NORTH Dakota | State Investment Board
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State Investment Board Meeting – Wednesday, July 29, 2026, 8:30 a.m.
WSI Board Room (In-Person) – 1600 E Century Ave, Bismarck, ND
The open portions of this meeting are livestreamed. Join the meeting now

AGENDA

I. CALL TO ORDER AND ACCEPTANCE OF AGENDA *(Board Action)*
- A. Pledge of Allegiance
- B. Roll Call & Conflict of Interest Disclosure

II. ACCEPTANCE OF MINUTES (June 23, 2026) *(Board Action)*

III. INVESTMENTS (30 minutes)
- A. Board Benchmark Education *(Information)* – Mr. Gesell, Cerity
- B. Annual Benchmark Memo *(Board Action)* – Mr. Gesell, Cerity

IV. **REPORTS (90 minutes)**
- A. Securities Litigation Update[1] *(Board Action)* – Ms. Smith
- B. Governance Modernization Update *(Information)* – Mr. Funston
- C. Transparency Scorecard *(Information)* – Mr. Funston, Ms. Smith
- D. Board Smart Fiduciary Education Program *(Information)* – Mr. Funston, Ms. Smith

(Break)

V. GOVERNANCE (60 minutes)
- A. Election of Board Officers *(Board Action)* – Ms. Smith
- B. Committee Appointments *(Chair Appoints)* – Ms. Smith
- C. Annual Affirmation of Code of Conduct and Fiduciary Obligations *(Information)* – Ms. Smith
- D. Investment Committee Update *(Information)* – Treasurer Beadle, Mr. Anderson
  1. Wellington Temporary Guideline Waiver *(Board Action)* – Treasurer Beadle
- E. Enterprise Risk Management Framework *(Information)* – Ms. Smith
- F. Benchmark Consultant Update *(Board Action)* – Ms. Smith
- G. Second Reading & Final Adoption of FY 2027 Incentive Compensation Policy *(Board Action)* – Ms. Smith

VI. OTHER
- A. Next Meetings:
  - Budget & Finance Committee – August 10, 2026, at 11:00 a.m.
  - SIB ERCC – August 11, 2026, at 10:00 a.m.
  - SIB GPR Committee – August 12, 2026, at 9:30 a.m.
  - SIB ARCC – August 13, 2026, at 2:30 p.m.
  - Investment Committee - August 14, 2026, at 9:00 a.m.
  - State Investment Board – August 26, 2026, at 8:30 a.m.

VII. **ADJOURNMENT**

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[1] Executive Session pursuant to N.D.C.C. §§ 44-04-17.1(4), 44-04-19.1, and 44-04-19.2 for attorney consultation to discuss pending securities litigation and to receive attorney advice and guidance on the legal risks, strengths, and weaknesses of an action of the SIB, if held in public, would have an adverse fiscal effect on the SIB.

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NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE JUNE 23, 2026, BOARD MEETING

MEMBERS PRESENT
Kelly Armstrong, Governor, Chair
Dr. Rob Lech, TFFR Board, Vice Chair
Thomas Beadle, State Treasurer, Parliamentarian
Rep. Glenn Bosch, LBSFAB
Gerald Buck, PERS Board
Joe Heringer, Commissioner Unv. & School Lands
Pete Jahner, Investment Professional
Sen. Jerry Klein, LBSFAB
Cody Mickelson, TFFR Board
Joe Morrissette, Director of OMB
Dr. Prodosh Simlai, Investment Professional
Art Thompson, Director of WSI

MEMBERS ABSENT
Adam Miller, PERS Board

GUESTS
Rick Funston, Funston Advisory
Eileen Neill, Verus
Evan Norton, Funston Advisory
Kirsten Tuntland, Assistant Attorney General
Aaron Weber, Governor's Office
Members of the Public

STAFF PRESENT
Scott M. 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 Gandhi, Portfolio Mgr.
Deneen Gathman, Retirement Accountant
Ross Hambrick, Portfolio Mgr.
Erik Jodock, Investment Analyst
Missy Kopp, Executive Assistant
Robbie Morey, Investment Operations Analyst
George Moss, Portfolio Mgr.
Sarah Mudder, Communications/Outreach Dir.
Chuck Napp, Sr. Investment Operations Manager
Temi Osinaike, Internal Auditor
Adam Otteson, CFOO
Daphne Pfleiger, Investment Accountant
Emmalee Riegler, Procurement/Records Coord.
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Executive Director
Dottie Thorsen, Internal Auditor
Susan Walcker, Sr. Financial Manager
Alex Weissman, Investment Analyst
Lance Ziettlow, Portfolio Mgr.

CALL TO ORDER

Governor Kelly Armstrong, Chair, called the State Investment Board (SIB) meeting to order at 1:00 p.m. on Tuesday, June 23, 2026. The meeting was held in the WSI Boardroom, 1600 E Century Ave., Bismarck, ND.

The following members were present representing a quorum: Commissioner Heringer, Treasurer Beadle, Mr. Buck, Rep. Bosch, Mr. Thompson, Dr. Simlai, Mr. Mickelson, Sen. Klein, Dr. Lech, Mr. Morrissette, Mr. Jahner, and Gov. Armstrong

The new Investment Analyst, Sam Suchy, was introduced to the Board.

AGENDA

The Board considered the agenda for the June 23, 2026, SIB meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE JUNE 23, 2026, AGENDA AS PRESENTED.

AYES: COMMISSIONER HERINGER, TREASURER BEADLE, MR. BUCK, REP. BOSCH, MR. THOMPSON, DR. SIMLAI, MR. MICKELSON, SEN. KLEIN, DR. LECH, MR. MORRISSETTE, MR. JAHNER, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MILLER
MOTION CARRIED

MINUTES

The Board considered the minutes of the April 27, 2026, SIB meeting and the March 17, 2026, Securities Litigation Committee meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE APRIL 27, 2026, SIB AND MARCH 17, 2026, SECURITIES LITIGATION COMMITTEE MINUTES AS DISTRIBUTED.

AYES: COMMISSIONER HERINGER, TREASURER BEADLE, MR. BUCK, REP. BOSCH, MR. THOMPSON, DR. SIMLAI, MR. MICKELSON, SEN. KLEIN, DR. LECH, MR. MORRISSETTE, MR. JAHNER, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MILLER
MOTION CARRIED

INVESTMENTS

Quarterly Performance Update

Ms. Neill, Cerity, provided an update on investment performance through March 31, 2026. The discussion highlighted a challenging quarter driven by geopolitical uncertainty, inflation pressures, and slowing economic growth, resulting in negative equity returns across most markets. Despite short-term volatility, long-term results remained strong, particularly for U.S. equities and emerging markets.

For the Consolidated Pension Trust Fund, assets continued to grow and remained closely aligned with policy targets. The portfolio maintained strong long-term performance, ranking in the top quartile of comparable public pension funds over one-, five-, and ten-year periods. Staff were recognized for maintaining low active risk while consistently adding value through implementation decisions and manager selection.

The Legacy Fund review showed continued asset growth and strong long-term performance. The portfolio remains in transition toward its updated asset allocation, with private market commitments still being funded. As those commitments are called, public equity allocations will gradually move closer to policy targets. Overall, both the Legacy Fund and Pension Trust Fund continue to perform well relative to peers while remaining positioned for long-term growth.

The Insurance Trust Fund also reported positive results. Assets remain aligned with policy targets, risk levels have moderated, and all major asset classes are outperforming their respective benchmarks over both short-and long-term periods. The consultant concluded that the portfolios are well aligned with their strategic allocations and that implementation decisions continue to add value relative to policy benchmarks.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY PERFORMANCE UPDATE.

AYES: MR. MICKELSON, COMMISSIONER HERINGER, MR. MORRISSETTE, MR. THOMPSON, TREASURER BEADLE, DR. LECH, MR. JAHNER, MR. BUCK, SEN. KLEIN, REP. BOSCH, DR. SIMLAI, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MILLER
MOTION CARRIED

REPORTS

Quarterly Audit Activities Report

Ms. Seiler reviewed the Quarterly Audit Activities Report. The investment fee audit, conducted with Weaver, found strong existing controls and identified opportunities to further formalize procedures, fee validation processes, and access controls. Management agreed with the recommendations and is implementing improvements.

The executive limitations audit found no compliance issues and will be the final year this review is conducted under the current governance framework.

Internal Audit also completed a review of the pension administration system user roles and permissions, recommending additional approval and documentation procedures for system access. Staff noted continued improvements to the agency's annual risk assessment process, which is used to develop the risk-based audit plan and now includes greater focus on technology and cybersecurity risks.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY REP. BOSCH AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE QUARTERLY AUDIT ACTIVITIES REPORT.

AYES: REP. BOSCH, SEN. KLEIN, COMMISSIONER HERINGER, DR. SIMLAI, MR. BUCK, MR. MORRISSETTE, MR. MICKELSON, TREASURER BEADLE, MR. JAHNER, MR. THOMPSON, DR. LECH, AND GOV. ARMSTRONG
NAYS: NONE
MR. MILLER
MOTION CARRIED

GOVERNANCE

Governance & Policy Review (GPR) Committee Update

Dr. Lech provided an update from the GPR Committee meeting on June 1, 2026. Committee members noted the significant amount of feedback received from board members throughout the process and recognized its value in improving the final product.

Mr. Funston highlighted the revisions, including clarifications regarding the roles of the Executive Director (ED) and Chief Investment Officer, accountability and delegation authorities, operational risk oversight, confidential information access, and reporting relationships. Additional changes addressed committee charters, the four lines of accountability framework, delegated authority provisions, and the organization of investment policies and board affirmation requirements.

The committee also discussed implementation planning, including a new board education approach that would provide targeted educational materials tied to upcoming board decisions rather than general training sessions.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE SECOND READING AND FINAL ADOPTION OF THE GOVERNANCE POLICY SYSTEM.

AYES: TREASURER BEADLE, MR. JAHNER, REP. BOSCH, MR. THOMPSON, COMMISSIONER HERINGER, MR. MORRISSETTE, DR. SIMLAI, DR. LECH, MR. BUCK, SEN. KLEIN, MR. MICKELSON, AND GOV. ARMSTRONG.
NAYS: NONE
ABSENT: MR. MILLER
MOTION CARRIED

Investment Committee Update

Treasurer Beadle provided an update on the Investment Committee meetings held on May 8, 2026, and June 18, 2026. The Committee reviewed portfolio strategy, private market investments, internal asset management, and consultant services.

The committee approved additional private market commitments, recommended updates to private credit benchmarks, and approved temporary guideline waivers related to portfolio rebalancing. Staff also provided an update on the internal investment program, which now manages approximately $4.2 billion in assets and has generated an estimated $16.3 million in cost savings since implementation.

The committee reviewed plans to expand internal management capabilities, approved updates to cash overlay guidelines, and received the results of the performance measurement consultant search. Following a competitive RFP process, Callan was selected as the new performance measurement consultant.

Ms. Neill, Cerity, provided an overview of the Private Credit benchmark recommendation for the Pension Pool. The recommendation was to adopt the Morningstar LSTA Leveraged Loan Index plus 100 basis points as the benchmark for the new private credit allocation. The benchmark is already used for a similar private credit allocation within another RIO-managed fund, providing consistency across portfolios.

The recommendation was based on CFA Institute benchmark selection standards, which require benchmarks to be representative, measurable, investable, transparent, and aligned with the investment strategy. Because private credit investments primarily consist of private and bank loan exposures, the leveraged loan index was determined to be the closest public-market proxy available.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE PENSION POOL PRIVATE CREDIT BENCHMARK.

AYES: MR. MORRISSETTE, SEN. KLEIN, MR. MICKELSON, DR. LECH, MR. JAHNER, MR. BUCK, MR. THOMPSON, DR. SIMLAI, COMMISSIONER HERINGER, TREASURER BEADLE, REP. BOSCH, AND GOV. ARMSTRONG
NAYS: NONE

ABSENT: MR. MILLER
MOTION CARRIED

Mr. Chin reviewed the updates to the City of Bismarck Deferred Sick Leave IPS.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CITY OF BISMARCK DEFERRED SICK LEAVE IPS.

AYES: SEN. KLEIN, MR. BUCK, REP. BOSCH, COMMISSIONER HERINGER, DR. LECH, TREASURER BEADLE, DR. SIMLAI, MR. MICKELSON, MR. JAHNER, MR. THOMPSON, MR. MORRISSETTE, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MILLER
MOTION CARRIED

The Board recessed at 2:19 p.m. and reconvened at 2:33 p.m.

Audit Committee Update

Treasurer Beadle provided an update from the June 3, 2026, Audit Committee meeting. The Committee received an update from UHY on the Fiscal Year (FY) 2026 financial statement audit, including the RIO and TFFR financial statements, GASB 68 schedules, internal controls, and compliance testing. Audit fieldwork will continue through the summer, with final reports expected this fall.

The committee reviewed and approved the FY 2027 internal audit work plan, which includes audits of the internal investment program, governance processes, procurement, cash management, and TFFR employer compliance. Members also received an update on a cybersecurity incident involving K-12 schools that may have exposed limited member information. Staff have completed required notifications and are implementing additional security training and protocol enhancements.

The committee reviewed the investment fee audit, executive limitations audit, user role review, and other quarterly audit activities, including a new tracking process to monitor implementation of audit recommendations and corrective actions.

SIB Client Satisfaction Survey

Ms. Mudder reviewed the results of the SIB Client Satisfaction survey. Responses were received from representatives of 16 client funds, with overall ratings predominantly in the above average to excellent range.

Two concerns were identified through survey comments. The first involved the Water Stabilization Fund and has already been addressed through discussions with the investment team. The second is related to the timeliness of performance reports for PERS. Staff have met with PERS leadership and are working to better align committee meeting schedules with report delivery timelines so that more current information is available for review.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY SEN. KLEIN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE SIB CLIENT SATISFACTION SURVEY RESULTS.

AYES: DR. SIMLAI, REP. BOSCH, MR. BUCK, TREASURER BEADLE, COMMISSIONER HERINGER, SEN. KLEIN, MR. THOMPSON, DR. LECH, MR. JAHNER, MR. MORRISSETTE, MR. MICKELSON, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MILLER
MOTION CARRIED

SIB Meeting Schedule Fiscal Year 2027

Ms. Smith reviewed the proposed board meeting schedule and required action items for FY27.

IT WAS MOVED BY MR. BUCK AND SECONDED BY SEN. KLEIN AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE SIB MEETING SCHEDULE FOR FY27.

AYES: MR. THOMPSON, MR. BUCK, MR. MORRISSETTE, MR. JAHNER, MR. MICKELSON, DR. SIMLAI, REP. BOSCH, COMMISSIONER HERINGER, DR. LECH, SEN. KLEIN, TREASURER BEADLE, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MILLER
MOTION CARRIED

Executive Director Update

Ms. Smith provided an update on reporting timeliness, staffing capacity, technology modernization, and key agency risks. Financial reporting timelines have improved significantly, with fiscal reports now being produced in approximately 36 days. Performance reporting timelines have also improved but continue to be affected by benchmark data availability and vendor transitions.

The Board discussed the upcoming replacement of the agency's aging accounting system, which presents a significant operational risk as assets under management continue to grow. Staff noted that additional technology investments and staffing resources may be needed in the future.

Other key risks discussed included the transition to Callan as the new performance consultant, follow-up actions from a recent cybersecurity incident, support challenges related to the Sagitec pension system, and progress toward launching the new Legacy Fund transparency website.

Executive Review and Compensation Committee (ERCC) Update

The Executive Review & Compensation Committee (ERCC) reviewed four items: the ED job description, salary recommendation, and incentive compensation plans for FYs 2026 and 2027.

The committee recommended approval of an updated ED job description to align with the new Governance Policy System and clarify responsibilities related to TFFR. ERCC also recommended implementing the legislatively approved 3% salary increase for the ED effective July 1.

Regarding incentive compensation, the committee recommended maintaining the FY 2026 plan as previously approved, emphasizing the importance of honoring commitments already made. For FY 2027 and beyond, ERCC reviewed potential modifications to the incentive compensation program.

Executive Director Job Description

The Board reviewed minor updates to the ED job description to support succession planning and align the position with the newly adopted GPS. Changes also clarify TFFR-related responsibilities and formally designate the ED as serving as Chief Risk Officer until a dedicated position is filled.

IT WAS MOVED BY DR. LECH AND SECONDED BY REP. BOSCH AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE ED JOB DESCRIPTION.

AYES: DR. LECH, TREASURER BEADLE, DR. SIMLAI, COMMISSIONER HERINGER, REP. BOSCH, MR. BUCK, MR. JAHNER, MR. MICKELSON, MR. MORRISSETTE, MR. THOMPSON, SEN. KLEIN, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MILLER
MOTION CARRIED

Executive Director Legislative Increase Recommendation

The Board considered a recommendation from the Executive Review & Compensation Committee to approve the legislatively authorized 3% salary increase for the ED. The recommendation was based on the ED's recent performance evaluation, which found strong performance and consistently positive feedback from board members, staff, and stakeholders.

IT WAS MOVED BY DR. LECH AND SECONDED BY SEN. KLEIN AND CARRIED BY A ROLL CALL VOTE TO APPROVE A 3% SALARY INCREASE FOR THE ED, RAISING THE ANNUAL BASE SALARY FROM $244,536 TO $251,872 EFFECTIVE JULY 1, 2026.

AYES: MR. BUCK, MR. THOMPSON, COMMISSIONER HERINGER, MR. MICKELSON, MR. MORRISSETTE, REP. BOSCH, MR. JAHNER, DR. LECH, SEN. KLEIN, TREASURER BEADLE, DR. SIMLAI, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MILLER
MOTION CARRIED

FY 2026 Incentive Compensation Plan

The Board considered the annual approval of the FY 2026 Incentive Compensation Plan. Staff recommended maintaining the existing plan without changes for the current FY, noting that employees entered the year with the plan in place and expectations established.

Discussion highlighted the agency's strong performance, including significant outperformance relative to investment benchmarks, continued improvement in pension funding projections, and approximately $16.3 million in cost savings generated through the internal investment management program. Board members also noted the importance of honoring compensation commitments that have already been communicated to employees.

While the Board continues to evaluate potential changes to the incentive compensation program for future years, members emphasized that maintaining the FY 2026 plan provides clarity, consistency, and transparency for staff while recognizing the agency's strong performance and value delivered to North Dakota citizens.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. BUCK AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE FY26 INCENTIVE COMPENSATION PLAN AS PRESENTED.

AYES: MR. MICKELSON, DR. SIMLAI, MR. MORRISSETTE, TREASURER BEADLE, DR. LECH, MR. BUCK, COMMISSIONER HERINGER, REP. BOSCH, SEN. KLEIN, MR. JAHNER, MR. THOMPSON, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MILLER
MOTION CARRIED

Introduction and First Reading of FY 2027 Incentive Compensation Policy

The Board received the first reading of proposed changes to the incentive compensation plan beginning in FY 2027. The proposed revisions are intended to improve recruitment and retention while providing greater emphasis on competitive base salaries and long-term employee retention.

Key proposed changes include:

- Increasing the performance threshold for maximum incentive payouts from 50 to 75 basis points above benchmark.
- Reducing maximum incentive payout percentages for several positions.
- Introducing a three-year payout structure (50% in year one, 25% in year two, and 25% in year three) rather than a single lump-sum payment.
- Increasing certain base salaries to align positions more closely with market median compensation levels.
- Extending bonus eligibility from three months to six months of employment, consistent with the state's probationary period.

The proposal maintains the existing structure of measuring performance against the agency's largest client funds and continues the 80% quantitative and 20% qualitative evaluation framework. Board members emphasized the importance of balancing competitive compensation, employee retention, and accountability while recognizing the agency's strong investment performance and operational results.

IT WAS MOVED BY DR. LECH AND SECONDED BY REP. BOSCH AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INTRODUCTION AND FIRST READING OF THE FY 2027 INCENTIVE COMPENSATION POLICY

AYES: MR. JAHNER, MR. MICKELSON, MR. MORRISSETTE, REP. BOSCH, MR. THOMPSON, SEN. KLEIN, DR. SIMLAI, COMMISSIONER HERINGER, DR. LECH, TREASURER BEADLE, MR. BUCK, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MILLER
MOTION CARRIED

ADJOURNMENT

With no further business to come before the SIB, Gov. Armstrong adjourned the meeting at 3:38 p.m.

Prepared by: Missy Kopp, Assistant to the Board

Benchmark Education and Recommendations

North Dakota State Investment Board

July 29, 2026

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Why benchmarks matter?

- Benchmarks matter because they:
  - Reflect Board's desired asset class and sub-asset class risk, or 'beta' exposures

  - Enable Board and Staff to adequately monitor whether investment program is meeting established goals
    - Provides link between expectations and success

- Benchmark selection is the most important investment decision Board makes behind setting asset allocation policy

Preferred benchmark qualities[1]

1. ***Specified in advance*** – benchmark is specified prior to start of evaluation period and known to all parties
2. ***Appropriate*** – benchmark is consistent with manager's investment style or area of expertise
3. ***Measurable*** – benchmark return is readily calculable on reasonably frequent, consistent basis
4. ***Unambiguous*** – benchmark securities' identities and weights are clearly defined
5. ***Reflective of current investment opinions*** – manager has current knowledge of benchmark securities or factor exposures
6. ***Accountable*** – manager is aware of and accepts accountability for benchmark constituents and performance
7. ***Investable*** – benchmark can be passively replicated

[1] *Source:* ***Managing Investment Portfolios***: A Dynamic Process (CFA Institute Investment Series), by John L. Maginn, Donald L. Tuttle, Dennis W. McLeavey and Jerald E. Pinto, 2007

Other preferred qualities

- Consistent with proxies used in asset allocation policy development
- Reflective of risk as well as return of the asset class, sub-asset class or strategy
- Available in a timely, cost-efficient manner
- Commonly used by similar investors

ND SIB benchmark summary

Current Asset Class	Current Benchmark	Benchmark Quality Summary of Current Benchmarks					
		Opportunity Set / Guideline Alignment	Investable and Known Ex-Ante	Transparent/ Unambiguous / Available	Consistent with Asset Allocation	Reflective of Asset Class Risk/Return	Commonly Used by Similar Investors
Total Fund	***Custom asset class weighted policy index***	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*Yes*
Total Equity	**Roll-up of asset class strategy benchmarks**	N/A	N/A	N/A	N/A	N/A	Yes
Total Public Equity	Blend of Russell 3000 & MSCI ACWI ex-US IMI (net) *(ACWI IMI weighted)*	Yes	Yes	Yes	Yes	Yes	Yes
Total Public Equity *(custom US/Non-US policy)*	Blend of Russell 3000 & MSCI ACWI ex-US IMI (net) *(policy weighted)*	Yes	Yes	Yes	Yes	Yes	Yes
U.S. Equity	Russell 3000	Yes	Yes	Yes	Yes	Yes	Yes
U.S Equity (*custom Large/Small cap policy*)	Blend of Russell 1000 & Russell 2000 (*policy weighted*)	Yes	Yes	Yes	Yes	Yes	Yes
Private Equity	Hamilton Lane Private Equity Index - 1 quarter lagged [1]	Yes	No	No	Yes	Yes	Yes
Total Fixed Income	**Roll-up of asset class strategy benchmarks**	N/A	N/A	N/A	N/A	N/A	Yes
Investment Grade Fixed Income	Bloomberg Aggregate Bond Index	Yes	Yes	Yes	Yes	Yes	Yes
U.S. Government Securities (*State Historical Society*)	Bloomberg U.S. Government Bond Index	Yes	Yes	Yes	Yes	Yes	Yes
Non-Investment Grade Bonds	Bloomberg High Yield 2% Issuer Constrained	Yes	Yes	Yes	Yes	Yes	Yes
Long-term Government/Credit Bonds	Bloomberg U.S. Long Government/Credit Bond Index	Yes	Yes	Yes	Yes	Yes	Yes
Private Credit	Morningstar LSTA Leveraged Loan Index + 100 bps	Yes	No	No	Yes	Yes	Yes
Total Real Assets	**Roll-up of asset class strategy benchmarks**	N/A	N/A	N/A	N/A	N/A	Yes
Core Real Estate	NCREIF ODCE (net) - 1 quarter lagged	Yes	Yes	Yes	Yes	Yes	Yes
Timber	NCREIF Timberland Index - 1 quarter lagged	Yes	Yes	Yes	Yes	Yes	Yes
Infrastructure	NCREIF ODCE (net) + 100 bps - 1 quarter lagged	No	Yes	Yes	Yes	No	Yes
TIPS (*WSI Plan*)	Bloomberg US Government Inflation Linked Bond Index	Yes	Yes	Yes	Yes	Yes	Yes
Short Term Fixed Income	Bloomberg 1-3 Year US Government/Corporate Index	Yes	Yes	Yes	Yes	Yes	Yes
In-state Equity	Benchmark against itself	Yes	No	No	No	Yes	N/A
In-state Infrastructure Loan	Benchmark against itself	Yes	No	No	No	Yes	N/A
BND CD Match Program	Benchmark against itself	Yes	No	No	No	Yes	N/A
Cash	90-day T-Bills	Yes	No	Yes	Yes	Yes	Yes

[1] SIB adopted three-tiered approach to benchmarking private equity. For new or start up PE funds (Tier 1), accounts will be benchmarked against themselves; between years 4 and 9 (Tier 2), PE fund accounts will be benchmarked against the Hamilton Lane Private Equity Index, weighted by vintage year; year 10 and afterwards (Tier 3), PE fund accounts will be benchmarked against the Hamilton Lane Private Equity Index, aggregate version. For periods when the Hamilton Lane indices are not available before the reporting date, account returns will be used until the index returns become available.

