

EXECUTIVE REVIEW AND COMPENSATION COMMITTEE MEETING

Tuesday, February 14, 2023 – 2:00 PM

Virtual Only

[Click here to join the meeting](#)

AGENDA

- I. Call to Order and Approval of Agenda
- II. Approval of May 12, 2022, Meeting Minutes
- III. Review of ERCC Charter – Ms. Murtha
- IV. SIB Self-Assessment - Ms. Seiler
- V. Current Agency-wide Compensation Education – Mr. Skor
- VI. Next Executive Review Committee meeting topics – Mr. Skor
 - a. Compensation
 - b. Board Surveys
 - c. Other
- VII. Other Business
- VIII. Adjournment

**NORTH DAKOTA STATE INVESTMENT BOARD
EXECUTIVE REVIEW COMMITTEE
MINUTES OF THE
MAY 12, 2022, COMMITTEE MEETING**

BOARD MEMBERS PRESENT: Mel Olson, TFFR Board
Adam Miller, PERS
Yvonne Smith, PERS

STAFF PRESENT: Connie Flanagan, Chief Financial Officer
Missy Kopp, Exec Assistant
Jan Murtha, Exec Director
Sara Sauter, Suprv of Internal Audit

CALL TO ORDER:

Mr. Olson called the State Investment Board (SIB) Executive Review Committee (ERC) meeting to order at 2:00 p.m. on Thursday, May 12, 2022, at the Retirement and Investment Office (RIO), 1600 E Century Ave, Ste. 3, Bismarck, ND.

MINUTES:

The ERC considered the minutes of the April 28, 2022, meeting,

IT WAS MOVED BY MR. MILLER AND SECONDED BY MS. SMITH AND CARRIED BY A VOICE VOTE TO ACCEPT THE APRIL 28, 2022, MINUTES AS DISTRIBUTED.

**AYES: MR. MILLER, MS. SMITH, AND MR. OLSON
NAYS: NONE
MOTION CARRIED**

COMPENSATION:

IT WAS MOVED BY MR. MILLER AND SECONDED BY MS. SMITH AND CARRIED BY A VOICE VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-18.4(1) AND 44-04-19.2 TO REVIEW AND DISCUSS CONFIDENTIAL COMMERCIAL INFORMATION.

**AYES: MS. SMITH, MR. MILLER, AND MR. OLSON
NAYS: NONE
MOTION CARRIED**

The executive session started at 2:04 p.m. and ended at 2:26 p.m. In attendance were Committee members and staff.

RECOMMENDATION FOR EXECUTIVE DIRECTOR (ED) SALARY:

The Committee discussed their plan to make a recommendation to the SIB for the ED salary. Mr. Olson will discuss the Committee's recommendation with the SIB chair before the next Board meeting. The Committee discussed a goal statement and the salary recommendation for July 1, 2022.

IT WAS MOVED BY MR. MILLER AND SECONDED BY MS. SMITH AND CARRIED BY A VOICE VOTE TO CREATE A GOAL STATEMENT TO REACH THE MEDIAN ED SALARY ACCORDING TO THE INFORMATION PROVIDED BY JULY 1, 2024.

**AYES: MR. MILLER, MS. SMITH, AND MR. OLSON
NAYS: NONE
MOTION CARRIED**

ADJOURNMENT:

With no further business to come before the ERC, Mr. Olson adjourned the meeting at 2:52 p.m.

Submitted by:

Missy Kopp, Assistant to the Board

Executive Review and Compensation Committee Charter

I. PURPOSE

The Executive Review and Compensation Committee (“ERCC”) will assist the State Investment Board (SIB) to fulfill its responsibilities regarding matters that relate to “monitoring executive performance (which) is synonymous with monitoring organizational performance against board policies on *Ends* and *Executive Limitations*”. The ERCC will also assist the SIB in developing compensation goals and strategies for the agency as a whole that are in alignment with the strategic plan of the agency.

II. KEY RESPONSIBILITIES

The ERCC shall perform all duties as requested or required by the SIB. Specifically:

1. Conduct a formal evaluation of the Executive Director annually prior to June 30th of each year;
2. Obtain SIB approval of the annual performance evaluation of the Executive Director prior to June 30th of each year;
3. Obtain performance surveys of the Chief Investment Officer and Deputy Executive Director- Chief Retirement Officer prior to June 30th of each;
4. Make a compensation recommendation for the Executive Director to the SIB on or before June 30th of each year;
5. Administer a formal self-assessment of the SIB periodically (unless instructed otherwise);
6. Review and make recommendations regarding RIO’s compensation policy to ensure RIO can recruit and retain superior talent to satisfy the core mission and strategic plan of the agency; and
7. Conduct or procure a new peer compensation study or survey at least every three years to assess the current level of RIO staff compensation and recommend policy changes to address target salary ranges as appropriate.

