

NORTH DAKOTA STATE INVESTMENT BOARD

MINUTES OF THE JANUARY 16, 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 Univ. & School Lands
Pete Jahner, Investment Professional
Sen. Jerry Klein, LBSFAB
Cody Mickelson, TFFR Board
Adam Miller, PERS Board
Dr. Prodosh Simlai, Investment Professional
Art Thompson, Director of WSI

MEMBERS ABSENT

Joe Morrissette, Director of OMB

GUESTS

Marc Gesell, Verus
Eileen Neill, Verus
Kirsten Tuntland, Assistant Attorney General
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
Adam Otteson, CFOO
Daphne Pfeigler, Investment Accountant
Emmalee Riegler, Procurement/Records Coord.
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Executive Director
Susan Walcker, Sr. Financial Manager
Alex Weissman, Investment Analyst
Lance Zietlow, Portfolio Mgr.

CALL TO ORDER

Gov. Armstrong, Chair, called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, January 16, 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. Miller, Mr. Buck, Mr. Thompson, Dr. Simlai, Mr. Mickelson, Sen. Klein, Dr. Lech, Mr. Jahner, and Gov. Armstrong

AGENDA

The Board considered the agenda for the January 16, 2026, SIB meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY REP. BOSCH AND CARRIED BY A VOICE VOTE TO ACCEPT THE JANUARY 16, 2026, AGENDA AS PRESENTED.

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

MINUTES

The Board considered the minutes of the November 21, 2025, SIB meeting.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. THOMPSON AND CARRIED BY A VOICE VOTE TO APPROVE THE NOVEMBER 21, 2025, MINUTES AS DISTRIBUTED.

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

INVESTMENTS

[Quarterly Performance Update](#)

Ms. Neill and Mr. Gesell, Verus, provided an update on investment performance for the quarter ending September 30, 2025. Mr. Gesell presented a summary of market conditions for the quarter. Ms. Neill reviewed the performance for the Pension Consolidated Trust. Assets continued to grow with only modest negative net cash flow, which remains more favorable than many peer pension systems. Asset allocations remained close to target levels. Performance has been favorable, with asymmetric results showing greater magnitude of outperformance than underperformance. Five-year risk-adjusted returns have improved, reflecting stronger returns alongside declining volatility. Relative to peer funds, the trust ranked around median for the quarter but in the top decile over the past year, and above median over five- and ten-year periods.

The Legacy Fund also showed strong growth driven by both positive cash flow and a more growth-oriented asset allocation adopted in recent years. Value-added relative to benchmark has been positive roughly three-quarters of the time over the past decade. Relative to peers, the fund ranked top decile over the past year, largely due to its higher allocation to public equities. As private market allocations increase over time, performance is expected to align more closely with peer portfolio structures.

For the Insurance Trust, assets have grown steadily despite modest negative net cash flow. The portfolio remains conservatively positioned with significant allocations to fixed income and short-term investments, resulting in lower overall risk and return expectations. While risk-adjusted returns are modest due to the conservative structure, excess returns relative to benchmark have been achieved consistently with limited active risk. Overall performance is in line with expectations for the fund's objectives and benchmarks. Board discussion followed.

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

AYES: REP. BOSCH, SEN. KLEIN, COMMISSIONER HERINGER, DR. SIMLAI, MR. BUCK, MR. MICKELSON, MR. MILLER, TREASURER BEADLE, MR. JAHNER, MR. THOMPSON, DR. LECH, AND GOV. ARMSTRONG

NAYS: NONE

ABSENT: MR. MORRISSETTE

MOTION CARRIED

REPORTS

Investment Ends

Mr. Posch provided the Investment Ends Report for the quarter ending December 31, 2026. There was continued progress on portfolio implementation and operational initiatives. Staff finalized contracts with several external managers as part of the Equity 2.0 project.

Staffing efforts continued with the posting of a Quantitative Risk and Funds Management Investment Analyst position to support the quantitative risk portfolio manager. The position has closed and interviews are expected to begin soon.

Within private markets, the team completed due diligence on both a private equity manager and a real estate manager, each of which received Investment Committee approval. The team also conducted extensive market outreach, holding approximately 85 introductory meetings and calls with prospective managers.

For internal management, both the equity and fixed income teams continued enhancing passive strategies to seek incremental active return. Internally managed assets now total approximately \$610 million, and the team recently added a new staff member to support internal management operations.

Outreach Report

Ms. Mudder reviewed the Quarterly Outreach report for the quarter ending December 31, 2025. There was increased engagement and outreach activity during the quarter. Attendance at the agency's investment seminar increased significantly, with 111 registrations compared to approximately 70 the prior year. The event will again be hosted at the Gateway to Science facility, with the next seminar scheduled for October 22, 2026, the day before the SIB meeting.

Digital engagement with key stakeholders also remained strong. Through the agency's GovDelivery communications platform, client fund engagement reached 78% and state legislator engagement reached 76%, both exceeding the median government engagement rate of 61%.