Benchmarking issues – private markets

- Private markets benchmarks do not fulfill the following benchmark quality criteria:
  - Investable
  - Transparent
  - Appropriately representative (*of exposures that can be invested in today*)
- Private markets cannot be rebalanced to strategic targets
- Different return calculation methodology (*IRR vs. TWR*)
- Valuation timing
- Fund life cycle

Benchmarking issues – private markets

- Three primary types of benchmarks for private markets:
  1. Public markets benchmark
  2. Peer group universe
  3. Public markets equivalent (“PME”)

- Most widely used private equity benchmarks are public benchmarks “plus” premium
  – However, more benchmark-aware, or sensitive, plan sponsors tend towards utilization of peer group universe as they reduce tracking error and benchmark misfit issues

- PME benchmarking for private equities is often incorporated in more detailed supplemental reporting
  – PME benchmarks are custom public market benchmarks where private market fund’s cash flows are employed to create commensurate public market proxy
  – Helps answer question: “What if we had invested in the public markets instead?”

Summary of benchmark recommendations

- Cerity reviewed all of the updated client Fund IPS and did not identify any new asset classes or sub-asset classes that require revised or new benchmarks
- ***Thus, no change to current benchmarks is recommended***
- However, Cerity recommends that for the 2026-2027 fiscal year, we review the Private Credit benchmark now offered by Hamilton Lane

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Memorandum

To: Members of the North Dakota State Investment Board
From: Cerity Partners
Date: July 29, 2026
RE: 2026 Annual Strategic Benchmark Recommendations

The purpose of this memorandum is to update the benchmark recommendations for the strategic asset classes which comprise the asset allocation policies for the respective Plans under the SIB's purview and given the asset allocation harmonization process currently underway.

Summary of Current Benchmarks

Current Asset Class	Current Benchmark
Total Fund	***Custom asset class weighted policy index***
Total Equity	**Roll-up of asset class strategy benchmarks**
Total Public Equity	Blend of Russell 3000 & MSCI ACWI ex-US IMI (net) *(ACWI IMI weighted)*
Total Public Equity *(custom US/Non-US policy)*	Blend of Russell 3000 & MSCI ACWI ex-US IMI (net) *(policy weighted)*
U.S. Equity	Russell 3000
U.S Equity (*custom Large/Small cap policy*)	Blend of Russell 1000 & Russell 2000 *(policy weighted*)
Private Equity	Hamilton Lane Private Equity Index - 1 quarter lagged [1]
Total Fixed Income	**Roll-up of asset class strategy benchmarks**
Investment Grade Fixed Income	Bloomberg Aggregate Bond Index
U.S. Government Securities (*State Historical Society*)	Bloomberg U.S. Government Bond Index
Non-Investment Grade Bonds	Bloomberg High Yield 2% Issuer Constrained
Long-term Government/Credit Bonds	Bloomberg U.S. Long Government/Credit Bond Index
Private Credit	Morningstar LSTA Leveraged Loan Index + 100 bps
Total Real Assets	**Roll-up of asset class strategy benchmarks**
Core Real Estate	NCREIF ODCE (net) - 1 quarter lagged
Timber	NCREIF Timberland Index - 1 quarter lagged
Infrastructure	NCREIF ODCE (net) + 100 bps - 1 quarter lagged
TIPS (*WSI Plan*)	Bloomberg US Government Inflation Linked Bond Index
Short Term Fixed Income	Bloomberg 1-3 Year US Government/Corporate Index
In-state Equity	Benchmark against itself
In-state Infrastructure Loan	Benchmark against itself
BND CD Match Program	Benchmark against itself
Cash	90-day T-Bills

[1] SIB adopted three-tiered approach to benchmarking private equity. For new or start up PE funds (Tier 1), accounts will be benchmarked against themselves; between years 4 and 9 (Tier 2), PE fund accounts will be benchmarked against the Hamilton Lane Private Equity Index, weighted by vintage year; year 10 and afterwards (Tier 3), PE fund accounts will be benchmarked against the Hamilton Lane Private Equity Index, aggregate version. For periods when the Hamilton Lane indices are not available before the reporting date, account returns will be used until the index returns become available.

Overview

Selecting benchmarks is among the most important decisions the SIB makes behind setting asset allocation policy for the Plans under its purview. Benchmarks provide the mechanism through which to evaluate the success of the respective investment program in meeting its stated policy objectives. They provide the link between expectations and success.

Benchmarks serve essential functions in the realm of investment program oversight for fiduciaries. From a policy viewpoint, they reflect the desired asset class risk, or 'beta' exposures. The overarching goal of SIB's benchmarks should be to provide the SIB a measurement tool in order to evaluate and understand the degree to which the Plans, asset classes and strategies are successful in meeting policy objectives over both the short term (i.e., 3 or less years) and long term (i.e., 5 or more years).

Benchmarks provide insight into how capital markets are performing, in general, and help the Board understand how individual asset classes, sub-asset classes and strategies are contributing to overall results. The qualities that are desirable in benchmarks used to evaluate investment performance are typically:

- Representative of the opportunity set
- Investable and known and set ex ante (before the fact)
- Transparent
- Measurable
- Unambiguous

Other desirable qualities are:

- Consistent with the proxies used in asset allocation policy development
- Reflective of risk as well as the return of the asset class
- Available in a timely, cost-efficient manner
- Commonly used by Public Fund and other institutional investor peers

Asset classes are defined by the asset allocation policy; thus, the benchmarks for asset classes need to be reflective of the benchmarks used in the policy setting process. The goal of the SIB should be to ensure SIB's benchmarks meet industry standards for benchmark quality and that these benchmarks fairly and accurately represent the asset classes and strategies employed in the various Plans. Benchmarks for the most liquid asset classes (Global Public Equities, Public Fixed Income and Cash) tend to meet all the benchmark quality criteria. For Private Equity, Private Credit, Real Estate and Real Assets, some of the above criteria cannot be fully met and choosing which items to emphasize entails subjective judgement, including the tradeoff between short-term tracking error and long-term compatibility with the desired outcomes.

Cerity is not recommending any additional or revised benchmarks for the upcoming fiscal year. The main rationale in support of the current benchmarks is that the respective benchmarks provide the best representation of capital market "beta" for that market segment as well as reflect the proxies that were employed in the asset allocation policy development process. Additionally, most of the current benchmarks are widely utilized by SIB's peers for those same market segments. The public markets benchmarks are all published benchmarks which meet the preferred benchmark quality standards articulated earlier in this memorandum. Lastly, the benchmarks are simple and easy to understand.

Rationale Supporting Current Benchmarks

Total Equity – The current benchmark is a roll-up of the two Equity sub-asset class (i.e., Public Equities and Private Equities) benchmarks. This represents an industry standard approach to benchmarking an aggregate asset class.

Total Public Equity – The current Total Public Equity benchmark is the MSCI ACWI IMI, which is the broadest published global equity benchmark and is widely used by SIB's peers to benchmark their respective global (or total) public equity asset classes. However, the implicit use of the US component of this index is inconsistent with the use of the Russell 3000 Index to benchmark the US exposure in plans with custom policy weights for US and Non-US Equity (see bullet directly below). For plans without such custom weights the US component of the MSCI ACWI IMI is currently replaced with the Russell 3000 Index. In other words, a plan with a simple policy allocation to the Global Public Equity asset class will have that portfolio benchmarked against a market weighted blend of the Russell 3000 & MSCI ACWI ex-US IMI (net). The market weighting of the blended index will mirror that of the MSCI ACWI IMI Index.

Total Public Equity (custom US/Non-US policy weights) – For plans with policy level sub-allocations within Total Public Equity, i.e., specific weights to US and Non-US Equity, the plan's Total Public Equity portfolio is benchmarked against a policy-weighted blend of the Russell 3000 and the MSCI ACWI ex-US IMI (net). The decision to deviate from market weights is made at the level of strategic policy, not at the asset class level. Therefore, any related out-performance (or under-performance) should not be attributed to asset class management but instead be benchmarked against the policy-weighted index. For a similar reason, the custom policy weights are used in the corridor benchmark calculation, which represents an adjustment of the policy benchmark for Private Markets exposures. Such exposures are not fully within the control of fund management because of the inherent unpredictability of Private Markets cash flow.

US Equity – For plans which do not specify sub-allocations within US Equity, Cerity recommends continued use of the Russell 3000 Index, the broadest published U.S. equity benchmark and which is also widely used by SIB's peers to benchmark their respective U.S. equity sub-asset class portfolios.

US Equity (custom Large/Small policy weights) – For plans with policy level sub-allocations within US Equity, i.e., specific weights to US Large Cap and US Small Cap stocks, the plans' US Equity portfolio is benchmarked against a policy-weighted blend of the Russell US Large Cap (Russell 1000) and US Small Cap indices (Russell 2000). As in the case of Total Public Equity (second bullet above), the decision to deviate from market weights is made at the level of strategic policy, not at the asset class level. Therefore, any related out-performance (or under-performance) should not be attributed to the asset class management and is instead benchmarked against the policy-weighted index. Again, the custom policy weights are used in the corridor benchmark calculation, which represents an adjustment of the policy benchmark for Private Markets cash flows.

Non-US Equity – The current benchmark is the MSCI ACWI ex-US IMI (net). US-based investors commonly rely on the "net" version, which reflects the payment of dividend taxes withheld by foreign governments. This is the broadest published non-US equity benchmark and is widely used by SIB's peers. Cerity recommends use of these net returns for performance comparisons as they more accurately reflect the returns that can be achieved by investment in the benchmark indices by US based funds.

These current sub-asset class benchmarks represent a best practices consideration under prevailing investment theory that the broad capital market benchmarks represent the best 'portfolio' in terms of return to risk relationship. Additionally, these benchmarks are typical proxies employed for these sub-asset classes within the asset allocation policy setting process, so they provide for good alignment with the Plans' various asset allocation policy targets.

Private Equity – The current lifecycle-based benchmark is based on the Hamilton Lane Private Equity Indexes and represents an appropriate strategic and implementation benchmark for Private Equities. For periods when the Hamilton Lane data is not available prior to the reporting deadline, Cerity historically recommended that the actual fund returns be used as a substitute until the Hamilton Lane data becomes available (presumably in the subsequent period). In other words, it may occasionally be necessary to benchmark the funds against themselves over the most recent quarter, and the record would be corrected in the next quarterly reporting period.

Total Fixed Income – like the Total Equity benchmark, the current Total Fixed Income benchmark is a roll-up of the sub asset class benchmarks. This is an industry standard approach to benchmarking an aggregate asset class.

- Investment Grade Fixed Income – The current benchmark is the Bloomberg Aggregate Bond Index, which is by far the broadest published core fixed income benchmark and is widely used by SIB's peers.
- US Government Securities – The Bloomberg US Government Index is the appropriate benchmark for the State Historical Society's allocation to high quality fixed income investments, as this index is commensurate with the fund's risk profile and board-approved policy objective.
- Private Credit – The benchmark for this discreet strategic exposure is currently an industry standard benchmark for the asset class, the Morningstar LSTA Leveraged Loan Index + 100 basis points. This benchmark enables the Board to evaluate the decision to employ a private markets asset class versus a public markets alternative.

Real Assets – the current benchmark is a roll-up of the sub asset class benchmarks. This is an industry standard approach to benchmarking an aggregate asset class.

- Core Real Estate – The current benchmark is a pooled benchmark comprised of institutional, managed Real Estate commingled funds, similar to the SIB's real estate portfolio. The NCREIF ODCE (i.e., Open-end Diversified Core Equity) Index (net), is a capitalization-weighted, time-weighted return series of open-end, diversified core real estate funds. Thus, it nicely represents the core real estate universe and performance of the asset class. It is the most widely employed Core Real Estate benchmark by SIB's peers and is the asset class proxy employed in the typical asset allocation policy setting process. Like the Non-US Equity benchmark, more than one method is used to calculate returns on the NCREIF ODCE Index. In this case, returns are calculated either net of the management fees paid by the underlying funds or calculated prior to deducting those fees. Again, Cerity has historically recommended the use of net returns for this index, as they best reflect the experience of a passive investor in the asset class.
- Infrastructure – The current benchmark is the same benchmark assigned to SIB's Core Real Estate program (NCREIF ODCE (net)) plus a 100 basis points premium to capture both the value-added component and the idiosyncrasies of an infrastructure portfolio. While imperfect, the benchmark does capture the strategic objective of this sub-asset class (real income generation), which is the goal for the strategic benchmarks being recommended to the Board. The challenge with Infrastructure is that it is a relatively nascent sub-asset class and there currently does not exist a widely accepted industry standard benchmark. However, SIB is unique in that it has a well-developed Infrastructure investment program, which is ahead of most peers. Given the existence of multiple strategies and the fact that the program was developed to be income oriented with a return/risk profile similar to a 75%/25% Core/Value-add Real Estate program, Cerity continues to recommend the current benchmark.

In-State Investments – The In-State investment program is relatively new and in the process of being built. Additionally, in-state investments are idiosyncratic in nature and do not lend themselves to traditional benchmarks, particularly at the very immature stage. Thus, Cerity continues to recommend benchmarking these investments against themselves in the initial years. Benchmarking idiosyncratic assets against themselves is not uncommon in institutional investments. Benchmarks should be revisited every 3 years or so as a matter of industry best practice. At the next strategic benchmark review, these three program components will be evaluated to determine what alternative benchmarks may be appropriate to consider based upon the composition of the respective investment portfolios at that time.

Regarding the practical use of the above recommendations in periodic investment reporting, it should be noted that whenever timing issues (e.g., monthly reporting) require the use of lagged data for a particular asset class, the benchmark data for that asset class should be lagged to the same degree. Matching the period of benchmark performance to the period of portfolio performance is absolutely necessary for accurate measurement of the value added by portfolio management.

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NORTH
Dakota | Retirement & Investment
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MEMORANDUM

TO: State Investment Board

FROM: Jodi Smith, Executive Director, North Dakota Retirement & Investment Office

DATE: July 29, 2026

RE: Securities Litigation Update

Governance Reminder: Shift in Oversight Responsibility

As the Board will recall from the SIB Governance Manual Rewrite, the Securities Litigation Committee charter is disbanded and replaced with an annual written Securities Litigation Report from the Executive Director to the Board. Under this model, management retains responsibility for ongoing monitoring, claims filing, service provider oversight, and escalation of material matters, while the Board retains responsibility for approval of policy and oversight of management's execution. This memorandum is provided consistent with that shift in responsibility and with management's commitment to escalate material developments between annual reports.

CASE UPDATES

Daimler

Legal Counsel

DiCello Levitt LLP

Review

In the Daimler matter, which SIB entered in February 2021, the claim is estimated at approximately $2.757 million. Daimler is a major corporate bribery and compliance case in which the company and certain subsidiaries were found to have made improper payments to foreign officials to win business in multiple countries. The case exposed serious failures in internal controls, books and records, compliance oversight, and management supervision, resulting in significant penalties and reputational damage.

Update

Counsel at DiCello Levitt LLP notified staff that Caroline Robert began a one-year leave of absence on June 30, 2026, and that her colleague Ryder Thomas, together with Roxana Pierce, assumed primary responsibility for the matter. Because Mr. Thomas will be advising and acting on behalf of the State, staff initiated the Special Assistant Attorney General (SAAG) appointment process for him through the Office of the Attorney General. Subsequently, on July 16, 2026, Ms. Pierce announced that she has joined Scott+Scott. Staff is monitoring the transition to confirm continuity of representation and appropriate SAAG appointments.

Danske Bank

Legal Counsel

Grant & Eisenhofer P.A.

Review

In the Danske Bank matter, which SIB entered in June 2019, the claim is estimated at approximately $1.36 million. Danske Bank is a major anti-money-laundering failure in which approximately €200 billion in suspicious transactions flowed through its Estonian branch between 2007 and 2015. The case exposed significant weaknesses in compliance, internal controls, and board and senior management oversight, resulting in major fines, leadership changes, and lasting reputational damage.

Update

The matter continues to advance toward trial. On March 10, 2026, the court heard arguments on trial logistics, outstanding discovery requests, and the claimants' trial witness list, and counsel filed follow-on briefs on March 26 (a supplemental brief responding to Danske's expert critiques, supported by proof of each test-case plaintiff's ownership of its sub-funds and by evidence obtained from Danske Estonia's U.S. correspondent banks) and April 23 (addressing trial witnesses, logistics, and trial bundles). Bank of America and JPMorgan have completed their document productions, closing the U.S. discovery process. Separately, on April 23 the Court of Appeal granted Danske's request for additional evidence regarding the test-case plaintiffs' investment policies and strategies; counsel will be sending specific document requests, and staff should expect to gather and produce responsive records.

Volkswagen

Legal Counsel

Grant & Eisenhofer P.A.

Review

In the Volkswagen matter, which SIB entered in July 2016, the claim is estimated at approximately $1.358 million. Volkswagen is a major corporate misconduct case in which the company installed software designed to cheat emissions tests, making certain diesel vehicles appear compliant while emitting pollutants above legal limits in real-world driving. The case exposed serious failures in ethics, internal controls, and management oversight, resulting in billions in fines and settlements, leadership changes, and significant reputational damage.

Update

Proceedings continue on two tracks in Germany. In the Model Case, VW responded on March 2, 2026, to claimants' assessment of the evidence to date; German counsel are analyzing that response and no reply deadline has yet been set. The examination of witness Wolfgang Hatz was scheduled for May 12, 2026, followed by a case management conference on May 13 at which the court was expected to share its views on the taking of evidence. In the lower court cases, briefing continues on standing as aggrieved VW shareholders, powers of attorney, representation authority, and related formality evidence; counsel will submit additional supporting documentation on claimants’ behalf as it is received.

Nissan

Legal Counsel

Kessler Topaz Meltzer & Check

Review

In the Nissan matter, which SIB entered in June 2020, the claim is estimated at approximately $525,800. Nissan is a major corporate governance case centered on allegations that former Chairman Carlos Ghosn underreported compensation and misused company assets, alongside broader findings of weak internal checks and excessive concentration of authority. The case exposed significant failures in oversight, disclosure, and board governance, resulting in leadership upheaval, legal actions, and substantial reputational damage.

Update

No update since last report in March 2026 (reviewed by the Securities Litigation Committee). The next hearing is scheduled for September 4, 2026, where a judgement is expected.

Philips

Legal Counsel

Financial Recovery Technologies

Review

In the Philips matter, which SIB entered in March 2023, the claim is estimated at approximately $3.552 million. Philips is a major product safety and compliance case centered on the recall of millions of sleep and respiratory devices due to concerns that sound-abatement foam could degrade and create health risks. The matter exposed significant weaknesses in quality controls, regulatory compliance, and management oversight, resulting in large settlements, regulatory scrutiny, leadership pressure, and substantial reputational damage.

Update

No material developments have been reported since the March 2026 committee update.

Financial Recovery Technologies

Financial Recovery Technologies (FRT) provides the SIB's securities-litigation monitoring and claims-filing service, tracking shareholder class actions, antitrust settlements, and international group litigations across the SIB's holdings, filing eligible claims on the SIB's behalf, and collecting and remitting recoveries. The following summarizes program activity for Fiscal Year 2026 across four categories: settled class actions, antitrust settlements, passive group litigation, and opt-in monitoring.

<u>Cash Recovered During FY26</u>

The figures below are drawn from the monthly “Newly Paid” detail, which reports amounts collected in each period. (The cumulative “Total Recovered” line in each monthly report accumulates over the fiscal year and should not be summed across months.)

Month	Settled Class Action	Antitrust	Monthly Recovery
Jul 2025	$31,044	—	$31,044
Aug 2025	$19,294	$280	$19,574
Sep 2025	$4,802	—	$4,802
Oct 2025	$36,595	—	$36,595
Nov 2025	$481	—	$481
Dec 2025	$152	—	$152
Jan 2026	$11,952	—	$11,952
Feb 2026	$89,307	—	$89,307
Mar 2026	$442	—	$442
Apr 2026	$40,235	—	$40,235
May 2026	$5,500	—	$5,500
Jun 2026	$52	$300	$352
FY2026 Total	**~$239,854**	**$580**	**~$240,434**

Recovery is reported net of FRT contingent fees, which were nominal during the year ($34 on the August foreign-exchange settlement and $36 on the June Mexican Government Bonds payment; other payments reflected $0 fees).

<u>Notable Individual Payments</u>

- Earthlink Holdings — $89,099 (February), the single largest payment of the year
- Emergent BioSolutions — $30,871 (October)
- Cerence Inc — $21,469 (April)
- Cardinal Health — $18,773 (July)
- Toronto-Dominion Bank — $12,254 (July)
- Qualcomm — $11,537 (April) and VMware — $11,167 (January)

Claim Filing Activity

FRT filed new claims in nearly every month of the fiscal year, adding matters as settlements were announced. Representative newly filed matters included Exelon, Compass Minerals, ViacomCBS, Live Nation, Dentsply Sirona, Barclays, Olaplex, EQT, Equinix, Opendoor, HP, and Spirit Aerosystems, followed by a large April group (Acadia Healthcare, Celgene, Cummins, DXC Technology, Masimo, Mercury Systems, SCANA, and Wells Fargo) and Catalent and Fidelity National Information Services in May. This steady filing cadence — identifying each new settlement and filing before its deadline — is the core function of the service.

