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 shortand 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