Staff also highlighted the procurement of a new AI-based video production tool to enhance educational and training materials. The tool will be used to develop training videos, including potential updates to board training content and continued expansion of online instructional materials that have been popular with TFFR members and other stakeholders.

Budget Update

Mr. Otteson presented an updated budget report format developed with the Office of Management and Budget to improve clarity. For the current biennium, salary expenditures are approximately \$300,000 under budget, primarily due to staffing vacancies at the beginning of the biennium. The agency started with eight open positions and has since filled five, reducing the savings rate from about 10% year-to-date to roughly 5% in the second quarter.

The new and vacant positions pool has not yet been utilized, and the operating budget is approximately \$274,000 under budget to date. Much of this variance is temporary and reflects delays in consultant invoices that have not yet been processed. No contingency funding has been used.

Under continued authority, most expenditures relate to investment fees. Year-to-date expenses are approximately 23% higher than the prior year, largely due to increased carried interest payments, which reflect strong investment performance and the timing of performance-based fee distributions from external fund managers.

Executive Limitations/Staff Relations

Ms. Smith reported on staffing, operations, and strategic initiatives. Recruitment is ongoing for two positions. One administrative position remains open while leadership evaluates the best use of that FTE.

Progress continues on the agency's strategic goals, including leadership recruitment, compliance policy development, and IT modernization efforts. Work is also underway on succession planning and a comprehensive business continuity plan. Operational metrics show improvement in financial statement preparation, reduced from 83 days previously to about 30 days for the most recent cycle. However, performance reports still take about 100 days to produce, reflecting operational strain caused by staffing shortages and legacy systems.

The RFP for the Legacy Fund transparency website has been issued and there has been significant interest. The procurement process continues and staff expect to have a more detailed update at the next board meeting.

Two recent Attorney General opinions were included in the board packet, as well as a new request for an Attorney General opinion regarding whether the agency has legal authority to provide incentive compensation without a specific line-item appropriation. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY INVESTMENT ENDS, OUTREACH, BUDGET, AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.

AYES: TREASURER BEADLE, MR. JAHNER, REP. BOSCH, MR. THOMPSON, COMMISSIONER HERINGER, DR. SIMLAI, DR. LECH, MR. MILLER, MR. BUCK, SEN. KLEIN, MR. MICKELSON, AND GOV. ARMSTRONG

NAYS: NONE

ABSENT: MR. MORRISSETTE

MOTION CARRIED

GOVERNANCE

Governance & Policy Review (GPR) Committee Update

Dr. Lech provided an update from the January 13, 2026, GPR Committee meeting. The committee reviewed the draft governance manual rewrite prepared by Funston. Initial feedback indicated the revised document is more user-friendly, streamlined, and easier to navigate, with clearer delegation matrices and reduced redundancies. The new structure provides a high-level overview with the ability to drill down into more detailed sections.

Recommended changes include standardizing committee appointments, with the board appointing committee members and the Board Chair appointing committee chairs and vice chairs. Each committee will review its own charter first, after which revisions will move to the GPR Committee and then to the full board for approval.

Board members were encouraged to review sections as they are released and provide feedback throughout the process, rather than waiting until the final draft. Early input will help ensure the governance manual becomes a strong, foundational document guiding future decisions and agency operations.

Investment Committee Update

Treasurer Beadle provided an update from the December 17, 2025, and January 6, 2026, Investment Committee meetings. In December, the committee reviewed investment strategy, including asset allocation, portfolio construction, and the evolution of the agency's investment processes as internal management capabilities expand. The committee also reviewed progress of the internal direct equity team and approved implementation of an enhanced index strategy.

The committee approved several investment actions, including commitments to a European private markets manager focused on healthcare and technology, an increased allocation to an existing private fund manager from \$60 million to \$75 million, and the addition of a developed international markets manager as part of the restructuring of international equity exposures to address concentration risk. The committee also reviewed quarterly agency contract activity.

At the January meeting, the committee reviewed quarterly performance results, which showed strong one-year returns across the major funds. Staff also reported a minor rebalancing spreadsheet error that was corrected quickly and resulted in a small positive return; procedures are being updated to prevent similar issues.

The committee approved updated investment policy statements for all client funds, with final approval pending from the SIB. Staff also provided an update on the RFP for investment performance and benchmarking consulting services, with new contracts expected to begin July 1.

Investment Policy Statements

Mr. Chin reviewed six updated Investment Policy Statements (IPS) for Board approval: ND Public Employees Retirement System (PERS), ND Teachers' Fund for Retirement (TFFR), City of Grand Forks Pension Plan, Park District of Grand Forks, City of Bismarck Police Pension Plan, and City of Bismarck Employee Pension Plan. The updated IPS documents reflect the new asset allocations as presented by NEPC and RIO, which

have been approved by the SIB and the respective client boards. The Investment Committee has reviewed the updated IPS and recommends approval by the State Investment Board.

