

Governance and Policy Review Committee

Thursday, January 26, 11:00 a.m.

Virtual Only

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AGENDA

- I. CALL TO ORDER AND ACCEPTANCE OF AGENDA**
- II. MINUTES – NOVEMBER 16, 2022**
- III. 2023 LEGISLATIVE SESSION REVIEW & DISCUSSION**
- IV. ADJOURNMENT**

**STATE INVESTMENT BOARD
GOVERNANCE & POLICY REVIEW COMMITTEE MEETING
MINUTES OF THE NOVEMBER 16, 2022, MEETING (VIRTUAL)**

MEMBERS PRESENT: Dr. Rob Lech, TFFR Board, Chair
Thomas Beadle, State Treasurer, Vice Chair
Jon Godfread, Insurance Commissioner

STAFF PRESENT: Scott Anderson, CIO
Eric Chin, Deputy CIO
Missy Kopp, Exec Assistant
Jan Murtha, Exec. Dir.
Emmalee Riegler, Contracts/Records Admin.
Ryan Skor, CFO/COO

GUESTS: Colton Schulz, Insurance Dept.

CALL TO ORDER:

Dr. Lech called the State Investment Board (SIB) Governance and Policy Review (GPR) Committee meeting to order at 2:32 p.m. on Wednesday, November 16, 2022, in the Retirement and Investment Office 1600 E Century Ave., Bismarck, ND.

AGENDA:

The agenda was considered for the November 16, 2022, meeting.

IT WAS MOVED BY COMMISSIONER GODFREAD AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE NOVEMBER 16, 2022, MEETING AS DISTRIBUTED.

**AYES: COMMISSIONER GODFREAD, TREASURER BEADLE, AND DR. LECH
NAYS: NONE
MOTION CARRIED**

MINUTES:

The minutes were considered for the October 24, 2022, meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY COMMISSIONER GODFREAD AND CARRIED BY A VOICE VOTE TO APPROVE THE OCTOBER 24, 2022, MINUTES AS DISTRIBUTED.

**AYES: TREASURER BEADLE, COMMISSIONER GODFREAD, AND DR. LECH
NAYS: NONE
MOTION CARRIED**

Commissioner Godfread arrived at 10:02 a.m.

2023 LEGISLATIVE PLANNING:

Ms. Murtha provided information about anticipated public policy issues that may arise and be impactful to the SIB program during the 2023 legislative session. This presentation will be given to the SIB at their meeting on November 18th and staff would like feedback from this Committee to incorporate into the presentation for the Board. Ms. Murtha presented anticipated bill topics and asked for feedback on staff testimony and a process for working with the SIB and sub-committees as changes occur during the legislative session. Committee members discussed a process to recommend

to the SIB for communication between staff and the SIB Chair so a decision can be made to call a special Board or Committee meeting to address the topic. The Committee was asked to provide feedback on staff testimony on the In-State Investment Program, investment program changes, retirement plan design changes and funding, and SIB composition. The Committee discussed an SIB composition bill and their desire to be proactive. The Committee asked staff to provide the SIB with the two composition options that were presented previously and ask the full Board if RIO should submit an agency bill to change the Board composition.

PROXY VOTING PROCESS:

Mr. Anderson reviewed the statement that was prepared for the SIB chair or staff to provide when they receive questions about the proxy voting process. The statement is as follows:

It shall be the policy of the State Investment Board (SIB) to vote all proxies appurtenant to shares held in the various plans administered by the Board, and to vote said shares in a manner that best serves the system's interests. Specifically, all shares are to be voted with the interest of preserving or enhancing share value. The Board endorses the Department of Labor opinion that proxies have economic power which shareholders are obligated to exercise to improve corporate performance. The Board further recognized that proxy issues are frequently complex, requiring expert guidance; accordingly, it has adopted procedures that employ such experts.

The objectives of these policies are as follows:

1. Exercise the value empowered in proxies.
2. Maintain or improve share value for the exclusive benefit of the participants.

Ms. Riegler reviewed the current proxy voting process including the account types, proxy voting parties, and the proxy voting flow. Committee discussion followed.

OTHER:

With no further business to come before the GPR Committee, Dr. Lech adjourned the meeting at 3:42 p.m.

Prepared by:

Missy Kopp
Assistant to the Board

MEMORANDUM

TO: SIB
FROM: Jan Murtha, Executive Director
DATE: January 24, 2023
RE: 2023 Legislative Session Review & Discussion

Please find following this memorandum the bill tracker prepared by RIO staff for the week of January 23, 2023. Staff will review relevant legislation impacting investment operations with the SIB GPR Committee at its meeting on January 26, 2023 for position recommendations to the full SIB. Staff will present SIB GPR recommendations and highlight other bills where RIO has already offered testimony during the SIB meeting on January 27, 2023.

