



LEGACY AND BUDGET STABILIZATION FUND ADVISORY BOARD

Wednesday, December 8, 2021
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Keith Kempenich, Chairman, called the meeting to order at 1:00 p.m.

Members present: Representatives Keith Kempenich, Glenn Bosch, Gary Kreidt*; Senators Kathy Hogan, Jerry Klein, Scott Meyer*; Citizen Members Jon Godfread, Ryan Rauschenberger, Todd Steinwand

Member absent: Citizen Member Thomas Beadle

Others present: See [Appendix A](#)

**Attended remotely*

It was moved by Senator Klein, seconded by Senator Hogan, and carried on a voice vote that the minutes of the November 11, 2021, meeting be approved as distributed.

HOUSE BILL NO. 1512

Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council, reviewed House Bill No. 1512 (2021) relating to changes in the membership of the Legacy and Budget Stabilization Fund Advisory Board. He noted the bill, which was approved during the November 2021 special legislative session, removed the Director of Office of Management and Budget and added the State Treasurer, Insurance Commissioner, one member from the House of Representatives, and one member from the Senate. He indicated the advisory board is required to select a chairman at this meeting pursuant to Section 2 of the bill.

It was moved by Representative Kreidt, seconded by Senator Klein, and failed on a roll call vote that Representative Kempenich serve as Chairman of the Legacy and Budget Stabilization Fund Advisory Board through June 2022 pursuant to North Dakota Century Code Section 21-10-11(4). Representatives Kempenich and Kreidt and Senator Klein voted "aye." Representative Bosch, Senators Hogan and Meyer, and Citizen Members Godfread, Rauschenberger, and Steinwand voted "nay."

It was moved by Senator Hogan, seconded by Senator Meyer, and carried on a roll call vote that Senator Klein serve as Chairman of the Legacy and Budget Stabilization Fund Advisory Board through June 2022 pursuant to Section 21-10-11(4). Representatives Bosch, Kempenich, and Kreidt, Senators Hogan and Meyer, and Citizen Members Godfread, Rauschenberger, and Steinwand voted "aye." Senator Klein voted "nay."

It was moved by Senator Klein, seconded by Senator Hogan, and carried on a roll call vote that Representative Kempenich serve as Vice Chairman of the Legacy and Budget Stabilization Fund Advisory Board through June 2022 pursuant to Section 21-10-11(4). Representatives Bosch, Kempenich, and Kreidt, Senators Hogan, Klein, and Meyer, and Citizen Members Godfread, Rauschenberger, and Steinwand voted "aye." No negative votes were cast.

Senator Klein began serving as Chairman of the Committee.

STATUS OF FUNDS

Mr. Eric Chin, Interim Chief Investment Officer, Retirement and Investment Office, presented information ([Appendix B](#)) regarding the status of the budget stabilization fund and legacy fund, including the asset allocations, investment fees, fund balances, and investment returns. He noted:

- The budget stabilization fund had a balance of \$750.1 million as of October 31, 2021, and returned 2.28 percent for the 5-year period ended October 31, 2021, which exceeded the benchmark by 0.45 percent.
- The legacy fund had a market value of \$8.6 billion as of October 31, 2021, and returned 10.13 percent for the 5-year period ended October 31, 2021, which exceeded the benchmark by 0.51 percent.

Mr. Chin presented information ([Appendix C](#)) regarding the status of a request for proposal for consulting services related to an asset allocation study of the legacy fund. He noted the consulting services will include 2 projects, one for an asset allocation study of the entire legacy fund and one for an in-state equity investment program study. He indicated the Retirement and Investment Office plans to issue the request for proposal in January 2022.

Mr. Mathiak noted copies of the results of legacy fund asset allocation studies from May 2018 and February 2021 (Appendices [D](#) and [E](#)) were distributed to the advisory board members by email prior to the meeting as a reference for the current asset allocation study.

Mr. Todd Steinwand, President, Bank of North Dakota, presented information ([Appendix F](#)) regarding the Bank of North Dakota's certificate of deposit (CD) match program. He noted the Bank of North Dakota provides loans to investment rated companies for in-state projects and sells the loans to the legacy fund structured as CD's with an equivalent yield to a 10-year US Treasury note.

LEGACY FUND INVESTMENT POLICY

Mr. Mathiak distributed a copy of a letter from the Retirement and Investment Office ([Appendix G](#)) regarding a response to the advisory board's request to develop a plan for the implementation of the in-state equity investment program.

Mr. Mathiak distributed a copy of the investment policy for the legacy fund approved by the advisory board in February 2021 ([Appendix H](#)).

Mr. Chin presented information ([Appendix I](#)) regarding a review of the the legacy fund investment policy, including the current asset allocation plan and potential changes to the investment allocations. He noted the asset allocation study of the legacy fund will include recommendations from the consultant for any potential changes to the investment allocations.

Ms. Janilyn Murtha, Executive Director, Retirement and Investment Office, presented information ([Appendix J](#)) regarding potential changes to the investment policy for the legacy fund and the prohibition of social investing pursuant to Senate Bill No. 2291 (2021). She noted the potential investment policy changes may be addressed after the asset allocation study of the legacy fund is completed.

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

Adam Mathiak
Senior Fiscal Analyst

ATTACH:10