

Investment Committee
Tuesday, January 6, 2026, 11:00 a.m.
Virtual Only
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AGENDA

- I. **CALL TO ORDER AND ACCEPTANCE OF AGENDA – (Committee Action)**
 - A. Roll Call & Conflict of Interest Disclosure
- II. **ACCEPTANCE OF MINUTES (December 17, 2025) – (Committee Action)**
- III. **STRATEGY REVIEW (45 minutes) – (Information Only)**
 - A. September Performance – *Mr. Anderson*
- IV. **REBALANCE EXECUTION ERROR (15 minutes) – (Information Only) –**
Mr. Anderson, Mr. Otteson
- V. **INVESTMENT POLICY STATEMENT UPDATES (15 minutes) – (Committee Action)**
 - A. PERS, TFFR, Grand Forks Employees, Grand Forks Parks, Bismarck Police, Bismarck Employees – *Mr. Chin*
- VI. **RFP REVIEW (15 minutes) – (Information Only)**
 - A. Investment Performance Consultant – *Mr. Anderson, Mr. Otteson, Ms. Riegler*
- VII. **MANAGER UPDATE (5 minutes) – (Information Only)**
 - A. Private Markets – *Mr. Collins, Mr. Zietlow*
- VIII. **DISCUSSION**
- IX. **ADJOURNMENT**

**STATE INVESTMENT BOARD
INVESTMENT COMMITTEE
MEETING MINUTES OF THE
DECEMBER 17, 2025, MEETING**

MEMBERS PRESENT: Thomas Beadle, State Treasurer, Chair
Scott Anderson, Chief Investment Officer
Eric Chin, Deputy Chief Investment Officer
Pete Jahner, External Representative
Todd Van Orman, External Representative

MEMBERS ABSENT: Prodosh Simlai, External Representative, Vice Chair

STAFF PRESENT: Jac Collins, Senior Investment Analyst
Cory Cox, Investment Analyst
Derek Dukart, Senior Investment Analyst
Jennifer Ferderer, Fiscal Operations Admin
Timothy Forsythe, Deputy Chief Financial Officer
Chirag Gandhi, Portfolio Manager
Ross Hambrick, Portfolio Manager
Erik Jodock, Investment Analyst
Robbie Morey, Investment Operations Analyst
George Moss, Portfolio Manager
Sarah Mudder, Communications & Outreach Director
Chuck Napp, Sr Investment Operations Manager
Adam Otteson, Chief Financial Officer
Daphne Pfeiger, Investment Accountant
Matt Posch, Portfolio Manager
Jodi Smith, Executive Director
Alexander Weissman, Investment Analyst
Lance Zietlow, Portfolio Manager

GUESTS: Eileen Neill, Verus
Members of the Public

CALL TO ORDER

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 2:03 p.m. on Friday, November 14, 2025. The meeting was held virtually.

The following members were present representing a quorum: Mr. Anderson, Treasurer Beadle, Mr. Chin, Mr. Jahner and Mr. Van Orman

AGENDA

The agenda was considered for the December 17, 2025, meeting.

IT WAS MOVED BY MR. JAHNER AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE DECEMBER 17, 2025, MEETING AS DISTRIBUTED.

**AYES: MR. ANDERSON, MR. CHIN, MR. JAHNER, MR. VAN ORMAN, AND
TREASURER BEADLE**

ABSENT: DR. SIMLAI

NAYS: NONE

MOTION CARRIED

MINUTES

The minutes were considered for the November 14, 2025, meeting.

IT WAS MOVED BY MR. JAHNER AND SECONDED BY DR. VAN ORMAN AND CARRIED BY A VOICE VOTE TO APPROVE THE MINUTES FOR THE NOVEMBER 14, 2025, MEETING AS DISTRIBUTED.

**AYES: MR. ANDERSON, MR. CHIN, MR. JAHNER, MR. VAN ORMAN, AND
TREASURER BEADLE**

ABSENT: DR. SIMLAI

NAYS: NONE

MOTION CARRIED

STRATEGY REVIEW

Investment Strategy

Mr. Anderson presented an overview of the investment strategy framework used to guide investment management across client funds. The presentation emphasized asset allocation as the primary driver of long-term outcomes, the selective and disciplined use of active risk, and the importance of cost-efficient implementation. The Committee received the report outlining the return framework, portfolio construction principles, integrated risk management approach, and organizational structure supporting investment decision-making.

Internal Direct Equity

Mr. Moss provided an internal direct equity update stating the previously approved index enhancement strategy began as of December 3, 2025.

The Committee recessed at 3:13 p.m. and reconvened at 3:22 p.m.

MANAGER RECOMMENDATION

IT WAS MOVED BY MR. JAHNER AND SECONDED BY MR. ANDERSON AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-19.2, 44-04-18.4 (2)(A) AND N.D.C.C. 44-04-18.4(2)(D) TO REVIEW AND DISCUSS CONFIDENTIAL COMMERCIAL INFORMATION AND TRADE SECRETS.

**AYES: MR. CHIN, MR. VAN ORMAN, MR. JAHNER, MR. ANDERSON, AND
TREASURER BEADLE
ABSENT: DR. SIMLAI
NAYS: NONE
MOTION CARRIED**

The executive session began at 3:22 p.m. and ended at 4:19 p.m. The session was attended by Committee members, Mr. Collins, Mr. Cox, Mr. Dukart, Ms. Ferderer, Mr. Forsythe, Mr. Gandhi, Mr. Hambrick, Mr. Jodock, Mr. Moss, Ms. Mudder, Mr. Posch, Ms. Smith, Mr. Weissman, and Mr. Zietlow.

IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE STAFF RECOMMENDATION TO HIRE THE PRIVATE MARKET MANAGER PENDING LEGAL REVIEW, AND DIRECT STAFF TO REPORT BACK AT A FUTURE COMMITTEE MEETING.

**AYES: MR. VAN ORMAN, MR. ANDERSON, MR. CHIN, MR. JAHNER, AND
TREASURER BEADLE
ABSENT: DR. SIMLAI
NAYS: NONE
MOTION CARRIED**

IT WAS MOVED BY MR. JAHNER AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A ROLL CALL VOTE TO APPROVE STAFF TO MOVE FORWARD WITH THE PUBLIC MARKETS MANAGER.

**AYES: MR. CHIN, MR. VAN ORMAN, MR. JAHNER, MR. ANDERSON, AND
TREASURER BEADLE
ABSENT: DR. SIMLAI
NAYS: NONE
MOTION CARRIED**

IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO INCREASE THE COMMITMENT TO AN EXISTING MANAGER.

**AYES: MR. VAN ORMAN, MR. ANDERSON, MR. CHIN, MR. JAHNER, AND
TREASURER BEADLE
ABSENT: DR. SIMLAI
NAYS: NONE
MOTION CARRIED**

QUARTERLY REPORTS

Mr. Anderson provided an overview of contracts signed during Quarter 3 of 2025. The report included vendor names, execution dates, descriptions, and costs of the contracts signed. Committee discussion followed.

ADJOURNMENT

With no further business to come before the committee, Treasurer Beadle adjourned the meeting at 4:28 p.m.

Prepared by:

Jennifer Ferderer, Assistant to the Board

Agenda Item
III. Strategy Review
to follow.

MEMORANDUM

TO: Investment Committee
FROM: Jodi Smith, Executive Director
DATE: January 6, 2026
RE: Short-Term Fixed Income Rebalancing Error, Trade Error Procedure Application, and Request for Direction

A Short-Term Fixed Income rebalancing error was recently discovered. The error resulted from a spreadsheet formula issue within the internal rebalancing process, which caused cash that should have remained uninvested being allocated to Short-Term Fixed Income managers. As a result, funding for these investments was temporarily advanced from the Water Stabilization Fund within the cash pool until the error was identified and corrected. The error occurred prior to rebalancing execution and did not involve an intentional investment decision or a transaction-level execution error.

Upon discovery, staff promptly corrected the allocations and evaluated the issue using the existing Trade Error Identification and Resolution Procedure (Procedure) (Attachment 1). Consistent with the procedure, staff documented the source of the error, quantified the financial impact, implemented corrective transactions, and made appropriate disclosures. A detailed description of the error, corrective actions, and financial impacts is provided in the attached memorandum titled "Allocation Adjustment to Short-Term Fixed Income Clients" (Attachment 2).

Based on the plain language of the Procedure, this matter appears to require presentation to the State Investment Board (SIB), unless the Procedure's scope is clarified or revised.

When applying the Procedure, it was unclear whether Procedure thresholds were intended to be measured using the gross dollar value of the affected transactions or the net gain or loss resulting from those transactions. In this case, although the gross dollar value of the rebalancing transactions totaled approximately \$36 million, the resulting investment return impact was an additional gain of less than \$20,000 compared to the cash return that would have otherwise been earned. Clarifying this distinction is necessary to ensure consistent interpretation and application of the Procedure across staff and future events.

