

Friday, March 28, 2025, 8:30 a.m.
WSI Board Room (In-Person)
1600 E Century Ave, Bismarck, ND
[Click here to join the meeting](#)

AGENDA

I. CALL TO ORDER AND ACCEPTANCE OF AGENDA - *(Board Action)*

- A. Pledge of Allegiance
- B. Conflict of Interest Disclosure
- C. Introduction of New Staff

II. ACCEPTANCE OF MINUTES (February 21, 2025) – *(Board Action)*

III. INVESTMENTS (60 minutes)

- A. Consultant Quarterly Performance Update *(Board Action)* – Verus
- B. Benchmark Memo *(Board Action)* – Verus
- C. Internal Investment Initiative Update *(Information)* – Mr. Anderson

(Break)

IV. GOVERNANCE (60 minutes)

- A. 2025 Legislative Session Update *(Information)* – Ms. Smith
- B. Governance & Policy Review Committee Update *(Board Action)* – Dr. Lech, Ms. Smith
- C. Agency Strategic Plan Review *(Board Action)* – Ms. Smith
- D. Investment Committee Update *(Information)* – Treasurer Beadle, Mr. Anderson
- E. Executive Review & Compensation Committee Update *(Information)* – Dr. Lech, Ms. Smith
- F. Audit Committee Update *(Information)* – Treasurer Beadle, Ms. Seiler
- G. Executive Search Committee Update *(Information)* – Dr. Lech, Ms. Seiler

V. QUARTERLY MONITORING REPORTS (15 minutes) – *(Board Action)*

- A. Quarterly Audit Activities Report – Ms. Seiler
- B. Quarterly Budget/Fiscal Conditions Report – Ms. Kmetz
- C. Executive Limitations/Staff Relations Report – Ms. Smith

VI. OTHER

- A. Next Meetings:
 - SIB GPR Committee – April 8, 2025, at 10:00 a.m.
 - SIB ERCC – April 9, 2025, at 10:00 a.m.
 - Investment Committee – April 11, 2025, at 9:00 a.m.
 - TFFR Board – April 24, 2025, at 1:00 p.m.
 - SIB Meeting – April 25, 2025, at 8:30 a.m.

VII. ADJOURNMENT

**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

Agenda item III. A to follow.

Memorandum

To: Members of the Board
North Dakota State Investment Board

From: Verus

Date: March 14, 2025

RE: Updated Strategic Benchmark Recommendations

The purpose of this memorandum is to update the benchmark recommendations for the strategic asset classes which comprise the asset allocation policies for the respective Plans under the SIB's purview. These updates consist of a few clarifications for the current fiscal year (highlighted in yellow), and a suggested improvement for subsequent years (highlighted in blue).

Summary of Recommendations

Asset Class	Existing Recommendation	Updated Recommendation
Total Fund	Custom asset class weighted policy index	Custom asset class weighted policy index
Total Equity	Roll-up of asset class strategy benchmarks	Roll-up of asset class strategy benchmarks
Total Public Equity	MSCI ACWI IMI	Blend of Russell 3000 & MSCI ACWI ex-US IMI (net) (MSCI ACWI IMI market weighted)
Total Public Equity (custom US/Non-US policy weights)		Blend of Russell 3000 & MSCI ACWI ex-US IMI (net) (policy weighted)
U.S. Equity	Russell 3000	Russell 3000
U.S. Equity (custom Large/Small policy weights)		Blend of Russell 1000 & Russell 2000 (policy weighted)
Non-U.S. Equity	MSCI ACWI ex-US IMI	MSCI ACWI ex-US IMI (net)
Private Equity	Hamilton Lane Private Equity Index ¹	Hamilton Lane Private Equity Index¹
Total Fixed Income	Roll-up of asset class strategy benchmarks	Roll-up of asset class strategy benchmarks
Inv. Grade Fixed Income	Bloomberg Aggregate Bond Index	Bloomberg Aggregate Bond Index
U.S. Government Securities (State Historical Society)	Bloomberg U.S. Government Bond Index	Bloomberg U.S. Government Bond Index
Non-Inv. Grade Bonds	Bloomberg HY 2% Issuer Constrained	Bloomberg HY 2% Issuer Constrained
Private Credit	Bloomberg HY 2% Issuer Constrained	Bloomberg HY 2% Issuer Constrained
Private Credit (Legacy Fund)	Morningstar LSTA Leveraged Loan Index + 100 bps	Morningstar LSTA Leveraged Loan Index + 100 bps
Total Real Assets	Roll-up of asset class strategy benchmarks	Roll-up of asset class strategy benchmarks
Core Real Estate	NCREIF ODCE	NCREIF ODCE (net)
Timber	NCREIF Timberland Index	NCREIF Timberland Index
Infrastructure	NCREIF ODCE + 100 bps	NCREIF ODCE (net) + 100 bps
TIPS (WSI)	Bloomberg US Government Inflation Linked Bond Index	Bloomberg US Government Inflation Linked Bond Index
Short Term Fixed Income	Bloomberg 1-3 Year US G/C Index	Bloomberg 1-3 Year US G/C Index
In-State Equity	Benchmark against itself	Benchmark against itself
In-State Infrastructure Loan	Benchmark against itself	Benchmark against itself
BND CD Match Program	Benchmark against itself	Benchmark against itself
Cash	90-day T-Bills	90-day T-Bills

¹ SIB adopted three-tiered approach to benchmarking private equity. For new or start up PE funds (Tier 1), accounts will be benchmarked against themselves; between years 4 and 9 (Tier 2), PE fund accounts will be benchmarked against

Overview

Selecting benchmarks is among the most important decisions the SIB makes behind setting asset allocation policy for the Plans under its purview. Benchmarks provide the mechanism through which to evaluate the success of the respective investment program in meeting its stated policy objectives. They provide the link between expectations and success.

Benchmarks serve essential functions in the realm of investment program oversight for fiduciaries. From a policy viewpoint, they reflect the desired asset class risk, or 'beta' exposures. The overarching goal of SIB's benchmarks should be to provide the SIB a measurement tool in order to evaluate and understand the degree to which the Plans, asset classes and strategies are successful in meeting policy objectives over both the short term (i.e., 3 or less years) and long term (i.e., 5 or more years).

