State Investment Board Executive Review & Compensation Committee

Tuesday, August 11, 2026 – 10:00 a.m. - Virtual Only

The open portions of this meeting are livestreamed. Join the meeting now

AGENDA

I. **CALL TO ORDER AND APPROVAL OF AGENDA *(Committee Action)***

II. **ACCEPTANCE OF MINUTES (JUNE 18, 2026) *(Committee Action)***

III. **EXECUTIVE REVIEW & COMPENSATION COMMITTEE CHARTER REVIEW (5 minutes) *(Information)*** – Ms. Smith

IV. **EXECUTIVE DIRECTOR THIRD PARTY ANNUAL REVIEW (15 Minutes) *(Committee Action)*** – Ms. Smith

V. **DISCUSSION**

VI. **ADJOURNMENT**

Accessibility Notice: The Retirement & Investment Office (RIO) is committed to providing equitable access to its meetings and materials. Meeting packets may include draft documents that are still under development and may not be fully accessible. If you need these materials in an alternative format or require a reasonable accommodation to participate in this meeting, contact RIO and include the meeting name and document with your request.

NORTH DAKOTA STATE INVESTMENT BOARD
EXECUTIVE REVIEW AND COMPENSATION COMMITTEE
MINUTES OF THE JUNE 18, 2026, MEETING

MEMBERS PRESENT

Dr. Rob Lech, TFFR Board, Chair
Gerald Buck, PERS Board, Vice Chair
Sen. Jerry Klein, LBSFAB

STAFF PRESENT

Scott Anderson, CIO
Eric Chin, Deputy CIO
Jac Collins, Sr. Investment Analyst
Cory Cox, Investment Analyst
Derek Dukart, Sr. Investment Analyst
Jennifer Ferderer, Fiscal/Investment Admin
Tim Forsythe, Deputy CFOO
Chirag Ganhdi, Portfolio Manager
Ross Hambrick, Portfolio Manager
Erik Jodock, Investment Analyst
Chase Kauffeld, CRO
Missy Kopp, Executive Assistant
George Moss, Portfolio Manager
Sarah Mudder, Communications/Outreach Dir.
Chuck Napp, Investment Operations Manager
Adam Otteson, CFOO
Matt Posch, Portfolio Manager
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Executive Director
Sam Suchy, Investment Analyst
Susan Walcker, Sr. Financial Manager
Alex Weissman, Investment Analyst

GUESTS

Kelly Armstrong, Governor
Kirsten Tuntland, Assistant Attorney General

CALL TO ORDER

Dr. Lech called the State Investment Board (SIB) Executive Review and Compensation Committee (ERCC) meeting to order at 8:02 a.m. on Thursday, June 18, 2026. The meeting was held virtually.

ACCEPTANCE OF AGENDA

IT WAS MOVED BY SEN. KLEIN AND SECONDED BY MR. BUCK AND CARRIED BY A VOICE VOTE TO ACCEPT THE JUNE 18, 2026, AGENDA AS DISTRIBUTED.

AYES: MR. BUCK, SEN. KLEIN AND DR. LECH
NAYS: NONE
MOTION CARRIED

ACCEPTANCE OF MINUTES

IT WAS MOVED BY MR. BUCK AND SECONDED BY SEN. KLEIN AND CARRIED BY A VOICE VOTE TO ACCEPT THE APRIL 15, 2025, MINUTES AS DISTRIBUTED.

AYES: MR. BUCK, SEN. KLEIN, AND DR. LECH
NAYS: NONE
MOTION CARRIED

EXECUTIVE DIRECTOR (ED) JOB DESCRIPTION

Ms. Smith reviewed an updated Executive Director job description reflecting changes made through the new Governance Policy System (GPS). Revisions align the position with updated governance responsibilities, clarify TFFR-related duties, and support the agency's succession planning efforts by ensuring a current job description is available if a leadership transition occurs. Staff noted that additional updates may be considered next year as TFFR completes its own governance review.

IT WAS MOVED BY SEN. KLEIN AND SECONDED BY MR. BUCK AND CARRIED BY A VOICE VOTE TO RECOMMEND APPROVAL OF THE REVISED ED JOB DESCRIPTION TO THE SIB.

AYES: MR. BUCK, SEN. KLEIN, AND DR. LECH
NAYS: NONE
MOTION CARRIED

EXECUTIVE DIRECTOR LEGISLATIVE INCREASE

Mr. Otteson reviewed the recommendation for the legislatively authorized 3% salary increase for the Executive Director. The recommendation was based on the Executive Director's formal performance evaluation, which found exceptionally strong first-year performance supported by positive feedback from board members and other stakeholders.