The ERCC will conduct a formal evaluation of the Executive Director, and performance survey’s regarding the performance of the Chief Investment Officer, and Deputy Executive Director – Chief Retirement Officer during the first half of every calendar year. This formal evaluation by the ERCC will serve as the basis for an annual compensation recommendation for the Executive Director only to be reviewed and approved by the SIB on or before June 30th each year. The survey results for all three positions will be reported to both the SIB and TFFR Board.

III. ERCC COMPOSITION AND TERM LIMITS

The ERCC shall be composed of at least three SIB members as appointed by the SIB Chair at the first SIB meeting in July of each year or when a vacancy arises. This is a standing committee with no term limits. At least one committee member must be an elected or appointed official.

The Chief Financial Officer- Chief Operating Officer (CFO-COO) will be responsible for the preparation of all committee materials with the exception of internal survey and audit materials. Internal audit will be responsible for preparing an annual summary of the required reports submitted to the SIB by the Executive Director in connection with its review of policy adherence

to *Ends and Executive Limitations*. Internal audit will assist the ERCC in completing annual surveys of the Executive Director and Chief Investment Officer with the SIB, SIB clients, and RIO team members, and Executive Director and Deputy Executive Director- Chief Retirement Officer with the TFFR Board, TFFR stakeholders, and RIO team members. Internal audit will also assist the SIB and ERCC in administering the annual board self-assessment process.

IV. MEETINGS

The ERCC must meet at least twice in the second half of the fiscal year, and hold additional meetings as needed, to fulfill its responsibilities as described in this Committee Charter and as called by the Committee Chair. At its first meeting after July the Committee will elect a Committee Chair and Vice-Chair.

V. AUTHORIZATION AND LIMITATIONS OF POWER

The ERCC is established by the SIB governance manual and has no power or authority to act on behalf of the full board. The ERCC will abide by the provisions in the governance manual that pertain to the meetings and actions of the Board.

State Investment Board
2023 Board Self-Evaluation

Compilation of State Investment Board Self-Evaluation Results

GENERAL OVERVIEW

The Board Self-Evaluation consists of five categories, for both the self-assessment and board assessment portions. The five categories in each section which included:

- Board and Staff Roles
- Board and Committee Structure
- Board Meetings
- Policy Making and Reviews
- Financial Management and Investment Practices

Any comments provided by respondents have been included as written in survey responses and have not been edited for spelling, grammar, etc.

**2023 State Investment Board Self-Evaluation
Self Assessment - Board and Staff Roles**

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

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	4	40.00%	3.40	3.40
3 - Agree	6	60.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

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

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	6	60.00%	3.60	3.60
3 - Agree	4	40.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

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.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	6	60.00%	3.60	3.70
3 - Agree	4	40.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

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

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	4	40.00%	3.40	3.30
3 - Agree	6	60.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

**2023 State Investment Board Self-Evaluation
Self Assessment - Board and Staff Roles**

Comments for Self-Assessment - Board and Staff Meetings:

I have served on the board for a number of years and appreciate all the education and training provided by the staff and consultants.

I strongly believe that the SIB model for board education is crucial in this aspect of board responsibilities. Board education builds board capacity around complex and nuanced information that is required for effective decision-making.

Staff has been incredibly helpful and detailed. Jan has been fantastic at helping navigate all of the subcommittees and various board communications. Scott and the Investment team have been incredibly patient and helpful!

**2023 State Investment Board Self-Evaluation
Self Assessment - Board and Committee Structure**

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

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	6	60.00%	3.60	3.80
3 - Agree	4	40.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

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

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	3	30.00%	3.10	3.60
3 - Agree	5	50.00%		
2 - Disagree	2	20.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

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

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	2	20.00%	3.10	3.10
3 - Agree	7	70.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

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.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	6	60.00%	3.60	3.60
3 - Agree	4	40.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

**2023 State Investment Board Self-Evaluation
Self Assessment - Board and Committee Structure**

Comments for Self-Assessment - Board and Committee Structure:

The role of board member is certainly fulfilling and rewarding. I take great pride in my role on SIB and the work that we do. It does, however, require a significant time commitment both in preparation for the meetings and attendance at the board and committee meetings. It is, however, time well spent because the work is so valuable to North Dakotans.

