NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE JULY 29, 2026, BOARD MEETING

MEMBERS PRESENT

Kelly Armstrong, Governor, Chair
Dr. Rob Lech, TFFR Board, Vice Chair
Thomas Beadle, State Treasurer
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

MEMBERS ABSENT

Adam Miller, PERS Board
Art Thompson, Director of WSI

GUESTS

Rick Funston, Funston Advisory
Marc Gesell, Cerity
Alyson Hicks, Assistant Attorney General
Evan Norton, Funston Advisory
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 8:30 a.m. on Wednesday, July 29, 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, Dr. Simlai, Mr. Mickelson, Sen. Klein, Dr. Lech, Mr. Morrissette, Mr. Jahner, and Gov. Armstrong

AGENDA

The Board considered the agenda for the July 29, 2026, SIB meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE JULY 29, 2026, AGENDA AS PRESENTED.

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

MINUTES

The Board considered the minutes of the June 23, 2026, SIB meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE JUNE 23, 2026, SIB MINUTES AS DISTRIBUTED.

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

INVESTMENTS

Board Benchmark Education

Mr. Gesell, Cerity, provided board education on investment benchmark selection and the criteria used to evaluate benchmark quality. Mr. Gesell reviewed the role benchmarks play in defining intended risk and return exposures and evaluating investment performance, as well as industry criteria for determining whether benchmarks are appropriate, measurable, transparent, and aligned with investment strategy.

The review found that most SIB benchmarks continue to meet established criteria, while private equity, private credit, infrastructure, and certain North Dakota-specific programs present inherent benchmarking challenges. Staff discussed SIB's tiered approach to private equity benchmarking and other methods used by institutional investors, noting that no private-market benchmark is without limitations. Future consideration may be given to emerging private credit universe benchmarks as they become more established.

Annual Benchmark Memo

Following the benchmark education session, the Board reviewed the annual benchmark assessment. Staff concluded that the current benchmark structure remains appropriate and recommended no changes for the coming year. Public market benchmarks continue to be widely accepted, transparent, and representative of the intended risk and return characteristics of their respective asset classes, while also aligning with benchmarks commonly used by peer institutional investors.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY REP. BOSCH AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE ANNUAL BENCHMARK MEMO.

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

ABSENT: MR. MILLER AND MR. THOMPSON
MOTION CARRIED

REPORTS

Securities Litigation Update

Ms. Smith provided an update on current securities litigation for the SIB. Pending matters include the Daimler, Danske Bank, Volkswagen, Nissan, and Philips cases, with no significant developments reported. Staff noted changes in outside counsel for the Daimler matter and reported approximately $240,000 in additional recoveries through the agency's securities claims filing service.

The Board also reviewed the Securities Monitoring and Litigation Policy, which remains part of the Investment Policy following the governance transition. Staff summarized factors considered when determining whether the agency should actively participate in litigation, including potential losses, merits and likelihood of recovery, available evidence, costs, and staff capacity. Staff recommended the Board enter into executive session to discuss a securities litigation matter.

IT WAS MOVED BY REP. BOSCH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 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 RISK, STRENGTHS, AND WEAKNESSES OF AN ACTION OF THE SIB, IF HELD IN PUBLIC, WOULD HAVE AN ADVERSE FISCAL EFFECT ON THE SIB.

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

The executive session started at 8:58 a.m. and ended at 9:52 a.m. The session was attended by board members, RIO staff, A.A.G. Alyson Hicks, Aaron Weber, Elise Grace, Laura Stein, Darren Robbins, and Brian Cochran of Robbins, Geller, Redmond, & Dowd. All staff and the Robbins, Geller, Redmond, & Dowd attorneys left the session at 9:24 a.m. leaving the board, A.A.G. Hicks, and Ms. Smith to continue the discussion.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO DIRECT STAFF AND LEGAL COUNSEL TO PROCEED AS DISCUSSED IN EXECUTIVE SESSION ON THE SECURITIES LITIGATION CASE.

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

Governance Modernization Update

Mr. Funston, Funston Advisory Services provided an update on the governance modernization initiative, reviewing progress since the initial governance assessment. The Board has implemented several recommendations, including adoption of the Governance Policy System (GPS), clarification of roles and delegated authorities, development of a multi-year decision register and calendar, and plans for just-in-time fiduciary education tied to upcoming Board decisions.