IT WAS MOVED BY MR. BUCK AND SECONDED BY SEN. KLEIN AND CARRIED BY A ROLL CALL VOTE TO RECOMMEND APPROVAL OF A 3% SALARY INCREASE FOR THE ED EFFECTIVE JULY 1, 2026, TO THE SIB.

FISCAL YEAR (FY) 2026 INCENTIVE COMPENSATION PLAN

The Committee discussed the Fiscal Year 2026 Incentive Compensation Plan and recommended continuing the existing plan through the end of the current fiscal year. Members noted that employees were hired with the plan in place and that, despite ongoing discussions about future changes, the Board should honor the commitments already made.

The committee emphasized that approving the current plan would not limit the Board's ability to adopt a revised incentive compensation program for Fiscal Year 2027. Committee members agreed that maintaining the existing plan provides clarity for staff while allowing the Board to consider longer-term changes separately.

IT WAS MOVED BY SEN. KLEIN AND SECONDED BY MR. BUCK AND CARRIED BY A ROLL CALL VOTE TO RECOMMEND APPROVAL OF THE FY26 INCENTIVE COMPENSATION PLAN TO THE SIB.

AYES: MR. BUCK, SEN. KLEIN, AND DR. LECH
NAYS: NONE
MOTION CARRIED

FISCAL YEAR 2027 INCENTIVE COMPENSATION PLAN

Ms. Smith reviewed the proposed Fiscal Year 2027 Incentive Compensation Plan. The updated plan shifts compensation toward higher base salaries while reducing reliance on incentive pay. Key changes include increasing base pay to market median levels, reducing maximum incentive percentages, introducing a three-year bonus payout schedule (50%/25%/25%), increasing the maximum performance threshold from 50 to 75 basis points, and changing bonus accrual to a linear scale rather than a large payout at the first basis point.

Committee members and Governor Armstrong emphasized that the revised plan builds on, rather than replaces, the existing framework. The changes are intended to improve recruitment and retention, provide more consistent compensation, address legislative concerns, and better support an agency managing rapidly growing assets while maintaining a competitive total compensation package. Members noted that experience over the past year demonstrated base salary is a more effective recruitment and retention tool than large one-time bonuses, particularly as RIO competes with the private sector for specialized investment professionals. The revised structure provides employees with greater compensation stability, protects them from the impact of a single poor investment year through deferred payouts, and encourages long-term retention. Discussion also highlighted the importance of obtaining greater flexibility to hire staff as the agency's assets under management continue to grow.

Committee members further stressed that public attention had become focused on incentive compensation rather than the agency's investment performance and value to North Dakota. They emphasized that the revised plan helps shift the conversation back to RIO's strong investment results, cost savings from expanding internal investment management, and the importance of maintaining a compensation structure that attracts and retains the talent necessary to continue generating returns for the state's citizens.

IT WAS MOVED BY SEN. KLEIN AND SECONDED BY MR. BUCK AND CARRIED BY A ROLL CALL VOTE TO RECOMMEND APPROVAL OF THE INTRODUCTION AND FIRST READING OF THE FY27 INCENTIVE COMPENSATION PLAN TO THE SIB.

AYES: MR. BUCK, SEN. KLEIN, AND DR. LECH
NAYS: NONE
MOTION CARRIED

OTHER

With no further business to come before the ERCC, Dr. Lech adjourned the meeting at 8:58 a.m.

Submitted by:

Missy Kopp, Assistant to the Board

NORTH Dakota | Retirement & Investment

Be Legendary.

MEMORANDUM

TO:	**Executive Review & Compensation Committee**
FROM:	**Jodi Smith, Executive Director**
DATE:	**August 11, 2026**
RE:	**Executive Review & Compensation Committee Charter Review**

Purpose

The Executive Review and Compensation Committee (ERCC) is a standing Committee of the State Investment Board. The ERCC will assist the SIB in fulfilling its fiduciary oversight responsibilities of “monitoring executive performance (which) is synonymous with monitoring organizational performance against Board policies.” The ERCC will also assist the SIB in developing compensation goals and strategies for the agency as a whole that are aligned with the strategic plan of the agency.

The primary roles are to:

- Evaluate Executive Director performance annually
- Recommend executive compensation to the Board
- Oversee executive succession and leadership continuity
- Assure compensation philosophy supports long-term mission
- Commission independent compensation benchmarking

Recommended Capabilities

Collectively, ERCC members should possess the following capabilities, and where gaps exist, a targeted continuing education plan shall be established to address them:

- Executive Performance Evaluation
- Incentive Design & Risk Alignment
- Peer Benchmarking & Market Context
- Succession Planning & Leadership Assessment
- Independence, Ethics & Compensation Governance

Staff Liaison: Chief Legal Counsel (CLO) or third party for matters related to the Executive Director. The Executive Director will be the liaison for all other matters.

