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EPISODE 73:

Growth of Capital

in North Dakota



Robert Morier: Welcome to the Dakota Live Podcast. I'm your host, Robert Morier. The goal of this podcast is to help you better know the people behind investment decisions. We introduce you to chief investment officers, manager research professionals, investment consultants, and other industry players who will help you sell in between the lines and better understand the investment sales ecosystem. If you're not familiar with Dakota and their Dakota Live content, please check out dakota.com to learn more about their services. Before we get started, I need to read a brief disclosure. This content is provided for informational purposes and should not be relied upon as recommendations or advice about investing in securities. All investments involve risk and may lose money. Dakota does not guarantee the accuracy of any of the information provided by the speaker, who is not affiliated with Dakota. Not a solicitation, testimonial, or an endorsement by Dakota or its affiliates. Nothing herein is intended to indicate approval, support, or recommendation of the investment advisor or its supervised persons by Dakota. Today's episode is brought to you by Dakota Marketplace. Are you tired of constantly jumping between multiple databases and channels to find the right investment opportunities? Introducing Dakota Marketplace, the comprehensive institutional and intermediary database built by fundraisers for fundraisers. With Dakota Marketplace, you'll have access to all channels and asset classes in one place, saving you time and streamlining your fundraising process. Say goodbye to the frustration of searching through multiple databases and say hello to a seamless and efficient fundraising experience. Sign up now and see the difference Dakota Marketplace can make for you. Visit dakotamarketplace.com today. Welcome, everyone. And thank you for being here today. I am so excited to be recording here live at North Dakota State University thanks to one of their students, Jon Spahn, who's to my left. This is a really exciting opportunity for all of us at Dakota to be speaking with representatives from the state, from the University, and from the student body. So, thank you all for being here today. We're here on the Scenic Campus of North Dakota State University in Fargo, a city known not just for its educational excellence, but also for being a pivotal hub in the financial and educational sectors of North Dakota. The school, the University, the dean, who is here with us today, have done an incredible job of making sure that continues. So, thank you to everyone. And today, we have the privilege from hearing from Jon Spahn, president of the North Dakota State University Bison Fund. That's the student-run equity fund. And we're going to be hearing more about that in a few minutes. Allyson Peterson, chief financial officer for the North Dakota State University foundation. Frank Mihail, chief investment officer of the North Dakota Department of Trust Lands. And later, Frank, we're going to be hearing from your colleague, Joe Heringer, commissioner of the University and School Lands. Thank you so much for being here. I'm really honored. And it's really a pleasure that you can sit here with us on campus.

Jon Spahn: Thank you for having us.

Robert Morier: Yeah. Well, thank you. And Jon, it really started with you. I think that's something I teach my students. We talk about the power of relationships and networking. You made a network connection with me via LinkedIn. So, we'll give a plug to LinkedIn since we're here because it's become an increasingly powerful tool, especially for students who are trying to understand what their careers are going to look like. But it's also become a powerful tool for people who are actively recruiting people into their potential organization. So, it's great that you reached out. I'm proud to have met you, and I'm honored to be here as well. So, the panel today was designed for a very specific reason... to cover three overarching themes, starting with the introductions and the interconnectedness of our guests. Some of you may have met each other for the first time today, but we're all here kind of with the same spirit and the same mission, which is advancing the interests of North Dakota, advancing the interests of the University, and the students that are part of this University as well. We're going to talk about the process of how you do your job, including your student fund, Jon, and what those investment strategies look like. Frank, this is the second time you've been on the show. So, thank you for gracing the desk again. And I'm so happy it's in person this time. The first time, we did it via Zoom. It is a little bit easier when it's face-to-face. So, thank you for being here. And we're going to have a broader discussion on the collective missions and the impact that you all have on your communities. We have a lot of questions to ask you all. But before we do, I want to quickly share your backgrounds with our audience. Based in Fargo, North Dakota, the North Dakota State University Foundation is committed to building enduring relationships that maximize advocacy and philanthropy to support NDSU. The foundation collaborates with campus partners, students and alumni, and industry and community leaders to share NDSU's story, raise funds, manage assets, and administer resources to best serve NDSU students, faculty, and staff, and improve lives in North Dakota and beyond. The foundation believes in developing partnerships involving teamwork, accountability, and transparency to improve lives and outcomes of North Dakotans and the world. The foundation also focuses on stewardship, communication, and service to advance the mission of our student-focused, land grant research university. As chief financial officer, Allyson Peterson focuses on the long-term protection and investment of NDSU Foundation assets and fulfilling fiduciary responsibilities to donors. She leads the finance and operations teams at the foundation, including accounting, information services, compliance, and human resources. Allyson is responsible for monitoring and directing all financial and operational aspects of the NDSU Foundation. She is a proud NDSU graduate with a bachelor's degree in accounting and a minor in fraud investigation. Outside of work, Allyson enjoys spending time with family, reading, photography, and being outdoors. The Enabling Act of 1889 facilitated the division of Dakota Territory and the establishment of North Dakota, which was granted nearly 2.6 million acres of land to support educational institutions. Managed by the Board of University and School Lands, these lands generate revenue for the state through prudent asset management, including over 700,000 surface acres and 2.6 million mineral acres. Now known as the Department of Trust Lands, this body oversees the administration of these assets, maintaining stable

