

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
JUNE 15, 2021, BOARD MEETING**

MEMBERS PRESENT:

Rob Lech, TFFR Board, Vice Chair
Troy Seibel, PERS Board, Parliamentarian
Thomas Beadle, State Treasurer
Bryan Klipfel, Director of WSI
Adam Miller, PERS Board
Mel Olson, TFFR Board
Jodi Smith, Commissioner of Trust Lands
Yvonne Smith, PERS Board

MEMBERS ABSENT:

Brent Sanford, Lt. Governor, Chair
Jon Godfread, Insurance Commissioner
Keith Kempenich, Legacy/Budget Stab. Adv. Board

STAFF PRESENT:

Eric Chin, Chief Risk Officer/Senior CIO
Connie Flanagan, Chief Financial Officer
Bonnie Heit, Admin Svs Supvr
David Hunter, Exec Dir/CIO
Missy Kopp, Retirement Assistant
Jan Murtha, Dep Exec Dir/CRO
Ann Nagel, Investment Accountant
Matt Posch, Investment/Compliance Officer
Sara Sauter, Internal Audit Supvr
Darren Schulz, Dep CIO
Dorothy Thorsen, Internal Auditor
Tami Volkert, Employer Svs Coordinator
Susan Walcker, Senior Financial Accountant

GUESTS:

John Arnold, Insurance Dept.
Dean DePountis, Attorney General's Office
Paul Erlendson, Callan LLC
Candace Johnson, Securities Dept.
Patti Kelley, Public Citizen
Rachel Kriege, Insurance Dept.
Adam Mathiak, Legislative Council
Scott Miller, PERS
Adam Montgomery, Securities Dept.
Tricia Opp, Procurement
Bryan Reinhardt, PERS
Karen Tyler, Securities Dept.
Hope Wedul, HRMS

CALL TO ORDER:

Dr. Rob Lech, Vice Chair, called the State Investment Board (SIB) special meeting to order at 8:30 a.m. on Tuesday, June 15, 2021. The meeting was held at Workforce Safety & Insurance, 1600 E Century Ave., Bismarck, ND.

AGENDA:

The Board considered the agenda for the June 15, 2021, special meeting,

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. KLIPFEL AND CARRIED BY A VOICE VOTE TO ACCEPT THE AGENDA FOR THE JUNE 15, 2021, SPECIAL MEETING.

AYES: MR. KLIPFEL, MR. OLSON, TREASURER BEADLE, COMMISSIONER SMITH, DR. LECH, MR. MILLER, AND MS. SMITH

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER GODFREAD, MR. SEIBEL, LT. GOVERNOR SANFORD

GOVERNANCE:

Resignation - Mr. Hunter notified the SIB on May 25, 2021, of his intent to resign from his position effective June 22, 2021.

Mr. Hunter stated he has sincerely enjoyed his time serving the SIB and all of their valued clients and deserving constituents. With the SIB's guidance, support and leadership, his position has been one of the most rewarding professional work experiences in his life. All of this was possible due to the unique culture, spirit and value of the State of North Dakota, its leaders and its hard-working citizens.

The SIB thanked Mr. Hunter for his years of dedication and service to the State and investment program. Vice Chair Dr. Rob Lech applauded Mr. Hunter for his commitment to due diligence and a growth oriented leadership.

IT WAS MOVED BY MR. OLSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT MR. HUNTER'S RESIGNATION EFFECTIVE JUNE 22, 2021.

AYES: MR. KLIPFEL, MR. OLSON, MR. MILLER, TREASURER BEADLE, MS. SMITH, COMMISSIONER SMITH, AND DR. LECH

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER GODFREAD, MR. SEIBEL, LT. GOVERNOR SANFORD

Resolution - Dr. Lech read the following resolution in appreciation of Mr. Hunter.

*ND TFFR and ND SIB Joint Board Resolution
In Appreciation of
Executive Director/Chief Investment Officer
Dave Hunter*

WHEREAS, Mr. Hunter has served as the Executive Director and Chief Investment Officer of the North Dakota Retirement and Investment Office for the past 7.5 years; and

WHEREAS, Mr. Hunter has diligently carried out his duties and responsibilities to the Retirement and Investment Office, the Teachers' Fund for Retirement and State Investment Board Programs, and the general population of the State of North Dakota; and

WHEREAS, Mr. Hunter has been a valued and dedicated State employee in helping maintain the integrity and stability of the TFFR and SIB Programs, and leader of this state agency.

NOW THEREFORE, BE IT RESOLVED that Mr. Hunter be duly recognized by these Boards for his years of unselfish dedication to the State of North Dakota through his service to the TFFR Board of Trustees and the SIB.

IT WAS MOVED BY COMMISSIONER SMITH AND SECONDED BY MS. SMITH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE RESOLUTION IN APPRECIATION OF MR. HUNTER.