Securities Monitoring & Litigation

The Securities Monitoring and Litigation policy in the SIB Investment Policy Manual outlines when legal action is necessary to attempt to recover all or part of losses to the funds due to alleged improper action or inaction which results in the impairment of the value of the funds' security holdings.

Most such actions will be prosecuted through class action litigation whether or not the SIB takes an active role as a plaintiff or a passive role as a member of a certified class of plaintiffs. Any ultimate award or settlement from a class action will be ratably allocated among legitimate claimants.

In the great majority of securities cases, the SIB recovers as a passive member of a certified class. The custodial bank or designated agent monitors settlements, files proofs of claim with supporting documentation, and reports distributions received — no Board decision is required. Active participation — seeking appointment as lead plaintiff or co-lead plaintiff or filing a separate action — is the exception. Under the Policy, the SIB will generally consider an active role only when it is expected to add value by enhancing the prospect for recovery, increasing the amount of recovery, assuring more efficient and effective prosecution of the case, or identifying and addressing corporate governance issues through litigation, and the Executive Director may initiate active participation only with the prior approval of the SIB.

The Policy directs that the decision be based on the totality of the circumstances. The principal factors, drawn from the Policy's decision criteria, are summarized below.

Consideration	What the Board Should Weigh
Size of loss	Under the Policy, the SIB will generally avoid active participation in U.S. or Canadian cases where the potential loss does not exceed $5 million. Dollar loss is important but is not the sole or overriding factor; the decision rests on the totality of the circumstances.
Merits of the claim	The prima facie strength of the claim and its factual basis, recognizing that full discovery will not begin until the class is certified.
Likelihood of recovery	Whether defendants and their insurers can pay an adequate recovery without impairing the value of any securities of the issuer the SIB still holds.

Consideration	What the Board Should Weigh
Evidence and support	The availability of witnesses and the support that can be obtained from investment managers, consultants, and the custodial bank through discovery.
Fitness to lead	The SIB's ability to serve as a fiduciary on behalf of all class members, particularly relative to other institutional investors considering the same case. Courts weigh the movant's financial interest, typicality, and adequacy.
Cost and venue	Potential costs, with special consideration for cases that must be filed in non-U.S. venues under the Morrison decision, where litigation costs and the liabilities of unsuccessful claims can be significant. The Policy's jurisdictional thresholds (none to $10 million depending on risk tier) govern non-U.S. opt-in and group participation.
Staff capacity	Current workload and the staffing required to fulfill the SIB's primary member service functions, and whether participation would displace time and resources needed for core business.

Board Action Requested: Motion will follow executive session.

Funston Advisory Services LLC

BOARD PRESENTATION · JULY 2026

Governance Modernization

North Dakota State Investment Board · Retirement & Investment Office

Governance Modernization | Transparency & Accountability | Line of Sight | Operational Risk | Strategic Plan

· Authority: N.D.C.C. Ch. 21-10

TODAY'S DISCUSSION

Agenda

Governance Review December 2025

Most important improvements within control of SIB/RIO
Are you willing to do what it will take to be legendary?

1

Modernize Governance

Is the Board clear on its authority — and does it have a plan for what's within its control? Key decisions, intelligence and insights, always available and just-in-time

2

Improve Transparency

Progress made and work in progress toward demonstrating public accountability.

3

Improve line of sight - Exception-Based Reporting

IPS and Benefits Policy Scorecards — report the exceptions, not the routine.

4

Adopt Enterprise Performance Risk Management – reduce performance drag

The AMORE framework: inherent vs. residual risk across 3 functions and 32 key processes.

STRATEGIC PLAN

- Governance
- People & Organization
- Systems & Intelligence
- Policies & Processes
- External Factors

Mandate Without Means

Heroic efforts but may not be sustainable:

- Legacy Fund has very high visibility.
- Demands transparency and reliability but ability is impaired by lack of fiscal staff.
- The Legislature has been very supportive of SIB.
- ND SIB has been a high performer despite statutory and organizational challenges but this is fragile as assets continue to grow rapidly.
- Because of complexity, there is stakeholder confusion about SIB's purpose and mission.
- Need to achieve the mission despite inevitable short-term pressures.

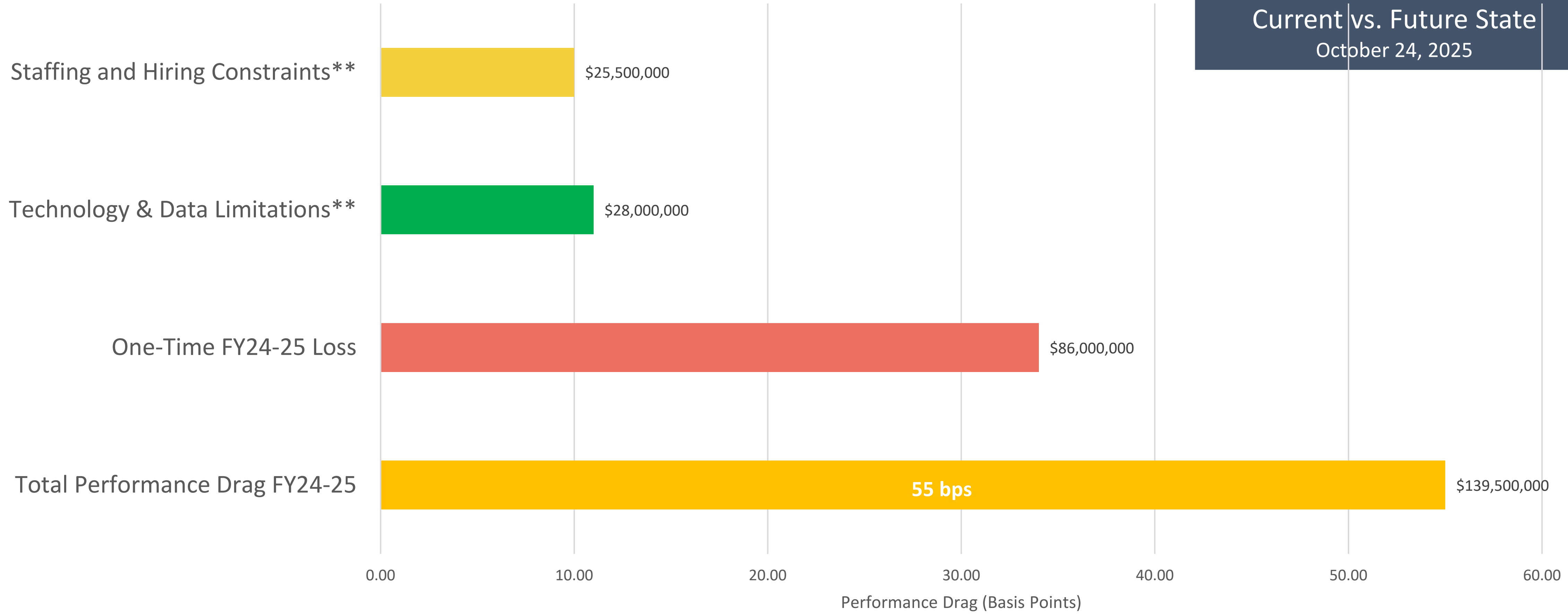
Mission may be unachievable with current infrastructure due to external factors:

- 100% executive turnover every 3 years for last ten years.
- **Front Office:**
  - Extremely lean staffing: only 13 FTE for $26B AUM (~$2B per staffer). One investment staff departure = 7.7% loss in capacity (highest among peers). CEM 2021.
- **Fiscal- Middle and Back Office:**
  - only 2 staff; peers= avg 13. CEM 2021.
  - Manual processing (ABOR and IBOR). Difficult to compare with those with automated systems.
  - Rework requires Front Office and compromises independence.

RIO is seriously under-staffed and lacking contemporary systems. Note: RIO has not yet asked for additional fiscal and operations staff.

Recent Example Performance Drags & Operational Risks (2024-2025)

Governance Model Review
Current vs. Future State
October 24, 2025



Resourcing As AUM & Membership Grow — Interactive

Illustrative model, not validated. Figures are CEM / derived anchors for direction and magnitude, not point-precise measurements; they update as real data replaces the anchors.

Workload grows with AUM (year) and membership (growth rate). The drag is split by controllability, Within/Largely-within (~32%) cleared by hiring, Constrained (~32%) cleared by systems (which need IT control), and Beyond (~37%) cleared only by autonomy, matching the Root-Cause continuum. Even SharePoint is throttled by NDIT, so the systems path is foreclosed without autonomy.

Projected year (AUM) — **$25.6B** · 2025

Member growth rate — **1.00%** / yr

Projected members 21,676 · member growth adds 0.0 admin FTE to the gap

Resourcing (hiring) — **0%** of remaining gap

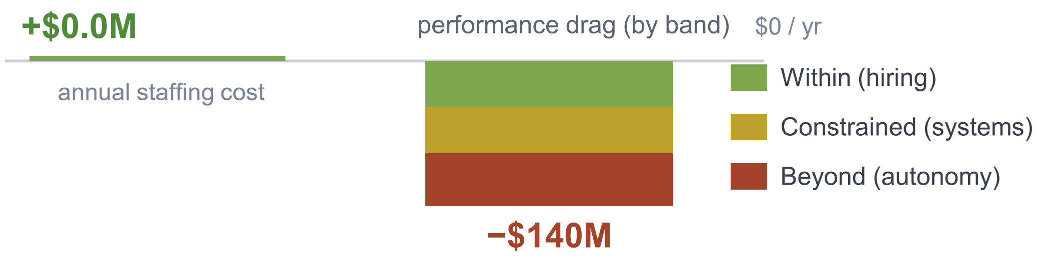
Productivity via systems — **0%** of constrained band

Operational autonomy (HR · IT · legal · procurement) — **0%** control granted

enable autonomy to use this lever

49 CEM Peer-scale investment FTE target (front-office 12 · middle-back-office 37)	**26** ND staffed FTE (current 26 + hired)	**23** Unmet gap (systems absorb 0 · hiring 0 · unmet 23)	**$0.0M** Annual investment in hired FTE

Cost of staff (positive) vs performance drag (negative, stacked by controllability band), same scale



Modernizing and empowering SIB/RIO while retaining strong Legislative oversight

Governance Model Review
Current vs. Future State
October 24, 2025

Empower the Board	• The legislative and executive branches have 7/13 seats at the table. • Authority should reside within a fiduciary body whose loyalties must be to the beneficiaries.
Improve line of sight for oversight of performance and risk	• Legislative members maintain direct visibility and participation. • RIO already operates as a state agency — subject to appropriations, open meetings, and audits- no authority over budget, FTE, HR, IT, Legal or Procurement • Conduct independent audits and consultant reviews (Cerity, external auditors) provide third-party verification of performance and compliance.
Triennial Performance Review	• Model after ND Financial Institutions Commission — periodic sunset reviews would reaffirm efficiency, accountability, and fiduciary integrity. 3-year horizon
Transparency & Results	• Publicly reported, independently benchmarked results show prudent stewardship. • Improve transparency
Proven National Models	• Other jurisdictions delegate authority while retaining oversight through statutory review and fiduciary audits.

A. Yes - You are willing to do what it takes to be legendary

Most important Issues In Control of SIB/RIO

- ✓ Modernize governance
- ✓ Improve transparency
- ✓ Improve line of sight
- ✓ Adopt Enterprise Performance Risk Management to reduce performance drag

1 Modernize Governance

GOVERNANCE POLICY REVIEW COMMITTEE

Governance Model Review
Current vs. Future State
October 24, 2025

Improve the ways SIB / RIO:

- Conducts business
- Sets policy and direction
- Approves and Delegates
- Oversees
- Verifies

1. **Overhaul Governance manual**
2. **Revise Delegation Matrix**
3. **Create a GPS**

The GPS — A Five-Part Governance System

A living, navigable framework that replaces the static policy manual — organized around how the Board actually governs. *Adopted June 23, 2026 · grounded in N.D.C.C. Ch. 21-10.*

PART 1

1

Fiduciary Foundation

Legal & statutory bedrock; purpose, beneficiaries, duties, conduct.

PART 2

2

Roles

Explicit roles: Legislature, Board, Committees, Executive Director.

PART 3

3

Authorities & Delegation

Who can act, under what conditions and limits, across all domains.

PART 4

4

Key Decisions

The Decision Register — full inventory of Board approvals by cadence.

PART 5

5

Timing

The Decision Calendar — when decisions are made and what triggers action.

A structured cycle: fiduciary decisions → policy approvals → governance discipline → public accountability.

TFFR Governance Review

1 · GOVERNANCE MODERNIZATION UPDATE

Decision Discipline

Decision Calendar & Register

Decision Register

Complete inventory of key Board approvals, organized by committee and cadence. Decisions taken and the reasoning for the decision- options considered with pros and cons.

Decision Calendar

When each decision is made — and what triggers action outside the calendar.

Result

No decision falls through the cracks; oversight is scheduled, not reactive.

APPROVALS & OPERATING CADENCE · STATE INVESTMENT BOARD (INVESTMENT)

Decision Calendar

Recurring and cyclical Board decisions across a rolling five-year horizon, with quarterly detail. ND legislative sessions are biennial (odd years).

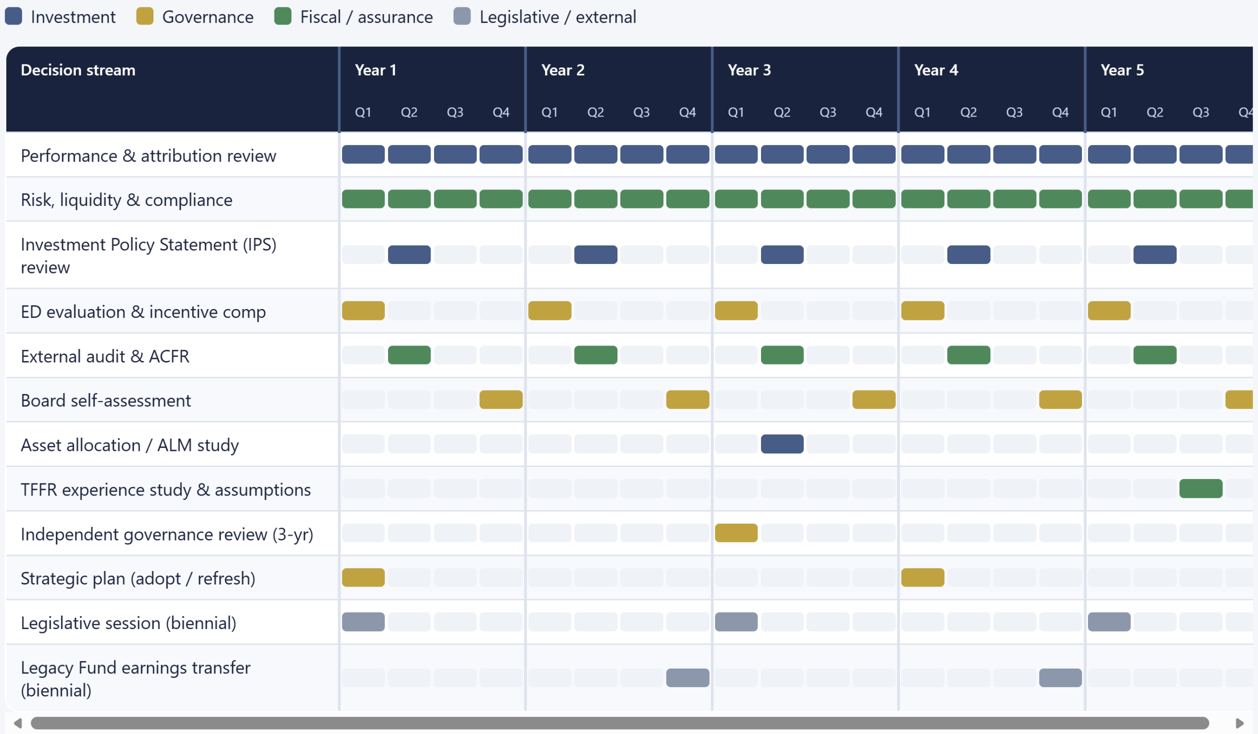
Investment · Governance · Fiscal / assurance · Legislative / external

Just-in-Time Intelligence and Insights

APPROVALS & OPERATING CADENCE · STATE INVESTMENT BOARD (INVESTMENT)

Decision Calendar

Recurring and cyclical Board decisions across a rolling five-year horizon, with quarterly detail. ND legislative sessions are biennial (odd years).



Always-Available Intelligence & Insights

InGov®

On-demand governance intelligence and peer benchmarking for trustees and executives.

Board Smart®

Just-in-time expert insight to support prudent fiduciary judgment.

Value

Insights available leading up to the decision

Overall Progress in Becoming Legendary

Complete

- GPS adopted — living governance framework in place - GPRC
- Decision Register & Calendar published - GPRC
- IPS Exception-Based Scorecard prototype – Investment Committee
- EPRM / AMORE risk dashboard prototype – Audit, Risk and Compliance Committee

In Progress

- TFFR governance review & policy re-write
- Benefits Policy Scorecard (TFFR SLA)
- Public-facing transparency disclosures
- InGov / BoardSmart intelligence rollout
- Exception-reporting cadence into board cycle
- Board-confidential reporting standards proposed

2 Improve Transparency

GOVERNANCE POLICY REVIEW COMMITTEE

Governance Model Review
Current vs. Future State
October 24, 2025

Transparency & Results	• Publicly reported, independently benchmarked results show prudent stewardship. • Improve transparency • **Transparency Score**

SIB/RIO Top Performer as measured by InGov®

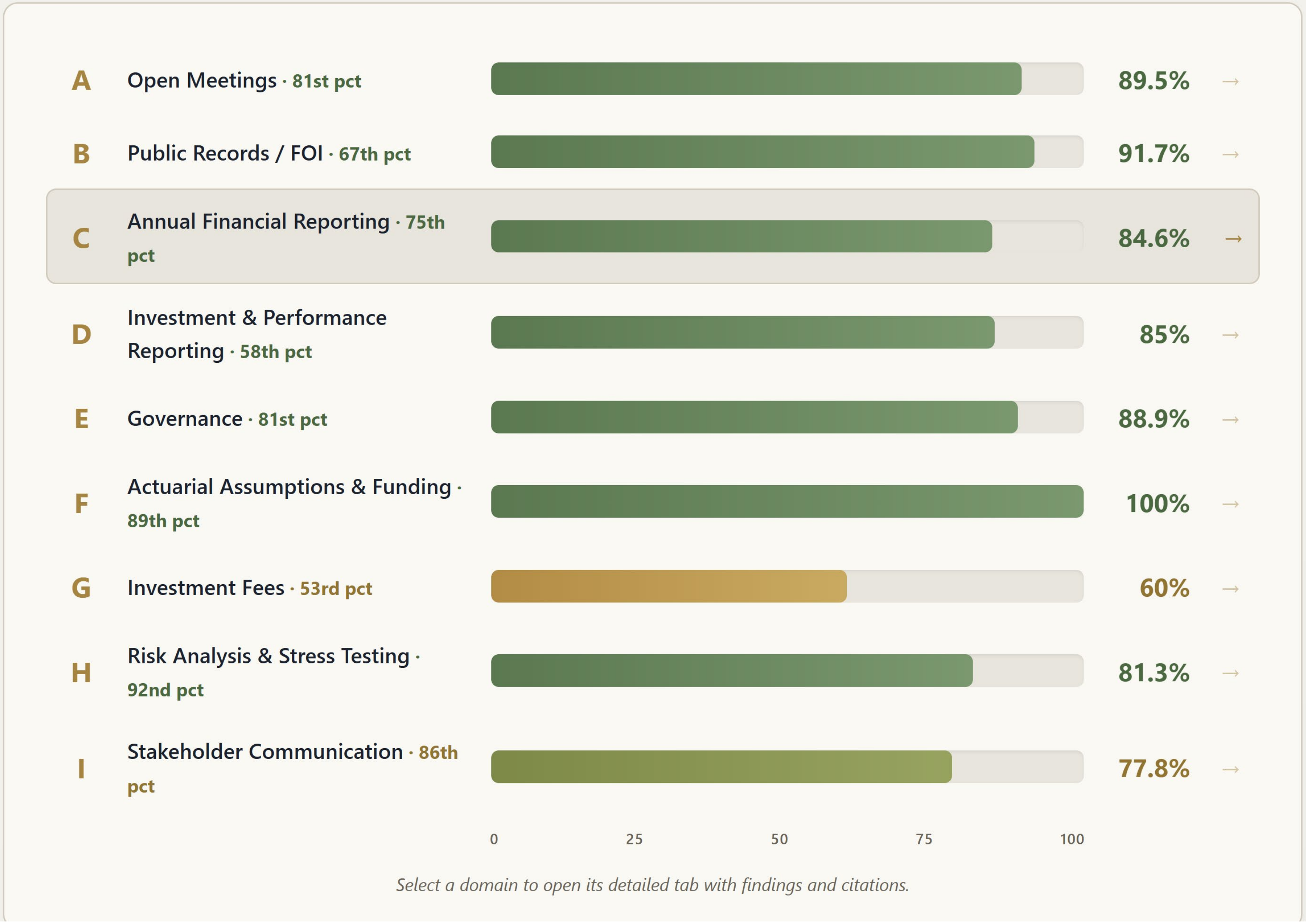
85%	92nd	18	119
Overall score	Peer percentile	State Investment Boards in the sample	Criteria assessed

Top-decile transparency, with one clear gap. NDSIB discloses at or above the standard of appropriate practice across most governance domains — leading on actuarial & funding, public records, open meetings and governance — and ranks in the top decile of 18 standalone state investment boards. The single material gap is investment-fee transparency (60%); stakeholder communication and risk / stress-test disclosure are the next opportunities.

2 · TRANSPARENCY SCORECARD

SIB/RIO Top Performer

Further improvements are underway



3 Improve Line of Sight

Governance Model Review
Current vs. Future State
October 24, 2025

- Legislature
- Board
- Investment Committee
- Executive Review and Compensation Committee
- Budget & Finance Committee
- Audit, Risk and Compliance Committee
- Rio Executive & Staff

Exception-Based Reporting

BOARD'S EYE VIEW | BOARD INSIGHTS | EXECUTIVE INSIGHTS

North Dakota State Investment Board

Retirement & Investment Office

Legacy Fund

IPS EXCEPTION-BASED SCORECARD

BOARD CONFIDENTIAL · FOR GOVERNANCE USE ONLY

Prototype

Active Risk Return ⓘ

5-YEAR INFORMATION RATIO ⓘ

0.80 vs. corridor target 0.50

TE: 0.91% · Hit rate: 61.7%

10-YEAR INFORMATION RATIO ⓘ

0.62 vs. corridor target 0.40

TE: 1.04% · 3 full market cycles

PERIOD ENDING
September 30, 2025

ADVISOR
Verus Advisory, Inc.

POLICY VERSION
Amended Jul 21, 2023

FUND AUM
$13.12B

FUND AGE
Est. 2011

EXCEPTION SCALE: ALERT — OUTSIDE POLICY RANGE, ACTION NEEDED | CAUTION — NEAR POLICY LIMIT, MONITOR | AS EXPECTED — WITHIN POLICY TOLERANCE | EXCEPTIONAL — MATERIALLY ABOVE POLICY

#	Section	Alert	Caution	As Expected	Exceptional	
1	IPS OBJECTIVE SCORECARD — TOTAL LEGACY F...		1 CAUTION	1 AS EXPECTED	4 EXCEPTIONAL	+
2	IPS ASSET ALLOCATION POLICY COMPLIANCE	2 ALERT	4 CAUTION	2 AS EXPECTED		+
3	ASSET CLASS PERFORMANCE EXCEPTION REPORT	1 ALERT		3 AS EXPECTED	4 EXCEPTIONAL	+
4	RISK STATISTICS VS. IPS PARAMETERS — 5-YEAR		1 CAUTION	2 AS EXPECTED	6 EXCEPTIONAL	+
5	CAPITAL MARKETS CONDITIONS	2 ALERT	5 CAUTION	5 AS EXPECTED	1 EXCEPTIONAL	+
6	BOARD ATTENTION ITEMS & RECOMMENDED ACTI...	2 ALERT	3 CAUTION	1 AS EXPECTED		+

Benefits Policy Scorecard — TFFR Service Levels

Extending the same exception-based discipline to the pension-administration side: TFFR benefit delivery measured against Board-set service-level agreements, reported on the four-point exception scale.

