

**NORTH DAKOTA STATE INVESTMENT BOARD  
MINUTES OF THE  
SEPTEMBER 22, 2023, BOARD MEETING (IN-PERSON)**

**MEMBERS PRESENT:** Tammy Miller, Lt. Governor, Chair  
Dr. Rob Lech, TFFR Board, Vice Chair  
Thomas Beadle, State Treasurer, Parliamentarian  
Rep. Glenn Bosch, LBSFAB  
Joseph Heringer, Commissioner of Univ. & School Lands  
Pete Jahner, Investment Professional  
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:** Sen. Jerry Klein, LBSFAB

**STAFF PRESENT:** Scott Anderson, CIO  
Eric Chin, Deputy CIO  
Derek Dukart, Investment Officer  
Jennifer Ferderer, Fiscal/Investment Admin.  
Rachel Kmetz, Accounting Mgr.  
Missy Kopp, Exec. Assistant  
George Moss, Sr. Investment Officer  
Sarah Mudder, Communications/Outreach Dir.  
Jan Murtha, Exec. Dir.  
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:** Michele Blumhagen, NDIT  
Alex Browning, Callan  
Craig Chaikin, Callan  
Dean DePountis, Attorney General's Office  
Jessica Newby, NDIT  
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, September 22, 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, Rep. Bosch, Commissioner Heringer, Mr. Jahner, Dr. Lech, Mr. Mickelson, Lt. Gov. Miller, Mr. Miller, Ms. Rindy, Dr. Simlai, Ms. Sisk, and Mr. Thompson.

**ACCEPTANCE OF AGENDA:**

The Board considered the agenda for the September 22, 2023, 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, MS. SISK, MR. THOMPSON, DR. SIMLAI, MR. MICKELSON, DR. LECH, MS. RINDY MR. JAHNER, AND LT. GOV. MILLER**

**NAYS: NONE**

**ABSENT: SEN. KLEIN**

**MOTION CARRIED**

Ms. Murtha introduced Jennifer Ferderer, the new Fiscal and Investment Administrative Assistant.

**MINUTES:**

The Board considered the minutes of the August 25, 2023, SIB meeting.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY REP. BOSCH AND CARRIED BY A VOICE VOTE TO APPROVE THE AUGUST 25, 2023, MINUTES AS DISTRIBUTED.**

**AYES: MR. MICKELSON, COMMISSIONER HERINGER, MS. RINDY, MR. THOMPSON, TREASURER BEADLE, DR. LECH, MR. JAHNER, MS. SISK, REP. BOSCH, MR. MILLER, DR. SIMLAI, AND LT. GOV. MILLER**

**NAYS: NONE**

**ABSENT: SEN. KLEIN**

**MOTION CARRIED**

**EDUCATION:**

**Cybersecurity:**

Ms. Jessica Newby, NDIT, provided education on cybersecurity. Ms. Newby provided an overview of the Cyber Operations Center and the services they provide. A summary of ransomware headlines and statistics were shared. ND prevents and detects over 4.5 billion threats on STAGEnet per year. The average cost of ransomware remediation has more than doubled over the last year. Ms. Newby reviewed the risk management framework and third-party risk management processes. An overview of House Bill 1528 and new international traveler guidelines were provided. Board discussion followed.

**INVESTMENTS:**

**Market Trends & Quarterly Update:**

Mr. Browning, Callan, provided a performance update as of June 30, 2023, including an overview of the economy and how that has affected performance. Each of the Trust's asset allocations were within policy ranges and cash flows were managed to rebalance towards strategic targets as of June 30, 2023. Most total fund returns have exceeded their respective static benchmarks on a net-of-fee basis for the trailing five-year period. TFFR trails an annualized 23 basis points. When applying the corridor benchmark methodology, both PERS and TFFR exceed their targets on a net-of-fee basis for the trailing five-year period. Mr. Browning provided an overview of corridor benchmarking which adjusts a portfolio's benchmark weights to reflect the

actual weights of private market and less liquid investments. Any increase or decrease from the strategic target weights to private, less liquid investments will be offset by an equal magnitude to the benchmark weight in public equity or fixed income. Performance attribution from asset allocation will more clearly reflect investment staff decisions. The weights will be adjusted by rebalancing private equity to public equity and real assets to 50% public fixed income and 50% public equity. Board discussion followed.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY PERFORMANCE REVIEW.**

