

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
APRIL 24, 2020, BOARD MEETING**

MEMBERS PRESENT: Brent Sanford, Lt. Governor, Chair
 Rob Lech, TFFR Board, Vice Chair
 Bryan Klipfel, Director of WSI
 Troy Seibel, PERS Board, Parliamentarian
 Jon Godfread, Insurance Commissioner
 Toni Gumeringer, TFFR Board
 Keith Kempenich, Legacy/Budget Stab. Adv. Board
 Adam Miller, PERS Board
 Mel Olson, TFFR Board
 Kelly Schmidt, State Treasurer
 Jodi Smith, Commissioner of Trust Lands
 Yvonne Smith, PERS Board

STAFF PRESENT: Eric Chin, Chief Risk Officer/Senior CIO
 Connie Flanagan, Chief Financial Officer
 Ann Griffin, Investment Accountant
 Bonnie Heit, Admin Svs Suprv
 David Hunter, Exec Dir/CIO
 Matt Posch, Investment/Compliance Officer
 Sara Sauter, Suprv of Internal Audit
 Darren Schulz, Dep CIO
 Dottie Thorsen, Internal Auditor
 Susan Walcker, Senior Financial Accountant

GUESTS: Dean DePountis, Attorney General's Office
 Bryan Reinhardt, PERS

CALL TO ORDER:

Lt. Governor Sanford, Chair, called the State Investment Board (SIB) regular meeting to order at 9:00 a.m. on Friday, April 24, 2020. The virtual meeting was held at the Retirement and Investment Office, 3442 East Century Avenue, Bismarck, ND with the majority of the participants attending remotely.

AGENDA:

The Board considered the agenda for the April 24, 2020, meeting,

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. OLSON AND CARRIED BY A VOICE VOTE TO ACCEPT THE AGENDA FOR THE APRIL 24, 2020, MEETING.

AYES: MS. GUMERINGER, COMMISSIONER SMITH, MS. SMITH, TREASURER SCHMIDT, DR. LECH, COMMISSIONER GODFREAD, MR. OLSON, MR. SEIBEL, MR. MILLER, MR. KLIPFEL, AND LT. GOVERNOR SANFORD

NAYS: NONE

MOTION CARRIED

MINUTES:

IT WAS MOVED BY MS. SMITH AND SECONDED BY MS. GUMERINGER AND CARRIED BY A VOICE VOTE TO APPROVE THE MARCH 27, 2020, MINUTES AS DISTRIBUTED.

AYES: MR. OLSON, MS. GUMERINGER, MR. MILLER, MS. SMITH, MR. SEIBEL, MR. KLIPFEL, COMMISSIONER GODFREAD, COMMISSIONER SMITH, DR. LECH, TREASURER SCHMIDT, AND LT. GOVERNOR SANFORD

NAYS: NONE

MOTION CARRIED

INVESTMENTS:

Mr. Hunter highlighted returns for the five largest SIB clients for the period ending February 29, 2020. Estimated client returns are consistent with their underlying asset allocation with Teachers' Fund for Retirement (TFFR), Public Employees Retirement System (PERS) and the Legacy Fund down 3 percent, Workforce Safety & Insurance up 3 percent, and the Budget Stabilization Fund down 1 percent for the fiscal year-to-date July 1, 2019 - April 17, 2020 period.

Interim estimated fiscal year-to-date returns as of April 17, 2020, for the Pension Funds (Bismarck Employees, Bismarck Police, City of Grand Forks, and Grand Forks Parks) were down at least 2% to 3%. Job Service was up approximately 2% due to the plan being de-risked in recent years.

Mr. Hunter also referenced a report by BlackRock, as of April 2020, which illustrated market volatility and various scenario analysis for the US Public Pension Universe.