The Chief Legal Officer (CLO) or a third party will be responsible for the preparation of all ERCC materials related to the Executive Director’s Performance Evaluation and Compensation. The CLO or third party will prepare an annual summary of the required reports submitted to the SIB by the Executive Director and Chief Investment Officer in connection with its review of policy adherence. The CLO or third party will also assist the ERCC in completing annual surveys of the Executive Director with the SIB, SIB clients, and RIO team members.

The ERCC will conduct a formal evaluation of the Executive Director during the first half of every calendar year. This formal evaluation by the ERCC will serve as the basis for an annual compensation recommendation for the Executive Director only to be reviewed and approved by the SIB on or before June 30th each year.

The ERCC shall utilize an independent third-party advisor, as appropriate, to facilitate executive performance evaluations and compensation benchmarking to preserve objectivity and independence. Internal Audit may observe or verify process integrity but shall not lead executive performance assessments.

Powers and Responsibilities

1. Set: Research / Recommend

Prior to June 30th of each year:

- Recommend approval of the annual performance evaluation of the Executive Director.
- Make a compensation recommendation for the Executive Director to the SIB.
- Review and make recommendations regarding RIO's compensation policy to assure RIO can recruit and retain superior talent to satisfy the core mission and strategic plan of the agency.

The ERCC and/or RIO will seek SIB approval prior to formally engaging any third-party assistance in conducting the annual executive review process.

2. Approve: Not authorized

The ERCC is established by the SIB and has no power or authority to act on behalf of the full Board unless specifically delegated. The ERCC will abide by the provisions in the governance manual that pertain to the meetings and actions of the Board.

3. Oversee

The ERCC shall oversee executive succession and leadership continuity frameworks for key executive roles, including the Executive Director, the Chief Investment Officer and the Chief Financial Officer, to reduce key-person risk and support long-term organizational resilience.

4. Verify / Report

Report the survey results to both the SIB and TFFR Board.

Committee Action Requested: Information only.

NORTH Dakota | Retirement & Investment
Be Legendary.

MEMORANDUM

TO: **Executive Review & Compensation Committee**

FROM: **Jodi Smith, Executive Director**

DATE: **August 11, 2026**

RE: **Executive Director Third-Party Annual Review**

The ERCC Charter requires a formal evaluation of the Executive Director during the first half of each calendar year and directs that the evaluation be prepared and facilitated either by the Chief Legal Officer or by a third party. RIO does not have a Chief Legal Officer. The Committee will need to recommend that the SIB authorize engagement of an independent third-party advisor to prepare and facilitate the assessment for the 2027 cycle.

Because this matter concerns my own performance evaluation, I am raising it as a procedural gap only. The Charter designates the Chief Legal Officer or a third party — not the Executive Director — as the liaison for matters related to the Executive Director.

What the Charter Requires

The Charter is specific about who conducts this work and why:

- **Preparation.** The Chief Legal Officer or a third party is responsible for preparing all ERCC materials related to the Executive Director's performance evaluation and compensation.
- **Surveys.** The Chief Legal Officer or a third party assists the Committee in completing annual surveys of the Executive Director with the SIB, SIB client funds, and RIO team members.
- **Independence.** The Committee is to use an independent third-party advisor, as appropriate, to facilitate executive performance evaluations and compensation benchmarking in order to preserve objectivity and independence.
- **Limits on Internal Audit**. Internal Audit may observe or verify process integrity but may not lead executive performance assessments.

- **Board approval.** The ERCC and/or RIO must seek SIB approval before formally engaging any third-party assistance in the annual executive review process.

The Gap

The Charter contemplates two paths for preparing the evaluation: the Chief Legal Officer, or a third party. RIO has neither an in-house Chief Legal Officer nor a standing engagement with an outside advisor for this purpose. A legal position is requested in the 2027–29 budget as part of optional package #1, but even if funded, that position would not be filled in time to support an evaluation conducted in the first half of 2027.

With the first path unavailable, the second is not a preference — it is the only route by which the Charter's requirements can be satisfied on schedule.

Proposed Scope

Subject to the Committee's direction, an engagement would cover:

- Design and administration of the annual surveys of the Executive Director with the SIB, SIB client funds, and RIO team members.
- Compilation and analysis of survey results, including confidential handling of individual responses.
- Preparation of the Committee's evaluation materials and a written summary of findings.
- Facilitation of the Committee's evaluation discussion.
- An annual summary of the reports submitted to the SIB by the Executive Director and Chief Investment Officer in connection with the Board's review of policy adherence.
- Preparation of the results in a form suitable for reporting to both the SIB and the TFFR Board.