Measure	SLA	Status
Benefit payment accuracy	SLA: ≥ 99.5% error-free	As Expected
New retiree processing time	SLA: ≤ 30 days from application	As Expected
Member contact response	SLA: ≤ 2 business days	Caution
Employer reporting compliance	SLA: ≥ 98% on-time filing	As Expected
Data quality / record integrity	SLA: ≤ 0.5% exception rate	Caution

Why an SLA scorecard

- Mirrors the IPS scorecard — one governance language across investments and benefits.
- Board sets tolerances; staff execute; only exceptions escalate.
- Turns member-service quality into measurable, reportable commitments.
- Illustrative SLAs shown — final targets set with TFFR during the governance re-write.

Funston Advisory Services LLC

Enterprise Performance Risk Management

North Dakota Retirement & Investment Office (RIO) · Operational Performance Risk Dashboard

Prototype

Entity: **North Dakota State Investment Board**
Committee: **Audit, Risk and Compliance**
As of: 2026-07-22
Working-Session Instrument · Input Data and Validate

32	96	16	12	6	0	PROCESS BGAR 1 9 19 3 (B G A R)	$0M
PROCESSES	KPRS	MITIGATE	KPRS IN ALERT	AUDITS > 4 YRS	NEW PROCESSES		EST. ANNUAL DRAG

Welcome · Inherent Risk · Residual KPRs · Matrix · Scorecard · Audit · Methodology

Save / Download (Excel) · Reset inputs

FUNSTON ADVISORY SERVICES · RISK INTELLIGENCE

Enterprise Performance Risk Management

A working-session instrument for the North Dakota State Investment Board and Retirement and Investment Office. Chart **inherent** vs. **residual** risk across your operations — live — on one matrix, and leave with a clear picture of where to act.

Begin the assessment →

HOW TO COMPLETE THE DASHBOARD — IN SEVEN STEPS

1 Set the scope
On **Inherent Risk**, review the process list. Add or remove processes as needed — any you add are tagged **New Process**.

2 Score inherent risk
For each process, set **Relevance**, **Severity** and **Velocity** — how relevant it is, how bad it could get, and how fast.

3 Note audit coverage
Record time since last audit. It informs the **Audit** tab and audit planning — it does not change the inherent score.

4 Name the KPRs
On **Residual KPRs**, capture the vital few Key Performance Risks for each process. Add or rename KPRs as needed.

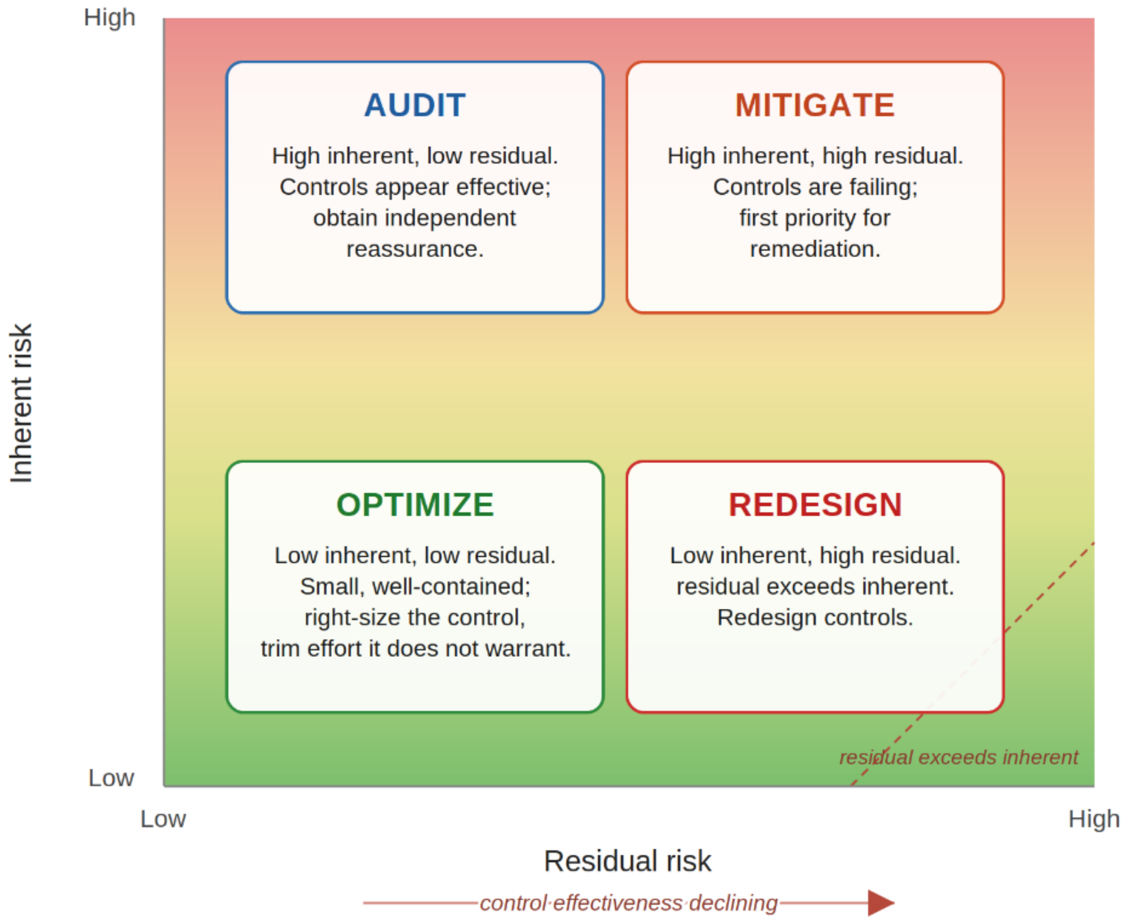
5 Rate performance
Rate each KPR on the **BGAR** scale, or press **Quantify** to assess it by value, unit, direction and tolerances.

6 Read the matrix
Watch each process settle into a quadrant. Focus on **Mitigate** and **Redesign**, and estimate the annual drag ($M).

7 Save your work
Click **Save / Download** to export the Excel workbook. Use **Reset inputs** any time to start fresh with a blank slate.

The AMORE Risk Matrix — Inherent vs. Residual

Every one of the **32 key processes** is plotted by inherent risk (before controls) against residual risk (after controls). Action follows the quadrant.



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SIB/RIO Actions to reduce Performance Drag

Quadrant	Condition	Action
Mitigate	High inherent · High residual	Strengthen controls now; priority oversight
Audit	High inherent · Low residual	Controls appear effective — verify & reassure
Redesign	Low inherent · High residual	Controls failing on a low-risk process — redesign
Optimize	Low inherent · Low residual	Well controlled — optimize / monitor

Executive management

Root causes of unacceptable performance

Within/not within control

- Mitigate and Reassure within control
- Escalate not within control

Two signals put a risk on the audit plan

Audit quadrant — High inherent / low residual (verify, then trust)

Overdue > 4 years — Coverage gap, not audited in over four years.

**Mitigate Quadrant $** Every risk in the Mitigate quadrant carries an estimated annual drag ($M), turning risk into a dollar figure the Board can weigh.

Strategic Plan

Most important factors within SIB / RIO control

- People / Organization
- Policy / Processes
- Systems and Intelligence
- Governance
- External Factors

Most important factors Not within SIB / RIO control

Escalate to Legislature

Most important Issues In Control of Legislature

- Delegate authority and resources to match SIB's fiduciary responsibilities.

Next Steps in Becoming Legendary

ARCC (August)

- Review EPRM with ARCC

Budget & Finance (August)

- Review performance drag factors

GPRC (August)

- Review Transparency score
- Board Smart launch in August
- Review the TFFR SLA with GPRC
- Board & Executive evaluations (2027)

Investment Committee (August)

- Review IPS scorecard

NORTH Dakota | Retirement & Investment
Be Legendary.

MEMORANDUM

TO: State Investment Board

FROM: Jodi Smith, Executive Director

DATE: July 29, 2026

RE: Funston Transparency Scorecard — Results and Improvement Plan

Background

The Funston scorecard is a standards-based assessment of public transparency. It reviews 86 individual disclosure items across nine governance domains — open meetings, public records, financial reporting, investment and performance reporting, governance, actuarial and funding disclosure, investment fees, risk and stress testing, and stakeholder communication — and scores each against an objective benchmark.

Overall Results

NDSIB achieved an overall transparency score of 85% (additional detail provided in attached PowerPoint Presentation). Domain-level results are summarized below.

Areas of Improvement Identified by Funston

Funston identified 18 unmet or partially met items across seven domains. The table below lists each item in Funston's priority order, its current assessment, the responsible staff lead, and status or target dates where established. "Add" items are disclosures not currently made; "Partial" items exist practices that should be strengthened to fully meet the standard.

Domain A — Open Meetings (89.5%)

Ref.	Improvement Item	Current	Status / Target
A3	Strengthen governance policies to prohibit trustees from discussing or deciding board matters outside official noticed meetings	Partial	Target: October 2026
A4	Strengthen governance policies to identify the circumstances and topics for which executive sessions are permitted	Partial	Target: October 2026
A17	Livestream or record board meetings and make them publicly available	Partial	Discussion

Domain B — Public Records / FOI (91.7%)

Ref.	Improvement Item	Current	Status / Target
B4	Strengthen public availability of the Investment Policy Statement	Partial	Target: August 2026

Domain C — Annual Financial Reporting (84.6%)

Ref.	Improvement Item	Current	Status / Target
C13	Publish an archive of ACFRs with vintages from at least five years ago	No	Target: July 2026
C14	Publish an archive of ACFRs with vintages from at least ten years ago	No	Target: July 2026

Domain D — Investment & Performance Reporting (85.0%)

Ref.	Improvement Item	Current	Status / Target
D7	Provide gross time-weighted rates of return in quarterly investment reports	No	Callan to report quarterly; target September 2026
D13	Identify which asset classes or strategies are managed actively vs. passively	Partial	Callan to report quarterly; target September 2026; staff to provide active/passive definitions
D17	Disclose NAV and vintage year of private market and alternative investments	Partial	Callan to report quarterly; target September 2026

Domain E — Governance (88.9%)

Ref.	Improvement Item	Current	Status / Target
E3	Adopt a placement agent disclosure policy, pay-to-play policy, or explicit prohibition on placement agents and third-party solicitors	No	Target: October 2026
E11	Publish trustee qualifications and biographies on the website	No	Target: August 2026

Domain G — Investment Fees (60.0%)

Ref.	Improvement Item	Current	Status / Target
G1	Quantify carried interest or profit share on private-market funds (private equity, private credit, private real estate) in the ACFR or quarterly investment reports	No	In development
G3	Disclose expense ratios or internal operating costs of commingled and collective fund vehicles	Partial	In development
G4	Disclose performance and incentive fees paid to managers, separate from base fees	No	In development

Domain H — Risk Analysis & Stress Testing (81.3%)

Ref.	Improvement Item	Current	Status / Target
H3	Present a consolidated total-fund liquidity profile (portfolio by liquidity tier, or quantified liquid vs. illiquid share)	No	In development
H7	Present hypothetical stress or scenario testing on the total fund and quantify prospective impact	No	In development

Domain I — Stakeholder Communication (77.8%)

Ref.	Improvement Item	Current	Status / Target
I1	Add a dedicated "Legislature" section of the website reporting communications with the legislature and tracking relevant legislation	No	Target: December 2026
I2	Publish a clear public-records-request process	No	Target: August 2026

Next Steps

Staff have assigned each item to the responsible lead and began remediation. Staff will report progress against these items and any resulting change in the overall score at a future Board meeting.

Board Action Requested: Information only.

TRANSPARENCY BRIEFING

North Dakota State Investment Board

85%

OVERALL TRANSPARENCY SCORE

92nd percentile of 18 standalone U.S. state investment boards · 119 criteria

Top Performer

85%	92nd	18	119
Overall score	Peer percentile	Boards in the sample	Criteria assessed

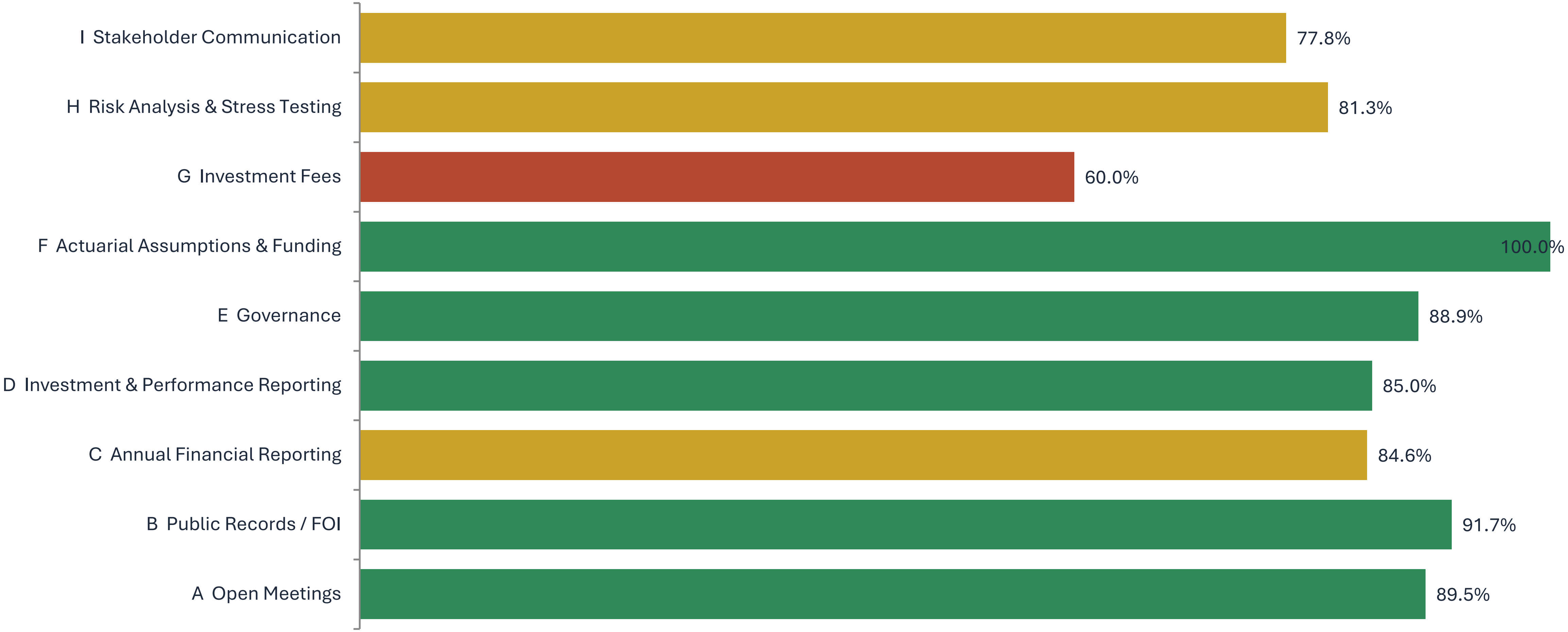
Top-decile transparency, with one clear gap. NDSIB discloses at or above the standard of appropriate practice across most governance domains — leading on actuarial & funding, public records, open meetings and governance — and ranks in the top decile of 18 standalone state investment boards. The single material gap is investment-fee transparency (60%); stakeholder communication and risk / stress-test disclosure are the next opportunities.

Assessed against an objective standard; peers benchmarked anonymously within the standalone-investment-board cohort.

Where NDSIB stands, by domain

Score vs. the standard of appropriate practice (0–100%).

■ Green ≥ 85 ■ Amber 70–84 ■ Red < 70



Strengths and the gap

Leading (≥ 88%)

F	Actuarial & Funding	100%
B	Public Records / FOI	91.7%
A	Open Meetings	89.5%
E	Governance	88.9%

Opportunities (< 85%)

G	Investment Fees	60%
I	Stakeholder Communication	77.8%
H	Risk & Stress Testing	81.3%
C	Annual Financial Reporting	84.6%

Investment-fee transparency is the single largest lift; the other three are incremental.

Recommended actions

1 **Close the investment-fee gap** Now: 60%

Publish carried-interest / partnership-level and embedded fees; adopt a standard fee-disclosure template. Largest single improvement to the overall score.

2 **Strengthen stakeholder communication** Now: 77.8%

Formalize and publish stakeholder / beneficiary communications and their cadence.

3 **Expand risk & stress-test disclosure** Now: 81.3%

Publish risk-analysis and stress-testing summaries already used internally.

4 **Sustain the leading domains** Now: ≥ 88%

Maintain actuarial, public-records, open-meetings and governance disclosure as the benchmark.

Source: FAS Transparency Index — NDSIB Transparency Scorecard. Peers benchmarked anonymously.

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MEMORANDUM

TO: State Investment Board

FROM: Jodi Smith, Executive Director

DATE: July 29, 2026

RE: Board Smart Fiduciary Education Program — Overview, Curriculum, and Rollout

What Board Smart Is

Board Smart is a subscription-based fiduciary intelligence and education platform provided by Funston Advisory Services. Under a Statement of Work executed July 10, 2026, pursuant to the Governance and Risk Advisory Services Contract, Board Smart will deliver a structured, decision-based fiduciary education program through a dashboard branded for SIB and TFFR. The platform provides access to a catalog of more than 100 learning modules developed by Funston subject matter experts, delivered in multiple formats — audio narration with presentation, video, and e-books in lessons ranging from five to sixty minutes.

The subscription covers up to fifty transferable user licenses across SIB, TFFR, and client fund representatives for an initial term of twenty-four months, at $29,250 per year ($58,500 total). Completion is tracked and exportable for each user to support continuing education requirements and demonstrate fiduciary diligence, and each trustee will receive an individualized fiduciary learning plan aligned to their role and development priorities. RIO staff will have administrator access to monitor enrollment, progress, and completion.

Learning Series Under Development

In addition to the standard catalog, Funston has prepared five custom briefing series — twenty-four modules in total — organized around the key decisions boards make. Draft scripts for each series have been reviewed, and Funston will tailor the content to SIB and TFFR's governance practices before production. The series and their modules are listed below.

Governance & Policy Review Series (5 modules)
1. Fiduciary Duties & Public Governance Law 2. Board–Management Delegation & Accountability 3. Governance Frameworks, Policies & Charters 4. Ethics, Conflicts & Independence 5. Board Effectiveness & Self-Assessment
Investment Governance Series (5 modules)
1. Strategic Asset Allocation & Active Risk 2. Risk Budgeting & Portfolio Construction 3. Public & Private Markets Understanding 4. Manager Oversight & Performance 5. Liquidity, Investment Risk & Stress Scenario Awareness
Audit, Risk & Compliance Governance Series (5 modules)
1. Financial Reporting & Audit Oversight 2. Internal Controls & Independent Reassurance 3. Enterprise & Operational Risk Oversight 4. Compliance, Ethics & Regulatory Awareness 5. Risk Reporting, Dashboards & Escalation
Budget & Finance Governance Series (4 modules)
1. Financial Reporting & Fund Accounting 2. Multi-Year Financial Planning & Sustainability 3. Financial Controls, Procurement & Contracts 4. Resource Alignment to Strategic Priorities
Executive Review & Compensation Governance Series (5 modules)
1. Executive Performance Evaluation 2. Incentive Design & Risk Alignment 3. Peer Benchmarking & Market Context 4. Succession Planning & Leadership Assessment 5. Independence, Ethics & Compensation Governance

Rollout Timeline

The rollout will proceed in the following phases:

Phase	Timing	Activities	Status
Setup & Branding	Weeks 1–2	Onboarding kick-off; configure and brand the SIB/TFFR education dashboard; confirm administrators and reporting preferences.	In Progress
User Provisioning	Weeks 2–3	Provision initial users; assign roles; establish individualized fiduciary learning plans.	Not Started
Program Launch	Week 4	Go-live of the branded dashboard and full learning catalog; user and administrator orientation.	Not Started

Phase	Timing	Activities	Status
Ongoing Access & Support	Months 1–24	Continuous catalog access; continuing education credit reporting; platform support; periodic progress reporting to administrators.	Not Started

Next Steps

Staff completed review of the draft series scripts and will coordinate the onboarding kick-off with Funston. Trustees will receive login credentials and orientation materials at program launch, currently anticipated in August 2026. Staff will report on enrollment and completion as part of ongoing governance updates.

Board Action Requested: Information only.

Retirement & Investment

MEMORANDUM

TO: State Investment Board

FROM: Jodi Smith, Executive Director

DATE: July 29, 2026

RE: **Officer Elections for the Fiscal Year 2027 Fiscal Year**

Under the Chair and Vice Chair Charter of the SIB Governance Policy System, adopted July 1, 2026, the officers of the SIB are a Chair and a Vice Chair, one of whom must be an appointed or elected member of the TFFR or PERS Board. The officers are elected by the SIB to a one-year term at the first regularly scheduled meeting following July 1 of each year.

The positions to be filled, and the members currently serving in each role as elected by the Board in July 2025, are as follows:

Position	**Member**
SIB Chair	Governor Kelly Armstrong
SIB Vice Chair	Dr. Rob Lech

The following officer elections are recommended for the 2026-27 fiscal year:

Position	**Member**
SIB Chair	Governor Kelly Armstrong
SIB Vice Chair	Dr. Rob Lech

Continuity of leadership is particularly valuable this year as the Board completes its first full year operating under the newly adopted Governance Policy System and continues coordination of its policy modernization work with the TFFR Board's Governance Manual rewrite. Reelecting the current officers satisfies the Governance Policy System's requirement that one officer be an appointed or elected member of the TFFR or PERS Board, as Dr. Lech serves on the TFFR Board.

Board Action Requested: State Investment Board, pursuant to the Chair and Vice Chair Charter of the SIB Governance Policy System, elect the following officers to serve for the 2026–27 fiscal year:

- Governor Kelly Armstrong as SIB Chair; and
- Dr. Rob Lech as SIB Vice Chair;

with each officer serving a one-year term and continuing until successors are elected at the first regularly scheduled meeting following July 1, 2027.

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MEMORANDUM

TO: **SIB**

FROM: **Jodi Smith, Executive Director**

DATE: **July 29, 2026**

RE: **Standing Committee Appointments for the Fiscal Year 2027 Fiscal Year**

Pursuant to the Governance Policy System (GPS) adopted July 1, 2026, the Board Chair is responsible for proposing a slate of Committee members — based on the match between each Committee's recommended capabilities and members' interests — for Board approval.

Governance Framework

The GPS establishes five standing Committees, each operating under a Board-approved charter:

- Audit, Risk and Compliance Committee (ARCC);
- Budget and Finance Committee (BFC);
- Executive Review and Compensation Committee (ERCC);
- Governance and Policy Review Committee (GPRC), and;
- Investment Committee (IC).