investment returns, and expanding income sources for public schools and other beneficiaries as mandated by the North Dakota Constitution. Commissioner Joe Heringer is responsible for providing overall direction and oversight to all divisions within the North Dakota Department of Trust Lands. Crafting policies to help further secure and diversify the department's portfolio, increasing the department's assets, and continually affirming the department's commitment to conservationism. Furthermore, Commissioner Heringer serves as the chief advocate and spokesperson for the Department, investing significantly in the public relations and legislative communications and is a member of the North Dakota State Investment Board. Joe was appointed to serve as commissioner in March 2022. He earned his bachelor's degree from Concordia College in Moorhead, Minnesota, and his law degree from the University of North Dakota. Frank Mihail joined the North Dakota Department of Trust Lands in the beginning of 2023 as the chief investment officer, overseeing investments for the \$7 billion Sovereign Wealth Fund. Prior to joining North Dakota, Frank was the director of risk mitigation with the Public Employees Retirement Association of New Mexico. At New Mexico, Frank led core fixed income and absolute return hedge fund strategies for the \$16 billion pension. Frank was also with Wedbush Securities out of California for seven years, working in private wealth management. Frank received his BS in mechanical engineering from UC Santa Barbara and his MBA from UCLA Anderson School of Management. He is also a CFA and CAIA charter holder. Most importantly, Frank and his wife now call Bismarck home. The North Dakota State University Bison Fund is a student organization that is committed to developing students into capable and successful investors and to network and finance professionals and business students. NDSU students interested in stock market trading, investment analysis, and portfolio management can gain hands-on, real-world experience in the Bison Fund, a student organization that helps manage more than \$2.7 million in University investments open to all students. The Bison Fund allows participants to evaluate companies based on the industry, sustainability, management, and to compete in research-based competitions. As president of the Bison Fund, Jon Spahn leads the research and investment efforts of the NDSU Bison Fund. Jon has mentored students in equity and fixed income analysis, financial modeling, and market analysis, enhancing their professional skills and preparing them for successful careers. Since May of 2022, Jon has been serving as an intern at Kingstone Financial in Dallas, Texas, an independent RIA, where he assists in providing a broad spectrum of services, including investment advisory, strategy consulting, and financial planning. Jon is, additionally, the vice president of Pathway Ventures, a student-run LLC. He joined in February of 2023. The venture is actively raising capital to establish a student-run VC fund aimed at investing in startups from the Fargo-Moorhead area and the broader Midwest, from pre-seed to series A stages. Frank let's start with you. This is the second time you've been on the podcast, so you know how this goes. So, I will ask you if you could tell us a little bit about your student days and your journey to the CIO role in Bismarck.

