

Governance and Policy Review Committee

Wednesday, April 26, 2:00 p.m.

Virtual Only

[Click here to join the meeting](#)

AGENDA

I. CALL TO ORDER AND ACCEPTANCE OF AGENDA

II. MINUTES – MARCH 22, 2023

III. 2023 LEGISLATIVE SESSION & STRATEGIC PLAN UPDATE – Ms. Murtha

IV. NEW BOARD MEMBER ONBOARDING – Ms. Murtha

V. OTHER

- A. Next Meeting – Thursday, May 18, 2023, at 10:00 a.m.**

VI. ADJOURNMENT

**STATE INVESTMENT BOARD
GOVERNANCE & POLICY REVIEW COMMITTEE MEETING
MINUTES OF THE MARCH 22, 2023, MEETING (VIRTUAL)**

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

MEMBERS ABSENT: Jon Godfread, Insurance Commissioner

STAFF PRESENT: Scott Anderson, CIO
Missy Kopp, Exec Assistant
George Moss, Sr. Investment Officer
Jan Murtha, Exec. Dir.
Sara Seiler, Supvr. Internal Audit
Ryan Skor, CFO/COO

CALL TO ORDER:

Dr. Lech called the State Investment Board (SIB) Governance and Policy Review (GPR) Committee meeting to order at 1:01 P.m. on Wednesday, March 22, 2023. The meeting was held virtually.

AGENDA:

The agenda was considered for the March 22, 2023, meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE MARCH 22, 2023, MEETING AS DISTRIBUTED.

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

MINUTES:

The minutes were considered for the January 26, 2023, meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A VOICE VOTE TO APPROVE THE JANUARY 26, 2023, MINUTES AS DISTRIBUTED.

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

2023 LEGISLATIVE SESSION UPDATE:

Ms. Murtha reviewed the legislative bills that staff have been tracking and providing testimony on. HB 1088 was submitted by RIO to change the membership of the SIB. This bill was amended and passed the House then the Senate returned the bill to its original form except changing the Legacy and Budget Stabilization Advisory Board member from non-voting to voting. Staff have been monitoring HB 1321 which changes the membership on the PERS Board. SB 2330 and HCR 3033 both change the definition of Legacy Fund earnings. Staff have testified and spoken with the sponsors of 3033 to work on aligning the language between the two bills. RIO's budget is back with the House Appropriations Committee. Committee discussion followed.

NEW BOARD MEMBER ONBOARDING:

Ms. Murtha reviewed the new board member onboarding procedure which was recommended by the Audit Committee in the past. Staff recognize that onboarding needs to be updated to help with board member engagement and to address increased turnover of members. The Committee discussed the possible models for onboarding. At the next SIB GPR meeting, staff will bring information regarding topics and a schedule for onboarding of new members. The Committee will discuss an update to the current policy and a plan to periodically review onboarding procedures.

SECURITIES LITIGATION COMMITTEE CHARTER:

Ms. Murtha reviewed the SIB Securities Litigation Committee (SLC) Charter and the recommended changes. The current SLC membership is two SIB members, two staff, and the Assistant Attorney General (AAG) who serves as legal counsel for the Board. The makeup has made it difficult for staff to prepare for meetings while trying to avoid a quorum. It is also problematic for the AAG to serve as a committee member and legal counsel at the same time. Staff recommend changing the membership to three Board members, removing staff and the AAG. The SLC reviewed the charter and concur with the changes. The GPR discussed and concurred with staff and the SLC on the recommended charter changes.

OTHER:

With no further business to come before the GPR Committee, Dr. Lech adjourned the meeting at 1:49 p.m.

Prepared by:

Missy Kopp, Assistant to the Board

STRATEGY REVIEW

North Dakota Retirement and Investment



LOOKING AHEAD TO #BELEGENDARY

Jan Murtha, Executive Director

SIB Governance and Policy Review Committee – April 26, 2023

NORTH
Dakota
Be Legendary.

