

EXECUTIVE REVIEW AND COMPENSATION COMMITTEE MEETING

Wednesday, April 19, 2023 – 10:00 AM

Virtual Only

[Click here to join the meeting](#)

AGENDA

- I. Call to Order and Approval of Agenda
- II. Approval of March 15, 2023, Meeting Minutes
- III. Survey Results – Ms. Seiler
 - a. Executive Director Surveys (Board & Staff)
 - i. 2023 Evaluation Format Discussion
 - b. Chief Investment Officer Board Survey
 - c. Deputy ED/Chief Retirement Officer Board Survey
- IV. Compensation Discussion¹ – Mr. Skor
 - a. Comparisons to In-State Agency Heads
 - b. Comparisons to Comparable Out-of-State Positions
 - c. Compensation Adjustment Options
- V. Other Business
- VI. Adjournment

¹ Executive session possible pursuant to NDCC 44-04-18.4(1), and 44-04-19.2 to review and discuss confidential commercial information

**NORTH DAKOTA STATE INVESTMENT BOARD
EXECUTIVE REVIEW AND COMPENSATION COMMITTEE
MINUTES OF THE
MARCH 15, 2023, COMMITTEE MEETING**

MEMBERS PRESENT: Adam Miller, PERS, Chair
Thomas Beadle, State Treasurer
Dr. Rob Lech, TFFR

STAFF PRESENT: Missy Kopp, Exec. Assistant
Jan Murtha, Exec. Director
Chad Roberts, DED/CRO
Sara Seiler, Suprv. of Internal Audit
Ryan Skor, CFO/COO

CALL TO ORDER:

Mr. Miller called the State Investment Board (SIB) Executive Review and Compensation Committee (ERCC) meeting to order at 2:02 p.m. on Wednesday, March 15, 2023. The meeting was held virtually.

ACCEPTANCE OF AGENDA:

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE AGENDA AS DISTRIBUTED.

AYES: TREASURER BEADLE, DR. LECH, AND MR. MILLER

NAYS: NONE

MOTION CARRIED

MINUTES:

The ERCC considered the minutes of the February 14, 2023, meeting,

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE FEBRUARY 14, 2023, MINUTES AS DISTRIBUTED.

AYES: DR. LECH, TREASURER BEADLE, AND MR. MILLER

NAYS: NONE

MOTION CARRIED

APPROVE SURVEY FORMATS:

Ms. Seiler shared the draft Executive Director (ED) survey which is sent to RIO staff as part of the ERCC evaluation process. Ms. Seiler met with Ms. Murtha to review the questions that were used last year and made some changes to reduce redundancy.

There are some new Board surveys being conducted this year. The TFFR Board will receive surveys for the ED and the Deputy Executive Director/Chief Retirement Officer (DED/CRO). The ED survey will be used by the ERCC in their evaluation. The DED/CRO results will be used by the ED for that evaluation process. The SIB will also receive a survey of the ED as well as a survey for the Chief Investment Officer (CIO). The ED will also conduct the CIO evaluation and the Board survey results will add to that process. Staff asked the Committee for their feedback on the proposed surveys and provided a timeline for their distribution. The Committee members agreed that the surveys were ready for distribution.

Ms. Murtha discussed the SIB Self-Assessment results. Staff desire to make adjustment based on feedback from the self-assessment but feel unclear of what direction to go on certain items. The Committee discussed

the most appropriate way to approach a discussion with the board. The Committee commented that any Board members who have concerns should speak with staff to bring it to their attention. Other suggestions were to utilize Board education or a Board retreat to further explore some topics from the survey.

COMPENSATION DISCUSSION:

Mr. Skor reviewed the short- and long-term items the ERCC needs to complete. The ED evaluation and pay recommendation need to be completed before the May 2023 SIB meeting. After the completion of legislative session, if passed, the ERCC will be part of the discussions to set up the incentive compensation program. The Committee will also look at peer compensation information as comparisons for the ED position. Committee discussion followed.

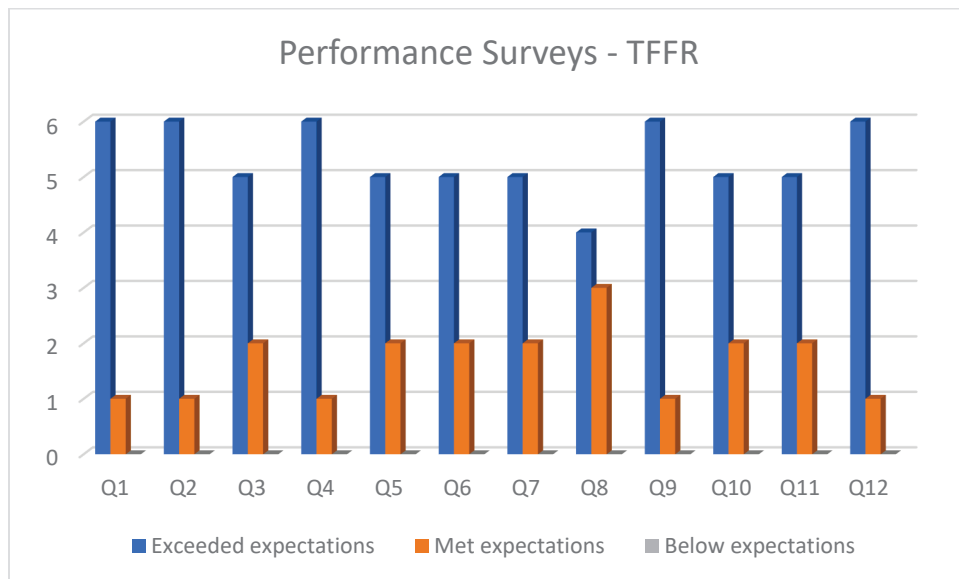
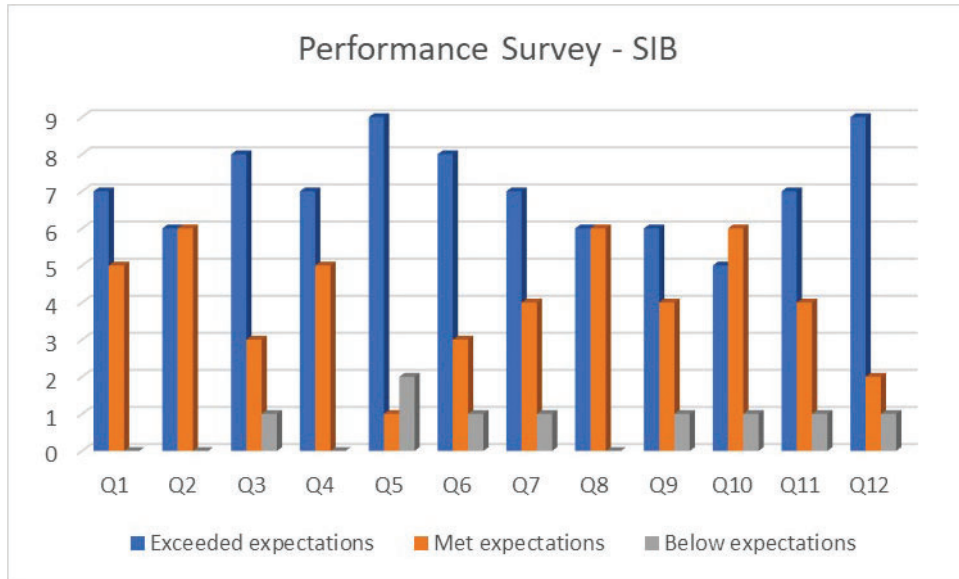
ADJOURNMENT:

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

Submitted by:

Missy Kopp, Assistant to the Board

The following graphs summarize the Executive Director surveys from the State Investment Board and TFFR Board.



1. The Executive Director prepares agenda items with supporting information and disseminates to the State Investment Board members to the meeting.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	7	58.33%	2.58
2 - Meets Expectations	5	41.67%	
1 - Does Not Meet Expectations	0	0.00%	
	12	100.00%	

2. The Executive Director provides board materials that identify any items which need "Board Action" and also provides staff recommendations where appropriate.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	6	50.00%	2.50
2 - Meets Expectations	6	50.00%	
1 - Does Not Meet Expectations	0	0.00%	
	12	100.00%	

3. The Executive Director provides appropriate materials and information to the State Investment Board in a timely manner either in writing or verbally to aid in decision-making.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	8	66.67%	2.58
2 - Meets Expectations	3	25.00%	
1 - Does Not Meet Expectations	1	8.33%	
	12	100.00%	

4. The Executive Director is responsive to requests from the State Investment Board, adapts to the State Investment Board's direction on policy, and works with the board as a team member.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	7	58.33%	2.58
2 - Meets Expectations	5	41.67%	
1 - Does Not Meet Expectations	0	0.00%	
	12	100.00%	

5. The Executive Director keeps the State Investment Board aware of current issues and, when appropriate, provides information between board meetings.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	9	75.00%	2.58
2 - Meets Expectations	1	8.33%	
1 - Does Not Meet Expectations	2	16.67%	
	12	100.00%	

6. The Executive Director provides timely and accurate problem identification to the State Investment Board as well as solutions and options for consideration.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	8	66.67%	2.58
2 - Meets Expectations	3	25.00%	
1 - Does Not Meet Expectations	1	8.33%	
	12	100.00%	

7. Based on my observations at board meetings and other interactions, I believe the Executive Director provides leadership, coaching and effective feedback to RIO staff, recommending measures to improve performance and increase efficiency.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	7	58.33%	2.50
2 - Meets Expectations	4	33.33%	
1 - Does Not Meet Expectations	1	8.33%	
	12	100.00%	

8. The Executive Director represents RIO to promote State Investment Board programs to various stakeholders, constituencies, political subdivisions and the state legislature.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	6	50.00%	2.50
2 - Meets Expectations	6	50.00%	
1 - Does Not Meet Expectations	0	0.00%	
	12	100.00%	

9. The Executive Director develops legislative proposals in concert with the State Investment Board and represents the board in communications and presentations to the legislature.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	6	54.55%	2.45
2 - Meets Expectations	4	36.36%	
1 - Does Not Meet Expectations	1	9.09%	
	11	100.00%	

10. The Executive Director has developed a rapport with legislators to ensure the credible recognition of the positions of the State Investment Board.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	5	41.67%	2.33
2 - Meets Expectations	6	50.00%	
1 - Does Not Meet Expectations	1	8.33%	
	12	100.00%	

11. The Executive Director provides visionary and strategic leadership to the State Investment Board.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	7	58.33%	2.50
2 - Meets Expectations	4	33.33%	
1 - Does Not Meet Expectations	1	8.33%	
	12	100.00%	

12. The Executive Director exhibits a positive and results-oriented style with a predisposition to building consensus and goal achievement through collaboration with by exhibiting courtesy and respect in all interactions.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	9	75.00%	2.67
2 - Meets Expectations	2	16.67%	
1 - Does Not Meet Expectations	1	8.33%	
	12	100.00%	

General Comments

13. Overall, how satisfied are you with the job being done by the Executive Director? What has the Executive Director done well? What could be done to improve your overall satisfaction with the job being done by the Executive Director?

