

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
AUGUST 25, 2023, BOARD MEETING (IN-PERSON)**

MEMBERS PRESENT: Dr. Rob Lech, TFFR Board, Vice Chair
Thomas Beadle, State Treasurer, Parliamentarian
Joseph Heringer, Commissioner of Univ. & School Lands
Pete Jahner, Investment Professional
Sen. Jerry Klein, LBSFAB
Cody Mickelson, TFFR Board
Adam Miller, PERS Board
Dr. Prodosh Simlai, Investment Professional
Susan Sisk, Director of OMB
Art Thompson, Director of WSI
Mona Tedford-Rindy, PERS Board

MEMBER ABSENT: Rep. Glenn Bosch, LBSFAB
Tammy Miller, Lt. Governor, Chair

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, Procurement/Records Coord.
Chad Roberts, DED/CRO
Mike Schmitcke, Sr. Investment Accountant
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: Alex Browning, Callan
Matt Clark, SD State Investment Officer
Dean DePountis, Attorney General's Office
Candace Johnson, Securities Commission
Scott Miller, PERS
Members of the Public

CALL TO ORDER:

Dr. Lech, Vice Chair, called the State Investment Board (SIB) regular meeting to order at 8:30 a.m. on Friday, August 25, 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 Heringer, Mr. Jahner, Sen. Klein, Dr. Lech, Mr. Mickelson, Mr. Miller, Ms. Rindy, Dr. Simlai, Ms. Sisk, and Mr. Thompson.

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the August 25, 2023, meeting.

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

AYES: COMMISSIONER HERINGER, TREASURER BEADLE, MR. MILLER, MS. SISK, MR. THOMPSON, DR. SIMLAI, MR. BURTON, SEN. KLEIN, MS. RINDY AND DR. LECH

NAYS: NONE

ABSENT: REP. BOSCH, MR. JAHNER, AND LT. GOV. MILLER

MOTION CARRIED

Ms. Murtha introduced new Board member Dr. Prodosh Simlai.

MINUTES:

The Board considered the minutes of the July 21, 2023, SIB meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MS. SISK AND CARRIED BY A VOICE VOTE TO APPROVE THE JULY 21, 2023, MINUTES AS DISTRIBUTED.

AYES: MR. BURTON, COMMISSIONER HERINGER, MS. RINDY, MR. THOMPSON, TREASURER BEADLE, MS. SISK, SEN. KLEIN, MR. MILLER, DR. SIMLAI, AND DR. LECH

NAYS: NONE

ABSENT: REP. BOSCH, MR. JAHNER, AND LT. GOV. MILLER

MOTION CARRIED

EDUCATION:

Development of SD Investment Program:

Mr. Matt Clark, SD State Investment Officer, provided information about the implementation of the SD investment program. Mr. Clark provided an overview of their program goals, processes, talent management, and long-term value measures. Board discussion followed.

Mr. Jahner joined the meeting at 9:08 a.m.

Ms. Murtha introduced new Board member Mr. Pete Jahner.

INVESTMENTS:

Summary of Investment Strategies:

Mr. Anderson, Mr. Vaidya, Mr. Chin, Mr. Zietlow, and Mr. Moss provided an overview of the overall investment strategies. These strategies have been presented to the Investment Committee throughout the year. In the near future staff will present the new internal direct investment program strategy. Board discussion followed.

The Board recessed at 11:09 a.m. and reconvened at 11:21 a.m.

Benchmark/Hurdle Rate Consultant Approval:

IT WAS MOVED BY MS. SISK AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.2 AND 44-04-18.4(6)(b) TO DISCUSS EXEMPT PROPOSAL PROCUREMENT INFORMATION DURING A COMPETITIVE BIDDING PROCESS.

AYES: SEN. KLEIN, COMMISSIONER HERINGER, DR. SIMLAI, MS. SISK, MS. RINDY, MR. BURTON, MR. MILLER, TREASURER BEADLE, MR. JAHNER, MR. THOMPSON, AND DR. LECH

NAYS: NONE

ABSENT: REP. BOSCH AND LT. GOV. MILLER

MOTION CARRIED

The executive session started at 11:24 a.m. and ended at 11:35 a.m. The session was attended by Board members, RIO staff, and Mr. DePountis.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A ROLL CALL VOTE TO PROCEED WITH CONTRACT NEGOTIATION FOR A BENCHMARK/HURDLE RATE CONSULTANT WITH THE BIDDER MOST SUCEPTIBLE TO AWARD.

