



---

## LEGACY AND BUDGET STABILIZATION FUND ADVISORY BOARD

Thursday, November 11, 2021  
Harvest Room, State Capitol  
Bismarck, North Dakota

Representative Keith Kempenich, Chairman, called the meeting to order at 9:40 a.m.

**Members present:** Representatives Keith Kempenich, Gary Kreidt; Senators Kathy Hogan, Jerry Klein; Citizen Members Joe Morrisette, Ryan Rauschenberger, Todd Steinwand

**Others present:** See [Appendix A](#)

**It was moved by Senator Klein, seconded by Senator Hogan, and carried on a voice vote that the minutes of the October 28, 2021, meeting be approved as distributed.**

### LEGACY FUND INVESTMENTS AND EARNINGS

Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council, presented a memorandum entitled [Legacy Fund Investments and Earnings Flowchart](#) regarding the legacy fund investment process and the allocation of legacy fund earnings.

Chairman Kempenich distributed and reviewed Engrossed House Bill No. 1512 [[21.1117.02000](#)] relating to the duties of the Legacy and Budget Stabilization Fund Advisory Board.

Ms. Janilyn Murtha, Interim Executive Director, Retirement and Investment Office, provided comments regarding Engrossed House Bill No. 1512 expressing concern the proposed changes to the advisory board's duties may conflict with the State Investment Board's responsibility to manage the investments of the legacy fund.

Ms. Karen Tyler, Commissioner, Securities Department, provided comments regarding Engrossed House Bill No. 1512 indicating in-state equity investments may be similar to private venture capital investments, which are more complex and more difficult to trade compared to publicly traded stocks.

In response to a board member question, Ms. Tyler noted the advisory board members likely would be exempt from the requirement to obtain a securities agent license when recommending in-state equity investments.

Senator Klein noted Engrossed House Bill No. 1512 may need to be amended to address the concerns regarding a potential conflict between the proposed changes to the advisory board's duties and the State Investment Board's responsibility to manage the investments of the legacy fund.

Ms. Murtha presented information ([Appendix B](#)) regarding the timeline for the implementation of preferential selection of in-state money managers pursuant to House Bill No. 1425 (2021). She noted the Retirement and Investment Office is in the process of developing policies and procedures to review in-state money managers. She indicated the selection of a money manager for other in-state equity investments will not be completed until after the completion of the legacy fund asset allocation study and the advisory board's approval of an updated legacy fund investment policy.

Chairman Kempenich distributed a draft letter ([Appendix C](#)) regarding recommendations from the advisory board to the State Investment Board relating to the in-state money manager selection process and the development of a plan for in-state equity investments.

**It was moved by Senator Hogan, seconded by Senator Klein, and carried on a voice vote that the draft letter be approved and distributed to the State Investment Board.**

No further business appearing, Chairman Kempenich adjourned the meeting at 11:00 a.m.

---

Adam Mathiak  
Senior Fiscal Analyst

ATTACH:3