Response #	Comment
1	Overall Jan does a good job. I appreciate her hard work, expertise, and dedication. She puts in much time, juggles many balls, and has made improvements to RIO's programs. Areas of concern/improvement are: 1) As expressed previously, I do think RIO's testimony on HB 1400 went against SIB's neutral adopted position and instead presented reasons to pass the bill. I think this should have been better communicated and collaborated with board members. 2) Information on issues between meetings could be better and timelier communicated. An example is the response/guidance to KX News on the Net Zero alliance inquiry, which could have been timelier and more directly answered the question. 3) Board/committee materials are sometimes distributed with little lead time
2	From a legislative standpoint, Jan has worked to improve the communications with the legislative branch. She is always professional and willing to provide any information that is requested.
3	I am very satisfied with the work of the Executive Director. The reorganization of the office, the expansion of staff and staff responsibilities, along with relationships with legislators have all been very positive.
4	The ED has been very involved this legislative session, both in reacting to bills that impact the SIB, but also in working with leadership to move the ball forward on SIB initiatives. My level of communication with the ED and staff has been very high and detailed and I'm appreciative of the feedback that I get.
5	Jan has done a great job managing RIO through some pretty turbulent times, Kudos to Jan!
6	I am very pleased with Ms. Murtha's leadership. She is an excellent strategic thinker, and consistently works to improve the operation of the agency. She has done an excellent job of hiring staff. Her expertise and enthusiasm are remarkable.
7	Jan is an excellent ED. She is knowledgeable, professional, and a skilled communicator. She understands the needs of the Board and is always well prepared. She also has communicated a vision of how the SIB staff can evolve to provide enhanced benefits to the state and prepare for the future. We are fortunate to have her as the ED.
8	There has been tremendous change in the organization over the last year; and there will be much more change to come. I have no advice on how to improve the job being done by the Executive Director. Next year will be as difficult as the previous year but the challenges will be different than the previous challenges. Continue to be adaptable and make the best decisions you can with the limited information you have at the time.
9	The ED has developed beneficial relationships and visions that have helped the SIB hire new positions to move the SIB to the next level. I am also satisfied with the presentations and education provided. One area of improvement to target could be to right-size the agendas for each meeting so that meeting times are more predictable.
10	Overall, I believe the ED does a good job of managing the day-to-day operations but am looking for more clear direction and strategy from her. I believe this may come once positions are filled and the full RIO team is at full strength and trained. ED should then be able to focus more on big ticket items vs. daily tasks.
11	Very satisfied with the job being done by the ED. She is very organized and confident, has relevant experience and strong communication skills. She is also building a strong team.
12	I believe Jan has done an excellent job overall. She is responsive to feedback and truly wants the best for NDRIO and TFFR. I would imagine that Jan has learned a lot from her first legislative session and would encourage her to work hard (in-session and out-of-session) to building and cultivate positive relationships with legislators and the executive branch.

1. The Executive Director prepares agenda items with supporting information and disseminates to the TFFR Board members to the meeting.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	6	85.71%	2.86
2 - Meets Expectations	1	14.29%	
1 - Does Not Meet Expectations	0	0.00%	
	7	100.00%	

2. The Executive Director provides board materials that identify any items which need "Board Action" and also provides staff recommendations where appropriate.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	6	85.71%	2.86
2 - Meets Expectations	1	14.29%	
1 - Does Not Meet Expectations	0	0.00%	
	7	100.00%	

3. The Executive Director provides appropriate materials and information to the TFFR Board in a timely manner either in writing or verbally to aid in decision-making.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	5	71.43%	2.71
2 - Meets Expectations	2	28.57%	
1 - Does Not Meet Expectations	0	0.00%	
	7	100.00%	

4. The Executive Director is responsive to requests from the TFFR Board, adapts to the TFFR's direction on policy, and works with the board as a team member.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	6	85.71%	2.86
2 - Meets Expectations	1	14.29%	
1 - Does Not Meet Expectations	0	0.00%	
	7	100.00%	

5. The Executive Director keeps the TFFR Board aware of current issues and, when appropriate, provides information between board meetings.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	5	71.43%	2.71
2 - Meets Expectations	2	28.57%	
1 - Does Not Meet Expectations	0	0.00%	
	7	100.00%	

6. The Executive Director provides timely and accurate problem identification to the TFFR Board as well as solutions and options for consideration.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	5	71.43%	2.71
2 - Meets Expectations	2	28.57%	
1 - Does Not Meet Expectations	0	0.00%	
	7	100.00%	

7. Based on my observations at board meetings and other interactions, I believe the Executive Director provides leadership, coaching and effective feedback to RIO staff, recommending measures to improve performance and increase efficiency.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	5	71.43%	2.71
2 - Meets Expectations	2	28.57%	
1 - Does Not Meet Expectations	0	0.00%	
	7	100.00%	

8. The Executive Director represents RIO to promote TFFR Board programs to various stakeholders, constituencies, political subdivisions and the state legislature.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	4	57.14%	2.57
2 - Meets Expectations	3	42.86%	
1 - Does Not Meet Expectations	0	0.00%	
	7	100.00%	

9. The Executive Director develops legislative proposals in concert with the TFFR Board and represents the board in communications and presentations to the legislature.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	6	85.71%	2.86
2 - Meets Expectations	1	14.29%	
1 - Does Not Meet Expectations	0	0.00%	
	7	100.00%	

10. The Executive Director has developed a rapport with legislators to ensure the credible recognition of the positions of the TFFR Board.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	5	71.43%	2.71
2 - Meets Expectations	2	28.57%	
1 - Does Not Meet Expectations	0	0.00%	
	7	100.00%	

11. The Executive Director provides visionary and strategic leadership to the TFFR Board.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	5	71.43%	2.71
2 - Meets Expectations	2	28.57%	
1 - Does Not Meet Expectations	0	0.00%	
	7	100.00%	

12. The Executive Director exhibits a positive and results-oriented style with a predisposition to building consensus and goal achievement through collaboration with by exhibiting courtesy and respect in all interactions.