Benchmarks provide insight into how capital markets are performing, in general, and help the Board understand how individual asset classes, sub-asset classes and strategies are contributing to overall results. The qualities that are desirable in benchmarks used to evaluate investment performance are typically²:

- Representative of the opportunity set
- Investable and known and set *ex ante* (before the fact)
- Transparent
- Measurable
- Unambiguous

Other desirable qualities are:

- Consistent with the proxies used in asset allocation policy development
- Reflective of risk as well as the return of the asset class
- Available in a timely, cost-efficient manner
- Commonly used by Public Fund and other institutional investor peers

Asset classes are defined by the asset allocation policy; thus, the benchmarks for asset classes need to be reflective of the benchmarks used in the policy setting process. The goal of the SIB should be to ensure SIB's benchmarks meet industry standards for benchmark quality and that these benchmarks fairly and accurately represent the asset classes and strategies employed in the various Plans. Benchmarks for the most liquid asset classes (Global Public Equities, Public Fixed Income and Cash) tend to meet all the benchmark quality criteria. For Private Equity, Private Credit, Real Estate and Real Assets, some of the above criteria cannot be fully met and choosing which items to emphasize entails subjective judgement, including the tradeoff between short-term tracking error and long-term compatibility with the desired outcomes.

The recommended strategic asset class benchmarks are summarized in Exhibit 1 below. The main rationale in support of these recommended benchmarks is that the respective benchmarks provide the best representation of capital market "beta" for that market segment as well as

the Hamilton Lane Private Equity Index, weighted by vintage year; year 10 and afterwards (Tier 3), PE fund accounts will be benchmarked against the Hamilton Lane Private Equity Index, aggregate version. For periods when the Hamilton Lane indices are not available before the reporting date, account returns will be used until the index returns become available.

² While these characteristics align with benchmark standards published by the CFA Institute, as a public pension plan, SIB is not, and is not required to be, GIPS compliant.

reflect the proxies that were employed in the asset allocation policy development process. Additionally, most of the recommended benchmarks are widely utilized by SIB's peers for those same market segments. The recommended public markets benchmarks are all published benchmarks which meet the preferred benchmark quality standards articulated earlier in this memorandum. Lastly, the benchmarks are simple and easy to understand.

Rationale Supporting Recommended Benchmarks

Total Equity – The current benchmark is a roll-up of the two Equity sub-asset class (i.e., Public Equities and Private Equities) benchmarks. This represents an industry standard approach to benchmarking an aggregate asset class.

- *Total Public Equity* – The current Total Public Equity benchmark is the MSCI ACWI IMI, which is the broadest published global equity benchmark and is widely used by SIB's peers to benchmark their respective global (or total) public equity asset classes. However, the implicit use of the US component of this index is inconsistent with the use of the superior Russell 3000 Index to benchmark the US exposure in plans with custom policy weights for US and Non-US Equity (see below). Therefore, for plans without such custom weights we recommend replacing the US component of the MSCI ACWI IMI with the Russell 3000 Index. In other words, a plan with a simple policy allocation to the Global Public Equity asset class will have that portfolio benchmarked against a market weighted blend of the Russell 3000 & MSCI ACWI ex-US IMI (net). The market weighting of the blended index will mirror that of the MSCI ACWI IMI Index. In addition to maintaining benchmark consistency across plans, this change would complete SIB's standardization around the best-in-class Russell US Equity Indexes.
- *Total Public Equity (custom US/Non-US policy weights)* – The existing MSCI ACWI IMI recommendation doesn't cover plans with policy level sub-allocations within Total Public Equity, i.e., specific weights to US and Non-US Equity. In those cases, we recommend that the plan's Total Public Equity portfolio be benchmarked against a policy-weighted blend of the Russell 3000 and the MSCI ACWI ex-US IMI (net). The decision to deviate from market weights is made at the level of strategic policy, not at the asset class level. Therefore, any related out-performance (or under-performance) should not be attributed to asset class management, which should instead be benchmarked against the policy-weighted index. For a similar reason, the custom policy weights should be used in the corridor benchmark calculation, which represents an adjustment of the policy benchmark for Private Markets exposures. Such exposures are not fully within the control of fund management because of the inherent unpredictability of Private Markets cash flow.
- *U.S. Equity* – For plans which do not specify sub-allocations within US Equity, Verus recommends continued use of the Russell 3000 Index, the broadest published U.S. equity benchmark and which is also widely used by SIB's peers to benchmark their respective U.S. equity sub-asset class portfolios.
- *US Equity (custom Large/Small policy weights)* – The existing Russell 3000 recommendation doesn't cover plans with policy level sub-allocations within US Equity, i.e., specific weights to US Large Cap and US Small Cap stocks. In those cases, we recommend that the plan's US Equity portfolio be benchmarked against a policy-weighted blend of the Russell US Large Cap (Russell 1000) and US Small Cap indices (Russell 2000). As in the case of Total Public Equity (above), the decision to deviate from market weights is made at the level of strategic policy, not at the asset class level. Therefore, any related out-performance (or under-performance) should not be attributed to the asset class management, which should instead

be benchmarked against the policy-weighted index. Again, the custom policy weights should be used in the corridor benchmark calculation, which represents an adjustment of the policy benchmark for Private Markets cash flows.

- *Non-US Equity* – The current benchmark is the MSCI ACWI ex-US IMI, which is the broadest published non-US equity benchmark and is widely used by SIB’s peers. Verus recommends continued use of this benchmark, with the following clarification. More than one return series is published by the provider (MSCI) for each index, depending on calculation methodology. US based investors commonly rely on the “net” methodology, which reflects the payment of dividend taxes withheld by foreign governments. Accordingly, Verus recommends the use of these net returns for performance comparisons, as they more accurately reflect the returns that can be achieved by investment in the benchmark indices by US based funds.

These recommended sub-asset class benchmarks represent a best practices consideration under prevailing investment theory that the broad capital market benchmarks represent the best ‘portfolio’ in terms of return to risk relationship. Additionally, these benchmarks are typical proxies employed for these sub-asset classes within the asset allocation policy setting process, so they provide for good alignment with the Plans’ various asset allocation policy targets.

