **TFFR defines a substitute teacher as a licensed teacher who temporarily replaces the regular contracted licensed teacher. When a school district employs a retiree to fill an “open position” TFFR does not view this open position as a “temporary position where the regular contracted person will be returning to the position” even if the retiree has agreed to fill the position for substitute teacher pay.*

Critical Shortage Exception

NDCC 15-39.1-19.2

A retiree may return to TFFR covered employment in an approved critical shortage area (CSA) and exceed the annual hour limitation without losing retirement benefits. If retired on or prior to January 1, 2001, no waiting period is required. However, if the TFFR retirement date is after January 1, 2001, a one year waiting period is required before the retiree can consider this option. A retiree may perform non-contracted substitute teaching during the one year waiting period. Critical shortage areas are determined each year by the Education Standards and Practices Board (ESPB). ESPB also signs off on each CSA Exception application.

Payment of Contributions

A retired member who returns to teaching under the General Rule or CSA will be treated as retired for all other purposes and will not earn any additional pension service credit. Both member and employer contributions must be paid on all eligible salary based on the employer's TFFR payment model. The member contributions will be included in the retired member's account value. The retiree's monthly benefit will not change.

Benefit Suspension and Recalculation Exception

A retired member who returns to covered employment, exceeds the annual hour limit, and is not eligible for the CSA exception, will have their monthly benefit stopped the first of the month following the date the member reaches the annual hour limit. Employer and member contributions will be paid before and after the suspension on all salary paid to the retiree based on the employer's payment model. Suspension of benefits may also have tax consequences to the retiree.

Benefit Suspension and Recalculation Exception

Upon re-retirement, the retiree's benefits may be recalculated. If re-retirement occurs with:

- Less than 2 years of additional earned service credit – receive discontinued benefit plus benefit increases granted during the benefit suspension and a refund of the additional member contributions paid after the benefit suspension plus interest, member contributions paid prior to the benefit suspension will be added to the retiree's account value.
- 2-5 years of additional earned service credit – greater of the discontinued annuity, plus additional years at the current multiplier, plus benefit increases granted during the suspension or all the years recalculated at the current multiplier, less an actuarial offset for the amount of benefits already paid. All member contributions will be added to the retiree's account value.
- 5 or more years of additional earned service credit – greater of the calculation above or the retirement benefit recalculated using all the years at the current multiplier with no actuarial offset. All member contributions will be added to the retiree's account value.

Retiree Reemployment FAQ/Concerns

- Retiree Substitute Teaching (In-staff Subbing – TFFR Board Policy C-24, Non-contracted Subbing)
- Required Payment of Contributions/No Change to Benefit
- Calculation of Hours Applicable to Annual Hour Limit

2018-19 Reemployed Retiree Report

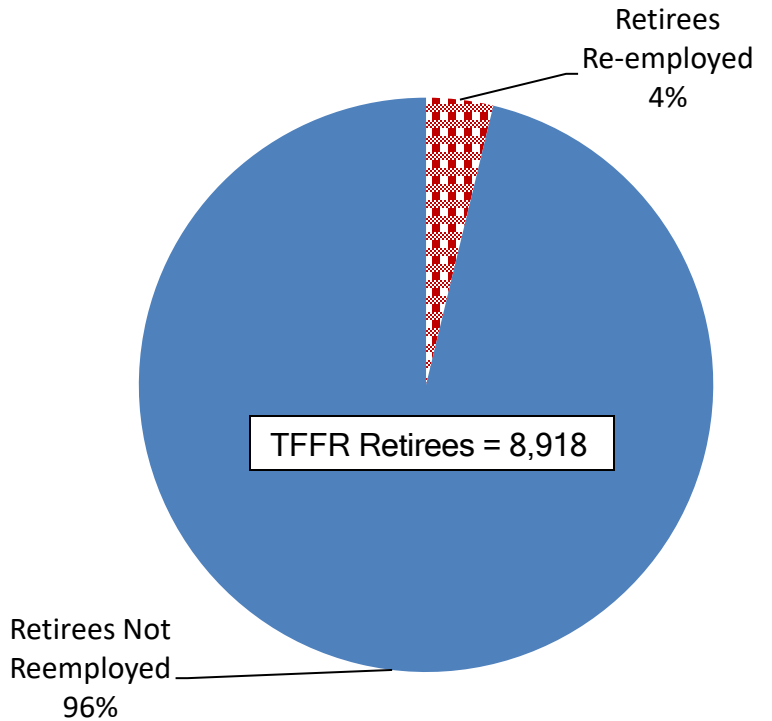
TFFR REEMPLOYED RETIREE REPORT 2018-19

**Total number of
Re-employed Retirees: 336**

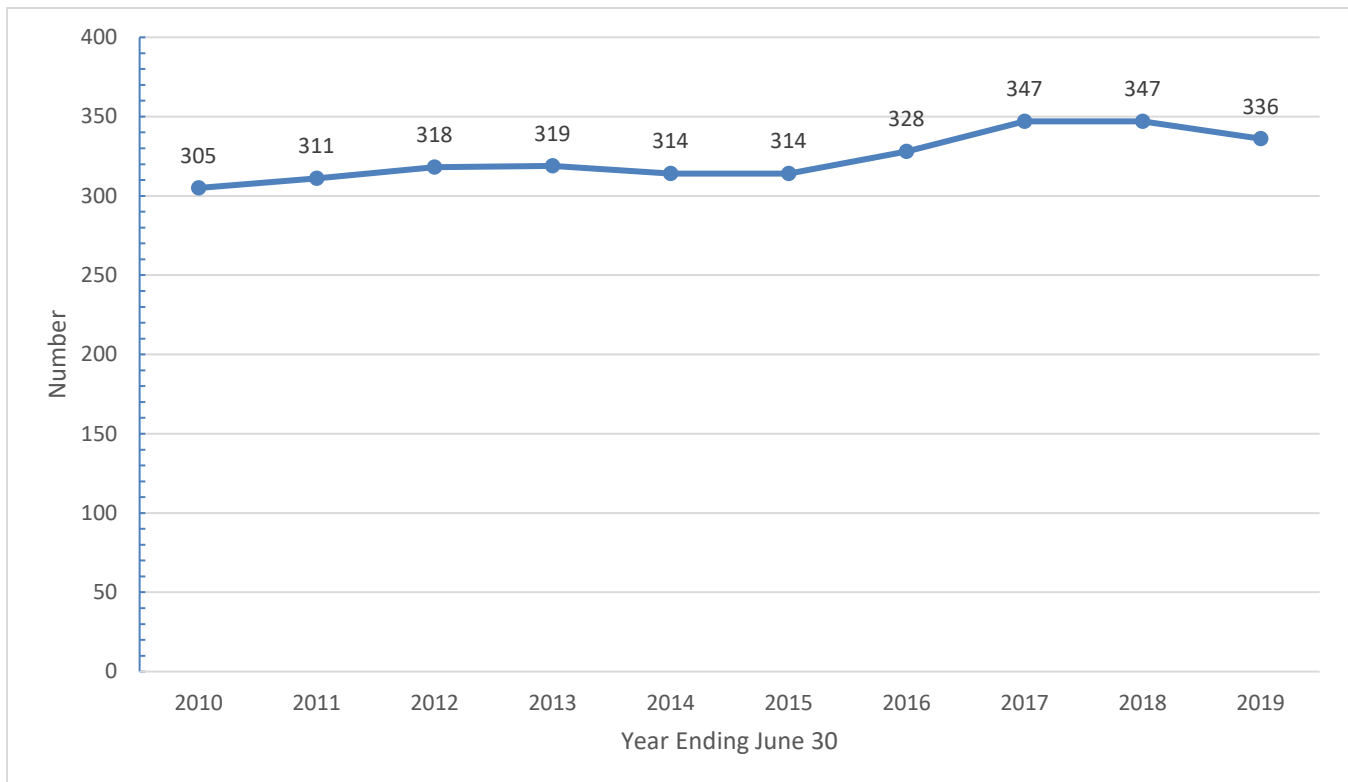
Superintendents 25
Administrators 28
Teachers 283

General Rule 301
Critical Shortage Area 32
Suspend and Recalculate 3

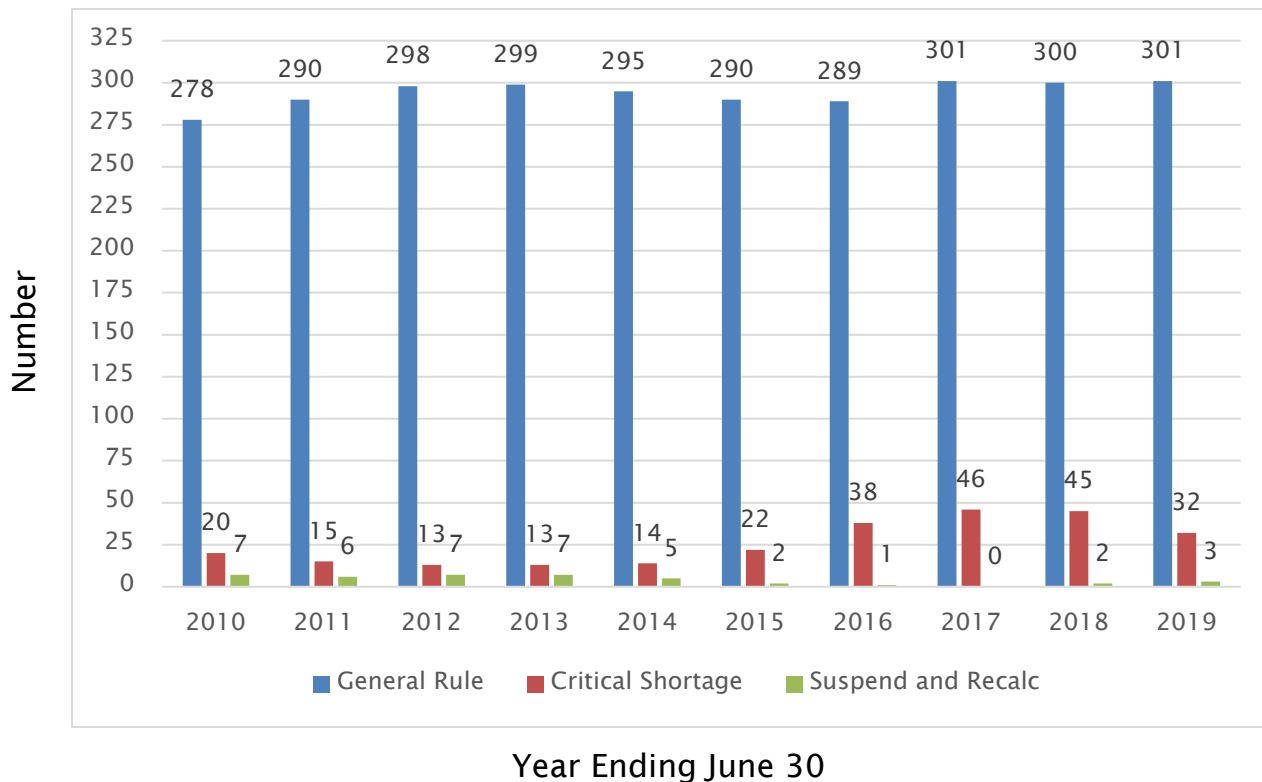
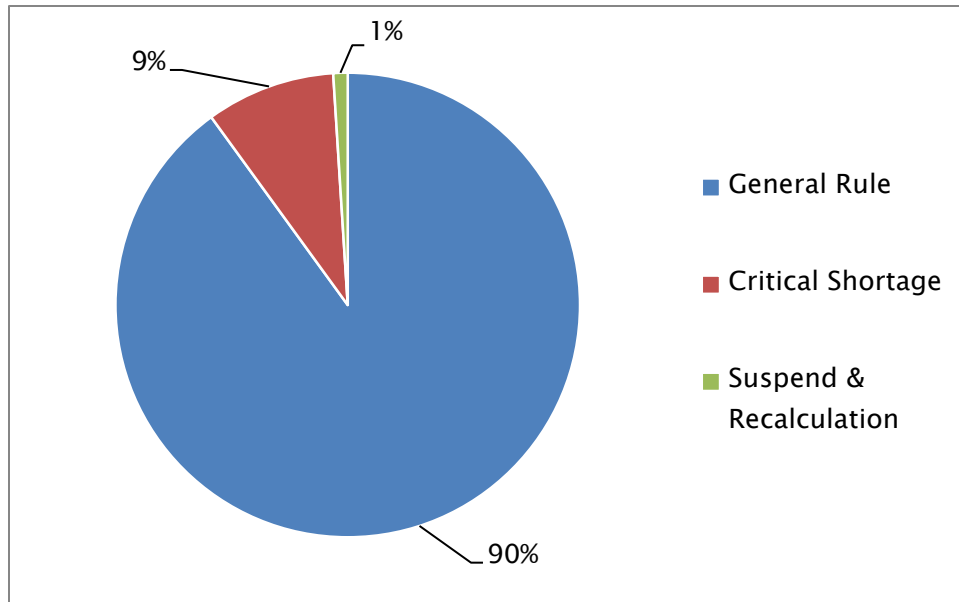
Average Age 64
Average Salary \$26,025
Total Salaries \$8,692,504
No. Employers w/retirees 132



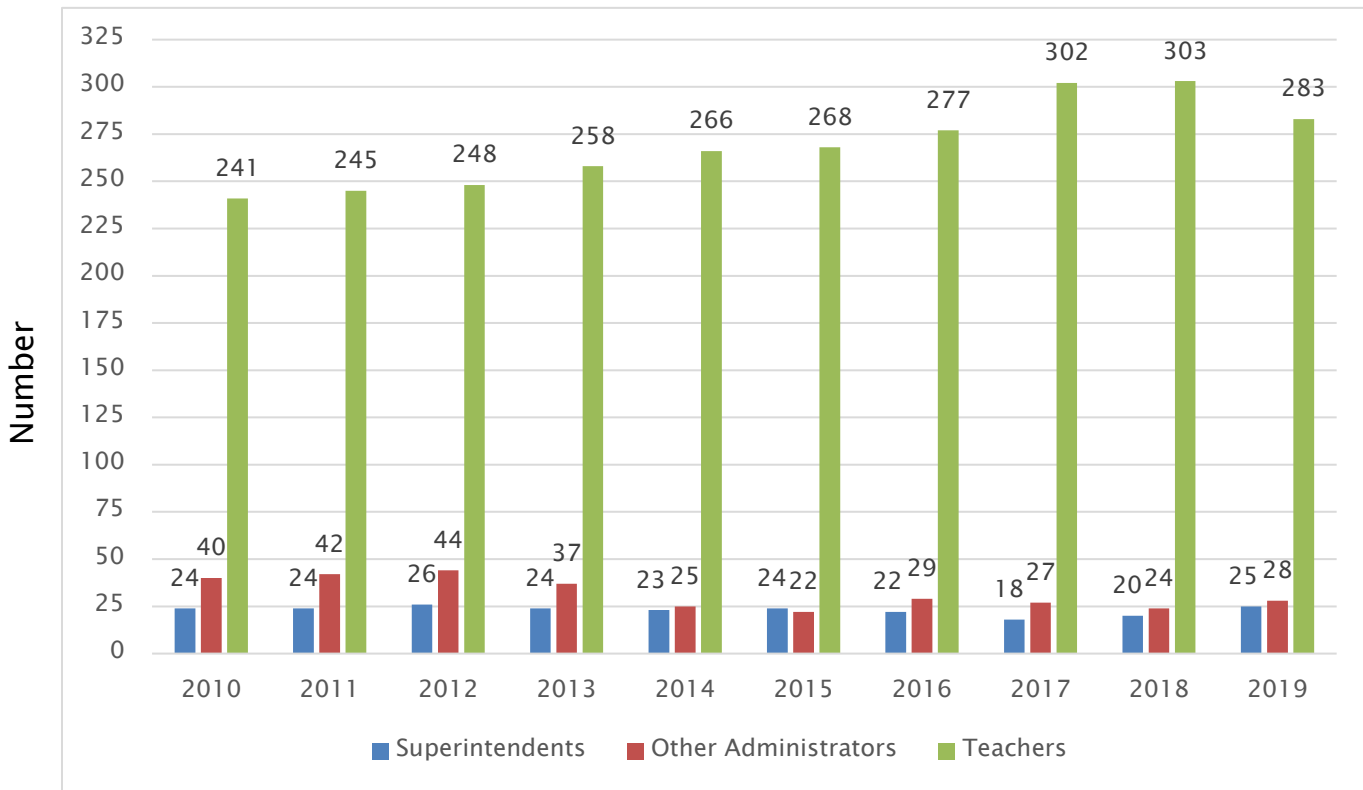
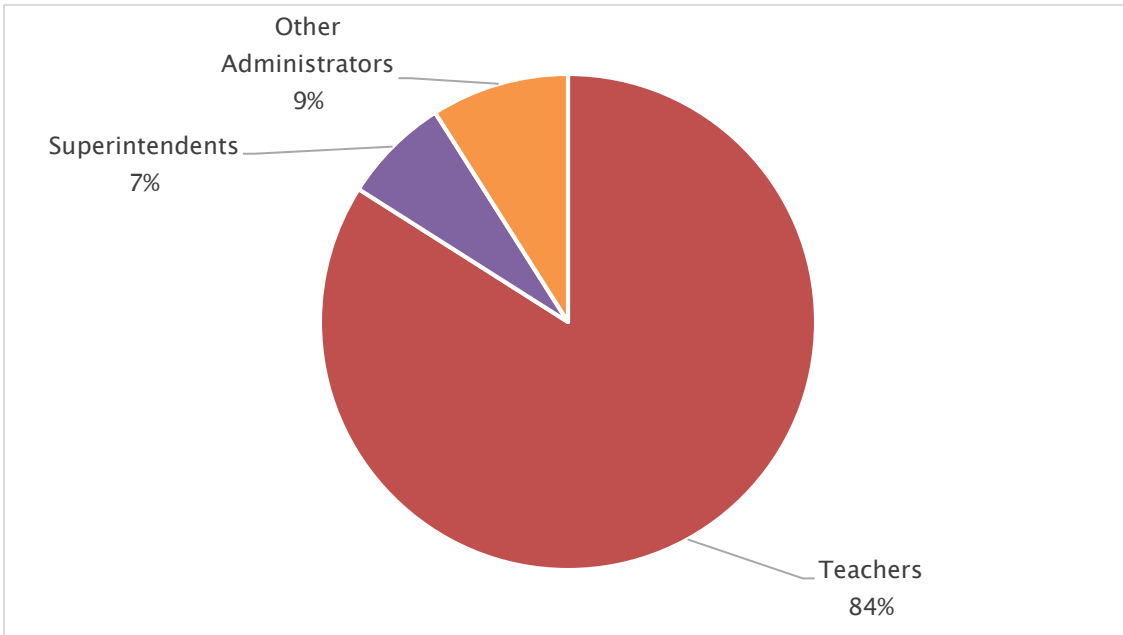
TFFR REEMPLOYED RETIREES 10 YRS. ENDING 6-30-19



TFFR REEMPLOYED RETIREES BY OPTION 2018-19



TFFR REEMPLOYED RETIREES BY JOB TYPE 2018-19



Year Ending June 30

TFFR REEMPLOYED RETIREES

BY SUBJECT/POSITION

2018-19

<u>Subject or Position</u>	Re-Employed Retirees		
	Full Time CSA/SR	Part Time Gen Rule	Total
Art	0	2	2
Business	2	6	8
Counseling	1	14	15
Elementary Ed	6	9	15
English/Reading	4	12	16
Extra-Curricular	0	38	38
FACS	1	3	4
Foreign Language	1	4	5
Health/Phy Ed	0	3	3
Library/Media	1	7	8
Math	1	6	7
Mentors, Strategists, Prof. Dev.	0	21	21
Music	4	7	11
Science	2	11	13
Social Studies/History	1	5	6
Special Ed/Title/LD/Speech *	6	42	48
Summer School/Driver's Ed	0	24	24
Tech Coordination/Tech Ed	1	5	6
Voc Ed/Adult Ed	1	22	23
Other Teachers	1	9	10
Total Retired Teachers	33	250	283
Superintendent	2	23	25
Principal/Asst. Supt.	0	6	6
Director/Coordinator	0	22	22
Total Retired Administrators	2	51	53
Total Reemployed Retirees	35	301	336

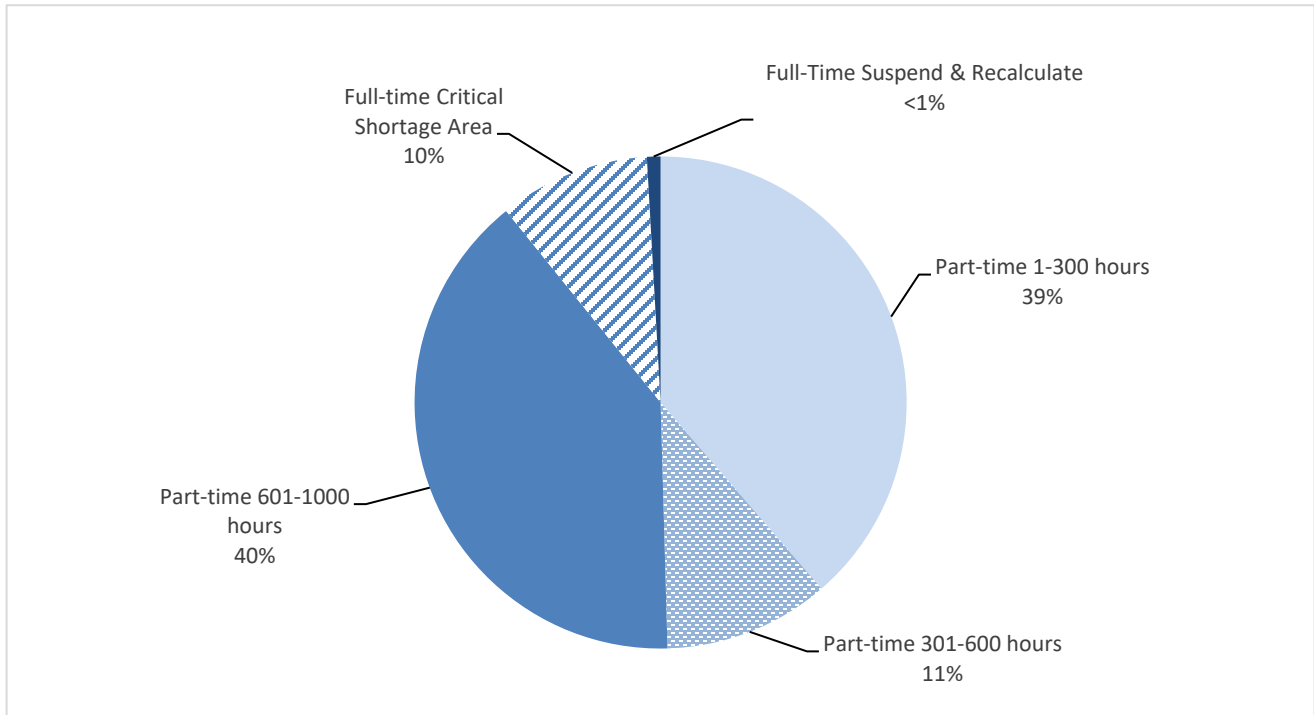
(8 teaching in 2 school districts & 2 teaching in 3 school districts)

*Special Ed	
LD	4
Speech Path/Ther	5
Spec Ed	22
Title	16
Hearing Impair	1

CSA = Critical Shortage Area

SR = Suspend & Recalc

TFFR REEMPLOYED RETIREES BY HOURS CONTRACTED 2018-19



Hours Contracted

Reemployed Retirees

Part Time – General Rule

	Number	Percent
1 – 300 hours	131	39
301 – 600 hours	36	11
601 – 1000 hours	134	40

Full Time

Critical Shortage Area	32	10
Suspend & Recalculate	<u>3</u>	<u><1</u>

Total Reemployed Retirees

336 **100%**

(8 teaching in 2 districts)

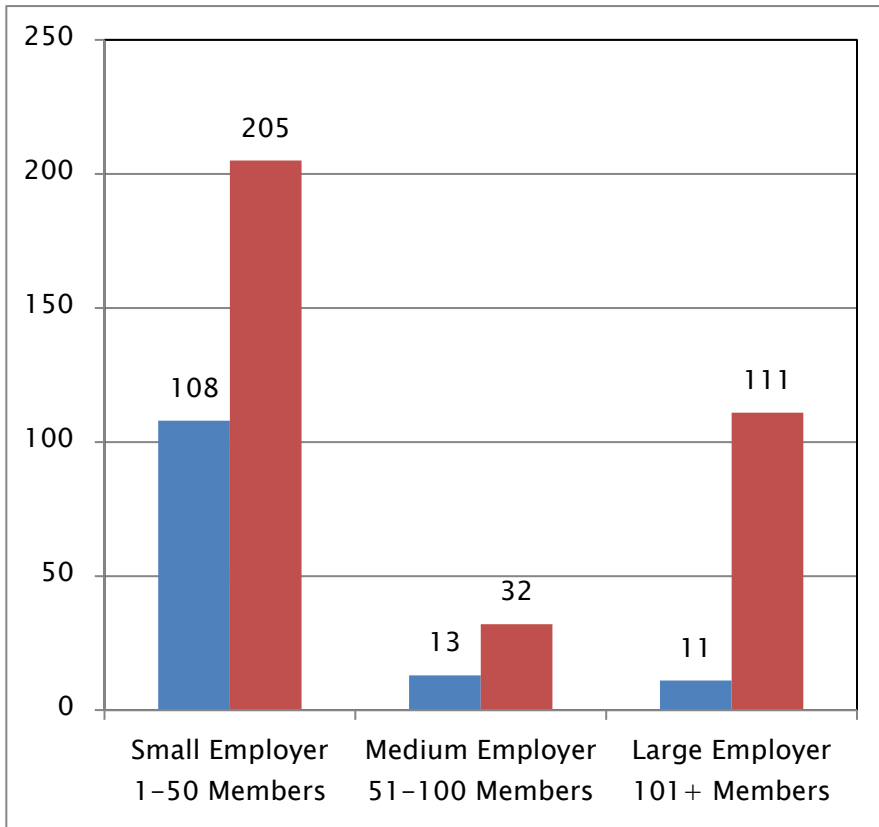
(2 teaching in 3 districts)

TFFR RE-EMPLOYED RETIREES BY EMPLOYER 2018-2019

School Districts	#	School Districts	#	School Districts	#
Alexander		Glenburn	1	Midkota	5
Anamoose	1	Goodrich	4	Midway	2
Apple Creek Elementary		Grafton	3	Milnor	1
Ashley		Grand Forks	25	Minnewauken	3
Bakker Elementary		Grenora		Minot	6
Barnes County North		Griggs County Central	2	Minto	1
Beach	1	Halliday	1	Mohall-Lansford-Sherwood	
Belcourt	3	Hankinson		Montpelier	2
Belfield	3	Harvey	1	Mott-Regent	1
Beulah	3	Hatton Eielson	1	Mt. Pleasant	1
Billings County School	2	Hazelton-Moffit		Munich	3
Bismarck	23	Hazen		Napoleon	2
Bottineau	3	Hebron	3	Naughton Rural	1
Bowbells		Hettinger	1	Nedrose	1
Bowman	2	Hillsboro	1	Nesson	1
Burke Central		Hope		New England	3
Carrington	1	Horse Creek Elementary		New Rockford-Sheyenne	
Cavalier	2	Jamestown	4	New Salem-Almont	2
Center-Stanton		Kenmare	1	New Town	4
Central Cass	1	Kensal	2	Newburg United	
Central Valley	1	Kidder County School Dist.	1	North Border School	4
Dakota Prairie		Killdeer	2	North Sargent	
Devils Lake	2	Kindred	3	North Star-Cando	3
Dickinson	4	Kulm		Northern Cass	
Divide County	1	Lakota	1	Northwood	
Drake		LaMoure	1	Oakes	
Drayton	5	Langdon	2	Oberon Elementary	1
Dunseith	2	Larimore	2	Page	
Earl Elementary		Leeds		Park River	2
Edgeley		Lewis and Clark	2	Parshall	1
Edmore	1	Lidgerwood		Pingree-Buchanan	1
Eight Mile		Linton	1	Powers Lake	3
Elgin/New Leipzig	1	Lisbon		Richardton-Taylor	2
Ellendale		Litchville-Marion		Richland	1
Emerado Elementary		Little Heart Elementary		Rolette	1
Enderlin Area School		Lone Tree Elementary		Roosevelt-Carson	2
Fairmount	1	Maddock	1	Rugby	3
Fargo	14	Mandan	3	Sargent Central	
Fessenden-Bowdon	1	Mandaree	2	Sawyer	
Finley-Sharon	1	Manning Elementary		Scranton	1
Flasher		Manvel Elementary	2	Selfridge	2
Fordville Lankin	1	Maple Valley	2	Solen-Canonball	
Fort Ransom Elementary	1	Mapleton Elementary		South Heart	1
Fort Totten	4	Marmarth Elementary	1	South Prairie	2
Fort Yates	2	Max		St. John's School	4
Gackle-Streeter	1	Mayville-Portland CG	3	St. Thomas	4
Garrison		McClusky	3	Stanley	
Glen Ullin		McKenzie County School Dist			
		Medina			
		Menoken Elementary			