AYES: TREASURER BEADLE, MR. OLSON, COMMISSIONER SMITH, MR. MILLER, MS. SMITH, MR. KLIPFEL, AND DR. LECH
NAYS: NONE

MOTION CARRIED

ABSENT: MR. SEIBEL, COMMISSIONER GODFREAD, LT. GOVERNOR SANFORD

Executive Search Committee - The SIB discussed the appointment of an Executive Search Committee.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. KLIPFEL AND CARRIED BY A ROLL CALL VOTE TO CREATE AN EXECUTIVE SEARCH COMMITTEE TO ASSIST THE SIB WITH THE EXECUTIVE SEARCH PROCESS.

AYES: MR. KLIPFEL, COMMISSIONER SMITH, MS. SMITH, MR. MILLER, MR. OLSON, TREASURER BEADLE, DR. LECH
NAYS: MOTION CARRIED
NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER GODFREAD, MR. SEIBEL, LT. GOVERNOR SANFORD

The following members were appointed to the Executive Search Committee: Dr. Lech, Chair, Treasurer Beadle, Commissioner Smith, Mr. Klipfel, and Mr. Seibel.

Executive Director/CIO Search - Ms. Flanagan and Ms. Murtha briefed the SIB on the background of the Retirement and Investment Office's (RIO) organization and past searches.

Executive Search Method - The SIB then discussed the executive search method. RIO personnel recommended retaining an executive search firm to assist the SIB with the Executive Director/CIO search. The recommendation is based on the following considerations:

- Current assets under management exceed \$19 billion; an executive search firm will have enhanced access to potential candidates with the qualifications and experience needed to oversee and continue to develop an investment program the size of the SIB's program.
- Use of an executive search firm in both the 2010 and 2012 searches resulted in a swift and successful candidate placement. Usage of an executive search firm does not foreclose the ability of an individual to apply for the position, rather applications will be routed through the consultant.
- Use of a posting alone in 2012 failed to produce sufficiently qualified candidates and prolonged the interim period.

IT WAS MOVED BY MR. OLSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO RETAIN AN EXECUTIVE SEARCH FIRM TO ASSIST THE SIB WITH THE EXECUTIVE DIRECTOR/CIO SEARCH.

AYES: COMMISSIONER SMITH, MS. SMITH, TREASURER BEADLE, MR. OLSON, MR. SEIBEL, MR. MILLER, MR. KLIPFEL, AND DR. LECH
NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER GODFREAD, LT. GOVERNOR SANFORD

NAYS: NONE

MOTION CARRIED

Request for Proposal (RFP) - The SIB discussed consultant search RFP development and issuance options.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. MILLER AND CARRIED BY A ROLL CALL VOTE TO AUTHORIZE RIO PERSONNEL TO WORK WITH STATE PROCUREMENT TO DEVELOP AND ISSUE AN RFP FOR CONSULTANT SERVICES. A DRAFT RFP WITH A SUGGESTED SCOPE OF SERVICE WILL BE PROVIDED TO THE SIB AT ITS JUNE 15, 2021, MEETING.

AYES: MR. OLSON, MR. MILLER, MS. SMITH, MR. SEIBEL, MR. KLIPFEL, COMMISSIONER SMITH, TREASURER BEADLE, AND DR. LECH

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER GODFREAD, LT. GOVERNOR SANFORD

A draft RFP was provided to the SIB which RIO personnel and State Procurement will start to develop.

Interim Administration - SIB Governance Policy A-1 (8) states - "In order to protect the board from sudden loss of executive services, the Executive Director may not have fewer than three other executive's familiar with board and chief executive issues and processes. The Executive Director shall not fail to inform the Deputy Executive Director, the Deputy Chief Investment Officer, and the Chief Financial Officer of executive and board issues and processes."

Per SIB Governance Policy A-1 (8), Mr. Hunter recommended during the interim period Ms. Murtha, Interim Executive Director, and Mr. Schulz, Interim CIO, be granted a temporary 20% increase in base salary during the interim period as authorized under N.D.A.C. Section 4-07-02-16.

IT WAS MOVED BY MS. SMITH AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT STAFF RECOMMENDATION AND GRANT A TEMPORARY 20% INCREASE IN BASE SALARY FOR INTERIM CIO MR. SCHULZ AND INTERIM EXECUTIVE DIRECTOR MS. MURTHA UNTIL THE EXECUTIVE DIRECTOR/CIO POSITION IS FILLED.

AYES: TREASURER BEADLE, MR. KLIPFEL, COMMISSIONER SMITH, MS. SMITH, MR. MILLER, MR. SEIBEL, MR. OLSON AND DR. LECH

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER GODFREAD, LT. GOVERNOR SANFORD

RIO will issue a press release reflecting the SIB's action from their June 15, 2021, meeting.

ADJOURNMENT:

With no further business to come before the SIB, Dr. Lech adjourned the meeting at 9:19 a.m.

Robert Lech

Dr. Rob Lech, Vice Chair
State Investment Board

Bonnie Heit

Bonnie Heit
Recorder