



Governance and Policy Review Committee Meeting

Tuesday, January 13, 2026, 9:00 a.m.

Virtual Only

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AGENDA

- I. CALL TO ORDER AND ACCEPTANCE OF AGENDA *(Committee Action)***
- II. ACCEPTANCE OF MINUTES (October 24 & November 6, 2025) *(Committee Action)***
- III. SIB GOVERNANCE MANUAL REWRITE UPDATE (30 minutes) *(Information)***
 - A. GPR Draft Charter Review**
- IV. OTHER**
 - A. Schedule GPR Meetings**
 - i. Reschedule February Meeting (currently February 10, 2025)
 - ii. Add March Meeting
- V. ADJOURNMENT**

**STATE INVESTMENT BOARD
GOVERNANCE & POLICY REVIEW COMMITTEE MEETING
MINUTES OF THE OCTOBER 24, 2025, MEETING**

MEMBERS PRESENT:

Dr. Rob Lech, TFFR Board, Chair
Thomas Beadle, State Treasurer, Vice Chair
Joe Morissette, OMB Director

STAFF PRESENT:

Scott Anderson, CIO
Missy Kopp, Executive Assistant
Sarah Mudder, Communications & Outreach Director
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Interim Executive Director

GUESTS:

Steve Case, Funston Advisory
Rick Funston, Funston Advisory
Michael Gold, Funston Advisory
Randall Miller, Funston Advisory
Evan Norton, Funston Advisory

CALL TO ORDER:

Dr. Lech called the State Investment Board (SIB) Governance and Policy Review (GPR) Committee meeting to order at 12:03 p.m. on Friday, October 24, 2025. The meeting was held in the RIO Conference Room, 1600 E Century Ave., Bismarck, ND.

AGENDA:

The agenda was considered for the October 24, 2025, meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. MORRISSETTE AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE OCTOBER 24, 2025, MEETING AS DISTRIBUTED.

AYES: TREASURER BEADLE, MR. MORRISSETTE, AND DR. LECH

NAYS: NONE

MOTION CARRIED

ACCEPTANCE OF MINUTES:

The Committee considered the minutes of the September 9, 2025, meeting.

IT WAS MOVED BY MR. MORRISSETTE AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE SEPTEMBER 9, 2025, MINUTES AS DISTRIBUTED.

AYES: TREASURER BEADLE, MR. MORRISSETTE, AND DR. LECH

NAYS: NONE

MOTION CARRIED

GOVERNANCE ASSESSMENT DISCUSSION:

The Committee reviewed the SIB discussion of the Governance Assessment presentation. Questions, misunderstandings, and concerns raised by board members highlight areas where additional board education is needed. The committee discussed the importance of further internal work to define the governance model, establish appropriate guardrails, and adjust reporting to the board. Members emphasized that these elements should be clarified and in place prior to the upcoming legislative session.

Staffing and operational constraints were discussed, including challenges related to FTE caps and the ability to implement IT systems within existing procurement timelines. These were identified as significant barriers to efficiency and execution.

Next steps of the assessment were discussed. The Committee will schedule a special meeting to review the final draft report and provide feedback to Mr. Funston.

OTHER:

With no further business to come before the GPR Committee, Dr. Lech adjourned the meeting at 12:38 p.m.

Prepared by:

Missy Kopp, Assistant to the Board

**STATE INVESTMENT BOARD
GOVERNANCE & POLICY REVIEW COMMITTEE MEETING
MINUTES OF THE NOVEMBER 6, 2025, MEETING**

MEMBERS PRESENT:

Dr. Rob Lech, TFFR Board, Chair
Thomas Beadle, State Treasurer, Vice Chair
Joe Morrissette, OMB Director

STAFF PRESENT:

Scott Anderson, CIO
Missy Kopp, Executive Assistant
Sarah Mudder, Communications & Outreach Director
Adam Otteson, CFOO
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Interim Executive Director

GUESTS:

Rick Funston, Funston Advisory
Evan Norton, Funston Advisory
Kirsten Tuntland, Attorney General's Office

CALL TO ORDER:

Dr. Lech called the State Investment Board (SIB) Governance and Policy Review (GPR) Committee meeting to order at 3:00 p.m. on Thursday, November 6, 2025. The meeting was held virtually.

AGENDA:

The agenda was considered for the November 6, 2025, meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE NOVEMBER 6, 2025, MEETING AS DISTRIBUTED.

AYES: TREASURER BEADLE AND DR. LECH

NAYS: NONE

ABSENT: MR. MORRISSETTE

MOTION CARRIED

Mr. Morrissette joined the meeting at 3:02 p.m.

GOVERNANCE MODEL REVIEW DRAFT REPORT:

Mr. Funston, Funston Advisory, provided the Committee with the draft report for the governance model review for their review prior to the meeting. Mr. Funston highlighted proposed additions to the report addressing delegation of authority, particularly investment manager selection. He noted that national best practices show a significant trend toward boards delegating manager selection to staff as fund size, complexity, and volume increase, with appropriate checks and balances in place. Comparative data indicated that most public funds and retirement systems have moved in this direction over the past decade.