**AYES: REP. BOSCH, COMMISSIONER HERINGER, DR. SIMLAI, MS. SISK, MS. RINDY, MR. MICKELSON, MR. MILLER, TREASURER BEADLE, MR. JAHNER, MR. THOMPSON, DR. LECH, AND LT. GOV. MILLER**  
**NAYS: NONE**  
**ABSENT: SEN. KLEIN**  
**MOTION CARRIED**

The Board recessed at 10:09 a.m. and reconvened at 10:31 a.m.

### **GOVERNANCE:**

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

Dr. Lech provided an update from the September 11, 2023, GPR meeting. The Committee reviewed and discussed Section A of the SIB Governance Manual. The Committee will work through each section in accordance with the approved work plan to conduct a comprehensive review of the entire manual this fiscal year. Proposed changes will be brought to the Board in April 2024 for introduction and first reading. Board discussion followed.

#### Investment Committee (IC) Update:

Treasurer Beadle provided an update from the September 8, 2023, IC meeting. The IC heard a performance review update. There was a closed session discussion on a private market commitment and the Committee heard about staff research on proxy voting policies to aid in the development of a policy. Board discussion followed.

#### Securities Litigation Committee (SLC) Update:

Commissioner Heringer provided an update from the September 11, 2023, SLC meeting. The Committee received updates on pending litigation, a securities litigation monitoring report, and approved a Request for Proposals (RFP) to help develop a roster of law firms. Board discussion followed.

### **QUARTERLY MONITORING REPORTS:**

#### Annual Technology Report:

Ms. Michele Blumhagen, NDIT, provided the annual technology report. Ms. Blumhagen reviewed NDIT dedicated staff for RIO, positive trends at NDIT, and RIO IT statistics. NDIT is currently working on a request from RIO for a data warehouse for fiscal and investment data. Ms. Blumhagen reviewed the process for this type of request. NDIT is also working with RIO on the Pioneer project. Board discussion followed.

#### Quarterly TFFR Ends:

Mr. Roberts reviewed the TFFR Ends Report for the quarter ended June 30, 2023. The report highlights exceptions to the normal operating conditions of the TFFR program. During the quarter, an accounting intern joined RIO for the summer. Staff attended a conference, used a new communication platform to deliver email

messages, and conducted a TFFR member survey. The Pioneer project continued to progress, and legislation was passed that affects the TFFR program. Board discussion followed.

Executive Limitations/Staff Relations:

Ms. Murtha previewed the upcoming New Board Member Onboarding meeting which will cover performance reports, asset allocation, and investment policy statements. RIO has filled the Sr. Investment Accountant and Fiscal/Investment Administrative Assistant positions. The new Investment Accountant and Retirement Accountant will start next week. A Retirement Programs Specialist position is open. That position has been posted internally. Ms. Murtha reviewed current projects and initiatives, and staff presentations. Board discussion followed.

**IT WAS MOVED BY MS. SISK AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE ANNUAL TECHNOLOGY, QUARTERLY TFFR ENDS, AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.**

**AYES: TREASURER BEADLE, MR. JAHNER, REP. BOSCH, MR. THOMPSON, COMMISSIONER HERINGER, MS. RINDY, DR. SIMLAI, DR. LECH, MR. MILLER, MS. SISK, AND LT. GOV. MILLER**

**NAYS: NONE**

**ABSENT: SEN. KLEIN AND MR. MICKELSON**

**MOTION CARRIED**

ADJOURNMENT:

With no further business to come before the SIB, Lt. Gov. Miller adjourned the meeting at 11:41 a.m.

Prepared by: Missy Kopp, Assistant to the Board