CURIOSITY

GROWTH MINDSET

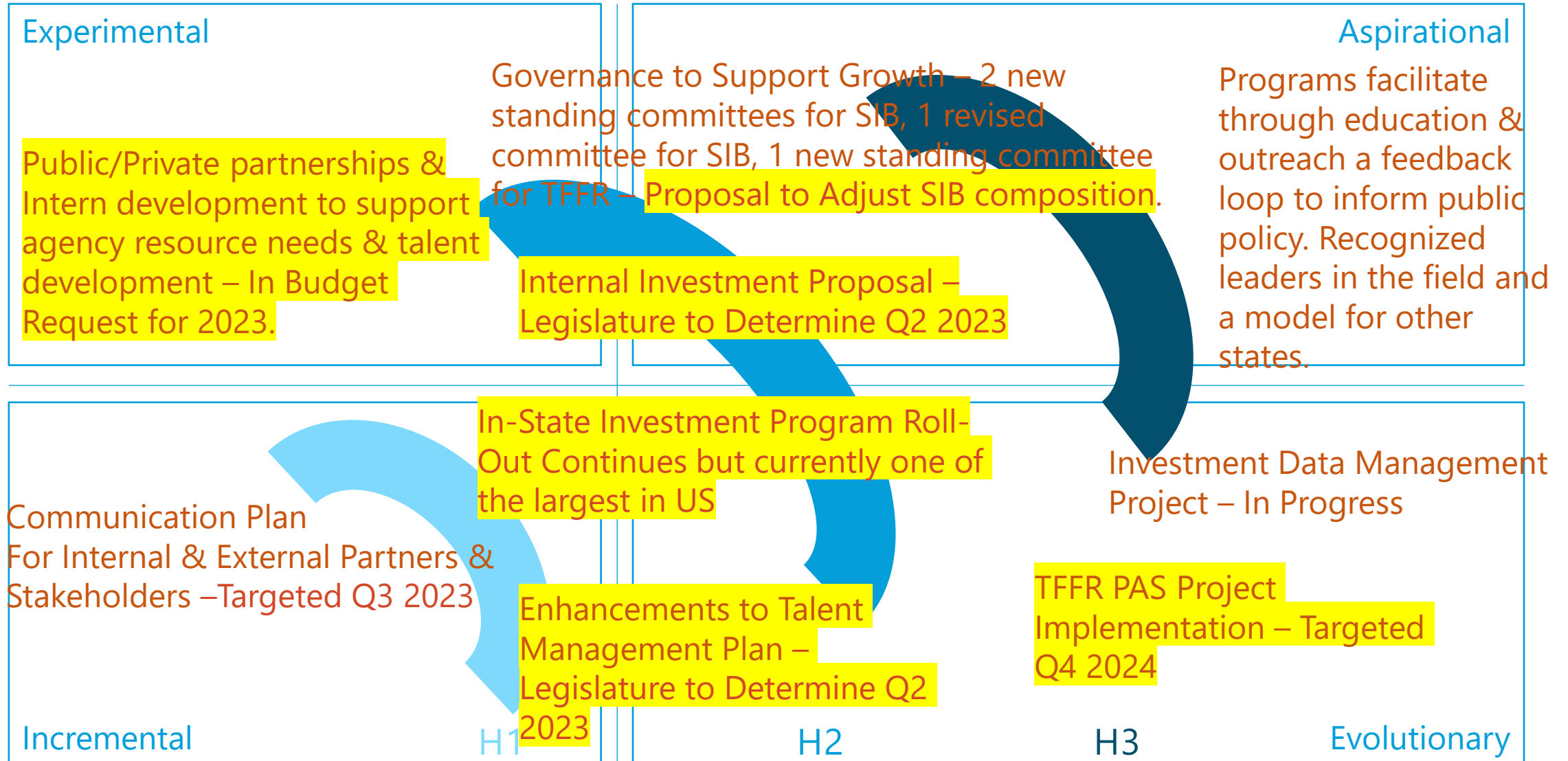
BUILDING A BETTER FUTURE
FOR NORTH DAKOTA



Retirement and Investments Core Priorities



HORIZON-BASED TRANSFORMATION



2023 LEGISLATIVE SESSION

Strategic Planning Initiatives Realized

HB 1088

- SIB Member Composition Bill – House conceded to Senate Amendments with Amendments (4/19)
- Two Experts, Two Legislators (voting) from Advisory Board. OMB Director to replace Insurance Commissioner
- **GPR Committee to make expert recommendations in May, 2023?**

HB 1219

- TFFR Board Bill for Pension System Pioneer Project – Unanimously passed both House and Senate, signed by Governor on 4/10.
- Made statutory changes the aid in development and implementation of Pioneer Project.

SB 2022

- RIO's Budget Bill – Passed both House and Senate, signed by Governor 4/21.
- 9 new FTE's, funding for temporary employees, interns, equity. Includes statutory authorization for Talent Management plan with incentive compensation.