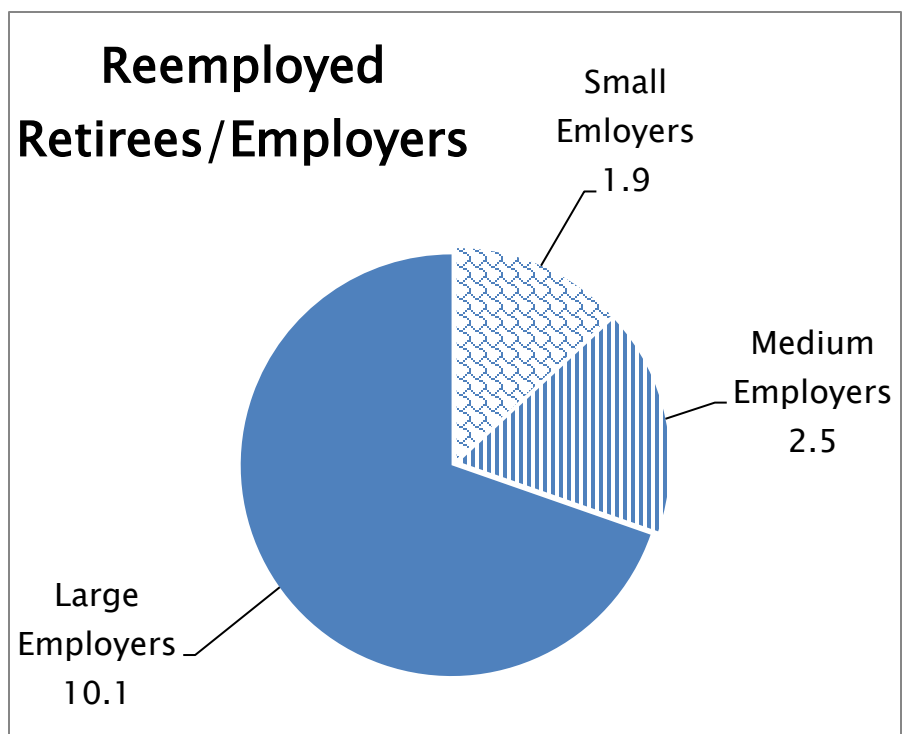
School Districts (cont)	#	Special Education Units	#	Other	#
Starkweather		Burleigh County Special Ed	3	Great NW Education Co-op	1
Sterling Elementary	1	East Central Special Ed	4	ND United	
Strasburg	1	GST Educational	2	Rough Rider Ed Services	1
Surrey	1	James River Special Ed		South East Education Co-op	2
Sweet Briar Elementary		Lake Region Special Ed			
TGU		Lonetree Special Ed	1		
Thompson		Northern Plains Special Ed			
Tioga		Oliver-Mercer Special Ed			
Turtle Lake-Mercer	2	Peace Garden Special Ed	2		
Twin Buttes Elementary	1	Pembina Special Ed		Total TFFR Participating Employers	213
Underwood	5	Rural Cass County Special Ed	1		
United		Sheyenne Valley Special Ed			
Valley-Edinburg	6	Souris Valley Special Ed			
Valley City	1	South Central Prairie Sp Ed		132 Employers Employing TFFR Retirees (62%)	
Velva	2	South Valley Special Ed			
Wahpeton		Southwest Special Ed			
Warwick	3	Upper Valley Special Ed	2		
Washburn	2	West River Student Services	4	336 TFFR Retirees Employed (8 retirees working in 2 school districts and 2 working in 3 school districts)	
West Fargo	23	Wil-Mac Special Ed	3		
Westhope	1				
White Shield	4				
Williams Co School Dist					
Williston	4				
Wilton	1	Vocational Centers			
Wing		N Central Area Career & Tech			
Wishek	2	N Valley Career & Tech Ctr	1		
Wolford	5	Roughrider Area Career/Tech	1		
Wyndmere		SE Region Career & Tech Ctr			
Yellowstone		Sheyenne Valley Area Voc Ctr			
Zeeland	1				
County Superintendents		State Agencies & Institutions			
Logan County		ND Center for Distance Ed	4		
McKenzie County	1	ND Dept of Public Instruction			
Morton County		ND School for the Blind			
Nelson County		ND School for the Deaf	1		
Slope County		ND Youth Correctional Center	1		
Ward County					

TFFR REEMPLOYED RETIREES BY EMPLOYER SIZE 2018-19



Empl Size	All Empl.	Empl w/ Re-empl Retirees	
Small	183	108	59%
Medium	17	13	76%
Large	13	11	85%
Total	213	132	62%

Employer Size	Re-empl Retirees	
Small	205	59%
Medium	32	9%
Large	111	32%
Total	348	100%



336 Retirees employed by 132 employers
(8 retirees working in 2 districts)
(2 retirees working in 3 districts)

Average All = 2.6 retirees/employer

Working After Retirement

After you retire, you may return to TFFR covered employment under employment limitations. The limits apply to TFFR covered employment which includes teaching, supervisory, and administrative services except for extra-curricular duties and professional development. The limits **do not** apply to:

- Teaching in public colleges and universities
- Teaching in private schools
- Employment outside of education
- Employment outside of ND

Non contracted substitute teaching does not apply to the annual hour limit. However, in-staff substitute teaching performed during an existing contracted period will apply to the annual hour limit.

To help you determine which return to work option best suits your needs, you should consider the following questions:

- How long have I been retired?
- How long do I plan to work?
- Do I plan to work full or part time?

Please also keep in mind that under both federal and state law, a teacher must terminate employment in order to be eligible to retire and receive retirement benefits. Therefore, at the time of retirement, there can be no written pre-existing agreement indicating re-employment after retirement. After the applicable waiting period (if any), should you decide to return to work, both you and your employer must complete a "TFFR Retired Member Employment Notification" form within 30 days of your employment. This form must be completed each year you return to teach.

Failure to notify TFFR that you have returned to TFFR covered employment will result in the loss of annuity benefits.

Because of the impact returning to work could have on your TFFR retirement benefits, we strongly encourage you to contact our office to discuss all of your options.

GENERAL RULE – ANNUAL HOUR LIMIT

After 30 days from your retirement date, you may return to TFFR covered employment for a maximum number of hours in a fiscal year (July 1 - June 30). You will continue to receive retirement benefits and employer and employee contributions will be paid on all retirement salary paid to the retiree including in-staff subbing, extra curricular and professional development pay based on the employer payment model. The additional employee contributions will be included in the retiree's account value but the monthly benefit will not be affected. The annual hour limit is based on the length of employment.

- 9-month contract = 700 hours
- 10-month contract = 800 hours
- 11-month contract = 900 hours
- 12-month contract = 1,000 hours

Example: Jane retires July 1, 2016, and begins TFFR retirement benefits. On August 1, she signs a 9-month contract with a ND school district to work 600 hours which allows her 100 hours for in-staff subbing. With the exception of extra-curricular duty and professional development, all compensated hours count toward the 700-hour limit. Jane and her employer submit a TFFR Retired Member Employment Notification form. Jane receives salary and employer and employee contributions are paid to TFFR on the teaching salary as well as any in-staff subbing, extra curricular or professional development pay. Jane continues to receive her retirement benefit while teaching part time. The additional employee contributions are added to the retiree's account balance but the monthly benefit is not affected.

Exception A – Critical Shortage Area

You may return to TFFR covered employment in an approved critical shortage area and exceed the annual hour limitation without losing your retirement benefits. If you retired on or prior to January 1, 2001, no waiting period is required.

RETIREE RETURN TO WORK OPTIONS AT A GLANCE

Retiree Return to Work Limitation	Waiting Period Required (Break in Service)	Length of Employment	TFFR Benefit Continued	TFFR Employee & Employer Contributions Paid	TFFR Benefit Amount Recalculated
General Rule – Annual hour limit	30 days from TFFR retirement date	Unlimited	Yes	Yes	No
Exception A: Critical shortage areas determined by ESPB Over annual hour limit	One Year- if your retirement date is after 1/1/2001 None- if your retirement date is on or before 1/1/2001	Dependent upon annual approval and verification of critical shortage area	Yes	Yes	No
Exception B: Benefit suspension and recalculation Over annual hour limit	30 days from TFFR retirement date	Unlimited	No Benefit suspended after annual hour limit is reached	Yes	Yes Recalculation based on the number of additional years of service

However, if your retirement date is after January 1, 2001, a one-year waiting period is required. You may perform non-contracted substitute teaching during the one-year waiting period. Critical shortage areas will be determined each year by the Education Standards and Practices Board (ESPB). Each year, you must re-apply for this exception. Like the General Rule, you will continue to receive retirement benefits, employer and employee contributions will be paid on all retirement salary based on the employer payment model. The additional employee contributions will be included in the retiree's account value but the monthly benefit will not be affected.

Example: John retires July 1, 2015 and begins TFFR retirement benefits. He does substitute teaching in 2015-16, then returns as a full time teacher on July 1, 2016, in an approved critical shortage area. John and his employer submit a TFFR Retired Member Employment Notification form. John receives salary and employer and employee contributions are paid to TFFR on all retirement salary. John continues to receive his retirement benefit while working full time in a critical shortage area. The additional employee contributions are added to the retiree's account value but the monthly benefit is not affected.

EXCEPTION B – BENEFIT SUSPENSION AND RECALCULATION

After 30 days from your retirement date, you may return to TFFR covered employment and exceed the annual hour limitation. Under this option, employer and employee contributions will be paid on all retirement salary before and after the benefit suspension based on the employer's payment model. Your TFFR benefits will be suspended the first of the month following the month you reach the annual hour limit. Upon re-retirement, your benefits may be recalculated. If you re-retire with:

- Less than 2 years of additional earned service credit – you will receive the discontinued benefit plus benefit increases granted during the benefit suspension and a refund of employee contributions paid after the

benefit suspension plus interest. The employee contributions paid prior to the benefit suspension will be added to the retiree's account value.

- 2-5 years – you will receive the greater of the discontinued annuity, plus additional years at the current multiplier, plus benefit increases granted during the suspension, OR all the years recalculated at the current multiplier, less an actuarial offset for the amount of benefits already paid. All employee contributions will be added to the retiree's account value.
- 5 or more years – you will receive the greater of the calculation above or the retirement benefit recalculated using all the years at the current multiplier with no actuarial offset. All employee contributions will be added to the retiree's account value.

This brochure is a summary of NDCC 15-39.1-19.1 and is not intended to provide total information concerning employment after retirement. More detailed information may be obtained by contacting:

ND RETIREMENT AND INVESTMENT OFFICE

1930 Burnt Boat Drive
P.O. Box 7100
Bismarck, ND 58507-7100

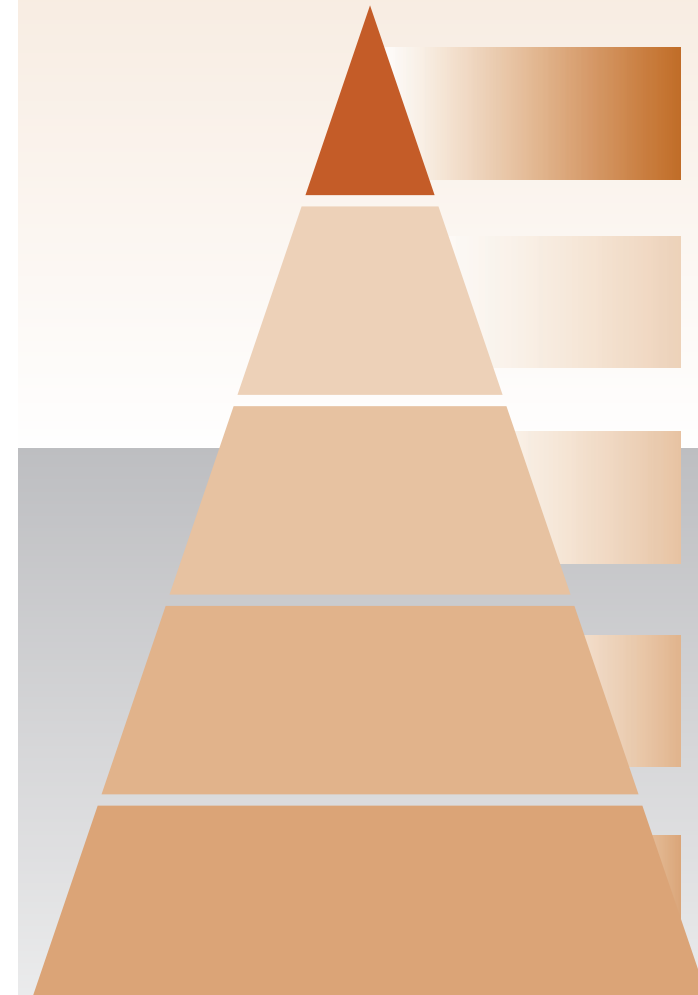
Phone: 1-701-328-9885
Toll free: 1-800-952-2970
www.nd.gov/rio

In compliance with the Americans with Disabilities Act, this document can be provided in alternate formats. Contact the administrative office to request an alternate format.

Effective 4/2016

North Dakota Teachers' Fund For Retirement

WORKING AFTER RETIREMENT



NDTFFR Board 2021 Legislative Planning

January 23, 2020



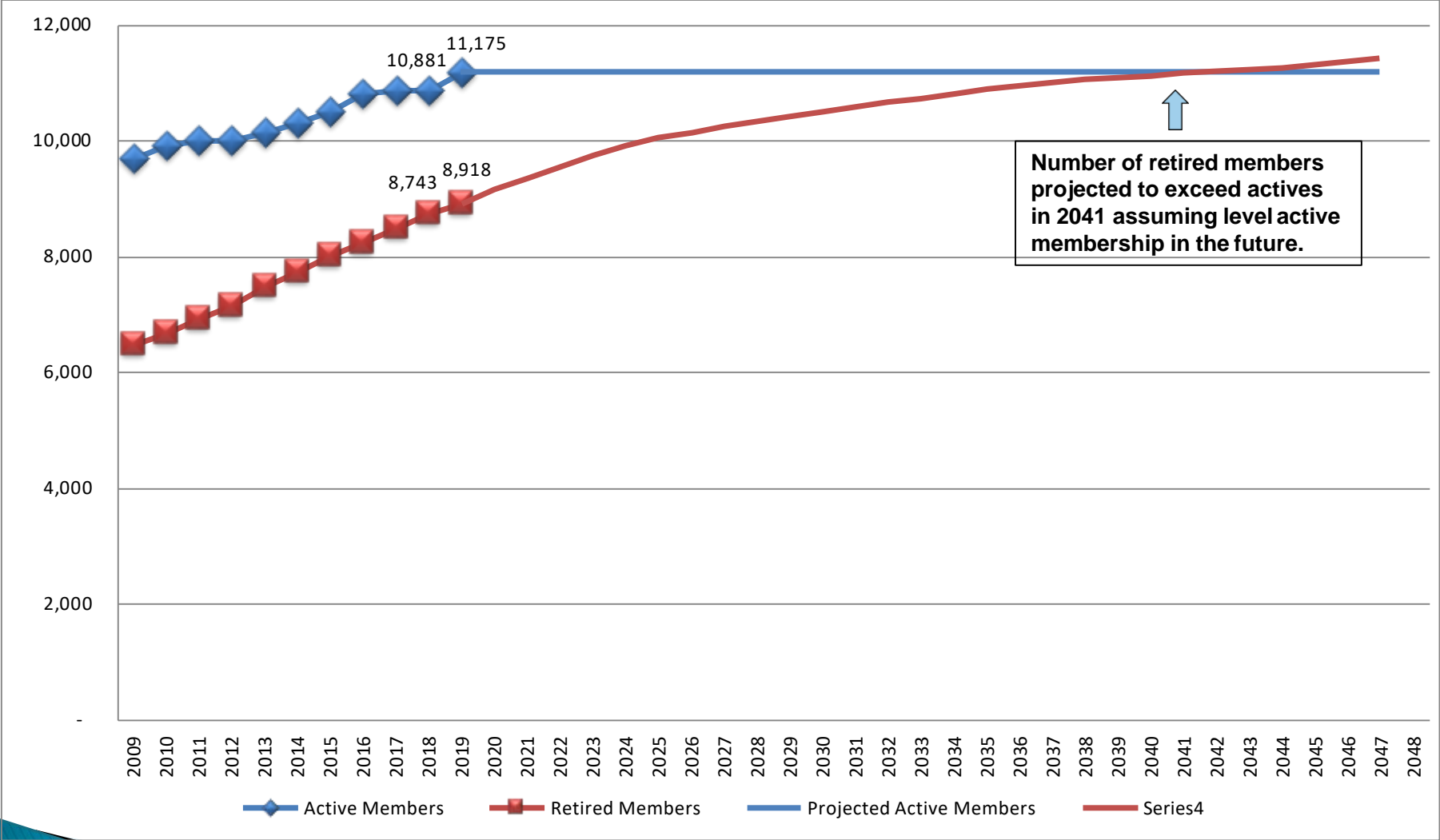
Legislative Time Line

- ▶ Jan – March 2020
 - TFFR Board Legislative Planning
- ▶ April 1, 2020
 - Deadline to submit bill drafts to Legislative Employee Benefits Programs Committee (LEBPC) for study.
- ▶ April – November 2020
 - LEBPC study of legislative proposals, actuarial and technical analysis, public hearings, and Committee recommendation (favorable, unfavorable, no rec)
- ▶ December 10, 2020
 - Deadline for agencies and bill sponsors to file bills with Legislative Council for 2021 legislative session
- ▶ January 5 – April 28, 2021
 - 67th Legislative Assembly in Session

Current NDTFFR Defined Benefit Plan

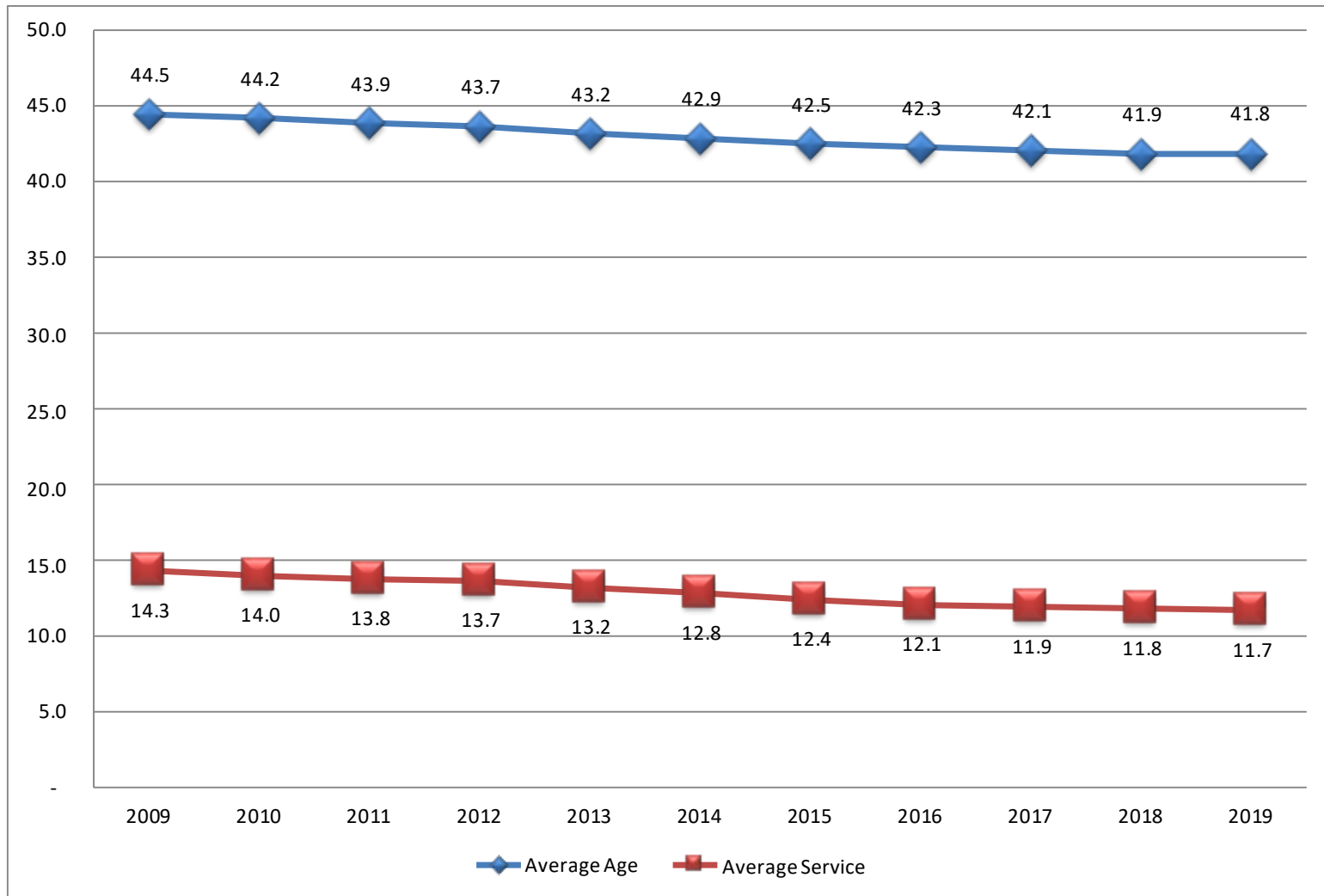
»» Based on 2019 valuation data

Active and Retired Membership



Since 2009, number of retirees and beneficiaries has increased 3.3% per year on average.

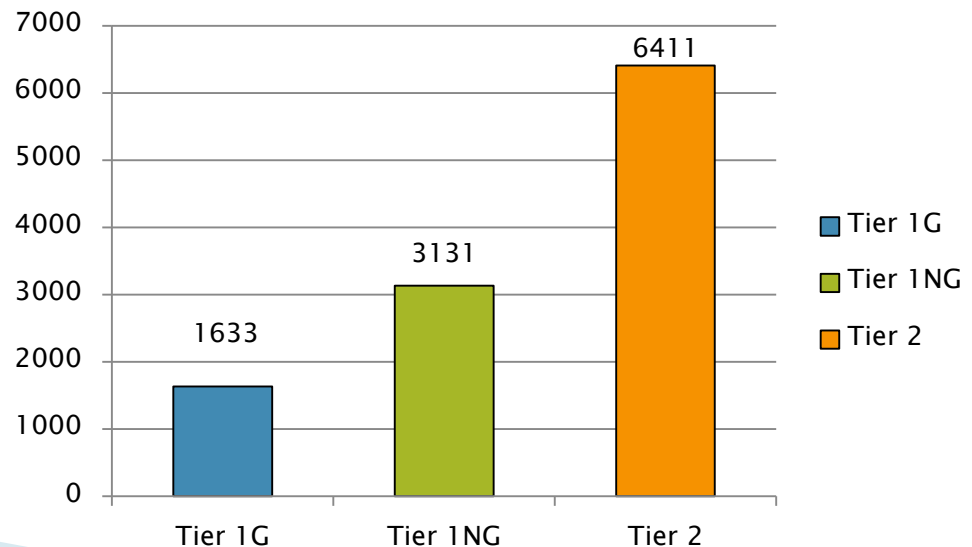
Average Age and Service of Active Members



TFFR Membership Tiers

- ▶ **Tier 1 – Members who have service credit prior to 7/1/08**
 - Grandfathered – Members who on 6/30/13 were within 10 years of retirement eligibility (age 55+ or Rule of 65+)
 - Non-grandfathered – Members who on 6/30/13 were more than 10 years away from retirement eligibility (less than Rule of 65).
- ▶ **Tier 2 – Members employed on or after 7/1/08**

Total Active
Members
11,175



Summary of TFFR Pension Benefits for Membership Tiers

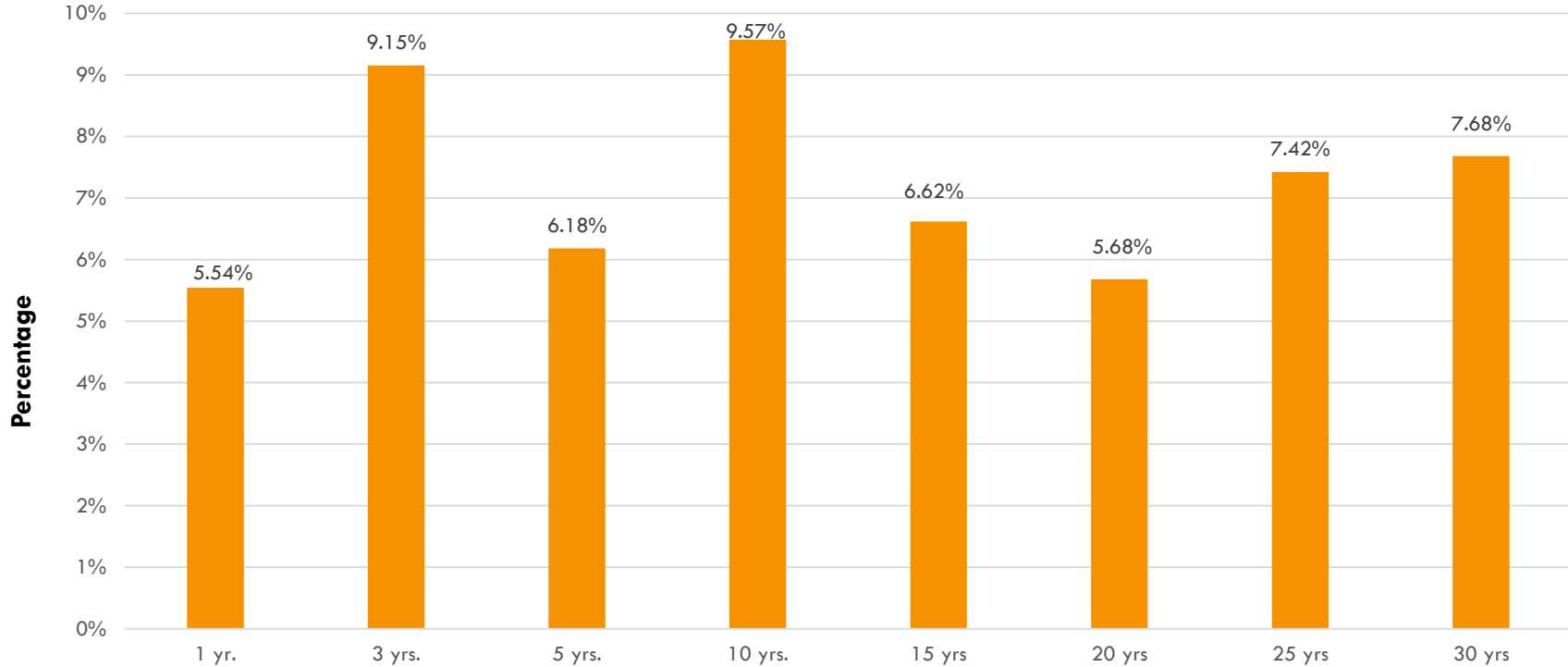
	Tier 1 Grandfathered Member	Tier 1 Non-Grandfathered Member	Tier 2 Member
Vesting Period	3 years	3 years	5 years
Unreduced Retirement Eligibility			
Minimum Age	No	60	60
AND Rule	Rule of 85	Rule of 90	Rule of 90
OR Normal Retirement Age	65	65	65
Reduced Retirement Eligibility			
Minimum Age	55	55	55
Reduction Factor	6%	8%	8%
Retirement Formula Multiplier	2%	2%	2%
x Final average salary (high salaries of career)	3 year FAS	3 year FAS	5 year FAS
x Service Credit	Total Years	Total Years	Total Years
Disability Retirement	Yes	Yes	Yes
Retirement formula multiplier (2%) X FAS X total years			
Death/Survivor Benefits	Yes	Yes	Yes
Refund of account value or life annuity to survivor based on member's vesting status.			