Testimony offered by RIO staff on behalf of both the SIB and TFFR Board thus far this session is included as an appendix in the SIB packet. This includes testimony on HB1039, HB1040, HB1088, HB1150, HB1219, HB1227, and SB2022. Additional testimony offered since the publication of the SIB packet includes HB1271, HB1400, HB1429, and SB 2258.

ACTION REQUESTED: Provide recommendations to SIB for position testimony.

2023-2025 Legislative Session RIO Bill Tracker

Bill #	Topic	Description	Sponsor	Hearing Date	Committee	Status
HB 1039	Closing DB Plan	Closing DB Plan (eff. 12/31/23)	Legislative Management: Weisz, Bosch, Boschee, Lefor, Mitskog, Vigesaa, Burckhard, Klein, Piepkorn, Schaible, Wanzek	1/13 - 9:15am	House GVA	
HB 1040	Closing DB Plan	Closing DB Plan (eff. 12/31/24)	Legislative Management: Weisz, Bosch, Boschee, Lefor, Mitskog, Vigesaa, Burckhard, Klein, Piepkorn, Schaible, Wanzek	1/13 - 8:30a.m.	House GVA	
HB 1088	SIB	SIB Membership changes	Government and Veterans Affairs: Schauer, Satrom, Bahl, Cory, Hoverson, Johnson, Karls, Louser, McLeod, Rohr, Schneider, Steiner, Vetter	1/12 - 10:15am	House GVA	Amended by House GVA on 1/19/22. Passed Committee 13-0. Reduced experts to 1 from 2, changed experience language; Legacy Advisory Board would be a voting member; and two legislative members.
HB 1147	Legacy Earnings	Creating a county and township bridge fund from legacy earnings	Rep. Thomas, Rep. Anderson, Rep. Hagert, Rep. Lefor, Rep. Mitskog, Rep. Monson, Sen. Myrdal, Rep. Pyle, Sen. Sorvaad. Rep.	1/18 - 10:30am	House Approps	
HB 1150	Veteran Exemption for TFFR	Allows veterans with at least 20 years of military service to opt out of the TFFR in their first year of teaching	Thomas, Bekkedahl, Heinert, Meyer, O'Brien, Pyle, Richter, Ruby, Schaible, Schreiber-Beck, Vedaa	1/16 - 4:00pm	House Education	Passed House 1/19 54 years/ 37 nays
HB 1201	Employee recruiting	Prohibiting a state entity from employing an individual under contract with a school district	Reps. Heinert, Hauck, Koppelman, Meier, Porter, M. Ruby, Toman Sens. Larsen, Meyer, Schaible	1/18 - 2:00pm (3rd)	House Education	
HB 1216	ND Development Fund	Commerce Dept. funds to promote economic development.	Rep, Nathe	1/16- 9:00am	House IBL	
HB 1219	TFFR	TFFR Changes	Reps. Kempenich, Conmy, Kreidt Sen. Schaible	1/20 - 9:15am	House GVA	
HB 1227	Legacy Fund	Requiring a cost-benefit analysis for a measure or policy affecting the Legacy Fund.	Reps. Kempenich, Bosch, Cory, Mock, Swiontek, Thomas, Vigesaa Sens. Klein, Meyer, Patten	1/18 - 9:00am	House Finance & Tax	Passed House 1/20 89 years/ Onays
HB 1251	Salaries for school superintendents	Capping salaries for school superintendents	Rep. Ruby, Sen. Cleary, Rep. Heilman, Rep. Heinert, Sen. Hogue, Sen. Krebsbach, Sen. Kreun, Rep. Lefor, Sen. Meyer, Rep. Schreiber-Beck	1/25 - 10:00am	House Education	