AYES: TRESURER BEADLE, MR. JAHNER, MR. THOMPSON, COMMISSIONER HERINGER, MS. RINDY, DR. SIMLAI, MR. MILLER, MS. SISK, SEN. KLEIN, MR. BURTON, AND DR. LECH

NAYS: NONE

ABSENT: REP. BOSCH AND LT. GOV. MILLER

MOTION CARRIED

GOVERNANCE:

Governance & Policy Review (GPR) Committee Update:

Dr. Lech provided an update from the August 24, 2023, GPR meeting. The Committee discussed a workplan for reviewing the SIB Governance Manual. The Committee discussed the current governance model. The Committee may explore and compare governance models in the future. Board discussion followed.

IT WAS MOVED BY MR. THOMPSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE GPR COMMITTEE UPDATE.

AYES: MS. RINDY, MR. MILLER, SEN. KLEIN, MR. BURTON, MR. JAHNER, MS. SISK, MR. THOMPSON, DR. SIMLAI, COMMISSIONER HERINGER, TREASURER BEADLE, AND DR. LECH

NAYS: NONE

ABSENT: REP. BOSCH AND LT. GOV. MILLER

MOTION CARRIED

Investment Committee (IC) Update:

Treasurer Beadle provided an update from the August 11, 2023, IC meeting. The IC heard presentations from the Benchmark/Hurdle Rate consultant finalists and agreed on a recommendation to bring to the Board. The IC received information on investment technology strategy and potential cost, reviewed the timber portfolio, and discussed a commitment of capital to Altor. Board discussion followed.

Executive Review and Compensation Committee (ERCC) Update:

Dr. Lech provided an update from the August meetings of the ERCC. The Committee met on August 3, 2023, to hear presentations from the Comprehensive Compensation Study RFP finalists. The Committee decided to request a best and final offer (BAFO) from the finalists. The Committee met on August 24, 2023, to review the

updated scores and to begin contract negotiations with the entity most susceptible to award. Board discussion followed.

QUARTERLY MONITORING REPORTS:

Quarterly and Annual Audit Activities:

Ms. Seiler provided the 2022-23 Fiscal Year End Audit Committee Report. The report provided an overview of audits and other activities undertaken by staff and the Audit Committee. Ms. Seiler also provided the quarterly Internal Audit (IA) report for the quarter ended June 30, 2023. Board discussion followed.

Quarterly Budget/Fiscal Conditions:

Mr. Skor provided the quarterly Budget/Financial Report for the quarter ended June 30, 2023. The report included a budget appropriation status, expenditure summary, pension administration system modernization project status, and investment expenditure details. Board discussion followed.

Executive Limitations/Staff Relations:

Ms. Murtha reviewed Board member changes and an overview of the new member onboarding held on August 2, 2023. After filling the new Sr. Investment Accountant position internally, the vacated Investment Accountant position has been posted and interviews are scheduled. An offer has been accepted by a candidate for the new Fiscal/Investment Administrative Assistant with a start date in September. The Retirement Accountant position has been posted and interviews will be schedule in the beginning of September. Ms. Murtha reviewed current projects, staff presentations, and ED education and travel activities. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. MILLER AND CARRIED BY A VOICE VOTE TO ACCEPT THE QUARTERLY AND ANNUAL AUDIT, QUARTERLY BUDGET/FISCAL CONDITIONS, AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.

AYES: SEN. KLEIN, MS. SISK, COMMISSIONER HERINGER, MR. MILLER, TREASURER BEADLE, DR. SIMLAI, MR. BURTON, MR. JAHNER, MR. THOMPSON, MS. RINDY, AND DR. LECH

NAYS: NONE

**ABSENT: REP. BOSCH AND LT. GOV. MILLER
MOTION CARRIED**

ADJOURNMENT:

With no further business to come before the SIB, Dr. Lech adjourned the meeting at 11:56 a.m.

Prepared by: Missy Kopp, Assistant to the Board