Contribution Rates

RATES %	Employer	Member	Total	Increase
1997 – 2008	7.75%	7.75%	15.5%	--
7/1/08	8.25%	7.75%	16.0%	+0.5%
7/1/10	8.75%	7.75%	16.5%	+0.5%
7/1/12	10.75%	9.75%	20.5%	+4.0%
7/1/14	12.75%	11.75%	24.5%	+4.0%

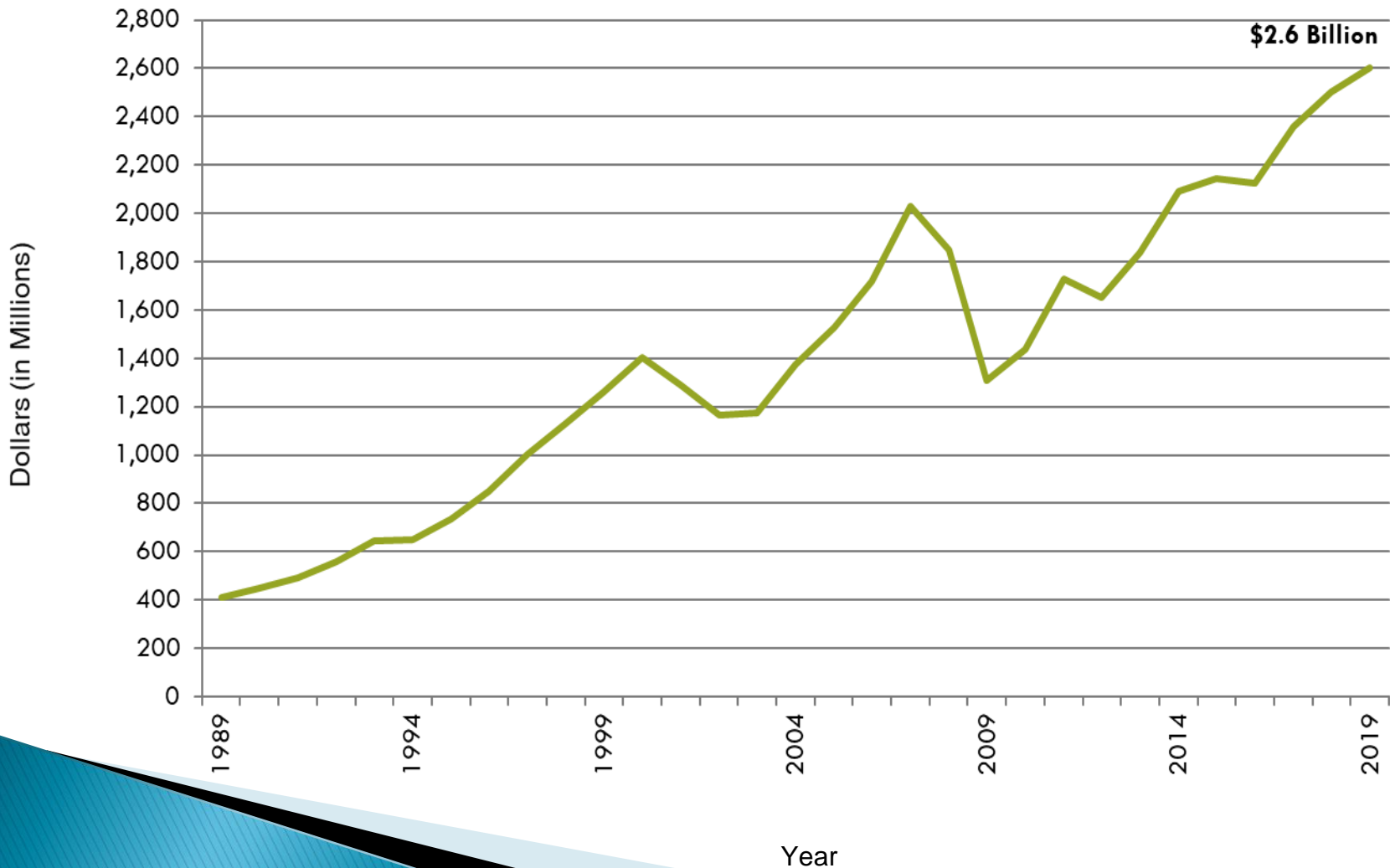
Note: 2011 legislation increased contribution rates to improve TFFR funding. Increased rates will be in effect until TFFR reaches 100% funded ratio, then rates will be reduced to 7.75% each.

TFFR Net Investment Performance – Average Fiscal Year Ended June 30, 2019



Note: The investment returns shown were calculated by the SIB investment consultant. This calculation uses daily time-weighted cash flows in compliance with Global Investment Performance Standards (GIPS). These returns differ from the returns calculated by the actuary. The actuary calculation uses a very simplified approach with annual income and valuation data obtained by the actuary at the end of each fiscal year.

Fair (Market) Value of TFFR Assets 1989-2019



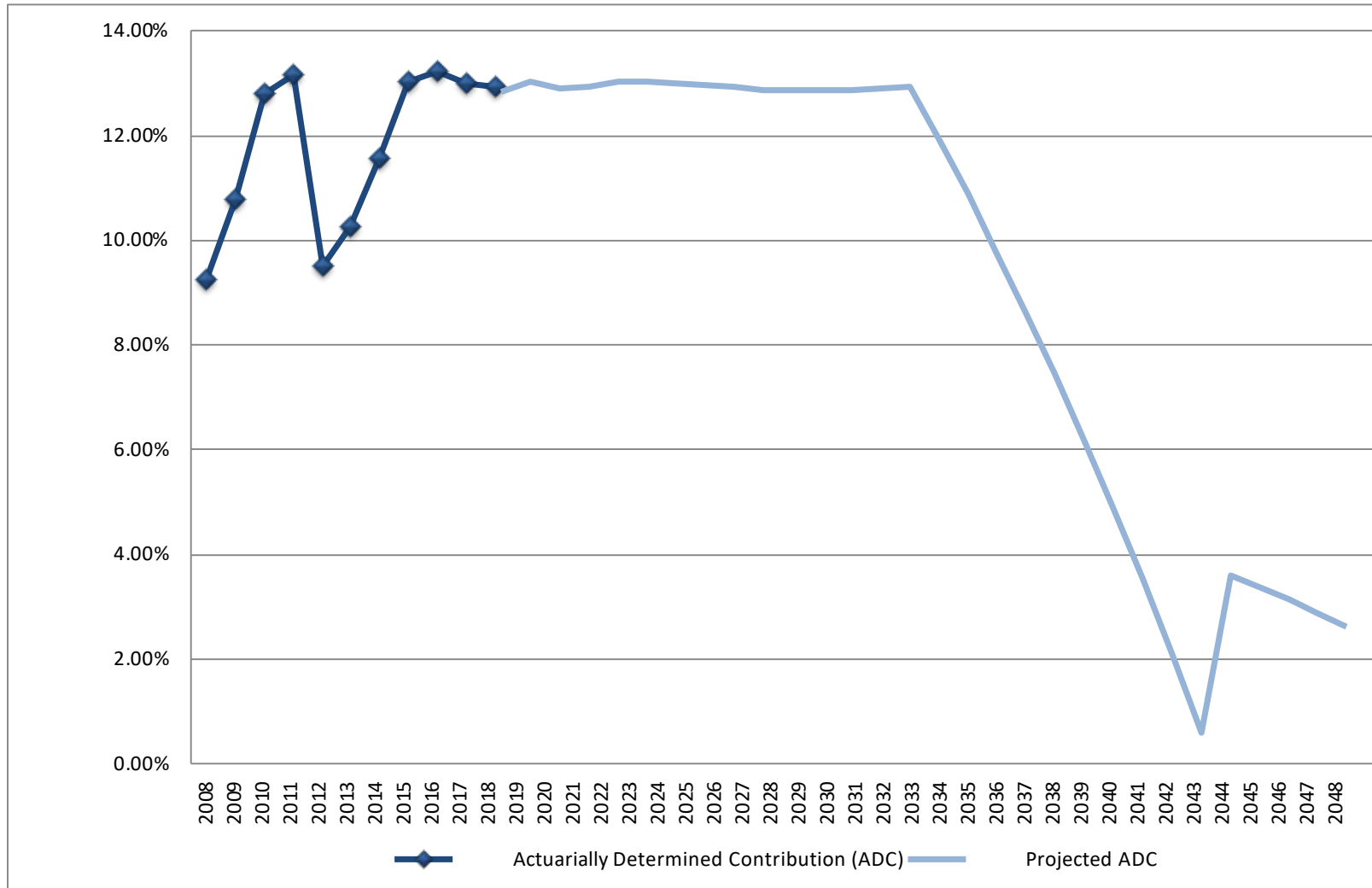
Valuation Results (\$ in millions)

	July 1, 2019	July 1, 2018
Actuarial Accrued Liability:		
• Active Members	\$1,570	\$1,538
• Inactive Members	110	104
• Retirees and Beneficiaries	<u>2,314</u>	<u>2,222</u>
Total	\$3,993	\$3,864
Actuarial Assets	<u>2,636</u>	<u>2,526</u>
Unfunded Accrued Liability	\$1,358	\$1,337
Funded Ratio	66.0%	65.4%

Actuarially Determined Contribution

	For the Year Beginning	
	July 1, 2019	July 1, 2018
Normal Cost Rate	11.87%	11.95%
Member Rate	<u>11.75%</u>	<u>11.75%</u>
Employer Normal Cost Rate	0.12%	0.20%
Amortization of UAAL	<u>12.72%</u>	<u>12.74%</u>
Actuarially Determined Contribution	12.84%	12.94%
Statutory Employer Rate	12.75%	12.75%
Contribution Sufficiency/(Deficiency)	(0.09%)	(0.19%)

Actuarially Determined Contribution

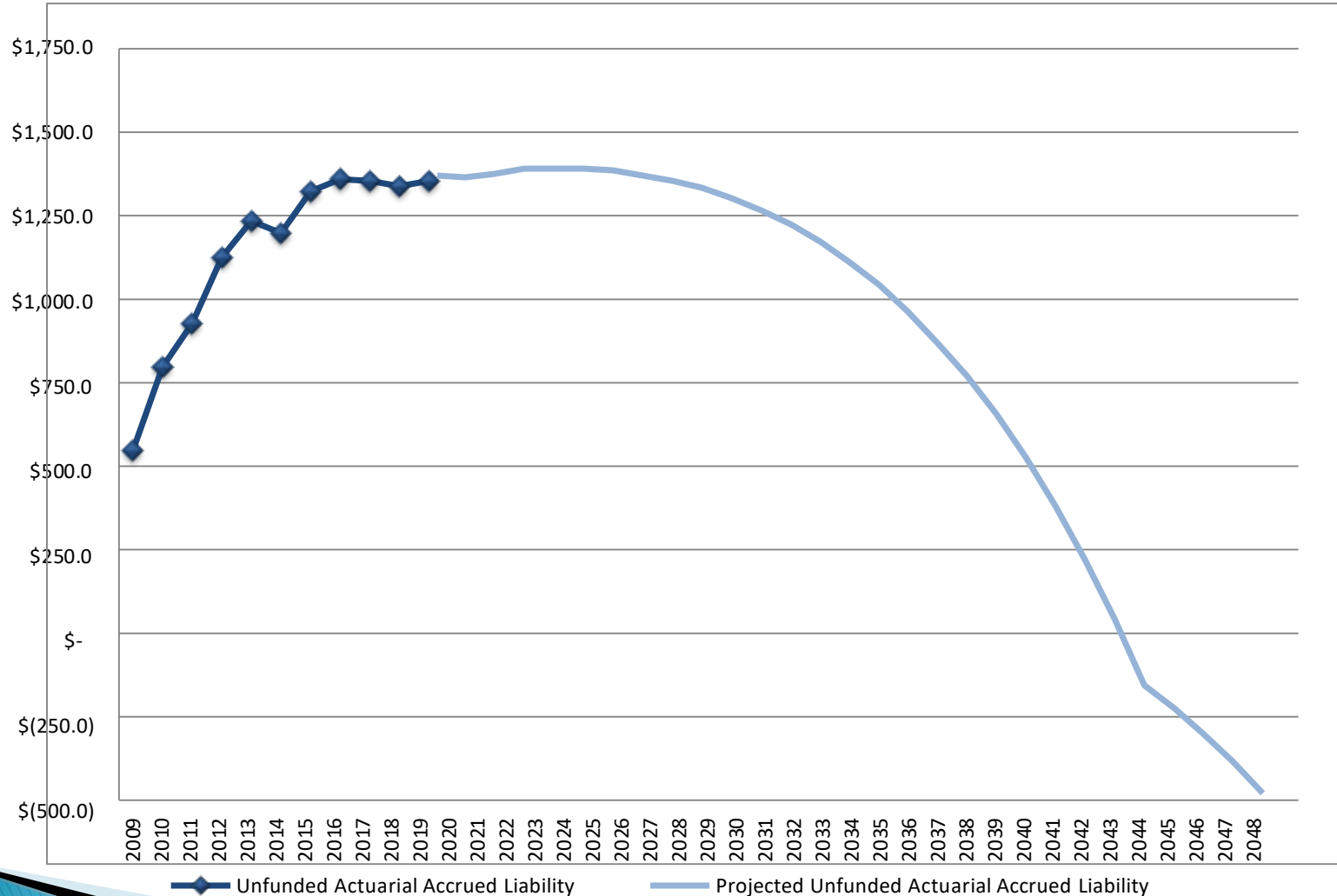


- For 2008 - 2013, the calculation of the ADC was based on a 30-year open level percentage of payroll amortization. Beginning in 2013, the period is 30-year closed. In 2033, when the remaining period reaches 10 years, it is assumed to operate as 10-year open
- 2012 and 2013 reflect the actuarial present value of contribution increases effective July 1, 2014.

Projection based on all assumptions, including 7.75% investment return, realized as expected

Unfunded Actuarial Accrued Liability

\$ Millions

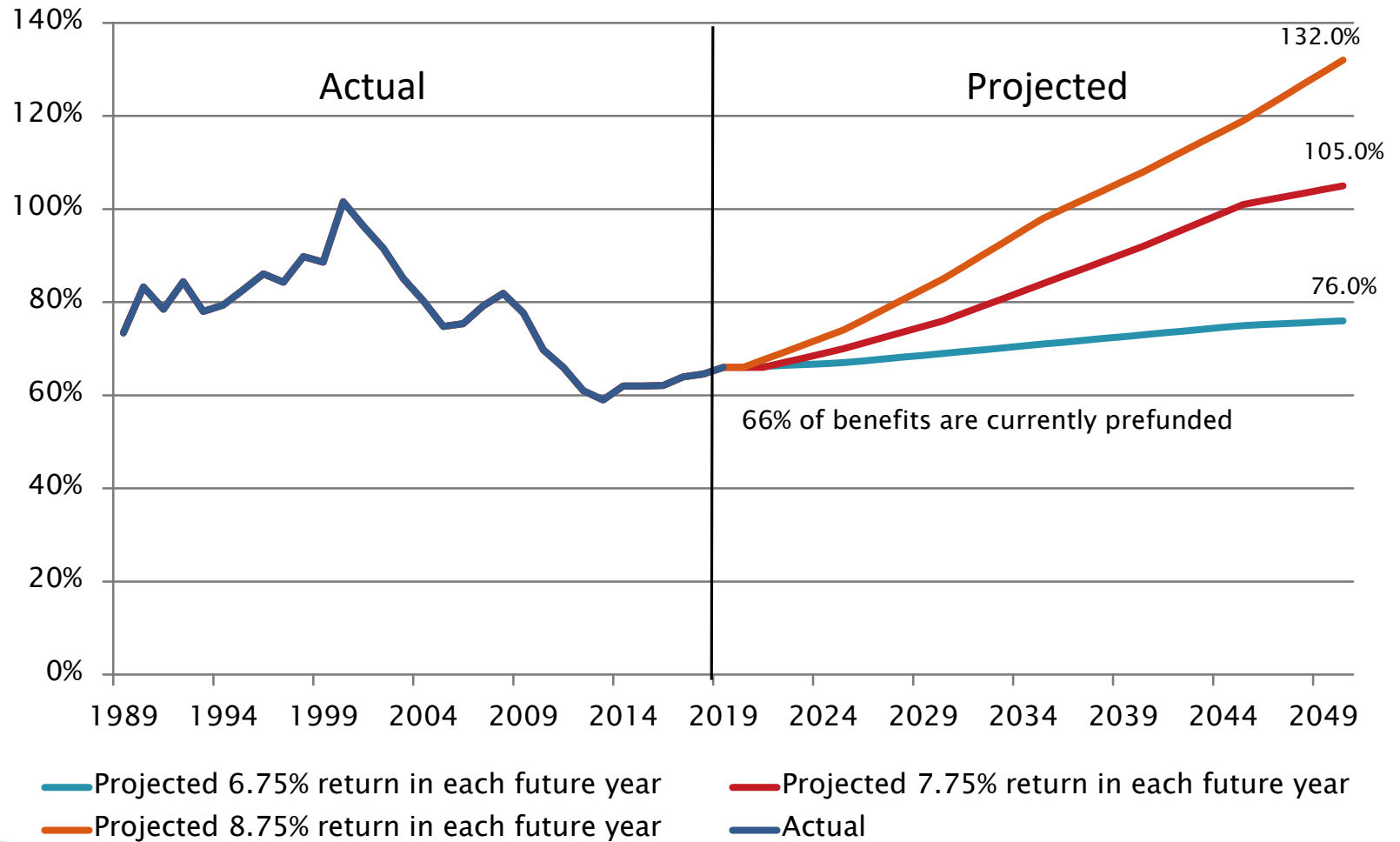


Projection based on all assumptions, including 7.75% investment return, realized as expected

Funding Sensitivity Projections

- ▶ Funding projections provide information on what future funding might look like, and also their value relative to the current valuation date.
- ▶ Deterministic projections are based on a defined set of inputs.
 - Example: If investment actuarial assumption is met, then what is the result on funding?
- ▶ Projections of estimated funded ratios for 30 years
 - Additional projections assuming Fund earns 6.75%, 7.75% or 8.75% per year every year
 - Administrative expenses increase by 2.75% each year
 - All other experience is assumed to emerge as expected

TFFR Funded Ratio: Actual and Projected



Projected Funded Ratios (AVA Basis) Actual Returns +1% or -1% of Assumed

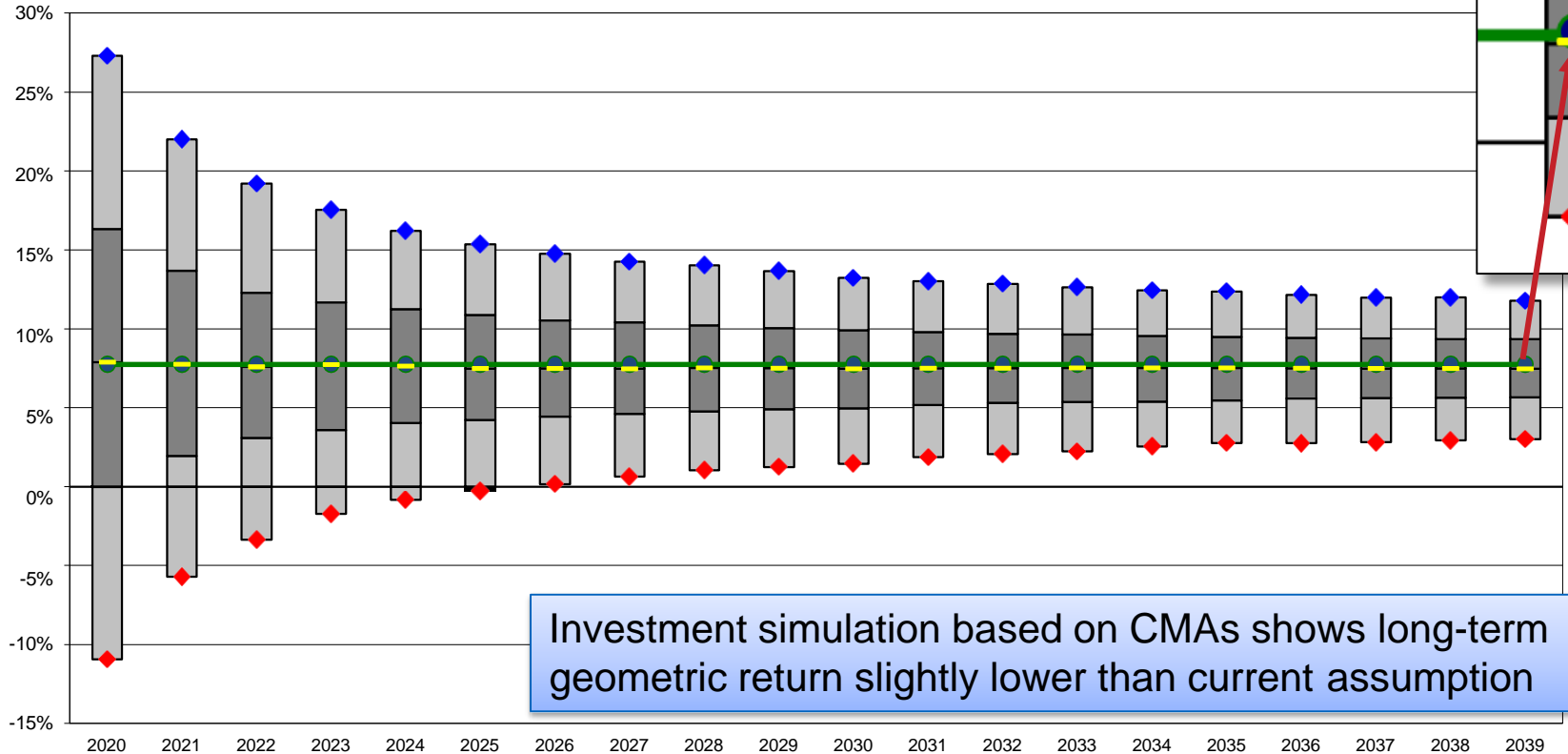
Valuation Year	6.75% Return in Each Future Year	7.75% Return in Each Future Year	8.75% Return in Each Future Year
2019	66%	66%	66%
2020	66%	66%	67%
2021	66%	67%	68%
2022	66%	68%	70%
2023	67%	69%	72%
2024	67%	70%	74%
2029	69%	76%	85%
2034	71%	84%	98%
2039	73%	92%	108%
2044	75%	101%	119%
2049	76%	105%	132%

Plan Management Policy

- ▶ Objective criteria have been established to evaluate financial health of TFFR
- ▶ Market volatility and contribution inadequacy risks are illustrated through stochastic modeling
- ▶ Board is able to evaluate the probabilities of future funded ratios
- ▶ Serves as an advance warning tool.
- ▶ TFFR Plan Management Policy is a more robust way to evaluate the ongoing health and sustainability of TFFR.

Investment Return

Projected Cumulative Investment Return for Plan Years Ending June 30



Investment simulation based on CMAs shows long-term geometric return slightly lower than current assumption

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
◆ 95th	27.3%	22.0%	19.2%	17.5%	16.2%	15.4%	14.8%	14.3%	14.0%	13.7%	13.2%	13.0%	12.9%	12.6%	12.4%	12.4%	12.2%	12.0%	12.0%	11.8%
— 75th	16.3%	13.7%	12.3%	11.7%	11.2%	10.9%	10.5%	10.4%	10.2%	10.0%	9.9%	9.8%	9.7%	9.7%	9.6%	9.5%	9.4%	9.4%	9.4%	9.4%
--- 50th	7.9%	7.8%	7.6%	7.7%	7.7%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
— 25th	0.0%	1.9%	3.1%	3.6%	4.0%	4.2%	4.4%	4.6%	4.8%	4.9%	5.0%	5.2%	5.3%	5.4%	5.4%	5.5%	5.6%	5.6%	5.7%	5.7%
◆ 5th	-10.9%	-5.7%	-3.4%	-1.7%	-0.8%	-0.3%	0.2%	0.6%	1.0%	1.3%	1.5%	1.9%	2.1%	2.3%	2.6%	2.8%	2.8%	2.8%	2.9%	3.0%
●	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%

● Current investment return assumption

Metrics for Plan Management Policy Scoring

➤ **Current funded ratio**

- The Fund's current funded ratio is one of the most visible metrics
- A high current funded ratio should be recognized in the scoring

➤ **Downside funded ratio in 2030**

- In the short-term, the Fund should avoid an “undesirable” funded ratio with relatively high probability

➤ **Target funded ratio in 2040**

- Over a longer term, the Fund should be on the path to achieving its goals with reasonable probability

➤ **Improvement in funded ratio over a 10-year period**

- Regardless of where the Fund sits today, it should seek an increasing funded ratio over time

➤ **Ability to recover from/withstand a market downturn**

- In situations where the financial markets experience a downturn, the scoring should recognize when the funded ratio improves relative to the impact after the downturn

For purposes of the Policy scoring, the market value of assets is used when determining the funded ratio.

2019 Policy Scoring

Criteria 1	<p>Current year funded ratio is <u>66%</u></p> <ul style="list-style-type: none"> • If current ratio is 90% or higher: +3 • If current ratio is between 80% to 90%: +2 • If current ratio is between 70% to 80%: +1 • If current ratio is less than 70%: +0 	+0
Criteria 2	<p><u>37%</u> probability of funded ratio <65% in 2030</p> <ul style="list-style-type: none"> • Under 65% funded ratio with less than 20% probability: +3 • Under 65% funded ratio with less than 30% probability: +2 • Under 65% funded ratio with less than 40% probability: +1 • Under 65% funded ratio with more than 40% probability: +0 	+1
Criteria 3	<p><u>51%</u> probability of funded ratio >80% in 2040</p> <ul style="list-style-type: none"> • 85% or higher with more than 50% probability: +4 (47% probability) • 80% or higher with more than 50% probability: +3 (51% probability) • 75% or higher with more than 50% probability: +2 (56% probability) • 70% or higher with more than 50% probability: +1 (60% probability) • Not more than 70% with more than 50% probability: +0 	+3
Criteria 4	<p><u>55%</u> probability of improvement over 10 years</p> <ul style="list-style-type: none"> • Funded ratio improves by +5% over 10 years with 66% probability: +2 • Funded ratio improves by +5% over 10 years with 50% probability: +1 • Ratio does not improve by +5% over 10 years with 50% probability: +0 	+1
Criteria 5	<p><u>39%</u> probability of recovering from market downturn*</p> <ul style="list-style-type: none"> • Funded ratio after downturn improves by +5% over 10 years with 50% probability: +2 • Funded ratio after downturn improves by +5% over 10 years with 33% probability: +1 • Ratio after downturn does not improve by +5% over 10 years with 33% probability: +0 	+1
		<hr/>
		+6

* 892 scenarios contain -10% average or worse over 2 years (in the first 10 years), 346 of which “recover”

Summary Score based on 2019 Valuation

➤ Composite summary score equal to 6

Assessment:

Summary score of 11 to 14:

Objectives being met or likely to be met

Summary score of 7 or 10:

Objectives may be met over longer period

Summary score of 4 to 6:

Continue to monitor

Summary score of 0 to 3:

Changes should be considered

Based on a summary score of 6: Orange



The summary score has not changed from last year's valuation results. However, the summary score will be updated based on the results of the experience study currently in progress.

Notable Differences from Prior Analysis

- The 2019 Horizon Survey CMAs result in a lower 50th percentile long-term geometric return compared to the 2018 study
 - 7.47% versus 7.55%
- The liability projection from the 2019 actuarial valuation is negligibly higher compared to the projection based upon the 2018 actuarial valuation
 - Demographic experience during fiscal 2019 had a very minor impact on the modeling results
- For the most part, the probabilities on which the scoring is based remained similar to the prior analysis
 - Notably, for Criteria 3, where +3 points is given in both this analysis and the prior analysis, the probability of the funded ratio >80% in 2040 decreased from 53% to 51%
 - 50% is the threshold cutoff, so this is a criteria that is close to moving from a “+3” to a “+2”

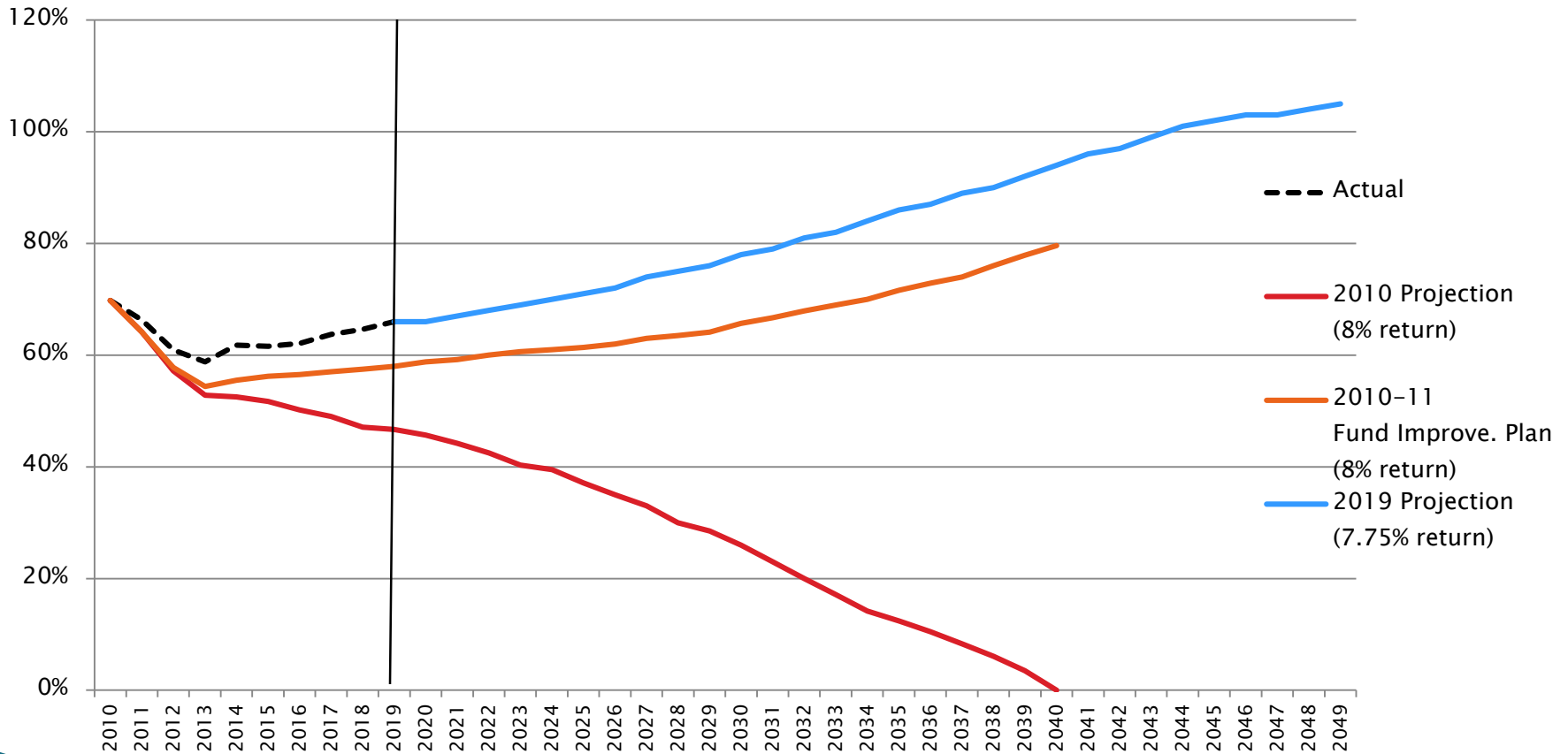
2021 Legislative Planning

2009–10 TFFR Funding Improvement Study

Core Principles

- ▶ Restore the financial health of the TFFR plan for past, present, and future ND educators.
- ▶ Maintain adequate retirement security.
- ▶ Share responsibility for funding improvement with active and retired members and employers.
- ▶ Phase changes over time.
- ▶ Protect benefits of those employees closest to retirement.