N O R T H
Dakota

Be Legendary.™

2023-2025 Legislative Session RIO Bill Tracker

Bill #	Topic	Description	Sponsor	Hearing Date	Committee	Status	Position
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			Passed House 2/22 77 years / 16 nays Passed Senate 4/4 29 years / 18 nays (rereferred to Approps) Do Pass as amended 9-6-1 Passed Senate 4/21 28 years / 19 nays	Neutral
HB 1088	SIB	SIB Membership changes	SIB	04/19-12:00 p.m. Conference Committee	Senate I&B and House Govn't & VA	Amended by House.Reduced experts to 1 from 2, changed experience language; Legacy Advisory Board would be a voting member; and two legislative members. Passed House 1/25 80 years/ 11 nays. 2/8 Senate I&B amended to original version except making Legacy Advisory member voting member and an amendment to replace the Insurance Commissioner with the OMB Director on the Advisory Board. Senate I&B passed amendment 5-0-0. Passed Senate 3/10 46 years / 0 nays Return to House 3/13 04/07 Conf Committees appointed	Support - Original Version
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			Passed House 1/19 54 years/ 37 nays- 2/13 Referred to Senate State & Local Passed Senate 03/14 27 years / 18 nays 3/23 Signed by Governor	Oppose
HB 1183	PERS retirement for law enforcement	Amends description of participants.	Rep. Porter, Sen. Axtman, Rep. Dockter, Rep. Heinert, Rep. Karls, Rep. Kasper, Sen. Larson, Rep. Louser, Rep. Motschenbacher, Rep. Ostlie, Rep. Ruby, Rep. Schauer			2/22 Passed House 84 years 7 nays 04/10 Passed Senate, 32 years/14 nays and returned to House 04/12 Concurred, Passed House, 87 years/5 nays 04/19 Signed by Governor	Monitor
HB 1216	ND Development Fund	Commerce Dept. funds to promote economic development.	Rep, Nathe			Passed House 1/25 91 years 0 nays. Passed Senate 3/9 45 years / 1 nay Returned to House 3/10 04/03 House Concurred, Passed House 88 years / 2 nays 04/11 Signed by Governor	Monitor
HB 1219	TFFR	TFFR Changes	Reps. Kempenich, Conmy, Kreidt Sen. Schaible			Passed House 2/7 94 years/0 nays. 04/05 Passed Senate, 47 years / 0 nays 04/05 Returned to House 04/11 Signed by Governor	Support
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			Passed House 1/20 89 years/ 0 nays. Passed Senate 3/10 47 years / 0 nays 3/15 Signed by Governor	Neutral
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			Passed House 2/20 92 years / 1 nays. Amended to support investment program. 03/30 - Failed Senate 10 years / 36 nays	Oppose original Version; support amended version.
HB 1285	Agency	Prohibiting executive branch agency bill submissions without legislator or legislative committee sponsor.	Reps. Toman, Christensen, Heilman, Henderson, Prichard			Passed House 2/21 80 years / 14 nays 03/30 Failed Senate 10 years / 36 nays	Monitor