Committees serve in an advisory and oversight capacity as extensions of the Board's fiduciary authority; they research, recommend, oversee, and verify within their delegated subject-matter areas, and recommend but do not approve unless explicitly authorized by the Board.

Composition Requirements. Under the GPS, three (3) members serve on each Committee, all drawn from Board membership, except the Investment Committee and the Audit, Risk and Compliance Committee, which each have five (5) members. The Investment Committee includes two external investment professionals with substantial institutional investment experience. The Audit, Risk and Compliance Committee includes representatives of the three groups on the SIB together with two members selected from outside the SIB and the RIO. External Committee members must be independent and free from material conflicts of interest, are subject to applicable ethics, disclosure, and recusal requirements, and their independence is reviewed at appointment and periodically thereafter.

Proposed Appointments. The following slate is proposed for Board approval:

Budget & Finance Committee

1. Representative Glen Bosch (Chair)
2. Senator Jerry Klein (Vice-Chair)
3. Joe Morrissette, Director, Office of Management & Budget

* TFFR will appoint a non-voting member
* Budget Analyst Assigned to RIO by the Office of Management & Budget will be a non-voting member

Audit, Risk & Compliance Committee

1. Treasurer Thomas Beadle (Chair), Legacy Fund Representative & TFFR Representative
2. Art Thompson (Vice-Chair) Director, Workforce Safety & Insurance
3. Adam Miller, PERS Trustee
4. John Mongeon (outside/industry expert)
5. Lisa Corbin (outside/industry expert)

Executive Review & Compensation Committee

1. Dr. Rob Lech (Chair), TFFR Trustee
2. Gerald Buck (Vice-Chair), PERS Trustee
3. Art Thompson, Director, Workforce Safety & Insurance

Governance & Policy Review Committee

1. Joe Herringer (Chair), Land Commissioner
2. Dr. Rob Lech (Vice-Chair), TFFR Trustee
3. Cody Mickelson, TFFR Trustee

Investment Committee

1. Treasurer Thomas Beadle (Chair)
2. Dr. Prodosh Simlai (Vice Chair), SIB Institutional Investment Professional Representative
3. Pete Jahner, SIB Institutional Investment Professional Representative
4. Todd Van Orman (outside/industry expert)
5. Rick Thoreson (outside/industry expert)

Requested Action. The Board Chair appoints the proposed slate of standing Committee appointments as set forth above, effective upon approval, with each Committee to organize its work in accordance with its Board-approved charter and the Board's multi-year calendar.

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MEMORANDUM

TO: **State Investment Board**

FROM: **Jodi Smith, Executive Director**

DATE: **July 29, 2026**

RE: **Annual Affirmation of Code of Conduct and Fiduciary Obligations**

The North Dakota State Investment Board (SIB) Governance Policy System (GPS), effective July 1, 2026, sets the standards of conduct for Board members. The GPS integrates the Board's conduct obligations across several interrelated policies, including Fiduciary Duties; Conflicts of Interest & Disclosure; Disclosure and Annual Certification; and Access to Information & Confidentiality.

Under the GPS, each Trustee must annually affirm, in writing, their understanding of and compliance with these obligations, identify any Financial Interests or Material Relationships, and disclose any actual, potential, or perceived conflicts of interest. The Governance and Policy Review Committee (GPRC) reviews annual disclosures and reports compliance status to the Board.

Please read, complete, and sign the attached affirmation to satisfy this requirement.

Board Action Requested: Information only.

Affirmation of Fiduciary Duties

I understand that, as a fiduciary for the statutory funds under N.D.C.C. Chapter 21-10, I am required to discharge my duties in accordance with the following core duties set forth in the GPS:

- Duty of Loyalty — to act solely in the interest of the beneficiaries and participants, placing those interests above any personal, political, or external considerations, avoiding conflicts of interest, and acting with undivided loyalty to the funds entrusted to the Board.
- Duty of Compliance — to comply with all applicable statutes, regulations, Board policies, ethics requirements, duly adopted procedures, and plan documents, and to act within the scope of my lawful authority and delegated responsibility, including the Open Meetings requirements.
- Duty of Prudence — to exercise the judgment and care of a prudent investor under N.D.C.C. § 21-10-07, adhering to sound due diligence and procedural prudence in discharging my responsibilities.

Affirmation of Conflicts of Interest and Disclosure Obligations

I understand and affirm that I am required to:

- Avoid conflicts of interest and the appearance of impropriety, and refrain from allowing family, social, professional, financial, political, or other relationships to influence, or appear to influence, my judgment in discharging my official responsibilities.
- Complete and sign an annual written disclosure statement affirming my compliance with the fiduciary duties of loyalty, care, and compliance under N.D.C.C. § 44-04-30 and applicable law, identifying all Financial Interests and Material Relationships.
- Disclose any new or changed Financial Interest or Material Relationship within ten (10) business days of becoming aware of it.
- Affirm on the record at the time of roll call for each Board meeting whether I have any actual, potential, or perceived conflict of interest with respect to any item on the agenda.
- Where a matter presents an actual or potential conflict, disclose the conflict prior to discussion, abstain from discussion and vote, and recuse myself from deliberation as required, consistent with N.D.A.C. § 115-04-01-04(3).

Affirmation of Confidentiality and Information Obligations

I understand and affirm that I am required to:

- Comply with all restrictions on the use of material non-public information (MNPI) and other non-public information, and use information obtained through Board service only for a legitimate fiduciary purpose.
- Not share confidential information with persons not authorized to receive it, including spouses, family members, business associates, or media, and to comply with continuing obligations following the conclusion of my Board or Committee service.
- Where I inadvertently receive or become aware of MNPI, promptly notify the Executive Director, refrain from trading in or sharing information about any affected security, and recuse myself as required pending guidance from legal counsel.

Trustee Affirmation

I have read and understand the conduct, fiduciary, conflict-of-interest, disclosure, and confidentiality obligations set forth in the SIB Governance Policy System. I affirm my compliance with these obligations and my understanding of the duty to act solely in the interest of the beneficiaries. I have disclosed all Financial Interests, Material Relationships, and any actual, potential, or perceived conflicts of interest as required, and I acknowledge my ongoing obligation to update these disclosures promptly upon any change.

Name (printed): ____

Signature: ____

Date: ____

Details of Financial Interests, Material Relationships, or Conflicts of Interest (if any):

____

____

____

____

NORTH Dakota | Retirement & Investment
Be Legendary.

MEMORANDUM

TO: State Investment Board

FROM: Scott Anderson, CFA – Chief Investment Officer

DATE: July 29, 2026

RE: Investment Committee Update

Call to order, review of agenda, and approval of minutes

The Investment Committee of the Board of Trustees met virtually on July 10, 2026, with Treasurer Thomas Beadle presiding. A quorum was confirmed. The meeting opened with the customary procedural items, including roll call, conflict of interest, approval of the agenda and approval of the minutes of June 18, 2026, meeting as presented. No conflicts of interest were disclosed.

Agenda summary: July 10, 2026

Benchmark Memo, 2026 Annual Strategic Benchmark Recommendations (Committee Action) Mr. Gesell of Cerity Partners presented the annual review of the strategic benchmarks used for the asset classes within the asset allocation policies of the plans under the SIB's purview. Cerity reviewed the updated client fund Investment Policy Statements and did not identify any new asset classes or sub-asset classes requiring a new or revised benchmark. Cerity therefore recommended no changes to the current benchmarks for the upcoming fiscal year. Cerity also recommended that the Hamilton Lane private credit benchmark now available be reviewed during fiscal year 2026-27. The Investment Committee voted to recommend to approve the 2026 Benchmark Memo.

- The review emphasized that benchmarks should represent the relevant opportunity set; be specified in advance, measurable, transparent, and unambiguous; and align with the proxies used in asset allocation policy development.
- The existing public-markets benchmarks meet the preferred benchmark-quality standards and are widely used by public funds and other institutional investors. Aggregate asset-class benchmarks continue to be calculated as roll-ups of the applicable strategy benchmarks.
- Cerity noted the inherent limitations of private-markets benchmarks, including lack of investability and transparency, differences between internal-rate-of-return and time-weighted return methodologies, valuation timing, and fund life-cycle considerations.

- When lagged data are required for an asset class, the benchmark data should be lagged to the same degree so that portfolio and benchmark performance cover comparable periods.

Manager Update - Private Markets (Information Only) Mr. Ziettlow provided an update on DMH III, a private equity fund targeting lower middle-market companies in the DACH region of Europe, including Austria, Germany, and Switzerland. The total commitment is €60 million ($~68.5 million), with €20 million allocated to the Pension Pool and €40 million allocated to the Legacy Fund.

Manager Update - Public Markets (Information Only) Mr. Posch provided an update on two international public equity manager fundings completed in June. CC&L International Equity All Cap was funded with approximately $1.070 billion, including $820 million from the Non-Qualified Pool and $250 million from the Pension Pool. RS International Equity Large Cap was funded with approximately $545 million, including $360 million from the Non-Qualified Pool and $185 million from the Pension Pool.

Wellington Temporary Guideline Waiver (Committee Action) Mr. Anderson presented the temporary guideline waiver for Wellington for Committee ratification. The request followed the annual Russell 2000 reconstitution on June 26, 2026. The reconstitution reduced the account's benchmark exposure from approximately 80% to approximately 66%, causing exposure outside the benchmark to rise to approximately 34% compared with the guideline limit of less than 25%. The temporary waiver permits a minimum benchmark exposure of 65% for 30 days to facilitate orderly implementation of index changes. Staff noted that the request was temporary and operational, was driven by changes in the Russell 2000 constituents rather than active trading decisions and did not represent a change in Wellington's investment process or the account's investment objectives. Staff recommended approval of the temporary waiver. The Investment Committee voted to recommend approval of the waiver. Following review and discussion, the Investment Committee voted to recommend that the State Investment Board approve the Wellington temporary guideline waiver request.

Committee Schedule - Fiscal Year 2027 (Committee Action) Ms. Smith presented the fiscal year 2027 Investment Committee schedule for approval. The proposed schedule maintains a monthly meeting cadence, generally at 10:30 a.m., with meetings scheduled for July 10, August 14, September 11, October 9, November 13, and December 11, 2026, and January 8, February 12, March 12, April 9, May 14, and June 11, 2027.

July Investment Committee Materials

Board Action Requested: The Investment Committee recommends that the State Investment Board approve the Wellington temporary guideline waiver request.

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MEMORANDUM

TO: **Investment Committee**

FROM: **Matt Posch, Portfolio Manager**

DATE: **July 10, 2026**

RE: **Wellington – Temporary Guideline Waiver Request**

Wellington has requested a guideline temporary waiver guideline following the annual Russell 2000 reconstitution, which occurred on June 26, 2026 with the following language:

"The Client hereby authorizes Wellington to rely on a temporary guideline waiver in connection with the Russell 2000 reconstitution. This waiver permits Wellington to manage the account with a temporary minimum benchmark exposure of 65% for a period of 30 days to facilitate orderly implementation of index changes. Notwithstanding the foregoing, the Manager is permitted to actively deviate from benchmark constituents and guideline thresholds during the waiver period, including the ability to purchase securities outside of the benchmark and to sell benchmark constituents, where deemed appropriate for portfolio repositioning. The account will otherwise continue to be managed in accordance with all applicable guidelines. This waiver will expire automatically following the 30-day period unless otherwise agreed in writing."

The current guideline limits exposure outside the benchmark to less than 25% of the portfolio. Following the reconstitution, benchmark exposure declined from approximately 80% before the reconstitution to approximately 66% currently, resulting in exposure outside the benchmark of approximately 34%. The decline was driven by changes to the underlying securities in the Russell 2000 Index as part of the reconstitution, rather than active trading decisions within the portfolio.

Staff believes this is a temporary, operational request related to the annual Russell 2000 reconstitution and does not represent a change in Wellington's investment process or the account's investment objectives. Staff recommends approval of the temporary waiver.

This waiver request will be presented to the full Investment Committee at the next scheduled meeting.

Emergency Approval: On an emergency basis when it is impractical to timely convene a meeting of the Committee, either the Chair or Vice Chair of the Committee with the concurrence of the Chief Investment Officer or the Executive Director, may approve a waiver. That waiver will be brought to the Committee for ratification at its next regularly scheduled meeting.

Investment Committee Chair or Vice Chair	Chief Investment Officer or Executive Director

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MEMORANDUM

TO: **State Investment Board**

FROM: **Jodi Smith, Executive Director**

DATE: **July 29, 2026**

RE: **Enterprise Risk Management Framework**

The Governance Policy System (GPS) assigns the Audit, Risk and Compliance Committee (ARCC) oversight of the Enterprise Risk Management (ERM) framework — identification, assessment, monitoring, and escalation of material financial, operational, compliance, technology, reputational, and accessibility risks, together with key performance and risk indicators. Investment risk remains with the Investment Committee. In the absence of a Chief Risk Officer, the Executive Director serves as senior accountable officer for operational risk. The Decision Register contemplates Board approval of an updated ERM framework and periodic enterprise risk reporting.

The ARCC's role is oversight, not execution. Management develops the framework, indicators, and data; the ARCC reviews, verifies, and escalates.

<u>Why It Matters</u>

The 2025 governance review identified material operational constraints at RIO — lean staffing relative to peers, manual middle- and back-office processing, and limited authority over budget, staffing, technology, legal, and procurement — and estimated the performance drag associated with them.

<u>What EPRM Is</u>

Traditional ERM asks what could go wrong and produces a catalog of hazards assessed periodically by judgment. Enterprise Performance Risk Management (EPRM) asks whether the enterprise is performing as expected, answering from performance data already collected. The model:

- **Monitors performance** — actual against expected, rather than a register of hazards awaiting occurrence.

- **Warns early** — surfacing deviations while they are still drifting toward a threshold and correction remains possible.
- **Focuses judgment** — measured data informs Board and executive decisions; it does not replace them.
- **Uses what exists** — drawing on metrics already in place, not a new discipline to staff and fund.

Given RIO's resource constraints, that last point matters: EPRM is intended to be smaller and sharper than a conventional risk program. Each process is plotted by inherent risk against residual risk, and the resulting quadrant prescribes the response — mitigate, audit, redesign, or optimize. Two signals place a risk on the audit plan: position in the Audit quadrant, and no audit coverage in over four years. Risks in the Mitigate quadrant carry an estimated annual drag in dollars, allowing the Board to weigh remediation against cost.

Current Status

- **Complete.** GPS adopted, with Decision Register and Calendar in place.
- **In progress**. EPRM/AMORE dashboard prototype covering three functions and thirty-two key processes — plotting inherent against residual risk, ranking risks by measured score, and linking to audit and advisory plans to expose coverage gaps. The IPS exception-based scorecard and TFFR Benefits Policy Scorecard extend the same reporting discipline across investments and benefits administration.
- **Scheduled.** ARCC review of EPRM in August, with performance drag factors at Budget & Finance and the transparency score at the GPRC.

Board Action Requested: Information only.

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MEMORANDUM

TO: **State Investment Board**
FROM: **Adam Otteson, Chief Financial and Operating Officer**
DATE: **July 29, 2026**
RE: **Benchmark Consultant Contract – Mutual Early Termination**

At its April 27, 2026, meeting, the State Investment Board authorized the award of the combined Performance and Benchmark Consultant contract, which was subsequently awarded to Callan. As originally structured, the contract was to begin July 1, 2026, for performance reporting services and July 1, 2027, for benchmark consulting services, while Cerity Partners (formerly Verus) was scheduled to continue as the SIB's benchmark consultant until July 1, 2027.

Cerity Partners presented the annual benchmarking report and accompanying education materials to the Investment Committee in July 2026 and presented the Fiscal Year 2027 benchmark recommendations to the Board for approval at the July 29, 2026, Board meeting.

With its assistance in setting the Fiscal Year 2027 benchmarks now complete, Cerity Partners has proposed to be relieved, through mutual termination, of any remaining obligations under the Benchmarking Contract, including any additional benchmarking services that may be needed later this year.

Callan has agreed to begin benchmark consulting services as of August 1, 2026, and will provide a memorandum to the Board regarding incentive compensation for Fiscal Year 2026 performance.

Upon Board approval of a mutual early termination, formal written notice will follow promptly after Board action, consistent with the termination provisions of the Benchmarking Contract.

Board Action Requested

Direct staff to proceed with one of the following:

1. **Option 1 —** Enter into a mutually agreed early termination of the Benchmarking Contract with Cerity Partners effective July 31, 2026, providing formal written notice consistent with the contract's termination provisions, and simultaneously execute an addendum to the Callan contract for benchmark consulting services commencing August 1, 2026; or

2. **Option 2 —** Continue under the current Benchmarking Contract with Cerity Partners.

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MEMORANDUM

TO: SIB

FROM: Jodi Smith, Executive Director

DATE: July 29, 2026

RE: Second Reading FY 2027 Incentive Compensation Policy & Proposed Base Salary Equity Increases

North Dakota Century Code Section 54-52.5-04 authorizes the RIO to develop an incentive compensation program for the full-time equivalent investment and fiscal operations positions necessary to manage the funds under the SIB's control, and directs that the program promote profitability, productivity, and responsible fund management. The attached draft Plan has been developed to fulfill these statutory objectives.

The Plan preserves the SIB's plenary authority to establish, amend, and administer the program, with oversight by the Executive Review and Compensation Committee and verification of investment results by an independent consultant. Award ranges are capped by position, and the Executive Director will provide a statement of financial impact estimating the total potential cost of the Plan at both target and maximum award levels.

The FY 2027 draft restates the plan as a standalone total-compensation policy effective July 1, 2026, with three defined components — base pay, incentive compensation, and benefits. Under the new Base Pay framework, salary ranges and quartiles are set by the Executive Review and Compensation Committee (ERCC) and approved by the SIB using blended public- and private-sector market data with defined comparator groups; base pay is capped at the 75th percentile of range absent ERCC approval and may never exceed the range maximum; and market surveys are refreshed at least every two years.

Summary of Revisions Since the Prior Draft

The attached draft reflects revisions made following review of the prior version presented at the June 23, 2026, board meeting. The changes are primarily clarifying and definitional rather than substantive changes to award opportunity levels, eligibility, or the payment structure. Award ranges, the 80/20 quantitative-qualitative split, the three-installment deferred payment schedule, and the forfeiture framework are unchanged. The revisions are summarized below:

- Defined term for “Internally Managed Investments.” The lowercase descriptive phrase “internally managed investments” has been capitalized and adopted as a formally defined term throughout the Plan and Appendix A. This change accounts for the majority of the edits in the redline and ensures the assets subject to performance measurement are identified consistently in every provision in which they appear, including the quantitative goal, the definition section, the Annual Program contents, the performance limitation, and the Appendix A asset group and benchmark descriptions.
- Clarification of the performance measurement basis. In the quantitative goals provision, the measurement is clarified to be based on total composite fund performance of the Internally Managed Investments, tying the measured performance directly to the defined asset set rather than to total fund performance generally.
- Clarification of the client funds constituting the composite. The provision identifying the Legacy Fund, PERS, TFFR, and WSI as the funds comprising the composite has been revised to specify that the composite is based on the portions of those client funds that constitute Internally Managed Investments.
- Performance measurement period. References to the applicable measurement period have been revised from “multi-year” to “three-year” performance against relevant benchmarks, making the measurement period explicit. The existing exception remains: the three-year cycle is not applied to any asset class, strategy, or subset until it has accumulated three full years of historical performance data, with actual full and partial years used until that time.
- Forfeiture — disability standard. In the Executive Director’s discretionary payment provision, the standard has been revised from “total or permanent disability” to “total and permanent disability,” conforming the standard to the conjunctive formulation.
- Appendix A plan year and ICM references. Appendix A has been updated from Plan Year 2026 to Plan Year 2027, and the Incentive Compensation Metric description has been conformed to

the defined term for Internally Managed Investments. The benchmark for the Total Fund Composite remains to be determined by the consultant, as noted in the Appendix.

Proposed Base Salary Equity Increases

The proposed base salary equity increases implement the Base Pay component of the restated Plan and align covered positions with market-based salary ranges. The proposed ranges are anchored to the 2023 Mercer compensation study, the foundational market benchmark for every covered position, and trued up to current conditions using Bureau of Labor Statistics salary-increase data — 4.1% for the first fiscal year after the study and 3.5% for the second, compounded on the Mercer baseline for cumulative market movement of approximately 7.7% since 2023. This approach was recommended by the Office of Management and Budget, and where possible the resulting ranges were validated for reasonableness against other compensation studies, including those covering peer public investment organizations.

The table below shows, for each covered position, the July 1, 2026, salary after the standard 3% state increase, the proposed annual equity increase, the resulting proposed salary, and the percentage increase. The proposed equity increases total $272,816 annually ($22,735 per month), raising aggregate covered salaries from $2,509,444 to $2,782,260 — approximately 10.9% in aggregate.

Position	July 1 Salary (after 3%)	Equity Increase	Proposed Salary	% Increase
Chief Investment Officer	$331,008	$40,992	$372,000	12.4%
Executive Director	$251,872	$70,928	$322,800	28.2%
Portfolio Manager – Fixed Income	$217,488	$2,400	$219,888	1.1%
Deputy Chief Investment Officer	$209,640	$51,960	$261,600	24.8%
Portfolio Manager, Internal Direct Equity	$198,396	$16,404	$214,800	8.3%
Portfolio Manager, Quantitative Risk & Funds Mgmt	$195,696	$19,104	$214,800	9.8%
Portfolio Manager, Private Markets	$193,092	$22,800	$215,892	11.8%
Portfolio Manager, Alpha & Funds Management	$193,092	$12,108	$205,200	6.3%
Senior Investment Analyst	$159,144	$7,656	$166,800	4.8%
Senior Analyst, Private Markets Fund Management	$137,940	$6,060	$144,000	4.4%
Public Markets Analyst	$132,624	$2,400	$135,024	1.8%

Position	July 1 Salary (after 3%)	Equity Increase	Proposed Salary	% Increase
Deputy Chief Financial and Operating Officer	$129,780	$6,420	$136,200	4.9%
Public Markets Investment Analyst	$82,416	$1,584	$84,000	1.9%
Analyst, Internal Direct Fixed Income	$77,256	$12,000	$89,256	15.5%
Total	**$2,509,444**	**$272,816**	**$2,782,260**	**10.9%**

The proposed base pay increases should be viewed alongside the restated Plan’s changes to incentive compensation, which move in the opposite direction: maximum incentive opportunities are reduced for most positions, the performance-award scale requires 75 basis points of net outperformance to earn a full award rather than 50, awards are paid in three at-risk installments over three years, and a new total-fund payment gate suspends payments in years when composite performance does not exceed benchmark. Taken together, the restatement rebalances total compensation toward market-competitive base pay while making incentive pay harder to earn, slower to vest, and more contingent on sustained value creation for client funds.

BOARD ACTION: Approve the FY 2027 Incentive Compensation Plan and the proposed base salary equity increases effective July 1, 2026.

I. PROGRAM OVERVIEW

A. Authority

North Dakota Century Code Section 54-52.5-04 authorizes the North Dakota Retirement and Investment Office (the "RIO") to develop an incentive compensation program for full-time equivalent investment and fiscal operations positions necessary for the management of the investment of funds under the control of the State Investment Board (the "SIB"). Section III of this document sets forth the terms and conditions of the RIO Incentive Compensation Plan (the "Plan") established under the authority provided above.

B. Rationale

The Legislature has directed that the incentive compensation program promote profitability, productivity, and responsible fund management. The Plan is established to fulfill these statutory objectives by providing a compensation framework tailored to the specialized investment and fiscal operations positions necessary for the management of the investment of funds under the control of the SIB.

