

**House Bill 1368**  
**North Dakota Retirement and Investment Office (RIO)**  
**Testimony in opposition to HB 1368 before the House Industry, Business, and**  
**Labor Committee**  
**Representative Scott Louser, Chair**  
**Representative Mitch Ostlie, Vice Chair**

**Janilyn Murtha, JD, MPAP – Executive Director**  
**Scott Anderson, CFA, MBA – Chief Investment Officer**

**I.     Introduction**

The Retirement and Investment Office (hereinafter “RIO”) was created by the 1989 Legislative Assembly to capture administrative and investment cost savings in the management of the investment program of the State Investment Board (SIB) and the retirement program of the Teachers’ Fund for Retirement (TFFR). Statutory authority for the agency is found in North Dakota Century Code chapter 54-52.5 and the programs are governed by chapters 21-10 (SIB) and 15-39.1 (TFFR).

The State Investment Board has the statutory responsibility to administer the investment program for 28 funds including the Legacy Fund, TFFR, PERS, and WSI. It also maintains contractual relationships for the investment management of multiple political subdivisions and governmental funds. Currently SIB is responsible for the investment of the Legacy Fund, seven pension funds and 20 other non-pension funds for a total of 28 separate client funds with assets under management (AUM) of roughly \$18 billion as of October 31, 2022.

This AUM has grown from about \$4 billion in 2010 and continue to grow from investment returns and contributions to the Legacy Fund, pension plans, and insurance funds. The combination of the growth of AUM, the number of individually managed funds, and the complexity of mandates such as the Legacy Fund have increased the need for staff resources, infrastructure and new scalable investment processes that can enhance the performance of client funds while reducing the net cost of management of those funds when manager fees are considered.

Currently, the SIB relies entirely on an external investment manager structure; ie RIO does not have internal investment management authority or operations. RIO contracts with over forty investment managers, vendors, and consultants in the administration of our two programs.

**II.    Opposition to HB 1368**

Opposition to HB 1368 should in no way be construed as opposition to prohibiting commercial activities or investment activities with Israel. On the contrary, RIO implements business practices that would not restrict any investment or business activities with Israel for non-pecuniary reasons. The investment program as a matter of policy and in compliance with North Dakota law as set forth under NDCC Ch. 21-10, only invests for the exclusive benefit of its beneficiaries in a way that seeks to maximize return for a given level of risk. Any restriction of its investment or