HB 1309	PERS	Plan design changes for law enforcement	Rep. Boschee, Sen. Braunberger, Sen. Cleary, Sen. Dever, Rep. Heinert, Rep. Martinson, Rep. Nathe, Sen. Roers, Rep. Ruby, Rep. Schneider			Passed House 2/21. 87 yeas, 7 nays. 04/04 Passed Senate, 45 yeas / 2 nays 04/05 Returned to House 04/06 House concurred, Passed House, 89 yeas/3 nays 04/13 Signed by Governor	Monitor
HB 1321	PERS Board	Changing PERS Board makeup	Reps. Kasper, Dockter, Lefor, Louser, D. Ruby, M. Ruby, Steiner, Vigasaa, Weisz Sen. Hogue			Passed House 2/21 79 yeas / 15 nays 03/28 Failed Senate 14 yeas / 33 nays	Monitor
HB 1345	Procurement	State may give priority to companies that support state's ag & energy industries when procuring contracts.	Reps. Satrom, Grueneich, Hagert, Headland, Kiefert, Ostlie, Steiner Sen. Conley, Erbele, Lemm, Wanzek			Passed House 2/20 85 yeas / 8 nays 03/30 - Failed Senate 12 yeas / 34 nays	Monitor
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			Passed House 2/20 86 yeas / 7 nays 03/29 Passed Senate 43 yeas / 3 nays 04/04 House Concurred, Passed House 87 yeas / 4 nays 04/07 Signed by Governor	Oppose original Version; support amended version.
HB 1379	Legacy Earnings Streams	Modifies Legacy Fund Earnings streams	Reps. Lefor, Bosch, Dockter, Headland, Nathe, Novak, O'Brien Sens. Bekkedahl, Hogue, Rummel, Sorvaag	04/21-2:30 pm	conference committee	Passed House 2/22 77 yeas / 16 nays 04/11 Senate amended 04/12 Senate passed, 46 yeas/0 nays, Emergency Clause carried 04/12 House Refused to Concur 04/17 Both Conf Comm Appointed	Monitor
HB 1429	SIB	ESG and Proxy Voting requirements with Study.	Reps. Novak, Koppelman, Louser, J. Olson, S. Olson, M. Ruby, Thomas, Sen. Elkin, Magrum, Rummel	04/17- 9:00 a.m. Conf Committee	House IB&L	Passed House 93 yeas / 0 nays 03/30 Passed Senate 42 yeas / 4 nays 04/07 Both Conf Committees appointed 04/20 Passed House, 89 yeas / 1 nay 04/20 Senate CC reported back, amended 4/21 Passed Senate 44 yeas / 3 nays	Oppose original version; support amended version.
HB 1532	TFFR	Bill provides funding for private school attendance. Amendment re: establish educ reimbursement; provide for study and report, to provide an appropriation.	Reps. Cory, Kasper, Kempenich, Lefor, Nathe, Porter, Strinden, Sens. Beard, Burckhard, Meyer, Wobbema, Hogue			Passed House 2/21 54 yeas / 40 nays 3/23 Amendment adopted, referred to Appropriations 04/11 Passed Senate, 27 yeas/19 nay 04/13 Passed House, 51 yeas/41 nays 04/17 Sent to Governor	Monitor
HB 1539	TFFR	Amends and reenacts NDCC relating to the duties of the employee benefits program committee. Repeal sections 54-35-02.3 and 54-35-02.4 re: employee benefits program committee.	Rep. Weisz, Rep. Lefor, Rep. M. Ruby, Rep. Vigasaa	04/17 Bill Hearing - 10:30am	Senate S&LG	Delayed Bill. 04/13 Passed House, 90 yeas/0 nays 04/20 Amendment adopted, passed Senate 42 yeas/4 nays, Returned to House	Oppose
SB 2015	Budget bill	OMB Budget Bill	Senate Appropriations	04/20 - 2:30 p.m.	House Approps - Gov't Ops	Passed Senate 2/21 40 yeas / 6 nays	Monitor
SB 2022	Budget bill	RIO's Budget	Senate Appropriations			2/20 Passed Senate, 45 yeas / 2 nays 04/11 Passed House, 86 yeas / 4 nays, Emergency clause carried, returned to Senate. 04/13 Senate laid over one legislative day 04/17 Passed Senate 44 yeas/2 nays 04/19 Sent to Governor	Support

