

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
JANUARY 26, 2024, 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 Unv. & School Lands
Pete Jahner, Investment Professional
Sen. Jerry Klein, LBSFAB
Cody Mickelson, TFFR Board
Adam Miller, PERS Board
Joe Morrissette, PERS Board
Dr. Prodosh Simlai, Investment Professional
Susan Sisk, Director of OMB
Art Thompson, Director of WSI

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 Coor.
Chad Roberts, DED/CRO
Sara Seiler, Internal Audit Supvr.
Ryan Skor, CFO/COO
Dottie Thorsen, Internal Auditor
Nitin Vaidya, Chief Risk Officer
Susan Walcker, Sr. Financial Accountant
Jason Yu, Risk Officer
Lance Zietlow, Sr. Investment Officer

GUESTS:

Craig Chaikin, Callan
Dean DePountis, Attorney General's Office
Derrick Hohbein, PERS
Adam Montgomery, Securities Commission
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, January 26, 2024. 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, Mr. Morrissette, Dr. Simlai, Ms. Sisk, and Mr. Thompson.

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the January 26, 2024, 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, REP. BOSCH, MR. THOMPSON, DR. SIMLAI, MR. MICKELSON, DR. LECH, MR. MORRISSETTE, MR. JAHNER, AND LT. GOV. MILLER

NAYS: NONE

ABSENT: SEN. KLEIN

MOTION CARRIED

MINUTES:

The Board considered the minutes of the November 17, 2023, SIB meeting.

IT WAS MOVED BY MS. SISK AND SECONDED BY REP. BOSCH AND CARRIED BY A VOICE VOTE TO APPROVE THE NOVEMBER 17, 2023, MINUTES AS DISTRIBUTED.

AYES: MR. MICKELSON, COMMISSIONER HERINGER, MR. MORRISSETTE, 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:

Open Meeting & Records:

Mr. DePountis, Assistant Attorney General, presented education on open meeting and records law. The presentation included an overview of what is subject to open records laws, the definition of a record, public business, and protected records. Mr. DePountis defined what constitutes a meeting and quorum. An overview of open meeting exceptions, common violations, and executive session requirements was provided. Board discussion followed.

INVESTMENTS:

Staff Investment Performance Review:

Mr. Anderson provided a performance update for the quarter ended September 30, 2023, and as of November 30, 2023. An overview was provided of the trends in the markets this year, including inflation rates. Mr. Anderson reviewed performance for PERS, TFFR, Legacy Fund, and WSI. Mr. Anderson reviewed the roadmap for success for the continuing development of the investment program, and an update on the near-term activities that have been completed or are ongoing. Board discussion followed.

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

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

NAYS: NONE

MOTION CARRIED

Consultant Strategy:

Mr. Anderson presented a list of current consultant contracts for RIO. A strategy for future consultant services was presented. This strategy reflects service needs to support investment program changes. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CONSULTANT STRATEGY.

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

NAYS: NONE

MOTION CARRIED

New Client Funds:

Ms. Murtha provided information about two new client funds. The Opioid Settlement Fund is a new non-discretionary fund. The State Historical Society is a discretionary fund that has expressed interest in having the SIB provide investment management services. Staff are working with the opioid settlement fund to transfer funds and to establish an asset allocation with the client board.

The Board recessed at 10:13 a.m. and reconvened at 10:31 a.m.

GOVERNANCE:

Securities Litigation Committee (SLC) Appointment:

Lt. Gov. Miller appointed Mr. Morrisette to the Securities Litigation Committee to fill the vacant position.

Strategic Planning Update:

Ms. Murtha provided an update on strategic planning activities. The process started with a short survey of all staff, board, and committee members. A kick-off meeting of non-manager level staff from each division was held in December. Agency managers reviewed the same information and the input from staff and established action items. The draft plan will be presented to the TFFR and SIB GPR Committees for feedback. The final plan will be presented to staff, the Governor's Office, and both boards in March 2024. Ms. Murtha provided slides from the draft presentation for Board feedback. Board discussion followed.

Securities Litigation Committee Update:

Commissioner Heringer provided an update from the December 5 and 8, 2023, SLC meetings. The Committee completed the RFP process and selected two firms to provide securities litigation monitoring services.

Executive Review and Compensation Committee (ERCC) Update:

Dr. Lech provided an update from the January 9, 2023, ERCC meeting. The Committee reviewed and discussed the format of the board self-assessment.

SIB Self-Assessment Survey:

The proposed survey was provided to Board members. Ms. Seiler reviewed the procedure for the survey which will be sent to all Board members after the completion of the meeting. The results will be compiled and reviewed by the ERCC at their February meeting and a summary will be presented to the full Board. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE SIB SELF-ASSESSMENT SURVEY FORMAT.

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

Investment Committee (IC) Update:

Treasurer Beadle provided an update from the January 12, 2024, IC Meeting. The Committee received an investment strategy and performance update followed by the consultant strategy that was presented to the Board. The Committee received a private markets manager recommendation in closed session and approved the recommendation.

Audit Committee Update:

Treasurer Beadle provided an update from the January 18, 2024, Special Audit Committee meeting. The Committee heard finalist presentations from the IA Consultant firms for co-sourcing as part of the IA maturity plan. The Committee directed staff to move forward with the entity most susceptible to award.

QUARTERLY MONITORING REPORTS:

Quarterly Investment Ends Report:

Mr. Posch provided the Investment Ends report for the quarter ended December 31, 2023. During the quarter there were no portfolio changes. The report included activities completed and ongoing for the Public Markets, Private Markets, and Risk teams. Mr. Posch reviewed ongoing projects and a quarterly monitoring report was provided. Board discussion followed.

Quarterly TFFR Ends Report:

Mr. Roberts provided the TFFR Ends report for the quarter ended December 31, 2023. The report highlights exceptions to the normal operating conditions. Pilot 4 of the Pioneer Project was completed. Staff provided presentations at the annual conferences of the ND School Boards Association and the ND Council of Educational Leadership. Staff also provided a presentation on the new pension administration system to business partners. The fiscal year 2023 valuation was completed. Mr. Roberts reviewed additional staff outreach and conference participation. Board discussion followed.

Quarterly Outreach Report:

Ms. Mudder provided the quarterly outreach report for the quarter ended December 31, 2023. The report included a breakdown of attendance at education events, open and click rates for publications, and staff presentations. Board discussion followed.

Executive Limitations/Staff Relations:

Ms. Murtha reviewed RIO's strategic planning process. The next new board member onboarding session is scheduled for January 29, 2024. Ms. Murtha provided an update on staffing and ongoing projects and initiatives. Ms. Murtha was appointed to committees for the National Association of Public Pension Attorneys (NAPPA) and the National Council on Teacher Retirement (NCTR). She will attend the winter meetings for NAPPA, NCTR, NASRA, and NIRS in February. Board discussion followed.

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

**AYES: SEN. KLEIN, MS. SISK, REP. BOSCH, COMMISSIONER HERINGER, DR. LECH, MR. MILLER,
TREASURER BEADLE, DR. SIMLAI, MR. MICKELSON, MR. JAHNER, MR. THOMPSON, MR.
MORRISSETTE, 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 11:43 a.m.

Prepared by: Missy Kopp, Assistant to the Board