

**NORTH DAKOTA STATE INVESTMENT BOARD  
MINUTES OF THE  
NOVEMBER 18, 2022, BOARD MEETING (IN PERSON)**

**MEMBERS PRESENT:** Brent Sanford, Lt. Governor, Chair  
Dr. Rob Lech, TFFR Board, Vice Chair  
Thomas Beadle, State Treasurer  
Glenn Bosch, Legacy/Budget Stab. Adv. Board Rep  
Jon Godfread, Insurance Commissioner  
Joseph Herringer, Commissioner of Unv & School Lands  
Cody Mickelson, TFFR Board  
Adam Miller, PERS Board  
Claire Ness, PERS Board, Parliamentarian  
Mel Olson, TFFR Board  
Mona Rindy, PERS Board Alternate  
Art Thompson, Director of WSI

**STAFF PRESENT:** Scott Anderson, CIO  
Eric Chin, Deputy CIO  
Derek Dukart, Investment Officer  
Jecca Geffre, Communications & Outreach Dir.  
Rachel Kmetz, Accounting Mgr.  
Missy Kopp, Exec Assistant  
George Moss, Sr. Investment Officer  
Jan Murtha, Exec Dir.  
Matt Posch, Sr. Investment Officer  
Emmalee Riegler, Contracts/Records Admin.  
Sara Sauter, Internal Audit Supvr.  
Ryan Skor, CFO/COO  
Dottie Thorsen, Internal Auditor  
Tami Volkert, Compliance Spec.  
Susan Walcker, Sr. Financial Accountant

**GUESTS:** Jace Beehler, Governor's Office  
Alex Browning, Callan  
Craig Chaikin, Callan  
Dean DePountis, Attorney General's Office  
Paul Erlendson, Callan  
Richard Fong, Parametric  
Kelvin Hullet, BND  
Candace Johnson, Securities Commission  
Bryan Klipfel, Retiring Director of WSI  
Rachel Kriege, Insurance Dept  
Scott Miller, PERS  
Adam Montgomery, Securities Commission  
Dan Ryan, Parametric  
Colton Schulz, Insurance Department  
Clint Talmo, Parametric  
Members of the Public

**CALL TO ORDER:**

Lt. Gov. Sanford, Chair, called the State Investment Board (SIB) regular meeting to order at 8:30 a.m. on Friday, November 18, 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, Dr. Lech, Mr. Mickelson, Mr. Miller, Ms. Ness, Ms. Rindy, Lt. Gov. Sanford, and Mr. Thompson.**

**Mr. Olson was in attendance via Teams but was not able to unmute for votes.**

**ACCEPTANCE OF AGENDA:**

The Board considered the agenda for the November 18, 2022, meeting.

**IT WAS MOVED BY DR. LECH AND SECONDED BY COMMISSIONER GODFREAD AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA AS DISTRIBUTED.**

**AYES: COMMISSIONER HERINGER, TREASURER BEADLE, MR. MILLER, COMMISSIONER GODFREAD, MR. THOMPSON, MR. MICKELSON, MS. NESS, DR. LECH, MS. RINDY, AND LT. GOV. SANFORD**

**NAYS: NONE**

**ABSENT: MR. OLSON**

**MOTION CARRIED**

Mr. Art Thompson, new WSI Director was welcomed to the SIB. Ms. Jecca Geffre, Communications and Outreach Director, Mr. Derek Dukart, Investment Officer, and Mr. George Moss, Senior Investment Officer were introduced to the Board.

The Board congratulated Mr. Klipfel on his retirement, thanked him for his many years of public service, and noted some of his many accomplishments over the course of his career with the state.

**BOARD RESOLUTION:**

ND State Investment Board Resolution  
In Appreciation of  
Bryan Klipfel

WHEREAS, Bryan Klipfel has served as the Director of WSI and a member of the State Investment Board since 2009; and

WHEREAS, Bryan Klipfel has diligently carried out his duties and responsibilities as a member of the SIB and fiduciary of the SIB Program; and

WHEREAS, Bryan Klipfel has been a valued and dedicated member of the SIB in helping maintain the integrity and stability of the SIB Program.

NOW THEREFORE, BE IT RESOLVED that Bryan Klipfel be duly recognized by the SIB for his years of unselfish dedication to the State of North Dakota through his service on the State Investment Board.

DATED this 18<sup>th</sup> day of November 2022

**IT WAS MOVED BY COMMISSIONER GODFREAD AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE BOARD RESOLUTION.**

**AYES: MS. NESS, COMMISSIONER HERINGER, MR. MICKELSON, COMMISSIONER GODFREAD, MS. RINDY, MR. MILLER, TREASURER BEADLE, MR. THOMPSON, DR. LECH, AND LT. GOV. SANFORD**

**NAYS: NONE**

**ABSENT: MR. OLSON**

**MOTION CARRIED MINUTES:**

The Board considered the minutes of the October 28, 2022, SIB meeting.

**IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE OCTOBER 28, 2022, MINUTES AS DISTRIBUTED.**

**AYES: MR. MICKELSON, COMMISSIONER HERINGER, MS. RINDY, MR. THOMPSON, TREASURER BEADLE, DR. LECH, COMMISSIONER GODFREAD, MS. NESS, MR. MILLER, AND LT. GOV. SANFORD**

**NAYS: NONE**

**ABSENT: MR. OLSON**

**MOTION CARRIED**

**BOARD EDUCATION:**

Exposure Overlays:

Mr. Fong, Mr. Ryan, and Mr. Talmo from Parametric provided an overview of how customized overlay strategies can be used for efficient fund level implementations, return enhancement, and risk mitigation. Board discussion followed.