Frank Mihail: Sure. Yeah. Well, I definitely would say I took the scenic route. In college, I studied mechanical engineering. Worked as an oil and gas engineer in Southern California. By age 25, I switched over to real estate. And I was a real estate agent in Beverly Hills. By age 30, I pivoted then to the private wealth management industry. Got my CFA. And then by age 35, I went back to school and got my MBA and became an intern. And it was when I was interning at a private equity shop that I realized I wanted to be on the LP side, on the allocator side. So, my career as an allocator didn't start until I was 37 years old. But once I got in, I moved up pretty quick and went from Southern California to New Mexico and then to North Dakota. And so, I would say, for any students right now that are watching or listening, you've already got a head start.

Robert Morier: Allyson, we'd love to hear about your journey as well and your role within the foundation.

Allyson Peterson: Yeah. Well, first of all, thank you for having me. I really appreciate the opportunity here. So, I went to NDSU. So proud alum of the College of Business and started in public accounting. So got my accounting degree, minored in fraud investigation. And came to the foundation about 13 years ago. Been in CFO role for about 10 years. And really at the Foundation, we're about supporting the University through fundraising and outreach. So, my role as chief financial officer includes more than just overseeing investments. It's also our financial statements, accounting, human resources, donor compliance, IT, information services, and then also just kind of the legal, the risk, the business planning, strategic planning. And then I'm very fortunate I get to work with some of our top donors to the University, who tend to give more complex assets and also fund a lot of different exciting opportunities on campus that require a lot of collaboration with campus.

Robert Morier: We actually heard about one of those last night. There were a bunch of engineers celebrating a new engineering building. Is that right?

Allyson Peterson: Yes, yes. The Richard Offerdahl '65 Engineering Complex is underway. So, yeah, that was a privately fundraised for a portion of it with the state of North Dakota coming in with another portion of it. So, a great collaboration. And yeah, it'll be very exciting. So, our engineers who are freshmen now, hopefully, their last two years will be in the new complex.

Robert Morier: That's wonderful. Well, we're sitting today in the College of Business at North Dakota State University, where Jon Spahn is a student. Soon to graduate, so congratulations on that. Can you share with us how the Bison Fund offers practical investment experience for students like yourself, and what inspired you to take the lead of this initiative? And before you answer, I will say one thing. Drexel University has a student-run fund as well. It's called the Dragon Fund. And Frank, you'd enjoy this. It's the

best performing strategy of all of our external investment managers since inception. So, these students have a lot to offer. So, we're excited to hear about what you have to offer.

Jon Spahn: For me and myself and as well as all the other students that are a part of it, we get to research companies. A lot of our strategy and things that we're teaching students revolves around teaching students the fundamentals of businesses and what makes a business a good business. And so that is where we start. And then that there's multiple things that are benefactors of that, where students get to learn how to use Bloomberg Terminals and learn how to do bottom-up research modeling. And there's lots of other different experiences that come along with it as well. We just recently took a trip down to Minneapolis from Fargo and got to visit a handful of different firms downtown Minneapolis, whether it be private wealth managers or other different managers in all these different spaces within finance. And so, it exposes students to professionals and exposes them to the experiences that they'll have when they come out of college in many different professions within the whole entire finance realm.

Robert Morier: That's a great experience. Allyson, managing the finances of the foundation, I assume, is a delicate balance. So how do you ensure that the foundation's investments align with its long-term goals while also supporting those more immediate needs of the University?

Allyson Peterson: That's a very good question. And it's something we talk about a lot at the Foundation and with our board. Maybe just for some context, our endowment in the last 10 years has grown dramatically. And we're knocking on the door of \$500 million. So, with that, in the 10 years, then the amount of endowment spending that becomes available has grown also. So, from about \$3 million to \$17 million will become available to the University this summer for spending. So, our endowment is... the majority of it is restricted by donors with scholarships being the main area that they restrict, but also endowed chairs and programs. And so, we are governed by... UPMIFA is the law that we follow here in North Dakota about endowments. And so that does require us to think about the investment policy and the spending policy both. And we have to think about diversification and just kind of making sure that our return is commensurate with the risk that we're willing to take. Our risk tolerance is something we have to talk about because these are endowments that we're investing forever. So, we have to make sure that the students of today and the students of tomorrow have kind of that equitable amount of support. So, we try to maximize spending as much as we can, but we also want to provide that stability every year. So, the University can count on a certain dollar amount every year. And really, we have positive investment returns. But a great way to grow the endowment is from new gifts. So, there's always that balance of ensuring our foundation and fundraising is funded to provide new gifts to help support the University while also balancing the needs of the University right away.

