

**EXECUTIVE REVIEW AND COMPENSATION COMMITTEE MEETING**

**Tuesday, May 7, 2024 – 10:00 AM**

**Virtual Only**

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**AGENDA**

- I. Call to Order and Approval of Agenda (*Committee Action*)**
- II. Approval of Meeting Minutes (April 16, 2024) (*Committee Action*)**
- III. Executive Director Performance Evaluation (30 minutes) (*Committee Action*) – Dr. Lech**
- IV. Executive Director Compensation Recommendation (30 minutes) (*Committee Action*) – Mr. Skor**
- V. ERCC Meeting Schedule – FY2025 (5 minutes) (*Committee Action*) – Mr. Skor**
- VI. Other**
- VII. Adjournment**

**NORTH DAKOTA STATE INVESTMENT BOARD  
EXECUTIVE REVIEW AND COMPENSATION COMMITTEE  
MINUTES OF THE APRIL 16, 2024, COMMITTEE MEETING**

**MEMBERS PRESENT:** Dr. Rob Lech, TFFR, Chair  
Thomas Beadle, State Treasurer, Vice Chair  
Sen. Jerry Klein, LBSFAB

**STAFF PRESENT:** Scott Anderson, CIO  
Eric Chin, Deputy CIO  
Missy Kopp, Executive Admin.  
Jan Murtha, Executive Director  
Sara Seiler, Internal Audit Supvr.  
Ryan Skor, CFO/COO

**CALL TO ORDER:**

Dr. Lech called the State Investment Board (SIB) Executive Review and Compensation Committee (ERCC) meeting to order at 10:04 a.m. on Tuesday, April 16, 2024. The meeting was held in the RIO Conference Room, 1600 E Century Ave., Bismarck.

**ACCEPTANCE OF AGENDA:**

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY SEN. KLEIN AND CARRIED BY A VOICE VOTE TO ACCEPT THE AGENDA AS DISTRIBUTED.**

**AYES: TREASURER BEADLE, SEN. KLEIN, AND DR. LECH  
NAYS: NONE  
MOTION CARRIED**

**MINUTES:**

The ERCC considered the minutes of the March 13, 2024, meeting.

**IT WAS MOVED BY SEN. KLEIN AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE MARCH 13, 2024, MINUTES AS DISTRIBUTED.**

**AYES: SEN. KLEIN, TREASURER BEADLE, AND DR. LECH  
NAYS: NONE  
MOTION CARRIED**

**EXECUTIVE DIRECTOR (ED) PERFORMANCE EVALUATION:**

Mr. Skor provided an overview of the ED evaluation process. Survey responses from Board members and staff have been collected and provided to the ERCC. Board and staff responses concerning the ED are used by the ERCC as part of their evaluation. Board responses concerning the Deputy Executive Director/Chief Retirement Officer (DED/CRO) and the Chief Investment Officer (CIO), are used by the ED as part of her evaluation for those staff members.

Dr. Lech commented that the process used by the SIB to evaluate the ED position is very robust and uses a lot of data. The level of data is very transparent. The ERCC's responsibility is to consider the context of the data and observe trends. The evaluation should identify strengths and opportunities for growth. The ERCC discussed the evaluation process. Dr. Lech will draft the evaluation and provide it to the Committee for review and feedback at the May meeting. The Committee decided to implement an additional step to the evaluation process of written comments from the ED in response to survey comments. The Committee commented that Ms. Murtha's performance has been tremendous during a time of significant change for the agency.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY SEN. KLEIN AND CARRIED BY A VOICE VOTE TO ACCEPT THE SURVEY RESULTS AND EVALUATION PROCESS.**

**AYES: TREASURER BEADLE, SEN. KLEIN, AND DR. LECH**

**NAYS: NONE**

**MOTION CARRIED**

**ED COMPENSATION DISCUSSION:**

Mr. Skor reviewed the information that has been provided to the ERCC to aid in their discussion. Part of the ERCC's responsibility is to make a compensation recommendation for the ED position to the SIB annually. The Committee discussed the importance of having a target and timeline approved by the SIB to provide the ERCC the ability to work towards that goal. Committee discussion followed.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY SEN. KLEIN AND CARRIED BY A ROLL CALL VOTE RECOMMEND A 50<sup>TH</sup> PERCENTILE GOAL OVER A THREE-BIENNIUM TIMELINE FOR THE ED POSITION COMPENSATION TO THE SIB FOR APPROVAL.**

