

# **NORTH DAKOTA STATE INVESTMENT BOARD**

## **MINUTES OF THE MARCH 20, 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  
Joe Morrissette, Director of OMB  
Dr. Prodosh Simlai, Investment Professional  
Art Thompson, Director of WSI

### **GUESTS**

Rick Funston, Funston Advisory  
Marc Gesell, Verus  
Eileen Neill, Verus  
Evan Norton, Funston Advisory  
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 Pfeieger, 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 Zietlow, Portfolio Mgr.

### **CALL TO ORDER**

Dr. Rob Lech, Vice Chair, called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, March 20, 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, Rep. Bosch, Mr. Thompson, Dr. Simlai, Mr. Mickelson, Sen. Klein, Dr. Lech, Mr. Morrissette, Mr. Jahner, and Gov. Armstrong**

### **AGENDA**

The Board considered the agenda for the March 20, 2026, SIB meeting.

**IT WAS MOVED BY SEN. KLEIN AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE MARCH 20, 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. MORRISSETTE, MR. JAHNER, AND GOV. ARMSTRONG**

**NAYS: NONE**

**MOTION CARRIED**

## **MINUTES**

The Board considered the minutes of the January 16, 2026, SIB meeting.

**IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. THOMPSON AND CARRIED BY A VOICE VOTE TO APPROVE THE JANUARY 16, 2026, MINUTES AS DISTRIBUTED.**

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

**NAYS: NONE**

**MOTION CARRIED**

## **INVESTMENTS**

### [Quarterly Performance Update](#)

Ms. Neill and Mr. Gesell, Verus, provided an update on investment performance for the quarter ending December 31, 2025. Mr. Gesell presented a summary of market conditions for the quarter. Ms. Neill reviewed the performance across portfolios, which remained strong and consistent with expectations. The Consolidated Pension Trust and Legacy Fund both maintained allocations closely aligned with policy targets and demonstrated consistent outperformance relative to benchmarks with low tracking error, reflecting disciplined risk management and effective implementation. Peer comparisons show the funds ranking in the top quartile or top third over multiple time horizons, indicating strong relative performance.

Returns were primarily driven by manager skill and active implementation rather than asset allocation, as portfolios closely tracked policy allocations. Most asset classes outperformed benchmarks, with real assets, remaining a modest drag. Overall, the funds continue to meet or exceed performance objectives, with strong long-term results, effective risk control, and no material concerns identified.

**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. MORRISSETTE, MR. MICKELSON, MR. MILLER, TREASURER BEADLE, MR. JAHNER, MR. THOMPSON, DR. LECH, AND GOV. ARMSTRONG**

**NAYS: NONE**

**MOTION CARRIED**

## GOVERNANCE

### Governance & Policy Review (GPR) Committee Update

Dr. Lech provided an update from the GPR Committee meeting on March 10, 2026. The committee continued work on the comprehensive rewrite of the Governance Policy System (GPS). A full draft was provided to the board for review. The usual, red-lined comparison was not provided due to the extent of changes. Instead, a summary of substantive changes will be developed to allow board review.

The rewrite addresses key structural issues identified in the prior governance framework, including unclear delegation of authority, outdated language, and increasing operational risk driven by growth, staffing constraints, and legacy systems. The new GPS establishes a clearer governance structure grounded in statutory authority and fiduciary responsibilities, with improved organization around roles, delegation, decision-making, and oversight.

A central feature of the updated framework is the four-lines-of-accountability model, which clarifies responsibilities across the board, committees, executive leadership, internal audit, and external advisors. The rewrite also reinforces that committees primarily research, recommend, and oversee, while final decision-making authority remains with the board.

Key structural changes include the creation of a Budget & Finance Committee, elimination of the Securities Litigation Committee, and expansion of the Audit Committee into an Audit, Risk, and Compliance function. The new system also introduces a decision register and governance calendar to better align board actions with strategic priorities and improve meeting efficiency.

Overall, the transition moves the organization from a static governance manual to a dynamic, forward-looking governance system focused on decision-making, risk management, and performance oversight.