Robert Morier: So, when I called you originally, we had a conversation. I had asked if you were doing that on your own, or if you had an external relationship, who was helping you. You said you do employ an outsourced CIO. So how does that relationship work in terms of tailoring the specific needs of the Foundation relative to those goals that you just mentioned?

Allyson Peterson: Yeah, we rely on SEI a lot. They are our outsourced chief investment officer. The foundations had that model since the early 2000s. So, our board recognized just an increase of complexity in investing. Our staff wasn't large enough to really get investment professionals on staff. So, the OCIO model, it works really well for us. So, SEI partners, they do have fiduciary responsibility of the endowment as well. So, our board provides and approves an investment policy statement that has our asset allocation. Our investment committee works more closely with SEI and essentially, looks at that asset allocation, looks at returns, looks at different benchmarking and things. But SEI, they are selecting the managers for us. They are doing the research, the due diligence, the reporting back on all of those, but they don't require specific approval for each manager change. So, for us, they provide thought leadership also. I have a wide range of responsibilities as CFO. And so, I just can't get into the depth of investment expertise that I would like. So, I really rely on them for that thought leadership. And not just in investing, but also on the spending side, too. They really bring national recognition and knowledge to us about trends and different things, and then the administrative side. So, several years ago before SEI, we were managing the capital calls and distributions on private assets. And that's a lot of work. So, they take that administrative side on, too.

Robert Morier: It's also a very full inbox, which Frank knows very well. You get a lot of inquiries from asset managers. You're responsible as chief investment officer for that pool of assets. So, what do you consider when you're thinking about a new investment opportunity for the plan?

Frank Mihail: We usually start with the strategic asset allocation, where there's any holes or gaps that we need to fill. For example, if we're underweight a certain asset class, then we'll say, OK, let's start looking at a mandate in X strategy. And when we're looking at investment managers, we usually start with what can be complementary to the portfolio, what kind of return stream would be uncorrelated, something we don't already have. And then we look for a long-term track record of successful or outperformance.

Robert Morier: And how do you balance risk and return for such a diverse pool of assets?

Frank Mihail: I think there's a few thought frameworks for that at the highest level. It also starts at the strategic asset allocation with diversification. And then from there, we think about... there's different risk frameworks, right? From a systematic risk framework, you can mitigate risk through private markets, lagged marks, also through long, short hedge

funds. So, 3/4 of our book is alternative that falls in that bucket. And then from an active risk standpoint, are the markets efficient? And if they are, is it worth hunting for alpha or just better to index it? Are the markets inefficient? And should we take active risk in that area?

Robert Morier: Last time we spoke, you were relatively new into the role. I think it was a little less than a year. And today, you've got a little bit more time under your belt. You were working with a consultant, RVK, to help you through that process, that build-out. How has that process been going since we last spoke?

Frank Mihail: I think of RVK as an extension of our team. I rely on them for strategic planning, investment manager, due diligence, and recommendations. And in the last five quarters that I've been with the Trust Lands, we've approved 17 mandates for \$3.5 billion.

Robert Morier: A lot of money with not a lot of time under your belt. So, congratulations on that. That's incredible. I asked you both about the OCIO and the consultant relationship by design for Jon. Because I often will advise students, particularly students at Drexel, about where they could be starting their careers. I also took a relatively circuitous path. I started at a technology company and then worked my way into investments. But I do find starting as consultants and outsource CIOs is a great place to begin. But Jon, for you, can you help us... take us into the boardroom meetings at the Bison Fund. We're in the Commodity Trading Room, I believe, right now. But what are some of the recent allocations that the Fund had been considering, maybe thinking about it a little bit more strategically, maybe from a sector or industry perspective?

