NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE AUGUST 26, 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
Adam Miller, PERS Board
Dr. Prodosh Simlai, Investment Professional
Art Thompson, Director of WSI

MEMBERS ABSENT

Joe Morrissette, Director of OMB

GUESTS

Rick Funston, Funston Advisory
Joe Nankof, NEPC
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
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Executive Director
Dottie Thorsen, Internal Auditor
Susan Walcker, Sr. Financial Manager
Alex Weissman, Investment Analyst
Rhi Wenzel, Multimedia Spec.
Lance Ziettlow, Portfolio Mgr.

CALL TO ORDER

Governor Kelly Armstrong, Chair, called the State Investment Board (SIB) meeting to order at 8:35 a.m. on Wednesday, August 26, 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. Jahner, and Gov. Armstrong

AGENDA

The Board considered the agenda for the August 26, 2026, SIB meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE AUGUST 26, 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 July 29, 2026, SIB meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY REP. BOSCH AND CARRIED BY A VOICE VOTE TO APPROVE THE JULY 29, 2026, SIB MINUTES AS DISTRIBUTED.

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

INVESTMENTS

Strategy and Performance Review

Mr. Anderson provided the investment performance report using a revised format designed to support the new governance cycle and exception-based reporting. Performance remained strong across the major client funds, with portfolios generally outperforming benchmarks while maintaining controlled levels of risk. Staff emphasized that current active returns have exceeded long-term expectations and should not necessarily be viewed as typical future results.

The report introduced proposed performance thresholds using exceptional, expected, caution, and alert categories for measures including long-term returns, volatility, tracking error, Sharpe ratios, and information ratios. Staff noted that portfolio risk has generally remained below benchmark risk while returns have exceeded benchmarks, demonstrating favorable risk-adjusted performance.

Staff also reviewed private-market pacing and liquidity. Commitments remain generally on track, although slower distributions and capital deployment by private-market managers were identified as areas to monitor. Staff indicated that the funds maintain sufficient liquidity to manage capital calls and stressed market conditions. New stress and liquidity reporting illustrated the funds' ability to meet obligations under increasingly severe market scenarios.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE INVESTMENT STRATEGY AND PERFORMANCE REVIEW.

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

GOVERNACE

Investment Committee Update

Treasurer Beadle provided an update from the August 14, 2026, Investment Committee meeting. The Committee welcomed new committee member Rick Thorson. The Committee received an update from Weaver on development of the integrated investment compliance program, including policies and procedures, Code of Ethics monitoring, conflicts-of-interest requirements, and investment guideline monitoring for internal and external managers. Funston also presented work on an exception-based scorecard that will provide quarterly monitoring of key performance indicators and identify items falling within caution or alert thresholds.

The Committee reviewed an asset allocation study for WSI, and recommended adjustments intended to reduce portfolio risk while maintaining expected returns. The Committee recommended approval of the revised Workforce Safety and Insurance (WSI) Investment Policy Statement and also recommended approval of formatting updates to the Water Project Stabilization Fund Investment Policy Statement, which included no substantive policy changes.

Finally, the Committee reviewed and recommended approval of performance and risk thresholds for the investment key-decision framework. The color-coded thresholds will support exception-based reporting by identifying performance, tracking error, and other indicators as exceptional, expected, caution, or alert and allow the Committee and Board to more readily monitor areas requiring attention.

WSI Asset Allocation

Joe Nankof, NEPC, presented results of the WSI asset allocation study, which incorporated WSI's financial condition, liabilities, capital position, and long-term investment objectives. Given WSI's strong surplus and capital position, NEPC recommended a more conservative allocation focused on preserving capital, maintaining the ability to pay policyholder dividends, and providing greater certainty of meeting the portfolio's required return. The recommended allocation increases total fixed income to 75%, including a new 6% high-yield allocation, while reducing equity exposure and eliminating the TIPS allocation. Modeling indicated the changes are expected to modestly improve long-term returns while reducing volatility and downside risk.

The Board discussed the timing of adding high-yield fixed income given current market valuations and the elimination of TIPS as an inflation hedge. Mr. Nankof explained that current high-yield bond yields remain attractive despite tighter spreads and that replacing a portion of equity exposure with high yield provides a better balance of return and risk. NEPC also noted that TIPS are highly correlated with core bonds and provide less diversification and inflation protection than may be expected, while high yield offers greater diversification.

The WSI Board and Investment Committee recommended approval of the proposed asset allocation changes.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE RECOMMENDED WSI ASSET ALLOCATION.

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 Policy Review

Mr. Anderson reviewed the first-quarter decision package under the new five-year investment governance cycle, which connects policy direction, implementation, oversight, and reporting. Quarterly monitoring will include investment performance, active risk, private-market capital deployment, and market stress and liquidity.

He reviewed the six Investment Beliefs and a performance framework using Exceptional, As Expected, Caution, and Alert categories to evaluate investment performance and risk. The framework includes performance measures, tracking-error thresholds based on each fund's active-risk capacity, manager performance, and event risk.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INVESTMENT KEY DECISIONS AND THE UPDATED INVESTMENT POLICY STATEMENTS FOR WSI AND THE WATER PROJECTS STABILIZATION FUND.

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

The Board recessed at 9:54 a.m. and reconvened at 10:03 a.m.