Subcommittee structure is much improved from previous versions and I feel like things are moving smoothly.

**2023 State Investment Board Self-Evaluation
Self-Assessment - Board Meeting**

9. I am aware of an effective new member orientation program which outlined responsibilities and important organizational information.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	2	20.00%	3.10	3.40
3 - Agree	7	70.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

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

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	6	66.67%	3.67	3.44
3 - Agree	3	33.33%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	<u>9</u>	<u>100.00%</u>		

Comments for Self Assessment - Board Meeting:

RIO and SIB has a process for board orientation. I believe it may even more effective if a more clearly defined set of processes, outputs, and timeline were articulated for the board and new members.

Structure of meetings is very clear and information is very detailed. The executive summaries are very helpful when provided.

**2023 State Investment Board Self-Evaluation
Self-Assessment - Policy Making and Reviews**

11. I fully understand the policies of the SIB.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	4	40.00%	3.40	3.30
3 - Agree	6	60.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

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

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	6	66.67%	3.67	3.30
3 - Agree	3	33.33%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	9	100.00%		

Comments for Self Assessment - Policy Making and Reviews:

I often review the board policies to improve effectiveness.

I believe the Governance and Policy Review Committee are invaluable to this as a committee of board members will review, in great detail, board policy with the full board still providing oversight, review, and formal adoption of policy.

The GPR committee has been thorough in presenting any policy changes and helpful for giving full explanation for why changes are being made or why policies should remain as they are.

2023 State Investment Board Self-Evaluation
Self-Assessment - Financial Management and Investment Practices

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

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023</u> <u>Average</u> <u>Response</u>	<u>2022</u> <u>Average</u> <u>Response</u>
4 - Strongly Agree	7	70.00%	3.70	3.70
3 - Agree	3	30.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

14. I sufficiently understand all financial reports and seek clarification when necessary.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023</u> <u>Average</u> <u>Response</u>	<u>2022</u> <u>Average</u> <u>Response</u>
4 - Strongly Agree	4	40.00%	3.20	3.60
3 - Agree	4	40.00%		
2 - Disagree	2	20.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

15. I am familiar with the annual report by the independent auditors and understand any findings or recommendations.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023</u> <u>Average</u> <u>Response</u>	<u>2022</u> <u>Average</u> <u>Response</u>
4 - Strongly Agree	6	60.00%	3.40	3.60
3 - Agree	4	40.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

Comments for Self Assessment - Financial Management and Investment Practices:

My education and work experience provides me with the significant experience in this area.

Financial Management and Investment Practices is another competency area heavily influenced by board education. As lay board members, the commitment to board education within this area is crucial to effective governance. Without it, the board would be unable to provide the necessary layer of oversight and decision-making. The great care taken by staff to provide board education in this area is greatly appreciated. One suggestion, however, may be that, at times, board education can feel very heavy and overly technical. While these are important topics, they may need to be tailored more to the audience and/or broken down into more digestible chunks.

Reports can sometimes be dense with a tremendous amount of info that is new/foreign, but staff does an excellent job explaining it and making it digestible.

**2023 State Investment Board Self-Evaluation
Board Assessment - Board and Staff Roles**

16. The Board members are consistently prepared for meetings and stays engaged.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	4	40.00%	3.40	3.20
3 - Agree	6	60.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

17. The Board has healthy discussions on a topic before making a well informed decision.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	6	60.00%	3.60	3.40
3 - Agree	4	40.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

18. The Board recognizes the authority it has retained and what has been delegated to staff.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	4	40.00%	3.30	3.40
3 - Agree	5	50.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

Comments for Board Assessment - Board and Staff Roles:

From my perspective, the board has rich dialogue and has been able to discuss potentially divisive issues respectfully.

Sometimes the board could give better direction to staff, but over the last year in particular I feel that staff has been excellent at chiming in when they need clarification.

**2023 State Investment Board Self-Evaluation
Board Assessment - Board and Committee Structure**

19. All Board members regularly attend board meetings.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	2	20.00%	3.10	3.10
3 - Agree	7	70.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

20. Standing and ad hoc committees complete their tasks in an effective and timely way.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	4	40.00%	3.30	3.50
3 - Agree	5	50.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

21. Standing and ad hoc committees communicate to the full board in an effective and timely manner.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	3	30.00%	3.20	3.40
3 - Agree	6	60.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

Comments for Board Assessment - Board and Committee Structure:

While board attendance has traditionally been very strong, it appears that this has even improved in recent years. One suggestion may be to discontinue virtual options unless necessary for attendance. It is quite challenging to have strong discussion in a hybrid environment.