**AYES: TREASURER BEADLE, SEN. KLEIN, AND DR. LECH**

**NAYS: NONE**

**MOTION CARRIED**

**RIO AGENCY-WIDE COMPENSATION DISCUSSION:**

Ms. Murtha shared some observations from the Mercer compensation study. The study confirmed that most of the non-incentive eligible team members are near, at, or exceed the median salary for those positions. This is due in large part to the legislative equity package. The base salaries for new roles tend to be closer to median. Staff identified three non-incentive eligible roles to recommend some increases in the next biennium to bring them closer to the median. The ED, CIO, and CFO/COO fall significantly below median. The incentive compensation program helps alleviate that shortfall, but they are still below the median. The Committee discussed and provided feedback for staff to use as they prepare the budget for the next biennium.

**OTHER:**

With no further business to come before the ERCC, Dr. Lech adjourned the meeting at 11:46 a.m.

Submitted by:

Missy Kopp, Assistant to the Board

North Dakota Retirement and Investment Office  
**Formal Summative Evaluation**  
Janilyn Murtha, Executive Director  
May 17, 2024

The North Dakota State Investment Board (SIB) conducted a formal evaluation of the Executive Director, Ms. Janilyn Murtha, based on the accomplishment of Ends and Compliance with Executive Limitations. The Executive Review and Compensation Committee (ERCC), which consists of Dr. Robert Lech, Treasurer Thomas Beadle, and Senator Jerry Klein, was appointed by the Chair of the SIB, Lt. Governor Tammy Miller, to oversee the evaluation process and provide a draft of the formal summative evaluation for Executive Director Murtha. Additional support was provided through Sara Seiler, Supervisor of Internal Audit, Ryan Skor, Chief Financial Officer/Chief Operating Officer, and Missy Kopp, Executive Assistant.

**EVALUATION PROCESS AND RESOURCES**

During the April 16, 2024, ERCC meeting, the committee reviewed and discussed, as necessary, all reports and surveys necessary to draft the formal summative evaluation draft to present to the SIB. The surveys and reports in consideration of the performance evaluation are as follows:

- SIB Executive Director Performance Survey
- TFFR Executive Director Performance Survey
- Independent Audit Report for the period ending June 30, 2023, issued by CliftonLarsonAllen LLP
- RIO Annual Comprehensive Financial Report for FY Ended June 30, 2023
- Quarterly Monitoring Reports
- Executive Limitation Audit CY 2024
- Executive Director Manager/Staff Survey 2024
- Executive Director Self-Evaluation 2024

The final draft was read and reviewed at the ERCC meeting on May 7, 2024. The final draft will be brought forward with a recommendation for approval to the State Investment Board on May 17, 2024.

**AREAS OF STRENGTH**

Strategic and visionary leadership, and advocacy were consistently referenced and recognized as profound areas of strength. Ms. Murtha excels in strategic planning and successfully advocates for board, agency, and program initiatives. She has led, along with the support of staff, a number of successful approaches including restructuring human capital and

compensation and a comprehensive board on-boarding process that will have significant long-term implications for NDRIO.

In review of the resources and in anecdotal experiences of the committee, it is exceedingly clear that Ms. Murtha demonstrates a high level of integrity and professionalism in all interactions, which includes board members, staff, interagency peers, legislators, and the public. This commitment fosters trust in the organization and promotes a positive image of NDRIO.

Ms. Murtha is recognized for her consistent and effective communication across stakeholders as represented by predominant ratings of exceeds expectations across the surveys and through anecdotal discussion of the ERCC. An analysis of these results show that Ms. Murtha ensures information is disseminated effectively across all stakeholders, but also engages actively to maintain transparency, connection, and mutual understanding. Ms. Murtha was also recognized by staff for her openness and approachability.

### **DEVELOPMENT OPPORTUNITIES**

Ms. Murtha is encouraged to strive to balance the maintenance of strategic and visionary leadership with operational details and the day-to-day management that ensures the capacity, understanding, and communication necessary for them to be effectively implemented. Some areas to consider include, but are not limited to, management of workload and appropriate delegation of responsibilities that address concerns for burnout, ensures sustainable leadership practices, cultivates administrative efficiencies, and support long-term leadership planning.

Ms. Murtha effectively and collaboratively works with the Teachers' Fund for Retirement (TFFR) and SIB boards to develop legislative positions. Further, the Executive Director's role involves direct and significant interaction with legislators, which is pivotal for advancing the legislative agenda directed by these boards and securing support for initiatives. While the current efforts are commendable, Ms. Murtha is encouraged to explore opportunities to expand to an even broader group of legislators to further advocate for the goals of NDRIO.

