NORTH Dakota Be Legendary. | State Investment Board RETIREMENT & INVESTMENT

Governance and Policy Review Committee Meeting
Wednesday, August 12, 2026, 3:00 p.m.
Virtual Only
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AGENDA

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

II. ACCEPTANCE OF MINUTES (June 1, 2026) ***(Committee Action)***

III. GOVERNANCE POLICY SYSTEM RECOMMENDED AMENDMENTS (30 minutes) ***(Committee Action)***

IV. ADJOURNMENT

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STATE INVESTMENT BOARD
GOVERNANCE & POLICY REVIEW COMMITTEE MEETING
MINUTES OF THE JUNE 1, 2026, MEETING

MEMBERS PRESENT
Dr. Rob Lech, TFFR Board, Chair
Thomas Beadle, State Treasurer
Joe Morrissette, OMB Director

STAFF PRESENT
Missy Kopp, Executive Assistant
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Executive Director

GUESTS
Rick Funston, Funston Advisory
Evan Norton, Funston Advisory

CALL TO ORDER

Dr. Lech called the State Investment Board (SIB) Governance and Policy Review (GPR) Committee meeting to order at 3:30 p.m. on Monday, June 1, 2026. The meeting was held virtually.

AGENDA

The agenda was considered for the June 1, 2026, meeting.

IT WAS MOVED BY MR. MORRISSETTE AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE JUNE 1, 2026, MEETING AS DISTRIBUTED.

AYES: TREASURER BEADLE, MR. MORRISSETTE, AND DR. LECH
NAYS: NONE
MOTION CARRIED

ACCEPTANCE OF MINUTES

The Committee considered the minutes of the April 7, 2026, meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. MORRISSETTE AND CARRIED BY A VOICE VOTE TO ACCEPT THE APRIL 7, 2026, MINUTES AS DISTRIBUTED.

AYES: TREASURER BEADLE, MR. MORRISSETTE, AND DR. LECH
NAYS: NONE
MOTION CARRIED

SIB GOVERNANCE MANUAL REWRITE UPDATE

Mr. Funston, Funston Advisory, reviewed the revisions to the Governance Policy System (GPS) prior to the second reading at the SIB meeting. Updates included clarifying that the Executive Director fulfills the statutory role currently labeled "Investment Director" until legislation is updated, defining the Executive Director's responsibility for operational risk while assigning oversight to the Audit, Risk and Compliance Committee, refining board access to confidential information, restoring previously omitted governance provisions, and relocating investment policies and attestation forms to separate companion documents.

Ms. Smith discussed the implementation work that is already underway, including development of a board decision calendar, a just-in-time board education program tied to upcoming decisions, ADA-compliant web publication, and updates to committee reporting aligned with the new governance framework. The Committee discussed implementation and recognized that it will occur over the next fiscal year as policies, reporting and committee processes transition to the new governance model. The Committee thanked staff and Mr. Funston for the work on the GPS.

OTHER

With no further business to come before the GPR Committee, Dr. Lech adjourned the meeting at 3:47 p.m.

Prepared by:

Missy Kopp, Assistant to the Board

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MEMORANDUM

TO: **GOVERNANCE & POLICY REVIEW COMMITTEE**

FROM: **Jodi Smith, Executive Director**

DATE: **August 12, 2026**

RE: **Consolidated Amendments Recommended to the Governance Policy System**

Several items requiring amendment to the Governance Policy System (GPS) have surfaced.

Item 1. Statutory Citation Corrections

Exhibit A, items A-1 through A-18.

Review of the Oath of Office section identified four citations in the GPS that do not correspond to the subject matter of the provisions in which they appear. Each of the four recurs in multiple places. Together they appear eighteen times across the Conflicts of Interest, External Communications, Board Access to Confidential Information, Trustee Travel, Oath of Office, and Use of Artificial Intelligence policies.

These are corrections rather than policy changes, but they should be made before the document is relied upon.