Private Equity – Verus’ recommended benchmark, based on the Hamilton Lane Private Equity Index, represents an appropriate strategic and implementation benchmark for Private Equities. However, because of the need to improve the timeliness of performance reporting, it may not always be possible to strictly adhere to the recommended method (described in the footnote 1 above). Therefore, for periods when the Hamilton Lane data is not available prior to the reporting deadline, we recommend that the actual fund returns be used as a substitute until the Hamilton Lane data becomes available (presumably in the subsequent period). In other words, it may occasionally be necessary to benchmark the funds against themselves over the most recent quarter, and the record would be corrected in the next report.

Total Fixed Income – like the Total Equity benchmark, the current Total Fixed Income benchmark is a roll-up of the sub asset class benchmarks. This is an industry standard approach to benchmarking an aggregate asset class.

- *Investment Grade Fixed Income* – The current benchmark is the Bloomberg Aggregate Bond Index, which is by far the broadest published core fixed income benchmark and is widely used by SIB’s peers.
- *US Government Securities* – Verus continues to recommend the Bloomberg US Government Index as the appropriate benchmark for the State Historical Society’s allocation to high quality fixed income investments, as this index is commensurate with the fund’s risk profile and board-approved policy objective.
- *Private Credit (ex-Legacy Fund)* – the current benchmark is the Bloomberg HY 2% issuer Constrained Index. This recommended benchmark reflects the fact that Private Credit is viewed as an alternative exposure to public market non-investment grade bonds and we anticipate that the Board will regularly monitor and evaluate the decision to strategically employ Private Credit versus public market non-investment grade bonds.
- *Private Credit (Legacy Fund)* – The benchmark for this discreet strategic exposure within the Legacy Fund is an industry standard benchmark for the asset class, the Morningstar LSTA Leveraged Loan Index + 100 basis points. Similar to the above recommended benchmark for Private Credit (ex-Legacy Fund), this benchmark enables the Board to evaluate the decision to employ a private markets asset class versus a public markets alternative.

Real Assets – the current benchmark is a roll-up of the sub asset class benchmarks. This is an industry standard approach to benchmarking an aggregate asset class.

- *Core Real Estate* – The current benchmark is a pooled benchmark comprised of institutional, managed Real Estate commingled funds, similar to the SIB’s real estate portfolio. The NCREIF ODCE (i.e., Open-end Diversified Core Equity) Index, is a capitalization-weighted, time-weighted return series of open-end, diversified core real estate funds. Thus, it nicely represents the core real estate universe and performance of the asset class. It is the most widely employed Core Real Estate benchmark by SIB’s peers and is the asset class proxy employed in the typical asset allocation policy setting process. Verus recommends continued use of this benchmark, with the following clarification. Like the Non-US Equity benchmark, more than one method is used to calculate returns on the NCREIF ODCE Index. In this case, returns are calculated either net of the management fees paid by the underlying funds or calculated prior to deducting those fees. Again, Verus recommends the use of net returns on this index, as they best reflect the experience of a passive investor in the asset class. Additionally, Verus emphasizes that we continue to recommend the standard cap-weighted version of the ODCE Index, not the equal weighted variant that was erroneously used in recent performance reports.
- *Infrastructure* – The current benchmark is the same benchmark assigned to SIB’s Core Real Estate program (NCREIF ODCE) plus a 100 basis points premium to capture both the value-added component and the idiosyncrasies of an infrastructure portfolio. While imperfect, the benchmark does capture the strategic objective of this sub-asset class (real income generation), which is the goal for the strategic benchmarks being recommended to the Board. The challenge with Infrastructure is that it is a relatively nascent sub-asset class and there currently does not exist a widely accepted industry standard benchmark. However, SIB is unique in that it has a well-developed Infrastructure investment program, which is ahead of most peers. Given the existence of multiple strategies and the fact that the program was developed to be income oriented with a return/risk profile similar to a 75%/25% Core/Value-add Real Estate program, Verus continues to recommend the current benchmark.

In-State Investments – The In-State investment program is relatively new and in the process of being built. Additionally, in-state investments are idiosyncratic in nature and do not lend themselves to traditional benchmarks, particularly at the very immature stage. Thus, Verus continues to recommend benchmarking these investments against themselves in the initial years. Benchmarking idiosyncratic assets against themselves is not uncommon in institutional investments. Benchmarks should be revisited every 3 years or so as a matter of industry best practice. At the next strategic benchmark review, these three program components will be evaluated to determine what alternative benchmarks may be appropriate to consider based upon the composition of the respective investment portfolios at that time.

Regarding the practical use of the above recommendations in periodic investment reporting, it should be noted that whenever timing issues (e.g., monthly reporting) require the use of lagged data for a particular asset class, the benchmark data for that asset class should be lagged to the same degree. Matching the period of benchmark performance to the period of portfolio performance is absolutely necessary for accurate measurement of the value added by portfolio management.

The above clarification of Public Equity benchmarks for plans with custom sub-asset class allocations (such as the Legacy Fund) will result in the recalculation of fiscal year-to-date corridor

benchmark returns. However, Verus Performance Group estimates the impact to be de minimus at the total fund level. For example, there will be a 0.04% downward adjustment to the Legacy Fund's corridor benchmark return through November, although the correction of the aforementioned ODCE benchmark error is expected to offset this by half, for a net adjustment of -0.02%.

In conclusion, Verus is confident that the recommendations provided in this memo will serve to ensure an even closer alignment of SIB's investment benchmarks with industry standards and best practices, while better facilitating timely performance reporting.