Additionally, RIO requests guidance from the Committee on whether rebalancing errors should continue to be evaluated under the Trade Error Procedure or whether the Procedure should be amended to explicitly exclude rebalancing errors. If the Committee determines that rebalancing errors should be excluded, staff further request direction on whether a separate Rebalancing Error Policy should be developed to clearly define materiality thresholds, required corrective actions, and escalation criteria for reporting to the Investment Committee and the State Investment Board.

COMMITTEE RECOMMENDATION:

The State Investment Board Investment Committee approves RIO staff to amend the Trade Error Identification and Resolution Procedure to explicitly exclude rebalancing errors. Additionally, the State Investment Board Investment Committee directs the RIO staff to draft a Rebalancing Error Policy.

Trade Error Identification and Resolution Procedure

The Trade Error Identification and Resolution Standard Operating Procedure outlines the process for identifying and addressing various types of trade errors that may occur during investment operations. By defining specific examples of trade errors and detailing the approach to rectifying them, this standard operating procedure aims to ensure timely detection, correction, and mitigation of errors to safeguard investment portfolios. In case of a trade error, Portfolio Managers will collaborate with the Chief Investment Officer, and Chief Financial Officer to determine the following within 48 hours of identifying the error:

1. Explanation of the error's source.
2. Estimate of the cost/benefit impact.
3. Evaluation of the occurrence and suggestions for process improvements to reduce error recurrence.

Examples of trade errors include:

- Excessive orders placed
- Incorrect buy/sell actions
- Trading wrong securities
- Contrary to regulations/guidelines
- Allocation mistakes
- Client guideline breaches
- Keystroke errors in trading systems
- Typographical/drafting errors

Errors are to be corrected promptly upon discovery. A written explanation to the Chief Investment Officer should follow, detailing the error's nature, personnel involved, total dollar amount, and how the error was discovered. All error calculations must be reviewed by the Chief Financial Officer. If an error is caused by a counterparty, such as a broker-dealer, NDRIO will seek to recover any associated losses from the counterparty. For errors exceeding 1bps of the total fund size or occurring more than twice per quarter, the explanation will be escalated to the Executive Director and the Investment Committee by the Chief Investment Officer. Additionally, errors exceeding 3bps of the total fund size or occurring more than twice per month will be escalated to the State Investment Board by the Investment Committee.

Procedure Implemented: April 7, 2025

MEMORANDUM

To: Jodi Smith

From: Robbie Morey

Date: 12/31/2025

Subject: Allocation Adjustment to Short Term Fixed Income Clients

Executive Summary:

A month-end close review of the September allocations for the Short-Term Fixed Income clients identified a rebalancing error that resulted in misalignment with the client fund Investment Policy Statement, originating from formula issues within the rebalancing spreadsheets rather than from any intentional investment or asset allocation decision.

Corrective actions were taken, including redeeming funds from the Short-Term Fixed Income Asset class and recording the amounts as receivable in the months of September and November.

All required follow-up actions were completed, including disclosure to our Compliance Officer and auditors, in accordance with the Trade Error Procedure.

Synopsis of Error:

The rebalancing process begins using the most recent finalized monthly allocation as the starting balance. For this rebalancing period, the latest available allocations were from June 2025. To arrive at the allocation used for rebalancing in September, adjustments were required for all activities occurring in July, August, and September, including contributions, withdrawals, prior rebalancing transactions, and capital calls and distributions.

The rebalancing spreadsheet accounts for these cash movements through manually updated formulas aligned with the cash monitoring sheets. The screenshots below illustrate where contributions and withdrawals are recorded. Formulas are updated manually in each cell to match up with our cash monitoring sheets. B129 and B130 were both done correctly.

B129 : X ✓ fx =SUMIF('[Insurance Cash Balance Monitoring.xlsx]TNT'!\$E\$3544:\$E\$3565,B\$2,'[Insurance Cash Balance Monitoring.xlsx]TNT'!\$C\$3544:\$C\$3565)

	A	B	C	D	E	F	G	H	I	J	K	L
129	Contr/Withdrawals	-	-	-	-	-	3,050,000.00	-	-	-	-	(250,000.00)
130	Contr/Withdrawals	(10,000,000.00)	-	-	-	-	-	-	-	(580.11)	-	(100,000.00)

B130 : X ✓ fx =SUMIF('[Insurance Cash Balance Monitoring.xlsx]TNT'!\$E\$3566:\$E\$3608,B\$2,'[Insurance Cash Balance Monitoring.xlsx]TNT'!\$C\$3566:\$C\$3608)

	A	B	C	D	E	F	G	H	I	J	K	L
29	Contr/Withdrawals	-	-	-	-	-	3,050,000.00	-	-	-	-	(250,000.00)
30	Contr/Withdrawals	(10,000,000.00)	-	-	-	-	-	-	-	(580.11)	-	(100,000.00)

The formulas in B129 and B130 should have been consistently carried forward across the remaining columns. However, while the second contribution/withdrawal formulas were correctly extended, the first-line formulas were not carried forward to subsequent columns.

C129 : X ✓ fx =SUMIF('[Insurance Cash Balance Monitoring.xlsx]TNT'!\$E\$3461:\$E\$3484,C\$2,'[Insurance Cash Balance Monitoring.xlsx]TNT'!\$C\$3461:\$C\$3484)

	A	B	C	D	E	F	G	H	I	J	K	L
129	Contr/Withdrawals	-	-	-	-	-	3,050,000.00	-	-	-	-	(250,000.00)
130	Contr/Withdrawals	(10,000,000.00)	-	-	-	-	-	-	-	(580.11)	-	(100,000.00)

C130 : X ✓ fx =SUMIF('[Insurance Cash Balance Monitoring.xlsx]TNT'!\$E\$3566:\$E\$3608,C\$2,'[Insurance Cash Balance Monitoring.xlsx]TNT'!\$C\$3566:\$C\$3608)

	A	B	C	D	E	F	G	H	I	J	K	L
29	Contr/Withdrawals	-	-	-	-	-	3,050,000.00	-	-	-	-	(250,000.00)
30	Contr/Withdrawals	(10,000,000.00)	-	-	-	-	-	-	-	(580.11)	-	(100,000.00)

As a result, certain transactions were omitted from the calculations. Specifically, while the first two transactions were properly reflected, the transaction highlighted in blue in the supporting documentation were excluded.

TNT CASH BALANCE		26-86214		
Reconciled to NT: RLM 12/4/2025 through 12/3/2025				
	Running Balance	Transactions	Description	Pool/Fund Co
7/24/2025	155,960,798.62	16,096,746.00	Barings Redemption	Rebalancing
7/24/2025	170,686,049.62	14,725,251.00	JP Morgan Short Bond Redemption	Rebalancing
7/24/2025	138,663,072.62	(32,022,977.00)	Budget Stabilization Transfer	BSF

This omission overstated available cash in the rebalancing spreadsheet, leading staff to invest cash that should have remained uninvested, which created misalignment across multiple insurance pool client funds.

CONSOLIDATED INSURANCE REBALANCE WORKSHEET										Recommended Rebalancing		
September 17, 2025										% of fund	\$	
Most recent MSCI Index Components	8/31/2025			Approved Policy Allocation	Policy % of asset class	Adjusted Policy Allocation	% of fund	Actual EMV	Upcoming Cash Movements	Projected EMV	% of fund	\$
INTSTF	NDI14	Barings Active Short Duration			50.0%	14.0%	14.1%	513,224,642		513,224,642	0.5%	19,145,347
INTSTF	2683058	JP Morgan Short Bond		29.3%	50.0%	14.0%	14.1%	514,741,155		514,741,155	0.5%	17,628,834
		Total Short Term Fixed Income				29.25%	28.2%	1,027,965,798	0	1,027,965,798	1.0%	36,774,181
		% of total fund				29.25%	28.2%	1,027,965,798	0	1,027,965,798	1.0%	36,774,181

The error was identified during preparation of the September financial statements, when it resulted in negative cash allocations for two clients.