Portfolio Rebalancing - Mr. Schulz provided a portfolio rebalancing update. On March 27, 2020, the SIB approved a recommendation to engage Parametric to assist the SIB in synthetically rebalancing fund exposures in an efficient and cost effective manner. The Pension Pool, Legacy Fund, and Insurance Pool were within 1% to 3% of SIB client board approved asset allocation targets due to the rebalancing actions and a significant recovery in equities in late March and early April. The rebalancing is monitored on a daily basis and staff will be providing updates on a regular basis.

Client Updates - Mr. Hunter informed the SIB several clients have reviewed their long term assumed rate of return expectations and have revised them. PERS went from 7.50% to 7.00%, TFFR 7.75% to 7.25%, and City of Grand Forks Employee Pension Plan 7.50% to 7.25%

The Employee Benefit Programs Committee met on April 15, 2020, and Mr. Hunter provided an investment and Legacy Fund earnings update.

Inquiries have also been coming from various Legislative leaders on the liquidity of the Budget Stabilization Fund and the Legacy Fund. Mr. Hunter provided various scenarios on the impact of withdrawing funds from the two portfolios after a market downturn.

GOVERNANCE/EDUCATION:

Executive Review Committee (ERC) - Ms. Smith, Chair, reviewed the performance evaluation of the Executive Director/CIO for calendar year 2019. Overall, the results indicate Mr. Hunter continues to provide excellent leadership. Mr. Hunter's credibility and respect among board members, stakeholders, clients, and staff continues.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE PERFORMANCE EVALUATION RESULTS OF THE EXECUTIVE DIRECTOR/CIO FOR CALENDAR YEAR 2019.

AYES: MR. KLIPFEL, MR. OLSON, COMMISSIONER GODFREAD, TREASURER SCHMIDT, COMMISSIONER SMITH, MR. SEIBEL, DR. LECH, MR. MILLER, MS. SMITH, MS. GUMERINGER, AND LT. GOVERNOR SANFORD

NAYS: NONE

MOTION CARRIED

Compensation Review and Recommendation - Ms. Smith reviewed the compensation recommendation from the ERC. The ERC recommended an 8% performance increase effective April 1, 2020 as well as the 2.5% legislative increase effective July 1, 2020.

Discussion followed.

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY DR. LECH AND CARRIED BY A VOICE VOTE TO TABLE THE COMPENSATION REVIEW FOR THE EXECUTIVE DIRECTOR/CIO UNTIL A BETTER ECONOMIC FORECAST IS KNOWN.

AYES: DR. LECH, TREASURER SCHMIDT, MR. OLSON, COMMISSIONER SMITH, MR. SEIBEL, MR. MILLER, COMMISSIONER GODFREAD, MR. KLIPFEL, AND LT. GOVERNOR SANFORD

NAYS: MS. SMITH, MS. GUMERINGER

MOTION CARRIED

Lt. Governor Sanford exited the meeting and Dr. Lech presided over the remainder of the meeting.

Agency Update - Mr. Hunter provided an update on the status of vacant positions and agency operations as a result of the COVID-19 outbreak.

OTHER:

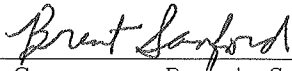
The next meeting of the SIB Securities Litigation Committee is scheduled for May 19, 2020, at 1:00 p.m. at the Retirement and Investment Office (virtual).

The next meeting of the SIB Audit Committee is scheduled for May 21, 2020, at 3:00 p.m. at the Retirement and Investment Office (virtual).

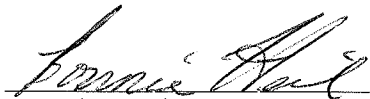
The next meeting of the SIB for regular business has been scheduled for May 22, 2020, at 8:30 a.m., at the Retirement and Investment Office (virtual).

ADJOURNMENT:

With no further business to come before the SIB, Vice Chairman Lech adjourned the meeting at 10:18 a.m.



Lt. Governor Brent Sanford, Chair
State Investment Board



Bonnie Heit
Recorder