Mr. Thompson left the meeting.

Budget and Finance Committee Update

Rep. Bosch provided an update from the Budget and Finance Committee’s first meeting on August 13, 2026. The Committee discussed its three-member structure and recommended adding a fourth member to avoid potential open-meeting issues. The Committee also reviewed the current budget and reported that agency operations remain aligned with budget expectations.

Mr. Otteson presented the proposed biennial budget, including optional packages that would bring the total request to approximately $40.5 million. Major requests include additional staffing to address investment and operational needs, accounting and data-system replacements, additional TFFR staffing and system enhancements, potential compensation adjustments, required IT costs, bringing application support staff in-house, and professional services. Staff noted that RIO's assets under management and operational complexity have grown significantly and that benchmarking indicates staffing levels are below peers.

The Board also discussed the need for more consistent legal support as the agency's investment and operational responsibilities grow. Staff are working with the Attorney General's Office to determine an appropriate structure that provides specialized and timely legal expertise while remaining consistent with the state's legal framework.

IT WAS MOVED BY REP. BOSCH AND SECONDED BY SEN. KLEIN AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE 2027-29 RIO BUDGET REQUEST FOR SUBMISSION TO OMB AND SUBSEQUENT CONSIDERATION THROUGH THE EXECUTIVE BUDGET AND LEGISLATIVE APPROPIATION PROCESS.

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

NAYS: NONE
ABSENT: MR. MORRISSETTE & MR. THOMPSON
MOTION CARRIED

Executive Review and Compensation Committee

Dr. Lech provided an update from the ERCC meeting on August 11, 2026, which included review of the Committee Charter, the Executive Director (ED) performance evaluation process, and proposed performance goals. Because in-house legal counsel is not currently available to facilitate the evaluation, the Committee recommended using Funston as the independent third-party advisor to conduct the ED's evaluation.

The Committee also reviewed three goals for the Executive Director which will be used as the basis for the annual performance evaluation. The recommended goals were to operationalize the governance systems across SIB and TFFR, continuing to improve transparency beyond statutory requirements, and building organizational capacity aligned with the agency's growing responsibilities and assets under management.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. BUCK AND CARRIED BY A ROLL CALL VOTE TO AUTHORIZE THE ENGAGEMENT OF AN INDEPENDENT THIRD-PARTY ADVISOR TO PREPARE AND FACILITATE THE ANNUAL ED PERFORMANCE EVALUATION, WITH SCOPE, SELECTION, AND OVERSIGHT DIRECTED BY THE ERCC CHAIR, AND DIRECT RIO TO NEGOTIATE A STATEMENT OF WORK UNDER THE EXISTING INDEPENDENT GOVERNANCE AND RISK ADVISORY SERVICES CONTRACT WITH FUNSTON ADVISORY SERVICES.

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

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. BUCK AND CARRIED BY A ROLL CALL VOTE TO ADOPT THE ED GOALS AS THE BASIS FOR THE ANNUAL PERFORMANCE EVALUATION.

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

Governance and Policy Review Committee

Commissioner Heringer provided an update from the Governance and Policy Review (GPR) Committee meeting on August 12, 2026. The Committee approved the recommendation to amend the GPS and to bring the amendments to the SIB for a first reading. The recommended updates correct some statutory citations, correcting the committee count on the governance calendar from six to five, and the composition of the Budget and Finance Committee (BFC). As mentioned in the BFC update, the recommendation is to increase that committee's membership from three to four to avoid potential quorum issues. The additional member would be a representative recommended by the TFFR Board.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. BUCK AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INTRODUCTION AND FIRST READING OF THE GOVERNANCE POLICY SYSTEM AMENDMENTS.

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

ABSENT: MR. MORRISSETTE AND MR. THOMPSON
MOTION CARRIED

Audit, Risk, and Compliance Committee Update

Treasurer Beadle provided an update from Audit, Risk, and Compliance Committee (ARCC) meeting on August 13, 2026. The Committee reviewed and accepted the FY2026 year-end internal audit activities report and received an update on FY2027 activities, which remain on schedule with no significant issues. The Committee also reviewed outstanding audit recommendations and received an update from Weaver on co-sourced audit activities, including the public markets internal investment audit and related knowledge transfer to staff.

The Committee also discussed development of the Enterprise Risk Management framework and an exception-based oversight dashboard to identify and monitor emerging operational risks. The framework is expected to return to the Committee in November for review and recommendation.

REPORTS

Internal Audit FY26 Year End Activities Report

Ms. Seiler reviewed the Internal Audit FY 2026 Year End Activities Report. The report highlighted completion of the investment fee audit, executive limitations audit, Neospin user role review, TFFR file maintenance review, and external manager oversight audit. The audits found that controls were generally operating effectively, identified opportunities for improvement, and resulted in recommendations accepted by management.

Internal Audit also coordinated external financial audit activities, supported governance and operational initiatives through advisory services, and contributed to the development of the Enterprise Risk Management framework. The division completed its annual audit plan while maintaining the organizational independence required by professional internal auditing standards.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE INTERNAL AUDIT FY26 YEAR END ACTIVITIES REPORT.

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

ADJOURNMENT

With no further business to come before the SIB, Gov. Armstrong adjourned the meeting at 10:48 a.m.

Prepared by: Missy Kopp, Assistant to the Board