A 2025 independent governance review recommended that the Executive Director evaluation be overhauled to provide more timely feedback. The Committee may wish to include that redesign within the initial engagement, so the improved process is in place for the 2027 cycle rather than deferred to a later year.

Timing

The Charter requires formal evaluation during the first half of the calendar year, with the compensation recommendation reviewed and approved by the SIB on or before June 30. Working back from that date, survey administration and analysis need to begin early in the calendar year, which means selection and engagement of an advisor should be complete before year end. SIB approval is required before any engagement is formalized, so the Committee's recommendation would need to reach the Board with time for that step.

Funding

The Chief Financial and Operating Officer has confirmed a modest amount of funding can be accommodated within current appropriation authority.

Procurement

Any engagement must comply with State procurement requirements under N.D.C.C. ch. 54-44.4 and the OMB Procurement Competition Thresholds. The required level of competition is driven by the estimated value of the engagement. Under the current matrix, purchases under $10,000 require at least one fair and reasonable quote; purchases of at least $10,000 but less than $100,000 require informal bids or proposals solicited from at least three vendors. If the cost exceeds $100,000, a formal, publicly posted Request for Proposal (RFP) is required. RIO's procurement specialist believes the cost will fall between $10,000 and $100,000.

Two paths are available to the Committee.

Option 1 — Negotiate a Statement of Work under the existing Funston contract

RIO holds an Independent Governance and Risk Advisory Services Contract with Funston Advisory Services (FAS/Funston) which allows for underlying projects on an as needed basis which may include the following:

a. Independent governance, risk and compliance advisory services
b. Design and facilitation of Board, Executive and Staff Evaluations
c. Strategic planning and coaching services
d. Governance and risk intelligence and insights, benchmarking, reporting, dashboards and oversight infrastructure
e. Operational reviews
f. Board Education
g. Succession and continuity planning
h. Policy/program design and governance program architecture

These services were procured after RIO received an approved Alternate Procurement Request from OMB. The Alternate Procurement Request included the following language in the description of service: *FAS also offers risk assessment and associated advisory services that RIO would like the option to engage in the future*.

If the committee agrees the Proposed Scope described above falls within the scope of this agreement, the engagement could proceed by negotiating a Statement of Work under the existing Funston contract rather than through a separate procurement process.

- **Advantages.** Fastest path to engagement, which matters given the first-half-2027 deadline. Contract terms, insurance, and indemnification are already in place. The firm has current knowledge of the Board's governance framework and of the recommendations arising from the 2025 governance review.
- **Requirements before proceeding.** RIO's procurement specialist believes the Proposed Scope falls within the scope of the Independent Governance and Risk Advisory Services Contract. The Alternate Procurement Request was approved for a five-year time frame with a maximum cost of $937,500 for that period. In the event the time frame or the maximum cost is met, a new procurement will be required.
- **Independence consideration.** Funston prepared the 2025 governance review that recommended overhauling the Executive Director evaluation. If the Committee also engages the firm to conduct the evaluation, it should satisfy itself that the same firm assessing performance under a process it recommended does not compromise the objectivity the Charter requires. This is a judgment for the Committee rather than a disqualification.

Option 2 — Conduct an informal procurement

Alternatively, RIO would solicit informal proposals from at least three qualified firms with experience in public fund executive evaluation and the Committee would select from the responses.

- **Advantages.** Produces a documented competitive record, provides comparative pricing and approaches, and places the greatest distance between the evaluation and any prior engagement — which is the strongest posture on independence given that this is an evaluation of the agency's chief executive.
- **Trade-offs.** Adds time to solicit, evaluate, and award, which compresses the schedule ahead of the first-half-2027 evaluation. Requires the Committee or its Chair to participate in the solicitation development and evaluation process.
- **Requirements.** Informal solicitation, documentation of vendors contacted, responses received, evaluation, and basis for award, ensuring consistency with the procurement competition thresholds. Alternate Procurement is required if fewer than three vendors are solicited.

Recommendation on process

Given the schedule, RIO recommends Option 1 as the more practical route. If the Committee concludes that independence is better served by a new solicitation, RIO will proceed under Option 2 and should begin promptly to preserve the timeline.

In either case, selection and oversight should be directed by the ERCC Chair rather than by the Executive Director, and SIB approval must be obtained before the engagement is formalized.

Committee Action Requested

Recommend that the SIB authorize the engagement of an independent third-party advisor to prepare and facilitate the annual Executive Director performance evaluation with scope, selection, and oversight directed by the ERCC Chair, and direct RIO to begin work to either (1) negotiate a statement of work under the existing Funston contract, OR (2) conduct an informal procurement.