Plan Valuation Package-Market NORTH DAKOTA STATE INVESTMENT Insurance Trust Cash Pool

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◆ 1. Allocation Schedule - Market Value

		-680- BUDGET STABILIZATION	-910- LEWIS & CLARK	-920- AG SETTLEMENT	-930- NDUS BLDG FUND	-940- ARTS	-950- WATER PROJECTS STABILIZATION FUND	-960- OPIOID SETTLEMENT FUND
Beginning Totals	BALANCE	9,129,290.77	17,992.94	2,214.07	0.00	72,563.30	156,121,355.31	52,117.00
Period Totals	Fees and Expenses	(5,984.23)	(5.97)	(1.47)	0.00	(7.94)	(71.35)	(7.83)
	Other Receipts/Disbursements	(17,781,949.41)	3,998.09	(4,368.16)	0.00	10,720.56	(9,997,624.27)	(310,418.42)
	Miscellaneous Fees	(20,446.51)	(20.32)	(14.12)	0.00	(27.24)	(3,187.11)	(324.27)
		(17,807,480.15)	3,969.80	(4,383.75)	0.00	10,684.38	(10,000,882.73)	(310,780.52)
Time-Weighted	Fees and Expenses	(3,534.13)	(3.51)	(0.89)	0.00	(4.68)	(4.76)	(0.52)
	Other Receipts/Disbursements	(1,165,403.29)	4,150.46	(291.21)	0.00	5,144.41	(8,665,554.00)	(20,994.56)
	Miscellaneous Fees	(14,994.11)	(14.90)	(10.35)	0.00	(19.98)	(2,337.21)	(259.80)
		(1,203,931.53)	4,132.05	(302.45)	0.00	5,119.75	(8,667,899.97)	(20,954.88)
Allocation	BALANCE	7,925,329.24	22,034.99	1,911.62	0.00	77,683.05	147,453,455.34	31,162.12
	PERCENT	4.11066%	0.01143%	0.00099%	0.00000%	0.04029%	76.48027%	0.01616%
Earnings	Interest	28,475.35	79.17	6.87	0.00	279.11	529,793.50	111.96
	Net Change in Accrued Bond Income	(1,479.53)	(4.11)	(0.36)	0.00	(14.55)	(27,521.11)	(5.82)
		26,995.82	75.06	6.51	0.00	264.56	502,269.39	106.14
Ending Totals	BALANCE	(8,651,223.56)	21,847.80	(2,163.17)	0.00	83,522.29	146,622,738.97	(258,557.38)
	PERCENT	0.00000%	0.01298%	0.00000%	0.00000%	0.04961%	87.88265%	0.00000%

** A negative plan balance will not adversely impact the earnings allocation, in a positive market value fund.

Northern Trust

*Generated by The Northern Trust Company from periodic data on 24 Nov 25 B2375

The review and approval process for the rebalances did not include appropriate oversight of the trade instructions. There was over-reliance on spreadsheet-generated calculations without sufficient independent review prior to executing portfolio transactions.

Corrective Action:

As an immediate corrective measure, \$36,000,000 was redeemed from the Short-Term Fixed Income Managers to reverse the transactions from September and November.

Following this correction, staff calculated the amount of cash that needed to be temporarily reallocated between Water Stabilization Fund and the affected funds – Budget Stabilization and Opioid (PERS Group Insurance had sufficient funds in September and November, so no

reallocation was required). The calculation applied the same returns earned during September, October, and November to both the Cash pool and the Short-Term Fixed Income pool.

Pool Constituent	Float amount	Short-term fixed income earnings	Cash interest that would have been earned	Net amount
Budget Stabil.	25,150,000.00	113,125.03	(100,603.96)	12,521.07
Opioid	575,000.00	2,941.46	(2,668.09)	273.37
TOTAL	25,725,000.00			12,794.44

To correct for the effects of the trade error, the Water Stabilization Fund will be credited for the interest it would have earned while the funds were temporarily advanced. The additional interest earned will remain in the Budget Stabilization Fund and the Opioid Fund, as those funds bore the actual market risk during this period.

Effects on the Rebalancing Process:

Following the discovery of this event, in-depth discussions have been undertaken to evaluate both portfolio-level and internal rebalancing processes. These discussions highlighted the need to redesign the monthly portfolio rebalancing process and realign the responsibilities of the Investment and Fiscal & Operations staff.

As an additional step to mitigate the risk of a repeated similar error, staff is proposing that the three short-term fixed income constituents (Budget Stabilization, PERS Group Insurance, and Opioid) plus the Water Stabilization Fund be given their own cash consolidated account. Because these four accounts do not participate in any other pooled investments, separating them from the broader Insurance Pool and into their own cash account will reduce the risk of a similar error occurring in the future.

MEMORANDUM

TO: Investment Committee

FROM: Scott Anderson, Chief Investment Officer and Eric Chin, Deputy Chief Investment Officer

DATE: January 6, 2026

RE: Updated Investment Policy Statements

Background:

Staff is bringing updated Investment Policy Statements (IPS) for the following six clients for review and is requesting that the Investment Committee recommend for approval to the State Investment Board (SIB):

- North Dakota Public Employees Retirement System (PERS)
- North Dakota Teachers' Fund for Retirement (TFFR)
- City of Grand Forks Pension Plan
- Park District of the City of Grand Forks
- City of Bismarck Police Pension Plan
- City of Bismarck Employee Pension Plan

The updated IPS documents reflect the new asset allocations as presented by NEPC and RIO, which have been approved by both the SIB and the respective client boards.

To date, the updated IPS documents have been approved by four client boards:

- City of Grand Forks Pension Plan
- PERS
- City of Bismarck Employee Pension Plan
- City of Bismarck Police Pension Plan

The updated IPS for the Park District of the City of Grand Forks will be presented to its client board for approval at its January 5 meeting. RIO will present the updated IPS for TFFR at the January 22, 2026 TFFR Board meeting.

For each client, both a redline version and a clean version of the IPS are included. While the redline documents may appear to reflect numerous changes, the majority of edits are attributable to RIO's

development of a new IPS template designed to enhance clarity and promote consistency across client IPS documents. Substantive changes primarily relate to the incorporation of the newly approved asset allocations.

Committee Action Requested:

Recommend approval of the updated client Investment Policy Statements to the State Investment Board.

INVESTMENT POLICY STATEMENT

North Dakota Public Employees Retirement System

~~STATEMENT OF INVESTMENT GOALS, OBJECTIVES AND POLICIES FOR THE NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM~~

~~1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS~~

I. Plan and Fund Overview

The North Dakota Public Employees Retirement System (NDPERS) and the Highway Patrol Retirement System (HPRS) are pension benefit plans established to provide retirement income to state employees and employees of participating political subdivisions. The plans are administered by ~~a nine member Board of Trustees (the Board). The Chair is appointed by the governor, three members are elected by the active members of the plans, one member is elected by the retired members, one is appointed by the Attorney General, one member is the State Health Officer or their designee and two are legislative appointees.~~the NDPERS Board of Trustees (the PERS Board).

The NDPERS plan is a multi-employer hybrid benefit public pension plan that provides retirement benefits, disability retirement benefits, and survivor benefits, in accordance with Chapter 54-52 of the North Dakota Century Code (NDCC). ~~Monthly retirement benefits for the Main, State Law Enforcement (BCI) and Public Safety Plans are based on the formula: number of Years of Service times 2.0% times the final average salary. For the Main 2020 Plan the retirement formula is: number of Years of Service times 1.75% times the final average salary. For the NDPERS Judges Plan the retirement formula is: for the first ten years of service of the formula is final average salary times 3.5%, for the second ten years of service the formula is final average salary times 2.80% and for all remaining years of service the formula is final average salary times 1.25%. The NDPERS plan consists of the Main, State Law Enforcement (BCI) and Public Safety Plans, and the NDPERS Judges Plan.~~

The Highway Patrol plan is also part of the NDPERS plan a single-employer plan that provides retirement benefits, disability benefits, and survivor benefits in accordance with Chapter 39-03.1 of the North Dakota Century Code. ~~Monthly retirement benefits are based upon on the formula: first 25 years of credit service times 3.25% and all remaining years of service times 1.75%.~~

Funding for the NDPERS plan is provided by monthly employee contributions and employer contributions with the amount varying based upon which NDPERS plan the member participates in. ~~For the Main NDPERS plan the employee contribution is 7% and the employer contribution is 7.12%, for the Main 2020 NDPERS plan the employee contribution is 7% and the employer contribution is 8.26%, for the Judges Plan the employee contribution is 8% and employer contribution is 17.52%, for the BCI employee contribution is 6.0% and employer contribution is 9.81%, for the Public Safety Plan with prior service the employee contribution is 5.5% and the employer contribution is 9.81% and for the Public Safety Plan without prior service the employee contribution rate is 5.5% and the employer rate is 7.93%.~~

~~Funding for the Highway Patrol plan is provided by a monthly employee contribution of 13.8% and an employer contribution of 20.2% for 2022, 14.3% employee and 20.7% employer contribution for 2023, and a 14.8% employee and 21.2% employer contribution for 2024.~~

Each year, the Board has an actuarial valuation performed. The current actuarial assumed rate of return on assets for all plans is 6.5%.

