

## LEGACY FUND

Good morning Chairman and members of the committee. For the record I am Rep Bernie Satrom and I am honored to serve the great people of District 12 in Jamestown.

Today I bring before you HB1231. Which is a part of a very important discussion. HB1231 ~~states that the Investment director shall consider the benefits of investing moneys locally before investing moneys outside the state. This should apply ONLY to legacy funds NOT other funds such as PERS or TFFR. Because that is their funds they should decide how they should be managed. Necessary adjustments or amendments to this bill should take place to make that clear.~~ <sup>CALLS FOR A STUDY</sup>

10 years ago ND voters overwhelmingly approved the establishment of a legacy fund and since that time we have accumulated almost \$8 billion.

This money is directed by the State Investment Board who hires money managers to analyze, vet and distribute investments.

For the last 10 years our money has been used to build wealth for others in remote parts of the world, for entities whose practices are questionable. A speaker to follow will get into more of the details. Currently we have 1.6 Billion invested in 89 foreign countries.

Lately we have all become aware of some concerns. According to one author. ND seems to have no problem investing in Main street China but has a problem investing in Main street Carrington.

Many of us are old fashioned and know that It is always right to do right. Capital investment without conscience or profit without principles creates a success that is hollow at best.

I am disappointed at some of the investments, no actually I am embarrassed but If we allow it to continue we should be ashamed. Let me mention just a few, Alibaba a Chinese company that counterfeits American products.

All of the legacy fund was provided from taxes on our oil companies and yet we invested \$900,000 in Sinopec a Chinese owned oil refiner which is helping fund

the Iranian rogue state and its nuclear aspirations by refining that countries oil. In total we invest \$11 million in foreign oil companies who directly compete with our ND companies.

I personally believe that our investments should make a positive difference. It is disconcerting to me that we discourage smoking while our investment managers invest \$20 million in Phillip Morris and other tobacco companies.

To quote a friend of mine. we cannot abandon our principles in the name of growing the principal. Now that we know the facts we cannot be party to looking the other way. I know the State Investment Board has the ultimate responsibility here but as the legislature we should provide guidance.

If you look at the bill I am not prescribing a % of our money to be invested. All investments should be vetted properly. What if we could attract a couple of more companies like Bobcat or the new biomedical company in Fargo? Or Value added Agriculture processing which would impact our whole state? It will take a little time to get things rolling but I believe that there will be a snow ball effect as entities realize is that ND is serious about their future and open for business. Wisely handled our moneys can be leveraged for maximum impact.

There are many competing ideas this session for how the money should be handled. Even though I understand and appreciate the push for using this money for infrastructure needs. We need to remember that Infrastructure may in some cases help us to make money but does not make money in and of itself. Instead of that approach I would encourage us to think of investments that will create long term jobs and build up our communities and economy. We will all profit from a vibrant economy and that vibrant economy can help fund our infrastructure needs.

North Dakotan citizens want to invest in North Dakota. The Jamestown Stutsman Development Corporation funded a study and found that found that by a margin of 10 to 1 voters want a "specific and Greater portion" of the fund to be invested in ND.

By a 72 to 12 percent margin voters support the legacy fund taking on additional risk" if it means investing in ND companies, opportunities and economic development . ND Citizens want us to invest in ND

We serve at a critical time in our state's history. Our decisions and direction will impact generations. We have great challenges.

We need to be willing to think outside the box and invest in opportunities that will build our communities and our future.

I would like to share a quote from Daniel Burnham a great American architect

***“Make no little plans; they have no magic to stir men`s blood and probably themselves will not be realized. Make big plans; aim high in hope and work, remembering that a noble, logical plan once recorded will never die, but will live on long after we are gone. Remember that our sons and grandsons are going to do things that would stagger us. Let your watchword be order and your beacon beauty.”***

Lets work together to build a brighter future.

Thank you for your kind attention. I stand for any questions