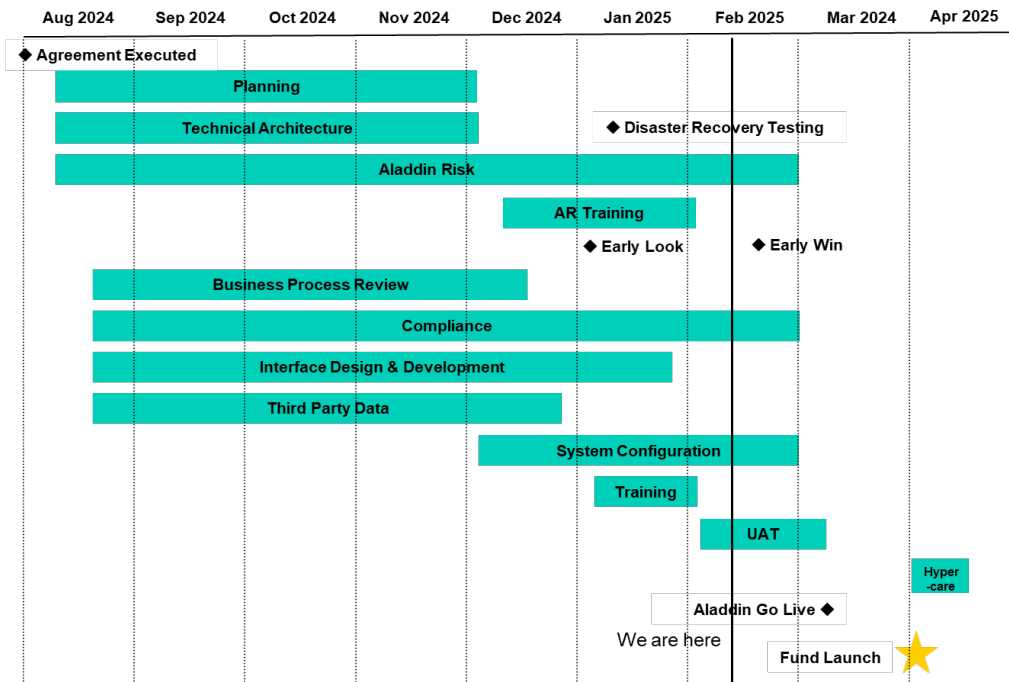
PATHWAY TO STRATEGY

Scott M Anderson, CFA

March 28, 2025

CRITICAL PATHS OF SUCCESS

TIMELINE AND MILESTONES



Critical Path Activities

- Triana, connectivity (4-6 wks)
- Training and testing

Other Activities

- Hire equity analyst



- Go Live Completed in March
- Portfolio Launch April

TRADING PILOT

- Internal Investment Pilot targeted for execution in first week of April
- Roll-out with a \$285 million pilot
 - Internal equity index - \$50 million transferred in kind
 - Internal fixed income Gov/Credit index - \$50 million
 - Internal fixed income treasury inflation protection index - \$175 million
 - Cash overlay 60/40 equity/fixed income - \$10 million

INTERNAL INVESTMENT MANAGEMENT INITIATIVE

NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<ul style="list-style-type: none"> Begin Incentive And Unclassified Role Project Board Approves Benchmark Memo Coordinate Hurdle Rate Discussions With Incentive Comp And Unclassified Role Project Establish Executive Steering Committee For IT Project. Approve Alternative It Procurement Issue It Rfp 	<ul style="list-style-type: none"> Identify Investment Role Titles And Benchmark Consultant Reviews Incentive Comp Prototype Complete Daily Allocation Process Design 	<ul style="list-style-type: none"> Refine Incentive Comp Plan 1.0, Receive And Score MS/PMS RFP Responses Select OMS/PMS Vendors For Call Back 	<ul style="list-style-type: none"> Issue Compliance Process RFP Issue Performance Consultant RFP Approve Incentive Comp 1.0 And Role Comp OMS/PMS Vendor Demonstrations Select OMS/PMS Vendor For Negotiation Complete Daily Allocation Process 	<ul style="list-style-type: none"> Select Performance RFP Consultant Finalists Select Compliance Process Finalists Refine And Recruit Roles Recruit New Investment Roles New Role Long List Screening OMS/PMS Vendor Negotiation Launch Data Warehouse Project Begin To Develop Data Warehouse Strategy Complete Daily Data Quality Process 	<ul style="list-style-type: none"> Begin Internal Direct Overlay And Rebalance Strategy Hire A Securities Lawyer And Begin FCM And ISDA Negotiations. Interview And Hire Performance Consultant Interview And Hire Compliance Consultant New Role Long List Screening Begin Compliance Process Design Sign OMS/PMS Contract Begin OMS/PMS Incremental Implementation Hire Ops Roles 	<ul style="list-style-type: none"> Approve Internal Direct Overlay And Rebalance Strategy Select And Call Back Candidates Interview Second Round Candidates** Implement Direct Overlay And Rebalance OMS/PMS Requirements Develop Large It Project Data Architecture Select Data Warehouse Solution Begin Compliance Process Design Complete Daily Reconciliation Design 	<ul style="list-style-type: none"> Select And Call Back Final Round Candidates** Interview Final Round Candidates** Complete First FCM Agreement, Continue ISDA And Master Confirm Agreements Finalize Compliance Process Design Begin Design Custodian Feed To Data Warehouse

**Equity Portfolio Manager and Senior Analyst Overlays

NEAR TERM TIMELINE OF ACTIVITIES - CONTINUED

JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB
<ul style="list-style-type: none"> ✓ Hire Initial Internal Direct Team** ✓ Continue Recruitment ✓ Onboard Initial Internal Direct Team ▪ Incorporate Compliance Into OMS Implementation ✓ Finalize OMS Integration With Custodian ● Roll-out PMS Daily Reconciliation 	<ul style="list-style-type: none"> ● Pilot Internal Direct Cash Overlay And Rebalance ● Test OMS And Integration With Custodian/External Traders On Internal Direct Overlay And Rebalance Pilot ✓ Hire Initial Internal Direct Team ✓ Continue Recruitment ▪ Continue Data Warehouse Project ▪ Begin Data Exchange Project 	<ul style="list-style-type: none"> ✓ Develop Legislative Strategy ✓ Begin Legislative Outreach ✓ Begin To Develop Index Strategy ▪ Scale Up Overlay And Rebalance Strategy ✓ Continue Recruitment ▪ Continue Data Warehouse Project ▪ Begin Data Exchange RFP 	<ul style="list-style-type: none"> ✓ Develop Tools And Data For Indexing ✓ Continue Legislative Outreach ● Complete Second FCM Agreement, Continue ISDA And Master Confirm Agreements ✓ Continue Recruitment ▪ Continue Data Warehouse Project ▪ Select Data Exchange Vendor 	<ul style="list-style-type: none"> ✓ Develop Tools And Data For Indexing ✓ Continue Legislative Outreach ✓ Continue Recruitment ▪ Continue Data Warehouse Project ▪ Negotiate Data Exchange Contract ✓ Update Compliance for Internal Indexing 	<ul style="list-style-type: none"> ▪ Approve Indexing Policy ✓ Continue Legislative Outreach ✓ Continue Recruitment ▪ Continue Data Warehouse Project ▪ Launch Data Exchange Project ▪ Incorporate Indexing into OMS Implementation Including Compliance 	<ul style="list-style-type: none"> ✓ Continue Legislative Outreach ✓ Continue Recruitment ▪ Continue Data Warehouse Project ▪ Continue Data Exchange Project ● Test OMS For Indexing With Custodian On A Small Pilot 	