~~2.—RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)~~

~~Aggregate plan contributions plus earnings, minus allowable expenses constitute the Fund. The Board is charged by NDCC chapters 54-52, 21-10-01, and 39-03.1 to establish policies for the investment goals and asset allocation of the Fund. The State Investment Board (SIB) is charged with implementing the asset allocation as promptly and prudently as possible in accordance with the Board's policies by investing the assets of the Fund in the manner provided in the prudent investor rule, which provides:~~

~~*Fund fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The retirement funds belonging to the teachers' fund for retirement and the public employees retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives. (NDCC 21-10-07)*~~

~~The SIB may delegate investment responsibility of the Fund or any portion of the Fund to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy is supervisory not advisory.~~

~~The SIB may at its discretion, pool the assets of the Fund with another fund or funds having similar investment objectives and time horizons in order to maximize returns and minimize costs. In pooling fund assets the SIB will establish asset class pools it deems necessary to achieve the specific quality, diversification, restrictions, and performance objectives subject to the prudent investor rule and the objectives of the funds participating in the pools.~~

~~The SIB is responsible for establishing the selection criteria, determining the performance measures, and retaining all fund money managers. SIB is also responsible for the selection and retention of any investment consultants that may be employed in the investment of the Fund assets.~~

~~3.—DELEGATION OF AUTHORITY~~

~~Management responsibility for NDPERS funds not assigned to the North Dakota State Investment Board (SIB) in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, which must establish written policies and procedures for the operation of the NDPERS funds, consistent with this investment policy.~~

~~Such procedures must provide for:~~

- ~~1. The definition and assignment of duties and responsibilities to advisory services and persons employed by the SIB pursuant to NDCC 21-10-02.1(1) (a);~~
- ~~2. Investment diversification, investment quality, qualification of money managers, and amounts to be invested by money managers pursuant to NDCC 21-10-02.1(1)(e). In developing these policies it is understood:
 - ~~a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation;~~
 - ~~b. The use of derivatives will be monitored to ensure that undue risks are not taken by the money managers;~~
 - ~~c. All assets must be held in custody by the SIB's master custodian or such other custodians as are selected by the SIB;~~~~
- ~~3. Guidelines for selection and redemption of investments will be in accordance with NDCC 21-10-02.1(1) (d);~~
- ~~4. The criteria for making decisions with respect to hiring, retention, and termination of money managers will be clearly defined. This also includes selecting performance measurement standards, consultants, report formats, and frequency of meetings with money managers;~~

~~All participants in the investment process must seek to act responsibly as custodians of the public trust.~~

4. INVESTMENT GOALS

Client Investment Objectives

The investment goals of the Fund have been established by the **NDPERSPERS** Board based upon consideration of the Board's strategic objectives and a comprehensive review of the current and projected financial requirements.

These goals are to be viewed over the long term.

Goal# 1

Goal #2

- Accumulate sufficient wealth through a diversified portfolio of investments, which will enable the State of North Dakota to pay all current and future retirement benefits and expense obligations of the Fund.
- Goal #2 To obtain an investment return in excess of that needed to allow for increases in a retiree's annuity to maintain the purchasing power of their retirement benefit.

The Board acknowledges the material impact that funding the pension plan has on the State's financial performance. To enable the State to continue offering secure pension benefits to plan participants, the Board believes that the Fund should pursue the following secondary goals:

- Stabilize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid both substantial volatility in contributions and sizable fluctuations in the funding status of the Plan.

These two secondary goals affect the Fund's investment strategies and often represent conflicting goals. That is, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The Board places greater emphasis on the strategy of stabilizing the employee and employer contribution needed to fund the plan over the long term as it assists our participating employers by having a predictable contribution for budgeting.

~~5.—INVESTMENT PERFORMANCE OBJECTIVE~~

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under NDCC § 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the funds of this Plan. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

Delegation and Oversight

The SIB may delegate investment responsibility for all or part of a fund to professional money managers that meet established qualifications. When such delegation occurs, the SIB's role is supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.

The SIB may also pool assets of this Fund with other funds having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB must ensure compliance with the Prudent Investor Rule and the objectives of all participating funds.

III. Investment Performance Objective

The Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of ~~five~~5 years.
- The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of ~~five~~5 years.

IV. Asset Allocation

~~4. The risk-adjusted performance of~~PERS Board establishes ~~the fund, net of fees~~Fund's asset allocation, with input from consultants and expenses, ~~should at least match that of the policy benchmark over a minimum evaluation period of five years.~~

6.—ASSET ALLOCATION

In recognition of the plan's performance objectives, benefit projections, Retirement and capital market expectations Investment Office (RIO), based on an asset-liability study. Based on the most recent study, the NDPERS Board has following allocation was established the following asset allocation:

Asset Class	Policy Target(%)	Rebalancing Range(%)	
	Target Allocation	Minimum Allocation	Maximum Allocation
Global Equity	55%	45%	65%
Public Equity	40%	34%	46%
Private Equity	15%	10%	20%
Global Fixed Income	26%	19%	33%
Investment Grade <u>Fixed Income</u>	16%	11%	21%
Non-Investment Grade <u>Fixed Income</u>	2.5-9%	0%	6%
<u>Private Credit</u>	7.5%	5%	10%
Global Real Assets	19%	10%	25%
<u>Global Real Estate</u>	11%	5%	5-15%
Other (Infrastructure/ Timber)	8%	0%	0-10%
<u>Global Alternatives</u>		0-10	
Cash and Cash Equivalents	0%	0-2%	2%

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The Board does not endorse tactical asset allocation, therefore, it is anticipated the portfolio be managed as close to the policy target as is prudent and practicable while minimizing re-balancing costs. Any allocation to Global Alternatives shall not increase the expected volatility of the portfolio as measured in Section #5, and all other targets will be adjusted pro-rata.

PERS requires that in implementing this asset allocation that the State Investment Board seek to maximize return within the scope of these policies while limiting investment costs.

7.—RESTRICTIONS

Futures and options **Corridor Benchmark/Allocations:** Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding

public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

Corridor Guidelines:

- Private equity will be proxied with public equity.
- Private credit will be proxied with half public equity and half public investment grade fixed income.
- Private real assets will be proxied with half public equity and half public investment grade fixed income.

Rebalancing: The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional "bets" in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place

V. General Restrictions and Guidelines

While the SIB determines quality, diversification, and performance standards for investments, the following restrictions apply:

1. Derivatives may be used to hedge or manage and replicate underlying index exposure, but not for speculation, systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Use of derivatives Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
- 2.3. Derivatives use will be monitored to ensure that undue risks are not taken by the money managers.
- 3.4. No transaction investment may be made which threatens jeopardize the tax-exempt status of the Fund.

A: ~~———— No unhedged short sales or speculative margin purchases may be made.~~

5. All assets must be held by the SIB's master custodian or an approved sub-custodian.
6. Social Investing is prohibited unless it meets the Exclusive Benefit Rule (NDCC § 21-10-08.1).

- a. Social Investing is defined as "~~the~~ investment or commitment of public ~~pension fund money funds~~ for the purpose of obtaining an effect other than a maximized return to the ~~intended beneficiaries.~~"state." (NDCC § 21-10-08.1)

4.7. ~~Social investing~~ Economically Targeted Investing is prohibited unless it meets the Exclusive Benefit Rule ~~and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.~~

- a. Economically ~~targeted investing~~ Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, ~~as well as to~~ and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Economically targeted investing is prohibited unless **Exclusive Benefit Rule**

B. ~~For the investment meets purpose of this document,~~ the Exclusive Benefit Rule:

The **Exclusive Benefit Rule** is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Board's policy favors investments ~~which~~that will have a positive impact on the economy of North Dakota.

8. ~~INTERNAL CONTROLS~~

~~All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.~~

VI. Internal Controls

The SIB ~~must have~~shall maintain a system of internal controls designed to prevent ~~losses~~loss of ~~public~~ funds arising from fraud ~~or employee~~, error. ~~The, or mismanagement.~~

~~Key controls deemed most important are the separation of~~include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases from the, recording of and reconciling investment activity, and custodial safekeeping; of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.

~~Other critical controls include maintaining written confirmation of or electronic confirmations of all investment transactions; and established~~establishing formal criteria for broker relationships. ~~The annual and trading counterparties. Annual~~ financial ~~audit must~~audits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with ~~the investment policy~~this Investment Policy.

9. ~~EVALUATION~~

VII. Investment management of the Fund Evaluation and Review

~~The Fund's performance will be evaluated against the Fund's investment objectives and, with emphasis on rolling 5-year results. Reports to the PERS Board (no less than annually) will include:~~

- ~~1. A list of investment managers and their performance standards relative to benchmarks net of fees~~

~~An annual performance report must be provided to the Board by the State Investment Officer at a regularly scheduled NDPERS Board meeting. The annual performance report must include asset returns and allocation data as well as information regarding all significant or material matters and changes pertaining to the investment of the Fund, including:~~

- ~~2. Changes in Earnings, percentage earned, and change in market value of each mandate~~

~~2.3. Current portfolio allocations and performance summaries by asset class~~

~~3.4. portfolio structures, tactical approaches and market values;~~ All pertinent legal or legislative proceedings affecting the SIB:

~~4.5. Compliance with these investment goals, objectives and policies. A general market overview and market expectations.~~

~~5.6. A review of fund progress and its asset allocation strategy.~~

~~A report on investment fees and the SIB's effort relating to Section 6. To measure investment cost PERS requires as part of the annual review information from Callan, CEM or other acceptable source showing the value added versus the cost.~~

- ~~7. Provide details of fees and costs (annually).~~

~~6.8. Changes/additions to benchmarks utilized to monitor the funds.~~

~~In addition, the State Investment Officer shall review with the Board the procedures and policies established by the SIB relating to this statement of investment goals, objectives, and policies.~~



Scott Miller
Executive Director

~~North Dakota Public Employees Retirement System~~

VIII. Withdrawals

1. **Routine Withdrawals:** The Client may withdraw up to 0.25% of total fund assets per month with a minimum of 3 business days' notice, subject to standard settlement timelines.
2. **Larger Withdrawals:** Withdrawals greater than 0.25% and up to 5% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
3. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

Rebecca Fricke
Executive Director
North Dakota Public Employees Retirement System
Date:

Scott M. Anderson
Chief Investment Officer
North Dakota Retirement and Investment Office
Date:

Scott Anderson

Chief Investment Officer

North Dakota Retirement and Investment Office

Date: December 13,
2022

Date: 02/08/2023

INVESTMENT POLICY STATEMENT

North Dakota Public Employees Retirement System

I. Plan and Fund Overview

The North Dakota Public Employees Retirement System (NDPERS) and the Highway Patrol Retirement System (HPRS) are pension benefit plans established to provide retirement income to state employees and employees of participating political subdivisions. The plans are administered by the NDPERS Board of Trustees (the PERS Board).