Committee members agreed on the need for clarity around governance roles and delegation. Mr. Funston indicated he would revise the report to incorporate the changes discussed and additional information, including vacancy rate data, and finalize the next iteration for distribution to the full board.

OTHER:

With no further business to come before the GPR Committee, Dr. Lech adjourned the meeting at 3:26 p.m.

Prepared by:

Missy Kopp, Assistant to the Board

MEMORANDUM

TO: SIB Governance & Policy Review Committee
FROM: Jodi Smith, Executive Director
DATE: January 13, 2026
RE: Program Plan (Governance Manual or Program Manual) Re-Write

At its meeting on March 28, 2025, the State Investment Board (SIB) authorized the Governance and Policy Review (GPR) Committee to conduct a governance audit, issue a Request for Proposal (RFP), select a vendor, and present a final report and recommendation to the SIB. The purpose of the governance audit is to assess the SIB's current governance framework; evaluate alignment with applicable statutes and best practices; clarify roles and responsibilities; enhance risk oversight; streamline documentation; and improve transparency and decision-making processes. The RFP included an optional second phase to update and modernize the SIB Program Manual.

In August 2025, a contract was executed with Funston Advisory Services LLC (Funston) to complete Project 1, a comprehensive governance model assessment. Project 1 included:

- a) Reviewing the SIB Program Manual.
- b) Reviewing the SIB governance model, including roles and responsibilities of the Board, staff, and committees.
- c) Meeting with key stakeholders (Board/committee members, executive staff, etc.).
- d) Evaluating the Program Manual for compliance with applicable laws, administrative rules, and policies.
- e) Assessing the organizational framework for directing, controlling, and monitoring operations, including decision-making effectiveness.
- f) Evaluating Board and committee reporting practices and recommending improvements to enhance transparency and public trust.
- g) Benchmarking the SIB governance model and Program Manual against comparable institutional investors and public pension systems.
- h) Recommending or developing a governance review process.

- i) Developing a governance risk heat map identifying key vulnerabilities and oversight priorities.
- j) Providing recommendations to the GPR Committee and the SIB on the above findings.
- k) Providing governance education to the SIB regarding governance frameworks and best-practice models.
- l) Attending GPR Committee meetings remotely as needed.
- m) Attending at least two SIB meetings in person as needed.

At the November 21, 2025, SIB meeting, the Final Governance Model Review Report was approved, pending incorporation of suggested revisions. The revised report was distributed to SIB members on December 9, 2025.

Additionally, at the November 21, 2025, meeting, the SIB authorized the GPR Committee to proceed with Project 2 (Option 1) under the contract with Funston. Project 2 authorizes:

- a) Development of a plan and timeline, in coordination with the GPR Committee, to update the SIB Program Manual.
- b) A comprehensive review and update of the Program Manual.
- c) Recommendations and assistance in developing additional governance policies to support fiduciary responsibilities.
- d) Development of a regular cadence for internal review of the Program Manual by staff and the GPR Committee.
- e) A high-level implementation roadmap with timelines, responsible parties, and milestones.
- f) Education for the SIB on program manual updates as needed.
- g) Remote participation in GPR Committee meetings as needed.
- h) In-person attendance at a minimum of two SIB meetings.

Since the approval of Phase 2, the Funston team has rewritten much of the SIB Governance Manual to create a plain-language, easy-to-navigate governance policy system that improves accessibility, clarity, and transparency.

The updated manual is built around the following guiding principles:

- **Purpose-first orientation** with clearly defined intent for each section
- **Clear information architecture** that is intuitive and searchable
- **Consistent policy framework** across all sections
- **Progressive disclosure** that presents essential content first, with detail available as needed
- **Visualizations** to clarify complex concepts

- **Low-friction navigation** (1–2 clicks to key content)
- **Plain-language drafting** that is ADA-compliant and accessible

The draft includes:

- Assessing current content and identifying and correcting gaps
- Aligning policies with the Governance Effectiveness Model and leading industry practices
- Developing a delegation matrix and validating assignments
- Rewriting policies in plain language and positive terms
- Embedding hyperlinks to Century Code and related governing documents

A structured change-management process is necessary to support adoption of the updated governance by both the Board and staff.

GPR Committee Charter Updated Version vs. Original Policy

The updated charter (Attachment 1) moves the GPRC from a narrow policy review body to a strategic governance oversight committee with clearer authority limits, stronger fiduciary alignment, and structured review and reporting processes.

It improves clarity, accountability, and governance maturity, while still preventing management overreach.

Key Enhancements

1. Clearer Purpose and Role

- Defines the GPRC as a policy-centric governance steward.
- Emphasizes support for fiduciary responsibilities, governance clarity, and long-term decision discipline.
- Clarifies that the Committee does **not** manage operations.

2. Defined Authority and Boundaries

- Committee may review, assess, and recommend.
- Committee may **not approve policy** unless the Board explicitly delegates that authority.
- Committee may request information and external expertise as needed.