2025-2027 Legislative Session RIO Bill Tracker

Bill #	Topic	Description	Sponsor	Hearing Date	Committee	Status	Position
HB 1015	Budget bill	OMB Budget bill	Appropriations Committee	03/19, 2:00 p.m. committee work	Senate Appro - Govn't Ops	Passed in House, 83-6. Senate rec'd.	Monitor
HB 1022	Budget bill	RIO's Budget bill	Appropriations Committee	n/a	Senate Appro - Human Resources	Passed in House, 73-16. Senate rec'd, referred to Appro. Amended, do pass 5-0.	Support
HB 1026	Investment	Moving State Bonding Fund from Insurance to OMB	Legislative Management	n/a	Senate Industry & Business	Passed House, 89-0. Senate rec'd, referred to Industry & Business.	Neutral
HB 1027	Investment	Moving Fire & Tornado Fund from Insurance to OMB.	Legislative Management	n/a	Senate Industry & Business	Passed House, 87-5. Senate rec'd, referred to Industry and Business	Neutral
HB 1117	Retirement	TFFR Required Minimum Distribution	TFFR via Gov't Vets Affairs	n/a	n/a	Passed House, 87-0. Passed Senate, 47-0. Returned to House.	Support
HB 1176	Investments	Authorizes the Legacy Fund to provide enough earnings to pay for a residential property tax credit of up to \$2,000 annually per homeowner.	Rep. Nathe, Sen. Bekkedahl, Rep. Hagert, Rep. Headland, Sen. Hogue, Rep. Lefor, Rep. Porter, Sen. Rummel, Rep. Stemen, Rep. Swiontek, Rep. Vigesaa, Sen. Weber	03/17, 9:00 a.m.	Senate Fin & Tax	Passed in House, 81-10. Senate rec'd, assigned to Fin & Tax.	Neutral
HB 1319	Investments	Relating to a Legacy Fund disclosure website	Rep. Satrom, Sen. Conley, Rep. Ostlie	n/a	Senate Industry & Business	Passed in House, 92-1-1. Senate rec'd, referred to Industry & Business.	Support
HB 1330	Investments	Relating to divestment from legacy fund investments in Chinese companies.	Rep. Satrom, Sen. Conley, Rep. Grueneich, Sen. Lemm, Rep. Ostlie	n/a	Senate Industry & Business	Passed in House, 75-7. Senate rec'd, referred to Industry & Business.	Oppose
HB 1510	Retirement	Requires BND, TFFR, and a teacher support program coordinator to gather information from school districts about their teacher pay and benefits.	Rep. Schreiber-Beck, Rep. Conmy, Sen. Davison, Rep. Hager, Rep. Hanson, Sen. Hogan, Rep. Longmuir, Rep. McLeod, Rep. Novak, Rep. Richter, Sen. Rummel, Rep. Swiontek	03/19, 9:00 a.m.	Senate Education	Passed in House, 82-11. Senate rec'd, referred to Education.	Monitor
HB 1580	Budget bill	Requests an interim study of the compensation system for classified state employees, including comparisons to private sector compensation and employee retention and equity bonuses.	Rep. Vetter, Rep. Christianson, Sen. Cleary, Sen. Cory, Rep. Dockter, Rep. D. Johnston, Rep. Meier, Rep. Motschenbacher	03/14, 9:30 a.m.	Senate State & Local Gov	Passed House, 72-18. Senate rec'd, referred to State & Local Govn't.	Monitor
HCR 3001	Investment	Encouraging the Treasurer and SIB to invest a portion of General Fund/Budget Stabilization/ Legacy in digital assets and precious metals.	Reps. Toman, Heilman, Hendrix, D. Johnston, S. Olson, Porter, and Sens. Barta, Paulson	n/a	Senate Industry & Business	Passed House, 83-5. Senate rec'd, referred to Industry & Business.	Neutral

SB 2072	Procurement	Red tape reduction relating to the contracts limiting liability to the state (the issue being we can't accept many low-cost, web-based application's terms and conditions due to state law).	Senate State and Local Govn't at request of OMB.	n/a	n/a	Passed Senate, 46-0. Passed House, 91-0. Returned to Senate.	Support
SB 2097	Investments	Creation of a Rural Community Endowment Fund and including under 21-10.	Sens. Mathern & Wanzek, Rep. Brandenburg	n/a	House Political Subdivisions.	Passed Senate, 31-16. House rec'd, referred to Political Subdivisions.	Neutral
SB 2134	Retirement	Calls for a change in language to allow the Superintendent and Treasurer to appoint a designee to the TFFR Board	Senator Roers	03/20, 2:30 p.m.	House Political Subdivisions.	Passed Senate, 47- 0. House rec'd, referred to Political Subdivisions.	Support
SB 2332	Investments	Creates an biennial transfer of \$25M from the legacy earnings fund to the emergency services fund	Sen, Boshee, Rep, Vandenberg, Rep. Mitskog, Rep. Nelson	n/a	n/a	Passed Senate, 47-0. Passed House, 79-12. Returnd to Senate.	Neutral

MEMORANDUM

TO: State Investment Board
FROM: Dr. Rob Lech, Chair and Jodi Smith, Interim Executive Director
DATE: March 28, 2025
RE: GPR Committee Update

The SIB Governance and Policy Review (GPR) Committee met on March 5, 2025.

In 2023, the SIB Governance & Policy Review (GPR) Committee outlined parameters of a new Board member onboarding program that allowed for in-person and remote trainings that were self-paced and spanned the first year of SIB membership. Development of the new program recognized that Board membership has and will continue to change on a more frequent basis especially with the changes to the SIB member composition resulting from HB 1088 and the new onboarding process must reflect the various tenures and investment experience of board members.

After reviewing the pre-recorded videos that are provided to new board members it was determined that several videos are outdated, and some are challenging to follow.