GPS provision	Cited in GPS	What the cited section actually covers	Correct citation	Exhibit A items
Oath of office	44-04-10	Nepotism violation — penalty	44-01-05 — Oath of civil officers	*A-10*

GPS provision	Cited in GPS	What the cited section actually covers	Correct citation	Exhibit A items
Records retention	44-04-30	Records of the State Fire Marshal	ch. 54-46 — records management	*A-4, A-5, A-8, A-13, A-16, A-18*
Minutes and annual reaffirmation	44-04-19	Access to public meetings	44-04-21 — open voting and minutes	*A-3, A-7, A-12*
Applicable investment standard	54-52-02.9	Temporary employee participation in PERS	ch. 59-17 — prudent investor standard	*A-1, A-2, A-6, A-9, A-11, A-14, A-15, A-17*

Exhibit A sets out each of the eighteen locations in red-line and constitutes the complete list of affected provisions.

Recommended action. Approve the citation corrections as set out in Exhibit A, items A-1 through A-18.

Item 2. Governance Calendar — Committee Count

Exhibit A, item A-19.

The governance calendar in the GPS refers to six standing committees. The Board currently has five:

- Audit, Risk and Compliance Committee
- Executive Review and Compensation Committee
- Governance and Policy Review Committee
- Investment Committee

- Budget and Finance Committee

Recommended action. Approve the correction to the governance calendar as set out in Exhibit A, item A-19, to reference five standing committees.

Item 3. Budget and Finance Committee — Composition

Reviewing the membership of the Budget and Finance Committee, there is significant potential for a quorum of the State Investment Board to occur during the legislative session, which would inadvertently create an open meeting. To prevent that, the Committee should be constituted with four members.

The recommendation is to appoint a member of the TFFR Board to the SIB Budget and Finance Committee. This both resolves the quorum exposure and reflects the interest TFFR holds in the matters the Committee oversees.

Recommended action. Approve amending the Budget and Finance Committee charter to include an appointee from the TFFR Board and to fix committee size at four members, as set out in Exhibit A.

Committee Action Requested: Recommend for a first reading to the State Investment Board:

1. Approve the citation corrections as set out in Exhibit A, items A-1 through A-18.
2. Approve the correction to the governance calendar as set out in Exhibit A, item A-19, to reference five standing committees.
3. Approve amending the Budget and Finance Committee charter to include an appointee from the TFFR Board and to fix committee size at four members.

EXHIBIT A

Governance Policy System — Proposed Amendments in Red-Line

August 12, 2026

How to read this exhibit: Text to be removed appears ~~struck through in red.~~ Text to be added appears **underlined in red**. Unchanged text appears in black. Each amendment is preceded by the GPS section it affects.

PART A — NON-INVESTMENT AMENDMENTS

A-1. Conflicts of Interest - Disclosure - Purpose

This policy is adopted pursuant to NDCC § 21-10-01 et seq. and applicable fiduciary standards under NDCC § ~~*54-52-02.9*~~ **59-17** *to ensure that Trustees act solely in the interest of beneficiaries and maintain independence from actual or perceived conflicts of interest.*

A-2. Conflicts of Interest - Disclosure - Annual Disclosure Certification

Each Trustee shall complete and sign an annual written disclosure statement affirming compliance with fiduciary duties of loyalty, care, and compliance under NDCC § ~~*54-52-02.9*~~ **59-17** *and applicable law.*

A-3. Conflicts of Interest - Disclosure - Recusal

The disclosure shall be recorded in the meeting minutes consistent with NDCC § ~~*44-04-19*~~ **44-04-21***;*

A-4. Conflicts of Interest - Public Records

Disclosure forms and related materials shall be maintained in accordance with NDCC § 44-04-18 and § ~~*44-04-30*~~ **54-46***. Confidential investment information shall be handled consistent with NDCC § 44-04-22.*

A-5. External Communications - Confidentiality

Trustees shall not disclose non-public investment, personnel, legal, or beneficiary information protected under NDCC § 44-04-22 or other applicable law. Digital and social media communications are subject to this restriction and applicable public records retention requirements under NDCC § ~~*44-04-30*~~ **54-46***.*