Funston noted that while significant governance improvements have been made, RIO continues to face operational constraints related to staffing, budget, and organizational autonomy that may create increasing operational and performance risk as assets under management grow. Ongoing work includes further quantifying those impacts, developing exception-based investment reporting, enhancing meeting minutes to document the rationale behind key decisions, and coordinating governance improvements between the SIB and TFFR Board.

Transparency Scorecard

Mr. Funston reported on the results of the SIB Transparency Scorecard, which assessed the Board against objective standards for public transparency. SIB received an overall score of 85%, ranking in the 92nd percentile among 18 standalone state investment boards. The assessment found the SIB at or above appropriate-practice standards across most governance areas, with particular strengths in actuarial and funding disclosure, public records, open meetings, and governance.

The primary opportunity for improvement was investment-fee transparency, which received a 60% score, followed by stakeholder communication and risk and stress-test disclosure. Recommended actions include expanding disclosure of private-market and embedded fees, formalizing stakeholder communications, and publishing additional risk and stress-testing information already used internally. Staff have identified 18 unmet or partially met items across seven domains, assigned responsibility for addressing them, and will report future progress to the Board.

Mr. Funston discussed the development of an Enterprise Performance Risk Management (EPRM) framework designed to connect organizational risk directly to performance. The framework will assess inherent and residual risk, identify where additional mitigation or assurance is needed, and ultimately provide the Board with a one-page dashboard showing key risks, controls, and management actions. An initial qualitative prototype is expected to be presented to the Audit, Risk, and Compliance Committee, with greater quantification incorporated over time.

The initial assessment has identified 32 key processes across investments, benefits, and operations and will integrate existing internal audit and risk-assessment work. Funston noted that the framework is intended to align risk management, audit planning, and the agency's strategic plan while distinguishing risks within RIO's control from those dependent on external parties or legislative action. Further work will focus on quantifying operational risk and potential performance drag and developing recommendations for improvement.

Board members expressed appreciation for the significant work undertaken by staff to implement the governance changes and emphasized the importance of ensuring the agency has sufficient internal capacity to effectively manage its growing responsibilities.

Board Smart Fiduciary Education Program

Ms. Smith provided an update on the implementation of Board Smart Fiduciary Education program. The use of this program will shift required fiduciary education from longer presentations during Board meetings to shorter, just-in-time educational materials delivered in advance of relevant decisions. Education will be aligned with the Board's calendar and decision matrix to help members understand key issues and prepare for upcoming decisions.

Board Smart materials will also be made available to TFFR, the PERS Investment Committee, Legacy and Budget Stabilization Fund Advisory Board, and SIB committee members, including external committee members, to provide consistent fiduciary and investment education across the boards and committees.

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

GOVERNANCE

Election of Board Officers

Ms. Smith discussed the annual election of Board officers. Staff recommended retaining the current officers, with the Governor serving as Chair and Dr. Robert Lech, who also chairs the TFFR Board, serving as Vice Chair.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO ELECT GOV. ARMSTRONG AS BOARD CHAIR AND DR. LECH AS BOARD VICE CHAIR FOR THE 2026-27 FISCAL YEAR AND CONTINUING UNTIL SUCCESSORS ARE ELECTED AT THE FIRST REGULARY SCHEDULED MEETING FOLLOWING JULY 1, 2027.

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

Committee Appointments

Ms. Smith reviewed the standing committee structure under the new Governance Policy System, noting the elimination of the Securities Litigation Committee and establishment of a new Budget and Finance Committee. Committee assignments were developed based on members' expertise, interests, and Board roles. The Governor also introduced new external members, John Mongeon, who will bring audit and financial reporting expertise to the Audit, Risk and Compliance Committee, and Rick Thoreson, who will bring extensive investment and portfolio management experience to the Investment Committee.

Pursuant to the Chair's authority under the Governance Policy System, the Governor appointed the members of the Board's standing committees for fiscal year 2027.

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 and Budget Stabilization Fund Advisory Board 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)

Annual Affirmation of Code of Conduct and Fiduciary Obligations

Board members were asked to complete their annual affirmations regarding the Code of Conduct and fiduciary obligations. The affirmations are intended to identify potential conflicts of interest and reinforce members' responsibilities regarding information obtained through their service on the Board.