The NDPERS plan is a multi-employer hybrid benefit public pension plan that provides retirement benefits, disability retirement benefits, and survivor benefits, in accordance with Chapter 54-52 of the North Dakota Century Code (NDCC). The NDPERS plan consists of the Main, State Law Enforcement (BCI) and Public Safety Plans, and the NDPERS Judges Plan.

The Highway Patrol plan is also part of the NDPERS plan a single-employer plan that provides retirement benefits, disability benefits, and survivor benefits in accordance with Chapter 39-03.1 of the North Dakota Century Code.

Funding for the NDPERS plan is provided by monthly employee contributions and employer contributions with the amount varying based upon which NDPERS plan the member participates in.

Each year, the Board has an actuarial valuation performed. The current actuarial assumed rate of return on assets for all plans is 6.5%.

Client Investment Objectives

The investment goals of the Fund have been established by the PERS Board based upon consideration of the Board's strategic objectives and a comprehensive review of the current and projected financial requirements. These goals are to be viewed over the long term.

- Goal# 1 Accumulate sufficient wealth through a diversified portfolio of investments, which will enable the State of North Dakota to pay all current and future retirement benefits and expense obligations of the Fund.
- Goal #2 To obtain an investment return in excess of that needed to allow for increases in a retiree's annuity to maintain the purchasing power of their retirement benefit.

The Board acknowledges the material impact that funding the pension plan has on the State's financial performance. To enable the State to continue offering secure pension benefits to plan participants, the Board believes that the Fund should pursue the following secondary goals:

- Stabilize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid both substantial volatility in contributions and sizable fluctuations in the funding status of the Plan.

These two secondary goals affect the Fund's investment strategies and often represent conflicting goals. That is, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The Board places greater emphasis on the strategy of stabilizing the employee and employer contribution needed to fund the plan over the long term as it assists our participating employers by having a predictable contribution for budgeting.

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under NDCC § 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the funds of this Plan. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

Delegation and Oversight

The SIB may delegate investment responsibility for all or part of a fund to professional money managers that meet established qualifications. When such delegation occurs, the SIB's role is

supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.

The SIB may also pool assets of this Fund with other funds having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB must ensure compliance with the Prudent Investor Rule and the objectives of all participating funds.

III. Investment Performance Objective

The Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of 5 years.
- The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of 5 years.

IV. Asset Allocation

The PERS Board establishes the Fund's asset allocation, with input from consultants and the Retirement and Investment Office (RIO), based on an asset-liability study. Based on the most recent study, the following allocation was established.

	Target Allocation	Minimum Allocation	Maximum Allocation
Global Equity	55%	45%	65%
Public Equity	40%	34%	46%
Private Equity	15%	10%	20%
Global Fixed Income	26%	19%	33%
Investment Grade Fixed Income	16%	11%	21%
Non-Investment Grade Fixed Income	2.5%	0%	6%
Private Credit	7.5%	5%	10%
Global Real Assets	19%	10%	25%
Real Estate	11%	5%	15%
Other (Infrastructure/ Timber)	8%	0%	10%
Cash and Cash Equivalents	0%	0%	2%

Corridor Benchmark/Allocations: Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

Corridor Guidelines:

- Private equity will be proxied with public equity.
- Private credit will be proxied with half public equity and half public investment grade fixed income.
- Private real assets will be proxied with half public equity and half public investment grade fixed income.

Rebalancing: The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional "bets" in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place

V. General Restrictions and Guidelines

While the SIB determines quality, diversification, and performance standards for investments, the following restrictions apply:

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
3. Derivatives use will be monitored to ensure that undue risks are not taken.
4. No investment may jeopardize the tax-exempt status of the Fund.
5. All assets must be held by the SIB's master custodian or an approved sub-custodian.
6. Social Investing is prohibited unless it meets the Exclusive Benefit Rule (NDCC § 21-10-08.1).
 - a. Social Investing is defined as "the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return to the state." (NDCC § 21-10-08.1)
7. Economically Targeted Investing is prohibited unless it meets the Exclusive Benefit Rule.
 - a. Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Exclusive Benefit Rule

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.

2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Board's policy favors investments that will have a positive impact on the economy of North Dakota.

All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.

VI. Internal Controls

The SIB shall maintain a system of internal controls designed to prevent loss of funds arising from fraud, error, or mismanagement.

Key controls include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases, recording and reconciling investment activity, and custodial safekeeping of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.

Other critical controls include maintaining written or electronic confirmations of all investment transactions and establishing formal criteria for broker relationships and trading counterparties. Annual financial audits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with this Investment Policy.

VII. Evaluation and Review

The Fund's performance will be evaluated against its investment objectives, with emphasis on rolling 5-year results. Reports to the PERS Board (no less than annually) will include:

1. A list of investment managers and their performance relative to benchmarks net of fees
2. Earnings, percentage earned, and change in market value of each mandate
3. Current portfolio allocations and performance summaries by asset class
4. All pertinent legal or legislative proceedings affecting the SIB
5. Compliance with these investment goals, objectives and policies. A general market overview and market expectations.
6. A review of fund progress and its asset allocation strategy.
7. Provide details of fees and costs (annually).
8. Changes/additions to benchmarks utilized to monitor the funds.

VIII. Withdrawals

1. **Routine Withdrawals:** The Client may withdraw up to 0.25% of total fund assets per month with a minimum of 3 business days' notice, subject to standard settlement timelines.
2. **Larger Withdrawals:** Withdrawals greater than 0.25% and up to 5% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
3. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

Rebecca Fricke
Executive Director
North Dakota Public Employees Retirement
System
Date:

Scott M. Anderson
Chief Investment Officer
North Dakota Retirement and Investment
Office
Date:

Policy Type: TFFREnds

Policy Title: Investment Policy Statement

1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS

INVESTMENT POLICY STATEMENT

North Dakota Teachers' Fund for Retirement

I. Plan and Fund Overview

The North Dakota Teachers' Fund for Retirement (TFFR) is a ~~successor~~ pension benefit plan ~~to the Teachers' Insurance and Retirement Fund (TIRF)~~. TIRF was established in 1913, 24 years after North Dakota became a state, to provide retirement income to all public school ~~and certain state teachers and administrators in the state of North Dakota~~. TIRF became TFFR in 1971 ~~educators~~. The plan is administered by a ~~seven-member~~ Board of Trustees ~~comprised of: two active teachers, two retired teachers and one school administrator appointed by the Governor of North Dakota and two elected officials – the State Treasurer and the State Superintendent of Public Instruction (the "Board")~~.

The TFFR plan is a multi-employer defined benefit public pension plan that provides retirement, disability, and death benefits in accordance with ~~Chapter 15-39.1 of the North Dakota Century Code (NDCC)~~. Monthly retirement benefits are based on the formula: Number of Years of service X 2.0% X Final Average Salary. Adjustments to the basic formula are made depending on the retirement option selected. ~~North Dakota Century Code (NDCC) § 15-39.1~~.

~~Funding is provided by monthly employee and employer contributions scheduled to increase as follows:~~

	7/1/11	7/1/12	7/1/14
Employee	7.75%	9.75%	11.75%
Employer	8.75%	10.75%	12.75%

~~Employee and employer contributions will be reduced to 7.75% each when TFFR reaches 100% funded level on an actuarial value basis.~~

The TFFR Board has an actuarial valuation performed annually and an Experience Study and Asset Liability Study performed every ~~five~~5 years. ~~The As of July 1, 2025, the~~ actuarial assumed rate of return on assets ~~was reduced to is~~ 7.25% ~~from 7.75% as of July 1, 2020: 15%~~. Key plan and financial statistics are recorded in the most recent valuation report on file at the North Dakota Retirement and Investment ~~office~~Office (RIO).