Jon Spahn: Yeah. And actually, it's funny enough that you asked those two questions previously, because we do do a lot of the due diligence that an OCIO would do. For us, it's more on a more-narrow setup just because of the nature of being a student fund and the turnover of students. So, we're primarily focusing on equities. And we're kind of acting closer to the way an equity manager would. And so, to your question actually about some of the things we're considering and, how does that process work? A lot of our strategy over the years has been either SMID equity or large cap, but mostly focusing on growth companies and really trying to teach students the fundamentals rather than being more technical investors. That process works where we'll have students split in two groups every semester. And they'll go through, and they'll research different companies based on screeners that we'll pull together. And they'll go through work with some of our board members and alumni that we connect them with. And "here's this company. What do you think? Here's our research thus far." And at the end of the semester, they'll come with a pitch, they'll pitch the company. And we'll have a very in-depth discussion about it, ask them questions, try and make sure their thesis is bulletproof. And based on what they come to us with, we'll be able to vote. And if the majority like, say, I think it's 66% of 2/3 of our fund is on board, then we'll be able to make that investment. And then that's

something that becomes part of our portfolio for a number of the different people and places that we manage the money for.

Robert Morier: That's great. It sounds like a very systematic process that allows you to take those qualitative attributes into your investment process. That's great. Frank, you mentioned that RVK is an extension of your team. Could you tell us a little bit about how is the team structured in Bismarck? And how do you see it developing, let's say, over the next one to two years?

Frank Mihail: I'm responsible for strategic planning. And I rely on RVK for some help with that. Teresa heads up our operations. So, she's responsible for all sort of new accounts, transitions. And then we just hired Sean, our third team member, who's going to be responsible for manager monitoring and performance reporting. So, we're at a team of three. And we get sort of a window every biennium during legislative session to rethink if we need more resources and to go ask the legislators for them. So, I could see our staff growing here in the next couple of years.

Robert Morier: That's great. Thank you for sharing that. Allyson, please don't tell me you're doing this all by yourself. So, what does your team look like?

Allyson Peterson: Yeah. Actually, we don't have any specific investment professionals on our team. So that's where we rely on SEI. I have tremendous leaders that head up the departments I talked about... accounting, HR, donor compliance, and information services. But really, as it relates to investments, our accountants are really focused more on the record-keeping, so journal entries. We do a unitization process quarterly where we're taking the returns and applying them to all endowments equitably so that we can... we do issue annual endowment reports to our donors as well. So, we get a lot of help from our creative team to help us package the kind of information that we would like our donors to know. Because we are stewards of their assets forever. So, it's very important that we are ensuring that the trust continues to be there, that we're investing appropriately for them.

Robert Morier: Frank, Jon shared a little bit with us the Bison Fund's underwriting process for a manager or maybe a new equity. Would you mind, for our audience, maybe refreshing our memory in terms of what the underwriting process looks like for you when you were writing a mandate for, let's say, one of those 17 new allocations?

Frank Mihail: I had mentioned we usually start with the strategic asset allocation, where we want to fill any gaps. RVK we'll help us screen the universe for whatever strategy we're looking for. And then we'll go out and interview the handful of candidates. And once we've selected a manager, then I'll go out and do an on-site visit. RVK will put together a due diligence report. Together, we'll present the recommendation to our board. And if and when they approve that, then we start the legal diligence process, which usually then

takes another month. Soup to nuts usually takes about a quarter sort of on the fast track. But usually, we're planning six months out.

Robert Morier: What are you trying to glean from those manager meetings? We talk a lot about performance, a lot of the data. I'm sure that you and your fellow students, Jon, spent time researching. But when you're sitting down with a manager kind of like this face-to-face, what attributes are you looking for in that relationship?

Frank Mihail: At the end of the day, the ultimate goal is, is this a manager that can consistently outperform? And so, when there's quantitative data to back it up that's helpful. A lot of times, there isn't. And so, then you've got to think, well, how do you think about it qualitatively, things like, What's the turnover at the firm? At the end of the day, it all ties to consistency, right? Is the team consistent? Is the strategy consistent? Is the fund size consistent if they're growing too quickly? And so, I think consistency of team and the qualitative metrics can then translate to consistency of returns. And at the end of the day, we want to be aligned. And there's ways to structure fees and whether or not the manager is transparent with their reporting that show alignment.