To accomplish these legislative directives, the SIB has determined that the Plan must account for the labor market conditions that directly affect the recruitment and retention of institutional investment professionals, most of whom are drawn from the private sector. In particular, investment management roles in the private sector are compensated substantially differently than positions under governmental entities with traditional civil service structures. Private-sector compensation uses salary structures that exceed typical civil service salary ranges and relies heavily on pay-for-performance and incentive-based compensation. As a result, step-based salary schedules are impractical for attracting and retaining professionals with the specialized skills required to manage complex institutional investment portfolios. The Plan is designed to bridge the gap between public-sector compensation structures and private-sector market realities by aligning compensation provided to the RIO investment professionals with market realities while maintaining appropriate public-sector accountability.

C. Purpose

The Plan has been developed through public review, discussion, and debate. It reflects a deliberate strategy to ensure compensation is at a competitive level in order to attract and retain highly qualified professionals, while motivating and rewarding long-term investment performance. The Plan is intentionally structured to recognize labor market realities and to reinforce high performance by placing a meaningful portion of total compensation at risk. Consistent with the statutory requirement that payouts not occur unless the risk-based performance of internally managed investments exceeds the risk-based performance of policy benchmarks, this pay-at-risk framework directly aligns individual incentives with the SIB's mission, emphasizing the achievement of measurable, performance-based objectives. In doing so, the Plan supports the recruitment and retention of highly skilled executives and investment professionals, which serves as the foundation for the organization's long-term success.

D. Total Compensation

While incentive compensation is a critical aspect of attracting, retaining, and rewarding investment professionals, it is simply one piece of any compensation program. The total compensation, not simply incentive compensation, is the ultimate measure of how competitive a compensation program is within a given labor market. There are three components to total compensation:

- Base Pay / Salary;
- Incentive Compensation; and
- Employee Benefits.

The base pay element is set forth as provided in Section II below. The incentive compensation element is set forth as provided in Section III below. The benefits provided to employees are set forth in state law or the various personnel policies of the RIO.

II. BASE PAY

Base pay will be determined based on salary ranges and quartiles that are developed by the Executive Review and Compensation Committee (the "ERCC") and approved by the SIB. These salary ranges will be developed using a blend of public- and private-sector market data and through salary surveys. The ranges will be further informed by internal equity, industry standards, and best practices in executive and investment compensation.

Relevant salary survey data utilized for the development of ranges is gathered at least every two years, or more frequently as determined by the ERCC. Additional market reviews may be conducted when a position becomes vacant, or a new position is created. The ERCC may utilize a compensation consultant in the development of salary ranges. Target quartiles for covered positions may be established based on market data at the time each survey is conducted.

Data for salary surveys and other relevant information used for the development of salary ranges and quartiles will be derived from employee data of comparator groups. Comparator groups include:

- **Executive Management Positions:** Leading U.S. public funds, banks, and insurance companies with comparable assets under management.
- **Investment Management Positions:** Large and complex institutional investors with comparable assets under management, and private-sector asset management

organizations of similar size that compete for RIO talent, including investment advisory firms, university endowments, insurance companies, and banks.

Base pay ranges and associated quartiles are approved by the SIB and become effective on the date specified at approval. In years between comprehensive surveys, ranges may be adjusted to reflect general private-sector salary movement supported by current market data.

Base pay of individual employees is established at hire by the hiring supervisor in coordination with the Chief Financial Officer/Chief Operating Officer (the "CFO/COO") based on internal equity, skills and expertise, prior experience, and other relevant factors. Base pay for the Executive Director is determined by the SIB based on the recommendation of the ERCC. In all cases, the base pay of an individual employee may not exceed the 75th percentile of the approved range without the approval of the ERCC.

Individual base pay increases are considered annually in conjunction with the performance appraisal process and informed by the most recent salary survey data. Increases are not guaranteed and are based on overall performance, unless increases are otherwise recommended by the ERCC in connection with a salary survey for retention or pay equity purposes. Policy violations or failure to demonstrate or adhere to SIB core values will be considered in determining any base pay increases.

If any annual increase would result in base pay exceeding the approved salary range maximum, base pay for the individual shall be capped at the range maximum. Under no circumstances may base pay exceed the established range.

III. INCENTIVE COMPENSATION PLAN

Incentive awards are designed to advance the mission of the SIB by providing "at-risk" compensation consistent with the SIB's total compensation philosophy. This at-risk framework promotes an integrated focus on achieving organization-wide, long-term strategic objectives. Covered positions may be eligible for an annual award (an "Award"), with award opportunities varying by position. Incentive compensation is structured as pay-for-performance to ensure progress toward critical organizational goals. Awards are contingent cash payments based on (i) individual and/or organizational achievement of measurable performance objectives documented in the Plan, subject to applicable conditions, and (ii) total fund performance, provided established conditions are met.

The effective date of this Plan is July 1, 2026. Each plan year coincides with the RIO's fiscal year beginning on July 1 and ending on June 30.

A. Administration of the Plan

The Executive Director shall administer the Plan with oversight by the ERCC and the SIB. The SIB retains plenary authority to establish and amend this Plan, prescribe and amend any policies relating to it, and make any determinations outlined herein. The Executive Director has plenary authority to make all other determinations deemed necessary or advisable for the administration of this Plan and Awards hereunder other than as to the participation of the Executive Director, which determinations will be made by the ERCC. The determinations of the Executive Director and the ERCC regarding the matters referred to in this Section III shall be binding and final.

B. Eligibility

To be eligible to participate in the Plan, an employee (i) must be serving in a full-time equivalent investment or fiscal operations role necessary for the management of the investment of funds under the control of the SIB which has been designated as a covered position in connection with an annual incentive program as described in Section III.D below (an "Annual Program"), (ii) must have worked in a covered position for at least six (6) consecutive full calendar months during the plan year, and (iii) must have been designated as a participant by the Executive Director in connection with an Annual Program.

Employees serving in temporary or project-based positions are not eligible to participate in the Plan. If an employee is not employed for the entire plan year, incentive compensation shall be paid on a prorated basis.

Eligible covered positions and the employees serving in such positions that are eligible to participate in the Plan are set forth in an Annual Program designated by the Executive Director and approved on an annual basis in accordance with Section III.D.ii.a below.

C. Annual Incentive Award

i. *Nature of Award*. Each eligible employee who is designated as a participant in the Plan for a given plan year under an Annual Program will receive an annual Award that provides the participant an opportunity to receive a cash payment based on a percentage of the participant's base salary and subject to achievement of certain performance goals and the terms and conditions of the Plan.

ii. *Performance Goals and Award Composition*. A participant will be entitled to payment under an Award based on his or her satisfaction of both quantitative and qualitative performance goals established for each participant for a given plan year. Entitlement to eighty percent (80%) of the amount of an Award will be based on performance with respect to quantitative goals, and entitlement to twenty percent (20%) of the amount of an Award will be based on satisfaction of qualitative goals. Goals are documented in the Office of Management and Budget Performance Management Review system following the approval of an Annual Program, and participants will be notified of such goals.

iii. *Quantitative Goals*. Eighty percent (80%) of an Award for each participant will be based on the investment performance of ~~internally managed investments~~Internally Managed Investments (as defined below) as compared to applicable benchmarks associated with such investments as specified by the SIB in connection with its approval of the Annual Program. The investment performance to be measured for a given participant will be identified in the Annual Program and will be based on ~~total~~ composite ~~fund~~ performance~~.~~ of the Internally Managed Investments. The SIB may include asset class investment performance and/or investment performance of assets managed by a specific team in the investment performance measurement if administratively practical and otherwise desired by the SIB. The following provisions apply to the development of quantitative goals:

a. **Internally Managed Investments**. For purposes of the Plan, "~~internally managed investments~~Internally Managed Investments" refers to the investments under the control of the SIB for which internal RIO investment staff exercises investment discretion, management, and oversight responsibility. These investments include investment of assets directly invested and managed by RIO staff, as well as investments managed through internally directed programs in which RIO staff is responsible for manager selection and termination, portfolio construction, rebalancing, performance monitoring, and ongoing oversight across both public and private markets. Internally ~~managed investments~~Managed Investments are not limited to assets traded directly by staff but include investment portfolios for which the RIO provides active investment stewardship, including implementation through external managers when the RIO retains decision-making authority and fiduciary oversight. These funds represent the primary internally managed portfolios for purposes of determining incentive eligibility. The investment of the assets with two SIB client funds—the Job Service Employee Pension Fund and the PERS Retiree Health Insurance Fund—are currently externally managed and will not be considered ~~internally managed investments~~Internally Managed Investments unless and until internal RIO investment staff assumes investment discretion, management, and oversight responsibility.

b. **~~Total~~ Composite ~~Fund~~ Performance and Benchmarks**. Investment performance measurements and relative benchmarks used to evaluate ~~total composite fund~~ performance will be a composite figure based on the weighted average of the relative investment performance of ~~the following SIB~~ client funds~~: the Legacy Fund, the Public Employees Retirement System ("PERS") fund, the Teachers' Fund for Retirement ("TFFR"), and the Workforce Safety & Insurance ("WSI") fund~~ that constitute Internally Managed Investments. The investment performance measurements and relative benchmarks are measured at the client fund level against the weighted average of the SIB-approved benchmarks for each such client fund and calculated net of all direct costs

(costs directly resulting from a particular investment, such as fees and trading expenses) and indirect costs (costs resulting from the internal investment operations of the RIO).

c. **SIB Benchmark Approval**. For purposes of measuring investment performance, benchmarks will be proposed by the Executive Director to the Investment Committee, who will consult with the independent benchmark consultant in making a recommendation to the SIB in connection with the approval of the Annual Program.

d. **Applicable Performance Periods**. Quantitative performance measures will generally be based on three-year, multi-year performance against relevant benchmarks. Notwithstanding the foregoing, the three-year, multi-year performance cycle will not be utilized for any specific asset class, strategy, or subset thereof until that asset class, strategy, or subset has accumulated three full years of historical performance data. Until such time, the actual years (full and partial) of historical performance of such asset class, strategy, or subset will be used as the measurement period for purposes of calculating the quantitative component of an Award.

iv. *Qualitative Goals*. Twenty percent (20%) of an Award for each participant will be based on the achievement of individual performance goals. These individual qualitative performance goals are determined for a given fiscal year by the Executive Director in consultation with the CFO/COO, applicable division directors, and each participant's supervising manager. These goals will consist of individual objectives for each participant to achieve, as well as attainment of a performance rating based on a standardized methodology that evaluates demonstrated leadership and teamwork, contributions to culture, behavioral and organizational competencies (including staff development), strategic contributions, and participation in initiatives to improve business, analytical, or technology processes.

D. Annual Incentive Program

i. *Development of Annual Program*. In the fourth quarter of each fiscal year, the Executive Director will develop the Annual Program for the following fiscal year to be presented to the ERCC. The Executive Director will collaborate with the CIO, CFO/COO, and other applicable staff to develop the content of the Annual Program as described below. The Executive Director will present (1) the Annual Program to the ERCC and (2) any benchmark used in the Annual Program to the Investment Committee no later than June 30 for the following plan year. The ERCC will review and provide direction and suggestions to the Executive Director. The Investment Committee will review the proposed benchmark for appropriateness. After completion of the proposed Annual Program, the ERCC will recommend the proposed Annual Program, and the Investment Committee will recommend any benchmark utilized in the Annual Program, to the SIB for consideration and approval no later than June 30 for the following plan year. The SIB shall approve the Annual Program no later than July 31 for the following plan year.

ii. *Description and Contents of Program*. The Annual Program approved by the SIB for a given plan year will be described in Appendix A to this Plan, and Appendix A will be automatically updated following approval of the Annual Program by the SIB. Contents of an Annual Program will include:

a. **Covered Positions and Participants**. The covered positions eligible for participation in the Annual Program for a given fiscal year are included and described in Appendix A and are subject to approval and change each year in connection with approval of the Annual Program. Individuals who are employed in such covered positions at the beginning of a fiscal year will be designated by the Executive Director as a participant in the Annual Program for such fiscal year, and the names of such individuals will be provided in a report to the ERCC and the SIB in connection with the approval of the Annual Program. Any individuals who begin employment following the commencement of a fiscal year may be designated as a participant by the Executive Director following the commencement of the fiscal year provided that such employee satisfies the 6-month requirement for such fiscal year as provided in Section III.B. The Executive Director will report all newly-hired participants added to an Annual Program to the ERCC.

b. **Incentive Award Ranges and Target Award**. The incentive award ranges and target awards for all covered positions are set forth in Appendix A and are subject to approval and change each year in connection with approval of the Annual Program. The incentive award range represents the percentage of base pay available to be earned by a participant under an Award based on the level of achievement of the Annual Program quantitative and qualitative performance goals. The "target award" for any given annual incentive award range is set at 50% of the award range maximum. Maximum annual incentive opportunities may never exceed the ranges outlined below, but ranges may vary by position based on differing roles and responsibilities within the organization, as determined by the Executive Director, and to ensure alignment between peer positions. The Executive Director will prepare a statement of financial impact estimating the total potential cost of the Plan based on achievement of both maximum and target award levels, assuming all established performance goals are fully realized or achieved at target levels, and report the total estimated cost of an Annual Program at both target and maximum levels in connection with the presentation to the ERCC and SIB.

c. **Quantitative Goals, Benchmarks and Investment Compensation Metrics**. The ~~groups of internally managed investments~~Internally Managed Investments for which performance will be measured to determine the achievement of quantitative goals and benchmarks associated with such investments will be established under the Annual Program. The Annual Program will also contain an incentive compensation metric (the "ICM"), which represents the level of investment performance required to achieve the portion of the Award opportunity conditioned on achievement of quantitative goals. Performance award scales derived from the ICM will be included in the Annual Program to illustrate the relationship between actual net outperformance and the percentage of the quantitative goal opportunity earned under an Award. Prior to the approval of the Annual Program by the SIB, an independent benchmark consultant will verify (i) the asset composition(s) for which performance will be measured, (ii) the benchmarks against which investment performance will be compared, and (iii) the ICM and associated performance award scales. Benchmarks with respect to an Annual Program may be adjusted by the SIB to reflect changes to the investment portfolio during a given performance year.

d. **Qualitative Goals**. In connection with the presentation of the Annual Program to the ERCC, the Executive Director will describe the general employee evaluation process to be utilized in determining the achievement of the qualitative goals and receive feedback and suggestions. The details and execution of the evaluation process, however, will be under the purview of the Executive Director.

E. Determination and Approval of Award Payments

i. *Determination of the Award—Achievement of Goals*. Following the conclusion of the plan year, the Executive Director will determine the level of achievement for each Award based on the achievement of the quantitative and qualitative goals under the Award. The achievement of quantitative goals as outlined in the Annual Program will be verified by the independent investment performance and benchmark consultant using estimated investment performance as of the end of the given plan year (June 30). The investment performance and benchmark consultant serves as an independent check on the results to ensure consistency with established performance objectives, investment policies, and compliance procedures. The achievement of qualitative goals will be determined by the Executive Director in collaboration with executive staff and appropriate division directors based on the results of each participant's annual performance review utilizing an established process as presented to the ERCC.

ii. *Determination of the Award—Payment Amount*. Following the determination of the level of achievement of the quantitative and qualitative goals under the Award, the Executive Director will determine the payment amount that a participant is entitled to under an Award. The Executive Director will adjust the payment amount pro rata for (i) any newly hired participant who did not serve the complete number of days of the plan year or (ii) any participant absent from active employment with the RIO for more than thirty (30) days in a plan year due to an approved extended leave of absence other than a Protected Leave. A "Protected Leave" is any absence from active employment attributable to (i) sick leave taken in accordance with the RIO's applicable sick leave policies, (ii) leave taken pursuant to the Family and Medical Leave Act of 1993, as amended, and (iii) parental leave taken in accordance with the RIO's applicable parental leave policies. The determination of whether an absence constitutes a Protected Leave, the number of days subject to proration, and the calculation of the proration shall be made by the Executive Director (or, in the case of the Executive Director, by the SIB) in his or her sole discretion.

iii. *Approval of the Award*. No later than November 15, the ERCC shall review the materials presented by the Executive Director and shall submit to the SIB its recommendation regarding the final Award amount for each participant. No later than December 31, the SIB in its sole discretion shall approve, or approve with modifications, each Award recommended by the ERCC; provided, however, that prior to taking final action, the SIB may refer any comments or questions regarding the ERCC's recommendations back to the ERCC for further consideration and response.

F. Payment Terms of Award

i. *Payment Schedule*. Subject to the conditions set forth in this Plan, including the continuous employment of the participant through a given payment date as provided in Section III.F, each Award earned by a participant pursuant to this Plan shall be paid in three (3) installments over a period of three (3) years, in accordance with the following schedule:

a. **First Installment**: Fifty percent (50%) of the total Award amount shall be paid no later than March 15 of the first plan year following the plan year for which the Award is granted;

b. **Second Installment**: Twenty-five percent (25%) of the total Award amount shall be paid no later than March 15 of the second plan year following the plan year for which the Award is granted; and

c. **Third Installment**: Twenty-five percent (25%) of the total Award amount shall be paid no later than March 15 of the third plan year following the plan year for which the Award is granted.

The adoption of this deferred payment schedule shall not be construed to confer upon any participant a vested right to any unpaid installment prior to the applicable scheduled payment date, and all unpaid installments shall remain subject to the forfeiture provisions set forth in Section III.G below.

ii. *Continuous Employment*. Payment of each installment payment is conditioned upon the participant's continued employment with the RIO through each scheduled payment date of such installment. In the event that a participant terminates service prior to a scheduled payment date of any unpaid installment, such unpaid installment shall be forfeited in its entirety and shall cease to be payable except as provided in Section III.G below.

G. Forfeiture

A participant's Award, and any right to receive payment thereof, shall be immediately and irrevocably forfeited upon the participant's termination of employment for any reason. Any unpaid installment payments will be forfeited, and the participant will have no further rights under the Plan.

However, the Executive Director, in his or her sole discretion and without obligation, may approve payment of an Award, including immediate payment of any future installments due under an Award, for an employee whose employment terminates due to death, total ~~or~~ and permanent disability, retirement, or involuntary termination without cause, provided that any such payment is made by March 15 following the calendar year in which the termination occurs. For purposes of this Plan, "retirement" occurs when: (i) a retirement request is submitted at least sixty (60) days in advance of the participant's proposed retirement date; (ii) the Executive Director (or SIB, as applicable) determines the participant is in good standing and approves the retirement date; and (iii) the participant has attained age 65. Awards for which payments are made in the case of death of the participant will be made to the employee's estate. Any payment of an Award made pursuant to this paragraph will be appropriately reported to the SIB.

H. Limitations and Adjustments

i. *~~Total Composite~~ Performance Limitations*. If the ~~total~~ composite ~~fund investment~~ performance of Internally Managed Investments net of fees for a given plan year does not exceed its corresponding benchmark as set forth in the Annual Program for such plan year, no payment will be made with respect to performance for such plan year under an Award; *provided, however*, installment payments due for positive performance in a prior plan year that have been previously-approved by the SIB in Section III.E.iii may be still paid subject to the conditions set forth in Section III.F.

ii. *Adjustment*. In the event that the RIO discovers that a payment amount under an Award for a plan year is inaccurate, including, without limitation, as a result of an error in the calculation of a payment due under an Award or the update or modification of performance numbers or results used in the calculation of a payment amount, such payment amounts for the fiscal year under the Award are subject to adjustment upon action by the SIB. The SIB may approve the increase or reduction of any future payments under such Award or any other Award to reconcile the difference between the inaccurate payment amount and the corrected payment amount to address any underpayment or overpayment that may have been made to a participant. The SIB may adjust Award payments at its sole discretion and is not obligated to take any action contemplated by this subsection.

I. Amendment and Termination of the Plan

The SIB reserves the right to terminate or amend this Plan and all Awards at any time in its sole discretion, including, without limitation, the terms and conditions of any Annual Program; provided, however, that no termination or amendment of this Plan will modify a participant's right to payment under any Award for which the payment amount has already been approved except as provided in Sections III.G. or III.H.

IV. MISCELLANEOUS

A. No Right to an Award

Neither the adoption of this Plan nor any action of the SIB, the ERCC, the Investment Committee or the Executive Director will be deemed to give an employee any right to be granted an Award, any right to receive an Award, or any other rights under this Plan.

B. Continuous Employment; No Employment or Other Service Rights

For purposes of this Plan, a participant shall be considered to be in continuous employment for so long as the participant remains employed by the RIO. Any question as to whether and when there has been a termination of employment shall be determined by the Executive Director in his or her sole discretion; provided, however, that in the case of an Award granted to the Executive Director, termination shall be determined by the SIB. Any such determination shall be final and binding. Nothing contained in this Plan will (i) confer on any participant any right with respect to his or her continuation of service with the RIO or (ii) interfere in any way with the right of the RIO to terminate any participant's service relationship at any time.

C. Tax Matters

i. *Withholding*. With respect to any Award, the RIO will have the right to deduct or cause to be deducted any taxes required by law to be withheld and to require the employee to make any payments required to satisfy applicable withholding obligations. Notwithstanding the above, the employee is solely responsible for satisfying any and all tax obligations that may be associated with an Award.

ii. *Section 409A*. The Plan, and all Awards granted hereunder, are intended to be exempt from or comply with Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code") and Section 457(f) of the Code ("Section 457(f)"). To the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan and all Awards shall be interpreted and administered to be in compliance therewith. Any payments to be made under this Plan upon a termination of employment will only be made on a "separation from service" as such term is defined under Section 409A. For purposes of Section 409A, each payment provided under this Plan will be treated as a separate payment. Notwithstanding the foregoing, the RIO shall have no obligation to take any action to prevent the assessment of any additional tax or penalty on any employee under Section 409A and shall have no liability to any employee for such tax or penalty.

D. Restrictions on Transfer

Neither a participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, encumber, hypothecate, or otherwise convey any Award or any amounts payable hereunder prior to the date that such amounts are paid other than by will or the laws of descent and distribution or with the consent of the SIB.

E. Severability

If any provision of the Plan is held to be invalid, illegal, or unenforceable, whether in whole or in part, such provision shall be deemed modified to the extent of such invalidity, illegality, or unenforceability and the remaining provisions shall not be affected.

F. Governing Law; Venue; Forum

This Plan and any litigation related to this Plan (whether grounded in contract, tort, statute, law, or equity) shall be governed by, construed in accordance with, and interpreted pursuant to the laws of the State of North Dakota. Any action with respect to any matter under this Plan or an Award must be adjudicated exclusively in the state District Court of Burleigh County, North Dakota.

APPENDIX A

Annual Investment Program for Plan Year ~~2026~~2027

Effective July 1, 2026

Incentive Award Ranges			
Position	**Minimum Incentive Award**	**Annual Target Award**	**Maximum Incentive Award**
Chief Investment Officer & Executive Director	0%	37.5%	75%
Chief Financial/Operating Officer, Deputy Chief Investment Officer, Portfolio Manager	0%	30%	60%
Deputy Chief Financial/Operating Officer, Senior Analyst, Analyst	0%	20%	40%
Senior Investment Operations Manager, Investment Operations Analyst	0%	12.5%	25%

Asset Group(s): ~~Total Fund~~ Composite of Internally Managed Investments

Benchmarks:

- *~~Total Fund~~ Composite~~:~~ benchmark of Internally Managed Investments [Blended benchmark of asset classes involved; static vs. dynamic; TBD by consultant]*

Incentive Compensation Metric: The ICM for ~~2026~~Plan Year 2027 is the level of composite investment performance of the ~~assets~~Internally Managed Investments per basis point of ~~the total composite fund performance~~ over the composite benchmark. Achievement of the quantitative goal begins at one basis point above benchmark and is earned at a rate of 1 ⅓% per basis point, up to 100% of the quantitative Award opportunity, which is 80% of the total Award opportunity.