2. FUND GOALS

The Client Investment Objectives

Plan benefits are financed through both statutory employer and employee contributions and the investment earnings on assets held in the Fund.

Policy Type: TFFREnds

Policy Title: Investment Policy Statement

The TFFR Board recognizes that a sound investment program is essential to meet the pension obligations. As a result, the Fund goals are to:

- ~~As a result, the Fund goals are to:~~ Improve the Plan's funding status to protect and sustain current and future benefits.
- Minimize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status.
- Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefit.

Policy Type: TFFREnds

Policy Title: Investment Policy Statement

The Board acknowledges the material impact that funding the pension plan has on the State/School District's financial performance. These goals affect the Fund's investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The Board places a greater emphasis on the strategy of improving the funding status and reducing the contributions that must be made to the Fund, as it is most consistent with the long-term goal of conserving money to apply to other important state/local projects.

II. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD

BOARD Responsibilities and Discretion of the State Investment Board

3. The State Investment Board (SIB)

The TFFR Board is charged by law established under NDCC 21-10-02.1 with the responsibility of establishing policies on investment goals and asset allocation of the Fund. The SIB § 21-10 and is charged with implementing these policies and investing and managing the assets of the Fund in the manner provided funds enumerated in NDCC § 21-10-07,06, including the prudent investor rule. Under funds of this rule, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, Plan. The SIB acts as a fiduciary and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The Fund must be invested exclusively for the benefit of the members invest, reinvest, and their beneficiaries manage such assets in accordance with this investment policy the Prudent Investor Rule and the policies adopted by each fund's governing body.

Management responsibility for the Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment program not assigned to the SIB in Chapter 21-10 policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, who must establish securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies for the operation of the investment program, consistent with this on investment policy goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

Delegation and Oversight

Policy Type: TFFREnds

Policy Title: Investment Policy Statement

The SIB may delegate investment responsibility for all or part of a fund to professional money managers. ~~Where a money manager has been retained that meet established qualifications. When such delegation occurs, the SIB's~~SIB's role in determining investment strategy and security selection is supervisory, ~~not rather than~~ advisory, ~~ensuring that each manager operates within approved guidelines and performance expectations.~~

~~At the discretion of the SIB, the Fund's~~The SIB may also pool assets ~~may be pooled of this Fund~~ with other funds: ~~having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns.~~ In pooling ~~fund assets,~~ the SIB may establish whatever asset class pools it deems necessary ~~must ensure~~ compliance with specific quality, diversification, restrictions, and performance objectives appropriate to the prudent investor rule ~~the Prudent Investor Rule~~ and the objectives of ~~the funds~~all participating in the pools ~~funds~~.

~~The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, keeping, and terminating money managers. SIB investment responsibility also includes selecting performance measurement services, consultants, report formats, and frequency of meetings with managers.~~

The SIB will implement changes to this policy as promptly as is prudent.

Policy Type: TFFREnds

Policy Title: Investment Policy Statement

4. RISK TOLERANCE

The Board is unwilling to undertake investment strategies that might jeopardize the ability of the Fund to finance the pension benefits promised to plan participants.

However, funding the pension promise in an economical manner is critical to the State/School Districts ability to continue to provide pension benefits to plan participants. Thus, the Board actively seeks to lower the cost of funding the Plan's pension obligations by taking on risk for which it expects to be compensated over the long term. The Board understands that a prudent investment approach to risk taking can result in periods of under performance for the Fund in which the funding status may decline. These periods, in turn, can lead to higher required contribution rates. Nevertheless, the Board believes that such an approach, prudently implemented, best serves the long run interests of the State/School District and, therefore, of plan participants.

5. INVESTMENT OBJECTIVES

III. Investment Performance Objective

The Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five⁵ years.
- The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of five⁵ years.

IV. Asset Allocation

- 1) The risk-adjusted performance of the fund, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.

6. POLICY ASSET MIX

Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and Board establishes the Fund's asset allocation policy for, with input from consultants and RIO, based on an asset-liability study. Based on the most recent study, the management of fund assets. Asset following allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are was established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal. The asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and

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Policy Title: Investment Policy Statement

contribution rates. After consideration of all the inputs and a discussion of its own collective risk tolerance, the Board approves the will be reviewed periodically and updated when appropriate policy asset mix for the Fund.

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<u>Asset Class</u>	<u>Policy Target (%) Allocation</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
Global Equity	55%	45%	65%
-Public Equity	45.40%	34%	46%
-Private Equity	15%	10%	20%
Global Fixed Income	26%	19%	33%
-Investment Grade Fixed Income	18.16%	11%	21%
-Non-Investment Grade Fixed Income	8.25%	0%	6%
Global Real Assets Private Credit	18.75%	5%	10%
-Global Real Estate Assets	9.19%	10%	25%
-Other Real Estate	9.11%	5%	15%
Cash & Equivalents Other (Infrastructure/ Timber)	1.8%	0%	10%
Total Cash and Cash Equivalents	100.0%	0%	2%

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An allocation to Global Alternatives of up to 10% is authorized but shall not increase the expected volatility of the portfolio as measured in Section 5; and if utilized, all other targets will be adjusted pro rata. The Board does not endorse tactical asset allocation, therefore, it is anticipated the portfolio be managed as close to the policy target as is prudent and practicable while minimizing rebalancing costs. Rebalancing of the Fund to this target will be done in accordance with the SIB's rebalancing policy.

7. RESTRICTIONS

Corridor Benchmark/Allocations: Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

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The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

Corridor Guidelines:

- Private equity will be proxied with public equity.
- Private credit will be proxied with half public equity and half public investment grade fixed income.
- Private real assets will be proxied with half public equity and half public investment grade fixed income

Rebalancing: The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional "bets" in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

V. General Restrictions and Guidelines

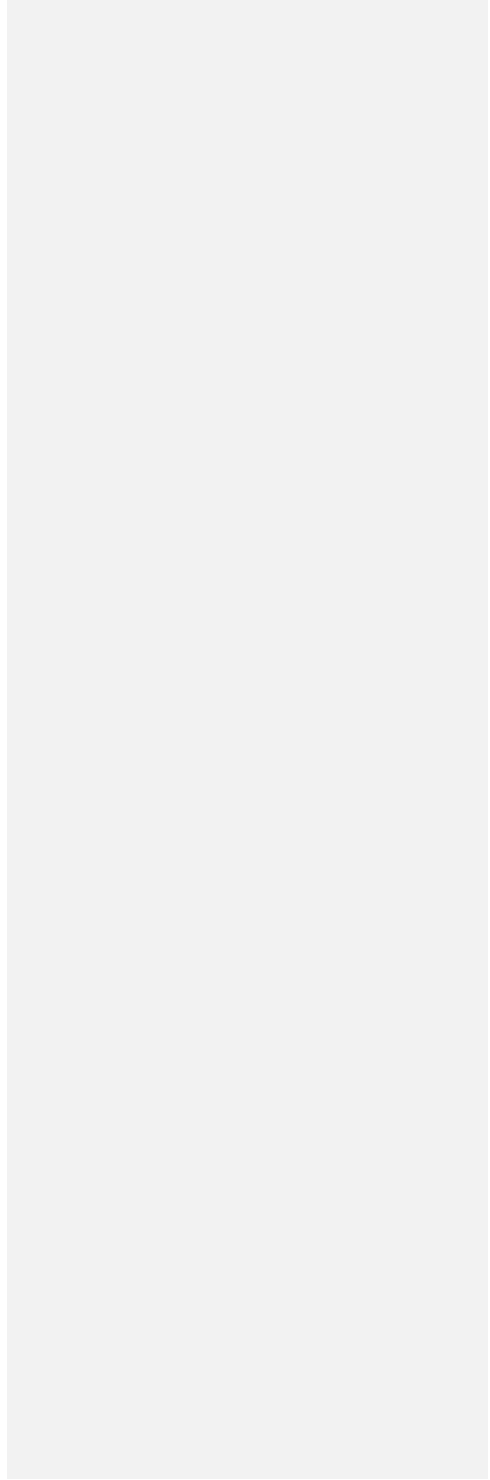
While the SIB is responsible for establishing specified determines quality, diversification, and performance standards for investments, the following restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that apply:

1. ~~Futures and options Derivatives~~ may be used to ~~hedge or manage and~~ replicate underlying index exposure, but ~~not~~ systematic exposures, for fund rebalancing, and for ~~speculation~~ risk management, which includes overlays (i.e. cash overlay program).
2. ~~Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.~~
- ~~2.3~~ Derivatives use will be monitored to ensure that undue risks are not taken ~~by the money managers.~~
- ~~3.4~~ No transaction shall be made which ~~threatens investment may jeopardize~~ the tax-exempt status of the Fund.
- ~~4.5~~ All assets will ~~must~~ be held in custody by the SIB's ~~SIB's~~ master custodian or ~~such other custodians as are acceptable to the SIB an approved sub-custodian.~~
 - a. ~~No unhedged short sales or speculative margin purchases shall be made.~~
- ~~5.6~~ Social investing ~~Investing~~ is prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk. (NDCC § 21-10-08.1).

