# LEGACY AND BUDGET STABILIZATION FUND ADVISORY BOARD

Wednesday, October 22, 2025
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Jonathan Warrey, Chairman, called the meeting to order at 10:00 a.m.

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

**Others present:** Senator Brad Bekkedahl, Williston, member of the Legislative Management
See Appendix A for additional persons present.
**Attended remotely*

**It was moved by Representative Bosch, seconded by Senator Klein, and carried on a voice vote that the minutes of the May 27, 2025, meeting be approved as distributed.**

## STATUS OF FUNDS AND PROGRAMS

Mr. Scott Anderson, Chief Investment Officer, Retirement and Investment Office, presented information (Appendix B) regarding the performance of investment markets, the status of the Legacy Fund and Budget Stabilization Fund, and the implementation of the Internal Investment Management Program. He noted:

- The bond and equity markets had positive returns for the year to date through June 30, 2025, except for small-cap stocks, which had a negative return.
- The Legacy Fund had a balance of $13 billion as of June 30, 2025, and returned 12.7 percent for the fiscal year ended June 30, 2025, compared to a benchmark of 12.1 percent.
- The Budget Stabilization Fund had a balance of $981 million as of June 30, 2025, and returned 6.6 percent for the fiscal year ended June 30, 2025, compared to a benchmark of 5.9 percent.
- The Internal Investment Management Program was implemented in April 2025 and returned approximately $1 million more than the benchmark for the funds managed by the Retirement and Investment Office through October 10, 2025.
- The agency is in the process of implementing an enhanced indexing strategy for fixed income investments to increase investment returns as part of the Internal Investment Management Program.

In response to a question from an advisory board member, Mr. Anderson noted the agency anticipates requesting at least 5 new full-time equivalent positions for the 2027-29 biennium to continue to implement the Internal Investment Management Program.

## LEGACY FUND IN-STATE INVESTMENTS

### GCM Grosvenor

Mr. Stephen Brewster, Managing Director of Client Services, Mr. Scott Litman, Managing Director of Infrastructure Investments, and Mr. Michael Rose, Managing Director of Infrastructure Investments, GCM Grosvenor, presented information (Appendix C) regarding in-state investments in real assets under the Legacy Fund.

Mr. Brewster noted $150 million of the Legacy Fund is committed to in-state infrastructure investments managed by GCM Grosvenor with the first investment anticipated in early 2026.

Mr. Litman noted:

- The in-state infrastructure investments are anticipated to provide an investment return of approximately 10 percent per year for the Legacy Fund.
- The in-state infrastructure investments under the Legacy Fund reflect a small portion of the funding for the in-state infrastructure projects, which also receive funding from other investors, to allow the in-state infrastructure investments to be diversified across a variety of projects.

Mr. Rose noted:

- GCM Grosvenor provides investment management for regionally targeted investment programs in Colorado, North Carolina, Oregon, Michigan, New York, and California.
- Approximately $50 million per year will be invested in in-state infrastructure investments over 3 years to deploy the $150 million commitment under the Legacy Fund.
- The in-state infrastructure investments are targeted for renewable energy projects, digital infrastructure, transportation, social infrastructure, regulated utilities, and other infrastructure.

In response to a question from an advisory board member, Mr. Litman noted the Legacy Fund investment policy is not anticipated to be a limiting factor on the investment opportunities for in-state infrastructure projects.

In response to a question from an advisory board member, Mr. Rose noted the in-state infrastructure investments are approved by GCM Grosvenor's investment committee and include investment funding from outside the state which reduces investment risk for the In-State Investment Program.

**50 South Capital**

Ms. Kodee Furst, Director, 50 South Capital, presented information (Appendix D) regarding in-state equity investments through the North Dakota Growth Fund under the Legacy Fund. She noted:

- In-state equity investments through the North Dakota Growth Fund follow an extensive review process which reduces the risk of political influence on the In-State Investment Program.
- The North Dakota Growth Fund had $121.5 million committed to investments in 29 North Dakota companies as of June 30, 2025.

In response to a question from an advisory board member, Ms. Furst noted a challenge for the North Dakota Growth Fund is quantifying the growth and returns for the investments due to limited data and the limited time during which the fund has been invested.

**Retirement and Investment Office**

Mr. Lance Ziettlow, Senior Investment Officer, Retirement and Investment Office, presented information (Appendix E) regarding Legacy Fund investment opportunities for large infrastructure projects in the state. He noted:

- In-state investments are subject to the prudent investor rule and have a limit on the maximum investment amount based on the Legacy Fund investment policy.
- Large infrastructure project investment opportunities under the Legacy Fund may result in additional risks for the Legacy Fund due to concentrating investment in one project, challenges with determining the value of the investment, and limited options to sell or liquidate the investment.
- Changes to the investment policy would be required to allow for large in-state infrastructure investments.

In response to a question from an advisory board member, Mr. Ziettlow noted large in-state infrastructure investments may include data centers or pipelines.

Ms. Sarah Mudder, Communications and Outreach Director, Retirement and Investment Office, distributed information (Appendix F) regarding a summary of the In-State Investment Program under the Legacy Fund.

## INVESTMENT POOLING

Ms. Jodi A. Smith, Executive Director, Retirement and Investment Office, presented information (Appendix G) regarding investment pooling. She noted:

- The Retirement and Investment Office is authorized to commingle money in state funds for investment purposes when advantageous, while maintaining separate accounting for the state funds.
- Pooling the funds managed by the Retirement and Investment Office reduces investment costs, but will temporarily increase administrative challenges to account for the investments and to provide reporting transparency while transitioning to investment pooling.

In response to a question from an advisory board member, Ms. Smith noted the Retirement and Investment Office will gather information on investment pooling for other sovereign wealth funds.

Chairman Warrey requested the Retirement and Investment Office review the Legacy Fund investment policy and provide suggestions for revisions to the policy at the advisory board's next meeting.

No further business appearing, Chairman Warrey adjourned the meeting at 2:55 p.m.

Adam Mathiak
Senior Fiscal Analyst

ATTACH:7