

**STATE INVESTMENT BOARD  
INVESTMENT COMMITTEE MEETING  
MINUTES OF THE  
November 7, 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  
Matt Posch, Sr. Investment Officer  
Jason Yu, Risk Officer  
Lance Zietlow, Sr. Investment Officer

**GUESTS:** Alexander Browning, Callan  
Craig Chaikin, Callan  
Eileen Neill, Versus  
Marc Gesell, Versus  
Members of the public

**CALL TO ORDER:**

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 9:04 a.m. on November 7, 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 November 7, 2023, meeting.

**IT WAS MOVED BY MR. CHIN AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE NOVEMBER 7, 2023, MEETING AS DISTRIBUTED.**

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

**ABSENT: DR. TIAN**

**MOTION CARRIED**

**MINUTES:**

The minutes were considered for the October 23, 2023, meeting.

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

**AYES: MR. ANDERSON, TREASURER BEADLE, MR. CHIN, COMMISSIONER HERINGER, DR. SIMLAI**  
**ABSENT: DR. TIAN**  
**MOTION CARRIED**

**BENCHMARK MEMO**

Mr. Anderson discussed the significance of having an independent view of benchmarking and performance assessments and affirmed Versus' continued efforts through the process. Mr. Anderson then introduced Eileen Neill and Marc Gesell from Versus Consulting to present the Benchmark Memo.

Ms. Neill provided the committee with strategic benchmark recommendations for a variety of asset classes and emphasized the importance of setting appropriate benchmarks, as they are the mechanism in evaluating the success of the respective investment program in meeting its stated policy objectives. Ms. Neill reviewed desirable qualities used to evaluate investment performance and how they tie into different asset classes, and provided an overview of the recommended benchmarks for Public Markets, Private Markets, and the In-State Investment Program. Committee discussion followed.

**IT WAS MOVED BY DR. TIAN AND SECONDED BY DR. SIMLAI AND CARRIED BY A VOICE VOTE TO BRING THE MEMORANDUM TO THE STATE INVESTMENT BOARD.**

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

**PRIVATE EQUITY AND REAL ESTATE UPDATE**

Mr. Moss provided the committee with a broad overview of private markets, including allocations by pool and strategy overview. The investment team's strategy includes detailed analysis, finding skilled partners, developing valuable investment drivers, and geographic exposures. Mr. Moss provided information on private equity, including market commentary and allocations by strategy and geography. It was noted that private equity fund raising is down since 2021, which works to the advantage of the Legacy Fund and gave valuable information regarding the private equity performance of the pension plans.

Mr. Zietlow provided information on real estate, including market commentary, an overview of real estate strategies, and real estate allocations by pool and strategy. Mr. Zietlow started with core real estate performance, noting income returns were positive across sectors and regions, and most property sectors experienced negative appreciation. The committee was also informed of the liquidity of assets, pricing, trailing performance, and strategies. Mr. Zietlow discussed the different strategies, Core, Core-Plus, Value-Add, Opportunistic, and REITs and their performance. Committee discussion followed.

The Committee recessed at 11:01 a.m. and reconvened at 11:09 a.m.

**REAL ESTATE STRATEGY UPDATE - EXECUTIVE SESSION**

**IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION TO REVIEW AND DISCUSS CONFIDENTIAL COMMERCIAL INFORMATION AND TRADE SECRETS PURSUANT TO NDCC 44-04-19.2, 44-04-18.4 (2)(a), AND 44-04-18.4 (2)(d).**

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

The executive session began at 11:09 a.m. and ended at 11:35 a.m. The session was attended by Committee members, Mr. Dukart, Ms. Ferderer, Ms. Kopp, Mr. Moss, Ms. Murtha, Mr. Posch, Mr. Yu, and Mr. Zietlow.

### **MACHINE LEARNING AND INVESTMENTS**

Mr. Posch provided an overview of the history of artificial intelligence, the opportunity to provide efficiencies for the agency, and the opportunities the state of North Dakota has been researching. Mr. Posch discussed the key technologies for AI, including the subset machine learning (ML) which focuses on pattern recognition and predictive modeling, and the subset of ML, which is natural language processing (NLP), which is the understanding, interpreting, and manipulation of human language by machines. Information regarding generative AI, market reaction to AI advancements, ethical and regulatory concerns, and investment implications was given. Mr. Posch reviewed the opportunities and potential uses for AI within the agency, the ways RIO has been utilizing AI, and the future plans with AI, such as Microsoft Copilot.

### **DISCUSSION**

**IT WAS MOVED BY DR. TIAN AND SECONDED BY MR. CHIN AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE EXPANSION OF THE ESTIMATED BUDGET RANGE FOR THE RIO INVESTMENT IT SYSTEMS PROJECT FROM \$670,000 - \$1.165 MILLION TO \$950,000 - \$1.9 MILLION.**

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

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 12:11 p.m.

Prepared by:

Jennifer Ferderer, Assistant to the Board