

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
APRIL 28, 2023, BOARD MEETING (IN-PERSON)**

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
Derek Dukart, Investment Officer
Rachel Kmetz, Accounting Mgr.
Missy Kopp, Exec. Assistant
George Moss, Sr. Investment Officer
Sarah Mudder, Communications/Outreach Dir.
Jan Murtha, Exec. Dir.
Ann Nagel, Retirement Accountant
Matt Posch, Sr. Investment Officer
Emmalee Riegler, Contracts/Records Admin.
Sara Seiler, Internal Audit Supvr.
Ryan Skor, CFO/COO
Dottie Thorsen, Internal Auditor
Nitin Vaidya, Chief Risk Officer
Tami Volkert, Compliance Spec.
Susan Walcker, Sr. Financial Accountant
Jason Yu, Risk Officer
Lance Zietlow, Sr. Investment Officer

GUESTS: Dean DePountis, Attorney General's Office
Perry Hopper, Callan
Members of the Public

CALL TO ORDER:

Lt. Gov. Miller, Chair, called the State Investment Board (SIB) regular meeting to order at 8:30 a.m. on Friday, April 28, 2023. 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, Lt. Gov. Miller, Mr. Miller, Mr. Olson, Ms. Smith, and Mr. Thompson.

The Chair, who was attending remotely, turned the meeting over to Dr. Lech.

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the April 28, 2023, meeting.

IT WAS MOVED BY COMMISSIONER HERINGER 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. THOMPSON, MR. MICKELSON, DR. LECH, MS. SMITH, AND LT. GOV. MILLER
NAYS: NONE
ABSENT: MS. NESS
MOTION CARRIED

MINUTES:

The Board considered the minutes of the March 24, 2023, SIB meeting.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE MARCH 24, 2023, MINUTES AS DISTRIBUTED.

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

Ms. Ness joined the meeting at 8:40 a.m.

INVESTMENTS:

Quarterly Performance Review:

Mr. Anderson provided the quarterly performance review for the period ended December 31, 2022. The markets were very challenging with both equity and fixed income producing negative returns but looking at performance over the long term provides a better understanding of returns. Mr. Anderson reviewed the performance for PERS, TFFR, Legacy Fund, and WSI. Board discussion followed.

IT WAS MOVED BY COMMISSIONER GODFREAD AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY PERFORMANCE REVIEW.

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

The Board recessed at 9:29 a.m. and reconvened at 9:40 a.m.

GOVERNANCE:

2023 Legislative Session Update:

Ms. Murtha reviewed the connection between the bills staff were closely monitoring during the legislative session and the goals in RIO's strategic plan. Many of the goals in the strategic plan required legislative changes to be accomplished. Those goals include intern development, adjustment to SIB membership, internal investment program, in-state investment program, talent management, and the Pioneer Project. These goals were accomplished through three bills passed by the Legislature. HB 1088 changes the SIB composition to

support governance and program changes. HB 1219 provided TFFR changes to support the Pioneer Project. SB 2022 is RIO's budget bill which was signed by the Governor on April 21, 2023. In this budget, RIO received nine new Full Time Equivalent (FTE) positions, funding for temporary positions, interns, and equity. The budget also includes statutory authorization for a talent management plan with incentive compensation. Ms. Murtha will provide a full review of the 2023 Legislative Session at the May 2023 SIB meeting. Board discussion followed.

Investment Committee (IC) Update:

Treasurer Beadle provided an update from the April 21, 2023, IC meeting. The Committee received a presentation on the high-level investment strategy for RIO. The Committee concurred with the staff recommendation for benchmark weighting. Mr. Anderson summarized the benchmark recommendation for the Board.

IT WAS MOVED BY MR. THOMPSON AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO CHANGE BENCHMARK TARGET WEIGHT METHODOLOGY TO ONE WHERE BENCHMARK TARGET WEIGHTS ARE ADJUSTED MONTHLY TO REFLECT THE ACTUAL EXPOSURE TO PRIVATE MARKETS WITH OFFSETTING ADJUSTMENTS MADE TO PUBLIC EQUITIES AND PUBLIC FIXED INCOME.

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 & Policy Review (GPR) Committee:

Dr. Lech provided an update from the April 26, 2023, GPR meeting. The Committee continued discussion regarding changes to the SIB member onboarding process and the proposed curriculum. The Committee discussed the process for searching for two investment professionals for the SIB.

Executive Review & Compensation Committee (ERCC) Update:

Mr. Skor provided an update from the April 19, 2023, ERCC meeting. The Committee received and reviewed the survey results from the Boards for the Executive Director (ED), Chief Investment Officer (CIO), and Deputy ED/Chief Retirement Officer (DED/CRO) along with the staff survey of the ED. The Committee reviewed compensation information and asked staff to provide some additional information at the May 2023 meeting. At that meeting, the ERCC will finalize the ED evaluation. The evaluation and compensation recommendation will be brought to the May 2023 SIB meeting.

Board & Committee Calendar:

The proposed 2023-24 Board and Committee Calendar was provided to the Board. The calendar includes all TFFR, SIB, and committee meetings for the fiscal year. Staff asked the Board to approve the SIB schedule.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. THOMPSON AND CARRIED BY A VOICE VOTE TO ACCEPT THE 2023-24 BOARD CALENDAR.

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

NAYS: NONE

MOTION CARRIED

QUARTERLY MONITORING REPORTS:

Investment Ends:

Mr. Chin reviewed the Quarterly Investment Ends Report for the quarter ended March 31, 2023. During the quarter, two new staff members joined the investment team. Staff completed a \$2.7 billion fixed income (FI) portfolio transition which harmonized the investment grade FI strategies into a single implementation across the three pools. The Private Markets Team has issued a request for proposals for a portfolio monitoring and analytics system. There are currently no managers on the watch list. The quarterly investment due diligence monitoring report was provided to the Board. Board discussion followed.

Budget/Financial Conditions:

Mr. Skor provided the budget and expense reports for the quarter ended March 31, 2023. The reports provided included budget appropriations status, expenditure summary, PAS modernization project status and investment expenditures. Board discussion followed.

Executive Limitations/Staff Relations:

Ms. Murtha provided an update on staffing. All FTEs have been filled. The new Investment Accountant and Legal Intern will start in May 2023. Interviews have been scheduled for a new Accounting Intern. Ms. Murtha reviewed current projects and initiatives and provided a list of meetings and presentations from the last month. Board discussion followed.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. THOMPSON AND CARRIED BY A VOICE VOTE TO ACCEPT THE QUARTERLY INVESTMENT ENDS, BUDGET/FINANCIAL CONDITIONS, AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.

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

RESOLUTION FOR COMMISSIONER GODFREAD:

WHEREAS, Commissioner Godfread has served as the Insurance Commissioner and a member of the State Investment Board since 2016; and

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

WHEREAS, Commissioner Godfread 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 Commissioner Godfread 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 28th day of April 2023

IT WAS MOVED BY MR. THOMPSON AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE BOARD RESOLUTION.

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

NAYS: NONE
MOTION CARRIED

ADJOURNMENT:

With no further business to come before the SIB, Dr. Lech adjourned the meeting at 10:30 a.m.

Prepared by: Missy Kopp, Assistant to the Board