The Communications & Outreach Director and the Interim Executive Director proposed the following board pre-recorded videos be completed and added to the RIO YouTube Channel:

1. Agency Overview
2. Fiscal 101
3. Investment 101
4. Asset Allocation
5. Manager Selection Process
6. Risk Management
7. Internal Audit
8. Open Meeting and Open Records (completed)
9. Fiduciary Duties & Prudent Investor Rule (completed)
10. Teacher's Fund for Retirement

On March 5, 2025, the GPR Committee unanimously approved RIO creating updated SIB onboarding materials.

The Committee also discussed the governance manual review process. The Committee concurred that it would be an appropriate time to do a governance audit. The governance structure has been in place since 1995, and with the growth and changes to the program, it is important to ensure that it is still appropriate or if there are governance structures that would be more beneficial. This would require an outside consultant to help with a governance audit.

The committee materials can be found on the RIO website: [GPR Committee Materials](#)

BOARD ACTION REQUESTED: Approve the GPR Committee to complete a SIB governance audit. Delegate authority to the GPR Committee to issue the RFP, select a firm, and complete the SIB governance audit with final report and recommendation given to the SIB.



STRATEGY REVIEW

Retirement & Investment Office

Jodi Smith – Interim Executive Director
March 2025

NORTH
Dakota
Be Legendary.

The background of the slide is a composite image. The top half shows a dark night sky with the Milky Way galaxy visible as a bright, hazy band of stars. The bottom half shows a rocky, desert-like landscape at night, with the rocks and some sparse vegetation illuminated by warm, golden-yellow lights, possibly from a campfire or streetlights. A white horizontal band runs across the middle of the image, containing the text.

AGENCY VISION STATEMENT

To be recognized as a trusted and innovative provider of investment and pension services.




AGENCY PRIORITIES

Outreach – *Implementing a communication strategy with our stakeholders and the public that supports education and transparency.*

Organizational Culture – *Recognizing that talent management, a growth mindset, and a nible workforce supports agency success.*

Technology - *Leveraging technology enabled processes and infrastructure to enhance organizational efficiency and support quality fiscal and risk management practices.*



2023

STRATEGIC GOALS

Strategic Goals	Action
Public/Private partnership & Intern development to support agency resource needs & talent development	RIO has had five interns since 2023; one investment, one legal, and three accounting.
Governance to support growth – 2 standing committees for SIB, 1 revised committee for SIB, 1 new standing committee for TFFR and proposal to adjust SIB composition	SIB Executive Review Committee revised to Executive Review & Compensation Committee; SIB Governance & Policy Review Committee created; SIB Investment Committee created; SIB Composition thru 68th Legislative Session; and TFFR Governance & Policy Review Committee created.
Internal Investment Proposal	Internal Investment Initiative Go-Live was March 10, 2025.
Communication plan for internal & external partners & stakeholders	Annual strategic communications plan was approved in November 2023 and quarterly updates provided. Updated communications plan scheduled for approval July 2025.
Enhancements to talent management plan	Relative to the Internal Investment Initiative, the organizational chart has been developed to create talent management.
Programs facilitate through education & outreach feedback loop to inform public policy. Recognized leaders in the field and a model for other states.	Improved stakeholder engagement and informs public policy through a schedule of regular TFFR and SIB communications, media partnerships, outreach events, expanded social media, agency branding and by establishing communication standards—striving to serve as a model for other states.
Investment Data Management Project	Project will begin after Internal Investment Go-Live.
TFFR PAS Project Implementation	TFFR PAS Go-Live was February 10, 2025.

2024 BIG HAIRY AUDACIOUS GOALS UPDATE

LOOKING AHEAD 5 TO 10 YEARS

Big Hairy Audacious Goals

ND Cash Management Practices – Leveraging opportunities across agencies.

Internal Investment Initiative Expansion – Building on the business case to optimize benefits of scale.

Benefits Administration Optimization – Leveraging opportunities across agencies through unification.

Financial/Retirement Literacy Initiative – Educating for teacher retention and recruitment success.

Industry Leader Initiative – Innovation in operations to excel in education, technology, and talent pool.

2024

STRATEGIC GOALS

Strategic Goals	Actions
ND Cash Management Practices – Implementing Cash Management Study Recommendations.	RIO participated in North Dakota Office of Management and Budget Treasury and Cash Management Study. Further discussion is tabled.
Internal Direct Investment Initiative 2.0 – Building on the business case to optimize benefits of scale.	RIO is launching internal investments March 10, 2025, and will seek expansion during 70th Legislative Session.
Benefits Administration Optimization – Interim Legislative Study during the 2025-2027 session.	No legislative study was sought. Further discussion is tabled.
Financial/Retirement Literacy Initiative – Educating for teacher recruitment and retention success.	SIB and TFFR board member, Dr. Rob Lech, participated in the ND Teacher Retention and Recruitment Task Force. Seeking funding for teacher education in HB 1022.
Industry Leader Initiative – Innovation in operations to excel in education, technology, and talent pool.	Go-live of PAS technology system on Feb. 10, 2025

2025 STRATEGIC GOALS

2025 Strategic Goals

Industry Leader Initiative – Innovation in operations to excel in education, technology, and talent pool.

- **Recruitment and Onboarding of Executive Director and CFO**
- **Transition from network folders and Teams to SharePoint**
- **Implementation of investment operations compliance plan**

Succession and Business Continuity Planning

- **Create Succession Plans for Executive Director, Deputy Executive Director, CIO, and CFO/COO**

Alignment thru Continuous Improvement

- **Identify pockets of innovation across the organization during regular check-ins. Small, compounding changes and innovations add up to outsized results over time.**
- **Governance Review**

Strategic Implementation of New Statutes

- **HB 1330 – Divestment from Direct Chinese Investments**
- **HB 1319 – Creation of Legacy Fund Transparency Website**

The background of the slide is a composite image. The top half shows a clear night sky with the Milky Way galaxy visible as a bright, hazy band of stars. The bottom half shows a rocky, desert-like landscape with a large rock formation in the foreground, illuminated by a warm, golden light, possibly from a low sun or moon. A fence line is visible in the lower foreground.

CONCLUSION

The flawed notion that progress happens in leaps and bounds is an organizational curse. Real progress starts and ends with teams committed to taking one step at a time together.

MEMORANDUM

TO: Investment Committee
FROM: Scott Anderson, Chief Investment Officer
DATE: March 28, 2025
RE: Investment Committee Update

The Investment Committee meeting was held on of March 14, 2025. The meeting was called to order and there was an acceptance of the agenda followed by an acceptance of the minutes from the prior meeting.

