

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
MARCH 25, 2022, BOARD MEETING (IN PERSON)**

MEMBERS PRESENT: Brent Sanford, Lt. Governor, Chair
Dr. Rob Lech, TFFR Board, Vice Chair
Thomas Beadle, State Treasurer
Jon Godfread, Insurance Commissioner
Joseph Herringer, Commissioner of Unv & School Lands
Bryan Klipfel, Director of WSI
Cody Mickelson, TFFR Board
Adam Miller, PERS Board
Mel Olson, TFFR Board
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
Ann Nagel, Investment Accountant
Matt Posch, Investment/Compliance Officer
Emmalee Riegler, Contracts/Records Admin
Sara Sauter, Internal Audit Supvr
Rachelle Smith, Retirement Assistant
Stephanie Starr, Retirement Prog Spec
Dottie Thorsen, Internal Auditor
Tami Volkert, Employer Svs Coor
Susan Walcker, Senior Financial Accountant
Len Wall, NDIT
Dr. Paul White, Chief Risk Officer

GUESTS: Nick Archuleta, ND United
Glenn Bosch, ND House
Dean DePountis, Attorney General's Office
Karlene Fine, Industrial Commission
Candace Johnson, Securities Commission
Jerry Kline, ND Senate
Rachel Kriege, Insurance Commission
Jan Lund, PERS
Scott Miller, PERS
Adam Montgomery, Securities Commission
Bryan Reinhardt, PERS
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CALL TO ORDER:

Lt. Gov. Sanford Chair, called the State Investment Board (SIB) regular meeting to order at 8:30 a.m. on Friday, March 25, 2022. The meeting was held in the Workforce Safety and Insurance Board Room, 1600 E Century Ave., Bismarck, ND.

The following members were present representing a quorum: Treasurer Beadle, Commissioner Godfread, Commissioner Heringer, Mr. Klipfel, Dr. Lech, Mr. Mickelson, Mr. Miller, and Mr. Olson

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the March 25, 2022, meeting.

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

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

MINUTES:

The Board considered the minutes of the February 25, 2022, SIB meeting and the March 3, 2022, SIB special meeting.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MS. SMITH AND CARRIED BY A VOICE VOTE TO APPROVE THE FEBRUARY 25, 2022, AND MARCH 3, 2022, MINUTES AS DISTRIBUTED.

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

BOARD EDUCATION:

Board Governance Architype and Strategy:

Mr. Anderson provided education on various governance architypes and how each model supports investment program strategy and growth. Good governance requires the time horizon and frequency decisions to match the timeline required to achieve a goal along with oversight to be independent of decisions and their implementation. Performance and risk management require short time horizons to be agile to changing environments, discipline to not act too frequently, and contingent planning. Board discussion followed.

INVESTMENTS:

Russian Entity investment Exposure Update:

Mr. Anderson provided an update on Russian entity exposure. The total Russian entity exposure across the Legacy Fund, the Pension Funds, and the Insurance Funds is about \$2.7 million based on estimates from manager discussions through March 15, 2022. The situation is very fluid as managers are exiting positions, prices change, and brokers/traders are halting transaction activity.

The Board recessed at 9:50 a.m. and reconvened at 10:04 a.m.

Private Market Opportunity Update:

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

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

The executive session began at 10:04 a.m. and ended at 10:26 a.m. In attendance were Board members, RIO staff, Dean Depoutis, and Insurance Department representative.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE A WAIVER OF POLICY E5 TO ALLOW STAFF TO NEGOTIATE AND PREPARE A PRIVATE MARKET PLACEMENT TRANSACTION FOR SUBSEQUENT APPROVAL BY THE BOARD.

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

NAYS: NONE

MOTION CARRIED

Performance Update:

Mr. Anderson provided a performance update as of January 31, 2022. PERS and TFFR earned a net investment return of 12.98% and 12.75% respectively for the one-year period. For the 5-year period, PERS and TFFR earned a net investment return of 10.64% and 10.53% respectively. WSI and Legacy Fund earned a net investment return of 3.45% and 7.65% for the 1-year period and 6.83% and 8.79% for the 5-year period. Over 98% of the SIB Pension clients earned net returns which exceeded their respective policy benchmarks for the 5-year period. All of the SIB Non-Pension clients earned net returns which exceeded their respective policy benchmarks for the 5-year period.