TFFR Funded Ratio Projections Then (2010) and Now (2019)



2021 – TFFR Contribution or Benefit Changes?

- ▶ Investment simulation based on 2019 CMAs shows long-term geometric return of 7.47% (at 50th percentile) is lower than 7.55% return in 2018 simulation. Both are lower than TFFR's current 7.75% actuarial assumption. If future returns are less than 7.75% assumption, funding levels will decline OR will take longer to improve (currently 66%).
- ▶ Experience Study is being conducted in 2020. It is expected the actuary will recommend lowering the 7.75% assumed rate, along with other possible assumption changes which could impact TFFR funded ratio.
- ▶ 2019 Plan Management Score is 6 (no change from 2018) meaning Board should continue to closely monitor plan funding. Plan Management score will be updated after Experience Study.
- ▶ **What could impact need for additional contribution or benefit changes in the future?**
 - Future investment returns lower than 7.75% assumption.
 - Future actuarial assumption changes – i.e. lowering investment return assumption.
 - Future actuarial experience – higher salaries, more retirements, improved mortality, etc. that negatively impact plan.
 - Future legislative actions that might result in funding declines.
- ▶ **FUTURE UNKNOWN** – Closely monitor events/actions that could affect TFFR funding levels.

Most Common Member and Employer Concerns

- 1) High member and employer contribution rates that won't be reduced for many years – current law requires rates to be reduced to 7.75% each when TFFR reaches 100% funded level.**
- 2) Retiree re-employment provisions – current law requires retiree and employer contributions, maximum annual hours limit unless critical shortage area, and no benefit recalculation unless benefit is suspended.**
- 3) No retiree benefit increase – CABA approved in 2001; one time supplemental payment in 2009.**

1) Reduce Member and Employer Contribution Rates Sooner (NDCC 15-39.1-09)

Options that have been mentioned to improve TFFR funding or change timing of rate reduction:

- ▶ Reduce contribution rates when plan reaches 80% or 90% funded level – current target is 100%
- ▶ Reduce interest earned on member contributions – currently 6%
- ▶ New benefit tier for new hires with reduced benefits
 - Reduce benefit formula multiplier – currently 2.0%
 - Increase vesting period and final average salary calculation period – currently 5 years
 - Extend normal (unreduced) retirement eligibility – currently minimum age 60 with Rule of 90 or age 65
 - Other??

Note: NDPERS provisions for new employees hired in 2020: reduced benefit multiplier of 1.75% ; and 1.14% employer contribution to Retiree Health Insurance Credit (RHIC) is reallocated to funding of PERS plan.

2) Modify Retiree Re-employment Provisions (NDCC 15-39.1-19.1 and 19.2)

Options that have been mentioned:

- ▶ Eliminate payment of re-employed retiree and/or employer contributions
- ▶ Increase benefit for re-employed retiree based on additional salary and service
- ▶ Remove or increase maximum annual hours limit under General Rule
- ▶ Remove 1 year break-in- service for critical shortage area exemption
- ▶ Clarify/change how subbing affects retiree re-employment
- ▶ Clarify that license and written agreement requirement for nonretired members does not apply to retired members who return to covered employment
- ▶ Other??

3) No Retiree Benefit Increase

Options that have been mentioned to fund retiree benefit increase:

- ▶ TFFR trust fund assets – excess investment earnings

- ▶ Other Funds
 - Legacy Fund
 - Strategic Investment and Improvements Fund (SIIF)
 - General Fund

- ▶ Other??

2021 – Other Plan Design or Administrative Changes?

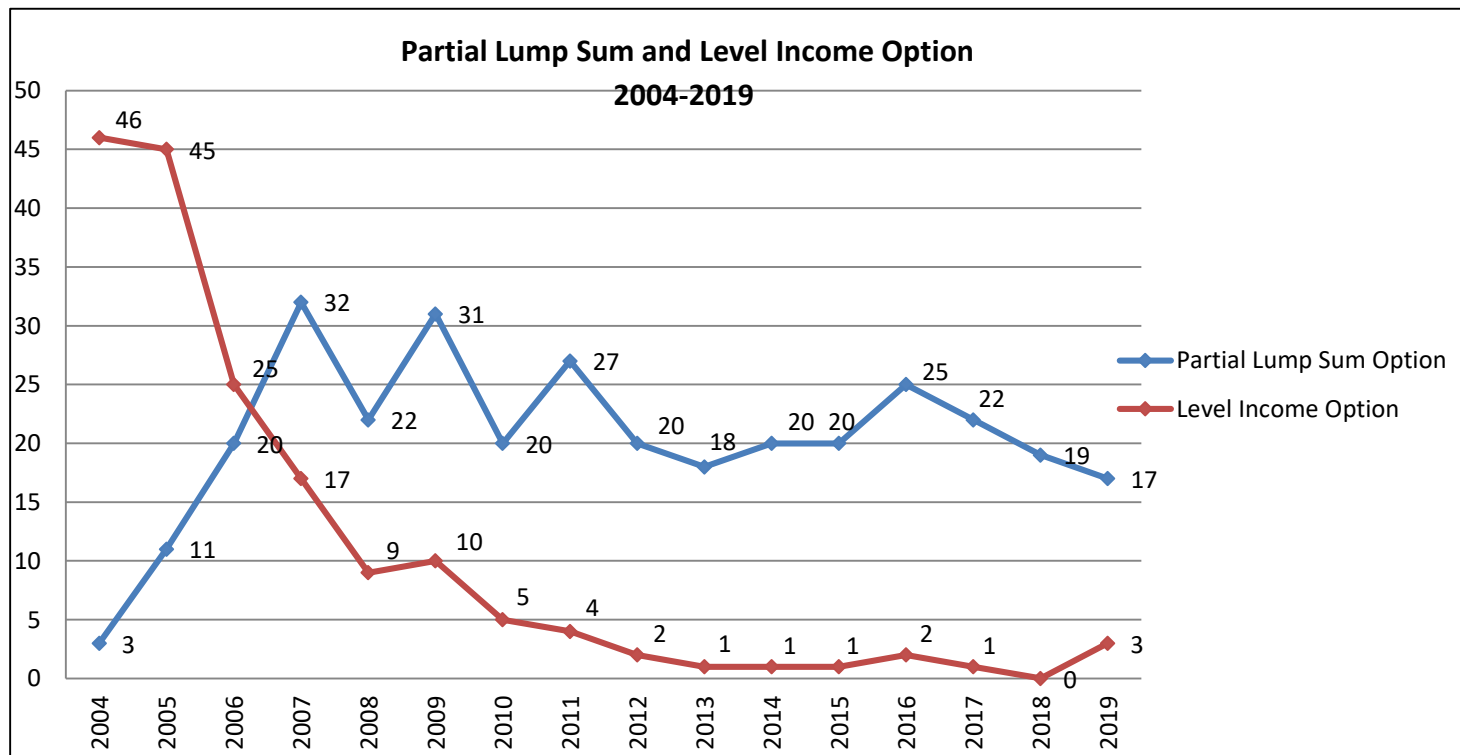
1) Remove level income option from available benefit options (SLA, 100% & 50% J&S, 20 & 10 yr TC&L) NDCC 15-39.1-16

As of 7/1/19: 543 retirees are receiving benefits under the level income option (effective 1989).

From 2004 – 2019: 327 members selected the partial lump sum option (effective 2004).

During that time period, 172 members selected the level income option.

Since the partial lump sum option (PLSO) became effective, the number of new retirees who have selected the level income option has dramatically declined.



2021 – Other Plan Design or Administrative Changes?

2) Clarify or change definition of pensionable salary to address individual salary spiking concerns (NDCC 15-39.1-04-10)

- Salary caps or Final Average Salary limits of X%
- Within 5 years of retirement, salary increases above X% are not pensionable
- SD pays actuarial cost of salary increases above X%

3) Add Portability Enhancement Provision (like NDPERS)

Offering a PEP provision is an incentive for individuals to save more for retirement by allowing an active member to “vest” in the employer contribution for cash distribution purposes if the member participates in an approved deferred compensation program. There would be a cost to the TFFR plan to offer such a provision.

2021 – Other Plan Design or Administrative Changes?

4) Add language requiring state pension forfeiture if member is convicted of felony. Many states have laws that require a public employee or official who commits a felony related to his or her duties to forfeit benefits under the state retirement system.

- Some pension forfeiture laws cover crimes or felonies related to official public duties only. Others may include all or only certain crimes or felonies committed.
- Some laws require pension forfeiture for crimes committed during time of public service only; others may include crimes committed any time.
- Many variations and options.

Legal and administrative considerations

- Could provisions be effective for new members only, OR active and retired members hired before adoption?
- How would TFFR track crimes committed by members?
- Other

2021 – Other Plan Design or Administrative Changes?

5) Remove outdated provisions and clean up TFFR statutes

- Old law – college teachers and membership options (NDCC 15–39.2)
- Grandfathered members – NDU, NDCEL, NDHSAA, etc. (only a few still in plan) (NDCC 15–39.1–04–12)
- Board composition (NDCC 15–39.1–05.1)
- Add fiduciary language to Board authority provisions (NDCC 15–39.1–05.2)
Note: Prudent investor rule and exclusive benefit provisions are found in SIB statutes (NDCC 21–10).
- Other

6) No Internal Revenue Code compliance changes needed in 2021

- Changes to plan statutes will be necessary to comply with a federal law change (SECURE Act approved in December 2019) that increases the Required Minimum Distribution Age from age 70.5 to age 72. Plans have until the last day of the first plan year beginning on or after 1.1.24 to adopt amendments to their governing plan documents to reflect the changes to the required beginning date. Additional IRS guidance is expected to assist plans in complying with these new rules.

7) Other plan design or administrative changes for discussion?

2021 Legislative Planning

- ▶ TFFR Board Discussion

- ▶ Input from Member and Employer Interest Groups
 - ND United ND RTA
 - ND CEL ND SBA

- ▶ Information requests for future board meeting

- ▶ Other Board Directives



MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp and Rich Nagel
DATE: January 17, 2020
SUBJ: Pension Administration System Modernization Project Update

Kris Vollmer has been assigned by NDIT as the Project Manager for this important TFFR Pension Administration System (PAS) Modernization Project. Kris has been working with Rich and Fay on the Project Charter which is currently being reviewed by NDIT staff.

An Executive Steering Committee (ESC) Meeting for the TFFR PAS Project has been rescheduled from January 9 to January 21, 2020. Attached is the meeting agenda for the Committee's first meeting. As you can see, the Committee will review and approve a Project Charter which is required for all large state IT projects.

After ESC approval, the Project Charter will then be submitted to the TFFR Board for final approval. We will send it to you in advance of and/or review it at the January 23 meeting.

BOARD ACTION

Board Motion to Approve Project Charter for PAS Modernization Project.

Meeting Information:

Meeting Title	TFFR PAS Modernization Project	Time	10:30 AM – 12:00 PM
Date	January 21, 2020	Location	NDIT -North Conf. Room 103
Facilitator	Faye Kopp/ Kris Vollmer	Note Taker	Kris Vollmer

Invitees/Attendees:

Required/ Optional	Attended (Y/N)	Name	Required/ Optional	Attended (Y/N)	Name
R		Fay Kopp – TFFR Sponsor	R		Kris Vollmer, PM
R		David Hunter – RIO Exec	R		Justin Data, LPO
R		Becky Deichert – OMB Designee	R		Shawn Riley, CIO
O		Rich Nagel – TFFR	O		Danelle Hopkins, GO
O		Dave Schaibley - AG	O		Jace Beehler, GO

Agenda/Minutes:

Item	Topic	Owner
1.	Call to order	Faye/Kris
2.	New Business <ul style="list-style-type: none"> • Purpose and scope of the Executive Steering Committee • Project Charter • Project Planning 	
3.	Other Business <ul style="list-style-type: none"> • Committee meeting frequency • Other discussion 	
4.	Meeting adjournment	



MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: January 21, 2020
SUBJ: Pension Administration System Modernization Project Update

The TFFR Pension Administration System (PAS) Modernization Project Executive Steering Committee (ESC) met on Tuesday, January 21. Statutory Committee members include:

- Fay Kopp, TFFR Project Sponsor
- Dave Hunter, RIO Executive Director
- Becky Deichert, OMB Designee
- Justin Data, NDIT Large Project Oversight
- Shawn Riley, NDIT Chief Information Officer

Others attending the ESC meeting include:

- Kris Vollmer, NDIT Project Manager
- Dave Schaibley, Attorney General's Office
- Jace Beehler, Governor's Office
- Rich Nagel, RIO Supervisor of Information Technology

After discussion of the ESC purpose, member roles and responsibilities, and the TFFR Modernization Project Charter (attached) the Charter was approved by the Committee. During the project planning stage, monthly ESC meetings will be scheduled. Once the project gets underway, meetings will likely be held less frequently, on a bi-monthly or quarterly basis. It was a productive meeting, and NDIT support and guidance is appreciated.

The next step will be to establish a Procurement Team to develop an RFP for an external PAS business consultant.

I can respond to any questions at the Board meeting.

BOARD ACTION

Board Motion to Approve Project Charter for TFFR PAS Modernization Project.

Teachers' Fund for Retirement's Pension Administration System Modernization Project Project Charter

Project Sponsor:	TFFR Board
Author:	Richard Nagel
Version:	1.0
Revision Date:	01/17/2020

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1 Project Description

1.1 Project History

The Teachers' Fund for Retirement's (TFFR) current Pension Administration System (PAS) administrator interface is 15 years old and was deployed in 2005 as a client-server application.

The PAS supports the administration of the TFFR benefits program for over 22,000 active, inactive, and retired members and 213 employers. The system maintains the demographic and account information, payroll reporting, contributions accounting, benefits calculations for refunds, retirement, disability, and death benefits, service credit purchases, pension calculations and processing, benefits payroll, tax processing, reporting and integration.

A member self-service portal is available to all members and provides basic viewing functionality (read-only access). Currently, just over 4,500 members are utilizing the member self-service portal.

An employer self-service portal is available to all employers and provides the ability to upload payroll contribution and earnings data files for processing by staff. However, employers cannot perform any business rule validations of the member data contained in the file. TFFR staff must perform the validations, evaluate data exceptions and any action for data corrections that are to be addressed and resubmitted by the employer. Currently, 182 employers are utilizing the employer self-service portal.

1.2 Strategic Alignment

The project aligns TFFR's initiatives and goals to be more efficient, streamline processes, reinvent business plans/processes, and do more with less effort to ensure a more user-friendly experience for staff members as well as citizens. In order to accomplish these initiatives and goals, TFFR will need to upgrade or replace the current Pension Administration System.

Most of the desired features needed to reinvent the way TFFR conducts business are standard functions of modern PAS, either out of the box or implemented with configuration.

The project will increase citizen experience by improving the functionality available on member and employer online portals and providing information and feedback in a secure, timely manner.

1.3 Business Need

1. TFFR's current PAS has been in operation for 15 years and is outdated. The functionality and technical architecture of this client-server technology is at the end of its product release lifecycle.
2. Reinvent and transform the way TFFR conducts business by utilizing updated technology, provide enhanced security and streamline processes throughout the new system.
3. Enhance and improve Member and Employer self-service portal experience.

1.4 Solution Statement

The project will procure and implement a modernized upgrade or replacement of the current TFFR PAS utilizing a commercial off-the-shelf (COTS), modified off-the-shelf (MOTS) or software as a service (SaaS) solution with customization abilities to fit TFFR's business needs. An RFP will be developed to contract with an external PAS consultant to assist with the project including review of internal processes. A separate RFP will be developed to solicit bids from potential vendors to find the best solution for TFFR.

The overall goal is to upgrade/replace TFFR's current PAS system with a modern solution that allows TFFR to reinvent and streamline business processes and functionality to provide more interaction within

TFFR staff, as well as the members and employers that utilize the system. Since the current system is 15 years old, it would be very costly to implement the necessary functionality to achieve a more efficient, secure, and user-friendly system.

2 Project Scope

2.1 Scope Statement

The project will upgrade or replace the current business processes as well as the existing PAS for TFFR. The upgrade/replacement solution should utilize a web-based platform or other solution.

2.2 In Scope

- The project is considered a Major Information Technology (IT) Project and will follow the ND State Major IT Project Management standard and ND Century Code.
- Procurement:
 - RFP to acquire a PAS Consultant to review business processes
 - RFP for PAS replacement system
- Initiation and Planning:
 - Kickoff Meetings
 - Project Plan and Schedule
 - Large Project Oversight (LPO) Startup Report
- Execution and Testing
 - Key deliverables will be fully defined in the statement of work, agreed upon at time of contract negotiation
- Closing
 - Project Team Surveys
 - Closeout Meeting
 - Post Implementation Report (PIR)
 - LPO Closeout Report

2.3 Out of Scope

Any element not listed as “in scope” above is considered “out of the scope” of the project.

- Ongoing maintenance funding of PAS

3 Business Analysis

Table 1: Project Objectives and Measurements

Objective		Lag Measurement(s)	Lead Measurement(s)
1	<p>Business need: Provide citizen focused functional self-service portals.</p> <p>Objective: Create and enhance functionality of Member and Employer self-service portals to meet the needs of citizen user groups (active and retired teachers and employers).</p>	<p>Increase new member logins by 20% within one-year of go-live.</p> <p>Beginning one-month post go-live, IT staff will run monthly reports to determine use of self-service functionality. Counts will be taken by members (active and retired teachers) and by employer accesses.</p>	<p>The measure of number of times the current PAS is accessed online, count by members (active and retired teachers) and by employer accesses are taken on a monthly basis.</p> <p>Additional measurements may be identified during the planning process.</p>
2	<p>Business need: Reinvent and Transform current processes.</p> <p>Objective: Reinvent and transform the way TFFR conducts business by redefining business plan and processes to increase efficiencies.</p>	<p>Baseline processes that were automated; compare to manual process (before automation) as identified during business process modeling.</p> <p>One year post go-live, decrease time spent on manual tasks by 10-15%.</p>	<p>Baseline measurement of manual processing will be taken during business process review and modeling. Measurements will be defined during the business process modeling step and identified in the Project Plan.</p>
3	<p>Business need: Modernize TFFR's outdated PAS.</p> <p>Objective: Provide an interactive web-based solution that is accessible from multiple device types.</p>	<p>Implement a solution that uses modern technology.</p>	<p>The current PAS is client server based and uses an old technology that limits functionality and the ability to support desired citizen experience; and support pension administration best practices.</p>

Table 2: Anticipated Wins

Anticipated Wins	
1	By utilizing automated processes, efficiencies will be created for TFFR staff.
2	Increasing functionality through the use of web portals allows citizens (members and employers) to update information in real-time rather than calling or mailing forms.
3	A web-based system will be accessible from multiple devices allowing citizens (member and employers) more flexibility.

4 Cost Analysis

The table below illustrates the project funding. The state legislature has given spending authority for \$9,000,000.00.

Table 3: Project Funding

Funding Source	Funded Amount	Funding Explanation
General Funds		
Federal Funds		
Special Funds	\$9,000,000	TFFR Trust Fund
Other Funds		
Budget Total	\$9,000,000	

The following will be used as budgeting guidelines during the planning phase of the project:

- The total funds initially requested for the project was \$9,139,000.
- The total funds approved by the Legislature for the project was \$9,000,000.
- The project budget will be finalized during the project planning phase and approved by the Executive Steering committee (ESC) and the TFFR Board of Trustees.

5 Business Risk Analysis

5.1 Risks of Performing the Project

Table 4: Risks of Performing the Project

Risk	Impact	Response
Staff availability	Lower priority tasks will be delayed	Agency will review and prioritize all projects as needed.
Scope	Specifications and scope not properly defined will cause delays and cost	Hire external IT pension consultant to assist with project. Monitor project scope.
Security	PII must be secured and limit risk for breaches of any kind	Work with NDIIT and vendor to ensure the solution utilizes world class technology and security measures

5.2 Risks of Not Performing the Project

Table 5: Risks of Not Performing the Project

Risk	Impact	Response
Less Secure PAS	Limits portal security for members and employers PII data	Limit what data is visible on current PAS to try and eliminate security risks
Limited support and increased costs	As the PAS ages, vendor resources and support are limited with older technology	Request additional budget funding or reallocate existing budget to support and fix the outdated PAS
Reduced efficiency	Staff is less efficient, and work takes longer. No new projects are introduced due to old processes that take time to do manually	Continue manual processes with outdated PAS.
Limited functionality	Limits the self-service portals for members and employers. Also limits what staff can do internally.	Continue manual processes with outdated PAS.

6 Organizational Change Analysis

This project is anticipated to reinvent and transform the way TFFR conducts pension plan administration by upgrading to an interactive web-based PAS platform. This web-based platform will allow TFFR to change business plans and processes by implementing a modernized PAS that allows for more user functionality, better self-service portals for 20,000+ members and 213 employers, automated processes for internal staff, and provides external users with a more user-friendly environment across multiple devices.

The overall impact this project will have on TFFR relates to updating all business plans and processes to change how tasks are currently completed. By utilizing a modernized PAS, more efficiencies will be created through automated process that allows TFFR staff to do more with less effort compared to the current manual processes.

The TFFR Board recognizes that a modern PAS is needed to modernize the way the TFFR pension plan is administered and is committed to this project. Agency Retirement and IT managers are leading this project with full support from the TFFR Board, RIO executive management, and staff.

7 Resource Analysis

The planning of this project is estimated to take approximately 16 weeks. The following identifies the resources required for planning only. It also includes the percentage of time and anticipated hours that will be required from each resource for the planning period.

Planning Start Date: February 3, 2020 Planning End Date: May 29, 2020

Table 6: Resource Analysis

Resource	Role	% Time Expected
Rich Nagel	Agency IT Lead	Will vary depending on stage of project x%
Len Wall	Agency IT Coordinator	
Fay Kopp	TFFR Project Sponsor	
Shelly Schumacher	Retirement Subject Matter Expert	
Connie Flanagan	Agency Budget-Procurement	
PAS Consultant	Business Consultant	
Kristine Vollmer	Project Manager	

8 Project Authority

8.1 Assumptions and Constraints

8.1.1 Assumptions

Assumptions are factors that, for planning purposes, are considered to be true, real, or certain without proof or demonstration.

The project has the following assumptions:

- RFP required for external PAS consultant
- RFP required for vendor solution

8.1.2 Constraints

Constraints are defined as the state, quality, or sense of being restricted to a given course of action or inaction. An applicable restriction or limitation, either internal or external, to the project that will affect the performance of the project or a process.

The project has the following constraints:

- Cost, schedule, scope, and quality are often in conflict during projects. The sponsor elected to prioritize as follows:
 1. Quality
 2. Scope
 3. Cost
 4. Schedule
- Staff Limitations

8.2 Authority/Escalation

Authority to proceed with this charter is granted to the Project Manager. The ESC and TFFR Board must approve any diversion from the scope which would materially impact the project.

The Project Manager is authorized to utilize the resources necessary to plan the project based on the information above and will be required to receive sign-off on the project plan prior to execution.

9 Approval

Project Charter Approval

Project Sponsor Name: xx

Project Sponsor Signature: _____ Date: _____

Agreement to Secure Required Resources

Approver Name: xx

Approver Signature: _____ Date: _____

TFFR BOARD MEMO
Thursday, January 23, 2020

RE: TFFR Core Values Development

FROM: Rob Lech, TFFR Board President

BOARD FOCUS: Action

At the October 24, 2019 meeting of the Teachers' Fund for Retirement Board, a core values exercise was initiated to gather perspective from board members and TFFR employees regarding the values that guide the organization. Based on this information, core values statements were created for consideration. Both versions used the same survey results, with the representing more of a listing of values, while the second version is a wordier representation.

Core Values Statement

Customer Satisfaction and Commitment to Excellence which is demonstrated by our trustworthiness, accountability, and respectfulness.

Strong Governance and Operational Effectiveness through our strategic leadership, fiduciary responsibility, ethical practices, and transparency.

The Teachers' Fund for Retirement is committed to the core values of customer satisfaction and a commitment to excellence through the prioritization of trustworthiness, accountability, and respectfulness. Additionally, the Teachers' Fund for Retirement makes a commitment to the core values of strong governance and operational effectiveness through strategic leadership, fiduciary responsibility, ethical practices, and transparency.

Recommendation

The board has the option to consider one of the option above, suggest an edit, or create a new Core Values Statement.

<p><u>Recommended Action:</u> Approval or Revision of One of the Core Values Statement</p>
--



MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: January 17, 2020
SUBJ: 2019 CAFR, PPCC Award, and Fast Facts

The [2019 Comprehensive Annual Financial Report \(CAFR\)](#) has been completed. The report contains detailed investment, financial, actuarial, and statistical information about the TFFR and SIB programs. TFFR board members were sent a link to the 2019 CAFR in December. You can view, download or print the report from the RIO website.

Please notice that the Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to RIO for the past 21 years (see 2019 CAFR, p. 13). In order to receive the award, RIO must publish an easily readable and efficiently organized comprehensive annual financial report. The report must also satisfy both generally accepted accounting principles and applicable legal requirements. The 2019 report has been submitted to GFOA for review, and we expect it to meet the requirements for receiving the award again this year.

Also, TFFR has received the [Public Pension Coordinating Council \(PPCC\) 2019 Public Pension Standards Award for Administration](#) (see 2019 CAFR, p. 14). To receive the award, the retirement system must certify that it meets specific standards for a comprehensive benefit program, actuarial valuations, financial reporting, investments, and communications to members. TFFR has received an award for administration and/or funding from PPCC since 1992.

The [2019 TFFR Fast Facts](#) has been updated, and is available on the RIO website. This one page summary provides key actuarial, financial, and investment details about the TFFR plan.

A sincere thanks to Connie Flanagan, Shelly Schumacher and other RIO staff for their efforts in ensuring RIO reports and publications are updated, and that RIO receives the GFOA and PPCC awards each year. This underscores our ongoing effort to be accurate, accountable, and transparent in all plan reporting activities.

BOARD INFORMATION AND DISCUSSION.
--

ND TFFR Fast Facts

FY End 6/30/2019

The ND Teachers' Fund for Retirement plan (ND TFFR) provides ND educators with a financial foundation for the future that includes a secure and stable retirement. This is possible due to TFFR's plan design, professional plan management, strong investment performance, and outstanding customer service.

Market value of TFFR assets **\$2.6 billion**



MEMBERS

11,175 ACTIVE MEMBERS

8,918 RETIRED MEMBERS

213 EMPLOYERS

Member Stats

	Actives	Retirees
Avg. Annual Salary/Benefit	\$60,893	\$24,804
Avg. Service Credit	11.7 yrs	27.3 yrs
Avg. Current Age	41.8 yrs	72.2 yrs

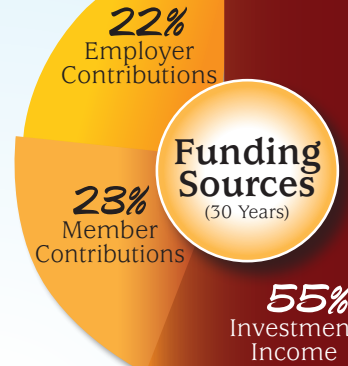
MEMBER/EMPLOYER SATISFACTION: 3.8 (4.0 Scale)

84%

of benefits are paid to ND residents.

To positively impact the state's economy, **\$215 million** was distributed to retirees in FY 2019.