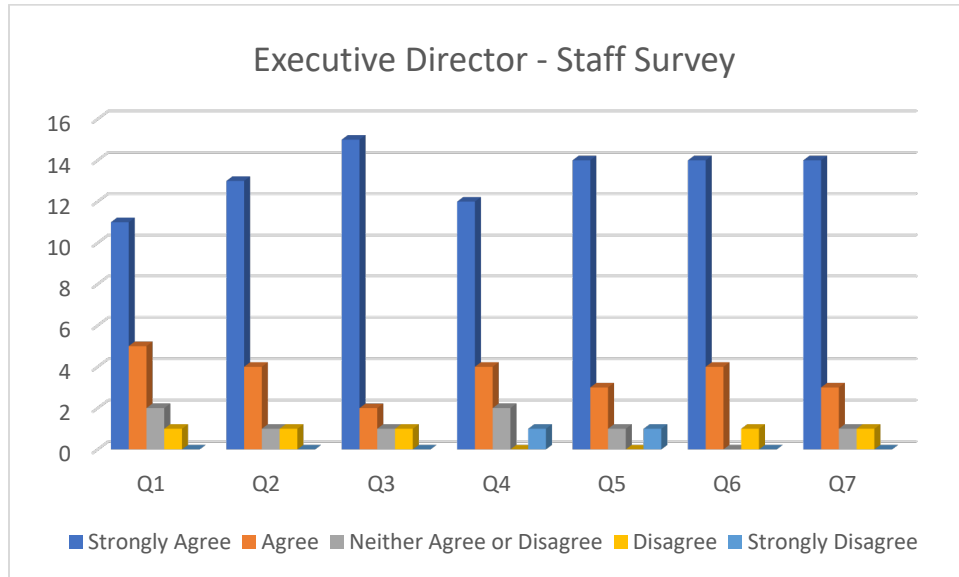
<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	6	85.71%	2.86
2 - Meets Expectations	1	14.29%	
1 - Does Not Meet Expectations	0	0.00%	
	7	100.00%	

General Comments

13. Overall, how satisfied are you with the job being done by the Executive Director? What has the Executive Director done well? What could be done to improve your overall satisfaction with the job being done by the Executive Director?

Response #	Comment
1	I am extremely satisfied with the job being done by the Executive Director. She communicates well, and is knowledgeable and professional.
2	The ED has been very involved with the reorganization of the RIO staff and helping to set up the new CRO for success. I think that the balancing act of what to take on as ED and what to let the CRO handle has been done well, and the CRO quickly showing competency and confidence is a testament to how well the ED has done. The communication has been good for board materials and staff has always been very responsive to any questions I've had.
3	I think that the director is doing everything we could expect in a challenging legislative year.
4	I realize that the Ex has only been here a relatively short time but I like what I have seen so far.
5	I believe Jan has done an excellent job overall. She is responsive to feedback and truly wants the best for NDRIO and TFFR. I would imagine that Jan has learned a lot from her first legislative session and would encourage her to work hard (in-session and out-of-session) to building and cultivate positive relationships with legislators and the executive branch.
6	The Executive Director has done an excellent job during transition of many things in the RIO office. The standout things to me include keeping TFFR a priority and being a strong provider of testimony in the legislature. She seems well-liked by the staff and has always made efforts to be responsive to my questions either by phone, video chat, or email. Well done.
7	Ms. Murtha is an outstanding leader who is always well prepared and is a very good presenter. She has done a great job of leading the NDSIB through some challenging times.

The following graph summarize the Executive Director surveys from the staff survey.



Q1 Leadership: The Executive Director provides a clear sense of purpose and direction, roles and responsibilities, for me and our team as a whole.

<i>Answer Choices</i>	<u>2023</u>		<u>2022</u>	
	<i>Responses</i>	<i>% Responses</i>	<i>Responses</i>	<i>% Responses</i>
Strongly Agree	11	57.89%	9	64.29%
Agree	5	26.32%	4	28.57%
Neither Agree or Disagree	2	10.53%	0	0.00%
Disagree	1	5.26%	1	7.14%
Strongly Disagree	0	0.00%	0	0.00%
	19	100.00%	14	100.00%

Q2 Leadership: Employees have confidence in the Executive Director.

<i>Answer Choices</i>	<u>2023</u>		<u>2022</u>	
	<i>Responses</i>	<i>% Responses</i>	<i>Responses</i>	<i>% Responses</i>
Strongly Agree	13	68.42%	8	57.14%
Agree	4	21.05%	5	35.71%
Neither Agree or Disagree	1	5.26%	1	7.14%
Disagree	1	5.26%	0	0.00%
Strongly Disagree	0	0.00%	0	0.00%
	19	100.00%	14	100.00%

Q3 Leadership: The Executive Director demonstrates integrity.

<i>Answer Choices</i>	<u>2023</u>		<u>2022</u>	
	<i>Responses</i>	<i>% Responses</i>	<i>Responses</i>	<i>% Responses</i>
Strongly Agree	15	78.95%	11	78.57%
Agree	2	10.53%	2	14.29%
Neither Agree or Disagree	1	5.26%	0	0.00%
Disagree	1	5.26%	1	7.14%
Strongly Disagree	0	0.00%	0	0.00%
	19	100.00%	14	100.00%

Q4 Communication: The Executive Director takes time to understand other perspectives.

<i>Answer Choices</i>	<u>2023</u>		<u>2022</u>	
	<i>Responses</i>	<i>% Responses</i>	<i>Responses</i>	<i>% Responses</i>
Strongly Agree	12	63.16%	7	50.00%
Agree	4	21.05%	6	42.86%
Neither Agree or Disagree	2	10.53%	1	7.14%
Disagree	0	0.00%	0	0.00%
Strongly Disagree	1	5.26%	0	0.00%
	19	100.00%	14	73.68%

Q5 Communication: The Executive Director keeps employees informed about what is occurring throughout the organization, when appropriate.

<i>Answer Choices</i>	<u>2023</u>		<u>2022</u>	
	<i>Responses</i>	<i>% Responses</i>	<i>Responses</i>	<i>% Responses</i>
Strongly Agree	14	73.68%	9	64.29%
Agree	3	15.79%	3	21.43%
Neither Agree or Disagree	1	5.26%	1	7.14%
Disagree	0	0.00%	1	7.14%
Strongly Disagree	1	5.26%	0	0.00%
	19	100.00%	14	100.00%

Q6 Leadership: The Executive Director shows genuine concern for team members.