Performance Award Scale for Quantitative Goal (80% of Award)		
Net Outperformance (bps above benchmark)	**% of Quantitative Opportunity Earned**	**Achievement Rate**
0 or below	0%	—
1-75 bps	1%-100%	1 ⅓% per bp

Summary report: **Litera Compare for Word 11.11.0.158 Document comparison done on 7/15/2026 7:38:13 PM**	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: iw://jw.cloudimanage.com/jwdocs/49464750/12 - Incentive Comp Policy Draft (2026).docx	
Modified DMS: iw://jw.cloudimanage.com/jwdocs/49464750/13 - Incentive Comp Policy Draft (2026).docx	
Changes:	
Add	19
~~Delete~~	26
~~Move From~~	0
Move To	0
Table Insert	0
~~Table Delete~~	0
Table moves to	0
~~Table moves from~~	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	45

I. PROGRAM OVERVIEW

A. Authority

North Dakota Century Code Section 54-52.5-04 authorizes the North Dakota Retirement and Investment Office (the "RIO") to develop an incentive compensation program for full-time equivalent investment and fiscal operations positions necessary for the management of the investment of funds under the control of the State Investment Board (the "SIB"). Section III of this document sets forth the terms and conditions of the RIO Incentive Compensation Plan (the "Plan") established under the authority provided above.

B. Rationale

The Legislature has directed that the incentive compensation program promote profitability, productivity, and responsible fund management. The Plan is established to fulfill these statutory objectives by providing a compensation framework tailored to the specialized investment and fiscal operations positions necessary for the management of the investment of funds under the control of the SIB.

To accomplish these legislative directives, the SIB has determined that the Plan must account for the labor market conditions that directly affect the recruitment and retention of institutional investment professionals, most of whom are drawn from the private sector. In particular, investment management roles in the private sector are compensated substantially differently than positions under governmental entities with traditional civil service structures. Private-sector compensation uses salary structures that exceed typical civil service salary ranges and relies heavily on pay-for-performance and incentive-based compensation. As a result, step-based salary schedules are impractical for attracting and retaining professionals with the specialized skills required to manage complex institutional investment portfolios. The Plan is designed to bridge the gap between public-sector compensation structures and private-sector market realities by aligning compensation provided to the RIO investment professionals with market realities while maintaining appropriate public-sector accountability.

C. Purpose

The Plan has been developed through public review, discussion, and debate. It reflects a deliberate strategy to ensure compensation is at a competitive level in order to attract and retain highly qualified professionals, while motivating and rewarding long-term investment performance. The Plan is intentionally structured to recognize labor market realities and to reinforce high performance by placing a meaningful portion of total compensation at risk. Consistent with the statutory requirement that payouts not occur unless the risk-based performance of internally managed investments exceeds the risk-based performance of policy benchmarks, this pay-at-risk framework directly aligns individual incentives with the SIB's mission, emphasizing the achievement of measurable, performance-based objectives. In doing so, the Plan supports the recruitment and retention of highly skilled executives and investment professionals, which serves as the foundation for the organization's long-term success.

D. Total Compensation

While incentive compensation is a critical aspect of attracting, retaining, and rewarding investment professionals, it is simply one piece of any compensation program. The total compensation, not simply incentive compensation, is the ultimate measure of how competitive a compensation program is within a given labor market. There are three components to total compensation:

- Base Pay / Salary;
- Incentive Compensation; and
- Employee Benefits.

The base pay element is set forth as provided in Section II below. The incentive compensation element is set forth as provided in Section III below. The benefits provided to employees are set forth in state law or the various personnel policies of the RIO.

II. BASE PAY

Base pay will be determined based on salary ranges and quartiles that are developed by the Executive Review and Compensation Committee (the "ERCC") and approved by the SIB. These salary ranges will be developed using a blend of public- and private-sector market data and through salary surveys. The ranges will be further informed by internal equity, industry standards, and best practices in executive and investment compensation.

Relevant salary survey data utilized for the development of ranges is gathered at least every two years, or more frequently as determined by the ERCC. Additional market reviews may be conducted when a position becomes vacant, or a new position is created. The ERCC may utilize a compensation consultant in the development of salary ranges. Target quartiles for covered positions may be established based on market data at the time each survey is conducted.

Data for salary surveys and other relevant information used for the development of salary ranges and quartiles will be derived from employee data of comparator groups. Comparator groups include:

- **Executive Management Positions:** Leading U.S. public funds, banks, and insurance companies with comparable assets under management.
- **Investment Management Positions:** Large and complex institutional investors with comparable assets under management, and private-sector asset management organizations of similar size that compete for RIO talent, including investment advisory firms, university endowments, insurance companies, and banks.

Base pay ranges and associated quartiles are approved by the SIB and become effective on the date specified at approval. In years between comprehensive surveys, ranges may be adjusted to reflect general private-sector salary movement supported by current market data.

Base pay of individual employees is established at hire by the hiring supervisor in coordination with the Chief Financial Officer/Chief Operating Officer (the "CFO/COO") based on internal equity, skills and expertise, prior experience, and other relevant factors. Base pay for the Executive Director is determined by the SIB based on the recommendation of the ERCC. In all cases, the base pay of an individual employee may not exceed the 75th percentile of the approved range without the approval of the ERCC.

Individual base pay increases are considered annually in conjunction with the performance appraisal process and informed by the most recent salary survey data. Increases are not guaranteed and are based on overall performance, unless increases are otherwise recommended by the ERCC in connection with a salary survey for retention or pay equity purposes. Policy violations or failure to demonstrate or adhere to SIB core values will be considered in determining any base pay increases.

If any annual increase would result in base pay exceeding the approved salary range maximum, base pay for the individual shall be capped at the range maximum. Under no circumstances may base pay exceed the established range.

III. INCENTIVE COMPENSATION PLAN

Incentive awards are designed to advance the mission of the SIB by providing "at-risk" compensation consistent with the SIB's total compensation philosophy. This at-risk framework promotes an integrated focus on achieving organization-wide, long-term strategic objectives. Covered positions may be eligible for an annual award (an "Award"), with award opportunities varying by position. Incentive compensation is structured as pay-for-performance to ensure progress toward critical organizational goals. Awards are contingent cash payments based on (i) individual and/or organizational achievement of measurable performance objectives documented in the Plan, subject to applicable conditions, and (ii) total fund performance, provided established conditions are met.

The effective date of this Plan is July 1, 2026. Each plan year coincides with the RIO's fiscal year beginning on July 1 and ending on June 30.

A. <u>Administration of the Plan</u>

The Executive Director shall administer the Plan with oversight by the ERCC and the SIB. The SIB retains plenary authority to establish and amend this Plan, prescribe and amend any policies relating to it, and make any determinations outlined herein. The Executive Director has plenary authority to make all other determinations deemed necessary or advisable for the administration of this Plan and Awards hereunder other than as to the participation of the Executive Director, which determinations will be made by the ERCC. The determinations of the Executive Director and the ERCC regarding the matters referred to in this Section III shall be binding and final.

B. Eligibility

To be eligible to participate in the Plan, an employee (i) must be serving in a full-time equivalent investment or fiscal operations role necessary for the management of the investment of funds under the control of the SIB which has been designated as a covered position in connection with an annual incentive program as described in Section III.D below (an "Annual Program"), (ii) must have worked in a covered position for at least six (6) consecutive full calendar months during the plan year, and (iii) must have been designated as a participant by the Executive Director in connection with an Annual Program.

Employees serving in temporary or project-based positions are not eligible to participate in the Plan. If an employee is not employed for the entire plan year, incentive compensation shall be paid on a prorated basis.

Eligible covered positions and the employees serving in such positions that are eligible to participate in the Plan are set forth in an Annual Program designated by the Executive Director and approved on an annual basis in accordance with Section III.D.ii.a below.

C. Annual Incentive Award

i. *Nature of Award*. Each eligible employee who is designated as a participant in the Plan for a given plan year under an Annual Program will receive an annual Award that provides the participant an opportunity to receive a cash payment based on a percentage of the participant's base salary and subject to achievement of certain performance goals and the terms and conditions of the Plan.

ii. *Performance Goals and Award Composition*. A participant will be entitled to payment under an Award based on his or her satisfaction of both quantitative and qualitative performance goals established for each participant for a given plan year. Entitlement to eighty percent (80%) of the amount of an Award will be based on performance with respect to quantitative goals, and entitlement to twenty percent (20%) of the amount of an Award will be based on satisfaction of qualitative goals. Goals are documented in the Office of Management and Budget Performance Management Review system following the approval of an Annual Program, and participants will be notified of such goals.

iii. *Quantitative Goals*. Eighty percent (80%) of an Award for each participant will be based on the investment performance of Internally Managed Investments (as defined below) as compared to applicable benchmarks associated with such investments as specified by the SIB in connection with its approval of the Annual Program. The investment performance to be measured for a given participant will be identified in the Annual Program and will be based on composite performance of the Internally Managed Investments. The SIB may include asset class investment performance and/or investment performance of assets managed by a specific team in the investment performance measurement if administratively practical and otherwise desired by the SIB. The following provisions apply to the development of quantitative goals:

a. **Internally Managed Investments**. For purposes of the Plan, "Internally Managed Investments" refers to the investments under the control of the SIB for which internal RIO investment staff exercises investment discretion, management, and oversight responsibility. These investments include investment of assets directly invested and managed by RIO staff, as well as investments managed through internally directed programs in which RIO staff is responsible for manager selection and termination, portfolio construction, rebalancing, performance monitoring, and ongoing oversight across both public and private markets. Internally Managed Investments are not limited to assets traded directly by staff but include investment portfolios for which the RIO provides active investment stewardship, including implementation through external managers when the RIO retains decision-making authority and fiduciary oversight. These funds represent the primary internally managed portfolios for purposes of determining incentive eligibility. The investment of the assets with two SIB client funds—the Job Service Employee Pension Fund and the PERS Retiree Health Insurance Fund—are currently externally managed and will not be considered Internally Managed Investments unless and until internal RIO investment staff assumes investment discretion, management, and oversight responsibility.

b. **Composite Performance and Benchmarks**. Investment performance measurements and relative benchmarks used to evaluate performance will be a composite figure based on the weighted average of the relative investment performance of client funds that constitute Internally Managed Investments. The investment performance measurements and relative benchmarks are measured at the client fund level against the weighted average of the SIB-approved benchmarks for each such client fund and calculated net of all direct costs (costs directly resulting from a particular investment, such as fees and trading expenses) and indirect costs (costs resulting from the internal investment operations of the RIO).

c. **SIB Benchmark Approval**. For purposes of measuring investment performance, benchmarks will be proposed by the Executive Director to the Investment Committee, who will consult with the independent benchmark consultant in making a recommendation to the SIB in connection with the approval of the Annual Program.

d. **Applicable Performance Periods**. Quantitative performance measures will generally be based on three-year, multi-year performance against relevant benchmarks. Notwithstanding the foregoing, the three-year, multi-year performance cycle will not be utilized for any specific asset class, strategy, or subset thereof until that asset class, strategy, or subset has accumulated three full years of historical performance data. Until such time, the actual years (full and partial) of historical performance of such asset class, strategy, or subset will be used as the measurement period for purposes of calculating the quantitative component of an Award.

iv. *Qualitative Goals*. Twenty percent (20%) of an Award for each participant will be based on the achievement of individual performance goals. These individual qualitative performance goals are determined for a given fiscal year by the

Executive Director in consultation with the CFO/COO, applicable division directors, and each participant's supervising manager. These goals will consist of individual objectives for each participant to achieve, as well as attainment of a performance rating based on a standardized methodology that evaluates demonstrated leadership and teamwork, contributions to culture, behavioral and organizational competencies (including staff development), strategic contributions, and participation in initiatives to improve business, analytical, or technology processes.

D. Annual Incentive Program

i. *Development of Annual Program*. In the fourth quarter of each fiscal year, the Executive Director will develop the Annual Program for the following fiscal year to be presented to the ERCC. The Executive Director will collaborate with the CIO, CFO/COO, and other applicable staff to develop the content of the Annual Program as described below. The Executive Director will present (1) the Annual Program to the ERCC and (2) any benchmark used in the Annual Program to the Investment Committee no later than June 30 for the following plan year. The ERCC will review and provide direction and suggestions to the Executive Director. The Investment Committee will review the proposed benchmark for appropriateness. After completion of the proposed Annual Program, the ERCC will recommend the proposed Annual Program, and the Investment Committee will recommend any benchmark utilized in the Annual Program, to the SIB for consideration and approval no later than June 30 for the following plan year. The SIB shall approve the Annual Program no later than July 31 for the following plan year.

ii. *Description and Contents of Program*. The Annual Program approved by the SIB for a given plan year will be described in Appendix A to this Plan, and Appendix A will be automatically updated following approval of the Annual Program by the SIB. Contents of an Annual Program will include:

a. **Covered Positions and Participants**. The covered positions eligible for participation in the Annual Program for a given fiscal year are included and described in Appendix A and are subject to approval and change each year in connection with approval of the Annual Program. Individuals who are employed in such covered positions at the beginning of a fiscal year will be designated by the Executive Director as a participant in the Annual Program for such fiscal year, and the names of such individuals will be provided in a report to the ERCC and the SIB in connection with the approval of the Annual Program. Any individuals who begin employment following the commencement of a fiscal year may be designated as a participant by the Executive Director following the commencement of the fiscal year provided that such employee satisfies the 6-month requirement for such fiscal year as provided in Section III.B. The Executive Director will report all newly-hired participants added to an Annual Program to the ERCC.

b. **Incentive Award Ranges and Target Award**. The incentive award ranges and target awards for all covered positions are set forth in Appendix A and are subject to approval and change each year in connection with approval of the Annual

Program. The incentive award range represents the percentage of base pay available to be earned by a participant under an Award based on the level of achievement of the Annual Program quantitative and qualitative performance goals. The "target award" for any given annual incentive award range is set at 50% of the award range maximum. Maximum annual incentive opportunities may never exceed the ranges outlined below, but ranges may vary by position based on differing roles and responsibilities within the organization, as determined by the Executive Director, and to ensure alignment between peer positions. The Executive Director will prepare a statement of financial impact estimating the total potential cost of the Plan based on achievement of both maximum and target award levels, assuming all established performance goals are fully realized or achieved at target levels, and report the total estimated cost of an Annual Program at both target and maximum levels in connection with the presentation to the ERCC and SIB.

c. **Quantitative Goals, Benchmarks and Investment Compensation Metrics**. The Internally Managed Investments for which performance will be measured to determine the achievement of quantitative goals and benchmarks associated with such investments will be established under the Annual Program. The Annual Program will also contain an incentive compensation metric (the "ICM"), which represents the level of investment performance required to achieve the portion of the Award opportunity conditioned on achievement of quantitative goals. Performance award scales derived from the ICM will be included in the Annual Program to illustrate the relationship between actual net outperformance and the percentage of the quantitative goal opportunity earned under an Award. Prior to the approval of the Annual Program by the SIB, an independent benchmark consultant will verify (i) the asset composition(s) for which performance will be measured, (ii) the benchmarks against which investment performance will be compared, and (iii) the ICM and associated performance award scales. Benchmarks with respect to an Annual Program may be adjusted by the SIB to reflect changes to the investment portfolio during a given performance year.

d. **Qualitative Goals**. In connection with the presentation of the Annual Program to the ERCC, the Executive Director will describe the general employee evaluation process to be utilized in determining the achievement of the qualitative goals and receive feedback and suggestions. The details and execution of the evaluation process, however, will be under the purview of the Executive Director.

E. Determination and Approval of Award Payments

i. *Determination of the Award—Achievement of Goals*. Following the conclusion of the plan year, the Executive Director will determine the level of achievement for each Award based on the achievement of the quantitative and qualitative goals under the Award. The achievement of quantitative goals as outlined in the Annual Program will be verified by the independent investment performance and benchmark consultant using estimated investment performance as of the end of the given plan year (June 30). The investment performance and benchmark consultant serves as an independent check on the results to ensure consistency with established performance objectives, investment policies, and compliance procedures. The achievement of qualitative goals will be determined by the Executive Director in collaboration with executive staff and appropriate division directors based on the results of each participant's annual performance review utilizing an established process as presented to the ERCC.

ii. *Determination of the Award—Payment Amount*. Following the determination of the level of achievement of the quantitative and qualitative goals under the Award, the Executive Director will determine the payment amount that a participant is entitled to under an Award. The Executive Director will adjust the payment amount pro rata for (i) any newly hired participant who did not serve the complete number of days of the plan year or (ii) any participant absent from active employment with the RIO for more than thirty (30) days in a plan year due to an approved extended leave of absence other than a Protected Leave. A "Protected Leave" is any absence from active employment attributable to (i) sick leave taken in accordance with the RIO's applicable sick leave policies, (ii) leave taken pursuant to the Family and Medical Leave Act of 1993, as amended, and (iii) parental leave taken in accordance with the RIO's applicable parental leave policies. The determination of whether an absence constitutes a Protected Leave, the number of days subject to proration, and the calculation of the proration shall be made by the Executive Director (or, in the case of the Executive Director, by the SIB) in his or her sole discretion.

iii. *Approval of the Award*. No later than November 15, the ERCC shall review the materials presented by the Executive Director and shall submit to the SIB its recommendation regarding the final Award amount for each participant. No later than December 31, the SIB in its sole discretion shall approve, or approve with modifications, each Award recommended by the ERCC; provided, however, that prior to taking final action, the SIB may refer any comments or questions regarding the ERCC's recommendations back to the ERCC for further consideration and response.

F. Payment Terms of Award

i. *Payment Schedule*. Subject to the conditions set forth in this Plan, including the continuous employment of the participant through a given payment date as provided in Section III.F, each Award earned by a participant pursuant to this Plan shall be paid in three (3) installments over a period of three (3) years, in accordance with the following schedule:

a. **First Installment**: Fifty percent (50%) of the total Award amount shall be paid no later than March 15 of the first plan year following the plan year for which the Award is granted;

b. **Second Installment**: Twenty-five percent (25%) of the total Award amount shall be paid no later than March 15 of the second plan year following the plan year for which the Award is granted; and

c. **Third Installment**: Twenty-five percent (25%) of the total Award amount shall be paid no later than March 15 of the third plan year following the plan year for which the Award is granted.

The adoption of this deferred payment schedule shall not be construed to confer upon any participant a vested right to any unpaid installment prior to the applicable scheduled payment date, and all unpaid installments shall remain subject to the forfeiture provisions set forth in Section III.G below.

ii. *Continuous Employment*. Payment of each installment payment is conditioned upon the participant's continued employment with the RIO through each scheduled payment date of such installment. In the event that a participant terminates service prior to a scheduled payment date of any unpaid installment, such unpaid installment shall be forfeited in its entirety and shall cease to be payable except as provided in Section III.G below.

G. Forfeiture

A participant's Award, and any right to receive payment thereof, shall be immediately and irrevocably forfeited upon the participant's termination of employment for any reason. Any unpaid installment payments will be forfeited, and the participant will have no further rights under the Plan.

However, the Executive Director, in his or her sole discretion and without obligation, may approve payment of an Award, including immediate payment of any future installments due under an Award, for an employee whose employment terminates due to death, total and permanent disability, retirement, or involuntary termination without cause, provided that any such payment is made by March 15 following the calendar year in which the termination occurs. For purposes of this Plan, "retirement" occurs when: (i) a retirement request is submitted at least sixty (60) days in advance of the participant's proposed retirement date; (ii) the Executive Director (or SIB, as applicable) determines the participant is in good standing and approves the retirement date; and (iii) the participant has attained age 65. Awards for which payments are made in the case of death of the participant will be made to the employee's estate. Any payment of an Award made pursuant to this paragraph will be appropriately reported to the SIB.

H. Limitations and Adjustments

i. *Performance Limitations*. If the composite performance of Internally Managed Investments net of fees for a given plan year does not exceed its corresponding benchmark as set forth in the Annual Program for such plan year, no payment will be made with respect to performance for such plan year under an Award; *provided, however*, installment payments due for positive performance in a prior plan year that have been previously-approved by the SIB in Section III.E.iii may be still paid subject to the conditions set forth in Section III.F.

ii. *Adjustment*. In the event that the RIO discovers that a payment amount under an Award for a plan year is inaccurate, including, without limitation, as a result of an error in the calculation of a payment due under an Award or the update or modification of performance numbers or results used in the calculation of a payment amount, such payment amounts for the fiscal year under the Award are subject to adjustment upon action by the SIB. The SIB may approve the increase or reduction of any future payments under such Award or any other Award to reconcile the difference between the inaccurate payment amount and the corrected payment amount to address any underpayment or overpayment that may have been made to a participant. The SIB may adjust Award payments at its sole discretion and is not obligated to take any action contemplated by this subsection.

I. Amendment and Termination of the Plan

The SIB reserves the right to terminate or amend this Plan and all Awards at any time in its sole discretion, including, without limitation, the terms and conditions of any Annual Program; provided, however, that no termination or amendment of this Plan will modify a participant's right to payment under any Award for which the payment amount has already been approved except as provided in Sections III.G. or III.H.

IV. MISCELLANEOUS

A. No Right to an Award

Neither the adoption of this Plan nor any action of the SIB, the ERCC, the Investment Committee or the Executive Director will be deemed to give an employee any right to be granted an Award, any right to receive an Award, or any other rights under this Plan.

B. Continuous Employment; No Employment or Other Service Rights

For purposes of this Plan, a participant shall be considered to be in continuous employment for so long as the participant remains employed by the RIO. Any question as to whether and when there has been a termination of employment shall be determined by the Executive Director in his or her sole discretion; provided, however, that in the case of an Award granted to the Executive Director, termination shall be determined by the SIB. Any such determination shall be final and binding. Nothing contained in this Plan will (i) confer on any participant any right with respect to his or her continuation of service with the RIO or (ii) interfere in any way with the right of the RIO to terminate any participant's service relationship at any time.

C. Tax Matters

i. *Withholding*. With respect to any Award, the RIO will have the right to deduct or cause to be deducted any taxes required by law to be withheld and to require the employee to make any payments required to satisfy applicable withholding obligations. Notwithstanding the above, the employee is solely responsible for satisfying any and all tax obligations that may be associated with an Award.

ii. *Section 409A*. The Plan, and all Awards granted hereunder, are intended to be exempt from or comply with Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code") and Section 457(f) of the Code ("Section 457(f)"). To the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan and all Awards shall be interpreted and administered to be in compliance therewith. Any payments to be made under this Plan upon a termination of employment will only be made on a "separation from service" as such term is defined under Section 409A. For purposes of Section 409A, each payment provided under this Plan will be treated as a separate payment. Notwithstanding the foregoing, the RIO shall have no obligation to take any action to prevent the assessment of any additional tax or penalty on any employee under Section 409A and shall have no liability to any employee for such tax or penalty.

D. Restrictions on Transfer

Neither a participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, encumber, hypothecate, or otherwise convey any Award or any amounts payable hereunder prior to the date that such amounts are paid other than by will or the laws of descent and distribution or with the consent of the SIB.

E. Severability

If any provision of the Plan is held to be invalid, illegal, or unenforceable, whether in whole or in part, such provision shall be deemed modified to the extent of such invalidity, illegality, or unenforceability and the remaining provisions shall not be affected.