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Policy Title: Investment Policy Statement

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Policy Title: Investment Policy Statement

- a. ~~For the purpose of this document,~~ Social Investing ~~Investment~~ is defined as "~~The~~the investment or commitment of public ~~pension fund money funds~~ for the purpose of obtaining an effect other than a maximized return ~~to the intended beneficiaries.~~"~~at a prudent level of risk to the state.~~" (NDCC § 21-10-08.1)

~~6.7.~~ Economically ~~targeted investing~~ Targeted Investing is prohibited unless ~~the investment it~~ meets the Exclusive Benefit Rule.

- a. ~~For the purpose of this document~~ economically targeted investment Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, ~~as well as to~~ and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Also, for Exclusive Benefit Rule

~~For~~ the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time ~~of investment of investment.~~
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar ~~task~~ risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the ~~plan~~ Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Board's policy favors investments ~~which that~~ will have a positive impact on the economy of North Dakota.

~~8.~~ INTERNAL CONTROLS

~~All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.~~

VI. Internal Controls

~~The SIB shall maintain a system of internal controls must be in place by the SIB designed to prevent losses loss of public funds arising from fraud or employee, error. Such, or mismanagement.~~

~~Key controls deemed most important are the separation of include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases from the, recording of and reconciling investment activity, and custodial safekeeping; of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.~~

~~Other critical controls include maintaining written confirmation of or electronic confirmations of all investment transactions; and established establishing formal criteria for broker relationships. The annual and trading~~

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Policy Title: Investment Policy Statement

~~counterparties. Annual financial audit must audits will~~ include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with the investment policy~~this Investment Policy.~~

9. EVALUATION AND REVIEW

VII. Investment management of the Fund Evaluation and Review

~~The Fund's performance will be evaluated against the Fund's~~ investment objectives. ~~Emphasis will be placed, with emphasis on five-rolling 5-year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.~~

~~Performance reports will be provided~~ Reports to the TFFR Board periodically, but not ~~(no less than annually. Such reports will include asset returns and allocation data as well as information regarding at)~~ will include:

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significant and/or material matters and changes pertaining to the investment of the Fund, including but not limited to:

- 1) A list of the advisory services managing investments for the board.
- 2) A list of investments at market value, compared to previous reporting period, of each fund managed by each advisory service.

1. A list of investment managers and their performance relative to benchmarks net of fees.

~~2.~~ Earnings, percentage earned; and change in market value of each fund's investments mandate.

- 3) Comparison of the performance of each fund managed by each advisory service to other funds under the board's control and to generally accepted market indicators.

3. Current portfolio allocations and performance summaries by asset class.

~~2.4.~~ All material legal or legislative proceedings affecting the SIB.

~~3.5.~~ Compliance with ~~this~~these investment policy statement goals, objectives and policies. A general market overview and market expectations.

TFFR Board Adopted: May 25, 1995.

Amended: November 30, 1995; August 21, 1997; July 15, 1999; July 27, 2000; September 18, 2003; July 14, 2005; September 21, 2006; September 20, 2007; October 27, 2011; September 26, 2013; January 21, 2016; September 21, 2017; January 25, 2018; November 19, 2020; April 22, 2021; July 22, 2021.

Approved by SIB: November 18, 2011; February 26, 2016; September 22, 2017;

February 23, 2018; November 20, 2020; May 21, 2021; October 28, 2022.

ND Teachers' Fund for Retirement _____ ND State Investment Board

11/07/2022

11/07/2022

Date:

Date:



Deputy Executive Director/ Chief Retirement Officer

Chad Roberts

Policy Type: TFFREnds

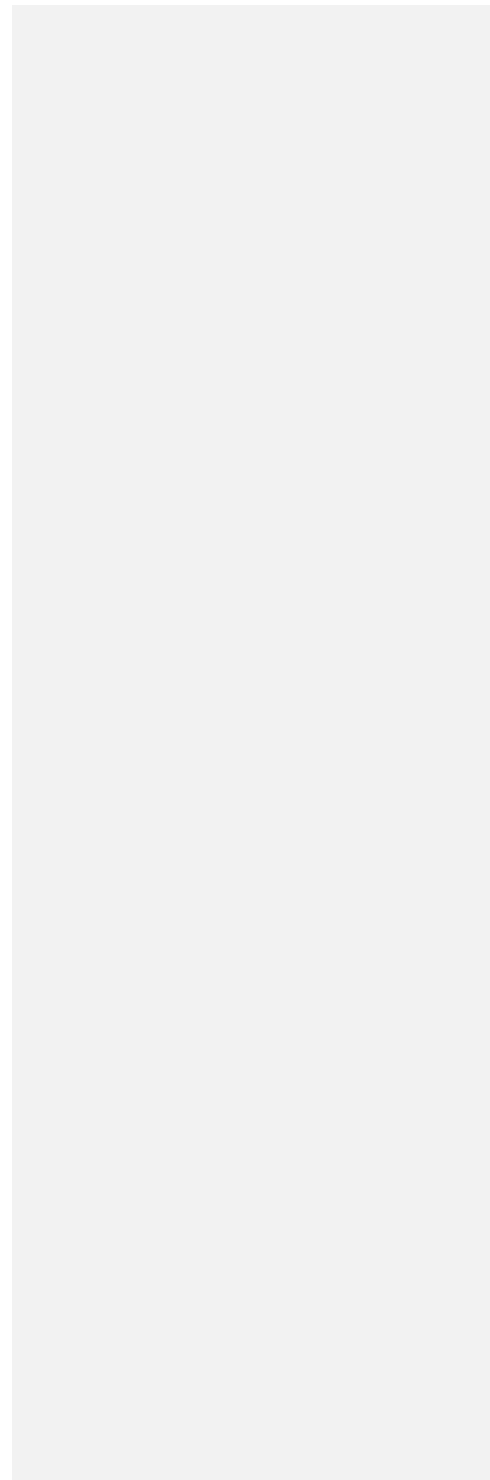
Janilyn K. Murtha

Janilyn K. Murtha (Nov 7, 2022 13:20 CST)

Policy Title: Investment Policy Statement

Jan Murtha
Executive Director

B-5.5



Policy Type: TFFREnds

Policy Title: Investment Policy Statement

TFFR IPS Update 22-10-28

Final Audit Report 2022-11-07

Created:	2022-11-01
By:	Emmatee.Riegler(eriegler@nd.gov)-Signed
Status:	GBJCHBCAABAuaJSGFJM_PJodDrEwpdxKXKIts0z-j

"TFFR IPS Update 22-10-28" History

-  Document created by Emmatee Riegler (eriegler@nd.gov)
2022-11-01 2:28:51 PM GMT
-  Document emailed to chad.roberts@nd.gov for signature
2022-11-01 2:29:44 PM GMT
-  Email viewed by chad.roberts@nd.gov
2022-11-07 4:01:44 PM GMT
-  Signer chad.roberts@nd.gov entered name at signing as Chad R Roberts
2022-11-07 4:35:47 PM GMT
-  Document e-signed by Chad R Roberts (chad.roberts@nd.gov)
Signature Date: 2022-11-07 4:35:49 PM GMT - Time Source: server
-  Document emailed to janilynmurtha@nd.gov for signature
2022-11-07 4:35:50 PM GMT
-  Email viewed by janilynmurtha@nd.gov
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-  Signer janilynmurtha@nd.gov entered name at signing as Janilyn K. Murtha

Policy Type: TFFREnds

Policy Title: Investment Policy Statement

2022-11-07 7:20:24 PM GMT

 Document e-signed by Janilyn K. Murtha (janilynmurtha@nd.gov)

Signature Date: 2022-11-07 7:20:26 PM GMT - Time Source: server

 Agreement completed:

2022-11-07 7:20:26 PM GMT

6. A review of fund progress and its asset allocation strategy.

 **Adobe Acrobat Sign**

7. Provide details of fees and costs (annually).

8. Changes/additions to benchmarks utilized to monitor the funds.

VIII. Withdrawals

1. **Routine Withdrawals:** The Client may withdraw up to 0.55% of total fund assets per month with a minimum of 3 business days' notice, subject to standard settlement timelines.
2. **Larger Withdrawals:** Withdrawals greater than 0.55% and up to 5% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
3. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