<i>Answer Choices</i>	<u>2023</u>		<u>2022</u>	
	<i>Responses</i>	<i>% Responses</i>	<i>Responses</i>	<i>% Responses</i>
Strongly Agree	14	73.68%	12	85.71%
Agree	4	21.05%	2	14.29%
Neither Agree or Disagree	0	0.00%	0	0.00%
Disagree	1	5.26%	0	0.00%
Strongly Disagree	0	0.00%	0	0.00%
	19	100.00%	14	100.00%

Q7 Leadership: The Executive Director treats employees with respect.

<i>Answer Choices</i>	<u>2023</u>		<u>2022</u>	
	<i>Responses</i>	<i>% Responses</i>	<i>Responses</i>	<i>% Responses</i>
Strongly Agree	14	73.68%	12	85.71%
Agree	3	15.79%	1	7.14%
Neither Agree or Disagree	1	5.26%	1	7.14%
Disagree	1	5.26%	0	0.00%
Strongly Disagree	0	0.00%	0	0.00%
	19	100.00%	14	100.00%

Q10 General Feedback: Overall, how satisfied are you with the job being done by the Executive Director? What has the Executive Director done well? What could be done to improve your overall satisfaction with the job being done by the Executive Director?

Response #1	Yes
Response #2	Very Satisfied. Jan wants the best for RIO, cares for the employees, and is a strong leader. She is approachable, listens if there are concerns, and offers reassurance when needed.
Response #3	The ED has performed well in communicating agency initiatives to staff and external stakeholders. There is clear progress in all the goals of RIO.
Response #4	Jan has done an excellent job. She has done an excellent job in building relationships with legislature to help them understand our agency more and the needs we have with the changes that have occurred. She cares about the agency and her employees.
Response #5	Jan does a great job and is great to work with. The agency is growing and changing; she does a great job leading RIO through it all. Especially with the legislative session, the work Jan and the Executive Team have done has been amazing, setting up RIO for long-term success. I very much enjoy working for Jan and being a part of the RIO team.
Response #6	I have only been a RIO a short time and my initial impression of Ms. Murtha is good. For someone who has a lot on their plate, she does a great job of regularly checking in with the staff, listening to their concerns and providing her perspective. My reason for ranking her lower on the first question is because we are still working out my role within the agency in a newly established position.
Response #7	Absolutely satisfied with the job of the Executive Director.
Response #8	I am completely satisfied. During legislative session she has represented our agency and us as employees well. I am proud to be a part of her team!
Response #9	Overall, I am very satisfied with the job being done by the ED. I feel she genuinely cares about the agency and all of the team. I feel she has done an excellent job of creating an environment that people from the outside perceive as high class and caring about its team members. I don't have anything in regards to improving my overall satisfaction with the job being done, other than to find a way to reduce the demands on her time. I feel like she is being pulled in way too many directions all at once and I worry that it is unsustainable and we may end up losing her.
Response #10	It has been a very busy year. RIO is moving forward with their strategic plan. Jan is a great leader and I enjoy working with her.
Response #11	My interactions have been limited. The ones I have had are positive.

Response #12	<p>In the current NDRIO agency structure, I believe the Executive Leadership team would be the only people who have enough access to the Executive Director to be able to successfully give accurate feedback. The questions of this survey are asking for observation of the Executive Director behaviors towards the team. As far as I am involved, the only time I see the NDRIO team together, with the Executive Director, is over the 30-minute bi-monthly staff meeting via teams. So instead of answering the survey questions pertaining to the interaction with the “team” I responded with how I feel the Executive Director interacts with me. In my limited exposure to investments, I believe the Executive Director has done a good job allowing the investment team to develop an alternative investment strategy for both investing and employee retention/compensation. The information I have is through observing board meetings and watching legislative testimony on the NDRIO budget. I think my overall satisfaction could be increased with the Executive Director being more visible and genuine in their interactions. It isn’t even about being in office or remote. There are many ways to check in with team members. Maybe this is happening with the Executive Leadership team being the direct reports, but I can confirm that I haven’t receive a check in or even a good morning/good night since we moved into the new office space. The survey was about concern for team members, respect, understanding other perspectives, and staying informed of what is happening in the agency. Relationships can be challenging to develop; a good start is recognizing that people are present.</p>
Response #13	I think she does really well with legislation.
Response #14	<p>Jan takes time to check in with staff about how they are doing. She is authentic in how she interacts with staff and shows genuine concern about our work-life balance. That is not always the case in many places and it makes RIO a great place to work. Jan shows interest and encourages staff to grow in our careers. I appreciate knowing that I have support in pursuing new professional opportunities. There is a positive work culture here at RIO which Jan has been a big part of developing. This is a huge benefit to our agency. RIO is a great place to work because of this great culture that has been established.</p>
Response #15	<p>The ED is great. She is intelligent, hard-working, caring, prideful of ND, and makes the workplace a positive place to work. I appreciate her effective deployment of technology and willingness to let staff be remote. She has vocally supported willingness to help employees achieve their goals/career aspirations. I am happy she is one of the leaders of this organization.</p>
Response #16	Very satisfied, albeit with the caveats that I am a relatively new employee, and I do not report directly to the E.D.
Response #17	Jan is a pleasure to work with, is an enlightened leader and has a positive agenda.
Response #18	<p>I feel as though Jan is never present. She is not available and does not have the time, nor take the effort to hear from her staff unless they are also executive level. There is a significant lack of communication and questions are squashed down or the questioner humiliated enough that staff do not feel comfortable speaking up. There is very little sharing of perspective as it is Jan's way or the highway as we have seen by staff turnover. Jan has a preference in the agency and a specific division is often overlooked and chronically understaffed due to this and the solution was to restructure more positions out of that division making the sharing of duties more difficult on the remaining team members. Jan could improve by being more open to criticism and seeking out opinions of subject matter experts (her employees) rather than finding her own with faulty and incomplete data. Jan could also improve her office atmosphere but being physically present. Her door is quite literally and figuratively never open.</p>
Response #19	100% satisfied

Executive Review
Janilyn Murtha, Executive Director
April 28, 2022

Evaluation Process:

In compliance with the State Investment Board (SIB) Governance Policy, the SIB conducted a formal evaluation of the Executive Director, based on accomplishment of *Ends* and *Compliance with Executive Limitations*. An Executive Review Subcommittee, consisting of SIB board members Mel Olson, Adam Miller and Yvonne Smith, was appointed to oversee the evaluation process. Staff assistance was provided by Sara Sauter, Supervisor of Internal Audit, Connie Flanagan, Chief Financial Officer/Chief Operating Officer, and by Missy Kopp, Executive Assistant.

