

**NORTH DAKOTA STATE INVESTMENT BOARD
EXECUTIVE REVIEW AND COMPENSATION COMMITTEE
MINUTES OF THE
FEBRUARY 20, 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
Jennifer Ferderer, Investment Admin.
Rachel Kmetz, Accounting Mgr.
Missy Kopp, Executive Admin.
Jan Murtha, Executive Director
Sara Seiler, Internal Audit Supvr.

GUESTS: Aimee Kudela, Mercer
Josh Wilson, Mercer

CALL TO ORDER:

Dr. Lech called the State Investment Board (SIB) Executive Review and Compensation Committee (ERCC) meeting to order at 9:33 a.m. on Tuesday, February 20, 2024. The meeting was held in the RIO Conference Room, 1600 E Century Ave. Ste. 3, 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 January 9, 2024, meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY SEN. KLEIN AND CARRIED BY A VOICE VOTE TO ACCEPT THE AUGUST 3 AND 24, 2023, MINUTES AS DISTRIBUTED.

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

INCENTIVE COMPENSATION PLAN:

Mr. Josh Wilson, Mercer, reviewed the proposed incentive compensation plan for RIO. Mercer was hired to work with RIO to design an incentive compensation plan for the implementation of the internal investment program. Mr. Wilson reviewed the plan objectives and design mechanics including eligibility, performance measurement, performance standards, incentive opportunity, and the measurement period. Mr. Wilson provided an overview of how this proposed plan compares to market practice. Incentive eligibility, metrics, and incentive targets were reviewed. Mr. Wilson commented that RIO's use of an independent Benchmark Consultant (Verus) is a good governance approach for the incentive compensation plan. The Committee had extensive discussion about the plan.

IT WAS MOVED BY SEN. KLEIN AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO RECOMMEND THE INCENTIVE COMPENSATION PLAN TO THE SIB.

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

NAYS: NONE

MOTION CARRIED

SIB SELF AND BOARD ASSESSMENT RESULTS:

Ms. Seiler reviewed the results of the annual SIB Self and Board Assessment. The responses and results were generally positive with an average score of 3.52 on a 4.0 scale. There were positive comments about the onboarding for new board members and the work done by the sub committees. A request was shared to allow additional time for board discussion on certain topics. Committee discussion followed.

IT WAS MOVED BY SEN. KLEIN AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE SELF-ASSESSMENT RESULTS FOR PRESENTATION TO THE SIB.

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

NAYS: NONE

MOTION CARRIED

SURVEY FORMATS:

Ms. Seiler reviewed the survey formats for the annual surveys to the SIB, TFFR, and RIO staff that are a part of the performance reviews for the Executive Director (ED), Deputy Executive Director/Chief Retirement Office (DED/CRO), and Chief Investment Officer (CIO). Ms. Seiler worked with the Communications and Outreach Director to update the surveys. They created two staff surveys: one for managers and another for non-managers. The surveys are similar but reflect different levels of interaction with the ED. Ms. Seiler reviewed the timeline for distributing and collecting the surveys. Committee discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY SEN. KLEIN AND CARRIED BY A VOICE VOTE TO APPROVE THE SURVEY FORMAT AND TIMELINE.

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

NAYS: NONE

MOTION CARRIED.

OTHER:

With no further business to come before the ERCC, Dr. Lech adjourned the meeting at 11:33 a.m.

Submitted by:

Missy Kopp, Assistant to the Board