Investment Committee Update

Treasurer Beadle provided an update from the July 10, 2026, Investment Committee meeting. The Committee meeting focused primarily on the annual benchmark review discussed earlier in the meeting. The Committee also received private and public market manager updates, including newly finalized private equity and international equity investments associated with ongoing portfolio implementation and the Global Equity 2.0 strategy.

The Committee also reviewed a temporary guideline waiver for Wellington resulting from benchmark reconstitution, which temporarily caused the portfolio to fall outside established exposure limits. Staff monitored the deviation and worked with the manager to return the portfolio to compliance within the approved timeframe. The temporary waiver was brought to the Board for approval.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE WELLINGTON TEMPORARY GUIDELINE WAIVER REQUEST.

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

Enterprise Risk Management Framework

Ms. Smith provided an update on development of the Enterprise Risk Management framework required under the new Governance Policy System. The framework will support exception-based reporting by identifying and escalating, emerging, or elevated risks to the Audit, Risk and Compliance Committee and ultimately the full Board, while routine matters operating within acceptable risk levels will not require Board reporting. Staff will continue developing the framework with the goal of bringing it forward for Board consideration in August or September.

Benchmark Consultant Update

Ms. Smith reviewed the transition of performance and benchmark consulting services to Callan. With Cerity Partners' work establishing the FY2027 benchmarks complete, Cerity proposed a mutual early termination of its remaining benchmark consulting obligations. Callan agreed to assume benchmark consulting services effective August 1, 2026, and provide the Board with a memorandum regarding incentive compensation for FY2026 performance. The transition will increase the Callan contract by approximately $20,000 for the remainder of the fiscal year.

The Board was provided with two options for the benchmark consultant contract. Option 1 was the early termination of the Cerity contract effective July 31, 2026, with simultaneous execution of an addendum to the Callen contract for benchmark consulting to begin on August 1, 2026. The second option was to continue with the current contract with Cerity. Staff recommended Option 1.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A ROLL CALL VOTE TO DIRECT STAFF TO ENTER INTO MUTUALLY AGREED EARLY TERMINATION OF THE BENCHMARKING CONTRACT WITH CERITY PARTNERS EFFECTIVE JULY 31, 2026, AND TO SIMULTANEOUSLY EXECUTE AN ADDENDUM TO THE CALLEN CONTRACT FOR BENCHMARK CONSULTING SERVICES BEGINNING ON AUGUST 1, 2026.

AYES: 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 AND MR. THOMPSON
MOTION CARRIED

Second Reading & Final Adoption of FY 2027 Incentive Compensation Policy

The Board conducted the second reading of the FY2027 Incentive Compensation Plan. Staff reviewed changes intended to better support recruitment and retention by establishing a total compensation framework combining base pay and incentive compensation, rather than treating incentive compensation as a stand-alone bonus program. Changes include extending eligibility from three to six months of service, increasing the performance threshold from 50 to 75 basis points, reducing maximum incentive opportunities for certain positions, and paying awards over three years at 50%, 25%, and 25%. The plan also adds a total-fund payment gate and formalizes vesting and clawback provisions.

Additional revisions since the first reading clarify the definition of internally managed investments and expand performance measurement from the four largest funds to a total-fund composite, excluding two funds. Staff noted that legal counsel had reviewed the definition and advised that the composite approach is consistent with the statutory requirement that incentive compensation be based on internally managed investment performance. The Board packet also included the Attorney General's opinion confirming authority to pay incentive compensation through continuing appropriation.

Gov. Armstrong emphasized that the revised structure better reflects the program's purpose of recruiting and retaining highly qualified staff and recognized the importance of maintaining organizational capacity following significant leadership turnover. Staff also noted that maximum incentive payments would be small relative to the investment performance required to generate them, with approximately $1.8 million in maximum awards compared with more than $200 million in excess investment earnings. The proposed plan also includes the base-pay adjustments identified in the Board memorandum.

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 FY 2027 INCENTIVE COMPENSATION POLICY.

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

ADJOURNMENT

With no further business to come before the SIB, Gov. Armstrong adjourned the meeting at 10:59 a.m.

Prepared by: Missy Kopp, Assistant to the Board