- The following surveys and reports were reviewed as part of the evaluation:
 - Executive Director Performance Survey
 - Independent Audit Report for the period ending June 30, 2021, issued by CliftonLarsonAllen LLP.
 - RIO Financial FY Ended 6/30/2021 – November 16, 2021
 - Quarterly Monitoring Reports – February 26, 2021, May 21, 2021, July 23, 2021, and October 22, 2021
 - Executive Limitation Audit CY 2022 – February 16, 2022
 - ED/CIO Effectiveness Survey

- Ms. Murtha also completed a self-assessment of their performance for consideration.

On April 28, 2022, the Executive Review Subcommittee reviewed the results and discussed areas of strength and developmental opportunities. The results and subsequent discussion form the basis for the formal evaluation. The evaluation will be presented to the SIB for final approval at the May 20, 2022, SIB Board Meeting.

Findings and Conclusions:

Ten SIB members completed the evaluation survey. The survey was five open-ended questions:

- Overwhelming the Board members are pleased with the Executive Directors performance and have strong admiration for leading RIO through the challenging 2021 year.

- Themes of the comments regarding the information provided during Board meetings included:

- **Board Education:** The education received by the Board has been timely and relevant. Complicated topics are being presented in a way that is easy to understand.
- **Board Investments:** Investment information is clear and enhanced using comparisons and illustrations. The amount of information can be overwhelming, but when explained is manageable. One recommendation was to highlight 3-5 important points for the Board to take away from investment presentations.
- **Board Governance:** Governance presentations have been informative and clear.
- **Board Reports:** The reports given are informative and communicated well.
- **General Comments:** Extremely satisfied; Ms. Murtha is professional, future-focused, and a great leader through the turbulent 2021 year. The Board recognizes the demanding workload placed on Ms. Murtha, and the outstanding job done.

Investments:

- SIB client investments exceeded \$20 billion as of December 31, 2021.
- In fiscal year 2021, the SIB approximately paid \$120.98 million in fees and earned approximately \$361.9 million in estimated excess returns after fees. The \$361.9 million is in excess of returns after the benchmarks were met and fees were paid. RIO continues to earn positive risk adjusted rates of return all while reducing fees for most clients.
- Over 98% of the SIB Pension clients earned net returns which exceeded their respective policy benchmarks for the 5-year period ending January 31, 2022 (based on AUM).

Executive Director/DIO Effectiveness Survey Results

- Survey participation responses were received from fourteen out of nineteen employees, a 74% participation rate. Overall, survey responses were positive, although some minor dissent was noted.
- Twelve out of the thirteen responses also agreed that the Executive Director provides a clear sense of purpose direction, roles, and responsibility for staff.
- All thirteen of the employees agree that the Executive Director seeks input from all team members as appropriate.
- Most employees agreed the Executive Director takes time to understand other perspectives and is open to changing his position.
- The Executive Director received favorable responses in valuing employees. Staff overwhelmingly agrees that the Executive Director shows genuine concern for staff.
- The responses to the open-ended question were very positive, with most employees indicating that they are very satisfied with the job being done by the Executive Director. That Ms. Murtha has been a strong leader through the difficult time the agency experienced this last year.

Executive Director Self-Evaluation

- Ms. Murtha stated that a conscious effort has been put into having frequent board education on relevant board topics. For investments, Ms. Murtha is working with the Chief Investment Officer to ensure presentations are efficient and responsive to SIB questions and concerns. For Board governance, hoping that with the creation of the Governance Review and Policy Committee, both the Board and agency will become more proactive in addressing/discussing governance topics. This upcoming year, Ms. Murtha stated they would listen, learn, and pursue changes as needed.

Summary

This evaluation shows that Ms. Murtha provides excellent leadership as the Executive Director. Ms. Murtha led RIO through many challenges the past year in a positive, professional, and strategic-focused way. Her credibility and respect among board members, stakeholders, clients, and staff are evident.

Improvements for the upcoming year is the continuing focus on communication with legislators, clients, and the public on the investment program.

Ms. Jan Murtha, State Investment Board ED

Date

Mel Olson, Executive Review Committee Chair

Date

1. The CIO provides or facilitates education at board meetings in order for the State Investment Board to adequately perform their role.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	7	58.33%	2.58
2 - Meets Expectations	5	41.67%	
1 - Does Not Meet Expectations	0	0.00%	
	12	100.00%	

2. The CIO represents RIO to inform the status of investment funds and promotes State Investment Board programs to various stakeholders, constituencies, political subdivisions, and the state legislature.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	7	58.33%	2.50
2 - Meets Expectations	4	33.33%	
1 - Does Not Meet Expectations	1	8.33%	
	12	100.00%	

3. The CIO maintains approved Investment Objectives and Policies.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	6	50.00%	2.50
2 - Meets Expectations	6	50.00%	
1 - Does Not Meet Expectations	0	0.00%	
	12	100.00%	

4. The CIO effectively advises, monitors and reports investment performances as evidenced by RIO's quarterly monitoring reports.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	7	58.33%	2.58
2 - Meets Expectations	5	41.67%	
1 - Does Not Meet Expectations	0	0.00%	
	12	100.00%	

5. Produces accurate and timely reports which are provided to the State Investment Board concerning investments, progress and compliance with investment policies.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	6	50.00%	2.42
2 - Meets Expectations	5	41.67%	
1 - Does Not Meet Expectations	1	8.33%	
	12	100.00%	