Funding Sources (30 Years)



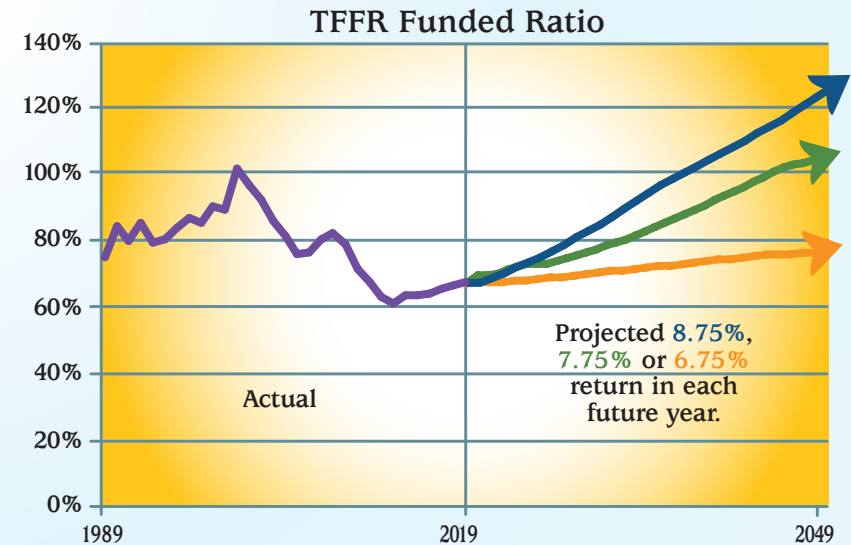
ASSET ALLOCATION



Investment Returns

1 year	5.5%
5 year	6.2%
30 year	7.7%

66% of BENEFITS are PREFUNDED



TFFR's long-term funding outlook is positive, and benefits are secure for past, present, and future ND educators.

ND Teachers' Fund for Retirement, 3442 E. Century Avenue, P.O. Box 7100, Bismarck, ND 58507
1-800-952-2970 or 701-328-9885 | Email: rio@nd.gov | Website: www.nd.gov/rio/tffr

ND TFFR PLAN SUMMARY

Tier 1 is a member who had service credit in the TFFR plan prior to 7/1/08.

- Tier 1 Grandfathered member was less than 10 years away from retirement eligibility as of 6/30/13. Grandfathered member was vested, and either age 55 or had a combined total of service credit and age equal to or greater than 65 on 6/30/13.
- Tier 1 Non-Grandfathered member was more than 10 years away from retirement eligibility as of 6/30/13. Non-grandfathered member was less than age 55 and had a combined total of service credit and age which was less than 65 on 6/30/13.

Tier 2 is a member who began participation in the TFFR plan on 7/1/08 or after.

*Contribution rates are in effect until TFFR reaches 100% funded level, then rates reduce to 7.75% each.

	Tier 1 Grandfathered Member	Tier 1 Non-Grandfathered Member	Tier 2 Member
Employee Contribution Rates (active and re-employed retirees)			
7/1/10 – 6/30/12	7.75%	7.75%	7.75%
7/1/12 – 6/30/14	9.75%	9.75%	9.75%
*7/1/14 ongoing	11.75%	11.75%	11.75%
Employer Contribution Rates			
7/1/10 – 6/30/12	8.75%	8.75%	8.75%
7/1/12 – 6/30/14	10.75%	10.75%	10.75%
*7/1/14 ongoing	12.75%	12.75%	12.75%
Vesting Period	3 yrs	3 yrs	5 yrs
Unreduced Retirement Eligibility			
Minimum Age	No	60	60
AND Rule	Rule 85	Rule 90	Rule 90
OR Normal Retirement Age	65	65	65
Reduced Retirement Eligibility			
Minimum Age	55	55	55
Reduction Factor	6%	8%	8%
Retirement Formula Multiplier			
X Final Average Salary	3 yr FAS	3 yr FAS	5 yr FAS
X Service Credit	Total years	Total years	Total years
Disability Retirement	Yes	Yes	Yes
Retirement Formula Multiplier (2%) X Final Average Salary (FAS) X Total Service Credit			
Death/Survivor Benefits	Yes	Yes	Yes
Refund of account value or Life Annuity to survivor based on member's vesting status.			

RETIREMENT AND INVESTMENT OFFICE
Internal Audit
2018-2019 1st Quarter Audit Activities Report
July 1, 2019 – September 30, 2019

The audit objective of Internal Audit is twofold: first, to provide comprehensive, practical audit coverage of the Retirement and Investment Office (RIO) programs; second, to assist RIO management and the State Investment Board (SIB) by conducting special reviews or audits.

Audit coverage is based on the July 1, 2019 through June 30, 2020 work plan approved by the SIB Audit Committee. The audit activities undertaken are consistent with the Internal Audit charter and goals, and the goals of RIO. To the extent possible, our audits are being carried out in accordance with the International Standards for the Professional Practice of Internal Auditing. Audit effort is being directed to the needs of RIO and the concerns of management and the SIB Audit Committee.

Investment and Agency Audit Activities

• **Executive Limitation Audit**

Each year the SIB conducts a customer satisfaction survey. The purpose of this annual survey is to determine how well the SIB, through the staff of the RIO, is meeting the expectations of its clients. This survey is part of the SIB's ongoing effort to be more responsive to the needs of their clients and to continually improve the services that are provided. Internal Audit facilitated the survey in July and August 2019 and results were provided to the SIB at their October 25, 2019 meeting.

• **External Audit Support**

Internal Audit provided support to our external audit partners, CliftonLarsonAllen (CLA), during the GASB 68 Census Data Audits. Internal A notified twelve employers of an upcoming GASB 68 Census Data Audit in July 2019. CLA anticipated that GASB 68 Census Data Audit work would conclude in mid-October. In August 2019, Internal Audit sent out twenty-four employer confirmations as part of the financial statement audit.

• **Investment Due Diligence Audit**

Internal Audit developed an audit about the ongoing due diligence that is being performed on the investment managers that have been hired by the SIB. Discussions with investment staff and research went into the development of this new audit program. This audit includes the review of the procedures and documentation that is being done with the investment managers by RIO's staff. This audit was completed and issued in July 2019.

• **Administrative Expense Audit**

A review of RIO's policies pertaining to travel and expenses which will be compared to OMB policy and state purchasing requirements. A sample of travel vouchers from both board members and staff will be reviewed, including in-state, out-of-state, and international travel to ensure compliance with policy and regulations. A sample of invoices (ex. rent, cleaning, etc.) will be selected. These invoices will be reviewed to ensure proper approvals were obtained, verify invoice with expense voucher, review contract, and review that payment was issued and cleared.

This audit is currently in progress.

Retirement Program Audit Activities

• TFFR Employer Salary Reviews

Internal Audit examines employer reporting to the Teachers' Fund for Retirement (TFFR) to determine whether retirement salaries and contributions reported for members of TFFR for accuracy with the definition of salary as it appears in the TFFR Employer Guide. Other reporting procedures reviewed during the audit process are calculation of service hours and eligibility for TFFR membership. A written report is issued after each review is completed to Retirement Services.

Status of TFFR Employer Audits as of September 30, 2019:

- Three (3) employer audits had been completed.
- One (1) employer audit was in progress.

• File Maintenance

A review of changes made to TFFR member account data by Retirement and Investment Office employees is reviewed on an annual basis. Internal Audit reviews system generated (CPAS) audit tables to ensure transactions initiated by staff are expected and appropriate given an individual's role within the organization. Member accounts are also reviewed to ensure contact and demographic information has been updated correctly per Member Action Forms on file. Other procedures reviewed are change of addresses and the posting of beneficiary deaths that are not in pay status.

The audit fieldwork has been completed and a report will be issued in November 2019.

Administrative Activities

The Supervisor of Internal Audit attended the monthly RIO staff meetings, monthly RIO manager's meetings, divisional meetings, three SIB meetings, and one TFFR meeting. The Internal Audit staff member attended the monthly RIO staff meetings, divisional meetings, two TFFR meetings. The Supervisor of Internal Audit also had meetings with the new audit committee members as part of orientation to the committee.

Professional Development/CE/General Education

The Supervisor Internal Audit is pursuing a Master's in Business Administration with a concentration in Public Administration and completed the following courses: Statistics and Research, Business Ethics, and Foundations of Public Administration.

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
AUDIT SERVICES DIVISION
FISCAL YEAR 2019 -2020**

	FY 2019 1st QTR	FY 2019 2nd QTR	FY 2020 3rd QTR	FY 2020 4th QTR	FY 2020 TOTAL
Audit Activities					
Retirement Program Audits:					
TFFR Employer Audit Program					283
<i>New England-working with census data file</i>	42				42.25
<i>Warwick Public School District</i>	5				5.25
<i>Wilton</i>	76				76.25
<i>Jamestown Public Schools</i>	67				66.5
<i>General Employer Audits</i>					
<i>Audit Peer Reviews/TFFR Meeting(s)/Audit Planning/Audit Notifications</i>	92				92.25
Benefits Audit - Deaths, Long-Outstanding Checks, Long-term Members	1				1
TFFR Cost Effective Benefit Payment Audit	0				0
TFFR Data Analytics	1				1
TFFR File Maintenance Audit	37				37
TFFR Purchase-Refund Audit	0				0
TFFR Task reports	56				56
Annual Salary Verification Project	30				30
Audit Continuous Improvement Project - Employer Audit Program - Census Data Audit File	0				0
Agency Administrative and Investment Audits:					
Executive Limitations Audit	10				10
Investment Due Diligence	48				48
Risk Assessment	0				0
Consulting	11				11
RIO External Auditor Assistance	41				41
Administrative Activities					
Administrative - Staff Mtgs, Time Reports, Email, Records Retention, General Reporting	170				170
Audit Committee/SIB/TFFR Attendance and Preparation	162				162
Professional Development/CE/General Education	2				2
Annual Leave, Sick Leave, and Holidays	190				190
Quarterly Total:	1040	0	0	0	1040

Total Hours for 2019-2020 4,160
D. Thorsen Total Hours 2019-2020 2,080
S. Sauter Total Hours 2019-2020 2080

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
INTERNAL AUDIT SERVICES

TFFR EMPLOYER REVIEW OF SALARIES, SERVICE HOURS, AND ELIGIBILITY OF TEACHERS REPORTED

JULY 1, 2019 TO JUNE 30, 2020

		EMPLOYER	FISCAL YEARS	TOTAL MEMBERS	REPORT DATE	TOTAL REVIEW HOURS	EMPLOYER CONTRIB'S DR(CR)	MEMBER SALARY ADJUSTED	MEMBER SERVICE CREDIT ADJUSTED	STATUS
×	Reviews Pending - (0)									
&	Reviews in Progress - (1)									
✓	Reviews Completed - (3)									
1	✓	SS Jamestown	2017-2018	212	10/16/2019	73.50	0.00	0	0	One Finding Noted: Ineligible summer salary was reported without a summer written agreement or without a continuing contract for the next fiscal year.
2	&	DT Minot	2017-2018	685						Audit notification sent 9/9/2019- received information 10/25/2019.
3	✓	DT New England *	2016-2017	26	7/30/2019	95	(\$185.28)	2	1	Three findings noted: Salaries were reported incorrectly: in-staff subbing was not reported, athletic supervision was not reported, and contract salary was reported incorrectly, service hours reported incorrectly, and hours were not monitored for retired teachers who returned to covered employment.
4	✓	DT Wilton ^	2016-2017	32	8/22/2019	72	\$0.00	5	0	Three findings noted: Salaries were reported incorrectly: athletic supervision was not reported, summer salary was reported in the incorrect fiscal year, and service hours were reported incorrectly.
Totals				955		167	(\$185.28)	7	1	

* Expanded member accounts reviewed

^ Expanded number of years reviewed

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
 TFFR EMPLOYER AUDIT PROGRESS AND STATUS REPORT
 FOURTH AUDIT CYCLE
 FOURTH AUDIT CYCLE START DATE: May 23, 2016
 FOURTH AUDIT CYCLE END DATE:

	Size	District ID	Auditor	Employer	Anticipated Notification Timeframe	100% or On-site	Info Request	Info Received	Audit Started	Report Date	Corrections to Retirement Services	Invoice/Check Received from Retirement Services	Status	Members	Days b/w Info Request and Received (Business Days)	Days b/w Info Received and Report (Business Days)	Days b/w Info Received and Start Date (Business Days)	Days b/w Start and Report (Business Days)	Days w/Retirement Services (Business Days)	Audit Findings	Hours to Complete
END OF FISCAL YEAR 2017-2018																					
1	S	27-002	DT	ALEXANDER SCHOOL	July 2017		7/31/2017	8/15/2017	2/27/2018	10/25/2018	10/18/2018	10/25/2018	Complete	23	12	436	141	240	7	4 Findings noted	120
2	S	28-051	DT	GARRISON SCHOOL New Bus. Mgr. 11/2016	July 2017		7/31/2017	8/9/2017	8/8/2018	10/29/2018	N/A	N/A	Complete	44	8	446	261	82	0	1 Finding noted	58
3	S	39-028	DT	LIDGERWOOD SCHOOL	July 2017		7/31/2017	9/7/2017	8/1/2018	9/12/2018	N/A	N/A	Complete	45	29	370	235	42	0	1 Finding noted	46
4	S	03-029	DT	WARWICK SCHOOL - NIC REVIEW	March 2018		3/7/2018	4/5/2018	2/28/2019	5/23/2019	N/A	N/A	Complete	31	22	413	236	84	0	4 Findings noted	82
END OF FISCAL YEAR 2018-2019																					
1	S	21-009	DT	NEW ENGLAND SCHOOL	March 2018		3/9/2018	4/6/2018	5/31/2019	7/30/2019	N/A	N/A	Complete	26	21	480	301	60	0	3 Findings	95
2	S	28-001	DT	WILTON SCHOOL	March 2018		3/14/2018	4/13/2018	6/25/2019	8/22/2019	N/A	N/A	Complete	32	23	496	313	58	0	3 Findings	72
3	L	47-001	SS	JAMESTOWN SCHOOL	March 2019		3/7/2019	4/3/2019	8/27/2019	10/16/2019	N/A	10/25/2019	Complete	212	20	196	105	50	0	0 Findings	74
4	L	51-001		MINOT SCHOOL	August 2019		9/9/2019						Pending	685							
5	L	08-001		BISMARCK PUBLIC SCHOOLS	November 2019									1173							
6	M	35-005		RUGBY SCHOOL										61							
7	M	39-037		WAHPETON SCHOOL										108							
8	M	29-027		BEULAH SCHOOL										66							
9	L	30-001		MANDAN PUBLIC SCHOOLS										342							
10	M	11-041		OAKES SCHOOL										38							
11	M	45-009		SOUTH HEART SCHOOL										38							
12	M	12-001		DIVIDE SCHOOL										40							
13	M	22-001		KIDDER COUNTY SCHOOL DISTRICT										46							
END OF FISCAL YEAR 2019-2020																					

RIO Agency Update

As of January 16, 2020

RIO's Deputy Executive Director and Chief Retirement Officer Fay Kopp previously announced her intent to retire from RIO effective on March 31. On January 10, RIO's Retirement Program Manager Shelly Schumacher announced her intent to retire effective on February 29. Given that we are sadly losing two of our most experienced, helpful, trusted and top performing agency leaders in the next few months, RIO management and SIB and TFFR leadership met to discuss the best ways to position our agency for continued future success. We also consulted with HRMS.

On January 9, RIO externally posted our Deputy Executive Director and Chief Retirement Officer position on our State website in addition to our RIO website and NCTR, NASRA and IFEBP websites shortly thereafter. The targeted closing date is Thursday, January 30. As of January 15, we have received five completed applications for our Deputy Executive Director / Chief Retirement Officer position.

On January 10, we internally posted our Retirement Program Manager position within our agency. I am pleased to report that we received one internal application from our most seasoned retirement benefits specialist. We intend to conduct an interview with this experienced professional between January 20th and 30th.

On January 9, RIO extended an offer to our top ranked Investment and Compliance Officer finalist. I am pleased to report that he accepted the offer the next day and we are targeting a start date of Monday, February 3rd. RIO notes that we obtained legislative approval to add one investment FTE effective July 1, 2019 (thereby increasing our agency FTE up to 20).

RIO is sad to inform the TFFR board our Investment Accountant was unable to successfully complete a probationary period effective as of January 10, 2020. RIO re-posted the Investment Accountant position on January 15th with the helpful assistance and guidance of HRMS.



MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: January 17, 2020
SUBJ: 2020-21 TFFR Board Calendar

TFFR Board Policy C-2 (Board Meetings) requires the TFFR Board to conduct a minimum of six meetings each year. Board meetings are generally scheduled for the day preceding the SIB meetings beginning in July of each year, unless a different day is determined. Special meetings may also be called, or this schedule may be adjusted if needed. TFFR meetings are typically scheduled for Thursdays at 1 pm, and have not been scheduled in August and May due to potential conflicts with school start and end dates. In the past few years, meetings have been scheduled in July, September, October, January, March and April.

SIB meetings are typically scheduled for the 4th Friday of each month, except for November which is the 3rd Friday due to Thanksgiving.

Attached are proposed TFFR meeting dates for 2020-21 **IF** the TFFR Board maintains its past schedule. If the Board is interested in meeting at a different time, day, or month, a different board meeting schedule can be developed. You may wish to discuss this option since some of the meeting months for TFFR may no longer be meeting months for SIB, requiring two separate trips for out-of-town TFFR trustees who are also on the SIB.

BOARD ACTION

Board Motion to Approve 2020-21 TFFR Board meeting schedule.



DRAFT

**TFFR and SIB Meeting Schedule
2020-2021**

July 2020

23 TFFR - 1:00 pm
24 TFFR Special - 8:30 am
24 SIB – 8:30 am (Educ Retreat)

August 2020

--- TFFR - No meeting
28 SIB - 8:30 am (Tentative)

September 2020

24 TFFR - 1:00 pm
25 SIB - 8:30 am

October 2020

22 TFFR - 1:00 pm
23 SIB - 8:30 am

November 2020*

-- TFFR - No meeting
20 SIB - 8:30 am

December 2020

-- No meetings

January 2021

21 TFFR - 1:00 pm
22 SIB - 8:30 am

February 2021

-- TFFR - No meeting
26 SIB - 8:30 am

March 2021

25 TFFR - 1:00 pm
26 SIB - 8:30 am (Tentative)

April 2021

22 TFFR - 1:00 pm
23 SIB - 8:30 am

May 2021

-- TFFR - No meeting
28 SIB - 8:30 am

June 2021

-- No meetings

Notes:

- 1) TFFR Board Policy C-2 (Board Meetings) requires TFFR to conduct a minimum of 6 meetings per year, which are generally scheduled for the day preceding the SIB meetings, unless a different day is determined.
- 2) SIB meetings are scheduled for 4th Friday of each month, except for November* which is 3rd Friday due to Thanksgiving. SIB is planning to meet 10 times in 2020-21, but may reduce to 8 meetings (possibly not meet in August and March).



CONSENT AGENDA

Employer Reporting Reviews

Wilton and Jamestown attached

Disability #2020-1, 2020-2

Confidential – to follow separately

QDRO # 2020-1, 2020-2

Confidential – to follow separately

Confidential member information will be sent to Board members only, through a secure link.



TFFR Employer Reporting Review Report Issued September 23, 2019

**Wilton School District
July 1, 2015 – June 30, 2017**

Background

Employers play a vital role in the successful operation of the Teachers' Fund for Retirement (TFFR) program for North Dakota educators. Employers must enroll eligible teachers and administrators for TFFR membership, report service hours, report and remit member and employer retirement contributions based on TFFR eligible retirement salary, complete necessary forms, distribute retirement information, and provide other information needed for TFFR to accurately and efficiently process retirement, refund, disability, and death benefits.

The Internal Audit (IA) division of the Retirement and Investment Office (RIO) has developed a program to review the required TFFR reports and payments that are made by school districts and other TFFR participating employers as provided for in NDCC 15-39.1. In particular, the program is designed to check the accuracy of retirement salaries, contributions, and service credit reported by employers. This program is in conjunction with and in addition to the audit performed by RIO's external auditors.

Upon completion, TFFR Employer Reporting Review reports are filed with TFFR Management who are responsible for notifying Employers of any errors, corrections, or recommendations. Reports are also filed with the TFFR Board and the Audit Committee of the State Investment Board (SIB). TFFR Employer Reporting Review reports are subject to ND open records and open meetings laws (except for confidential member information contained in report schedules) and are available on the public website with other TFFR and SIB Audit Committee meeting materials.

Wilton School District Review

Internal Audit conducted a TFFR Employer Reporting Review of the Wilton School District to test the accuracy of retirement salaries, contributions, and service credit reported by the district. The employer's master contracts, employer payment plan, salary schedules, extra-curricular payment schedules, individual teacher contracts, and payroll records were used in the review. Other reporting procedures reviewed during the review process included the calculation of service hours and eligibility for TFFR membership.

- Phase I – Reviewed the district's reporting history, selected a sample of members for the salary review, requested information from the Employer.
- Phase II – Completed the review of information received from the Employer to determine whether salary reported was eligible, members were eligible, and service hours were accurate.

Based on this review, TFFR is now issuing the Wilton School District this final TFFR Employer Reporting Review report which includes errors, corrections, and recommendations.

Results Summary

There were three Employer errors identified in the Wilton review (see below). As a result of these three Employer errors, there are seven member accounts requiring corrections. Details regarding the member account corrections will be sent to the Wilton Business Manager.

Errors, Corrections and Recommendations

Error 1: The Employer did not report eligible athletic supervision salary for one member. The error was isolated and did not affect other members in the District.

Correction/Recommendation:

Retirement Services will not correct the immaterial error. Retirement Services recommends that the Wilton business manager review the payroll code for athletic supervision to make sure these payments are reported to TFFR in the future.

Error 2: The Employer reported summer salary in the wrong fiscal year during the 2015/16, 2016/17, 2017/18, 2018/19, and 2019/20 fiscal years for seven TFFR members. Two additional TFFR members had driver education salary reported in 2016/17 and the Employer could not provide documentation on the dates that the two members taught Driver's Education. Therefore, TFFR was not able to determine if the salary was reported in the correct fiscal year. TFFR must be reported in the fiscal year earned, not when paid.

Correction/Recommendation:

Retirement Services will correct the salaries and contributions for the seven Wilton TFFR members included on the Schedule for Changes in Salaries and Contributions. This will result in moving salary and contributions between fiscal school years. Retirement Services also recommends that Wilton School include dates of employment on future driver education contracts.

Error 3: The Employer reported service hours incorrectly for two part-time teachers.

Correction/Recommendation:

Retirement Services will not correct the service hours for the two part-time teachers since they already earned a full year of service with another employer. Retirement Services recommends Wilton School establish procedures to monitor service hours and correctly report service hours for part time teachers in the future.

Report Distribution:

Misty Schafer, Wilton School Board President
Andrew Jordan, Wilton Superintendent
Jenna Kirchmeier, Wilton Business Manager
TFFR Board
28001/840



TFFR Employer Reporting Review Report Issued October 29, 2019

**Jamestown School District
July 1, 2016 – June 30, 2018**

Background

Employers play a vital role in the successful operation of the Teachers' Fund for Retirement (TFFR) program for North Dakota educators. Employers must enroll eligible teachers and administrators for TFFR membership, report service hours, report and remit member and employer retirement contributions based on TFFR eligible retirement salary, complete necessary forms, distribute retirement information, and provide other information needed for TFFR to accurately and efficiently process retirement, refund, disability, and death benefits.

The Internal Audit (IA) division of the Retirement and Investment Office (RIO) has developed a program to review the required TFFR reports and payments that are made by school districts and other TFFR participating employers as provided for in NDCC 15-39.1. In particular, the program is designed to check the accuracy of retirement salaries, contributions, and service credit reported by employers. This program is in conjunction with and in addition to the audit performed by RIO's external auditors.

Upon completion, TFFR Employer Reporting Review reports are filed with TFFR Management who is responsible for issuing any errors, corrections, or recommendations to the Employer. Reports are also filed with the TFFR Board and the Audit Committee of the State Investment Board (SIB). TFFR Employer Reporting Review reports are subject to ND open records and open meetings laws (except for confidential member information contained in report schedules) and are available on the public website with other TFFR and SIB Audit Committee meeting materials.

Jamestown School District Review

Internal Audit conducted a TFFR Employer Reporting Review of the Jamestown School District to test the accuracy of retirement salaries, contributions, and service credit reported by the district. The employer's master contracts, employer payment plan, salary schedules, extra-curricular payment schedules, individual teacher contracts, and payroll records were used in the review. Other reporting procedures reviewed during the review process included the calculation of service hours and eligibility for TFFR membership.

- Phase I – Reviewed the district's reporting history, selected a sample of members for the salary review, requested information from the Employer.
- Phase II – Completed the review of information received from the Employer to determine whether salary reported was eligible, members were eligible, and service hours were accurate.

Based on this review, TFFR is now issuing the Jamestown School District this final TFFR Employer Reporting Review report which includes errors, corrections, and recommendations.

Results Summary

There was one Employer error identified in the Jamestown review (see below). No correction will be made as the amount was immaterial. Details of the member accounts reviewed will be sent to the Jamestown Business Manager.

Errors, Corrections, and Recommendations

Error 1: The Employer reported ineligible summer basketball camp salary for one member. The member did not have a summer or continuing contract with the Employer.

Correction/Recommendation:

Retirement Services will not correct the over reported salary and contributions for the one Jamestown TFFR member. The Jamestown Business Manager should monitor summer employment to make sure the individuals have a written agreement or continuing contract in place before reporting the salary to TFFR.

Report Distribution:

Jennifer Schmidt, Jamestown School Board President
Dr. Rob Lech, Jamestown Superintendent
Sally Ost, Jamestown Business Manager
TFFR Board
47001/840



NDTFFR Board Reading January 2020

[Overview of Public Pension Plan Governance.](#) National Association of State Retirement Administrators (NASRA), November 2019.

[State and Local Government Spending on Public Employee Retirement Systems.](#) National Association of State Retirement Administrators (NASRA), December 2019.

[Retiree Cost of Living Adjustments.](#) National Association of State Retirement Administrators (NASRA), November 2019.

[Peaceful Coexistence: The Facts About Pensions and Education Funding.](#) National Council on Public Employee Retirement Systems (NCPERS), October 2019.

[Proactive Pension Management, An Elected Official's Guide to Variable Benefit and Contribution Arrangements.](#) Center for State & Local Government Excellence (CSLGE) and AARP, September 2019.

[State and Local Employee Views on their Jobs, Pay and Benefits.](#) National Institute on Retirement Security (NIRS), November 2019

[State Pension Funds Reduce Assumed Rates of Return.](#) PEW Trusts, December 2019.

BOARD RETREAT – 1:00 pm (approximately)

1. **Retreat Introduction and Purpose** – Pres. Lech
2. **Review of Mission, Vision, and Values Statements** – Pres. Lech
3. **Perspectives – Decision-making Exercise** – Pres. Lech
4. **Revised Board Governance Manual Highlights** – Cody Mickelson and Committee
5. **Board Education Competencies** – Pres. Lech
6. **TFFR's Image – Communication Ideas** - Mel Olson
7. **Trustee Open Forum** – Pres. Lech
8. **Adjournment**

Next TFFR Board Meeting: March 26, 2020

Any individual requiring an auxiliary aid or service should contact the Retirement and Investment Office at 701.328.9885 at least three (3) days prior to the scheduled meeting.



**BOARD EDUCATION:
EXAMINING MULTIPLE
PERSPECTIVES THROUGH
THE FOUR-FRAME MODEL**

Four-Frame Model Overview

- The idea that understanding multiple perspectives prior to making a decision is certainly not a new idea in governance. The Four-Frame model provides a framework for decision-makers to “reframe” an issue to allow a better understanding of all perspectives.
- The Four Frames are: Structural, Human Resource, Political, and Symbolic.
- On your own, please review the primer with the Frame Basics and Frame Assumptions. With a shoulder partner, share the frame that best matches the perspective you feel most comfortable with and why that most connects with you.

Structural Frame

- The Structural frame is analogous to a factory or a machine.
- It is supported in disciplines, such as Sociology and Management Sciences
- The central concepts of the Structural frame are roles, goals, strategies and policies.
- The image of leadership is social architecture.
- The basic leadership challenge is to attune the structure of the organization to the task, technology, and environment.