Ms. Murtha has demonstrated, supported, and facilitated strategic and visionary leadership as the Executive Director through advocating for board, agency, and program initiatives. To further support her skills in these areas, a deeper focus on capacity building in these concepts and the importance of these initiatives to the board, staff, other state agencies, policymakers, and citizens will be crucial to their ultimate success. This will not only enhance Ms. Murtha's own leadership style through a greater understanding of varied perspectives but ultimately build greater capacity for leading change and encouraging innovation to ensure NDRIO continues to thrive under her guidance in an ever-changing landscape.

**GENERAL THOUGHTS**

Ms. Murtha continues to serve the North Dakota Retirement and Investment Office with outstanding leadership. As Executive Director, she combines transformative strategic insight with strong communication and integrity to drive towards the agency goals while fostering a positive culture of continuous improvement.

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Ms. Janilyn Murtha, Executive Director

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Date

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Dr. Robert Lech, Executive Review and Compensation  
Committee Chair

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Date

DRAFT

## MEMORANDUM

**TO: SIB - ERCC**  
**FROM: Jan Murtha, Executive Director**  
**DATE: May 7, 2024**  
**RE: Employee Response to Evaluation Surveys**

Communication between team members, among board members, and between board members and the executive director is a critical component of organizational success. The annual surveys represent one of the channels of communication leveraged. I appreciate the opportunity to receive and provide feedback through the survey process while acknowledging that communication is a collaborative effort that must be maintained throughout the year. I am humbled by the feedback from RIO team members and their confidence in my leadership through our transformational changes these last few years. I am grateful to TFFR Board members for their continued support throughout my tenure and our agency initiatives. I appreciate the SIB member feedback and acknowledge the challenges that current SIB members are facing. The board member composition of the SIB has changed significantly from 2021. The majority of the SIB members that are on the board today are not the same board members that supported the significant changes to governance and agency initiatives following the 2021 legislative session. Several of the current SIB members are both new to the board and to their positions; and with the changes to board composition required by H.B. 1088(2023) many of our members joined the board since July 2023. It has been my responsibility and my pleasure to share with new SIB members the history of the programs, the circumstances prompting change, and the transformational changes initiated within the last three years through the new board member onboarding process and my reports at regular SIB meetings. I have endeavored to not only invite but encourage feedback and candid conversations from board members through strategic planning efforts and the initiative implementation process; while acknowledging the difficulty faced by staff in implementing multi-year initiatives that were approved prior to the tenure of many of our current board members but nonetheless require the continued support of the board to be successfully implemented. I am and have been available and responsive to board member questions outside of board and committee meetings; and I want to reassure board members that may be reluctant to ask questions or offer opinions during meetings that I will generally respond to any inquiries within the day if possible or at the very least within twenty-four hours of any outreach. I also want to affirm that I would appreciate feedback throughout the year, whether at or outside of meetings, and that the annual survey is one way to provide feedback but hopefully not the first channel of communication leveraged. Finally, I wish to thank all board and team members that took the time to respond to the survey.

**Committee Action Requested:** Information only.

## MEMORANDUM

**TO: Executive Review and Compensation Committee**  
**FROM: Ryan K. Skor, CFO/COO**  
**DATE: May 2<sup>nd</sup>, 2024**  
**RE: Executive Director Compensation Recommendation**

During the April 16, 2024, Executive Review and Compensation Committee meeting, the committee discussed the Executive Director's salary and the desire for a specific target salary range and specific time horizon to reach said target.

Upon analyzation of data from the recently completed and presented comprehensive compensation study, it was determined that the ED's current salary is 27% below the 50<sup>th</sup> percental in both base salary and in total cash compensation when incentive compensation is included. With this data, and further discussion regarding the continuing appropriateness of the ED position's salary, the committee brought the discussion to the full State Investment Board for a specific recommendation. Resulting from the April 26, 2024, SIB meeting was approval of a specific ED salary target of the 50<sup>th</sup> percentile of comparable roles throughout the country with the time horizon of ten years in which to reach the target.

Included in RIO's approved legislative budget were payroll appropriations sufficient to provide for 4% performance increases in the second year of the biennium. This includes the Executive Director position. Specific guidelines spelled out in session law calls for the increases to be based on documented performance and for them to go into effect in the month of July, paid in August. Based on the ED's current salary of \$219,496, a 4% increase would result in a new salary of \$228,276.