6. Advises and makes recommendations to the State Investment Board regarding investment programs and strategies.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	8	66.67%	2.58
2 - Meets Expectations	3	25.00%	
1 - Does Not Meet Expectations	1	8.33%	
	12	100.00%	

7. Recommends corrective actions as necessary to investment strategies.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	6	50.00%	2.50
2 - Meets Expectations	6	50.00%	
1 - Does Not Meet Expectations	0	0.00%	
	12	100.00%	

8. Routinely analyzes and monitors overall investment expenses to ensure that investment programs are operating efficiently and effectively based on comparable market standards.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	6	50.00%	2.50
2 - Meets Expectations	6	50.00%	
1 - Does Not Meet Expectations	0	0.00%	
	12	100.00%	

General Comments

9. Overall, how satisfied are you with the job being done by the CIO? What has the CIO done well? What could be done to improve your overall satisfaction with the job being done by the CIO?

Response #	Comment
1	Overall, Scott does a good job. He is very experienced and knowledgeable and has taken on several large initiatives to advance RIOs programs. Areas for improvement: 1) Be careful of presenting projections as fact; from my experience, most economic and market projections don't turn out as thought; 2) Would like more critical decision points brought to SIB and Investment Committee instead of just information/updates
2	Scott is very professional with his dealings with the legislature. He is knowledgeable and I believe he is genuinely interested in the best outcomes for the state.
3	Scott has done an exceptional job of moving the focus of the department and further educating the board regarding the intricacies of investment.
4	We've been making a lot of changes to the organization of the investment team and the policies that are in place. I'm very pleased with the vision that has been laid out by the CIO and have full confidence in the path we are on.
5	Scott's ideas around internal investments are truly strategic, and will move this board forward. Been a great addition.
6	He produces and presents information to the board in an exemplary way. His depth of knowledge is impressive, and he is good at explaining complicated material in an understandable way.
7	Scott does excellent work as the CIO. He demonstrates an impressive depth of knowledge and experience which are important for his role. He keeps the board apprised of not only the state's investments and investment strategies but also the relevant context for those strategies. He is forward-thinking, analytical, and diligent.
8	The investment program will be changing considerably in the next year, and years to come. I will be interested to see how the investment program progresses going forward; and all we can do for now is to wait and see what happens.
9	Good work being done in this role. Looking forward to the future!
10	CIO does a good job with board educational topics. Would like to see him be more proactive in communicating fluctuations in investments, national events effecting investment allocations, values, etc.
11	Appreciate the CIO's transparency, depth of experience and strong communication skills.
12	Scott has done very well with guiding RIO through governance changes and making recommendations that could have long-lasting positive impact, such as performance compensation, enhancing FTE, and board/committee changes. These could leave a lasting positive legacy at RIO and his work and knowledge is appreciated. As reference previously in surveys, it would be wise to consider how some of our board education can be either brought to a 10,000 ft view or if they can be broken down into a series of board education. They can tend to get very detailed and I fear we lose some of the insight gained due to the length. I find this to be a very minor concern, but one more for general awareness.

1. The DED/CRO understands and knows the TFFR operations, strategic direction, and board goals.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	4	57.14%	2.57
2 - Meets Expectations	3	42.86%	
1 - Does Not Meet Expectations	0	0.00%	
	<u>7</u>	<u>100.00%</u>	

2. The DED/CRO properly manages and informs the board of the progress and issues related to the Pioneer Project.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	4	57.14%	2.57
2 - Meets Expectations	3	42.86%	
1 - Does Not Meet Expectations	0	0.00%	
	<u>7</u>	<u>100.00%</u>	

3. The DED/CRO adds value to the program and operations.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	4	57.14%	2.57
2 - Meets Expectations	3	42.86%	
1 - Does Not Meet Expectations	0	0.00%	
	<u>7</u>	<u>100.00%</u>	

4. The DED/CRO's communications are clear, concise, and effective.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	5	71.43%	2.71
2 - Meets Expectations	2	28.57%	
1 - Does Not Meet Expectations	0	0.00%	
	<u>7</u>	<u>100.00%</u>	

5. The DED/CRO provides board education materials that help your growth and development as a trustee.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	4	57.14%	2.57
2 - Meets Expectations	3	42.86%	
1 - Does Not Meet Expectations	0	0.00%	
	<u>7</u>	<u>100.00%</u>	

6. The DED/CRO has an understanding and adheres to TFFR governance.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>Average Response</u>
3 - Exceeds Expectations	5	71.43%	2.71
2 - Meets Expectations	2	28.57%	
1 - Does Not Meet Expectations	0	0.00%	
	<u>7</u>	<u>100.00%</u>	

General Comments

7. Overall, how satisfied are you with the job being done by the DED/CRO? What has the DED/CRO done well? What could be done to improve your overall satisfaction with the job being done by the DED/CRO?

Response #	Comment
1	I am satisfied with the DED/CRO but am less familiar with his work.
2	The CRO has done a great job getting up to speed quickly and jumping head first to help guide the Pioneer project through the checkpoints. Communication and board presentations have been good and the feedback regarding outreach efforts has been encouraging.
3	I am satisfied with the performance of the DED/CRO.
4	Thoroughly impressed with Jan.
5	Chad is relatively new, so some of this is hard to assess. He has done an outstanding job organizing the work of the GPR committee and helping to direct TFFR from a governance and organization standpoint.
6	The DED/CRO has done a great job since starting. He seems to have wasted no time in getting to know our plan. He seems to have a good relationship with staff in the RIO office and seems to have been developing good relationships with legislators. He has really pushed the Pioneer Project forward and has provided detailed updates with intimate knowledge of the implementation and product.
7	He is doing a very good job of getting up to speed in the short time he has been on the job. I appreciate his confidence and knowledge and presentation skills.