**IT WAS MOVED BY MR. MORRISSETTE AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INTRODUCTION AND FIRST READING OF THE GPS.**

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

**NAYS: NONE**

**MOTION CARRIED**

### Investment Committee Update

Treasurer Beadle provided an update on the Investment Committee meetings held on February 13, 2026, and March 13, 2026. In February, the committee focused on private markets, reviewing portfolio construction across private equity, credit, and real assets, with an emphasis on disciplined manager selection, reducing fund-of-funds structures, lowering fees, and improving alignment with policy benchmarks and asset allocation targets. The committee also reviewed and recommended several updated investment policy statements (IPS). It includes primarily stylistic updates with minor allocation changes. The committee also received an update on the performance consultant RFP process, which is moving forward with strong interest from top-tier firms.

In March, the discussion shifted to public markets, including manager strategy, portfolio positioning, and future allocation priorities. The committee approved a new private market manager for contract negotiation, reviewed additional manager opportunities, and made adjustments to public manager guidelines. A new internally

managed long-duration credit strategy was also recommended to support pension fund needs, with implementation expected to be phased in thoughtfully to manage operational capacity. The committee approved additional IPS updates, committing approximately \$85 million to real estate funds. The committee also reviewed and approved an updated trade error policy and a new rebalancing error policy to strengthen controls and ensure clear procedures for handling any future discrepancies.

### Trade Error & Rebalancing Error Policies

Mr. Otteson reviewed updates to the trade error policy and the introduction of a new rebalancing error policy, following a minor incident earlier this year. In that case, funds intended to remain in cash were temporarily invested in short-term fixed income, resulting in a modest positive gain of approximately \$15,000.

After consultation with Weaver, it was determined that this type of issue is more appropriately classified as a rebalancing error, rather than a trade error. As a result, the trade error policy has been refined to explicitly exclude rebalancing-related issues, and procedural details have been streamlined with greater delegation to management.

A new rebalancing error policy has been established to address situations such as incorrect allocations between asset classes, delays in rebalancing, or deviations from target allocations due to operational or process issues.

Unlike the trade error policy, which includes specific thresholds, the rebalancing policy takes a more principles-based approach. Minor or infrequent deviations within approved ranges are handled at the investment committee level, while more significant, persistent, or out-of-range issues are escalated to the full board.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY REP. BOSCH AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE TRADE ERROR AND REBALANCING ERROR POLICIES WITH THE DISCUSSED CORRECTION.**

**AYES: MR. MORRISSETTE, 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**

**MOTION CARRIED**

### Long Government Credit Benchmark

Ms. Neill, Verus, reviewed a benchmark recommendation related to new asset allocations for the Grand Forks and Grand Forks Park pension plans, which are in termination phase and experiencing significant cash outflows. As a result, their portfolios are shifting toward a long-duration fixed income strategy to better match liabilities and reduce risk.

To support this, staff is creating an internally managed long government credit portfolio. Verus recommended using the Bloomberg U.S. Long Government/Credit Bond Index as the benchmark, as it aligns with the portfolio's objectives, reflects the appropriate investment universe, and is widely used by institutional investors.

Overall, the benchmark is a strong fit and supports accurate performance measurement for this liability-focused strategy.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. BUCK AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INTERNAL U.S. LONG GOVERNMENT/CREDIT PORTFOLIO BENCHMARK.**

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

**NAYS: NONE**

**MOTION CARRIED**

### Investment Policy Statements

Mr. Chin reviewed seven updated investment policy statements (IPS) which are a part of the agency's ongoing effort to standardize policies and align asset allocations across clients.

Most updates focused on transitioning funds to the new IPS template, which includes clearer structure, updated restrictions, and added withdrawal language. For several funds, such as Job Service, Retiree Health, Group Insurance, and Arts Across the Prairie, no asset allocation changes were made.