Human Resource Frame

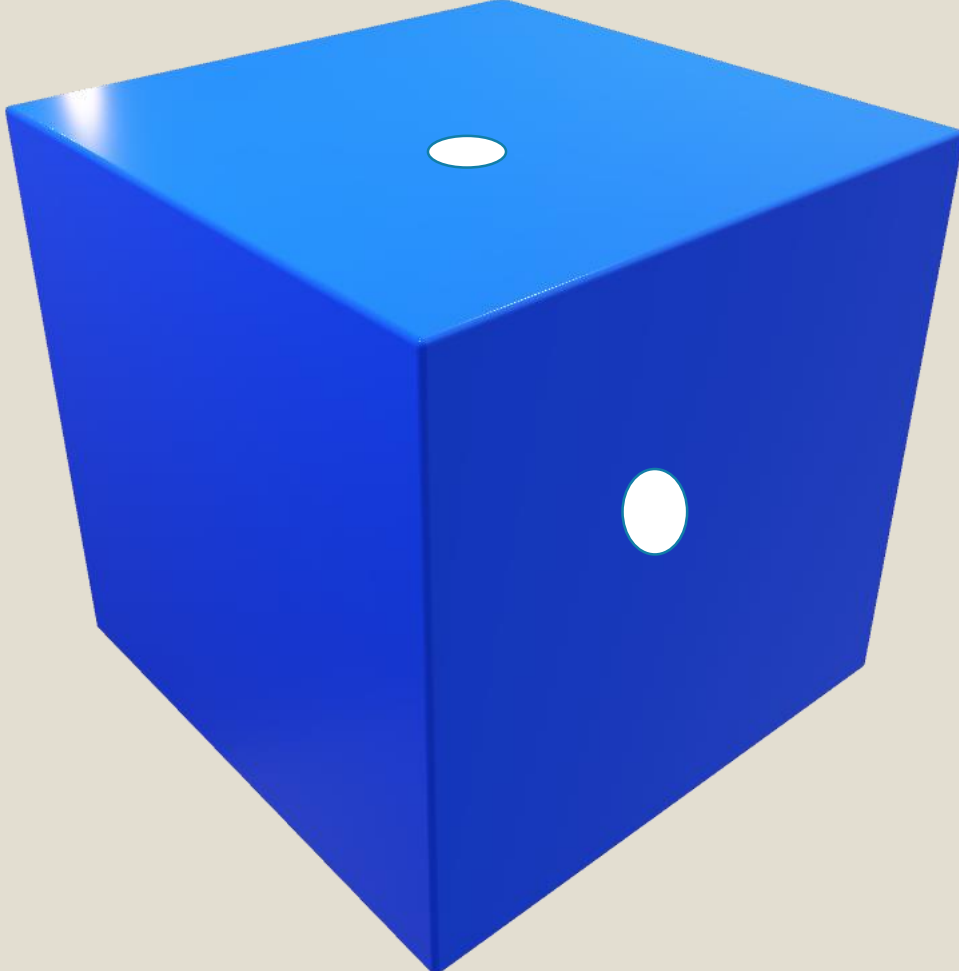
- The Human Resource frame is analogous to a family.
- It is supported in disciplines, such as Psychology
- The central concepts of the Human Resource frame are needs, skills, and relationships.
- The image of leadership is empowerment.
- The basic leadership challenge is to align organizational and human needs.

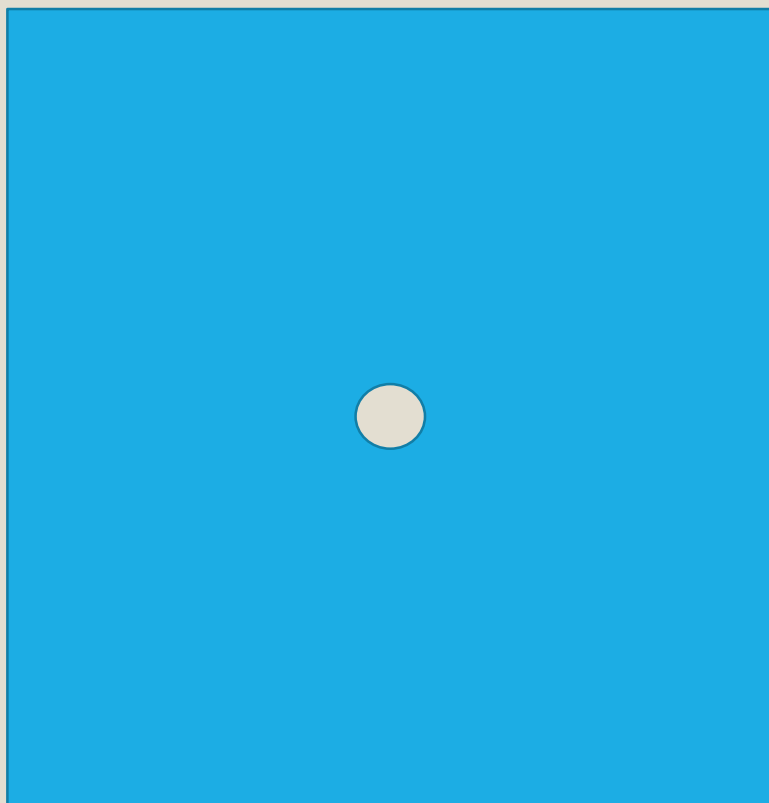
Political Frame

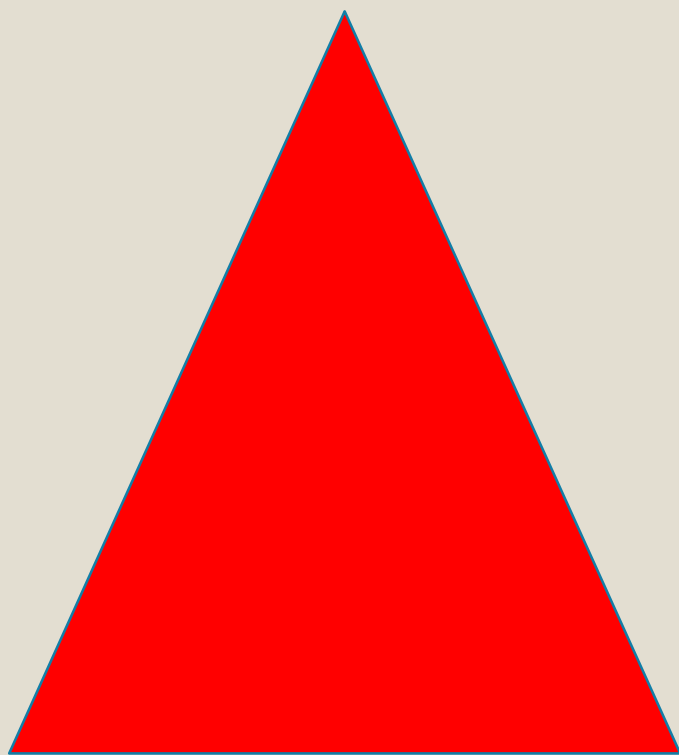
- The Political frame is analogous to a jungle.
- It is supported in disciplines, such as Political Science
- The central concepts of the Political frame are ranges of power, conflict, competition, and politics.
- The images of leadership are advocacy and political savvy.
- The basic leadership challenge is to develop an agenda and power base.

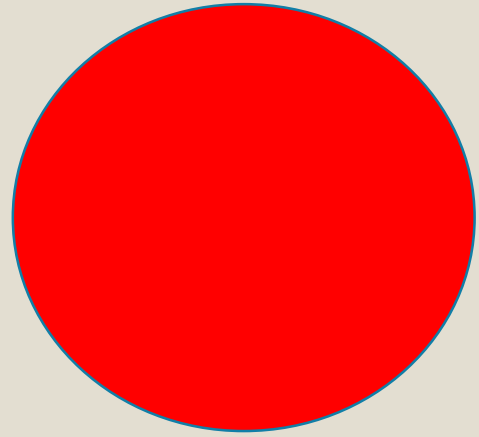
Symbolic Frame

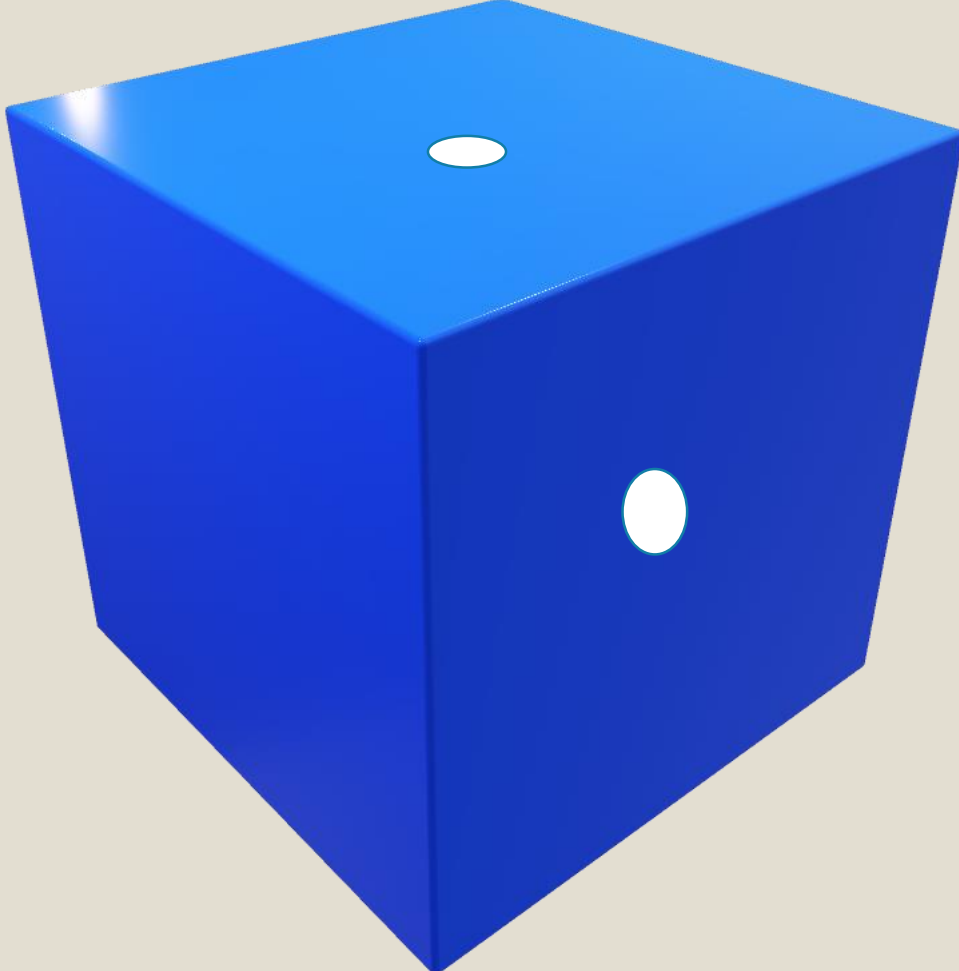
- The Symbolic frame is analogous to a carnival, temple or theatre.
- It is supported in disciplines, such as Anthropology and Institutional Theory
- The central concepts of the Symbolic frame are culture, ritual, ceremony, and stories
- The image of leadership is inspiration.
- The basic leadership challenge is to create faith, belief, and meaning.



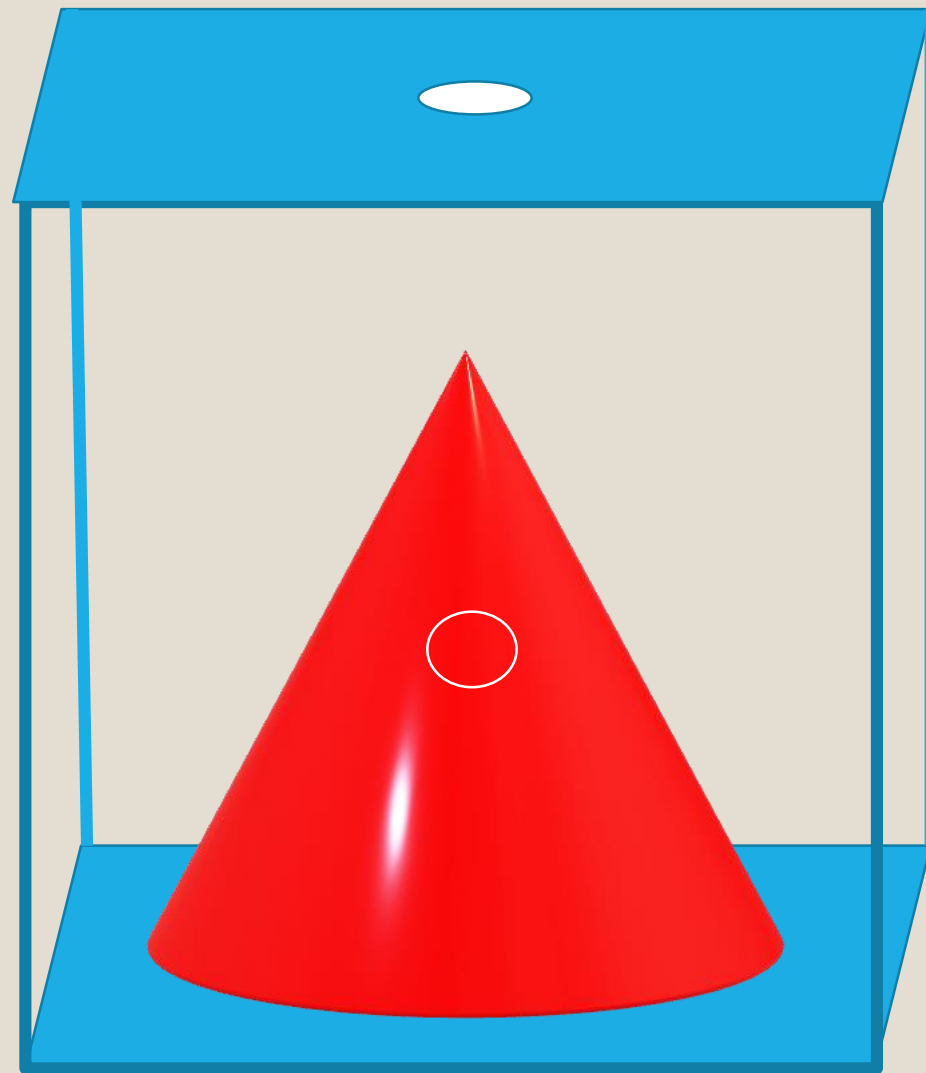








**The real
picture: A
cone in a
box!**



Necessity of Seeing All Perspectives

- While looking at only one perspective provides you with a response that is “right” from that perspective, it doesn’t represent the full figure. The figure is actually a 3D box with a hole on top and a hole on the side. Inside the box is red cone.
- The first perspective only shows the outside of the box (sideview).
- The second perspective only shows one plane of the box (top view).
- The third perspective looks only through the hole in the side, so the cone appears to be only a triangle.
- The fourth perspective looks only through the hole in the top, so the cone appears to be only a circle.

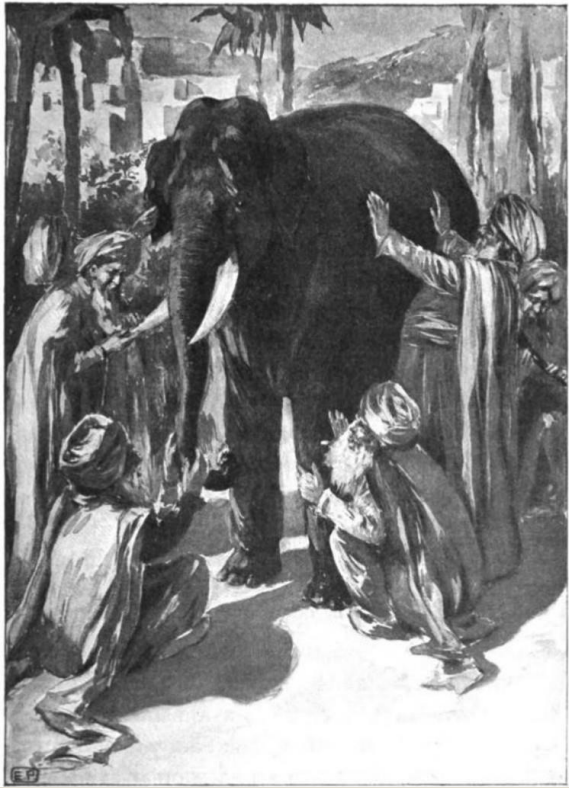
Board Members Must Be(come) Comfortable with Being Uncomfortable

- We all have a more natural connection to one or possibly two of the frames. Similarly, there are also frame(s) that make us somewhat uncomfortable.
- As board members, we must become comfortable with being uncomfortable. If we are to make the best possible decision for TFFR members across ND, we need to be aware and respectful of all frames. The best decisions are made when decision-makers consider perspectives of all frames. While challenging, this is important to making the best possible decision.

Roles of Board

- As a diverse board, we are representative of different perspectives (teachers – active and retired, administrators – active and retired, and elected officials). We do NOT directly represent those stakeholders. Our fiduciary duty means that we should consider and share those perspectives and ultimately make the decision that is best for the fund.

The Blind Man and the Elephant



- **Moral:**
So oft in theologic wars,
The disputants, I ween,
Rail on in utter ignorance
Of what each other mean,
And prate about an Elephant
Not one of them has seen!

"The Blind Men and the Elephant" by John Godfrey Saxe (1816–1887) ◻



MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp and Cody Mickelson, Committee Chair
DATE: January 17, 2020
SUBJ: Governance & Policy Review (GPR) Committee Update

The TFFR Governance and Policy Review Committee (Cody Mickelson, Chair; Rob Lech, Board President; and Mike Burton, Board Vice President) has had five meetings since the Committee was formed last spring (May 30, July 2, September 17, December 11, and January 6). Committee members and staff have been actively engaged in very productive and insightful discussions regarding board governance policies and best practices.

This comprehensive review of current board governance policies and bylaws, by the Committee, has resulted in the attached revised TFFR Board Governance Manual. At the Board Retreat, Cody will present Governance Manual Highlights.

Additional time to discuss the Manual will be scheduled for the March 26 Board meeting, which would comprise the Introduction and 1st Reading of the Board Governance policies.

Prior to that time, the revised Manual will be submitted to the Attorney General's Office for legal review. Any suggested changes will be reviewed with the Committee prior to the 1st reading at the March board meeting.

ND Teachers' Fund for Retirement (NDTFFR) Board Program Manual Table of Contents

SECTION I: TFFR BOARD GOVERNANCE POLICIES

- A) Introduction and Purpose
- B) TFFR Program Overview
 - 1) History
 - 2) Legal Framework
- C) TFFR Mission, Vision, and Values Statements
 - 1) Mission
 - 2) Vision
 - 3) Core Values
- D) TFFR Board Authority, Composition, Attributes, Appointment, Terms
 - 1) Board Authority
 - 2) Board Composition
 - 3) Board Trustee Desired Attributes
 - 4) Board Appointment Process
 - 5) Trustee Terms, Resignations and Vacancies
- E) TFFR Board - Duties and Responsibilities
 - 1) Fiduciary Duties
 - 2) Board Responsibilities
- F) TFFR Board Trustees and Officers – Duties and Responsibilities
 - 1) TFFR Trustee
 - 2) TFFR Board President
 - 3) TFFR Board Vice President
 - 4) TFFR Representatives to SIB
 - 5) Alternate TFFR Representative to SIB
 - 6) TFFR Representative to SIB Audit Committee
- G) State Investment Board
- H) Retirement and Investment Office
- I) Delegation to Staff and Organizational Structure
- J) Staff – Duties and Responsibilities
 - 1) Deputy Executive Director – Chief Retirement Officer
 - 2) Executive Director – Chief Investment Officer

- K) Service Providers – Duties and Responsibilities
 - 1) Actuary
 - 2) Medical Consultant
 - 3) Legal Counsel
 - 4) Auditor (External)
 - 5) Investment Consultant, Managers, and Advisors

- L) Election of TFFR Board Officers and SIB trustee positions
 - 1) Board Officers
 - 2) Election Procedure
 - 3) Term
 - 4) Vacancies

- M) Board and Committee Meetings
 - 1) Open Meetings
 - 2) Rules of Order
 - 3) Meeting Schedule
 - 4) Meeting Notice
 - 5) Meeting Agendas
 - 6) Meeting Materials
 - 7) Meeting Attendance and Quorum
 - 8) Voting
 - 9) Public Access and Comment
 - 10) Executive Sessions
 - 11) Closed Meeting Procedures
 - 12) Meeting Minutes and Records
 - 13) Meeting Payment and Travel Expense Reimbursement

- N) Committees
 - 1) Standing Committees
 - 2) Special Committees
 - 3) Audit Committee

- O) Board Appeals

- P) Board Communications

- Q) Trustee Orientation and Education Program
 - 1) Board Member Core Competencies
 - 2) Board Member Education
 - 3) New Trustee Orientation
 - 4) Mentoring Program
 - 5) Educational Conferences, Workshops, and Training Programs
 - 6) In-House Education Sessions
 - 7) Fiduciary Education and Ethics Training
 - 8) Open Meetings and Open Records Training
 - 9) Webinars, Reports, and Studies
 - 10) Reimbursement of Education Expenses

- R) Code of Conduct and Ethics
- S) Strategic Planning
- T) Board Policy Approval Process
- U) Board Self-Assessment

Board Governance Section Exhibits

- 1) RIO Organizational Chart
- 2) Public Participation Meeting Guidelines TBD
- 3) RIO Board Meeting In-State Travel Expense Voucher
- 4) Board Education Annual Report
- 5) ND Authorization for Out of State Travel
- 6) RIO Conference Expense Voucher –Board Members
- 7) TFFR Code of Conduct Annual Affirmation
- 8) TFFR Board Self Evaluation Survey TBD
- 9) Other
- 10) Other

SECTION II: TFFR Program Policies

ND TEACHERS' FUND FOR RETIREMENT (NDTFFR) BOARD PROGRAM MANUAL

SECTION I: TFFR GOVERNANCE POLICIES

A) Introduction and Purpose

The ND Teachers' Fund for Retirement (TFFR) Board of Trustees is dedicated to ethically serving the members and stakeholders of the TFFR pension plan, and ensuring that the plan is effectively managed. The Board is committed to excellence in Board governance. An effective governance structure is essential to fulfilling fiduciary duties and Board responsibilities in accordance with the highest standards of professional responsibility, accountability, and transparency.

The Board developed and adopted this TFFR Board Program Manual to establish the framework within which the Board intends to set governance and oversight policy.

The purpose of the Manual is to:

1. Provide orientation material and exhibits for new TFFR trustees and executive staff as to the roles, responsibilities, policies, procedures, and activities in the governance and oversight of the TFFR plan.
2. Serve as an ongoing reference manual for current trustees and staff.
3. Describe the roles and responsibilities of the Board of Trustees as a Board, individual Trustees, Committees, Staff, and Service Providers.
4. Describe the relationship between the TFFR Board, the State Investment Board (SIB), and the Retirement and Investment Office (RIO) as it relates to the administration of the TFFR plan.
5. Establish a Board meeting protocol that outlines the manner in which the Board will conduct itself to enable the Board to carry out its responsibilities as effectively and efficiently as possible, and in accordance with state and federal law.
6. Facilitate the organized, efficient, and cohesive functioning of the Board.
7. Facilitate effective communication among the Trustees, staff, plan members, employers, and other external parties.
8. Define responsibility and accountability for hiring and monitoring outside service providers.

9. Document the method by which the Board will conduct a Board self- assessment.
10. Document Board governance and program policies, administrative rules, and state statutes governing the plan.

The TFFR Board Program Manual is an evolving set of documents that reflect the Board's current governance practices. The Manual will be reviewed by the Board on an annual basis. Board trustees, the Deputy Executive Director-Chief Retirement Officer, and/or legal counsel may recommend modifications for Board consideration and approval.

The contents of the TFFR Board Program Manual are intended to be consistent with state and federal laws, rules, and regulations. If there is any conflict between the provisions included in this Manual and state or federal law, the law prevails.

B. TFFR Program Overview

1. History

The ND Teachers' Fund for Retirement (NDTFFR) (formerly the ND Teachers' Insurance and Retirement Fund or NDTIRF) was created by the ND Legislature in 1913. The defined benefit plan provides lifetime retirement, disability and survivor benefits for ND public school educators.

Membership participation, benefits provided, contribution requirements, and plan provisions are described in [State Law](#) and the [TFFR Member Handbook](#).

2. Legal Framework

[ND Century Code \(NDCC\) Chapter 15-39.1](#) contains the legal authority and statutory language governing the plan, and is supplemented by [ND Administrative Code \(NDAC\) Title 82](#).

TFFR is a qualified (tax exempt) defined benefit public pension plan covered under [Section 401\(a\) of the Internal Revenue Code \(IRC\)](#).

C. TFFR Mission, Vision, and Values

1. Mission

TFFR administers a comprehensive retirement program that provides North Dakota public educators with a foundation for retirement security.

2. Vision

TFFR's vision is to be a trusted leader in the administration of a financially sound retirement program for North Dakota educators by providing exceptional customer service, professional plan management, and organizational effectiveness by adhering to the principles of good governance, transparency, and accountability.

3. Core Values – currently in development

D. TFFR Board Authority, Composition, Appointment, Terms

1. Board Authority

TFFR is governed by a 7-member [TFFR Board of Trustees](#) who are charged with oversight, policy making, and administration of the TFFR retirement program as provided under [NDCC 15-39.1-05](#). The trustees are fiduciaries, and as such have the highest standard of law placed on them.

2. Board Composition

The Board is composed of seven trustees consisting of:

Two elected state officials:

- State Treasurer (ex officio)
- State Superintendent of Public Instruction (ex officio)

Five members appointed by the Governor:

- Two board members who are actively employed as elementary or secondary teachers in full-time positions not classified as school administrators. The appointment is made from a list of three nominees submitted to the Governor by ND United (NDU).
- One board member who is actively employed as a full-time school administrator. The appointment is made from a list of three nominees submitted to the Governor by the ND Council of Educational Leaders (NDCEL).
- Two board members who are retired members of the Fund. The appointment is made from a list of three nominees submitted to the Governor by the ND Retired Teachers Association (NDRTA).

3. Board Trustee Desired Attributes

Board trustees should possess or develop the following desired attributes in order to become an effective board trustee.

- a. Unwaveringly ethical
- b. Perpetually inquisitive
- c. Knowledgeable about the membership
- d. Ability to understand complex actuarial, financial, and investment concepts
- e. Committed to strong board governance practices
- f. Diligent and willing to spend time to learn best pension practices
- g. Professional, respectful, and courteous demeanor
- h. Proactive and responsive approach to member needs
- i. Committed and engaged
- j. Active listening and communication skills
- k. Critical thinking skills
- l. Ability to make fair and timely decisions
- m. Open and accountable to stakeholders

4. Board Appointment Process

When a TFFR Board trustee term expires or vacancy occurs, the Chief Retirement Officer will notify the Governor's Office and the applicable stakeholder group (ND United, ND Council of Educational Leaders, or ND Retired Teachers Association) of the vacancy. Board trustee desired attributes and board responsibilities will be provided to the Governor's Office and applicable stakeholder group to assist them in making board nominee or trustee selection.

NDU, NDCEL, or NDRTA will submit a list of three Board nominees to the Governor's Office, as required by state law. Board nominees must complete the "Application for Boards and Commissions" from the Governor's Office in order to be considered for TFFR Board appointment. This application contains information about the nominee's background, education, experience, financial disclosures, and references.

After reviewing the Board nominee applications, the Governor will make the trustee appointment, and will notify the selected nominee and the Chief Retirement Officer. The Governor's Office will send the newly appointed trustee a Certificate of Appointment which provides formal documentation of appointment to the TFFR Board. The Governor's office will also send an Oath of Office and Statement of Intent which must be signed by the trustee and returned to the Governor's Office. These documents confirm the trustee's appointment is official. Trustees can then carry out their official duties as a Board member and can be paid for authorized expenses.

5. Trustee Terms, Resignations and Vacancies

The State Treasurer is an ex-officio member of the Board, and serves on the Board throughout the term of the State Treasurer's elected position. A lawful Deputy of the State Treasurer may act with the full authority of the State Treasurer, and may vote when serving as the State Treasurer's official designee on the Board. *(Confirm with Legal?)*

The State Superintendent of Public Instruction is an ex-officio member of the Board, and serves on the Board throughout the term of the State Superintendent's elected position. The State Superintendent may designate an individual to attend and participate in Board meetings, however the designee may not vote since the designee does not have the lawful authority to vote on behalf of the State Superintendent. *(Confirm with Legal?)*

Each of the five Governor-appointed trustees are appointed for a term of five years. The terms of office are staggered with the five appointed trustee positions beginning July 1 and expiring on June 30 of each successive year. There is no limit to the number of terms a trustee may serve on the Board. Trustees may remain on the Board until they are reappointed or until their successors are appointed. *(Confirm with Legal?)*

Appointed active trustees who terminate employment may not continue to serve on the Board as active teacher representative. Appointed active and retired trustees may resign from the Board by providing written notice to the Governor and the TFFR Board.

Appointed trustee position vacancies which occur before the expiration of a term due to the trustee's resignation, termination, removal, retirement, disability, death, or other reason, will be filled by the Governor, and the new appointee will complete the term for which the original trustee was selected. *(Confirm with Legal that the Governor can remove the appointed trustees from the TFFR Board? If new Governor is elected, what is impact on current Governor appointed trustees.)*

E. TFFR Board - Duties and Responsibilities

1. Fiduciary Duties *(discuss with Legal)*

TFFR trustees are fiduciaries, and as such, have the highest standard of law placed upon them. Trustees are expected to discharge their duties with the utmost honesty and integrity and to act solely in the interest of the members, retirees, and beneficiaries for the exclusive purpose of providing benefits and paying reasonable expenses of administering the TFFR program.

Fiduciary duties include the following:

- a. Duty of loyalty. The obligation to act for the exclusive benefit of the plan participants and beneficiaries. Regardless of how trustees are selected, trustees must put the interests of all plan participants and beneficiaries above their own interests or those of any third parties.
- b. Duty of care. The responsibility to administer the plan efficiently and properly. The duty of care includes consideration and monitoring of the financial sustainability of funding practices and the effective administration of plan benefits in compliance with applicable laws.
- c. Duty of prudence. The obligation to act prudently in exercising power or discretion over the interests that are subject of the fiduciary relationship. A trustee should act in a manner consistent with a reasonably prudent person exercising care, skill, and caution.