Communication is usually good. Since staff prepares the memos, the board member presenting is sometimes caught flat footed on what they should highlight, but usually info is still effectively shared.

**2023 State Investment Board Self-Evaluation
Board Assessment - Board Meetings**

22. Board meetings are generally well-run and make good use of members' time.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	4	40.00%	3.20	3.60
3 - Agree	4	40.00%		
2 - Disagree	2	20.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

23. Board meetings allow the right allocation of time between Board discussions and presentations.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	2	20.00%	3.10	3.50
3 - Agree	7	70.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

Comments for Board Assessment - Board Meetings:

I return to previous points about the length of some agenda items, such as board education. Again, I do not mean to demean the importance of board education. It is critical to our success as a board. An appropriate goal, however, may be to fit board education into a 20-25 minute maximum time allotment unless the topic and/or the board's actions in that meeting require a deeper dive into a specific area.

Education is too detailed and frequent; avoid complicated math and formulas; would like more time spent on actual investment decisions the board needs to make.

Anytime you have a 3-4 hour meeting there will be things that feel like they are running too long, but I think time is realistically allocated and shared concisely.

**2023 State Investment Board Self-Evaluation
Board Assessment - Policy Making and Reviews**

24. The Board reviews policies on a regular basis and updates them as needed.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	4	40.00%	3.40	3.40
3 - Agree	6	60.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

25. If a new policy is needed for the SIB, the policy is clearly presented to and discussed by the Board.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023 Average Response</u>	<u>2022 Average Response</u>
4 - Strongly Agree	5	50.00%	3.50	3.50
3 - Agree	5	50.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

Comments for Board Assessment - Policy Making and Reviews:

The GPR committee will be a significant benefit in this competency area.

GPR committee has really helped with this.

2023 State Investment Board Self-Evaluation
Board Assessment - Financial Management & Investment Practices

26. The Board regularly reviews financial, investment, and portfolio.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023</u> <u>Average</u> <u>Response</u>	<u>2022</u> <u>Average</u> <u>Response</u>
4 - Strongly Agree	5	50.00%	3.40	3.60
3 - Agree	4	40.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

27. The Board is regularly informed of economic trends or conditions that can effect investment performance.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2023</u> <u>Average</u> <u>Response</u>	<u>2022</u> <u>Average</u> <u>Response</u>
4 - Strongly Agree	5	50.00%	3.40	3.50
3 - Agree	4	40.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

Comments for Board Assessment - Financial Management and Investment Practices:

Again, board education is a critical component to the SIB's ability to effectively govern in this competency area.

Would like more time spent on both these items

The investment team does a great job sharing what is going on. The occasions when they bring in some of our fund managers to highlight specific market areas is especially helpful.

**2023 State Investment Board Self-Evaluation
Overall Assessment**

28. Any final comments, observations, or suggestions for the board self-evaluation?

Board information and training is very adequate and continues to improve.

I am very comfortable with the functioning of the SIB.

While there are always opportunities for improvement, RIO staff and the SIB do an outstanding job, from my perspective, in fulfilling the roles and responsibilities of the position. All involved should be proud of the work that is done.

Meetings are very informative and well run. I appreciate the speakers who present and the discussion - I generally feel the discussion is forward and honest, which I appreciate.

Board meetings while long are well run, and I am hopeful with the investment committee that some of the high technical stuff will be lessened at the full board level and left to the technical experts.

Board member education is especially important for the SIB, and the staff's educational programming during and outside meetings is necessary and appreciated.

This may be a good time to have a board education on "Fiduciary Obligations" with new members on the board. I know not everyone on the board (currently) has heard Dean's presentation on the topic and why it is so important for us as individual board members, from a personal liability standpoint. It is a good time to review why the board meets, covers the topics it does, and why covering those topics is important in fulfilling our obligations as board members.

Policy, procedure, and legislation are important, but would like more focus back on actual investment issues

Is there a maximum amount of absences a board member can miss before they are no longer allowed to be an active member of the SIB?

Just keep swimming

29. Please let the Executive Review Committee know if there are any areas in the board self-evaluation that you would like to see addressed in the future?


The process is very good and continues and provides board members with the incentive to improve.

None

As always this is a comprehensive survey, thank you.