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			Passed Senate 1/26 47 yeas / 0 nays 03/20 Passed House 92 yeas / 0 nays 03/27 Signed by Governor	Monitor
SB 2164	PERS Board	Changing how legislative members of PERS Board are appointed	Sen. Dever Reps. Brandenburg, Hatlestad, D. Johnson, Monson, Schauer			1/30 Passed Senate, 47 yeas / 0 nays 4/11 Passed House, 74 yeas / 15 nays, Returned to Senate 04/20 Senate refused to concur, app'ed conf committee	Monitor
SB 2165	Energy Commission	Funds to clean sustainable energy fund/ BND	Sen. Patten, Rep. Bosch, Sen. Kannianen, Sen. Kessel, Rep. Novak, Rep. Porter			Passed Senate 2/21 40 yeas / 6 nays Passed House 3/15 93 yeas / 0 nays 03/23 Signed by Governor	Monitor
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	04/24-10:00 a.m. Conf Comm	Senate E&NR	Passed Senate 1/23 47 yeas/ 0 nays 03/28 Passed House 81 Yeas / 10 Nays 03/28 Returned to Senate 03/31 Senate refused to concur 04/03 both conf committees appt	Monitor
SB 2233	BND	Auditing practices of certain funds under management of BND	Sen. Klein, Sen. Bekkedahl, Sen. Hogue, Rep. Lefor, Rep. Vigesaa			Passed Senate 1/24 46 yeas/ 0 nays 03/17 Passed House 92 yeas / 0 nays 03/28 Signed by Governor	Monitor
SB 2239	PERS Plan	Changing PERS contribution rates and appropriating \$250M to the fund	Sens. Cleary, Dever Rep. Boschee			Passed Senate 2/21 34 yeas / 13 nays 04/17 House rpt'ed back, Do Not Pass, placed on calendar	Support
SB 2258	TFFR	Expands scope of Critical Shortage area qualification for rehired retirees	Sens. Paulson, Beard Reps. Heilman, Hoverson, Louser			Passed Senate 2/1 47 yeas 0 nays 03/29 Failed House 2 yeas / 88 nays	Neutral
SB 2284	TFFR	Defines "probationary teacher" and "weapon," and modifies weighting factors and transition maximums, and an increase in per student payments, to provide for legislative study.	Sen. Schaible, Sen. Elkin, Rep. Heinert, Rep. Nathe			02/20 Senate passed, 47 yeas/0 nays 03/29 - Amendments added that impact agency relating to a study. 03/30 - House Education reported back, do pass, amendment placed on calendar. 03/31 House amendment adopted, referred to Appro. 04/19 Rpt'ed back, do pass. 04/20 Amendment adopted, placed on calendar, Passed House, 76 yeas/16 nays	Monitor
SB 2330	Legacy Fund	Legacy earnings definition and change in Legacy Fund IPS percentages.	Sens. Klein, Hogan, Meyer Reps. Bosch, Kreidt	04/21-2:00 pm	Senate I&B	2/15 Passed Senate, 43 yeas / 3 nays 04/12 Amendment adopted, Passed House, 90 yeas / 0 nays, Emergency Clause Carried 04/13 Returned to Senate 04/17 Senate refused to concur 04/19 Both conf committees appt'ed	Support
HCR 3033	Legacy Fund	Legacy fund earnings definition constitutional amendment	Reps. Mock, Hagert, Ista, Kempenich, Kreidt, Schatz Sens. Cleary, Meyer			Passed House 3/14 67 yeas / 24 nays 04/04 Senate I&B reported back, do not pass. 04/05 Amendment adopted, placed on calendar 04/10 Senate adopted as amended, 45 yeas / 1 nay 04/13 House Refued to Concur, Appointed Conf Comm 04/17 Senate Conf Comm Appt'ed 04/20 House Rpt'ed back, placed on calendar	Monitor

MEMORANDUM

TO: SIB – Governance & Policy Review (GPR) Committee
FROM: Jan Murtha, Executive Director
DATE: April 26, 2023
RE: New Board Member On-Boarding

I. Introduction

At its last meeting the committee discussed the parameters of a new Board member onboarding program. Development of the new program recognizes that Board member membership has and will continue to shift on a more frequent basis especially with the changes to the SIB member composition resulting from H.B. 1088 and the new onboarding process must reflect the fact that at any given time at least half the board may be at a different stage of the onboarding process.

A. Characteristics of On-Boarding Program – Summary of Committee Discussion from March

- The committee recommends that the onboarding process be comprehensive and span the first year of SIB membership. Recognizing that Board members may join the SIB at any point in the biennium the onboarding program must be flexible but consistent in providing information to new board members.
- Board members and RIO staff have a shared responsibility in the onboarding process.
- Onboarding materials may be provided in a variety of formats but development of a new Board member Handbook is recommended to provide an overview of the topics and process. The committee also recommends that staff divide onboarding responsibilities among staff members and utilize pre-recorded options as well.
- Establishing a uniform meeting time for onboarding sessions is recommended. The Committee recommends that onboarding activities occur in the hour prior to scheduled board meetings. Staff recognizes that new board members may be at a different stage of the onboarding process but believe that division of labor among team members can facilitate onboarding different topics during the same scheduled hour with different board members.
- A proposed schedule of curriculum follows for committee comments and discussion. Staff will prepare policy and materials for subsequent review and approval based on the curriculum feedback.

Month	Topic
1	SIB/RIO agency, Strategic Plan, Calendar
2	Fiduciary Duties & Prudent Investor Rule
3	Open Records/ Open Meetings
4	Investment Program Overview
5	Governance Manual Part #1
6	Governance Manual Part #2
7	Governance Manual Part #3
8	Asset Allocation/Investment Policy Statements
9	Performance Reports
10	Annual Financial Report
11	Retirement Program Overview
12	Ongoing Education and Committee Work