Robert Morier: A question for you and Jon, and maybe we'll start with Jon. Well, what were some of the investment trends or areas of opportunity that you and the students are finding today as it relates to the fund?

Jon Spahn: Yeah, I think a lot of our... actually, most of our investments, I'd say a portion of them end up in industrial or technology. And obviously, there's a lot of technology things going on in the world these days. And I think in general, in terms of what companies come to our attention, we're still very broad. And we have companies in almost every sector that within the market. And in terms of specific trends, obviously, the students have a very unique perspective on things like AI, where being kind of part of the younger generation, it's just a very different perspective, especially going through school in the way that students interact with that in education. And so, yeah, we're just trying to think about whether it be AI or machine learning, augmented reality, all these different things and how they implement into companies. And just making sure that despite all those trends, say, where we do believe that AI is going to have this X impact or all these different technologies that we're still investing in, companies that have those either production advantages or competitive advantage in some way, because that's a lot of what kind of underlines how we're investing. And hoping that we can find companies we can hold in perpetuity.

Robert Morier: Frank, how about yourself? Some of the areas of opportunity that you're finding today.

Frank Mihail: In 2023, we had just come out of '22 with that drawdown. Venture was sort of in the doldrums. And so, I found that an... I spent a lot of 2023 looking at venture because I felt like it was a great opportunity to build relationships with top-tier managers. Right now, private credit is hot. We're also under allocated to it. So, we're looking at private credit with the sort of theme of rates being higher for longer. On the flip side, real estate is not. We're also overweight. So, we're trimming.

Robert Morier: You have a background in hedge funds. How about on the alternative side? Anything interesting on the hedge fund front?

Frank Mihail: We're sticking to a multi-strat theme at North Dakota Trust Lands. And so, we're looking at, essentially, zero-beta strategies. We're not necessarily trying to pick sub strategies, like global macro or CTA, or whether or not they're in favor. We'll leave that to the managers to allocate to those sub sleeves.

Robert Morier: Well, I know one of the missions of Trust Lands is education and funding education. And in fact, if anyone listens to our old podcast... so Frank, he'll know. It was education that was able to get his wife to come to North Dakota as well. She's an elementary school teacher and happily in a new role, if I remember correctly. So, when you think about the mission of Trust Lands as it relates to funding education, sitting here with North Dakota State University, how do you think or foresee that collaboration kind of working in the future between the foundation potentially and the Trust Lands? And it's a question for both Allyson and Frank.

Frank Mihail: Well, yeah, I'm excited to meet Allyson and be up here today. So, we have the same mission. I'd love to come back. And obviously, we'll soundboard ideas off each other in the future, but I'd love to come back to campus. And I love doing things like this that can help give career advice to students.

Allyson Peterson: Yeah, I really appreciate this opportunity to meet Frank and recognize the similarities because we're investing in perpetuity. We're really focused on that stable distribution that our beneficiaries rely on. So, kind of have similar investment themes that we're looking at. So yeah, I think we'll definitely be talking about best practices and things going forward.

Robert Morier: That's great. Thank you for sharing all that. Jon, I do want to ask you, if you think about your years here at North Dakota State University, what are some of the more memorable experiences that you've had here at the College of Business?

Jon Spahn: Yeah, I think it almost boils down to starting with the Bison Fund. And I mean—

Robert Morier: And the podcast?

Jon Spahn: No, it definitely is the podcast. So yeah, I mean, the Bison Fund's been a great in terms of memorable experience. It's something I've been in since I started back in August 2020 when I like just got to college, and it was a brand-new experience. And so that's been something throughout the years, getting to meet different people who are now my mentors or things like that. There's been a number of other, whether it be, obviously, going through the curriculum and the classes get to meet a ton of friends and professors and industry people along the way. And I guess as well, another student-run fund as well, Pathway Ventures has always been another recent thing of mine that has been another memorable experience. So, it's been too much memorable experiences to list all at once. But that's great.

Robert Morier: Congratulations on your graduation. Yeah, we're very excited to see what the future holds for you. Before we let you go, one more question for Allyson and Frank. And it was not in the script beforehand, but I always like to ask it is, tell me a decision that you've made in your professional careers that you're most proud of.