3. Structured Powers Framework

Organizes work into five clear functions:

- **Conduct** – self-assessments.
- **Set** – research, charter review, and delegation recommendations.
- **Approve** – explicitly not authorized.
- **Oversee** – governance policy system, alignment, risk awareness, and Board effectiveness.
- **Verify & Report** – assurance and regular reporting to the Board.

4. Governance Risk and Alignment

- Introduces monitoring of governance and regulatory risks.
- Aligns Board policies with statutes, fiduciary standards, and peer practices.

5. Policy Review Discipline

- Establishes a structured, risk-informed review cadence (generally at least every three years).
- Shifts from ad-hoc revisions to a consistent governance cycle.

6. Delegation Clarity

- Reviews Board delegations to committees and staff.
- Ensures appropriate limits, reporting expectations, and accountability.
- Guards against “delegation creep.”

7. Board Effectiveness Support

- Oversees Board and committee self-assessments.
- Supports trustee onboarding and continuing education.
- Encourages stronger agenda design and information quality.

8. Accessibility and Compliance

- Adds expectations that governance documents are accessible and ADA-compliant.

What Does Not Change

- The Board retains ultimate decision-making authority.
- Management continues to execute operations.
- The Committee remains advisory in nature, focused on recommendations.

Committee Action: Information Only

SECTION ? . COMMITTEES

Governance & Policy Review Committee

The Governance & Policy Review Committee (GPRC) is a standing committee of the North Dakota State Investment Board (SIB). The Committee assists the Board in fulfilling its fiduciary responsibilities by overseeing the integrity, coherence, and effectiveness of the Board's governance framework.

The Committee's role is governance and policy stewardship, not management execution. The Committee assures that Board policies remain clear, current, internally consistent, and aligned with fiduciary duties, statutory authority, and long-term objectives.

The Committee is intentionally policy-centric rather than operational and serves as the Board's institutional memory and governance steward. Its effectiveness is measured by improved clarity, consistency, fewer governance-related surprises, and stronger long-term decision discipline.

The Committee shall periodically review the Board's governance framework against recognized governance standards and leading practices and recommend enhancements as appropriate.

Authority and Limitations

The following authorities and limitations apply to the Committee:

- It has authority to review, assess, and recommend.
- It does not have authority to approve policy, except where specifically delegated by the Board.
- It does not direct management operations.
- It may request information, analyses, and assistance from management and external advisors as necessary to fulfill its duties.

Staff Liaison: Executive Director

Powers and Responsibilities

1. Conduct

Annual Self-Assessments

The Committee shall conduct its own self-assessment and oversee the completion of annual self-assessments for the Board and all committees and shall report the results to the Board.

2. Set: Research and Recommend

a. Charter and Delegations Framework

The Committee shall periodically review this Charter and all committee charters (no less than every three years) and recommend updates to reflect:

- Statutory or regulatory changes.
- Evolving governance practices.
- Board priorities.
- Clearer decision-making, delegation, and accountability.
- Delegations of Authority.

The Committee shall review and recommend Board delegations to committees, the Executive Director, and staff, assuring that delegations:

- Are clearly defined.
- Include appropriate limits and reporting expectations.
- Preserve Board accountability while enabling effective operations.

The Committee may recommend governance enhancements that strengthen long-term stewardship, informed challenge, constructive Board–management relationships, and disciplined decision-making.

3. Approve

The Committee is not authorized to approve, except where explicitly delegated by the Board.

4. Oversee

a. Governance Risk and Alignment

The Committee shall:

- Monitor emerging governance, fiduciary, and regulatory risks.
- Oversee alignment of Board policies with statutes, regulations, fiduciary standards, and leading practices.

- Coordinate, as appropriate, with Audit & Risk, Legal Counsel, and external governance advisors.

Material governance issues shall be elevated to the Board with clear recommendations.

b. Board Effectiveness and Development

The Committee shall oversee processes that support effective Board performance, including:

- Annual Board and committee self-assessments.
- Trustee orientation and ongoing education expectations.
- Practices related to meeting effectiveness, agenda design, and the quality and timeliness of Board materials.

c. Governance Policy System

The Committee shall oversee the design and coherence of the Board's governance system, including:

- Governance policies.
- Delegations of authority.
- Committee charters.
- Board bylaws and procedures.

The Committee shall monitor for gaps, overlaps, or ambiguity that could undermine fiduciary oversight.

d. Governance Policy Review Cycle

The Committee shall establish and oversee a structured review cadence (no less than every three years) assuring reviews are:

- Risk-informed.
- Aligned with statute and leading practice.
- Reflective of Board intent.

Annual review does not imply annual revision.

5. Verify and Report

a. Verification

The Committee shall verify that governance documents:

- Clearly define roles, authorities, and accountability.
- Distinguish Board oversight from management execution.
- Remain internally consistent and free of conflict or duplication.

b. Reporting

The Committee shall report regularly to the Board regarding:

- Policy review activities.
- Governance assessments.
- Recommendations for action.

Recommendations shall be decision-ready and include rationale, implications, and alternatives where appropriate.