Mr. Weismann, the new Internal Fixed Income Analyst was introduced to the committee by Mr. Gandhi. There was also an announcement by Mr. Anderson regarding the pending retirement of RIO's Chief Risk Officer Mr. Vaidya.

Mr. Nankof and Mr. Goldthorpe of NEPC provided a presentation regarding asset allocation. The presentation covered capital market assumptions and a pension plan overview including the projected returns and risks for the pension plans being managed by RIO. Information was presented about a range of asset allocations to demonstrate the possible enhancements

Mr. Vaidya and Mr. Gandhi provided an update regarding the internal investment roll-out. This was followed by a presentation from Mr. Anderson regarding the organizational structure that the investment team is evolving to enable an advanced funds management capability with an internal investment team.

Mr. Collins and Mr. Zietlow then presented a proposed manager selection in closed session which was approved by the committee. The name of manager will be disclosed once negotiation has been completed. Mr. Posch, Mr. Cox and Mr. Chin then presented the case for a manager termination in closed session. The name of the manager terminated will be disclosed once the termination is complete.

Finally, Mr. Collins and Mr. Zietlow presented an announcement that an additional \$150 million was committed for the In-State Investment program mandate to 50 South after contract negotiation. This was followed by a brief discussion from Treasurer Beadle regarding the impact of tariffs on the economy and market, reinforcing that the funds in the SIB's care are designed with mostly long-term investment strategies that expect market ups and downs.

https://www.rio.nd.gov/sites/www/files/documents/PDFs/SIB%20Investment/Board/Materials/sibinves_tmat20250314.pdf

BOARD ACTION REQUESTED: Information Only.

MEMORANDUM

TO: State Investment Board
FROM: Dr. Rob Lech, Chair and Jodi Smith, Interim Executive Director
DATE: March 28, 2025
RE: Executive Review and Compensation Committee

The Executive Review and Compensation Committee (ERCC) met on February 26, 2025.

The 68th Legislative Assembly approved amended language to NDCC 54-52.5 allowing for incentive compensation to be provided for certain employees associated with the internal investment program. RIO provided testimony four times regarding the Incentive Compensation Program Policy (Policy). Once the approved by the Legislature, the SIB went through a one-year development of the Policy, including over 10 public meetings.

Ultimately, the SIB authorized 19 of the 34 RIO to be eligible for the following maximum incentives:

Maximum Incentive Award	Position Title
100%	Chief Investment Officer Executive Director
90%	Deputy Chief Investment Officer
75%	Portfolio Manager Chief Risk Officer Senior Investment Officer
60%	Chief Financial Officer / Chief Operating Officer
50%	Investment Officer Risk Officer Accounting Manager
25%	Sr. Investment Accountant Investment Accountant

Additionally, as currently drafted, based on \$23 billion of assets under management, the cost benefit associated with the incentive compensation program is as follows:

\$ MILLIONS			
PERFORMANCE¹	1 BP	25 BP	50 BP
BENEFIT TO PLAN ^{2,3}	\$19,300,000	\$74,500,000	\$132,000,000
INCENTIVE	\$205,000	\$1,028,000	\$2,057,000
NET BENEFIT	\$19,095,000	\$74,472,000	\$129,943,000

The ERCC discussed next steps for reviewing the Policy and determined the current version of the Policy will remain in effect for the 2025 Fiscal Year. Considerations for amendments will occur prior to the 2026 Fiscal Year.

The Committee materials can be found on the RIO website: [ERCC Materials](#)

BOARD ACTION REQUESTED: Information Only.

Agenda items IV. F & V. A will be added after the Audit Committee meeting on March 25, 2025.

MEMORANDUM

TO: State Investment Board
FROM: Dr. Lech, Chair and Sara Seiler, Supervisor of Internal Audit
DATE: March 19, 2025
RE: Executive Search Committee

The Executive Search Committee met on March 12, 2025. This was a kickoff meeting with CBIZ EFL Associates for the Executive Director search. The search process for the Executive Director position was reviewed. CBIZ EFL Associates was going to meet with various stakeholders and review the job description. Once a revised job description is developed, the committee will meet on March 26, 2025, to discuss the timeline and approve the job description.

BOARD ACTION REQUESTED: Information Only.

MEMORANDUM

TO: SIB
FROM: Rachel Kmetz, Interim CFO/COO
DATE: March 28, 2025
RE: Quarterly Budget/Fiscal Conditions

Enclosed are the following budget and expense reports for the quarter ended December 31, 2024:

- Budget Appropriation Status
- Expenditure Summary
- PAS Modernization Project Status

Board Action Requested: Board acceptance.

BUDGET APPROPRIATION STATUS

AS OF DECEMBER 31, 2024

	2023-2025 BUDGET	ADJUSTED APPROPRIATION *	EXPENDITURES			
			BIENNIUM TO DATE ACTUAL	BUDGET AVAILABLE	% BUDGET AVAILABLE	% OF BIENNIUM REMAINING
SALARIES AND BENEFITS	\$ 8,910,047.00	10,203,977.30 ^	\$ 6,977,462.51	\$ 3,226,514.79	31.62%	25.00%
OPERATING EXPENDITURES	2,869,937.00	4,277,560.00	2,277,555.00	2,000,005.00	46.76%	25.00%
CAPITAL ASSETS	0.00	4,150,213.50	2,224,756.50	1,925,457.00	46.39%	25.00%
CONTINGENCY	200,000.00	200,000.00	0.00	200,000.00	100.00%	25.00%
TOTAL	\$ 11,979,984.00	18,831,750.80	\$ 11,479,774.01	7,351,976.79	39.04%	25.00%

* In addition to the capital assets line, the salaries and benefit line includes \$50,000 and the operating expenditure budget includes \$1,407,623 for the TFFR Pension Administration System Project.

^ The adjusted appropriation for salaries and benefits also includes amounts appropriated during the Legislative Session in relation to the new and vacant FTE funding pool, target market equity, and additional employer retirement funding.