MEMORANDUM

TO: Executive Review and Compensation Committee
FROM: Ryan K. Skor, CFO/COO
DATE: April 19th, 2023
RE: Executive Compensation Discussion

During the March 15, 2023, Executive Review and Compensation Committee meeting, staff were asked to gather material on several compensation related items. This additional information is to assist the committee with its responsibility to make compensation recommendations for the Executive Director to the full State Investment Board on or before June 30th. The requested data included current compensation comparisons to other agency directors within North Dakota state government, compensation comparisons to Executive Directors for comparable out-of-state agencies, as well as additional information regarding current compensation adjustment options including specifically allowable bonuses and other allowable and available budgetary adjustments.

Comparisons to ND State Agency Heads

Information was received regarding the current salary information for agency directors across state government. As there are no directly comparable agencies to ND RIO in size and responsibilities, staff have examined the compensation information and made the following observations.

- There is a wide range of compensation levels, from well under \$100K/year to nearly \$400K/year.
- The yearly average of the examined positions is roughly \$161K.

Comparable Out-of-State Positions

Information was gathered from available market-based surveys and was compiled to show the average compensation for agencies of comparable size.

- Average Salary ~ \$275,000
- Average Bonus ~ \$90,000

Compensation Adjustment Options

The current legislative assembly will include a proposed pay package in each agency's biennial budget bill with guidelines for the coming '23-'25 biennium. The amount of included salary and benefits funding is meant to provide specific percentage increase amounts to permanent state employees to be based on documented performance. The current level of anticipated legislative increases available in the '23-'25 biennium budget is 6% for the first year of the biennium and 4% for the second year.

Additionally, there has been discussion of a separate targeted market equity pool to be used to provide additional compensation adjustments for agencies to provide market adjustments within specific positions. Any amounts available to ND RIO through this funding pool are yet to be determined and are not anticipated to be finalized until the very end of the 68th Legislative Session.

Beyond the standard increases in base salary amounts, there are a couple of allowable bonuses under North Dakota Administrative Code and ND RIO internal policies. A performance bonus may be awarded for exemplary performance and contribution to the agency. Performance bonuses

are statutorily capped at \$1,500 per fiscal year (NDCC 54-06-30). A retention bonus may be given as an incentive to an employee in state government. Performance and retention bonuses guidelines are defined in the attached ND RIO administrative policies and any amounts paid must be paid out of available salary and benefit appropriations.

COMMITTEE ACTION REQUESTED: Information Only.

PERFORMANCE BONUS

A Performance Bonus may be awarded to an eligible employee for exemplary performance and contribution to the agency. Pursuant to N.D.C.C. 54-06-30 the Retirement and Investment Office (RIO) has adopted this policy in order to systematically determine those employees eligible to receive a performance bonus.

I. Eligibility: The following criteria must be met in order to be eligible for a bonus. The employee must:

1. Be in a classified position.
2. Have been employed by RIO for at least one year before payment of the bonus.
3. Have received an overall rating of at least "Exceeds Expectations" on the most recent annual performance evaluation.
4. Be a full-time or part-time regular non-probationary employee holding a regularly funded non-temporary position.
5. Have not received a performance bonus in the prior fiscal year.

II. Frequency: A classified employee may not receive more than one performance bonus per biennium.

III. Nomination Process:

- A. Any employee of RIO may nominate any eligible classified employee for a performance bonus each fiscal year. Supervisors are encouraged, but not required, to nominate eligible employees for a performance bonus.
- B. The Executive Director will designate the nomination period for each fiscal year and inform agency staff when the nomination period will begin and end.
- C. The Executive Director will determine and inform agency staff of the available number of performance bonuses which may be granted in any fiscal year and such number shall typically comprise 25% of all eligible classified employees of RIO as determined on July 1 of the fiscal year for which the bonus is awarded. **All bonuses are subject to budget availability.**
- D. Nominations must contain the following information: Name of Nominee, Name of Nominator, and a succinct description of the basis for the nomination.
- E. Nominations may be submitted within the nomination period directly to any member of the Performance Bonus Review Committee and such committee shall be comprised of the Executive Director/CIO, Deputy Executive Director, and Deputy CIO.

The Executive Director reserves the right to make the final decision on the awarding of any performance bonuses.

IV. Award Calculation: If bonuses are given, all employees receiving the bonuses that fiscal year will receive the same dollar amount of up to \$1,500. Bonuses may not be included in an employee's base salary for purposes of calculating any wage or salary increase.

RECRUITMENT AND RETENTION BONUS

A recruitment or retention bonus may be given as an incentive to recruit or retain employees in hard-to-fill occupations unless the employee is leaving to work for another state agency. Hard-to-fill occupations include occupations in which demand exceeds supply, special qualifications are required, competition with other employers is the strongest, there is a risk of losing an incumbent with rare skills, the position is filled by a highly skilled employee who is in high demand in the marketplace, loss of the employee would result in significant replacement costs, the position is filled by key personnel, or the position has other unique recruitment or retention issues identified and documented by management.

In general, recruitment and retention bonuses will be utilized within non-classified and management level positions. However, they may be utilized in other positions depending upon the current employment market. Factors that may be considered when determining whether to offer a recruitment or retention bonus include receipt of sufficient qualified applicants, lack of interest due to salary offered and relocation concerns.

This policy, along with all bonuses approved under this section must be reported to the North Dakota Human Resource Management Services (HRMS) division. HRMS will periodically report bonuses provided under this section to the legislative management.

Bonuses within this section must be funded from within RIO's salaries and wages budget and are subject to final approval by the Executive Director. Amounts will be determined based on the circumstances prevailing and budget availability. Recruitment and retention bonuses will be contingent upon the recipient remaining employed with the agency for one year following the receipt of the bonus. If the recipient voluntarily leaves employment prior to that one year, the employee will be required to repay the entire bonus. Termination due to state mandated reduction in force (RIF) or other circumstances beyond the recipient's control will not trigger this repayment requirement.

NDCC 4-07-02-19 and 4-07-02-20