**INVESTMENTS:**

Quarterly Performance Review:

Mr. Erlendson, Callan, provided a summary of the US economy in the third quarter of 2022. Even with high inflation, the real US GDP was up in the third quarter with an annualized growth rate of 2.6%. Contributors to inflation include housing, food, and transportation with housing taking over as the biggest weighted contributor. Mr. Erlendson also discussed the impact of currency on equity performance. Mr. Chaikin presented the performance update as of September 30, 2022. Each of the Trust's asset allocations were within policy ranges and cash flows were managed to rebalance towards strategic targets. Total Fund returns for PERS, WSI, Budget Stabilization, and Legacy Funds have each exceeded their respective benchmarks on a net-of-fee basis for the trailing five-year period. TFFR underperformed its target. The consolidated Pension Trust, PERS, and TFFR have outperformed peer funds for the quarter and are in the top quartile for the last 3, 5, and 10 years. Board discussion followed.

The Board recessed at 10:14 a.m. and reconvened at 10:38 a.m.

Multi-Asset and Fixed Income Products:

**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), 44-04-19.1(9), AND 44-04-19.2 TO DISCUSS CONFIDENTIAL COMMERCIAL INFORMATION AND CONTRACT NEGOTIATING STRATEGY.**

Executive session began at 10:39 a.m. and ended at 11:45 a.m. In attendance were staff, Board members, Mr. DePountis, Mr. Browning, Mr. Chaikin, and Mr. Erlendson.

Ms. Murtha stated that staff had received guidance regarding the desire to gather additional information as a result of the vendor capability assessment and will provide the Board with an update.

**GOVERNANCE:**

Investment Committee Update:

Treasurer Beadle provided an update from the November 10, 2022, Investment Committee meeting. The Committee received a presentation from staff regarding the equity portfolio review and an update on the equity transition to a new portfolio structure. Staff also provided information on RIO's compliance process.

Governance and Policy Review (GPR) Committee Update:

Dr. Lech provided an update on the GPR Committee meeting on November 16, 2022. The Committee reviewed policy amendments which were provided to the SIB for 2<sup>nd</sup> reading and final adoption today. Staff provided a presentation on the upcoming legislative session and asked for guidance before making the presentation to the SIB. Staff provided education on the proxy voting process.

**IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE 2<sup>ND</sup> READING AND FINAL ADOPTION OF AMENDMENTS TO SIB GOVERNANCE MANUAL POLICIES B-5, B-7, E-1, E-2, E-3, E-4, E-5, E-7, E-8, E-9, E-10, AND EXHIBITS.**

**AYES: MS. RINDY, MR. MILLER, MR. MICKELSON, DR. LECH, MS. NESS, MR. THOMPSON, COMMISSIONER GODFREAD, COMMISSIONER HERINGER, TREASURER BEADLE, AND LT. GOV. SANFORD**

**NAYS: NONE**

**ABSENT: MR. OLSON**

**MOTION CARRIED**

2023 Legislative Session Planning:

Ms. Murtha provided information about anticipated public policy issues that may arise and be impactful to the SIB program during the 2023 legislative session. Ms. Murtha asked the Board for guidance as staff prepare testimony for each of the anticipated issues. Staff provided the same presentation to the SIB GPR Committee and their recommendations have been included for the SIB. Ms. Murtha outlined the proposed process for keeping the Board informed throughout the legislative session. Staff will provide an informational legislation tracking matrix to the Board on a weekly basis. There will be a process established to communicate with the Board chair and the Board or a Committee when changes occur based on the level of changes or impact. The Board was asked to provide feedback on staff testimony on the In-State Investment Program, investment program changes, and retirement plan design changes and funding. The GPR Committee recommended that RIO submit an agency bill regarding SIB composition. Ms. Murtha reviewed the board composition options that were previously discussed and asked for Board feedback. Board members agreed on archetype one which includes the Governor (Lt. Governor), Treasurer, WSI Director, Land Commissioner, OMB Director, and two investment professionals as voting members and a Legacy and Budget Stabilization Fund Advisory Board representative as a non-voting member. The Insurance Commissioner would be removed and the number of PERS and TFFR representatives would be reduced from three to two for each respectively, which results in 11 voting members and 1 non-voting member. The Board directed staff to submit a bill to Legislative Council to propose changes to the Board composition as discussed.

**IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO CONFIRM BOARD POSITIONS ON LEGISLATION AS DISCUSSED.**

**AYES: TREASURER BEADLE, MS. NESS, COMMISSIONER HERINGER, DR. LECH, MR. MILLER, COMMISSIONER GODFREAD, MR. MICKELSON, MS. RINDY, MR. THOMPSON, AND LT. GOV. SANFORD**

**NAYS: NONE**

**ABSENT: MR. OLSON**

**MOTION CARRIED**

Securities Litigation Committee Appointment:

With the retirement of Mr. Klipfel, there is a vacancy on the SIB Securities Litigation Committee. The SIB Chair appoints members of this Committee. Lt. Gov. Sanford appointed Ms. Ness to the Securities Litigation Committee.

QUARTERLY MONITORING REPORTS:

All monitoring reports will be carried over to the December 16, 2022, meeting.

ADJOURNMENT:

With no further business to come before the SIB, Lt. Gov. Sanford adjourned the meeting at 12:30 p.m.

Prepared by:

Missy Kopp, Assistant to the Board