



LEGACY AND BUDGET STABILIZATION FUND ADVISORY BOARD

Wednesday, March 20, 2024
Harvest Room, State Capitol
Bismarck, North Dakota

Senator Jerry Klein, Chairman, called the meeting to order at 1:30 p.m.

Members present: **Senators Jerry Klein, Kathy Hogan, Scott Meyer;** Representatives Glenn Bosch, Keith Kempenich, Jonathan Warrey; ~~Senators Kathy Hogan, Jerry Klein, Scott Meyer;~~ Citizen Members Thomas Beadle, Brian Kroshus, Susan Sisk, Todd Steinwand

Members absent: None

Others present: See [Appendix A](#)

It was moved by Senator Hogan, seconded by Citizen Member Steinwand, and carried on a voice vote that the minutes of the December 13, 2023, meeting be approved as distributed.

ASSET ALLOCATION STUDY AND IN-STATE INVESTMENTS

Mr. ~~Lance~~ Zietlow, Senior Investment Officer, Retirement and Investment Office, presented information ([Appendix B](#)) regarding recommendations from RVK, Inc., relating to the legacy fund asset allocations and in-state investments. He noted:

- RVK, Inc., recommended increasing the amount allocated for in-state equity investments by \$45 million per year, from \$35 million per year to \$80 million per year, to reach a target investment of 3 percent of legacy fund assets by 2029.
- The existing allocation of \$35 million per year would continue to be allocated to private equity and venture capital investments under the current in-state equity investment program administered by 50 South Capital.
- RVK, Inc., recommended the increased investment of \$45 million per year be allocated for other private market in-state investments, including private infrastructure, private real assets, or private credit.
- The Retirement and Investment Office (RIO) will develop a request for proposal ~~(RFP)~~ for consulting services to conduct a market survey of investment managers and to identify potential investment strategies to increase funding allocated for in-state investments.
- Based on the results of the ~~RFP~~ **request for proposal**, the advisory board will have an opportunity to review the proposals from the finalists and to make a recommendation for the selection of a consultant by the end of 2024.

Ms. Kodee Furst, Director, 50 South Capital, presented information ([Appendix C](#)) regarding the status of the in-state investment program, known as the North Dakota growth fund. She noted:

- 50 South Capital conducts thorough reviews of all potential in-state investments and monitors the performance of investments.
- The North Dakota growth fund had \$89 million committed to in-state investments, including investments in 14 North Dakota companies.

STATUS OF FUNDS AND PROGRAMS

Ms. Janilyn Murtha, Executive Director, Retirement and Investment Office, presented an update ([Appendix D](#)) regarding the status of agency initiatives and programs. She noted:

- RIO is implementing the internal investment program, including investment software and an incentive compensation plan for staff.
- Other states with internal investment programs and incentive compensation plans for staff include Arizona, Florida, New Mexico, North Carolina, Ohio, South Dakota, Texas, Virginia, and Wisconsin.
- The implementation of the internal investment program is behind schedule primarily because of delays related to contract negotiations for investment software.

Mr. Scott Anderson, Chief Investment Officer, Retirement and Investment Office, presented information ([Appendix E](#)) regarding the asset allocation, basis points charged by investment advisors, fund balance, and investment returns of the budget stabilization fund and legacy fund. He noted:

- The budget stabilization fund had a balance of \$952 million as of December 31, 2023, and returned 6.9 percent for calendar year 2023, which exceeded the benchmark by 2.3 percent.
- The legacy fund had a balance of \$9.9 billion as of December 31, 2023, and returned 12.9 percent for calendar year 2023, which exceeded the benchmark by 0.9 percent.

In response to a question from an advisory board member, Ms. Sarah Mudder, Communications and Outreach Director, Retirement and Investment Office, noted RIO is monitoring media reports related to the legacy fund and is developing press releases and a newsletter to provide additional information to the public on the legacy fund and the in-state investments under the legacy fund.

No further business appearing, Chairman Klein adjourned the meeting at 3:55 p.m.

Adam Mathiak
Senior Fiscal Analyst

ATTACH:5