2. Board Responsibilities

The TFFR Board of Trustees is responsible for oversight, policy making, and administration of the TFFR plan as provided under [NDCC 15-39.1-05.2](#).

Board responsibilities include:

- a. Establish and monitor policies for the administration of the TFFR plan.
- b. Set legislative priorities and positions, submit legislative proposals, and monitor legislation affecting the plan.
- c. Develop and adopt administrative rules and board policies to administer the plan.
- d. Establish and monitor TFFR plan funding policy and progress.
- e. Establish and monitor TFFR plan investment policies and asset allocation under [NDCC 21-10-02.1](#).
- f. Select and monitor the performance of consultants, advisors, and service providers for the plan.
- g. Select and monitor actuarial consultant(s) to provide actuarial and technical consulting services including: annual actuarial valuations and GASB reports, periodic actuarial experience studies, independent actuarial audits, and other special projects and studies; develop and monitor actuarial funding policy, assumptions, methods, and factors; analyze proposed legislative changes; and advise the Board on actuarial, technical, and administrative issues.
- h. Select and monitor medical consultant to conduct disability reviews.
- i. Select and monitor investment consultant to perform periodic asset allocation and liability studies.
- j. Monitor and pay and plan benefits, consulting fees, administrative and investment expenditures.
- k. Administer the plan so as to maintain the plan's qualified status under Internal Revenue Code requirements.
- l. Review and approve applications for disability retirement, Qualified Domestic Relations Orders (QDROs), and other special benefit payments.
- m. Review and decide board appeals.

- n. Determine appropriate levels of service and monitor outreach programs provided to members and employers.
- o. Monitor RIO budget, expenditures, financial reporting system, and financial audit.
- p. Monitor RIO information technology systems, projects, and security.
- q. Select TFFR representatives to serve on SIB and monitor investment program activities and fund performance.
- r. Select TFFR representative to serve on SIB Audit Committee and monitor audit program activities.
- s. Inform the State Investment Board (SIB), which is the administrative board of the Retirement and Investment Office (RIO), of the TFFR program needs, policies, and services expected to be provided through RIO.
- t. Participate with the RIO Executive Director in the hiring, evaluation, and termination of the TFFR Chief Retirement Officer – RIO Deputy Executive Director.

F. TFFR Board Trustees and Officers – Duties and Responsibilities

1. TFFR Trustee

Trustees must be willing and able to devote the necessary time to fulfill their duties on the Board. This commitment includes the responsibility to:

- a. Act as a member of a seven-member Board of Trustees to provide leadership, oversee plan administration, and set the strategic direction for the TFFR program.
- b. Prepare for and attend Board and Committee meetings.
- c. Be an informed and active member of the Board, fully participating in the decisions and actions of the Board and its Committees by making independent assessments and reasonable judgments.
- d. Acquire and maintain the knowledge and skills necessary to perform trustee duties.
- e. Follow Board policies and procedures; applicable state and federal laws and rules.
- f. Be accurate when communicating with other trustees, members, beneficiaries, interested parties, the public, and RIO staff.
- g. Act collegially with the other trustees and staff in the conduct of TFFR business.
- h. Bring to the attention of the Board matters of concern that affect the TFFR plan.

- i. Seek the advice of the Chief Retirement Officer, legal advisor, and other trustees when necessary to fulfill their fiduciary duties.
- j. Comply with the Board's Code of Conduct and Ethics.
- k. Adhere to state law regarding confidentiality of member records and benefits.
- l. Adhere to state law regarding Open Meetings and Open Records.
- m. Evaluate trustee's individual performance and the Board's performance as a whole.

2.TFFR Board President

The Board President's principal role is to lead the Board in the conduct of Board business by managing the affairs of the Board and ensuring the integrity of the Board's process. The Board President must be willing and able to devote the time necessary to fulfill these special responsibilities. This commitment includes the responsibility to:

- a. Convene and preside over all Board meetings in a collegial, fair, and efficient manner following Board policies, procedures, and applicable state laws and rules.
- b. Review and approve the agenda for regular and special Board meetings.
- c. Ensure proper and timely flow of adequate information to the Board.
- d. Solicit input from trustees regarding matters before the Board.
- e. Ensure adequate time is provided for effective study and discussion of business.
- f. Make Committee assignments.
- g. Execute documents and other legal instruments on behalf of TFFR as required by state law, authorized by the Board, or determined in conjunction with the Chief Retirement Officer.
- h. Represent the Board to outside parties and organizations.
- i. Lead the Board's self-assessment and self-development processes.
- j. Perform all other duties identified by the Board.

3.TFFR Board Vice President

The Vice President will perform the duties of the President in the absence of the President.

4.TFFR Representatives to SIB

The TFFR Board selects three trustees to represent TFFR on the SIB. TFFR representatives to the SIB must include one active teacher, one active administrator, and one retired member.

The TFFR representatives to the SIB have the same authority and responsibilities as do other SIB trustees as provided in [NDCC 21-10](#) and outlined in the [SIB Governance Manual](#).

5.Alternate TFFR Representative to SIB

The TFFR Board selects one alternate TFFR representative to serve on the SIB.

The Alternate TFFR representative to the SIB will perform the duties of the regular TFFR representative on the SIB in the absence of that trustee.

6.TFFR Representative to SIB Audit Committee

The TFFR Board selects one TFFR representative on the SIB to serve on the SIB Audit Committee, subject to official appointment by SIB Chair.

The TFFR representative on the SIB Audit Committee has the same authority and responsibilities as do other trustees on the SIB Audit Committee which are outlined in the [SIB Audit Committee Charter](#).

G. State Investment Board

The ND State Investment Board (SIB) is responsible for oversight, policy making, and administration of the SIB investment program as provided under [NDCC 21-10](#). As such, TFFR assets, as well as other state pension, insurance, and other state funds, are invested by the SIB.

The SIB is composed of twelve trustees consisting of:

- Lt. Governor of the State of ND
- State Treasurer
- State Insurance Commissioner

- Director of Workforce Safety & Insurance
- Commissioner of University and School Lands
- **Three TFFR trustees**
- Three PERS trustees
- One Legacy & Budget Stabilization Fund Advisory Board trustee (nonvoting)

Investment of TFFR assets is based on the asset allocation and investment policy statement approved by the TFFR Board and accepted by the SIB. Funds are invested following the “prudent investor rule” and must be invested exclusively for the benefit of TFFR members.

The SIB is also the governing body of the ND Retirement and Investment Office (RIO).

H. Retirement and Investment Office

The ND Retirement and Investment Office (RIO) coordinates the activities of the TFFR retirement program and SIB investment program as provided under [NDCC 54-52.5](#). The governing body of the RIO is the SIB, although the TFFR Board and SIB each maintain their legal identities and authority under state law.

RIO is responsible for developing the agency budget, providing the staff, and allocating necessary resources to administer both the TFFR and SIB programs, subject to budget approval by the Legislature. The TFFR Board and SIB provide input to RIO Executive Management to ensure retirement and investment program needs, policies, and services are considered.

RIO Executive Director - Chief Investment Officer is the administrator of RIO and is responsible for the SIB investment program. RIO Deputy Executive Director – Chief Retirement Officer assists in the administration of RIO, and is responsible for the TFFR retirement program.

RIO is an administrative agency of the State of North Dakota and operates from an office located at 3442 East Century Avenue in Bismarck, North Dakota.

I. Delegation to Staff and Organizational Structure

The TFFR Board delegates administration of the TFFR program to the RIO Deputy Executive Director - TFFR Chief Retirement Officer, subject to approval by the RIO Executive Director.

The RIO Deputy Executive Director – TFFR Chief Retirement Officer reports directly to the RIO Executive Director – Chief Investment Officer and functionally to the TFFR Board. See *RIO Organizational Chart (Exhibit XX)*.

J. Staff - Duties and Responsibilities

1. Deputy Executive Director – Chief Retirement Officer

The Deputy Executive Director – Chief Retirement Officer is hired by the RIO Executive Director – Chief Investment Officer, serves in an unclassified position, and is paid such salary as the Executive Director determines. The Board delegates responsibility for administering the TFFR program to the Deputy Executive Director – Chief Retirement Officer, subject to approval by the Executive Director. The Board will participate with the Executive Director in the hiring, evaluation, and termination of the Deputy Executive Director-Chief Retirement Officer.

Duties and responsibilities include:

- a. Assist the Executive Director in planning, supervising, and directing overall RIO programs in accordance with the SIB governance policies and state laws and rules, and represent the Executive Director in his/her absence.
- b. Administer the TFFR retirement program in accordance with governing statutes, rules, and TFFR Board policies and perform related work as assigned by the TFFR Board.
- c. Develop annual and long-range plans for the retirement program.
- d. Interpret state and federal law which governs the retirement program.
- e. Develop administrative rules, policies, and procedures necessary to administer the program.
- f. Represent the TFFR Board on retirement program issues.
- g. Direct TFFR legislative agenda and process.
- h. Maintain effective relationships with TFFR members, beneficiaries, employers, state officials, legislators and legislative committees, member and employer stakeholder groups, the media, and the public at large.
- i. Work with actuarial consultant, medical consultant, legal counsel, auditor, investment consultant, and other service providers in administering the plan.
- j. Assist in the formulation of RIO's budget, including staffing needs, program costs, operating costs, information technology requirements, and resources to assure that retirement program obligations are met.
- k. Develop Board and Committee meeting agendas and materials, attend all Board and Committee meetings, responsible for meeting minutes, required notices, procedures, and applicable rules and regulations of the fund.

- l. Provide the Board with relevant, appropriate, and timely information to enable it to properly carry out its oversight responsibilities.
- m. Advise the Board on significant issues, problems or developments pertaining to the plan, and provide recommended courses of action as appropriate. regarding Board policy or action.
- n. Maintain the data, records, and files of TFFR members, beneficiaries, and employers including membership data, salary, service, contributions, and benefit payments.
- o. Ensure the accurate and timely collection of member and employer contributions, maintenance of member accounts, processing of account claims, and payment of pension, disability, death and refund benefits as allowed under state law.
- p. In the absence of the Deputy Executive Director-Chief Retirement Officer, the Retirement Program Manager will be responsible for the administration of the TFFR program.

2.Executive Director - Chief Investment Officer

The Executive Director – Chief Investment officer (ED-CIO) is hired by the SIB, serves in an unclassified position at the SIB's pleasure, and is paid such salary as the SIB determines.

Duties and Responsibilities include:

- a. Oversee planning, supervising, and directing overall RIO programs in accordance with SIB governance policies and state laws and rules.
- b. Administer the investment program of RIO and perform related work as assigned by the SIB.
- c. Direct the preparation and execution of the RIO budget and legislative agenda and evaluates and monitors financial and operational programs.
- d. Represent RIO, promote RIO programs, and has the authority and responsibility to carry out the day-to-day administrative duties for RIO.
- e. Attend all meetings of the SIB and TFFR Board.
- f. Hire staff as necessary to carry out the responsibilities of RIO.
- g. The TFFR Board will participate with the Executive Director in the hiring, evaluation, and termination of the Deputy Executive Director-Chief Retirement Officer.

K. Service Providers – Duties and Responsibilities

1. Actuary

The TFFR Board is responsible for selecting and monitoring the actuarial consultant for the plan.

Duties and responsibilities include:

- a. Provide actuarial and technical consulting services for the plan.
- b. Prepare annual actuarial valuation and GASB reports, periodic actuarial experience studies, and other special projects and reports.
- c. Develop and monitor actuarial funding policy, assumptions, methods, factors, etc.
- d. Analyze proposed legislative changes.
- e. Advise the Board on actuarial, technical, and administrative issues.

The Board utilizes a request for proposal (RFP) process to periodically select and approve the plan's consulting actuary. It is the Board's intent to issue RFP's every 6 to 10 years, however the timing may be adjusted at the Board's discretion.

The Board monitors actuarial costs and services, and may extend the actuarial consulting service contract for 2 year terms, as approved by the TFFR Board.

The Board also hires an independent actuary to periodically perform an actuarial audit of the plan's consulting actuary. The Board utilizes an RFP process to select and approve the plan's actuarial auditor.

2. Medical Consultant

The TFFR Board is responsible for selecting and monitoring a medical consultant for the plan to conduct disability reviews, disability re-certifications, and perform other medical reviews as necessary.

The Board monitors medical consulting costs and services, and may extend the medical consulting contract for 2 year terms, as approved by the TFFR Board. The Board may delegate this responsibility to the Chief Retirement Officer.

3. Legal Counsel (*discuss with Legal*)

The ND Attorney General's Office (AGO) provides legal services to the TFFR Board and staff. The AGO assigns an assistant attorney general to advise the Board on legal issues related to plan administration.

Duties and Responsibilities include:

- a. Represent the Board and staff in all legal matters.
- b. Draft proposed legislation, administrative rules, and other legal documents.
- c. Review and advise on retirement program issues.
- d. Research and interpret state statutes and federal regulations.
- e. Review Board policies, procedural issues, contracts, and other legal documents.
- f. Respond to legal questions from staff, members, employers, and other individuals.
- g. Advise and educate the Board and staff on legal matters that relate to the administration of the retirement system including Board appeals, fiduciary duties, ethics, open records and meetings, potential litigation, and other legal issues.
- h. Work with staff from the AGO in representing the retirement plan in administrative hearings, litigation, and other matters involving the AGO.
- i. Work with outside legal counsel on application of Internal Revenue Code technical requirements and plan qualification issues.

4. Auditor (External financial)

The ND State Auditor's Office selects the external financial auditor for RIO, with input from the SIB Audit Committee.

Duties and Responsibilities include:

- a. Perform annual audit of RIO's financial statements.
- b. Perform annual audit of TFFR's GASB 68 schedules.
- c. Provide report on internal controls and compliance.
- d. Provide required written communications.

Results of the annual financial audit are reported directly to SIB Audit Committee, and communicated to the TFFR Board in conjunction with annual audit services report.

5. Investment Consultant, Managers, and Advisors

The SIB is responsible for investment of TFFR trust fund assets, and selects the investment consultant, managers, custodian, and advisors for the SIB program.

The governing body of each fund invested by the SIB is required to use RIO staff and consultants in developing asset allocation and investment policies. The TFFR Board has contracted with the SIB investment consultant to perform asset allocation and liability modeling studies in the past.

L. Election of TFFR Board Officers and SIB trustee positions

1.Board Officers

The TFFR Board will elect the following Board officers each year. Any trustee may serve as a TFFR Board officer.

- Board President
- Board Vice President

The TFFR Board will select the following representatives to the SIB each year. Any trustee may serve as a TFFR representative to the SIB, except the State Treasurer is required to be an ex officio member of both the TFFR Board and SIB so may not be selected as a TFFR representative to the SIB.

- Three TFFR representatives to SIB (representatives must include one active teacher, one active administrator, and one retired member)
- One TFFR alternate representative to SIB
- One TFFR representative to SIB Audit Committee (from SIB)

2.Election Procedure

The TFFR Board will elect the Board officers and TFFR representatives to the SIB at the first regular Board meeting immediately following July 1 of each year. There must be a quorum of four board members in attendance to elect officers.

Four affirmative votes are required to elect Board officers and TFFR representatives to the SIB. *(Confirm with Legal –4 like votes are required per TFFR statutes-not majority?)*

3.Term

Board officers and TFFR representatives to SIB will hold office for one year, or until their successors are elected.

There is no limit to the number of years a trustee may hold office.

4.Vacancies

A Board officer or TFFR representative to the SIB may resign from their position by providing written notice to the Board and Chief Retirement Officer.

Board officer or TFFR representative to the SIB vacancies that occur before the expiration of a term will be filled by the Board at the next regular meeting of the Board following the vacancy.

M. Board and Committee Meetings

1. Open Meetings

All Board and Committee meetings are open to the public in accordance with ND Open Meetings laws pursuant to [NDCC 44-04-17.1](#).

Meetings include any gathering of a quorum of the members of the Board (four members constitute a quorum for TFFR Board) regarding public business, and includes committees, subcommittees, informal gatherings or work sessions, and discussions where a quorum of members are participating by phone or any other electronic communication (either at the same time or in a series of individual contacts).

Emails or text messages between Board members regarding public business may constitute a meeting and violate open meeting laws.

Training seminars and purely social gatherings attended by a quorum of the Board or Committee are not meetings, however, as soon as the members discuss any public business, it becomes a meeting.

2. Rules of Order

All Board and Committee meeting will be conducted in accordance with Robert's Rules of Order Newly Revised, except as superseded by state law and Board governance policies.

3. Meeting Schedule

The Board will hold meetings as often as necessary for the transaction of business, but will conduct a minimum of six Board meetings each year.

The Board will approve an annual Board meeting schedule identifying the time, date, and location of regular Board meetings. Board meetings will generally be scheduled for the Thursday afternoon preceding SIB meetings beginning in July of each year, unless a different day is determined. (Note: SIB meetings are generally scheduled for the 4th Friday of each month.) The Board or Board President may modify this schedule, if needed.

The Board President, or any two members of the Board, may call for special or emergency Board meetings.

At the July Board meeting each year, the Board will elect officers, review governance and program policies, and develop the annual board agenda and education plan.

The Board may hold an annual offsite Board retreat to focus on board development, strategic planning, legislative planning, developments in public pension administration, and other topics as determined by the Board.

4.Meeting Notice

Public notice of all Board and Committee meetings is made in accordance with state law pursuant to [NDCC 44-04-20](#).

Meeting notices are posted on the Secretary of State website, RIO public website, RIO office, and the meeting location (if not held at RIO office).

5.Meeting Agendas

An annual schedule of agenda topics, reports, and education items for each regular board meeting will be developed by the Chief Retirement Officer and approved by the Board. The annual schedule will also include review of the Board Governance Manual over several meetings.

Board meeting agendas will be prepared by the Chief Retirement Officer and approved by the Board President using the annual schedule as a basis for topics to be included on each regular meeting agenda. Additional topics may be added by the Chief Retirement Officer, Board President, and Board trustees subject to approval by the Board President.

The meeting agenda should contain enough detail so trustees, members, interested parties, and the general public can understand the nature of each agenda item.

Any individual or organization who desires to appear on the agenda of a Board or Committee meeting must notify the Chief Retirement Officer in writing at least ten working days prior to the meeting date. The request must include the reason or topic to be discussed with the Board. Subject to approval by the Board President, the individual will be placed on a Board meeting agenda.

Regular Board meeting agendas may be added to or altered at the time of the meeting. For special or emergency meetings, only the specific topics included in the meeting notice may be discussed.

The meeting agenda will identify if the item requires Board action, information only, consent agenda, or executive session. The agenda will also note the estimated amount of time expected for each topic.

- **Action** items on the agenda contain information that require Board discussion and vote (annual reports, policy changes, benefit determinations, legislative positions, etc.)
- **Information** only items contain information that it is important for the Board to know, but do not require Board action or a Board vote (project updates, status reports, education, etc.)

- **Consent agenda** items will primarily consist of approval of disability applications, QDROs, employer reviews, or other routine administrative matters that require Board action as recommended by staff, but which typically do not require Board discussion. Trustees may request any item to be removed from the Consent agenda to allow for Board discussion and action.
- If an **Executive session** is required or anticipated, the Executive session must be listed as an agenda item (i.e. confidential member information, attorney consultation, etc.)

6.Meeting Materials

The Chief Retirement Officer will coordinate the preparation of Board meeting materials and develop an Executive Summary.

Meeting materials will generally be sent to trustees 5-7 days before the meeting, unless otherwise indicated.

Materials will be posted on the public RIO website, except for Executive Session or confidential items which will be sent via secure email to the trustees only.

7.Meeting Attendance and Quorum

Attendance at Board meetings is an essential element of a trustee's fiduciary responsibility. Therefore, Board members are expected to attend all Board and applicable Committee meetings.

Board members may attend meetings in person, by telephone or video conference.

A quorum of four members must be present for the Board to conduct business.

Board members should come to meetings having read the materials prepared and circulated by staff and/or consultants.

Board members should be inquisitive, and should appropriately question staff, advisors, and fellow trustees as circumstances require.

Board members should conduct themselves with integrity and dignity, maintaining the highest ethical conduct at all times.

Board members should make every effort to engage in collegial deliberations and to maintain an atmosphere in which trustees can speak freely and explore ideas before becoming committed to positions.

8.Voting

Voting on matters before the Board will be by roll call vote, except for procedural matters.

Each Board member is entitled to one vote. Proxy voting is not allowed.

Four members constitutes a quorum.

Four votes are required for resolution or action by the Board.

Board minutes will show the recorded vote of each Board member.

9.Public Access and Comment

All Board and Committee meetings are open to the public and all persons who wish to attend may do so in accordance with ND Open Meeting laws, [NDCC 44-04-17.1.](#)

Public participation or comments during Board meetings may be allowed and limited to reasonable time limits at the discretion of the Board president. *See Public Participation Guidelines (Exhibit XX To Be Developed).*

Any individual or organization who desires to appear on a Board or Committee meeting agenda must notify the Chief Retirement Officer in writing at least ten working days prior to the meeting date. The request must include the reason or topic to be discussed with the Board. Subject to approval by the Board president, the individual will be placed on a Board meeting agenda.

10.Executive Sessions

The Board or Committee may conduct business in Executive Session only as permitted by state law, [NDCC 44-04-19.2.](#) Executive sessions shall be presided over by the Board President or Committee Chair.

Only the portions of a public meeting that are specifically confidential or exempt from the Open Meetings law may be closed to the public and held in Executive Session. The remainder of the meeting must be open to the public.

Reasons a meeting may not be open to the public includes Board discussion of:

- Confidential member records or information under [NDCC 15-39.1-30](#) (examples include member benefit appeals, benefit determinations, disability applications, QDROs, etc.)
- Attorney’s advice regarding a “pending or reasonably predictable” lawsuit involving TFFR.
- Attorney’s assessment of the risks, strengths or weaknesses of an action of the TFFR Board or negotiating strategy if holding the discussion in an open meeting would have an adverse effect on the bargaining or litigating position of the Board.

11. Closed Meeting Procedures

State law specifies the following general procedure for holding an executive session.

- a. Convene meeting in an open session preceded by public notice.
- b. Announce during the open portion of the meeting the topics to be considered during the Executive Session and the legal authority for holding an Executive Session on those topics.
- c. Pass a motion to hold an Executive session, unless motion is unnecessary because a confidential meeting is required to discuss confidential information.
- d. Record the Executive Session electronically.
- e. Limit the topics considered during the Executive Session to the announced, authorized topics.
- f. Take final action on the topics considered in the Executive Session during the open portion of a meeting.
- g. All substantive votes must be recorded by roll call.

12. Meeting Minutes and Records

Minutes will be taken at all Board and Committee meetings, and presented for approval at the next regular meeting. The Board President or Committee Chair will sign the minutes after Board approval.

Approved meeting minutes will be made available on the RIO website, or upon request. Meeting minutes and records of the Board and Committee activities and actions will be maintained as required by state law.

13.Meeting Payment and Travel Expense Reimbursement

Board members, excluding ex-officio members, will receive compensation and travel expenses for attending Board and Committee meetings as provided in state law, [NDCC 15-39.1-08](#).

Board members will be paid \$148 for each Board or Committee meeting attended. Board members will be paid the full amount for each meeting attended that lasts for two or more hours. Meetings lasting less than two hours will be paid at one half the amount. Mileage and travel expense reimbursement will be paid as provided in state law.

Board members may not lose regular salary, vacation pay, vacation or any personal leave, or be denied attendance by the state or political subdivision while serving on official business of TFFR.

To receive meeting payment, Board members must complete a travel expense form and submit it to RIO. See *RIO Board Meeting In-State Travel Expense Voucher (Exhibit XX)*.

N. Committees

1. Standing Committees

The TFFR Board may establish permanent standing committees. The Board currently has no standing committees.

2. Special Committees

The Board may establish special ad hoc committees as needed to carry out duties specified by the Board.

The Board President will appoint the Committee Chair and Committee members for special committees.

Committee Chairs are responsible for organizing the work of the Committee. In fulfilling this function, Committee Chairs:

- a. Schedule Committee meetings as often as necessary.
- b. Consult with the Chief Retirement Officer in setting the meeting agenda in accordance with the Committee's delegated responsibilities.
- c. Conduct Committee meetings in a collegial, fair, and efficient manner following Board policies, procedures, and applicable state law.
- d. Ensure the Committee operates to assist the Board consistent with its delegation.
- e. Provide Committee updates and reports to the Board.

When the Committee's duties are completed, the Committee automatically ceases to exist.

3.Audit Committee

The SIB Audit Committee also functions as a defacto Audit Committee for the TFFR Board since the SIB is the governing body of RIO and RIO administers both the TFFR retirement program and SIB investment program. *(discuss with Legal)*

The TFFR Board selects one TFFR representative on the SIB to serve on the SIB Audit Committee, subject to official appointment by SIB Chair. This representative will act as the TFFR Board's liaison to the SIB Audit Committee.

The TFFR Board's representative on the SIB Audit Committee and/or the Audit Supervisor, will provide Audit Committee updates and monitoring reports to the Board.

O. Board Appeals

Any member, beneficiary, employer, or affected individual may appeal a determination made by the Chief Retirement Officer regarding TFFR eligibility, benefits, or other plan provisions with which the individual does not agree.

The affected individual must file a written request for Board review within thirty days after notice of the determination of the Chief Retirement Officer has been mailed to the affected individual. If a request for Board review is not filed within the thirty-day period, the decision of the Chief Retirement Officer is final. The request for Board review must include the decision being appealed, the reason(s) the individual believes the decision should be reversed or modified, and any relevant documentation.

To review the matter, an appeal hearing will be scheduled as part of a regularly scheduled Board meeting. A summary of the relevant facts and documentation will be presented. The affected individual and/or designee may attend and speak at the hearing. After review of the facts, documentation, and testimony, the Board will make its decision. The Board's decision will be communicated in writing to the affected individual within 30 days of the decision.

Any individual aggrieved by a decision of the Board may initiate a formal administrative action against the Board in accordance with [ND Administrative Code Chapter 82-10](#) and [ND Century Code Chapter 28-32](#).

P. Board Communications

The TFFR Board President and Chief Retirement Officer are authorized to represent the Board on retirement program issues and in announcing Board positions and decisions, unless otherwise determined by the Board.

Board members may respond to general inquiries about the TFFR retirement program, however specific questions from members, beneficiaries, employers, and the public should be referred to the Chief Retirement Officer or the Retirement and Investment Office staff to provide more detailed information about the retirement program.

Q. Trustee Orientation and Education Program

Trustees are responsible for making policy decisions affecting all major aspects of TFFR plan administration. Therefore, trustees should acquire and maintain an appropriate level of knowledge that provides and improves core competencies necessary to govern a large, complex pension fund.

1.Board Member Core Competencies

Board members should develop and maintain their knowledge and understanding of the issues involved in the prudent management of the retirement plan. Specific areas include:

- a. Public pension plan governance
- b. Asset allocation and investment management
- c. Actuarial principles and funding policies
- d. Financial reporting, controls and audits
- e. Benefits administration
- f. Open meeting and open records laws
- g. Fiduciary responsibilities
- h. Ethics and conflicts of interest

2.Board Member Education

To permit Board members to develop core competencies, discharge their fiduciary duties, and ensure Board members have a full understanding of the issues facing the TFFR plan, the Board encourages trustee education including:

- a. New trustee orientation
- b. Mentoring program
- c. Educational conferences, workshops, and other training programs
- d. In-house education sessions
- e. Fiduciary education and ethics training
- f. Open meeting and open records training
- g. Webinars, Reports, and Studies

Board members should identify areas in which they might benefit from additional education, and work with the Chief Retirement Officer to find or develop educational opportunities to best address those needs.

Board members must annually report trustee education received each year. See *TFFR Board Education Report Form (Exhibit XX)*.

3.New Trustee Orientation

Each new Board member should attend a new trustee orientation session(s) as soon as possible after appointed to the Board or elected to office. The orientation sessions will be developed by the Chief Retirement Officer, and will include, at minimum, review of the following topics and materials:

- a. Introduction to RIO staff
- b. Tour of RIO office
- c. Board Governance Manual
- d. Board duties and responsibilities
- e. History and overview of the plan
- f. Overview of TFFR-SIB-RIO organizational structure
- g. Laws, rules, and board policies governing the plan
- h. Benefit structure, administration, outreach services
- i. Fiduciary responsibilities, conflict of interests, and ethics
- j. Open meetings and open records
- k. Board meeting schedule and protocol
- l. Board meeting minutes and materials
- m. Actuarial valuation report, assumptions, methods, and funding policy
- n. Actuarial experience report
- o. Actuarial audit report
- p. Annual financial report
- q. Investment program, investment policy statement, asset allocation, and performance
- r. RIO website – TFFR and SIB sections
- s. Legislative issues
- t. List of educational conferences and training sessions
- u. Other relevant information or materials deemed appropriate

4.Mentoring Program

The Board President will assign each new trustee an experienced Board mentor to assist the new trustee in becoming familiar with Board responsibilities. The Board mentor should have at least two years of experience on the Board.

The Board mentor should contact the new Board member periodically outside of regularly scheduled Board meetings for consultation or discussion related to Board member duties and responsibilities. The new Board member should contact the Board mentor as often as necessary.