Allyson Peterson: One that comes to mind for me is, as I reflect on my professional career since graduating from NDSU, I've worked for two organizations that have really shaped my professional life. And both organizations I interviewed for and did not get the job the first time. And so really took that self-reflection. And just when I talk to students and get to work with neat students like Jon, it's no, it's not the end of the world. And so, I think the decision to try again for both of those positions and then getting the job on the second time both times is something that I'm proud of myself. I could have just written off those organizations, but I didn't. I knew they were amazing organizations that I wanted to work for. And they took a chance on me, and it really worked out.

Frank Mihail: I would say the sort of theme would be stepping out of your comfort zone and trying to fill the gaps of where you need to fill the skill set. And I guess I have a couple examples. I went from engineering to real estate sales. So I was, as an engineer, more of an introvert. In real estate sales, you got to be an extrovert, right? And so, I feel like that helped develop a more holistic personality. And then when I moved into the allocator role, I had an opportunity to cover hedge funds. And in all honesty, it was probably my least favorite asset class and the one I had the least knowledge about. And I was fearful because it seemed challenging. And I stepped into that role knowing that it would be able... but I'm also hungry to learn, right? So, I knew it would be able to fill that gap of the skill set that I needed. And so, I think looking both on the hard skills and the soft skills, ways to fill gaps, to build your professional profile, to be more holistic.

Robert Morier: That's wonderful. Thank you for sharing that. And good advice for you, Jon, as you move ahead in your career. So, we're going to thank Jon for being on the desk

to start with us. And we're going to invite Joe to come on the desk now and talk a little bit more about the community and mission. So, thank you, Jon.

Jon Spahn: Thank you.

Robert Morier: Joe, thank you so much for being here. It's really wonderful that you could join us. I'm happy that you made the trip with Frank to be here at North Dakota State University. So, stepping in as commissioner, how do you see your role influencing the strategic direction and public perception of the Department of Trust Lands?

Joe Heringer: Well, thanks for having us. We're really excited to be here. For me, one of the most important roles of my job is promoting the mission. And if you think about it, Frank and I, we have a really cool job and cool mission to support. Basically, what we do is we're trying to build and grow an endowment to support various organizations throughout the state, the largest of which is North Dakota K through 12 public education. So right now, we have... the largest fund that we manage is what's called the Common Schools Trust Fund. And it is around \$6.5 billion right now and growing. Our goal is to get it up to \$10 billion a year over the next several years. And it's really cool because that fund for this biennium, we're distributing \$500 million to support K through 12 education in the state, which is huge. We provide about 20% of the support. Our distributions make up about 20% of state funding for K through 12 education in the state. Interestingly enough, we also have a fund that supports NDSU, North Dakota State University. We have about \$100 million trust fund set up for North Dakota State University. And there are 13,000 acres that are actually designated for that trust fund. And this biennium, we're distributing about \$7.6 million to North Dakota State University from our efforts and our work, and the great master plan that was put in place by the founders that established this process.

Robert Morier: So, what initiatives are you prioritizing then to enhance the understanding and the visibility of the Department's efforts across the state of North Dakota?

Joe Heringer: Yeah, I mean, one of the things is we want to just get out and do more things like this. I mean, we feel like we have a really good story to tell. So, we're looking for all other sorts of venues we can do it, whether it's podcasts or social media, just general media. And in North Dakota as a whole, we're trying to just promote more transparency. There're efforts throughout various organizations, especially the organizations that manage investments for the state, to really promote transparency. I think North Dakota is a pretty transparent state in general. We have very good open records laws. We're very accessible. Most things aren't confidential or restricted. So, we have very good access in general. But one of the things we want to do is we want to provide a lot of information on our website. And we do have a very good website. I mean, you can go out there and you can look at our financials. You can look at our investment

