

**NORTH DAKOTA STATE INVESTMENT BOARD  
MINUTES OF THE  
JANUARY 27, 2023, BOARD MEETING (VIRTUAL)**

**MEMBERS PRESENT:** Tammy Miller, Lt. Governor, Chair  
Dr. Rob Lech, TFFR Board, Vice Chair  
Thomas Beadle, State Treasurer  
Jon Godfread, Insurance Commissioner  
Joseph Herringer, Commissioner of Univ & School Lands  
Cody Mickelson, TFFR Board  
Adam Miller, PERS Board  
Claire Ness, PERS Board, Parliamentarian  
Mel Olson, TFFR Board  
Yvonne Smith, PERS Board  
Art Thompson, Director of WSI

**STAFF PRESENT:** Scott Anderson, CIO  
Eric Chin, Deputy CIO  
Dean DePountis, Attorney General's Office  
Derek Dukart, Investment Officer  
Jayme Heick, Retirement Spec.  
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.  
Chad Roberts, DED/CRO  
Sara Seiler, Internal Audit Supvr.  
Ryan Skor, CFO/COO  
Dottie Thorsen, Internal Auditor  
Tami Volkert, Compliance Spec.  
Susan Walcker, Sr. Financial Accountant  
Denise Weeks, Retirement Prog. Mgr.  
Jason Yu, Risk Officer

**GUESTS:** Jace Beehler, Governor's Office  
Craig Chaikin, Callan  
Candace Johnson, Securities Commission  
Adam Montgomery, Securities Commission  
Dr. Ruilin Tian, SIB Investment Comm.  
Members of the Public

**CALL TO ORDER:**

Dr. Rob Lech, Vice Chair, called the State Investment Board (SIB) regular meeting to order at 8:31 a.m. on Friday, January 27, 2023. The meeting was held virtually.

**The following members were present representing a quorum: Treasurer Beadle, Commissioner Godfread, Commissioner Heringer, Dr. Lech, Mr. Mickelson, Lt. Gov. Miller, Mr. Miller, Mr. Olson, Ms. Ness, Ms. Smith, and Mr. Thompson.**

**ACCEPTANCE OF AGENDA:**

The Board considered the agenda for the January 27, 2023, meeting.

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

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

**NAYS: NONE**

**MOTION CARRIED**

**MINUTES:**

The Board considered the minutes of the December 16, 2022, SIB meeting.

**IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. THOMPSON AND CARRIED BY A VOICE VOTE TO APPROVE THE DECEMBER 16, 2022, MINUTES AS DISTRIBUTED.**

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

**NAYS: NONE**

**MOTION CARRIED**

**ELECTIONS:**

Election of Chair:

**IT WAS MOVED BY MR. THOMPSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO CAST A UNANIMOUS BALLOT OF LT. GOV. MILLER FOR BOARD CHAIR.**

**AYES: MR. OLSON, MS. NESS, COMMISSIONER HERINGER, MR. MICKELSON, COMMISSIONER GODFREAD, MS. SMITH, MR. MILLER, TREASURER BEADLE, MR. THOMPSON, AND DR. LECH**

**NAYS: NONE**

**MOTION CARRIED**

**EDUCATION:**

Risk/Return:

Mr. Anderson provided education regarding return and risk with a focus on liquidity risk at the asset class level and portfolio level.

Board discussion followed.

**INVESTMENTS:**

Investment Policy Statements (IPS):

Mr. Anderson presented the updated IPS for the ND Public Employees Retirement System (PERS), NDPERS Retiree Health Insurance Credit (RHIC) Fund, and NDPERS Group Insurance Account. There are no material changes, but the PERS Board reviewed and approved, and SIB approval is also required.

**IT WAS MOVED BY DR. LECH AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A VOICE VOTE TO APPROVE THE NDPERS, NDPERS RHIC FUND, AND NDPERS GROUP INSURANCE ACCOUNT IPS.**

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

**GOVERNANCE:**

2023 Legislative Session Update:

Ms. Murtha reviewed the bill tracking process that RIO staff have used. The bills that staff testify on are all included, but there are other bills staff are monitoring and are included because they may be of interest to Board members. The SIB GPR Committee discussed these same bills and made recommendations for staff to include in the discussion with the Board. Staff would like Board guidance on testimony.

HB 1088 was submitted by RIO to change the membership of the SIB. This bill was amended and passed the House. The amendment reduced the investment professionals from two members to one and removed the word “institutional” in reference to their area of expertise. The amendment would also make the Legacy and Budget Stabilization Fund Advisory Board (LBSFAB) representative a voting member and added two additional legislative members. After Board discussion, staff was advised to continue to support the original version of the bill and to ask for the word “institutional” to be added back in the description of the investment professional, request the additional investment professional, and to request only one legislator in addition to the LBSFAB member. Staff will reach out to Senate leadership to discuss the Board’s concerns with the amendment.

HB 1400 allows the Department of Land Trust to use the SIB for investment purposes. Staff provided neutral testimony and had discussions with the Land Commissioner prior to the bill hearing. Ms. Murtha addressed seven bills (HBs 1278, 1283, 1345, 1347, 1368, 1429, and 1469) that all have similar provisions relating to Environmental, Social, Governance (ESG) investing and the impact the bills would have on the investment program. Board discussion followed.