Workforce Safety & Insurance (WSI) Investment Policy Statement (IPS):

Mr. Anderson reviewed the updated IPS for WSI. An asset allocation study was conducted by Callan and a revised asset allocation was approved by the WSI Board.

IT WAS MOVED BY MR. OLSON AND SECONDED BY COMMISSIONER GODFREAD AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE WSI IPS AS PRESENTED.

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

NAYS: NONE

MOTION CARRIED

GOVERNANCE:

Strategic Plan Presentation:

Ms. Murtha shared the RIO strategic plan presentation that she had previously provided to the Governor's office. All RIO staff had input into the process for the strategy review. NDIT asked RIO to participate in their model strategic planning process. NDIT staff facilitated the process and assisted with the creation of the presentation. The plan looks ahead five to ten years. Staff identified five core priorities: communication, infrastructure, organizational culture, talent management, and technology-enabled processes. The action plan places items into four categories: experimental, aspirational, incremental, and evolutionary. Part of the strategic review was a workforce plan which staff developed with HRMS.

Legacy & Budget Stabilization Fund Advisory Board Update:

Ms. Murtha shared an update on the information RIO staff provided to the Advisory Board on February 15, 2022. During that meeting, the Advisory Board awarded RVK with the Legacy Fund asset allocation study. Staff is working with RVK to coordinate the timing of a project kick-off presentation for the Advisory Board.

Governance & Policy Review (GPR) Committee Member Appointments:

Ms. Murtha discussed the new GPR Committee charter which outlines the process for appointing new members. The Committee is composed of three members who must be nominated and approved by a majority vote of the SIB.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. KLIPFEL AND CARRIED BY A ROLL CALL VOTE TO NOMINATE DR. LECH, COMMISSIONER GODFREAD, AND TREASURER BEADLE TO THE GPR COMMITTEE.

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

Executive Review Committee (ERC) Update:

Ms. Sauter and Mr. Olson provided an update from the ERC. The ERC is working to develop a new format for the Executive Director's (ED) performance review. The ERC will meet in April to discuss the evaluation questions and structure and the survey will be sent to the Board by mid-April.

REPORTS:

Executive Limitations/Staff Relations:

Ms. Murtha shared an update on staffing, procurement activities, and strategic planning implementation. Ms. Connie Flanagan has announced her retirement effective June 30, 2022. RIO has submitted a request to HRMS to have Ms. Flanagan's position reclassified to reflect the Chief Operating Officer duties she has taken on in addition to the Chief Financial Officer duties. As soon as that request is completed, the position will be posted. Staff hope to have interviews completed in May so the new person can start in June to allow for training before Ms. Flanagan leaves. Staff anticipates having the new accounting manager position filled by June. The Chief Retirement Officer/Deputy ED position has been posted and closes at the beginning of April. Staff hope to have this position filled by June. The Legal Intern position has been filled for this summer. New staff who started in March include the Accounting Intern and TFFR Member Specialist.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY COMMISSIONER GODFREAD AND CARRIED BY A VOICE VOTE TO ACCEPT THE EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORT.

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

Quarterly TFFR Ends Report:

Ms. Murtha shared the TFFR Ends Report for the quarter ending December 31, 2021.

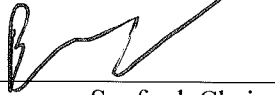
IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY COMMISSIONER GODFREAD AND CARRIED BY A VOICE VOTE TO ACCEPT THE QUARTERLY TFFR ENDS REPORT.

**AYES: MR. KLIPFEL, COMMISSIONER GODFREAD, MR. OLSON, MR. MILLER, TREASURER BEADLE, MR. MICKELSON, MS. SMITH, COMMISSIONER HERINGER, DR. LECH, 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 11:36 a.m.

Respectfully Submitted:



Lt. Governor Sanford, Chair
State Investment Board



Missy Kopp
Recorder