Appointment of a Board mentor does not constitute appointment of a Committee and does not implicate open meeting notice requirements. *(discuss with Legal)*

5.Educational Conferences, Workshops, and other Training Programs

The Chief Retirement Officer will maintain a list of educational conferences, workshops, and other training programs appropriate for Board members to attend. The list will be provided at least annually to Board members. Board members may attend such conferences or others deemed to be appropriate by the Chief Retirement Officer.

Subject to budget availability, Board members may attend at least one out of state educational conference each year. New trustees, or trustees with investment or other specialized Board responsibilities, may attend additional educational training sessions to help develop core competencies and become proficient in performing their duties.

The Chief Retirement Officer will review conference agendas and materials to ensure they are geared toward trustee education, and subject to budget availability, will approve Board travel requests. Board travel outside of the continental United States must be approved by the Board President and Chief Retirement Officer.

Any Board member who attends a conference, workshop, or other training program will present an oral report to the Board.

The Chief Retirement Officer will inform the Board of educational conferences, workshops, or other training programs attended by trustees on an annual basis.

6.In-House Education Sessions

Based on the education needs identified by Board members, the Chief Retirement Officer will arrange for staff or outside service providers to conduct educational sessions at regularly scheduled Board meetings. Topics may include pension board governance, actuarial and funding issues, investments, retirement operations and benefits, workforce demographics and shortages, and other topics determined by the Board.

7.Fiduciary Education and Ethics Training

At least every two years, a fiduciary education and ethics training session will be conducted at a regularly scheduled Board meeting. The session will review and update trustees regarding fiduciary issues and ethical conduct affecting their service on the Board.

8. Open Meetings and Open Records Training

At least every two years, an open meetings and open records training session will be conducted at a regularly scheduled Board meeting. The session will review and update trustees regarding open meetings and open records requirements affecting their service on the Board.

9. Webinars, Reports, and Studies

Board members are encouraged to subscribe to mailing lists and review websites for information about public pension plan conferences, webinars, reports, and studies from pension and investment organizations. Examples include:

- National Council on Teacher Retirement ([NCTR](#))
- National Institute on Retirement Security ([NIRS](#))
- National Education Association-Retired ([NEA-R](#))
- National Retired Teachers Association ([NRTA-AARP](#))
- International Foundation for Employee Benefit Plans ([IFEBP](#))
- Center for State and Local Government Excellence ([SLGE](#))
- Center for Retirement Research at Boston College ([CRR](#))
- Callan Investment Institute ([Callan](#))
- Council of Institutional Investors ([CII](#))

The Chief Retirement Officer will also provide links to recent published reports and studies with Board meeting materials.

10. Reimbursement of Education Expenses (discuss)

Trustees must request approval for travel to educational conferences or other educational programs. Trustees should notify the Chief Retirement Officer of their interest in attending an educational conference or other program. RIO will complete the travel authorization form which must be signed by the trustee and approved by the Chief Retirement Officer. *See ND Authorization for Out of State Travel (Exhibit XX).*

RIO will make all travel arrangements and pay conference registration fees, unless otherwise agreed to by the Chief Retirement Officer and trustee.

Payment of travel-related expenses for trustee education will be in accordance with state of ND travel policies. Trustees will be reimbursed for travel related expenses including lodging, meals, transportation, etc. In order to receive reimbursement, a trustee must complete an expense form and attach receipts as required. *See RIO Conference Expense Voucher – Board Members (Exhibit XX).*

R. Code of Conduct and Ethics (review with Legal)

Following is the Code of Ethical Responsibility for the TFFR Board of Trustees:

1. Board members owe a duty to conduct themselves so as to inspire the confidence, respect, and trust of the TFFR members and to strive to avoid not only professional impropriety, but also the appearance of impropriety.
2. Board members shall perform the duties of their offices impartially and diligently. Board members are expected to fulfill their responsibilities in accord with the intent of all applicable laws and to refrain from any form of dishonest or unethical conduct. Board members shall be unswayed by partisan interest, public sentiment, or fear of criticism.
3. Conflicts of interest and the appearance of impropriety shall be avoided by Board members. Board members shall not allow their family, social, professional, or other relationships to influence their judgment in discharging their responsibilities. Board members shall refrain from financial and business dealings that tend to reflect adversely on their impartiality or interfere with the proper performance of their duties. If a conflict of interest unavoidably arises, the Board member shall immediately disclose the conflict to the Board. Conflicts of interest to be avoided include, but are not limited to: receiving consideration for advice given to a person concerning any matter over which the Board member has any direct or indirect control, acting as an agent or attorney for a person in a transaction involving the Board, and participation in any transaction for which the Board member has acquired information unavailable to the general public, through participation on the Board. "Conflict of interest" means a situation in which a Board member has a direct and substantial personal or financial interest in a matter which also involves the member's fiduciary responsibility.
4. The Board shall not unnecessarily retain consultants. The hiring of consultants shall be based on merit, avoiding nepotism and preference based upon considerations other than merit that may occur for any reason, including prior working relationships. The compensation of such consultants shall not exceed the fair value of services rendered.
5. Board members shall abide by NDCC 21-10-09, which reads: "No member, officer, agent, or employee of the state investment board shall profit in any manner from transactions on behalf of the funds. Any person violating any of the provisions of this section shall be guilty of a class A misdemeanor."
6. Board members shall perform their respective duties in a manner that satisfies their fiduciary responsibilities.

7. Political contributions are regulated under NDCC 16.1-08-03 and are not restricted under this ethics policy.
8. All activities and transactions performed on behalf of public pension funds must be for the exclusive purpose of providing benefits to plan participants and defraying reasonable expenses of administering the plan.
9. Prohibited transactions. Prohibited transactions are those involving self-dealing. Self-dealing refers to the fiduciary's use of plan assets or material, non-public information for personal gain; engaging in transactions on behalf of parties whose interests are averse to the plan; or receiving personal consideration in connection with any planned transaction.
10. Violation of these rules shall result in an official reprimand from the TFFR Board. No reprimand shall be issued until the board member has had the opportunity to be heard by the Board.
11. Board members are required to affirm their understanding of this policy annually, in writing, and must disclose any conflicts of interest that may arise. See *Conflict of Interest Statement (Exhibit XX?)*
12. RIO Deputy Executive Director- Chief Retirement Officer is required to affirm his/her understanding of RIO Administrative Policy – Code of Conduct for RIO Employees – annually, in writing, and must disclose any conflicts of interest that may arise.

S. Strategic Planning

The Board and Chief Retirement Officer will work collaboratively to develop a long-term strategic plan which may:

1. Identify and prioritize TFFR program issues and initiatives.
2. Assess the strengths, weaknesses, opportunities, and threats for TFFR.
3. Focus resources on high value activities.
4. Develop strategies to address priorities.
5. Monitor the progress and implementation of the strategic plan.
6. Work with RIO to ensure adequate resources are in place to support the successful execution of the plan.

T. Board Policy Approval Process

Board governance and program policies may be adopted or amended from time to time based on the following process.

New policies or policy amendments may be proposed by the Chief Retirement Officer or a Board member. All new policies or amendments must be submitted to the Board's legal counsel at the Attorney General's office for review prior to Board approval.

Upon request of the Chief Retirement Officer or a Board member, a new policy or amendment shall be placed on the Board's agenda for action as follows:

1. Introduction and first reading. A brief explanation or summary of the new policy or amendment shall be presented to the Board. Upon approval of introduction and first reading, the policy shall be placed on the agenda of the next scheduled meeting of the Board for second reading and adoption. When appropriate, the policy shall be distributed to interested parties.
2. Second reading and adoption. Interested parties and the public shall be allowed an opportunity to comment on the policy or amendment before final action by the Board. The policy shall take effect immediately following second reading and adoption by the Board, unless a different effective date is stated.
3. Amendments. Amendments may be proposed at any time before final adoption of the policy. Upon determination by the Board that adoption of an amendment constitutes a substantive change that significantly changes the meaning or effect of the policy, the Board shall continue consideration of second reading and adoption to the next meeting to permit further review and comment.
4. Emergency measures. Upon determination that an emergency or other circumstances calling for expeditious action exists, the Board may waive the requirement of a second reading and immediately approve the new policy or amendment following introduction and first reading.

Board policies will be reviewed at least annually, or more often as needed.

U. Board Self-Assessment

On an annual basis, the Board will engage in a self-assessment process to evaluate the trustee’s individual performance and the Board’s overall performance. The Board President is responsible for overseeing implementation of this assessment, with assistance of the Chief Retirement Officer and Supervisor of Audit Services.

Individual Trustee and Overall Board Assessments may contain topics including:

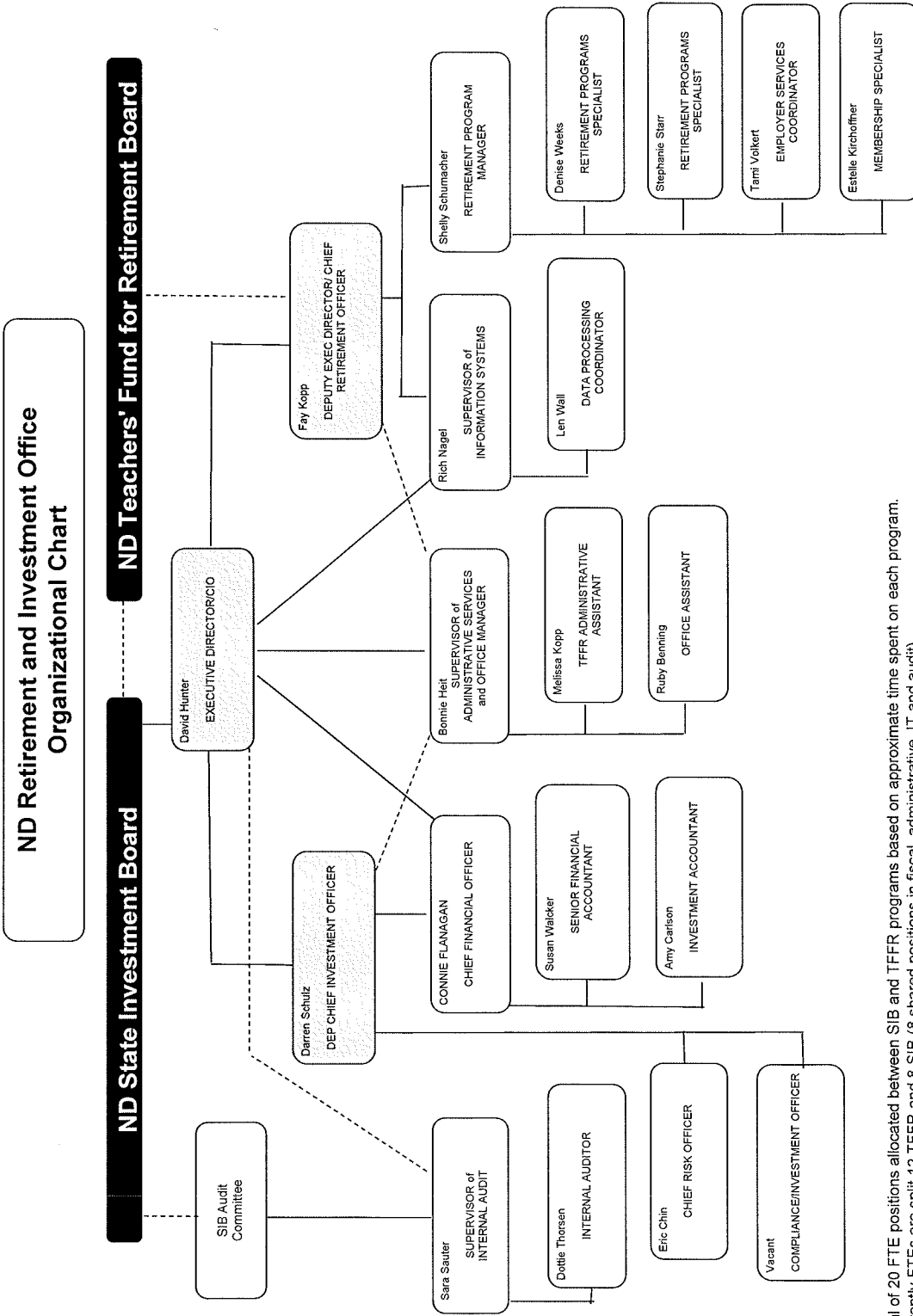
- Board and staff roles
- Board and Committee structure
- Board meetings
- Policy making and reviews
- Financial management practices
- Pension plan administration practices

See Board Self- Assessment (Exhibit XX Process and survey To Be Developed).

Board Governance Policies Approved _____
Date

SECTION II: TFFR Program Policies

**All remaining TFFR Program/Ends Policies to be added here.
To be reviewed after Board Governance Policies are developed and approved.**



Total of 20 FTE positions allocated between SIB and TFFR programs based on approximate time spent on each program. Currently FTEs are split 12 TFFR and 8 SIB (8 shared positions in fiscal, administrative, IT and audit).

RETIREMENT AND INVESTMENT OFFICE
Board Meeting and Non-State Employee In-State Travel Expense Voucher

Name (please print) _____

MEETING ATTENDED:

- TFFR _____ Date
- SIB _____ Date
- SIB Subcommittee _____ Date
- Audit Committee _____ Date

Time	Office Use

TRAVEL EXPENSES

MEALS (Reimbursed at state rate effective 8/1/15:

- Date _____ Breakfast (1st Qtr - 6am) \$7.00
- Lunch (2nd Qtr - Noon) \$10.50
- Dinner (3rd Qtr - 6pm) \$17.50
- Date _____ Breakfast (1st Qtr - 6am) \$7.00
- Lunch (2nd Qtr - Noon) \$10.50
- Dinner (3rd Qtr - 6pm) \$17.50

- Date _____ Breakfast (1st Qtr - 6am) \$7.00
- Lunch (2nd Qtr - Noon) \$10.50
- Dinner (3rd Qtr - 6pm) \$17.50
- Date _____ Breakfast (1st Qtr - 6am) \$7.00
- Lunch (2nd Qtr - Noon) \$10.50
- Dinner (3rd Qtr - 6pm) \$17.50

MILEAGE (Round trip):

FROM: _____

TO: _____

Total Miles: _____ @ \$.58/mile Effective 1/1/19

LODGING (Attach Receipts - reimbursed at actual cost up to \$83.70/night + tax) Effective 10/1/17:

Number of Nights: _____

MISCELLANEOUS (Attach Receipts):

Telephone Calls _____

Taxi, car rental, etc _____

Other _____

SIGNATURE: _____

DATE: _____

Office Use
521020/521035
Total Meals \$ _____
521030
Total Mileage \$ _____
521015
Total Lodging \$ _____
Total Misc. \$ _____
TOTAL TRAVEL \$ _____



TFFR Board Education Reporting Form

Trustee Name: _____

Fiscal Year: _____

DATE	COURSE NAME	COURSE SPONSOR NCTR, Callan, Segal, NEA, NIRS, IFEBP, other	TYPE Orientation, Educ. Conf, Workshop, In-house educ, webinar, other	HOURS
Total Hours				

 Trustee Signature Date

AUTHORIZATION FOR OUT OF STATE TRAVEL

STATE OF NORTH DAKOTA

SFN 2564 (8-96)

Department or Institution ND RETIREMENT AND INVESTMENT OFFICE		Dept. No. 190
Mailing Address (If not "Inside Capitol" mail) 3442 EAST CENTURY AVENUE, PO BOX 7100, BISMARCK ND 58507 7100		
Person Traveling (Last Name)		(First Name)
Destination(s) (City and State)		
METHOD OF TRAVEL: <input type="checkbox"/> Train (1) <input type="checkbox"/> State Vehicle (3) <input type="checkbox"/> Commercial Air (5) <input type="checkbox"/> State Plane (6) <input type="checkbox"/> Bus (2) <input type="checkbox"/> Personal Vehicle (4) <input type="checkbox"/> Charter Plane (5) <input type="checkbox"/> Other (Explain)		
Date to depart from home	Date to return home	Does trip include vacation days? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
REASON FOR TRIP: <input type="checkbox"/> Conference/Meeting (C) <input type="checkbox"/> Seminar/Workshop/Training (T) <input type="checkbox"/> Routine Work (W) <input type="checkbox"/> Other (X)		
NAME OF MEETING (DO NOT Abbreviate)		
TOTAL NUMBER OF PERSONS FROM YOUR AGENCY FOR THIS TRIP/MEETING:		NOTE: Submit a separate SFN 2564 for each person at the same time.

ESTIMATED COST OF TRIP (To Nearest Dollar)					COSTS WILL BE PAID BY Department <input type="checkbox"/> Other (Explain in Remarks)
Transportation	Meals, Lodging, Etc.	Registration	Rental Car/Taxi	TOTAL	
\$	\$	\$	\$	Estimated \$	
REMARKS					

Signature of Person Traveling

Supervisor Signature

Deputy Executive Director

Executive Director

Date

Date

Date

Date

CONFERENCE EXPENSE VOUCHER - BOARD MEMBERS

RETIREMENT AND INVESTMENT OFFICE (8/05)

Month 20 _____			Department RIO			Official Position		
Name			Employee ID		Dept. No. 190	Transaction Code 201	Fiscal Month	Biennium
Day	Points Covered by Travel (From/To)	Hour (Show AM or PM)		Vehicle Miles	Taxi & Other Trans. (Receipt)	Misc. Exp. (Receipt)	Meals	
		Depart	Arrival				B - Breakfast	L - Lunch
Purpose of Travel and Explanation of Expenses:					Lodging	521075		
					Meals	521080		
					Misc. Expenses			
					Other Transportation in State	521025		
					Other Transportation out of State	521085		
					Vehicle Miles in State	521030		
					Vehicle Miles out of State	521090		
NET EXPENSES								
I hereby certify that the within itemized statement representing a claim for payment of mileage or travel expenses truthfully and accurately states the days of service and the mileage traveled, and the purpose thereof.							TOTAL	\$ _____
EMPLOYEE SIGNATURE: _____					Date: _____			
DEPARTMENTAL APPROVAL: _____					Date: _____			

Memorandum

To: TFFR Board

From: RIO Compliance Officer

Date:

RE: Annual Affirmation of Code of Conduct Policy

The *TFFR Board Members' Code of Conduct and Ethics Policy*, which is attached to this memorandum, details the Code of Ethical Responsibility for the TFFR Board. Item #11 of this policy indicates that each Board Member is required to reaffirm their understanding of this policy annually and disclose any conflicts of interest. Therefore, please read and sign the statement below to comply with this requirement.

*"I have read and understand the TFFR Board Members' Code of Conduct and Ethics Policy.
I have disclosed any conflicts of interest as required by this policy."*

Name (printed) _____

Signature _____

Date _____

Detail of any conflicts of interest (if any):



2019 State Investment Board Self-Evaluation Introduction

The State Investment Board (SIB) has appointed the Executive Review Committee to develop a board self-evaluation.

As a member of the SIB you are being asked to participate in the board self-evaluation. There is five categories, for both the self-assessment and board assessment portions. The first 15 questions are self-assessment, followed by 12 questions for the board assessment portion, and ending with 2 open ended questions. After each category there is a comment section available to give explanation on your ratings or make comments.

Please contact the Supervisor of Audit Services, Sara Sauter, at 701-328-9896 or sasauter@nd.gov if you have any questions.

Survey responses are due by 5:00 p.m. on Friday May 10, 2019.

Thank you in advance for your participation.



2019 State Investment Board Self-Evaluation

Self-Assessment

Board & Staff Roles

1. I believe I have the skills and training necessary to fulfill my responsibilities as SIB member.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. I understand the authority that has been retained by the SIB and what duties have been delegated to staff.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. I actively engage in Board meetings by contributing to the discussions in a meaningful way, listening to others (i.e., board members, staff, guests) and communicate my points concisely.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. I make an effort to be educated on the aspects of the investment program that I do not understand.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments for Board & Staff Roles



2019 State Investment Board Self-Evaluation

Self-Assessment

Board & Committee Structure

5. I understand board conduct, abide by it, and avoid conflicts of interest.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. I find my participation on the Board to be stimulating and rewarding.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. I am comfortable with the amount of time I devote as a Board member.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. If I am not able to attend the SIB meeting, I make appropriate notifications to staff and review the information presented at the meeting.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments for Board and Committee Structure



2019 State Investment Board Self-Evaluation

Self-Assessment

Board Meetings

9. I have participated in an effective new member orientation program which outlined responsibilities and important organizational information.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. I am prepared for Board meetings, reading information in advance, so I can make informed decisions.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments for Board Meetings



2019 State Investment Board Self-Evaluation

Self-Assessment

Policy Making & Reviews

11. I fully understand the policies of the SIB.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. I review board policies as necessary to fulfill my role as a board member.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments for Policy Making & Reviews



2019 State Investment Board Self-Evaluation Self-Assessment Financial Management & Investment Practices

13. I understand the legal duties and responsibilities required of me as a fiduciary.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. I sufficiently understand all financial reports and seek clarification when necessary.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15. I am familiar with the annual report by the independent auditors and understand any findings or recommendations.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments for Financial Management & Investment Practices



2019 State Investment Board Self-Evaluation

Board Assessment

Board & Staff Roles

16. The Board members are consistently prepared for meetings and stays engaged.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17. The Board has healthy discussions on a topic before making a well-informed decision.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

18. The Board recognizes the authority it has retained and what has been delegated to staff.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments for Board & Staff Roles



2019 State Investment Board Self-Evaluation Board Assessment Board and Committee Structure

19. All Board members regularly attend board meetings.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

20. Standing and ad hoc committees complete their tasks in an effective and timely way.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

21. Standing and ad hoc committees communicate to the full board in an effective and timely manner.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments for Board and Committee Structure



2019 State Investment Board Self-Evaluation

Board Assessment

Board Meetings

22. Board meetings are generally well-run and make good use of members' time.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23. Board meetings allow the right allocation of time between Board discussions and presentations.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments for Board Meetings



2019 State Investment Board Self-Evaluation
Board Assessment
Policy Making & Reviews

24. The Board reviews policies on a regular basis and updates them as needed.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

25. If a new policy is needed for the SIB, the policy is clearly presented to and discussed by the Board.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments for Policy Making & Reviews



2019 State Investment Board Self-Evaluation

Board Assessment

Financial Management & Investment Practices

26. The Board regularly reviews the financial, investment, and portfolio performance of the agency.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

27. The Board is regularly informed of economic trends or conditions that can effect investment performance.

Strongly Agree	Agree	Disagree	Strongly Disagree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments for Financial Management & Investment Practices



2019 State Investment Board Self-Evaluation Overall Assessment

28. Any final comments, observations, or suggestions for the board self-evaluation?

29. Are there any areas in the board self-evaluation that you would like to see addressed in the future?

Teachers' Fund for Retirement (TFFR) Board Education Topics (2016 - Present)

CONTEXTUAL COMPETENCY	
Definition:	Boards and board members understand and consider the culture, norms, and values of the organization and profession it governs.

EDUCATIONAL COMPETENCY	
Definition:	Boards and board members take necessary steps to ensure they are well informed about the organization and the professions involved as well as the board's own roles, responsibilities, and performance.

INTERPERSONAL COMPETENCY	
Definition:	Boards and board members nurture the development of its members as a group, attends to the board's collective welfare, and fosters a sense of cohesiveness.

Activity	Date
Annual Program Review 2016-19	Annual
ND Education Demographics	Oct 2016
ND Teacher Shortage	Jan 2017
ND Education Demographics	Sept 2018
ND Teacher Shortage	Sept 2018

Activity	Date
Investment Benchmarks	Jan 2016
Asset Liability Study Basics	Jan 2016
Fiduciary Duties	April 2016
Basics of Actuarial Valuations	Oct 2016
Audit Services Overview	March 2017
Open Meeting/Open Records	April 2017
Investment Basics - Callan College	July 2017
Employer Payment Plans	Sept 2017
Basics of Actuarial Valuations	Oct 2017
Securities Litigation	March 2018
Fiduciary Duties/Ethics	July 2018
Investment Perform & Benchmarks	July 2018
Basics of Actuarial Valuations	Oct 2018
Employer Reporting Overview	March 2019
Open Meeting/Open Records	April 2019
Fiduciary Duties	Sept 2019
Basics of Actuarial Valuations	Oct 2019
Experience Study Basics	Oct 2019

Activity	Date

POLITICAL COMPETENCY	
Definition:	Boards and board members recognize the importance of healthy relationships with all constituencies.

ANALYTICAL COMPETENCY	
Definition:	Boards and board members recognize the complexities and subtleties of issues and utilize multiple perspectives to dissect problems and synthesize appropriate responses.

STRATEGIC COMPETENCY	
Definition:	Boards and board members envision and shape the organizational direction and help to ensure a strategic approach for the future.

Activity	Date
State Cyber Security	Sept 2016

Activity	Date
National Public Pension Issues	Oct 2016
QDRO's Explained	July 2017
Disability Benefits Explained	Sept 2017
Public Pension Actuarial Issues	Oct 2017
Environ, Social & Governance Invest	Jan 2018
Public Pension Actuarial Issues	Oct 2018
DB/DC/Hybrid/Cash Balance Plans	Oct 2018

Activity	Date
Pension Plan Governance (AON)	July 2016
Budget Planning (PAS Update)	April 2018
Board Governance & Policy Review	April 2019
Board Govern Best Practices (Mosaic)	July 2019
Mission Development	July 2019
Vision Development	Sept 2019
Core Values Development	Oct 2019

Teachers' Fund for Retirement
Board Education Competency Activity

CONTEXTUAL COMPETENCY

Definition:

Boards and board members understand and consider the culture, norms, and values of the organization and profession it governs.

Examples:

Board education consisting of issues impacting teachers and the profession, such as teacher shortages, demographics, and how the fund impacts members.

Directions:

In the first box, provide examples of all of the things you would like to know more about in your district within this competency area.

WHAT WOULD YOU LIKE TO KNOW MORE ABOUT?

Share with your group and come to consensus on the Top 3-5 topics that your group feels are the most pertinent.

LIST THE TOP 3-5

Teachers' Fund for Retirement
Board Education Competency Activity

EDUCATIONAL COMPETENCY

Definition:

Boards and board members take necessary steps to ensure they are informed about the organizations and the professions involved, as well as the board's own roles, responsibilities and performance.

Examples:

Board education consisting of roles and responsibilities, policy development, and best practices in investments are all potential examples of board education in this competency area.

Directions:

In the first box, provide examples of all of the things you would like to know more about in your district within this competency area.

WHAT WOULD YOU LIKE TO KNOW MORE ABOUT?

Share with your group and come to consensus on the Top 3-5 topics that your group feels are the most pertinent.

LIST THE TOP 3-5

Teachers' Fund for Retirement
Board Education Competency Activity

INTERPERSONAL COMPETENCY

Definition:

Boards and board members nurture the development of its members as a group, attends to the board's collective welfare, and fosters a sense of cohesiveness.

Examples:

Board education consisting of team-building activities, mentoring activities and special topics for discussion at board retreats are all potential examples of board education in this competency area.

Directions:

In the first box, provide examples of all of the things you would like to know more about in your district within this competency area.

WHAT WOULD YOU LIKE TO KNOW MORE ABOUT?

Share with your group and come to consensus on the Top 3-5 topics that your group feels are the most pertinent.

LIST THE TOP 3-5

Teachers' Fund For Retirement
Board Education Competency Activity

POLITICAL COMPETENCY

Definition:

Boards and board members recognize the importance of healthy relationships with all constituencies.

Examples:

Board education consisting of community/business/agency partnerships and government collaborations are potential examples of board education in this competency area.

Directions:

In the first box, provide examples of all of the things you would like to know more about in your district within this competency area.

WHAT WOULD YOU LIKE TO KNOW MORE ABOUT?

Share with your group and come to consensus on the Top 3-5 topics that your group feels are the most pertinent.

LIST THE TOP 3-5

Teachers' Fund for Retirement
Board Education Competency Activity

ANALYTICAL COMPETENCY

Definition:

Boards and board members recognize the complexities and subtleties of issues and utilize multiple perspectives to dissect problems and synthesize appropriate responses.

Examples:

Board education consisting of decision-making frameworks, and review and discussion of simulations/scenarios are all potential examples of board education in this competency area.

Directions:

In the first box, provide examples of all of the things you would like to know more about in your district within this competency area.

WHAT WOULD YOU LIKE TO KNOW MORE ABOUT?
--

Share with your group and come to consensus on the Top 3-5 topics that your group feels are the most pertinent.

LIST THE TOP 3-5

Mel Olson, TFFR Board Trustee

Should TFFR Make a Concerted Effort to Change the Funds Image?

There is a common public misconception among many North Dakotans, including some educators and state policy makers, that the North Dakota Teachers' Fund for Retirement is a State funded retirement program. When, in reality, the fund is made up entirely of a portion of the educators' wage package plus investment earnings.

I believe the board and staff should discuss the possibility of implementing a PR effort to change the misconception. It may be as simple as a tag line on mailings, publications, etc. or perhaps a PR agency needs to be employed to assist with the effort.

Public School Educators' wage package typically contains salary and benefits

Educator's Wage Package= Salary
Insurance
Social Security
District's Contribution to TFFR = (Deferred Wages?) –or- (Retained Earnings?)
Others

Possible Message:

Deferred Wages + Investment Earnings = TFFR

Retained Earnings + Investment Earnings = TFFR