

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
MARCH 22, 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 Coor.
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:

Alex Browning, Callan
Dean DePountis, Attorney General's Office
Hope Wedul, HRMS
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 March 22, 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, SEN. KELIN, DR. LECH, MR. MORRISSETTE, MR. JAHNER, AND LT. GOV. MILLER

NAYS: NONE

MOTION CARRIED

MINUTES:

The Board considered the minutes of the February 23, 2024, SIB meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE FEBRUARY 23, 2024, MINUTES AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED

INVESTMENTS:

Quarterly Performance Report:

Mr. Browning, Callan, provided a performance update as of December 31, 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. All Total Fund returns have each exceeded their respective static benchmarks on a net-of-fee basis for the trailing five-year period ended December 31, 2023. In most cases, Total Fund net-of-fee results exceed benchmark. 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 PERFORMANCE REPORT.

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

GOVERNANCE:

Compensation Study Presentation:

Mr. Wilson, Mercer, presented the compensation market benchmarking findings. When conducting the study, Mercer used four industry perspectives: public pensions, endowments and foundations, government, and general industry. RIO's roles were benchmarked to six compensation surveys and the data was aged and geographically adjusted. The benchmark findings were discussed for incentive eligible and non-incentive eligible roles. More detailed benchmark information for the ED and CIO roles were discussed.

Ms. Murtha described the compensation discussions that will occur at future board meetings. The SIB expanded the scope of the ERCC to enable that Committee to make compensation recommendations to the

SIB. The Committee will bring forward a compensation philosophy for discussion as the internal investment program is implemented. The SIB will provide staff with guidance as they start preparing the next budget. The Board asked questions and discussed the compensation study results.

RIO Strategic Plan:

Ms. Murtha presented the RIO strategy review to the Board. The new strategic plan was completed and has been presented to RIO staff, the Governor's Office, and the TFFR Board. RIO's agency priorities are outreach, organizational culture, and technology. One of the requirements for the strategy review were "Big Hairy Audacious Goals" (BHAGS) which look ahead five to ten years. RIO staff received input from board and committee members and included five BHAGs in the plan. These goals include, ND cash management practices, internal investment expansion, benefits administration optimization, financial/retirement literacy, and to be an industry leader. Ms. Murtha provided details for each of these goals including the problems being solved, prioritization, and a long-term timeline and action plan. Ms. Murtha reviewed planned legislative initiatives and a workforce plan. Board discussion followed.

Dr. Simlai left the meeting at 10:45 a.m.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE STRATEGIC PLAN AS PRESENTED.

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

NAYS: NONE

ABSENT: DR. SIMLAI

MOTION CARRIED

The Board recessed at 10:55 a.m. and reconvened at 11:05 a.m.

Executive Review and Compensation Committee (ERCC) Update:

Dr. Lech provided an update from the March 22, 2024, ERCC meeting. Mercer presented the compensation study results to the ERCC. The Committee discussed a summary of their key responsibilities and the associated deadlines as established in its charter and approved the format of the ED self-evaluation.

Ms. Seiler reviewed the ERCC charter which outlines the Committee's role in facilitating the performance evaluations for the ED, CIO, and DED/CRO. The SIB will receive surveys today regarding the ED and CIO. The responses will be used in the evaluation process. Board discussion followed.

Investment Committee (IC) Update:

Treasurer Beadle provided an update from the March 15, 2024, IC Meeting. The IC received a private markets strategy review followed by a presentation of guidelines for the high yield mandate. The IC reviewed and approved the request for proposal (RFP) for investment performance measurement reporting and consulting services. Board discussion followed.

Legacy and Budget Stabilization Fund Advisory Board (LBSAFB):

Sen. Klein provided an update from the March 20, 2024, LBSAFB meeting. The Advisory Board received presentations from RIO staff and 50 South Capital with updates on the in-state investment program. The Advisory Board discussed strategies for sharing information about the in-state investment program. Board discussion followed.

QUARTERLY MONITORING REPORTS:

Executive Limitations/Staff Relations:

Ms. Murtha provided the Executive Limitations/Staff Relations report. There are two new board member onboarding sessions scheduled for April. The last section of the SIB Governance Manual will be covered on April 3, 2024, and a Risk Strategy Overview session will be on April 25, 2024. Ms. Murtha reviewed current projects and initiatives. Board discussion followed.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORT.

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

NAYS: NONE

ABSENT: DR. SIMLAI

MOTION CARRIED

ADJOURNMENT:

With no further business to come before the SIB, Lt. Gov. Miller adjourned the meeting at 11:28 a.m.

Prepared by: Missy Kopp, Assistant to the Board