

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
MARCH 3, 2022, SPECIAL BOARD MEETING (VIRTUAL)**

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
Jodi Smith, Commissioner of Unv & School Lands
Yvonne Smith, PERS Board

STAFF PRESENT:

Scott Anderson, CIO
Eric Chin, Deputy CIO
Connie Flanagan, CFO
Missy Kopp, Executive Assistant
Jayme Heick, Retirement Prog Spec
Jan Murtha, Exec Dir
Matt Posch, Investment/Compliance Officer
Ann Nagel, Investment Accountant
Emmalee Riegler, Contracts/Records Admin
Sara Sauter, Internal Audit Supvr
Rachelle Smith, Retirement Assistant
Stephanie Starr, Retirement Prog Spec
Dottie Thorsen, Internal Audit
Tami Volkert, Employer Svs Coor
Susan Walcker, Senior Financial Accountant
Len Wall, NDIT
Dr. Paul White, Chief Risk Officer

GUESTS:

Nick Archuleta, ND United
Jace Beehler, Gov. Office
Amy Copas, NDCEL
Dean DePountis, Attorney General's Office
Paul Erlendson, Callan
Alex Browning, Callan
Mike Burton, TFFR Board
Karlene Fine, Industrial Comm
Joseph Herringer, Incoming Comm of Unv & School Lands
Kathy Hogan, ND Senate
Candace Johnson, Securities Commission
Rachel Kriege, Insurance Commission
Scott Miller, PERS
Adam Montgomery, Securities Commission
Mike Nowatzki, Gov. Office
Bryan Reinhardt, PERS
Colton Schulz, Insurance Dpet.
Dawn Seay, Gov Office
Karen Tyler, Securities Dept
Rich Wardner, ND Senate
Hope Wedul, HRMS
Teleconference Guests - 28

CALL TO ORDER:

Lt. Gov. Sanford, Chair, called the State Investment Board (SIB) special meeting to order at 9:00 a.m. on Thursday, March 3, 2022. The meeting was held at the Retirement and Investment Office (virtual host), 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, Lt. Gov. Sanford, Mr. Seibel, Commissioner Smith, and Ms. Smith

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the March 3, 2022, meeting.

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

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

NAYS: NONE

MOTION CARRIED

INVESTMENTS:

Introduction & Overview of Russian Entity Investment Exposure:

Mr. Anderson shared information on the SIB's Russian entity exposure. The total Russian entity exposure across the Legacy Fund, Pension Funds, and Insurance Funds is about \$10 million, based on manager discussions as of March 2, 2022. The situation is very fluid as managers are exiting positions, as prices are changing, and as brokers/traders are halting transaction activity. NDSIB has less exposure to Russian entities than many other plans at 0.05%. Challenges for investment managers include the difficulty of estimating value given the lack of market liquidity, difficulty trading dollar denominated securities, and capital constraints imposed by the Russian government.

Ms. Murtha and Mr. Anderson reviewed the Frequently Asked Questions (FAQ) document compiled by RIO staff. Staff have been working diligently to be as transparent as possible and to provide as much education and information to the public as possible. The FAQ document, which is available on the RIO website, reflects the changing nature of the current market. The document provides Russian exposure information across all funds and the names of the managers who oversee the investments.

Russian Entity Investment Strategy & Options:

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-18.4(1), 44-04-19.1(9) & 44-04-19.2 TO DISCUSS CONFIDENTIAL COMMERCIAL INFORMATION, INVESTMENT NEGOTIATING STRATEGY, AND TO PROVIDE NEGOTIATING INSTRUCTIONS.

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

NAYS: NONE

MOTION CARRIED

Executive session began at 9:46 a.m. and ended at 11:11 a.m. In attendance were all Board members, RIO staff (Jan Murtha, Connie Flannagan, Missy Kopp, Matt Posch, Sara Sauter, Eric Chin, and Dr. Paul White), and Dean DePountis, legal counsel.

Executive session began at 9:46 a.m. and ended at 11:11 a.m. In attendance were all Board members, RIO staff (Jan Murtha, Connie Flanagan, Missy Kopp, Matt Posch, Sara Sauter, Eric Chin, and Dr. Paul White), and Dean DePountis, legal counsel.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE DIVESTMENT OF RUSSIAN INVESTMENT EXPOSURE AS DISCUSSED IN EXECUTIVE SESSION AND TO DIRECT STAFF TO REPORT AT THE NEXT REGULARLY SCHEDULE SIB MEETING.

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

NAYS: NONE

MOTION CARRIED

ADJOURNMENT:

With no further business to come before the SIB, Lt. Gov. Sanford adjourned the meeting at 11:15 a.m.

Respectfully Submitted:



Lt. Governor Sanford, Chair
State Investment Board



Missy Kopp
Recorder