The staff are excellent. They are consistently prepared for meetings, answer questions thoroughly, and present sufficient information for the board's analysis. They carry a heavy workload in a complicated, heavily regulated area of government - and they should be compensated appropriately. Staff leadership is to be commended for excellent work.

Not for the full board necessarily, but information regarding how our investment and admin team salaries/benefits compared to other states or to private sector would be helpful so that we can advocate in a way that fairly compensates our team.



Executive Review and Compensation Committee

February 14, 2023

Ryan Skor, CPA, MBA
Chief Financial Officer/Chief Operating Officer

NORTH
Dakota
Be Legendary.

Retirement & Investment

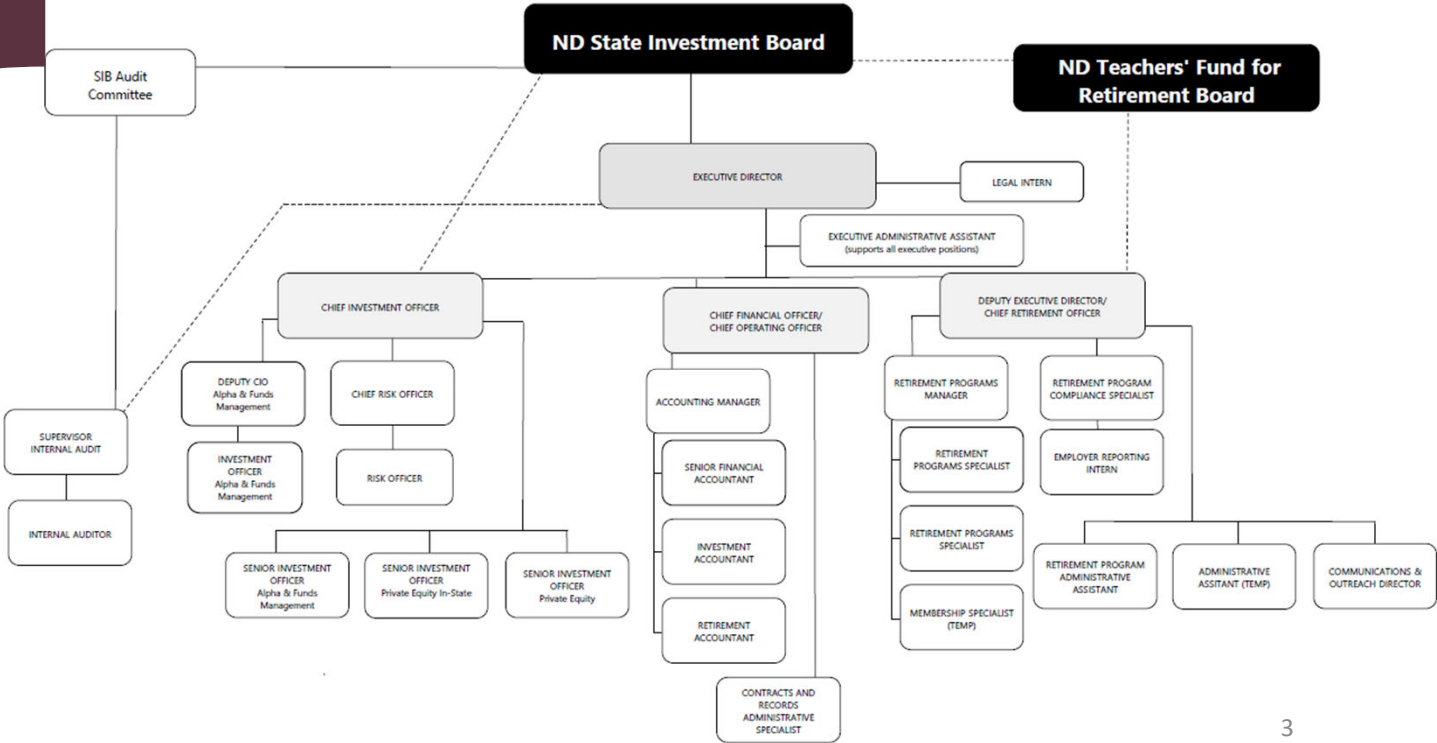
ERCC COMPENSATION DISCUSSION

Compensation/performance related duties tasked to the Executive Review and Compensation Committee include:

- Annual formal evaluation of the Executive Director
- Compensation recommendation for the ED to SIB
- Annual performance surveys of the CIO and DED/CIO
- Review and make recommendations regarding RIO's compensation policy
- Conduct/procure a new peer compensation study at least every three years to assess current levels and recommend changes when appropriate

CURRENT
 ORGANIZATION

RIO Organizational Chart



CURRENT ORGANIZATION

Appropriation authority is given by the state legislature for salaries and wages each biennium. This amount for salaries and wages is included as part of RIO's overall agency budget bill that is approved each legislative session.

