

**STATE INVESTMENT BOARD  
INVESTMENT COMMITTEE MEETING  
MINUTES OF THE  
October 23, 2023, MEETING**

**MEMBERS PRESENT:** Thomas Beadle, State Treasurer, Chair  
Joseph Heringer, Trust Lands Commissioner, Vice Chair  
Scott Anderson, CIO  
Eric Chin, Deputy CIO  
Dr. Prodosh Simlai, External Representative  
Dr. Ruilin Tian, External Representative

**STAFF PRESENT:** Derek Dukart, Investment Officer  
Jennifer Ferderer, Fiscal Investment Admin Assistant  
Missy Kopp, Executive Assistant  
George Moss, Sr. Investment Officer  
Jan Murtha, Executive Director  
Chad Roberts, Deputy Executive Director  
Matt Posch, Sr. Investment Officer  
Ryan Skor, CFO/COO  
Nitin Vaidya, Chief Risk Officer  
Jason Yu, Risk Officer  
Lance Zietlow, Sr. Investment Officer

**GUESTS:** Alexander Browning, Callan  
Craig Chaikin, Callan  
Members of the public

**CALL TO ORDER:**

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 9:02 a.m. on Monday, October 23, 2023. The meeting was held virtually.

The following Investment Committee members were present representing a quorum, Mr. Anderson, Treasurer Beadle, Mr. Chin, Commissioner Heringer, Dr. Simlai, and Dr. Tian.

**AGENDA:**

The agenda was considered for the October 23, 2023, meeting.

**IT WAS MOVED BY MR. CHIN AND SECONDED BY DR. SIMLAI AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE OCTOBER 23, 2023, MEETING AS DISTRIBUTED.**

**AYES: COMMISSIONER HERINGER, MR. ANDERSON, MR. CHIN, DR. TIAN DR. SIMLAI, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

**MINUTES:**

The minutes were considered for the September 8, 2023, meeting.

**IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. ANDERSON AND CARRIED BY A VOICE VOTE TO APPROVE THE MINUTES FOR THE SEPTEMBER 8, 2023, MEETING AS DISTRIBUTED.**

**AYES: DR. SIMLAI, COMMISSIONER HERINGER, MR. CHIN, DR. TIAN MR. ANDERSON,  
AND TREASURER BEADLE  
NAYS: NONE  
MOTION CARRIED**

**PUBLIC MARKETS FUNDS MANAGEMENT**

Mr. Chin reviewed information on the public equity portfolio for the U.S. and internationally. In 2022, both the U.S. and international markets suffered but rebounded in 2023, noting companies in the technology and communication sectors have done well. Mr. Chin reviewed equity manager performance, noting LA Capital's outstanding performance and continued excellence.

Mr. Dukart provided an overview of fixed income markets, noting Bloomberg U.S High Yield has recovered from 2022, unlike Bloomberg U.S. Aggregate Index, which is still trending downward. The U.S Treasury Yield Curve has continued to shift up since January 2022. Mr. Dukart reviewed manager performance, noting plans to bring an in-depth attribution of manager performance to the Investment Committee in the future.

Mr. Posch provided an overview on an internally generated analytics tool ("the tool,") that analyzes and conducts initial screens on investment managers, calculates returns-based statistics across multiple time frames, and can customize groupings to allow for comparison of groups against individual managers.

The Committee recessed at 9:52 a.m. and reconvened at 10:00 a.m.

**INTERNAL DIRECT INVESTMENT STRATEGY INTRO**

Mr. Anderson reviewed the Internal Direct Investment Strategy, which would give RIO staff the ability to manage assets while lowering cost, increasing returns, and decreasing risk. The strategies to implement are Optimal Implementation, Exposure Management, Enhanced Rebalancing, Enhanced Liquidity, and Enhanced Indexing. Mr. Anderson outlined the need to enhance fund after cost return for risk at a prudent level of risk for the funds in the care of RIO and outlined the strategies to achieve the goal. Mr. Anderson shared information for the sequence of capability which consists of overlaying cash, rebalancing internally, offsetting exposures, internal indexing, and enhanced indexing. Lastly, Mr. Anderson shared the talent management necessary to implement the strategies shared in the presentation, noting the strategy and structure would evolve with the size of the program.

**PRIVATE MARKETS POOL HARMONIZATION**

**IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION TO DISCUSS CONFIDENTIAL COMMERCIAL INFORMATION AND CONTRACT NEGOTIATING STRATEGY PURSUANT TO NDCC 44-04-19.2, AND 44-04-18.4 (1), AND 44-04-19.1.**

**AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, MR. CHIN, AND  
TREASURER BEADLE  
NAYS: NONE  
ABSENT: DR. TIAN  
MOTION CARRIED**

The executive session started at 11:05 a.m. and ended at 11:38 a.m. and was attended by Committee members, Mr. Dukart, Ms. Ferderer, Ms. Kopp, Mr. Moss, Ms. Murtha, Mr. Posch, Mr. Vaidya, Mr. Yu, and Mr. Zietlow.

**IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI FOR AN ISSUANCE OF AN RFP TO HIRE A VALUATION CONSULTANT TO DETERMINE THE FAIR MARKET VALUE OF RELEVANT PRIVATE MARKET ASSETS FOR THE PRIVATE ASSETS HARMONIZATION PROJECT.**

**AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, MR. CHIN, AND TREASURER BEADLE**

**NAYS: NONE**

**ABSENT: DR. TIAN**

**MOTION CARRIED**

### **DISCUSSION**

The Committee discussed an active RFP. The investment team was under the assumption that this RFP fell under an exemption from standard procurement statute, but the state procurement office disagreed and coordinated with their assigned assistant attorney general that the exception did not apply. Additionally, NDIIT deemed the investment IT systems project a large IT project, therefore, subject to additional procedures. The project and active RFP will go through a standard North Dakota procurement and large IT process. Mr. Anderson expects the timeline to be extended months beyond the original schedule, but a definite timeline is not yet available. When more information is available, it will be shared with the Investment Committee.

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 11:42 a.m.

Prepared by:

Jennifer Ferderer, Assistant to the Board