**IT WAS MOVED BY DR. LECH AND SECONDED BY COMMISSIONER GODFREAD TO APPROVE EXISTING POSITIONS ON WITH A CHANGE TO SUPPORT FOR HB 1400.**

**DR. LECH AND COMMISSIONER GODFREAD WITHDREW THE MOTION**

**IT WAS MOVED BY DR. LECH AND SECONDED BY COMMISSIONER GODFREAD AND CARRIED BY A VOICE VOTE TO APPROVE EXISTING POSITIONS EXCLUDING HB 1400.**

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

**IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO CONTINUE NEUTRAL TESTIMONY AS PREVIOUSLY PRESENTED ON HB1400.**

**AYES: MR. THOMPSON, MR. OLSON, TREASURER BEADLE, COMMISSIONER HERINGER, MS. NESS, MS. SMITH, MR. MICKELSON, AND LT. GOV. MILLER**  
**NAYS: COMMISSIONER GODFREAD, DR. LECH, AND MR. MILLER**  
**MOTION CARRIED**

### Investment Committee (IC) Update:

Mr. Anderson provided an update from the IC meeting on January 13, 2023. Staff reviewed the private markets portfolio and provided the annual compliance review of the RIO portfolios. The Committee also discussed current legislation with potential impacts on the investment program. Board discussion followed.

### Governance & Policy Review (GPR) Committee Update:

Dr. Lech shared an update from the SIB GPR meeting on January 26, 2023. The meeting focused on the legislative bills that RIO staff are testifying on. The Committee provided feedback and recommendations to staff.

### Board Self-Assessment:

Ms. Seiler shared information about the annual Board self-assessment. The survey will be sent to all Board members on January 27, 2023, and responses are due by February 6, 2023. The Executive Review & Compensation Committee (ERCC) will discuss the survey results at their next meeting so an update can be provided to the SIB at the February 17, 2023, meeting. Board discussion followed.

**IT WAS MOVED BY MR. THOMPSON AND SECONDED BY MR. OLSON AND CARRIED BY A VOICE VOTE TO APPROVE AND DISTRIBUTE THE BOARD SELF-ASSESSMENT.**

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

### QUARTERLY MONITORING REPORTS:

#### Annual TFFR Ends:

Mr. Roberts reviewed the annual TFFR Ends report. The report summarizes and provides metrics for performance of the TFFR program to demonstrate that the program is adhering to policies and expectations. Key areas covered by the report are membership data and contributions, member services, account claims, and trust fund evaluation.

#### Quarterly Investment Ends:

Mr. Chin provided the Quarterly Investment Ends report for the quarter ended December 31, 2022. During the quarter, three new investment staff started at RIO. Offers were also extended to a Chief Risk Officer and Senior Investment Officer who are expected to start during the first quarter of 2023. Staff completed the \$3.3 billion equity portfolio transition which harmonized equity strategies across pools and clients. Staff began work on a fixed income transition. The new Northern Trust compliance and performance application went live at the end of the quarter. A quarterly monitoring report was provided which lists due diligence meetings held during the quarter.

#### Compliance Report:

Mr. Posch provided the Annual Compliance Report. Staff are working with Northern Trust who has provided access to a compliance monitoring system which allows staff to monitor daily positions of public market portfolios. The tool will notify staff daily if one of the positions has breached any of the implemented rules. Staff are reviewing the rules to ensure they are accurately coded. Investment managers are required to notify staff when positions fall out of portfolio guidelines. A list of notifications from the past year are included in the report. On an annual basis, staff review documents for each investment manager. The report includes the list of

reviewed documents and results of the review. Future compliance projects include reviewing and updating investment guidelines for each manager, the completion of onboarding for the Northern Trust compliance tool, and integration of the compliance process with the existing document management platform.

Executive Limitations/Staff Relations:

Ms. Murtha gave an update on staffing at RIO. The Retirement Accountant position was filled by an internal candidate which created a vacancy for an Investment Accountant. That position has been posted. The new Chief Risk Officer and Sr. Investment Officer have accepted offers. The new Accounting Intern started in December 2022. The Communications and Outreach Director position was recently vacated, and staff are working on filling that opening. Current projects include the Legacy Fund Asset Allocation Study, Pioneer Project, Northern Trust initiative, and Audit Consultant project. Ms. Murtha shared the results of the 2022 Gallup Engagement Survey for the RIO agency and the plan to address engagement each month at division meetings. Board discussion followed.

**IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE ANNUAL TFFR ENDS, QUARTERLY INVESTMENT ENDS, COMPLIANCE, AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.**

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

OTHER:

Board Resolution:

ND State Investment Board Resolution  
In Appreciation of  
Lt. Governor Brent Sanford

WHEREAS, Brent Sanford has served as the Lieutenant Governor and chair of the State Investment Board since 2016 through 2022; and

WHEREAS, Lt. Governor Brent Sanford diligently carried out his duties and responsibilities as a member of the SIB and fiduciary of the SIB Program; and

WHEREAS, Lt. Governor Brent Sanford 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 former Lt. Governor Brent Sanford 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 27<sup>th</sup> day of January 2023

**IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE BOARD RESOLUTION.**

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

**MOTION CARRIED**

**ADJOURNMENT:**

With no further business to come before the SIB, Lt. Gov. Miller adjourned the meeting at 11:29 a.m.

Prepared by:

Missy Kopp, Assistant to the Board