

**NORTH DAKOTA STATE INVESTMENT BOARD  
MINUTES OF THE  
OCTOBER 22, 2021, BOARD MEETING**

**MEMBERS PRESENT:** Brent Sanford, Lt. Governor, Chair  
Rob Lech, TFFR Board, Vice Chair  
Thomas Beadle, State Treasurer  
Keith Kempenich, Legacy/Budget Stab. Adv. Board  
Bryan Klipfel, Director of WSI  
Cody Mickelson, TFFR Board  
Adam Miller, PERS Board  
Mel Olson, TFFR Board  
Jodi Smith, Commissioner of Unv & School Lands  
Yvonne Smith, PERS Board

**MEMBERS ABSENT:** Jon Godfread, Insurance Commissioner  
Troy Seibel, PERS Board, Parliamentarian

**STAFF PRESENT:** Eric Chin, Interim CIO  
Connie Flanagan, Chief Financial Officer  
Jayme Heick, Retirement Programs Spec  
Missy Kopp, Executive Assistant  
Jan Murtha, Interim Exec Dir  
Matt Posch, Investment/Compliance Officer  
Ann Nagel, Investment Accountant  
Sara Sauter, Internal Audit Supvr  
Stephanie Starr, Retirement Programs Spec  
Dottie Thorsen, Internal Auditor  
Tami Volkert, Employer Svs Coordinator  
Susan Walcker, Senior Financial Accountant

**GUESTS:** Jace Beehler, Governor's Office  
Dean DePountis, Attorney General's Office  
Scott Miller, PERS  
Adam Montgomery, Securities Commission  
Ryan Rauschenberger, Tax Commissioner  
Bryan Reinhardt, PERS  
Hope Wedul, HRMS

**CALL TO ORDER:**

Lt. Governor Sanford, Chair, called the State Investment Board (SIB) regular meeting to order at 8:30 a.m. on Friday, October 22, 2021. The meeting was held at Workforce Safety and Insurance, 1600 E Century Ave., Bismarck, ND.

**The following members were present: Treasurer Beadle, Mr. Klipfel, Dr. Lech, Mr. Mickelson, Mr. Miller, Mr. Olson, Lt. Gov. Sanford, Commissioner Smith, and Ms. Smith**

**ACCEPTANCE OF AGENDA:**

The Board considered the agenda for the October 22, 2021, meeting.

**IT WAS MOVED BY MR. KLIPFEL AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA AS DISTRIBUTED.**

**AYES: COMMISSIONER SMITH, TREASURER BEADLE, MR. MILLER, MR. OLSON, MR. KLIPFEL, MR. MICKELSON, DR. LECH, MS. SMITH, AND LT. GOV. SANFORD**  
**NAYS: NONE**  
**MOTION CARRIED**  
**ABSENT: COMMISSIONER GODFREAD AND MR. SEIBEL**

**MINUTES:**

The Board considered the minutes of the September 24, 2021, SIB meeting.

**IT WAS MOVED BY DR. LECH AND SECONDED BY MS. SMITH AND CARRIED BY A VOICE VOTE TO APPROVE THE SEPTEMBER 24, 2021, MINUTES AS DISTRIBUTED.**

**AYES: MR. MICKELSON, COMMISSIONER SMITH, MS. SMITH, MR. KLIPFEL, TREASURER BEADLE, DR. LECH, COMMISSIONER GODFREAD, MR. OLSON, MR. MILLER, AND LT. GOV. SANFORD**  
**NAYS: NONE**  
**MOTION CARRIED**  
**ABSENT: COMMISSIONER GODFREAD AND MR. SEIBEL**

**BOARD EDUCATION:**

**SIB Investment Program Operations:**

Ms. Flanagan provided Board education on the role fiscal operations plays in fund allocation, monitoring, and rebalancing. The RIO agency is made up of 19 full-time employees (FTEs) and manages the retirement and investment programs. RIO staff and the SIB are “managers of managers” for the investment program which has \$19.7 billion in assets under management as of August 31, 2021. The investment program has ten asset classes, 26 investment client funds, 33 asset class pools, 42 investment managers, 77 investment strategies, and 135 custodian bank accounts. The program works with external partners including investment managers, consultants, and custodian banks.

The Board recessed at 9:40 a.m. and reconvened at 9:55 a.m.

**INVESTMENTS:**

**Asset and Performance Update:**

Mr. Chin provided an update on investment performance and projects for the first quarter of the current fiscal year. Based on preliminary, unaudited market data, the top five NDSIB clients are estimated to end slightly positive for the first quarter. Small cap equity managers had a strong quarter with outperformance estimated at over three percent relative to the Russell 2000. Following recent Board approval, staff has worked to onboard Adams Street 2021 Global Fund and Arrowstreet international ACWI ex-US. Staff is finalizing the contract with Northland Securities for pricing agent services relating to the private market investment opportunity and has conducted preliminary work on indicative pricing for the private market investment opportunity. Interviews are underway for the Chief Risk Officer (CRO) position and staff hope to have the position filled by December 2021.