HB 1271	TFFR	Opt-out for retired teachers returning to service from having to contribute to TFFR	Reps. Schatz, Hauck, D. Ruby, Strinden Sen. Myrdal	1/23 - 3:00pm	House Education	
HB 1278	SIB	Requiring contracts with custodians/managers include required written support of fossil fuel and ag industries in state.	Reps. Satrom, Grueneich, Headland, Lefor, S. Olson, Ostlie, Schauer, Steiner Sens. Conley, Wanzek		House GVA	
HB 1283	Financial Industry	Impacting and creating a list of banks that develop stances on ESG	Rep. Novak, Rep. Dyk, Rep. Kempenich, Rep. Lefor, Sen. Myrdal, Sen. Rummel, Rep. Steiner, Rep. Tveit	1/24- 8:00am	House IBL	
HB 1285	Agency	Prohibiting executive branch agency bill submissions without legislator or legislative committee sponsor.	Reps. Toman, Christensen, Heilman, Henderson, Prichard		House GVA	
HB 1321	PERS Board	Changing PERS Board makeup	Reps. Kasper, Dockter, Lefor, Louser, D. Ruby, M. Ruby, Steiner, Vigesaa, Weisz Sen. Hogue	1/18 - 2:30pm	House IBL	
HB 1345	Procurement	All contracts between a state entity and a vendor must include a provision of the vendor supporting the state's agriculture and energy industries	Reps. Satrom, Grueneich, Hagert, Headland, Kiefert, Ostlie, Steiner Sen. Conley, Erbele, Lemm, Wanzek	1/20 - 9:00am	House Agriculture	
HB 1347	Banking	State treasurer and financial institutions engaged in boycotts of energy companies	Reps. Satrom, Grueneich, Ostlie, Schauer, Strinden Sens. Clemens, Conley	1/18 - 2:30pm (4th)	House IBL	
HB 1368	Investments	Prohibiting investments and contracts with companies that boycott Israel.	Reps. K. Anderson, Bellew, M. Ruby, Strinden, Timmons, Tveit Sens. Clemens, Kannianen, Myrdal	1/23 - 9:00a.m.	House IBL	Moved to GVA
HB 1372	Teacher Permitting	Foreign practitioners			House Education	
HB 1379	Legacy Earnings Streams	Modifies Legacy Fund Earnings streams	Reps. Lefor, Bosch, Dockter, Headland, Nathe, Novak, O'Brien Sens. Bekkedahl, Hogue, Rummel, Sorvaag		House Approps	
HB 1400	Investing Land Assets	Allows Land to use SIB for Investment purposes		1/24 - 8:00a.m.	House IBL	
SB 2015	Budget bill	OMB Budget Bill	Senate Appropriations	1/20 - 8:30am	Senate Approps - Gov't Ops	
HB 1420	Economic Development	Small Business Diversity revolving Loan fund		1/23 - 9:00a.m.	House IBL	

HB 1429	SIB	ESG Boycott/ Contract Restrictions/SIB list	Reps. Novak, Koppelman, Louser, J. Olson, S. Olson, M. Ruby, Thomas, Sen. Elkin, Magrum, Rummel	01/23 - 9:00a.m.	House IBL	
HB 1469	SIB	Restrictions on Investment Operations	Reps. Novak, Dyk, J. Olson, S. Olson, Porter, Schauer, Weisz, Sen. Bekkedahl, Rust		House IBL	
HB1486	NDPERS	Specifies a lump sum deposit from the GF, special funds and municipalities for the closing of the DB plan	Kasper	1/26 - 8:30a.m.	House GVA	
SB 2022	Budget bill	RIO's Budget	Senate Appropriations	1/19 - 10:00am	Senate Approps - Human Resources	Committee Work 1/23
SB 2070	Teacher Permitting	Extends the length of time non-certified teachers can be permitted	Senate State and Local Govt - Roers, Barta, Braunberger, Cleary, Estenson, Lee	1/17 - 2:00pm	Senate Education	Amended.
SB 2164	PERS Board	Changing how legislative members of PERS Board are appointed	Sen. Dever Reps. Brandenburg, Hatlestad, D. Johnson, Monson, Schauer	1/19 - 9:30am	Senate State & Local	
SB 2165	Energy Commission	Funds to clean sustainable engery fund/ BND	Sen. Patten, Rep. Bosch, Sen. Kannianen, Sen. Kessel, Rep. Novak, Rep. Porter	1/19-10am	Senate Energy and Natural Resources	
SB 2196	Infrastructure Revolving Loan Fund	Resets terms of the infrastructure revolving loan fund.	Sen. Patten, Sen. Beard, Sen. Bekkedahl, Sen. Kannianen, Rep. Olson, Rep. Richter	1/19-10:30am	Senate Energy and Natural Resources	
SB 2220	Legacy Earnings	Adding a Housing Incentive Fund bucket to Legacy stream	Sens. Kreun, Barta, Hogan, Mathern Reps. Ista, O'Brien	1/23 - 9:30a.m.	Senate Finance & Taxation	
SB 2233	BND	Auditing practices of certain funds under management of BND	Sen. Klein, Sen. Bekkedahl, Sen. Hogue, Rep. Lefor, Rep. Vigesaa	1/23 - 10:15a.m.	Senate IBL	
SB 2239	PERS Plan	Changing PERS contribution rates and appropriating \$250M to the fund	Sens. Cleary, Dever Rep. Boschee	1/27 - 9:45a.m.	Senate State & Local	
SB 2258	TFFR	Expands scope of Critical Shortage area qualification for rehired retirees	Sens. Paulson, Beard Reps. Heilman, Hoverson, Louser	1/23 - 10:30a.m.	Senate Education	
SB 2330	Legacy Fund	Legacy earnings definition and change in Legacy Fund IPS percentages.	Sens. Klein, Hogan, Meyer Reps. Bosch, Kreidt		Senate IBL	
SB 2346	Legacy Earnings	Using \$160M of Legacy Earnings school funding formula	Sens. Larsen, Vedaa Reps. Fisher, Toman		Senate Finance & Taxation	