

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
JANUARY 28, 2022, BOARD MEETING**

MEMBERS PRESENT:

Brent Sanford, Lt. Governor, Chair
 Rob Lech, TFFR Board, Vice Chair
 Thomas Beadle, State Treasurer
 Jon Godfread, Insurance Commissioner
 Keith Kempenich, Legacy/Budget Stab. Adv. Board
 Bryan Klipfel, Director of WSI
 Cody Mickelson, TFFR Board
 Adam Miller, PERS Board
 Mel Olson, TFFR Board
 Troy Seibel, PERS Board, Parliamentarian
 Yvonne Smith, PERS Board

MEMBERS ABSENT:

Jodi Smith, Commissioner of Univ & School Lands

STAFF PRESENT:

Scott Anderson, CIO
 Eric Chin, Deputy CIO
 Connie Flanagan, CFO
 Missy Kopp, Executive Assistant
 Jan Murtha, Exec Dir
 Matt Posch, Investment/Compliance Officer
 Ann Nagel, Investment Accountant
 Emmalee Riegler, Contracts/Records Admin
 Sara Sauter, Internal Audit Supvr
 Susan Walcker, Senior Financial Accountant

GUESTS:

Dean DePountis, Attorney General's Office
 Paul Erlendson, Callan
 Alex Browning, Callan
 Candace Johnson, Securities Commission
 Rachel Kriege, Insurance Dept.
 Jan Lund, PERS
 Scott Miller, PERS
 Adam Montgomery, Securities Commission
 Jose Morales, Axiom
 Joe Morrisette, Director of OMB
 Bryan Reinhardt, PERS
 Karen Tyler, Securities Commissioner
 Rich Wardner, ND Senate
 Hope Wedul, HRMS
 Matthew Welling, Axiom

CALL TO ORDER:

Dr. Rob Lech, Vice Chair, called the State Investment Board (SIB) regular meeting to order at 8:30 a.m. on Friday, January 28, 2022. The meeting was held at Workforce Safety and Insurance, 1600 E Century Ave., Bismarck, ND.

The following members were present: Treasurer Beadle, Commissioner Godfread, Rep. Kempenich, Mr. Klipfel, Dr. Lech, Mr. Mickelson, Mr. Miller, Mr. Olson, Mr. Seibel, and Ms. Smith

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the January 28, 2022, meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY COMMISSIONER GODFREAD AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED

ABSENT: LT. GOV. SANFORD AND COMMISSIONER SMITH

MINUTES:

The Board considered the minutes of the November 19, 2021, December 15, 2021, and December 28, 2021, SIB meetings.

IT WAS MOVED BY MS. SMITH AND SECONDED BY MR. KLIPFEL AND CARRIED BY A VOICE VOTE TO APPROVE THE NOVEMBER 19, 2021, DECEMBER 15, 2021, AND DECEMBER 28, 2021, MINUTES AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED

ABSENT: LT. GOV. SANFORD AND COMMISSIONER SMITH

BOARD EDUCATION:

International Investments – Emerging Markets:

Mr. Jose Morales and Mr. Matthew Welling, Axiom, provided education on international investments in emerging markets.

Open Records and Open Meetings:

Mr. DePountis, Attorney General's Office, provided education on open records and open meeting laws including the definitions of a record, public business, and the types of protected records. Information was also presented on meetings, common violations of open meetings, and the rules for entering executive session.

INVESTMENTS:

Investment Performance/Projects Update:

Mr. Anderson and Mr. Chin provided an update on investment performance for the fiscal year to date (FYTD) as of December 31, 2021. Based on preliminary market data, which is unaudited and subject to material change, four of the five largest NDSIB clients are estimated to generate positive returns for the first half of the fiscal year. Equities and real estate generated strong positive returns. Short term fixed income returns were negative resulting in Budget Stabilization's negative FYTD returns.

A Request for Proposals (RFPs) was issued on January 12, 2022, for two projects, an Asset Allocation Study for the Legacy Fund and an In-State Equity Program Consultant. Staff responded to questions from offerors on January 21, 2022, and proposals are due on January 31, 2022. Consultant presentations to the Legacy and Budget Stabilization Fund Advisory Board are scheduled for February 15, 2022.

The new Chief Risk Officer, Dr. Paul White will start on January 31, 2022. The Arrowstreet contract has been signed and onboarding has begun with initial investment scheduled for February 1, 2022.

Lt. Gov. Sanford arrived at 9:28 a.m.

Private Market Opportunity:

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-18.4(1) TO DISCUSS CONFIDENTIAL COMMERCIAL AND FINANCIAL INFORMATION.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. SEIBEL AND COMMISSIONER SMITH

The executive session began at 10:03 a.m. and ended at 10:15 a.m. In attendance were Board members and RIO staff.

The Board recessed at 10:17 a.m. and reconvened at 10:31 a.m.

GOVERNANCE:

Audit Committee Recommendations Follow-Up:

Ms. Murtha reviewed the recommendation of the Audit Committee that the SIB create a Governance and Policy Review (GPR) Committee and expand and enhance new Board member orientation and ongoing Board education. In order to establish a standing committee, there must be an amendment to Policy B-6 which may be adopted over the course of two meetings. The first meeting requires an Introduction and First Reading with the Second Reading and Final adoption at the second meeting.

IT WAS MOVED BY COMMISSIONER GODFREAD AND SECONDED BY DR. LECH AND APPROVED BY A ROLL CALL VOTE TO APPROVE THE AMMENDMENT TO POLICY B-6 AND THE DRAFT GOVERNANCE AND POLICY REVIEW COMMITTEE CHARTER FOR THE FIRST READING

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. SEIBEL AND COMMISSIONER SMITH

Executive Review Committee Update:

Mr. Olson provided an update from the Executive Review Committee (ERC). The ERC will be conducting the Board Self-Assessment. The assessment will be sent to Board members on Friday, January 28, 2022, and will be due on Friday, February 11, 2022. The assessment will be sent via Survey Monkey by Ms. Sauter. The results will be presented at the February 25, 2022, Board meeting.

Executive Pay Plan:

Dr. Lech provided information to the Board on executive pay plans of other state agencies as it relates to the accrual of annual leave. When the ED/CIO position was split, the executive pay plan was granted to the CIO but not the ED position. HRMS informed staff that this was not consistent with what has occurred in other state agencies.

IT WAS MOVED BY DR. LECH AND SECONDED BY COMMISSIONER GODFREAD AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE EXECUTIVE PAY PLAN FOR ANNUAL LEAVE FOR THE EXECUTIVE DIRECTOR POSITION.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. SEIBEL AND COMMISSIONER SMITH

QUARTERLY MONITORING:

Executive Limitations/Staff Relations:

Ms. Murtha shared an update on the completion of RIO's facility move, staff training activities, and staffing. RIO staff are working on the development of a comprehensive strategic plan by partnering with other state agencies. The initial meeting is scheduled for January 31, 2022.

IT WAS MOVED BY DR. LECH AND SECONDED BY COMMISSIONER GODFREAD AND CARRIED BY A VOICE VOTE TO ACCEPT THE QUARTERLY MONITORING REPORTS.

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

NAYS: NONE

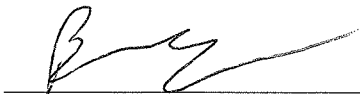
MOTION CARRIED

ABSENT: MR. SEIBEL AND COMMISSIONER SMITH

ADJOURNMENT:

With no further business to come before the SIB, Lt. Gov. Sanford adjourned the meeting at 11:57 a.m.

Respectfully Submitted:



Lt. Governor Sanford, Chair
State Investment Board



Missy Kopp
Recorder