**Legacy and Budget Stabilization Fund Advisory Board Update:**

Ms. Murtha provided an update from the Legacy and Budget Stabilization Fund Advisory Board meeting held on October 21, 2021. Staff presented in-state impact and performance updates for the Committee. Staff also proposed a process for manager searches. Staff would conduct two separate searches to implement the In-State Preference Program. Board discussion followed.

Watch List:

Mr. Posch reviewed the background on what the watch list is, reasons for designating managers to the list and why they would be removed. Staff continually performs an assessment of current investment managers through both a quantitative and qualitative lens. If a review is warranted, staff will bring a recommendation to place the manager on the Watch list until the review is completed. There are currently two managers on the Watch list, LSV and Epoch. Staff recommends maintaining both LSV and Epoch on watch. LSV has improved performance in the past year, but staff would like to see this improvement carry over into a longer time period. Regarding Epoch, staff may look into initiating a new manager search after completing an evaluation on how to improve the structure of the Global Equity allocation in the Pension Pool.

**GOVERNANCE:**Executive Search Committee Update:

Dr. Lech provided an update of the activities of the Executive Search Committee. The Committee has continued to meet and is receiving applicants for the CIO position. The Committee will meet today following the SIB meeting to discuss the compensation range for the CIO, current search status, and to develop a schedule for interviews.

Audit Committee Update:

Dr. Lech provided an update from the NDSIB Audit Committee. The Committee was asked by the SIB to examine governance for the SIB. A proposal is not ready yet, but they have provided a draft so the Board can provide feedback before the first reading. The Committee is developing a policy on onboarding and education for Board members which is focused on governance and education. The Committee looked at the Teachers' Fund for Retirement's (TFFR) Governance and Policy Review Committee (GPR) and the function that they serve. The Committee thinks the SIB should consider mirroring that model because they have been effective in reviewing policies for the TFFR Board.

Committee Assignments:

Ms. Murtha shared the open committee assignments that will occur with the resignation of Commissioner Smith. The openings created by her departure are on the Audit Committee, Securities Litigation Committee, and Executive Search Committee. The Audit Committee assignment represents appointed and elected officials and is approved by the Board. The Securities Litigation and Executive Search opening are appointed by the SIB Chair. Lt. Gov. Sanford appointed Commissioner Godfread to the Executive Search Committee effective October 23, 2021. The new Land Commissioner will be appointed to the Securities Litigation Committee.

**IT WAS MOVED BY DR. LECH AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO APPOINT TREASURER BEADLE TO THE SIB AUDIT COMMITTEE.**

**AYES: MR. OLSON, COMMISSIONER SMITH, MR. MICKELSON, MS. SMITH, MR. MILLER, TREASURER BEADLE, MR. KLIPFEL, DR. LECH, AND LT. GOVERNOR SANFORD**

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: MR. SEIBEL AND COMMISSIONER GODFREAD**

SIB Customer Satisfaction Survey:

Ms. Sauter reviewed the results of the SIB Customer Satisfaction survey. The survey is sent out annually as a part of the ends to ensure satisfaction of the provided services. The scores overall were up for the past year. Comments were positive with a concern raised that staffing resources are able to manage the investments.

**QUARTERLY MONITORING:**

Executive Limitations/Staff Relations:

Ms. Murtha provided an update on the special Legislative session, RIO facility move, current procurement activity, IT unification, and staffing. Staff testimony for the House Interim Budget Committee was shared with the SIB. RIO's move date is November 23, 2021. Staff is working to notify members and other stakeholders about the move. The Request for Proposal was issued for temporary investment personnel. Two temporary employees started this week and an offer has been made for a new Retirement Assistant. Interviews are being conducted for the CRO and the Contracts and Retention Assistant. Staff are presenting before the Personnel Board to request that the CRO position become unclassified.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A VOICE VOTE TO ACCEPT THE EXECUTIVE LIMITATIONS/STAFF RELATIONS, BUDGET/FINANCIAL CONDITIONS, AND INVESTMENT PROGRAMS QUARTERLY MONITORING REPORTS.**

**AYES: TREASURER BEADLE, MR. MICKELSON, MR. KLIPFEL, COMMISSIONER SMITH, MS. SMITH, DR. LECH, MR. MILLER, MR. OLSON, AND LT. GOV. SANFORD**

**NAYS: NONE**

**ABSENT: COMMISSIONER GODFREED AND MR. SEIBEL**

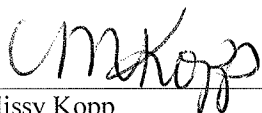
**ADJOURNMENT:**

With no further business to come before the SIB, Lt. Gov. Sanford adjourned the meeting at 11:28 a.m.

Respectfully Submitted:



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Lt. Governor Sanford, Chair  
State Investment Board



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Missy Kopp  
Recorder