F. Governing Law; Venue; Forum

This Plan and any litigation related to this Plan (whether grounded in contract, tort, statute, law, or equity) shall be governed by, construed in accordance with, and interpreted pursuant to the laws of the State of North Dakota. Any action with respect to any matter under this Plan or an Award must be adjudicated exclusively in the state District Court of Burleigh County, North Dakota.

APPENDIX A

Annual Investment Program for Plan Year 2027
Effective July 1, 2026

Incentive Award Ranges			
Position	**Minimum Incentive Award**	**Annual Target Award**	**Maximum Incentive Award**
Chief Investment Officer & Executive Director	0%	37.5%	75%
Chief Financial/Operating Officer, Deputy Chief Investment Officer, Portfolio Manager	0%	30%	60%
Deputy Chief Financial/Operating Officer, Senior Analyst, Analyst	0%	20%	40%
Senior Investment Operations Manager, Investment Operations Analyst	0%	12.5%	25%

Asset Group(s): Composite of Internally Managed Investments

Benchmarks:

- *Composite benchmark of Internally Managed Investments [Blended benchmark of asset classes involved; static vs. dynamic; TBD by consultant]*

Incentive Compensation Metric: The ICM for Plan Year 2027 is the level of composite investment performance of the Internally Managed Investments per basis point of over the composite benchmark. Achievement of the quantitative goal begins at one basis point above benchmark and is earned at a rate of 1 ⅓% per basis point, up to 100% of the quantitative Award opportunity, which is 80% of the total Award opportunity.

Performance Award Scale for Quantitative Goal (80% of Award)		
Net Outperformance (bps above benchmark)	**% of Quantitative Opportunity Earned**	**Achievement Rate**
0 or below	0%	—
1-75 bps	1%-100%	1 ⅓% per bp

ATTORNEY GENERAL OPINIONS

Attorney General Opinion Request
Guidance on whether RIO has legal authority to provide incentive compensation payments to its employees without a specific legislative appropriation

2026-L-03 CONCLUSIONS
The plain language of N.D.C.C. §§ 54-52.5-03 and 54-52.5-04, the relevant legislative history, and other extrinsic aids of statutory construction all clearly reveal legislative intent to grant RIO continuing appropriation authority to make incentive compensation payments with earnings from client funds.

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Drew H. Wrigley
ATTORNEY GENERAL

LETTER OPINION
2026-L-03

Senator Sean Cleary
District 35
Bismarck, ND
scleary@ndlegis.gov

Representative Mitch Ostlie
District 12
Jamestown, ND
mostlie@ndlegis.gov

Dear Senator Cleary and Representative Ostlie:

Thank you for your email requesting my opinion regarding whether the Retirement and Investment Office (RIO) has legal authority to provide incentive compensation payments to its employees from its existing appropriation authority. It is my opinion that the continuing appropriation in N.D.C.C. § 54-52.5-03[1] authorizes RIO to make the incentive compensation payments.

ANALYSIS

The Legislature created RIO to administratively coordinate the activities of the State Investment Board (SIB), which oversees RIO, and the Teachers' Fund for Retirement (TFFR).[2] The SIB is required by statute to manage the investment of several enumerated state client funds and has executed contracts to manage the funds of other state entity clients.[3] RIO is a special-funded agency that does not receive general fund dollars.[4]

In 2023, the Legislature authorized RIO to create a new incentive compensation program for RIO employees. The legislation, codified at N.D.C.C. § 54-52.5-04, provides:

> The state retirement and investment office may develop an incentive compensation program for full-time equivalent investment and fiscal operations positions necessary for the management of the investment of funds under the control of the

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[1] The State Investment Board has additional continuing appropriation authority under N.D.C.C. §§ 21-10-05, 21-10-06.2. This opinion does not address whether the incentive compensation payments could be made under those statutes because consideration of those statutes is not necessary to answer the question presented.
[2] N.D.C.C. §§ 54-52.5-01, 54-52.5-02.
[3] N.D.C.C. § 21-10-06.
[4] H.B. 1022, 2025 N.D. Leg., § 1; S.B. 2022, 2023 N.D. Leg., § 1.

> state investment board. The program must promote profitability, productivity, and responsible fund management. The provisions of the program must be approved annually by the state investment board. The provisions must ensure that the payouts do not occur unless the risk-based performance of the investments that are internally managed exceed the risk-based performance of policy benchmarks. Any amounts paid under this program must be considered compensation and not personal profit on behalf of the employee. Each interim, the state retirement and investment office shall provide at least one report to the legislative management regarding the status of the program, including the provisions of the program; the total amount of incentives paid out to employees each year; and the minimum, maximum, and average payout per eligible full-time equivalent position.[5]

In the same bill, the Legislature also amended and reenacted RIO's continuing appropriation statute, N.D.C.C. § 54-52.5-03, to add language providing for payment of RIO's administrative expenses from lawfully available earnings.[6] In its current form, with the 2023 amendment language underlined for identification, N.D.C.C. § 54-52.5-03, provides:

> A special fund known as the "state retirement and investment fund" is established for the purpose of defraying administrative expenses of the state retirement and investment office. The actual amount of administrative expenses incurred by the state retirement and investment office must be paid from the respective funds listed under section 21-10-06 and are hereby appropriated to the state retirement and investment fund in proportion to the services rendered for each fund as estimated by the state investment board. The amount necessary to pay all administrative expenses of the state retirement and investment office must be paid from the state retirement and investment fund in accordance with the agency's appropriation authority <u>and earnings lawfully available for such purposes</u>. Any interest income earned on the state retirement and investment fund must be credited to the fund.[7]

While you acknowledge that the Legislature created an incentive compensation program for RIO employees in 2023, you question whether the Legislature provided a method to pay for the program. As part of your request for an Attorney General's opinion, you assert that, during the 2025 Legislative Session, the Legislature did not provide an explicit appropriation for the program and that the existing appropriation in N.D.C.C. § 54-52.5-03 is insufficient to authorize RIO's incentive compensation payments.[8]

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[5] N.D.C.C. § 54-52.5-04.
[6] S.B. 2022, 2023 N.D. Leg., § 4.
[7] N.D.C.C. § 54-52.5-03 (underline added to identify amendment).
[8] Letter from Sen. Sean Cleary, Dist. 35, & Rep. Mitch Ostlie, Dist. 12, N.D. Legis. Assemb., to Drew H. Wrigley, Att'y Gen., Off. of Att'y Gen. (Dec. 29, 2025); H.B. 1022, 2025 N.D. Leg.

Whether the appropriation in N.D.C.C. § 54-52.5-03 authorizes RIO to make the incentive compensation payments permitted under N.D.C.C. § 54-52.5-04 is a question of statutory interpretation.

> [The] primary goal in statutory construction is to ascertain the intent of the Legislature. In ascertaining the Legislature's intent, we first look to the plain language of the statute and give each word of the statute its ordinary meaning. We construe the statute as a whole and give effect to each of its provisions if possible. If the language of the statute is clear and unambiguous when read as a whole, we cannot ignore that language under the pretext of pursuing its spirit because the legislative intent is presumed clear from the face of the statute. If, however, the statute is ambiguous or if adherence to the strict letter of the statute would lead to an absurd or ludicrous result, a court may resort to extrinsic aids, such as legislative history, to interpret the statute. A statute is ambiguous if it is susceptible to meanings that are different, but rational.[9]

In addition, statutes must be construed together and harmonized to give meaning to related provisions and to every word, phrase, and sentence.[10]

"An appropriation is 'the setting apart from the public revenue of a definite sum of money for the specified object in such a manner that the officials of the government are authorized to use the amount so set apart, and no more, for that object.'"[11] The Legislature can appropriate funds for a biennium or on a continuing basis.[12] RIO has both biennial and continuing appropriation authority.

In a 2015 opinion, this office concluded that N.D.C.C. § 54-52.5-03, in its then-current form, provided a valid continuing appropriation for the payment of various administrative expenses, even though the statute did not expressly identify them.[13] This office had previously concluded that RIO's "administrative expenses" include salaries and wages,[14] so salaries and wages could be paid pursuant to N.D.C.C. § 54-52.5-03. Without the 2023 amendment to that statute, this authority was

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[9] *Workforce Safety & Ins. v. Avila*, 2020 ND 90, ¶ 7, 942 N.W.2d 811 (quoting *Shiek v. N.D. Workers Comp. Bureau*, 2002 ND 85, ¶ 12, 643 N.W.2d 721).
[10] *State v. Johns*, 2019 ND 227, ¶ 8, 932 N.W.2d 893; *Rocky Mountain Steel Founds., Inc. v. Brockett Co., LLC*, 2018 ND 96, ¶ 5, 909 N.W.2d 671, *citing* N.D.C.C. § 1-02-07.
[11] *N.D. Legis. Assembly v. Burgum*, 2018 ND 189, ¶ 18, 916 N.W.2d 83 (quoting *State ex rel. Link v. Olson*, 286 N.W.2d 262, 268 (N.D. 1979)).
[12] *Gange v. Clerk of Burleigh Cnty. Dist. Ct.*, 429 N.W.2d 429 (N.D. 1988).
[13] N.D.A.G. 2015-L-04.
[14] Letter from Nicholas J. Spaeth, Att'y Gen., to Scott Engmann, Exec. Dir., N.D. Ret. & Inv. Off. (Feb. 20, 1990).

limited to payments made "in accordance with the agency's appropriation authority"[15] and was therefore "[restricted] to an amount established by the Legislature."[16]

In the 2015 opinion, this office also concluded that RIO has implied appropriation authority. Due to RIO's fiduciary obligation to prudently administer the funds with which it is entrusted, the agency must have some implied appropriation authority to pay "wages and operating costs of the individuals necessary to effectuate the continuing appropriations" and to "expend funds for the salaries and associated operating expenses" of the individuals needed to administer those funds.[17] Otherwise RIO's mandate to properly manage the funds could be frustrated by a legislative oversight or legislative inaction.[18]

Since the 2015 opinion was issued, RIO's continuing appropriation authority has expanded through legislation. As noted above, the 2023 amendment to N.D.C.C. § 54-52.5-03 added the phrase "and earnings lawfully available for such purposes" to the end of the sentence authorizing payment of RIO's administrative expenses.[19] By using the word "and," the Legislature unambiguously expressed its intent to increase RIO's authority to pay administrative expenses. As a result, the plain language of N.D.C.C. § 54-52.5-03 now authorizes RIO to pay administrative expenses from the state retirement and investment fund in two circumstances. First, as discussed in the 2015 opinion, RIO can pay administrative expenses "in accordance with the agency's appropriation authority."[20] Expenses paid pursuant to this authority require a separate legislative appropriation.[21] Second, RIO can pay administrative expenses from "earnings lawfully available for such purposes."[22]

In the absence of an explicit appropriation for the incentive compensation payments, we look to the scope of RIO's authority to pay administrative expenses from "earnings lawfully available for such purposes." The plain language of this provision constitutes an appropriation by setting aside a certain sum, specifically the earnings from client funds, for a specified object, the payment of legally authorized administrative expenses.[23] The question therefore is whether the payment of incentive compensation is a legally authorized administrative expense.

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[15] 1991 N.D. Sess. Laws ch. 628, § 1 (codified as amended at N.D.C.C. § 54-52.5-03 (2023)); N.D.A.G. 2015-L-04.
[16] N.D.A.G. 2015-L-04.
[17] *Id.*
[18] *Id.*
[19] S.B. 2022, 2023 N.D. Leg., § 4.
[20] N.D.C.C. § 54-52.5-03.
[21] N.D.A.G. 2015-L-04.
[22] N.D.C.C. § 54-52.5-03.
[23] *Id. See also N.D. Legis. Assembly v. Burgum*, 2018 ND 189, ¶ 18, 916 N.W.2d 83; *State ex rel. Link v. Olson*, 286 N.W.2d 262, 268 (N.D. 1979) (defining an appropriation).

The 2023 legislation that provided the new appropriation language to N.D.C.C. § 54-52.5-03 also increased RIO's administrative expenses by creating the incentive compensation program. It is reasonable, but not indisputable, to infer from this that the additional appropriation authority was intended to provide funding for the new program created in the same bill, even though the connection was not explicitly stated in the bill. That reasonable inference is confirmed by other extrinsic aids for statutory interpretation—including the legislative history, the object sought to be attained, and the circumstances under which the statute was enacted—which clearly demonstrate that the Legislature intended to authorize RIO to pay incentive compensation with client fund earnings when it amended N.D.C.C. § 54-52.5-03 in 2023.[24]

The incentive compensation program is part of a new internal investment strategy intended to increase investment returns while decreasing costs as a result of internal management.[25] In written testimony to Senate and House committees, RIO identified the requirements for the internal investment strategy as: seven new full time employees, "adequate classification of roles,"[26] and "incentive compensation *funded on a continuing basis*."[27] RIO's written testimony also explained

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[24] *See* N.D.C.C. § 1-02-39 (identifying aids in construction of ambiguous statutes).

[25] *Hearing on S.B. 2022 Before the S. Appropriations Comm.*, 2023 N.D. Leg. (Jan. 6, 2023) (Written Testimony of Janilyn Murtha, JD MPAP, Exec. Dir., Chad Roberts, MAc, Deputy Exec. Dir./Chief Ret. Officer, Scott Anderson, CFA, MBA, Chief Inv. Officer, & Ryan Skor, CPA, MBA, Chief Fin. Officer/Chief Operating Officer, N.D. Ret. & Inv. Off.); *Hearing on S.B. 2022 Before the S. Appropriations Comm. – Hum. Res. Div.*, 2023 N.D. Leg. (Jan. 19, 2023) (Written Testimony of Janilyn Murtha, JD MPAP, Exec. Dir., Chad Roberts, MAc, Deputy Exec. Dir./Chief Ret. Officer, Scott Anderson, CFA, MBA, Chief Inv. Officer, & Ryan Skor, CPA, MBA, Chief Fin. Officer/Chief Operating Officer, N.D. Ret. & Inv. Off.); *Hearing on S.B. 2022 Before the H. Appropriations Comm. – Gov't Operations Div.*, 2023 N.D. Leg. (Mar. 9, 2023) (Written Testimony of Janilyn Murtha, JD MPAP, Exec. Dir., Chad Roberts, MAc, Deputy Exec. Dir./Chief Ret. Officer, Scott Anderson, CFA, MBA, Chief Inv. Officer, & Ryan Skor, CPA, MBA, Chief Fin. Officer/Chief Operating Officer, N.D. Ret. & Inv. Off.).

[26] Adequate classification was a reference to a request to exclude RIO employees from the state employee classification system. The bill that authorized the incentive compensation program also amended N.D.C.C. § 54-44.3-20 to exempt from classified service "[i]nvestment and fiscal operations positions of the state retirement and investment office necessary for the management of the investment of funds under the control of the state investment board." S.B. 2022, 2023 N.D. Leg., § 3.

[27] *Hearing on S.B. 2022 Before the S. Appropriations Comm.*, 2023 N.D. Leg. (Jan. 6, 2023) (Written Testimony of Janilyn Murtha, JD MPAP, Exec. Dir., Chad Roberts, MAc, Deputy Exec. Dir./Chief Ret. Officer, Scott Anderson, CFA, MBA, Chief Inv. Officer, & Ryan Skor, CPA, MBA, Chief Fin. Officer/Chief Operating Officer, N.D. Ret. & Inv. Off.) (emphasis added); *Hearing on S.B. 2022 Before the S. Appropriations Comm. – Hum. Res. Div.*, 2023 N.D. Leg. (Jan. 19, 2023) (Written Testimony of Janilyn Murtha, JD MPAP, Exec. Dir., Chad Roberts, MAc, Deputy Exec. Dir./Chief Ret. Officer, Scott Anderson, CFA, MBA, Chief Inv. Officer, & Ryan Skor, CPA, MBA,

the need for amending N.D.C.C. § 54-52.5-03 in particular for those expenses: "[g]enerally, investment management costs fall within the scope of continuing appropriation authority granted by the legislature in NDCC [sic] 21-10-06.2; however, because this proposal involves cost savings achieved by internalizing investment operations through additional permanent FTE's and infrastructure it falls within the scope of NDCC [sic] 54-52.5-03."[28]

Consistent with its written testimony, RIO's oral testimony specified that the expansion of RIO's continuing appropriation authority in the amendment to N.D.C.C. § 54-52.5-03 would be used to pay for incentive compensation. When describing the proposed internal investment strategy at a Senate committee hearing, RIO's Chief Investment Officer stated, "the investment role classification system is different from our typical state classification system so we're asking for an adequate classification of roles and also we're asking for some legislation in addition *for an incentive compensation program funded on a continuing basis from continuing appropriations*."[29] At another Senate committee hearing, RIO's Chief Financial Officer/Chief Operating Officer (CFO/COO) explained that "incentive compensation is a vital part of the investment professional compensation throughout industry, and *this amendment would allow for that to be paid out of earnings of the fund* so the continuing appropriation would be the incentive compensation plan barring, or requiring, approval of the State Investment Board."[30] Later in the testimony, RIO's CFO/COO elaborated:

> The authority to bring the in-house investing already exists. That is already within our authority under the SIB chapter, the 21-10 chapter. We have the ability to do that. *The change that we're asking for in Century Code is solely related to the incentive compensation for the staff* because currently we are under the classified system, which keeps each position in a specified pay range and it doesn't, our appropriation authority covers our salaries, it covers the salaries that we're allowed to pay, it doesn't allow, have room for an incentive compensation plan. The incentive compensation language is what we've included in here to allow for that. One is the declassification, for lack of a better term, *but two is the language that*

Chief Fin. Officer/Chief Operating Officer, N.D. Ret. & Inv. Off.) (emphasis added); *Hearing on S.B. 2022 Before the H. Appropriations Comm. – Gov't Operations Div.*, 2023 N.D. Leg. (Mar. 9, 2023) (Written Testimony of Janilyn Murtha, JD MPAP, Exec. Dir., Chad Roberts, MAc, Deputy Exec. Dir./Chief Ret. Officer, Scott Anderson, CFA, MBA, Chief Inv. Officer, & Ryan Skor, CPA, MBA, Chief Fin. Officer/Chief Operating Officer, N.D. Ret. & Inv. Off.) (emphasis added).

[28] *Id.*

[29] *Hearing on S.B. 2022 Before the S. Appropriations Comm. – Hum. Res. Div.*, 2023 N.D. Leg. (Jan. 19, 2023) (Statement of Scott Anderson, CFA, MBA, Chief Inv. Officer, N.D. Ret. & Inv. Off.) (emphasis added).

[30] *Hearing on S.B. 2022 Before the S. Appropriations Comm. – Hum. Res. Div.*, 2023 N.D. Leg. (Jan. 23, 2023) (Statement of Ryan Skor, CPA, MBA, Chief Fin. Officer/Chief Operating Officer, N.D. Ret. & Inv. Off.) (emphasis added).

> *allows incentive compensation to be paid out of earnings of the fund rather than solely the appropriation of the agency.* So that's the language that we would need changed in Century Code.[31]

The only provision regarding "earnings" in the bill is the amendment to N.D.C.C. § 54-52.5-03. The legislative history is replete with testimony making it clear that the 2023 amendment to that section was intended to provide continuing appropriation authority for RIO's incentive compensation payments to be paid out of fund earnings.

Furthermore, RIO explained in testimony to the House that incentive compensation amounts would not be included in the salaries and wages line item in RIO's budget and would be set by the SIB. At a House committee hearing, in response to a legislator who asked whether the SIB would have oversight over the amounts paid for incentive compensation, RIO's Executive Director responded in the affirmative and explained that if the legislation passed, the SIB would establish a program for determining the incentive compensation amounts.[32] Later in the testimony, when asked by another legislator how much RIO would pay its employees, RIO's Executive Director responded, "We'll pay them a base salary which is in the budget before you . . . and then they would have the opportunity to earn . . . that incentive compensation."[33] Based on RIO's testimony to both legislative bodies, the Legislature clearly understood that the statutory amendments would provide authority for incentive compensation at a level to be determined in the future by the SIB rather than a set amount to be specifically appropriated.

In light of this legislative history, the intended purpose of the amendment to N.D.C.C. § 54-52.5-03, and the circumstances under which the incentive compensation program was created, the use of fund earnings to make the incentive compensation payments is "lawfully authorized." RIO's continuing appropriation statute therefore provides the necessary authority to carry out the incentive compensation program.

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[31] *Id.* (emphasis added).

[32] *Hearing on S.B. 2022 Before the H. Appropriations Comm. – Gov't Operations Div.*, 2023 N.D. Leg. (Mar. 31, 2023) (Statement of Janilyn Murtha, JD MPAP, Exec. Dir., N.D. Ret. & Inv. Off.). The Executive Director's explanation is also consistent with the plain language of N.D.C.C. § 54-52.5-04, which authorizes the SIB to develop and approve annually the incentive compensation program and requires RIO to report at least once each interim to legislative management regarding the status of the program, including the total incentive amounts paid.

> **Representative Meier:** Jan, when you, if this was approved, then would your Board have oversight over the amounts of what would be paid for either a bonus or an incentive salary?
>
> **Jan Murtha:** Rep. Meier, Mr. Chairman and members of the Committee, yes . . . it would have to be a program that has clear rules . . . we haven't worked all of those details out.

[33] *Hearing on S.B. 2022 Before the H. Appropriations Comm. – Gov't Operations Div.*, 2023 N.D. Leg. (Mar. 31, 2023) (Statement of Janilyn Murtha, JD MPAP, Exec. Dir., N.D. Ret. & Inv. Off.).

The Legislature could have altered or eliminated that continuing appropriation authority in the 2025 Legislative Session. RIO's testimony regarding its budget during that session included discussion of the continuing appropriation to provide incentive compensation.[34] No amendments to N.D.C.C. § 54-52.5-03 were made in 2025, however, and no other restrictions were placed on the incentive compensation plan.

Although the Legislature did not provide RIO an explicit appropriation for the incentive compensation payments for the current biennium,[35] such an appropriation was unnecessary. RIO has continuing appropriation authority under the amended language of N.D.C.C. § 54-52.5-03 to use earnings to pay incentive compensation. RIO also has implied appropriation authority to compensate its employees within prudent limits in order to carry out its fiduciary obligations. This opinion need not address whether the implied authority separately enables RIO to pay incentive compensation, however, because RIO has the necessary appropriation authority under its continuing appropriations.

SUMMARY

The plain language of N.D.C.C. §§ 54-52.5-03 and 54-52.5-04, the relevant legislative history, and other extrinsic aids of statutory construction all clearly reveal legislative intent to grant RIO continuing appropriation authority to make incentive compensation payments with earnings from client funds. It is my opinion that N.D.C.C. § 54-52.5-03 authorizes RIO to make the incentive compensation payments without a separate, specific legislative appropriation.

Sincerely,

Drew H. Wrigley
Attorney General

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This opinion is issued pursuant to N.D.C.C. § 54-12-01. It governs the actions of public officials until such time as the question presented is decided by the courts.[36]

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[34] *See e.g., Hearing on H.B. 1022 Before the H. Appropriations Comm. – Gov't Operations Div.*, 2025 N.D. Leg. (Jan. 21, 2025) (Statement of Scott Anderson, CFA, MBA, Chief Inv. Officer, N.D. Ret. & Inv. Off.).
[35] H.B. 1022, 2025 N.D. Leg., § 1; S.B. 2022, 2023 N.D. Leg., § 1.
[36] *See State ex rel. Johnson v. Baker*, 21 N.W.2d 355 (N.D. 1946).