For State Risk and the Cultural Endowment Fund, minor adjustments were included to simplify equity allocations to better reflect the investable universe and align with other client portfolios. All updated IPS documents were previously approved by their respective client boards, and final approval was requested from the State Investment Board.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE UPDATED INVESTMENT POLICY STATEMENTS FOR JOB SERVICE, NDPERS RHIC, NDPERS GROUP INSURANCE, STATE RISK MANAGEMENT, STATE RISK MANAGEMENT WORKERS' COMPENSATION, ND CULTURAL ENDOWMENT, AND ARTS ACROSS THE PRAIRIE MAINTENANCE ENDOWMENT FUNDS.**

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

**NAYS: NONE**

**MOTION CARRIED**

### Audit Committee Update

Treasurer Beadle provided an update from the March 3, 2026, Audit Committee meeting. The committee reviewed and discussed the updated committee charter which is part of the overall governance review process. The proposed changes include expanding the committee's role to include broader, enterprise-wide risk oversight.

The committee also reviewed second quarter internal audit activities and received updates on ongoing work, including the investment fee audit being conducted with Weaver, which is currently in progress and expected to conclude in the coming months.

Follow-up on prior audit findings, such as file maintenance and Model 2 review items, indicated that corrective actions are underway and on track for completion by fiscal year-end. Additional efforts include a review of user access controls within the pension administration system to ensure permissions are appropriately assigned and managed.

The new Internal Auditor position was filled, and the new staff member recently joined the agency.

## Securities Litigation Committee Update

Commissioner Heringer provided an update from the March 17, 2026, Securities Litigation Committee. No major developments were reported, with all ongoing cases progressing through the normal legal process. The committee also reviewed recent payouts from class action settlements.

As part of the broader governance changes, the Securities Litigation Committee is expected to be disbanded, with litigation updates transitioning to periodic reporting to the full board by staff.

## Strategic Plan Review

Ms. Smith provided an update on progress on the strategic plan which was presented to the Board in March 2025. Key priorities remain focused on operational innovation, succession and continuity planning, continuous improvement, and implementation of new statutory initiatives. Significant leadership transitions, including the Executive Director, Chief Financial Officer, and Chief Retirement Officer, have been successfully completed, though some operational initiatives such as transitioning to SharePoint have been delayed due to competing priorities.

Progress has been made to strengthen investment governance and compliance with new policies adopted and additional policies expected as part of the broader governance review. Succession planning is now in place for key roles, with an emphasis on maintaining updated job descriptions and recruitment readiness to improve responsiveness during transitions.

Operational improvements continue, including implementation of business process mapping, expanded use of AI tools to improve efficiency and documentation, and measurable progress in financial reporting timelines.

The agency is also advancing major initiatives, including the governance manual rewrite and procurement of a Legacy Fund transparency website, with contract finalization expected in the coming months and launch anticipated later this year.

## Executive Review & Compensation Committee (ERCC)

Dr. Lech provided an update from the ERCC meeting on March 11, 2026. The ERCC is in the process of gathering feedback for use in the Executive Director's (ED) performance evaluation. As part of that process, board members will receive a performance review survey, which will remain open for one week.

Members were reminded that completing the survey is an important board responsibility, as feedback is essential to developing the evaluation. While the numerical ratings are helpful, the narrative comments are especially important because they provide the context behind the scores.

## REPORTS

### Quarterly Audit Activities Report

Ms. Seiler provided the Audit Activities report for the quarter ending December 31, 2026. The agency completed the external investment oversight audit, its first co-sourced engagement with Weaver, which

included recommendations to strengthen investment policies and procedures. A tracking process will monitor progress on all audit recommendations.

The investment fee audit is in progress and expected to be completed in April, with results presented in May. External audit work by UHY resulted in a clean, unmodified opinion for FY2025 financial statements, and the GASB 68 audit was also completed without findings. The executive limitations audit is complete and will be reported in May.

The agency continues to update its risk-based audit plan, and prior fiscal advisory support has largely concluded. On the TFFR side, file maintenance and record retention reviews were completed, along with updates to manuals.

The audit team has also added a new internal auditor, expanding capacity, particularly in IT and cybersecurity, while future staffing needs will be evaluated through ongoing strategic planning.

## **ADJOURNMENT**

With no further business to come before the SIB, Dr. Lech adjourned the meeting at 10:28 a.m.

Prepared by: Missy Kopp, Assistant to the Board