

**NORTH DAKOTA STATE INVESTMENT BOARD  
MINUTES OF THE  
FEBRUARY 23, 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  
Robbie Morey, Investment Accountant  
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  
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  
Marc Gesell, Verus  
Eileen Neill, Verus  
Josh Wilson, Mercer  
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, February 23, 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, Sen. Klein, 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 February 23, 2024, meeting.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH 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, SEN. KELIN, DR. LECH, MR. MORRISSETTE, MR. JAHNER, AND LT. GOV. MILLER**

**NAYS: NONE**

**MOTION CARRIED**

**MINUTES:**

The Board considered the minutes of the January 26, 2024, SIB meeting.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A VOICE VOTE TO APPROVE THE JANUARY 26, 2023, MINUTES AS DISTRIBUTED.**

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

**NAYS: NONE**

**MOTION CARRIED**

**INVESTMENTS:**

**Incentive Compensation Plan:**

Mr. Anderson introduced the incentive compensation plan by sharing some of the business case slides that were presented to the Legislature during the 2023 session. The business case outlines the benefits of the internal investment program, and the talent management needs to implement the program.

Mr. Josh Wilson, Mercer, reviewed the proposed incentive compensation plan for RIO. Mercer was hired to work with RIO to design an incentive compensation plan for the implementation of the internal investment program. Mr. Wilson reviewed the plan objectives and design mechanics including eligibility, performance measurement, performance standards, incentive opportunity, and the measurement period. Mr. Wilson provided an overview of how this proposed plan compares to market practice. Incentive eligibility, metrics, and incentive targets were reviewed. Mr. Wilson commented that RIO's use of an independent Benchmark Consultant is a good governance approach for the incentive compensation plan. The Board had extensive discussion about the plan.

**IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INCENTIVE COMPENSATION PLAN AS PROPOSED.**

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

**NAYS: MS. SISK, MR. MORRISSETTE, AND MR. MILLER**

**MOTION CARRIED**

**Interim Benchmark Update:**

Mr. Anderson reviewed the Board's action at the November 2023 meeting to approve the first annual benchmark memo. It was discussed that there may be a need for new benchmark assignments as the asset allocation or strategies change, based on knowledge gained as the incentive compensation plan was analyzed.

Ms. Eileen Neill and Mr. Marc Gesell, Verus, presented a Private Equity strategic and implementation benchmark recommendation and a Private Equity benchmarking methodology. The recommendation includes a three-tiered approach based on life cycle of investment control and a peer universe-based benchmark with Hamilton Lane. Ms. Neill reviewed the rationale for the recommendation. Board discussion followed.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INTERIM BENCHMARKS.**

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

**NAYS: NONE**

**ABSENT: MS. SISK**

**MOTION CARRIED**

New Client Onboarding Update:

Mr. Skor provided an update on activities on two new non-discretionary client funds and one potential discretionary fund. Staff have held meetings with the State Historical Society and the Department of Health and Human Services to begin the process for their funds. Representatives of the Water Commission have reached out regarding the Water Project Stabilization fund and staff are coordinating with them. Board discussion followed.

The Board recessed at 10:58 a.m. and reconvened at 11:06 a.m.

**GOVERNANCE:**

Executive Review and Compensation Committee (ERCC) Update:

Dr. Lech provided an update from the February 20, 2024, ERCC meeting. The Committee received a presentation on the incentive compensation plan and recommended it for approval to the SIB. The Committee reviewed the SIB self-assessment results and approved the formats for upcoming surveys.

Board Self-Assessment Results:

Ms. Seiler reviewed the results of the 2024 SIB self and board assessment. The responses and results were generally positive with an average score of 3.52 on a 4.0 scale. There were positive comments about the onboarding for new board members and the work done by the sub committees. A request was shared to allow additional time for board discussion on certain topics. Board discussion followed.

SIB Governance and Policy Review (GPR) Committee Update:

Dr. Lech provided an update from the February 13, 2024, GPR Committee meeting. The Committee reviewed section D of the governance manual. Staff provided the Committee with an update on the strategy review and received feedback from the Committee.

Investment Committee (IC) Update:

Treasurer Beadle provided an update from the February 9, 2024, IC Meeting. The IC received a public markets strategy review presentation. In closed session, the IC received a high yield portfolio recommendation and a private market manager recommendation. Staff asked the IC to consider evaluating the private equity benchmark. The Committee agreed to have a special meeting to discuss an alternate private equity benchmark. Dr. Simlai commended Mr. Chin, Mr. Posch, and Mr. Dukart for their impressive work on the public markets strategy.

Audit Committee Update:

Treasurer Beadle provided an update from the February 15, 2024, Audit Committee meeting. The Committee approved the second quarter and current audit activities reports, and audit modernization project update. The Committee reviewed and approved changes to the Audit Committee charter. The charter will be reviewed next by the GPR Committee. The Committee reviewed and approved the Executive Limitations Audit.

**QUARTERLY MONITORING REPORTS:**

Quarterly Budget/Fiscal Activities Report:

Mr. Skor reviewed the Budget/Fiscal Activities Report for the quarter ended December 31, 2023. The report contains the budget appropriations status, expenditure summary, and the Pension Administration System project status. 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 March 6, 2024, and will cover the next section of the governance manual. The Temporary Administrative Assistant position has been accepted and the new staff person will start on March 4, 2024. Ms. Murtha reviewed current project activities and initiatives. Staff discussed a published media poll about the Legacy Fund management. RIO responded to the poll and corresponding article in multiple ways, including issuing a press release and Mr. Anderson's appearance on a local radio program. Board discussion followed.

**IT WAS MOVED BY DR. LECH AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY BUDGET/FISCAL ACTIVITIES, AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.**

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

**NAYS: NONE**

**ABSENT: TREASURER BEADLE AND MS. SISK**

**MOTION CARRIED**

**ADJOURNMENT:**

With no further business to come before the SIB, Lt. Gov. Miller adjourned the meeting at 11:48 a.m.

Prepared by: Missy Kopp, Assistant to the Board