

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
FEBRUARY 21, 2025, BOARD MEETING (REMOTE)**

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
Joe Morrissette, Director of OMB
Dr. Prodosh Simlai, Investment Professional
Gerald Buck, PERS Board,
Art Thompson, Director of WSI

MEMBERS ABSENT: Kelly Armstrong, Governor, Chair
Rep. Glenn Bosch, LBSFAB

STAFF PRESENT: Scott M. Anderson, CIO
Eric Chin, Deputy CIO/Head of AFM
Cory Cox, Public Funds Analyst
Derek Dukart, Sr. Investment Analyst
Jennifer Ferderer, Fiscal/Investment Admin.
Chirag Gandhi, Portfolio Mgr.
Brian Hermanson, Investment Accountant
Rachel Kmetz, Interim CFO/COO
Missy Kopp, Executive Assistant
Robbie Morey, Investment Accountant
George Moss, Portfolio Mgr.
Sarah Mudder, Communications/Outreach Dir.
Matt Posch, Portfolio Mgr.
Emmalee Riegler, Procurement/Records Coord.
Chad Roberts, DED/CRO
Mike Schmitcke, Sr. Investment Accountant
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Interim Executive Director
Nitin Vaidya, Chief Risk Officer
Tami Volkert, Compliance Spec.
Alex Weissman, Fixed Income Analyst
Jason Yu, Risk Officer
Lance Zietlow, Portfolio Mgr.

GUESTS: Michelle Strinden, Lt. Gov.
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, February 21, 2025. The meeting was held virtually.

The following members were present representing a quorum: Treasurer Beadle, Mr. Buck, Commissioner Heringer, Mr. Jahner, Sen. Klein, Dr. Lech, Mr. Mickelson, Mr. Miller, Mr. Morrissette, Dr. Simlai, and Mr. Thompson.

AGENDA:

The Board considered the agenda of the February 21, 2025, SIB meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. THOMPSON AND CARRIED BY A VOICE VOTE TO APPROVE THE FEBRUARY 21, 2025, AGENDA.

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

NAYS: NONE

ABSENT: GOV. ARMSTRONG AND REP. BOSCH

MOTION CARRIED

MINUTES:

The Board considered the minutes of the January 24, 2025, SIB meeting.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE JANUARY 24, 2025, MINUTES AS DISTRIBUTED.

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

NAYS: NONE

ABSENT: GOV. ARMSTRONG AND REP. BOSCH

MOTION CARRIED

INVESTMENTS:

Internal Investment Initiative Update:

Mr. Anderson provided an update on the progress of the internal investment initiative. Staff expect to roll out operations for the internal program in March and to start making trades on April 1, 2025. Mr. Anderson reviewed activities that are ongoing or have been completed that will be critical to the launch of the initiative. A review of the timeline of remaining activities was provided. Board discussion followed.

GOVERNANCE:

2025 Legislative Session Update:

The most current bill tracker was provided to the Board and contains all bills that RIO staff have been tracking along with the status of each bill and the position the Board directed staff to take on each bill. Ms. Smith highlighted four bills that staff are still providing testimony on. HB 1022 is RIO's budget bill which passed the House but with funding for the Retirement Education Initiative removed. Dr. Lech will provide written testimony in support of adding that funding back. HB 1319 would require the creation of a Legacy Fund website. Staff had testified in opposition to this bill but an amendment was passed. Staff have gotten preliminary estimates from NDIT for the cost to build the website.

HB 1330 requires some divestment from China. Staff testified in opposition to the original bill. An amendment which changed the definition of a Chinese company was approved so staff feel more comfortable with the current version of the bill. HB 1348 failed in the House. The ERCC will meet next week to discuss any changes to the existing incentive compensation policy. Board discussion followed.

Investment Committee (IC) Update:

Treasurer Beadle provided an update from the February 14, 2025, IC meeting. The Committee received a Public Markets update, including manager performance. In a closed session, the Committee received an update on the status of a proxy voting advisor search. Changes made during the Equity 2.0 transition were discussed and there was a review of the internal fixed income and internal equity guidelines. Board discussion followed.

Second Reading and Final Adoption of New and Amended Policies:

Treasurer Beadle reviewed the reason for the new Investment Code of Ethics and amendment to the Proxy Voting policy. The policies were reviewed by the Investment Committee, the Governance and Policy Review (GPR) Committee, and had the introduction and first reading at the January SIB meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE SECOND READING AND FINAL ADOPTION OF THE NEW INVESTMENT CODE OF ETHICS AND AMENDMENT TO POLICY V. G – PROXY VOTING.

AYES: DR. SIMLAI, MR. BUCK, TREASURER BEADLE, COMMISSIONER HERINGER, SEN. KLEIN, MR. THOMPSON, DR. LECH, MR. JAHNER, MR. MORRISSETTE, MR. MICKELSON, MR. MILLER, AND GOV. ARMSTRONG

NAYS: NONE

ABSENT: REP. BOSCH

MOTION CARRIED

Executive Review & Compensation Committee (ERCC) Update:

Dr. Lech provided an update from the February 6, 2025, ERCC meeting. After HB 1348 received a do not pass recommendation from the House Government and Veterans Affairs Committee, the ERCC discussed next steps for reviewing the Incentive Compensation Policy. The Committee will continue the discussion at their March meeting.

Audit Committee Update:

Treasurer Beadle provided an update from the February 5, 2025, Audit Committee special meeting. The Committee heard presentations from the finalists for internal audit co-sourcing services. The contract with Weaver was signed this week and a kick-off meeting will be held soon.

Executive Search Committee Update:

Treasurer Beadle provided an update from the February 13, 2025, Executive Search Committee meeting. Staff reviewed the RFP responses for an executive search firm with the Committee members and provided a recommendation based on the reviewers' scoring. The Committee directed staff to move forward with the entity most susceptible to award. The notice of intent to award was issued to CBIZ EFL Associates. A kick-off meeting will be scheduled after the contract is executed.

A memo was included which outlined the request for the Board to approve the use of contingency funds for the executive search.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE USE OF CONTINGENCY FUNDS FOR THE EXECUTIVE SEARCH.

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

NAYS: NONE
ABSENT: GOV. ARMSTRONG AND REP. BOSCH
MOTION CARRIED

OTHER:

Interim Executive Director (ED) Outside Employment:

Ms. Smith provided the Board with a memo outlining her request for approval of outside employment with the Metro Flood Diversion Authority. The memo summarized the duties and hours that will be required. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY SEN. KLEIN AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INTERIM ED OUTSIDE EMPLOYMENT REQUEST.

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

NAYS: NONE

ABSENT: GOV. ARMSTRONG AND REP. BOSCH
MOTION CARRIED

ADJOURNMENT:

With no further business to come before the SIB, Dr. Lech adjourned the meeting at 9:20 a.m.

Prepared by: Missy Kopp, Assistant to the Board