

**STATE INVESTMENT BOARD
INVESTMENT COMMITTEE MEETING
MINUTES OF THE
MAY 10, 2024, MEETING**

MEMBERS PRESENT: Thomas Beadle, State Treasurer, Chair
Joseph Heringer, Trust Lands Commissioner, Vice Chair
Scott Anderson, Chief Investment Officer
Dr. Prodosh Simlai, External Representative

MEMBERS ABSENT: Eric Chin, Deputy Chief Investment Officer
Dr. Rulin Tian, External Representative

STAFF PRESENT: Derek Dukart, Investment Officer
Jennifer Ferderer, Fiscal Investment Admin
Rachel Kmetz, Accounting Manager
George Moss, Senior Investment Officer
Sarah Mudder, Communication & Outreach Director
Jan Murtha, Executive Director
Matt Posch, Senior Investment Officer
Chad Roberts, Deputy Executive Director/Chief Retirement Officer
Ryan Skor, Chief Financial Officer/Chief Operating Officer
Nitin Vaidya, Chief Risk Officer
Jason Yu, Risk Officer
Lance Zietlow, Senior Investment Officer

GUESTS: Alexander Browning, Callan
Members of the Public

CALL TO ORDER:

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 9:02 a.m. on Friday, May 10, 2024. The meeting was held virtually.

The following Investment Committee members were present representing a quorum, Mr. Anderson, Treasurer Beadle, Commissioner Heringer, and Dr. Simlai.

AGENDA:

The agenda was considered for the May 10, 2024 meeting.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE MAY 10, 2024, MEETING AS DISTRIBUTED.

AYES: MR. ANDERSON, COMMISSIONER HERINGER, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

MINUTES:

The minutes were considered for the April 12, 2024, meeting.

IT WAS MOVED BY MR. ANDERSON AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A VOICE VOTE TO APPROVE THE MINUTES FOR THE APRIL 12, 2024, MEETINGS AS DISTRIBUTED.

AYES: MR. ANDERSON, COMMISSIONER HERINGER, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

STRATEGY REVIEW

Mr. Vaidya and Mr. Yu presented a new risk dashboard to the committee. The dashboard consists of a set of indicators including macro-economic, systemic financial risk, sentiment, and capital market dynamics. The dashboard is a powerful tool that will assist the investment team in making more informed asset allocation decisions and will provide clarity on market risks to all stakeholders.

IT WAS MOVED BY MR. ANDERSON AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-18.4(6)(A), N.D.C.C. 44-04-19.1(9), AND N.D.C.C. 44-04-19.2(1) TO DISCUSS EXEMPT PROCUREMENT INFORMATION DURING A COMPETITIVE BIDDING PROCESS.

AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

The executive session started at 9:38 a.m. and ended at 9:57 a.m. and was attended by Committee members, Mr. Dukart, Ms. Ferderer, Mr. Moss, Ms. Mudder, Ms. Murtha, Mr. Posch, Mr. Skor, Mr. Vaidya, Mr. Yu, and Mr. Zietlow.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO APPROVE CONTINUATION OF PROCURING THE INTERNAL IT PROGRAM WITHIN THE EXISTING BUDGET PARAMETERS AND BUDGET RANGE.

AYES: DR. SIMLAI, COMMISSIONER HERINGER, MR. ANDERSON, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

BENCHMARK IMPLEMENTATION UPDATE

Mr. Posch and Mr. Zietlow presented an update regarding the implementation of new benchmarks. The implementation is scheduled to be completed by June 30, 2024, and reflected in performance reports July 1, 2024. The Public Markets team is conducting due diligence and will bring forward a manager recommendation to a future committee meeting. Dr. Simlai commented on the quality of the Hamilton Lane Benchmark and agreed with Verus' recommendation.

BROKER/DEALER ARRANGEMENTS

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. ANDERSON AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-19.1(9) AND N.D.C.C. 44-04-19.2(1) TO DISCUSS NEGOTIATING STRATEGY.

AYES: MR. ANDERSON, COMMISSIONER HERINGER, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

The Committee recessed at 10:24 a.m. and reconvened at 10:30 a.m.

The executive session started at 10:30 a.m. and ended at 10:48 a.m. and was attended by Committee members, Mr. Dukart, Ms. Ferderer, Mr. Moss, Ms. Mudder, Ms. Murtha, Mr. Posch, Mr. Skor, Mr. Vaidya, Mr. Yu, and Mr. Zietlow.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO APPROVE STAFF WORKING WITH THE ATTORNEY GENERAL'S OFFICE TO OBTAIN LEGAL SERVICES FOR NEGOTIATING BROKER/DEALER AGREEMENTS.

AYES: MR. ANDERSON, DR. SIMLAI, COMMISSIONER HERINGER, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

NEW CLIENT FUNDS

Mr. Skor and Mr. Anderson presented three new investment policy statements for new client funds that were recommended for approval to the board: the Water Projects Stabilization Fund, the Opioid Settlement Fund, and the State Historical Society of North Dakota Endowment Funds.

Mr. Skor and Mr. Anderson also presented an updated benchmark memo provided by the independent benchmark consultant Verus that incorporates a previously approved private equity benchmark and a new benchmark, the Bloomberg Governments benchmark that would be used for any portfolio that is constructed of government securities.

IT WAS MOVED BY MR. ANDERSON AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A ROLL CALL VOTE TO APPROVE FOR RECOMMENDATION TO THE STATE INVESTMENT BOARD, THE INVESTMENT POLICY STATEMENTS FOR THE NEW CLIENTS.

AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE UPDATED INTERIM BENCHMARK FOR THE NEW CLIENT FUNDS.

AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

MANAGER RECOMMENDATION

IT WAS MOVED BY DR. SIMLAI AND SECONDED BY MR. ANDERSON AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-19.2, 44-04-18.4 (2)(A) AND N.D.C.C. 44-04-18.4(2)(D) TO REVIEW AND DISCUSS CONFIDENTIAL COMMERCIAL INFORMATION AND TRADE SECRETS.

AYES: DR. SIMLAI, MR. ANDERSON, COMMISSIONER HERINGER, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

The executive session started at 11:05 a.m. and ended at 11:37 a.m. and was attended by Committee members, Mr. Dukart, Ms. Ferderer, Mr. Moss, Ms. Mudder, Ms. Murtha, Mr. Posch, Mr. Skor, Mr. Vaidya, Mr. Yu, and Mr. Zietlow.

IT WAS MOVED BY DR. SIMLAI AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A ROLL CALL VOTE TO APPROVE STAFF RECOMENDATION OF ADJUSTMENTS FOR PRIVATE MARKET MANAGERS, PENDING LEGAL REVIEW AND DIRECT THE STAFF TO REPORT BACK AT A FUTURE COMMITTEE MEETING.

AYES: MR. ANDERSON, COMMISSIONER HERINGER, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

MANAGER UPDATES

Mr. Posch provided a public market update that Nomura and Pinebridge were hired to manage High Yield mandates. The portfolios will be funded with \$400 million each.

Mr. Zietlow provided a manager update concerning a \$35 million commitment to the Cerberus NPL Fund II.

COMMITTEE MEETING SCHEDULE - FY2025

Ms. Murtha and Treasurer Beadle shared their appreciation to all members of the Committee for their continued dedication to the investment program.

IT WAS MOVED BY MR. ANDERSON AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CALENDAR AS PRESENTED.

AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

DISCUSSION

Committee members discussed recent environmental, social, governance (ESG) activity in the investment industry.

ADJOURNMENT

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 11:56 a.m.

Prepared by:

Jennifer Ferderer, Assistant to the Board