EXPENDITURE SUMMARY

AS OF DECEMBER 31, 2024

	<u>INVESTMENT</u>	<u>RETIREMENT</u>	<u>QUARTERLY TOTALS</u>	<u>FISCAL YEAR TO - DATE</u>	<u>BIENNIUM TO - DATE</u>
<u>CONTINUING APPROPRIATIONS</u>					
INVESTMENT EXPENDITURES	\$ 11,979,987	\$ 0	\$ 11,979,987	\$ 34,787,346	119,987,827
MEMBER CLAIMS					
1. ANNUITY PAYMENTS	0	67,570,069	67,570,069	135,380,987	333,004,963
2. REFUND PAYMENTS	0	4,765,950	4,765,950	7,933,299	16,991,589
TOTAL MEMBER CLAIMS	0	72,336,019	72,336,019	143,314,286	349,996,552
OTHER CONTINUING APPROPRIATIONS	466,997	96,343	563,339	842,990	2,116,546
TOTAL CONTINUING APPROPRIATIONS	12,446,984	72,432,362	84,879,346	178,944,622	543,358,842
<u>BUDGETED EXPENDITURES</u>					
1. SALARIES & BENEFITS					
SALARIES	672,566	282,983	955,549	1,860,887	4,209,353
OVERTIME/TEMPORARY	557	13,109	13,666	38,606	76,497
TERMINATION SALARY & BENEFITS	0	0	0	0	0
FRINGE BENEFITS	215,348	107,209	322,557	623,603	1,460,287
TOTAL SALARY & BENEFITS	888,470	403,301	1,291,771	2,523,096	6,977,462
2. OPERATING EXPENDITURES					
DATA PROCESSING	17,998	132,598	150,596	238,718	700,868
TELECOMMUNICATIONS - ISD	1,809	1,349	3,158	5,439	17,437
TRAVEL	8,999	8,592	17,591	21,988	65,286
POSTAGE SERVICES	378	1,538	1,916	3,490	25,330
IT - CONTRACTUAL SERVICES	586	74,737	75,323	137,395	375,592
EQUIPMENT RENTS AND LEASES	0	0	0	0	0
BUILDING/LAND RENT & LEASES	16,165	12,446	28,611	57,322	133,761
DUES & PROF. DEVELOPMENT	4,816	6,948	11,765	19,525	61,498
OPERATING FEES & SERVICES	628	261	888	5,275	42,082
REPAIR SERVICE	0	0	0	0	0
PROFESSIONAL SERVICES	0	183,400	183,400	214,383	605,942
INSURANCE	0	0	0	1,536	1,467
OFFICE SUPPLIES	44	95	139	243	801
PRINTING	0	0	0	419	9,189
PROFESSIONAL SUPPLIES & MATERIALS	240	85	324	432	939
MISCELLANEOUS SUPPLIES	65	19	84	154	890
IT EQUIPMENT UNDER \$5000	0	0	0	0	470
OFFICE EQUIP. & FURNITURE UNDER \$5000	0	0	0	0	3,477
TOTAL OPERATING EXPENDITURES	51,728	422,066	473,794	706,319	2,277,555
3. CAPITAL ASSETS	0	329,634	329,634	654,354	2,224,757
4. CONTINGENCY	0	0	0	0	0
TOTAL BUDGETED EXPENDITURES	940,198	1,155,001	2,095,199	3,883,769	11,479,774
TOTAL EXPENDITURES	\$ 12,920,185	\$ 73,491,020	\$ 86,974,545	\$ 182,828,391	458,984,770

PAS MODERNIZATION PROJECT STATUS

AS OF DECEMBER 31, 2024

PAS PROJECT - UNEXPENDED PORTION CARRIED FORWARD TO 2023-25 BIENNIUM

	2019-2021 Biennium Approved Budget	Carryover to 2023-2025 Biennium	Expenses 2023-2025 Biennium	Remaining Budget
TEMPORARY SALARIES	50,000	50,000	0	50,000
IT - DATA PROCESSING (NDIT PROJECT MGMT)	775,000	596,933	137,323	459,610
PROFESSIONAL SERVICES	1,875,000	810,690	788,291	22,399
CAPITAL ASSETS	6,300,000	4,150,214	2,224,757	1,925,457
TOTAL PAS PROJECT BUDGET	9,000,000	5,607,837	3,150,370 *	2,457,466

* The amounts in the 2023-2025 expense column are included in the totals on the Expenditure Summary on the previous page.

MEMORANDUM

TO: State Investment Board
FROM: Jodi Smith, Interim Executive Director
DATE: March 28, 2025
RE: Executive Limitations/Staff Relations

Ms. Smith will provide a verbal update at the meeting on staff relations and strategic planning. Including updates on the following topics:

I. Retirements/Resignations/FTE's/Temporary Assistance

Position Title	Status
Investment Administrative Assistant (new)	Posting pending
Public Markets Investment Analyst (new)	Reviewing Applicants
Investment Intern	Interviews Completed
Chief Risk Officer	Retirement
Temp Membership Specialist	Duties will be completed on April 30, 2025
Chief Financial/Operating Officer	Posted 03/17/2025
Executive Director	Posting via Exec Search Firm

II. Current Project Activities/Initiatives

Investment Program Software Solutions: *The Executive Steering Committee for the RIO Investment Information Technology Program met on Thursday, February 20. They received an OEMS-PMS project status update, including project schedule, budget, and risks/issues. The ESC also discussed third party data/connectivity and approved a motion for RIO to move forward with necessary agreements, while informing the procurement collaboration of those agreements and updating the committee on related costs.*

Internal Audit Co-Sourcing: The SIB Audit Committee heard two presentations on February 5, 2025, from vendors who are eligible to provide the necessary services to complete the internal auditing of investments. The SIB Audit Committee awarded the contract to Weaver. Weaver has already begun their work on providing recommendations for essential investment policies.

TFFR Pioneer Pension Administration System Project: The go live date was February 2025.

AG Opinion Request: As of the date of this report an opinion from the AGO has not been issued.

CFO Recruitment

III. Board & Committee Presentations February and March 2025

- Pension Administration System ESC - 02/04/2025 & 03/03/2025
- PERS Board (CIO Presentation) – 03/04/2025
- SIB GPR Committee – 03/05/2025
- SIB Investment Committee – 02/14/2025 & 03/14/2025

- SIB Audit Committee – 02/05/2025 & 03/25/2025
- SIB EERC Committee – 02/06/2025 & 02/26/2025
- TFFR Board Meeting – 03/27/2025

BOARD ACTION REQUESTED: Board Approval.