Understanding overall salary levels will continue to increase as we move through the ten-year time horizon, additional yearly salary increases above the standard legislative increases will be necessary to reach the target salary range. When looking at RIO's salary appropriations for the current biennium, there exists the opportunity to include an additional compensation increase of 3%-5%.

Looking forward to the 2025-2027 biennium, staff requests guidance from the committee as to their preferences for additional ED salary increases in the coming years. As the salaries and benefits are legislatively appropriated, any desired additional funds will need to be included during our budget development and subsequent request of the legislature.

### COMMITTEE ACTION REQUESTED:

- **Approval of legislative increase (4%) to be recommended to full SIB (if so desired)**
- **Finalization and approval of additional compensation of \_\_\_\_% to be recommended to full SIB (if so desired)**



# SIB & TFFR Board/Committee Calendar 2024-25

## **July 2024**

July 12, 2024 – Investment Comm @ 9:00 a.m.

July 25, 2024 – TFFR @ 1:00 p.m.

July 26, 2024 – SIB @ 8:30 a.m.

## **August 2024**

August 9, 2024 – Investment Comm @ 9:00 a.m.

August 14, 2024 – SIB Audit Committee @ 2:30 p.m.

## **September 2024**

September 10, 2024 – SIB GPR @ 10:00 a.m.

September 12, 2024 – TFFR GPR @ 3:30 p.m.

September 13, 2024 – Investment Comm @ 9:00 a.m.

September 17, 2024 – SIB Securities @ 10:00 a.m.

September 26, 2024 – TFFR @ 1:00 p.m.

September 27, 2024 – SIB @ 8:30 a.m.

## **October 2024**

October 11, 2024 – Investment Comm @ 9:00 a.m.

October 25, 2024 – SIB @ 8:30 a.m.

## **November 2024**

November 6, 2024 – TFFR GPR @ 3:30 p.m.

November 8, 2024 – Investment Comm @ 9:00 a.m.

November 13, 2024 – SIB GPR @ 10:00 a.m.

November 18, 2024 – SIB Audit Committee @ 2:30 PM

November 21, 2024 – TFFR @ 1:00 p.m.

November 22, 2024 – SIB @ 8:30 a.m.

## **December 2024**

December 5, 2024 – SIB Securities (Tentative) @ 9:00 a.m.

December 13, 2024 – Investment Comm @ 9:00 a.m.

## **January 2025**

January 10, 2025 – Investment Comm @ 9:00 a.m.

January 15, 2025 – SIB ERCC @ 10:00 a.m.

January 23, 2025 – TFFR @ 1:00 p.m.

January 24, 2025 – SIB @ 8:30 a.m.

## **February 2025**

February 4, 2025 – TFFR GPR @ 3:30 p.m.

February 6, 2025 – SIB GPR @ 10:00 a.m.

February 14, 2025 – Investment Comm @ 9:00 a.m.

February 19, 2025 – SIB Audit Committee @ 2:30 p.m.

February 20, 2025 – TFFR (Tentative) @ 1:00 p.m.

February 21, 2025 – SIB (Tentative) @ 8:30 a.m.

## **March 2025**

March 14, 2025 – Investment Comm @ 9:00 a.m.

March 18, 2025 – SIB Securities @ 10:00 AM

March 27, 2025 – TFFR @ 1:00 p.m.

March 28, 2025 – SIB @ 8:30 a.m.

## **April 2025**

April 8, 2025 – SIB GPR @ 10:00 a.m.

April 9, 2025 – SIB ERCC @ 10:00 a.m.

April 10, 2025 – TFFR GPR @ 3:30 p.m.

April 11, 2025 – Investment Comm @ 9:00 a.m.

April 24, 2025 – TFFR @ 1:00 p.m.

April 25, 2025 – SIB @ 8:30 a.m.\*

\*Meeting time may be adjusted due to Leg. Session

## **May 2025**

May 7, 2025 – SIB ERCC @ 10:00 a.m.

May 8, 2025 – SIB Audit Committee @ 2:30 p.m.

May 9, 2025 – Investment Comm @ 9:00 a.m.

May 16, 2025 – SIB @ 8:30 a.m.

## **June 2025**

June 13, 2025 – Investment Comm @ 9:00 a.m.

June 17, 2025 – SIB Securities (Tentative) @ 10:00 a.m.

June 19, 2025 – TFFR Board Retreat (Tentative) @ 1:00 p.m.