For the current 2021-2023 biennium, RIO was appropriated just over \$6.8 million for salaries and benefits. This amount currently covers the compensation of:

- 25 Full-time permanent staff
- 3 Temporary staff
- 1 Intern
- Board member pay

CLASSIFIED PERSONNEL SYSTEM (HRMS)

NDCC 54-44.3 spells out the State’s classified employee system which is developed and maintained by the Office of Management and Budget. All positions in the state service are included in the classified service unless exempted by statute or state personnel board.

RIO Currently has 20 classified full-time positions.

Classified positions must stay within pay grades (with exceptions)

Approved by State Personnel Board 6/7/21

ND Salary Ranges
July 1, 2022 -- June 30, 2023

Grade	Hourly Salary Range					Monthly Salary Range					Annual Salary Range					Grade
	Min	1st CP	MPP	3rd CP	Max	Min	1st CP	MPP	3rd CP	Max	Min	1st CP	MPP	3rd CP	Max	
101	11.75	13.71	15.66	18.40	21.14	2,036	2,376	2,715	3,190	3,665	24,432	28,512	32,580	38,280	43,980	101
102	13.86	16.17	18.47	21.71	24.94	2,402	2,802	3,202	3,763	4,323	28,824	33,624	38,424	45,156	51,876	102
103	16.37	19.10	21.83	25.64	29.46	2,837	3,310	3,783	4,445	5,107	34,044	39,720	45,396	53,340	61,284	103
104	19.47	22.71	25.95	30.49	35.03	3,374	3,936	4,498	5,285	6,072	40,488	47,232	53,976	63,420	72,864	104
105	23.09	26.94	30.79	36.18	41.57	4,003	4,670	5,337	6,271	7,205	48,036	56,040	64,044	75,252	86,460	105
106	27.58	32.18	36.77	43.21	49.64	4,780	5,577	6,373	7,489	8,604	57,360	66,924	76,476	89,868	103,248	106
107	33.14	38.66	44.18	51.91	59.64	5,744	6,701	7,658	8,998	10,338	68,928	80,412	91,896	107,976	124,056	107
108	39.64	46.25	52.85	62.10	71.35	6,871	8,016	9,161	10,764	12,367	82,452	96,192	109,932	129,168	148,404	108
109	47.31	55.20	63.08	74.12	85.16	8,200	9,567	10,933	12,847	14,760	98,400	114,804	131,196	154,164	177,120	109
110	56.50	65.92	75.34	88.52	101.70	9,794	11,426	13,058	15,343	17,628	117,528	137,112	156,696	184,116	211,536	110

NONCLASSIFIED PERSONNEL

NDCC 54-44.3-20 lists exceptions to classification including...

- Members of boards and commissions
- Administrative heads of departments
- Positions deemed to be inappropriate to the classified service due to the special nature of the position as determined by the division and approved by the State Personnel Board
- Positions referred to under law as “serving at the pleasure of or at the will of the appointing authority”

RIO currently has 5 full-time unclassified positions

- Executive Director
- Deputy ED/Chief Retirement Officer
- Chief Investment Officer
- Deputy CIO
- Chief Risk Officer

REQUESTED 2023-2025 COMPENSATION BUDGET

As part of its budget request to the 2023 legislative assembly, RIO is requesting...

- Additional funding for reorganized positions and internship program
- Funding for 2 new FTE to support the investment professionals added during the '21 special session
- Temporary salaries for continued assistance during PAS project implementation
- Funding for 7 additional FTE to facilitate initial internal investment initiative

Also requesting compensation related statutory changes to NDCC to allow for...

- Classification exemptions for all RIO staff
- Performance pay (continuing appropriations)

PROPOSED 2023-2025 LEGISLATIVE PAY PACKAGE

The current proposed legislative pay package being added to agency budget bills includes:

- 4% increase at 7/1/23
- 4% increase at 7/1/24
- Continuing 100% paid family health insurance

Other considerations being debated this legislative session include:

- Potential closure of state's defined benefit plan to new enrollees
- Governor's targeted equity package



NORTH
Dakota
Be Legendary.

Retirement & Investment