A-6. Board Access to Confidenital Information - Conduct Policy - Purpose

This policy is adopted pursuant to NDCC § 21-10-01 et seq. and applicable fiduciary standards under NDCC § ~~*54-52-02.9*~~ **59-17** *to assure that Board members have timely and appropriate access to information required to fulfill fiduciary duties, while safeguarding confidential, sensitive, and market-moving information protected under NDCC § 44-04-22 and preserving the integrity of the SIB's governance and operating model.*

A-7. Board Access to Confidenital Information - Conduct Policy - Scope

This policy governs information requests beyond the materials routinely provided in Board and Committee meeting packets. Materials included in approved meeting packets are, by definition, accessible to Board and Committee members in accordance with NDCC § ~~*44-04-19*~~ **44-04-21** *and confidentiality protections under § 44-04-22.*

A-8. Board Access to Confidenital Information - Conduct Policy – Information Handling and Security

Public records retention requirements under NDCC § ~~44-04-30~~ **54-46** *apply to all communications regardless of channel.*

A-9. Trustee Travel Policy - Purpose

Trustee travel shall support the Board's fiduciary obligations under NDCC § 21-10-01 et seq. and NDCC § ~~54-52-02.9~~ **59-17.**

A-10. Oath of Office – Statutory Requirement

Each Trustee shall execute the oath of office required under NDCC § ~~44-04-10~~ **44-01-05** *and §54-06-01 prior to participating in Board deliberations or voting.*

A-11. Oath of Office – Fiduciary Acknowledgement

Duty of care consistent with the prudent investor/prudent expert standard under NDCC § ~~54-52-02.9~~ **59-17.**

A-12. Oath of Office – Annual Reaffirmation

At the first meeting of each fiscal year, Trustees shall reaffirm their oath and fiduciary obligations. Reaffirmation shall be recorded in the minutes consistent with NDCC § ~~44-04-19~~**44-04-21***.*

A-13. Oath of Office – Records Retention

Executed oaths shall be maintained in permanent Board records consistent with NDCC§ ~~44-04-30~~**ch. 54-46***.*

A-14. Use of Artificial Intelligence - Purpose

The purpose of this policy is to establish principles, governance standards, and control requirements governing the use of Artificial Intelligence (AI) technologies by the North Dakota State Investment Board ("Board") and the Retirement and Investment Office("RIO") staff. This policy is adopted pursuant to NDCC § 21-10-01 et seq. and is intended to assure that the use of AI supports the Board's fiduciary obligations under NDCC § ~~54-52-02.9~~ **59-17***, protects confidential information under NDCC § 44-04-22, and complies with applicable open records and open meetings laws.*

A-15. Use of Artificial Intelligence – Guiding Principles – Fiduciary Primacy

AI tools may support but shall not replace the exercise of independent fiduciary judgment required under NDCC § ~~54-52-02.9~~ **59-17***.*

A-16. Use of Artificial Intelligence – Guiding Principles – Transparency and Documentation

Where AI tools materially inform analysis or recommendations presented to the Board, staff shall document the role of AI in the analytical process consistent with NDCC § 44-04-18 and § ~~44-04-30~~ **54-46***.*

A-17. Use of Artificial Intelligence – Investment Decision Support

Where AI tools are used in connection with investment analysis: AI outputs shall be considered advisory only; material assumptions must be independently validated; documentation shall identify the extent to which AI informed analysis; and final recommendations shall clearly reflect professional judgment and fiduciary review. The use of AI shall not dilute the prudent investor/prudent expert standard required under NDCC § ~~54-52-02.9~~ **59-17***.*

A-18. Use of Artificial Intelligence – Records Retention

AI-generated content used in Board business constitutes a public record where required under NDCC § 44-04-18 and shall be retained in accordance with NDCC § ~~44-04-30~~ **54-46***. Prompt histories or AI interactions that materially inform recommendations to the Board shall be retained as part of the decision-support record.*

A-19. Governance Calendar — Board & Committee Schedule

This is the State Investment Board's working governance calendar for the full Board and all ~~six~~ **five** *standing committees.*