



LEGACY AND BUDGET STABILIZATION FUND ADVISORY BOARD

Tuesday, November 12, 2024
Harvest Room, State Capitol
Bismarck, North Dakota

Senator Jerry Klein, Chairman, called the meeting to order at 1:00 p.m.

Members present: Senators Jerry Klein, Kathy Hogan, Scott Meyer; Representatives Glenn Bosch, Keith Kempenich, Jonathan Warrey; Citizen Members Thomas Beadle, Brian Kroshus, Don Morgan

Member absent: Citizen Member Susan Sisk

Others present: Scott Anderson, Sara Mudder, Janilyn Murtha, and Lance Zietlow, Retirement and Investment Office

It was moved by Representative Bosch, seconded by Representative Warrey, and carried on a voice vote that the minutes of the March 20, 2024, meeting be approved as distributed.

STATUS OF FUNDS

Mr. Scott Anderson, Chief Investment Officer, Retirement and Investment Office, presented information ([Appendix A](#)) regarding the performance of investment markets and the status of the legacy fund and budget stabilization fund. He noted:

- The bond and equity markets had positive returns for the year to date through August 2024 while the real estate market had a negative return.
- The legacy fund had a balance of \$11.4 billion as of August 31, 2024, and returned 9.3 percent for the year to date through August 2024 compared to a benchmark of 8.7 percent.
- The budget stabilization fund had a balance of \$937 million as of June 30, 2024, and returned 1.8 percent for fiscal year 2024 compared to a benchmark of 2.1 percent.
- The voters approved Constitutional Measure 3 in the November 2024 general election reducing the amount of legacy fund principal that may be spent which may increase returns to the fund through changes to the investment allocations.

INTERNAL INVESTMENT PROGRAM

Mr. Anderson presented information ([Appendix B](#)) regarding the status of the implementation of the internal investment management program. He noted:

- The agency has updated its organizational structure and is hiring for internal investment positions.
- The development and procurement of the investment software and hardware for the internal investment management program are behind schedule.

IN-STATE INVESTMENT INITIATIVES

Mr. Lance Zietlow, Portfolio Manager, Private Markets Fund Management, Retirement and Investment Office, presented information ([Appendix C](#)) regarding the status of in-state investment initiatives. He noted:

- The State Investment Board is completing a search for a manager of in-state infrastructure investment opportunities under the legacy fund.

- The legacy fund investments as of June 30, 2024, included \$49.3 million of in-state private equity investments managed by 50 South Capital and \$361.1 million of in-state private credit investments under the Bank of North Dakota's certificate of deposit match program (\$311 million) and infrastructure loan program (\$50.1 million).

Ms. Janilyn Murtha, Executive Director, Retirement and Investment Office, noted the Retirement and Investment Office hosted a seminar in September 2024 to provide information on North Dakota's investment strategies and economic development programs.

Ms. Sara Mudder, Communications and Outreach Director, Retirement and Investment Office, distributed information ([Appendix D](#)) regarding the location of in-state investments under the legacy fund, including \$410.4 million of investments and \$39.7 million of commitments to additional investments as of June 30, 2024.

LEGACY FUND COST-BENEFIT ANALYSIS

Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council noted:

- The Legislative Management is considering a procedure for preparing cost-benefit analyses of measures affecting the legacy fund during its meeting on November 13-14, 2024, pursuant to the provisions requiring cost-benefit analyses under North Dakota Century Code Section 54-03-25.
- The procedure provides for the Legacy and Budget Stabilization Fund Advisory Board to review measures during the interim and to request for the Retirement and Investment Office to contract with an independent consultant to prepare the analyses.

No further business appearing, Chairman Jerry Klein adjourned the meeting at 3:20 p.m.

Adam Mathiak
Senior Fiscal Analyst

ATTACH:4