returns, our portfolios. You can look at our audited financials. I mean, you can look at our board packet. One of the things that I've been really just thankful is that I have a really good board to work with. And just for the audience's information, so the whole land department, all of our organization, we're overseen by the North Dakota. It's called the Board of University and School Lands. And the governor chairs it. And then there are four other members. It's the secretary of state, the North Dakota State treasurer, the attorney general, and the superintendent of Public Instruction. And they have just been great to work with. I'm so thankful. They're very trusting. They're open. They're innovative. They're open to new ideas. They're supportive of transparency. So, one of the things they asked me to do was to work on our board packet, the materials we provide to the board each month. So, they've helped me to just think about how to restructure it to be much more transparent, more concise, make it more user friendly, readable. So again, I'm just very thankful for the support of the board and their mission and the vision that they provide to us. Another thing that we're thinking about doing is we are a small agency in comparison to what we manage. So, what I like to say is we do a lot with a little. But one thing that we were looking at doing was potentially adding a communications person. We don't have that role right now. But looking forward to future legislative sessions, we might be looking to add a communications person that would really help us just accentuate what we're doing with our messaging and trying to get the word out.

Robert Morier: Allyson, when you think of the Foundation's goals, what are some of the priorities that you foresee in the next few years?

Allyson Peterson: Yeah, so our University president, Dr. Dave Cook, has set some priorities of growing enrollment, retention of students, well-being of students and staff. And so, we really need to align the foundation strategic plan with supporting those priorities. So, we can support them through fundraising initiatives and then also through outreach to our alumni. So really just trying to prioritize how we can best support the University through our endowment and then also through... some donors are giving to capital projects and things that are not endowed. So, we also have investments that we manage that are outside of the endowment. So really, making sure that the cash is there when the University needs it. And yeah, just continuing to spread the word about NDSU. We're kind of a hidden gem here, but there's great value. And so, we're kind of humble in North Dakota. We don't like to talk about ourselves and our accomplishments, but there's a lot to talk about, about NDSU.

Robert Morier: Well, we're happy to highlight that. Thank you so much for allowing us to be here to spend time with the three of you and Jon. But before we go, I do have one more question for all of you. Frank, we'll start with you. Jon has left the table, but there are a lot of students here on campus that are preparing for finals next week. So, you've given a little bit of advice, but maybe some parting advice for those students who are about to set off into the world.

Frank Mihail: Well, I would say in your job search, have grit. When I was coming out of the MBA program, searching for a job, I probably submitted 1,000 resumes, did 100 or so cold calls. What translated out of that was maybe 10 interviews and no jobs. And so, I think at a certain point, I sort of felt down. And then I just had grit. And I just kept turning over every rock and found that, look, you might be competing with 1,000 other applicants if you see a posting on LinkedIn, but try to go and look for jobs in places where other people aren't looking, right? Those sorts of stones that are sort of way up high in the hill to turn over. And what I mean by that is I ended up finding my job on the ILPA job board, which is sort of dedicated to private equity investments. And so, try to really narrow your search into these more esoteric job boards, where the applicant pool that you're competing against will be smaller.

Robert Morier: Great advice. Allyson, how about you for students?

Allyson Peterson: Yeah, I would say take care of yourself first. Kind of that put your oxygen mask on before helping others. I think that really that self-care is so important, especially during finals week. And then also just prioritize. When you get overwhelmed, when there's to-dos and notifications on your phone, just really prioritize. And things will work out.

Robert Morier: And last but not least?

Joe Heringer: Yeah, I would say keep in mind building relationships. I mean, those are so important. You just never know what's going to develop out of something, even if you're tired or you don't want to go to that event or that function or you don't feel like talking that day or that afternoon, just make yourself do it. Go out, shake some hands. Introduce yourself to people. You just never know what will happen. And then also just always put your best foot forward. I mean, you never who's watching or who might be seeing you that day. So, when you step out, make sure you look good. No, I mean, look professional. I mean, even if you don't think you're going to run into anybody that day, you just never know what will happen. And then just be aware of what you're communicating and how you're communicating. Be aware of what you put on social media. Be aware of what others might hear you say because word can spread so quick nowadays. And you don't want a future employer to find something out there or hear something out there that turns them off, so.

Robert Morier: Joe, Allyson, Frank, and to Jon, thank you so much for being here today. This was a wonderful conversation. And a special thanks to North Dakota State University for hosting us today and bringing all of this together. It's really a special opportunity for us at the Dakota Live Podcast. So, thank you so much.

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