A new template was developed to promote consistency across the IPS documents, so most of the changes focused on improving consistency, clarity and formatting. The substantive updates include the incorporation of updated asset allocations, clarified language on the use of derivatives, and new guidance on client withdrawals.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY REP. BOSCH AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE UPDATED INVESTMENT POLICY STATEMENTS FOR THE ND PERS, TFFR, CITY OF GRAND FORKS PENSION PLAN, PARK DISTRICT OF THE CITY OF GRAND FORKS, CITY OF BISMARCK POLICE PENSION PLAN AND THE CITY OF BISMARCK EMPLOYEE PENSION PLAN.

AYES: MR. MILLER, 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. MORRISSETTE

MOTION CARRIED

[Executive Review & Compensation Committee \(ERCC\) Update](#)

Dr. Lech provided an update from the January 14, 2026, ERCC meeting. The committee discussed two main items. First, the board self-assessment. While the committee recognizes its importance, members agreed that conducting a self-assessment this year would be duplicative given the recent comprehensive governance audit and feedback process. Board policy only requires an assessment periodically, not annually, so the committee plans to defer the board self-assessment for this year unless directed otherwise by the board.

Second, the committee reviewed its draft charter as part of the broader governance manual update. Proposed changes include shifting responsibility for the board self-assessment to the Governance and Policy Review (GPR) Committee, while ERCC would focus on evaluating the Executive Director. The committee would also take on expanded responsibilities for succession and continuity planning and broaden compensation benchmarking to review compensation across the agency, not just at the executive level.

[Incentive Compensation FY25 Payout Approval](#)

The board discussed the FY2025 incentive compensation payout of approximately \$1.26 million for 12 eligible employees. Leadership emphasized that the program was authorized by statute in 2023, implemented through public meetings and board approvals, and tied to risk-adjusted returns above benchmark performance. For FY2025, the agency generated roughly \$191 million in excess returns across the four primary funds (PERS, TFFR, Legacy Fund, and WSI), placing several funds among the top-performing public pension systems nationally.

Gov. Armstrong noted he has reservations about the long-term structure of the program but supported honoring commitments made to employees under the existing policy. He emphasized that staff performance significantly contributed to investment gains and broader benefits to the state, including increased Legacy Fund earnings supporting tax relief and infrastructure investments.

Staff explained that the incentive program reflects the collective work of the investment, fiscal, and operations teams and aligns with the agency's strategy of bringing investment activities in-house to reduce external manager fees. The board also discussed compensation competitiveness, noting that compensation levels remain below many peer public pension systems.

Board members highlighted the strong performance results, including improvements in pension funding progress, and emphasized the importance of competitive compensation to recruit and retain qualified investment professionals. Members also noted that while future adjustments to the incentive program may be appropriate, honoring the current commitment was important to maintain credibility and support continued investment performance.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE TOTAL INCENTIVE COMPENSATION PAYMENT OF \$1,258,488 FOR FISCAL YEAR 2025.

AYES: SEN. KLEIN, MR. BUCK, REP. BOSCH, COMMISSIONER HERINGER, DR. LECH, TREASURER BEADLE, DR. SIMLAI, MR. MICKELSON, MR. JAHNER, MR. THOMPSON, AND GOV. ARMSTRONG

NAYS: MR. MILLER

ABSENT: MR. MORRISSETTE

MOTION CARRIED

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A ROLL CALL VOTE TO APPROVE A SPECIAL WAIVER FOR THE EMPLOYEE WHO DELAYED RETIREMENT TO SUPPORT THE LEADERSHIP TRANSITION OF THE CHIEF RISK OFFICER ROLE.

AYES: DR. SIMLAI, REP. BOSCH, MR. BUCK, TREASURER BEADLE, COMMISSIONER HERINGER, SEN. KLEIN, MR. THOMPSON, DR. LECH, MR. JAHNER, MR. MICKELSON, AND GOV. ARMSTRONG

NAYS: MR. MILLER

ABSENT: MR. MORRISSETTE

MOTION CARRIED

[Incentive Compensation FY26 Plan Approval](#)

Ms. Smith discussed the need for the Board to discuss the incentive compensation plan for the current fiscal year. Staff asked the Board to provide direction if the policy should be amended. The Board discussed what the plan needs to accomplish and what revisions should be made. It was stated that while the current plan remains in place for the first part of FY2026, the structure should change going forward to better support recruitment and retention through base pay rather than relying heavily on bonuses. The importance of being transparent with staff and avoiding mid-year changes without notice was emphasized

Board members agreed that compensation must remain competitive to attract and retain qualified staff, especially as the agency continues expanding internal investment management. Staff will develop a revised incentive compensation proposal for review by the ERCC.

ADJOURNMENT

With no further business to come before the SIB, Gov. Armstrong adjourned the meeting at 11:13 a.m.

Prepared by: Missy Kopp, Assistant to the Board