North Dakota Teachers' Fund for Retirement

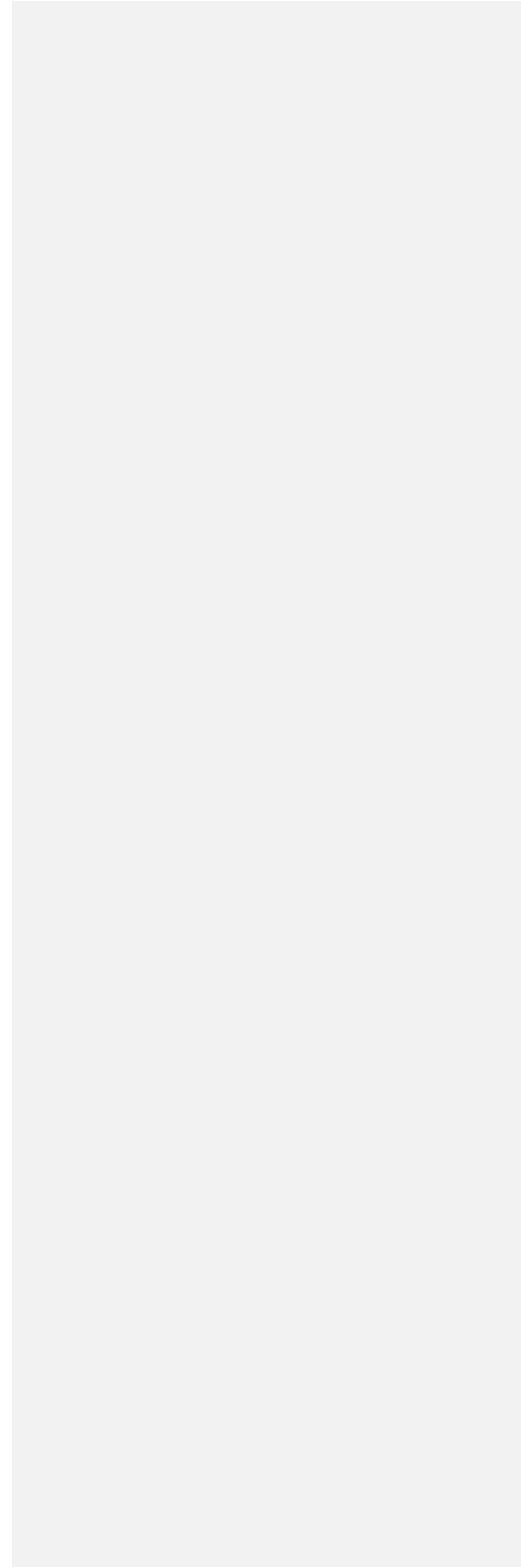
Scott M. Anderson,
Chief Investment Officer
North Dakota Retirement and Investment
Office

Policy Type: TFFREnds

Policy Title: Investment Policy Statement

Date:

Date:



INVESTMENT POLICY STATEMENT

North Dakota Teachers' Fund for Retirement

I. Plan and Fund Overview

The North Dakota Teachers' Fund for Retirement (TFFR) is a pension benefit plan established to provide retirement income to public school educators. The plan is administered by a Board of Trustees (the "Board").

The TFFR plan is a multi-employer defined benefit public pension plan that provides retirement, disability, and death benefits in accordance with North Dakota Century Code (NDCC) § 15-39.1.

The TFFR Board has an actuarial valuation performed annually and an Experience Study and Asset Liability Study performed every 5 years. As of July 1, 2025, the actuarial assumed rate of return on assets is 7.15%. Key plan and financial statistics are recorded in the most recent valuation report on file at the North Dakota Retirement and Investment Office (RIO).

Client Investment Objectives

Plan benefits are financed through both statutory employer and employee contributions and the investment earnings on assets held in the Fund.

The TFFR Board recognizes that a sound investment program is essential to meet the pension obligations. As a result, the Fund goals are to:

- Improve the Plan's funding status to protect and sustain current and future benefits.
- Minimize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status.
- Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefit.

The Board acknowledges the material impact that funding the pension plan has on the State/School District's financial performance. These goals affect the Fund's investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The Board places a greater emphasis on the strategy of improving the funding status and reducing the contributions that must be made to the Fund, as it is most

consistent with the long-term goal of conserving money to apply to other important state/local projects.

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under NDCC § 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the funds of this Plan. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

Delegation and Oversight

The SIB may delegate investment responsibility for all or part of a fund to professional money managers that meet established qualifications. When such delegation occurs, the SIB's role is supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.

The SIB may also pool assets of this Fund with other funds having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB must ensure compliance with the Prudent Investor Rule and the objectives of all participating funds.

III. Investment Performance Objective

The Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of 5 years.
- The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of 5 years.

IV. Asset Allocation

The TFFR Board establishes the Fund's asset allocation, with input from consultants and RIO, based on an asset-liability study. Based on the most recent study, the following allocation was established. The asset allocation will be reviewed periodically and updated when appropriate.

	Target Allocation	Minimum Allocation	Maximum Allocation
Global Equity	55%	45%	65%
Public Equity	40%	34%	46%
Private Equity	15%	10%	20%
Global Fixed Income	26%	19%	33%
Investment Grade Fixed Income	16%	11%	21%
Non-Investment Grade Fixed Income	2.5%	0%	6%
Private Credit	7.5%	5%	10%
Global Real Assets	19%	10%	25%
Real Estate	11%	5%	15%
Other (Infrastructure/ Timber)	8%	0%	10%
Cash and Cash Equivalents	0%	0%	2%

Corridor Benchmark/Allocations: Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid

nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

Corridor Guidelines:

- Private equity will be proxied with public equity.
- Private credit will be proxied with half public equity and half public investment grade fixed income.
- Private real assets will be proxied with half public equity and half public investment grade fixed income

Rebalancing: The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional "bets" in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

V. General Restrictions and Guidelines

While the SIB determines quality, diversification, and performance standards for investments, the following restrictions apply:

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
3. Derivatives use will be monitored to ensure that undue risks are not taken.
4. No investment may jeopardize the tax-exempt status of the Fund.
5. All assets must be held by the SIB's master custodian or an approved sub-custodian.
6. Social Investing is prohibited unless it meets the Exclusive Benefit Rule (NDCC § 21-10-08.1).

- a. Social Investment is defined as "the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state." (NDCC § 21-10-08.1)
7. Economically Targeted Investing is prohibited unless it meets the Exclusive Benefit Rule.
 - a. Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Exclusive Benefit Rule

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Board's policy favors investments that will have a positive impact on the economy of North Dakota.

All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.

VI. Internal Controls

The SIB shall maintain a system of internal controls designed to prevent loss of funds arising from fraud, error, or mismanagement.

Key controls include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases, recording and reconciling investment activity, and custodial safekeeping of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.

Other critical controls include maintaining written or electronic confirmations of all investment transactions and establishing formal criteria for broker relationships and trading counterparties. Annual financial audits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with this Investment Policy.

VII. Evaluation and Review

The Fund's performance will be evaluated against its investment objectives, with emphasis on rolling 5-year results. Reports to the TFFR Board (no less than annually) will include:

1. A list of investment managers and their performance relative to benchmarks net of fees.
2. Earnings, percentage earned and change in market value of each mandate.
3. Current portfolio allocations and performance summaries by asset class.
4. All material legal or legislative proceedings affecting the SIB.
5. Compliance with these investment goals, objectives and policies. A general market overview and market expectations.
6. A review of fund progress and its asset allocation strategy.
7. Provide details of fees and costs (annually).
8. Changes/additions to benchmarks utilized to monitor the funds.

VIII. Withdrawals

1. **Routine Withdrawals:** The Client may withdraw up to 0.55% of total fund assets per month with a minimum of 3 business days' notice, subject to standard settlement timelines.
2. **Larger Withdrawals:** Withdrawals greater than 0.55% and up to 5% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
3. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

North Dakota Teachers' Fund for Retirement

Scott M. Anderson,
Chief Investment Officer
North Dakota Retirement and Investment
Office

Date:

Date:

~~CITY OF GRAND FORKS PENSION PLAN~~ INVESTMENT POLICY STATEMENT

~~1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS~~

City of Grand Forks Pension Plan

I. Plan and Fund Overview

The City of Grand Forks Pension Fund (the "Fund") is operated by the Grand Forks City Council (the City Council) pursuant to the authority granted in the Grand Forks City Code Chapter 7.

The City of Grand Forks, North Dakota, Pension Plan (the "Plan") is a cost-sharing multiple employer public employee pension plan. All classified employees who earned at least ~~one~~¹ hour of service prior to January 1, 1996, are eligible to participate in the Plan. Some participants have elected to cease benefit accruals under the Plan as of June 30, 2008, and to participate in the North Dakota Public Employees Retirement System.

Benefit provisions are established by the City Council. The employers contribute such amounts as necessary to provide the promised benefits. The contribution amounts are determined by the annual actuarial valuation report and approved by the City Council.

~~2. FUND GOALS~~

~~The plan~~ Client Investment Objectives

Plan benefits are financed through both employer and employee contributions and the investment earnings on assets held in the Fund. The City Council recognizes that a sound investment program is essential to meet the pension obligations. As a result, the Fund goals are to:

- ~~As a result, the Fund goals are to:~~ Improve the Plan's funding status to protect and sustain current and future benefits.
- Minimize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status.

- Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefit.

The City Council acknowledges the material impact that funding the pension plan has on the City's financial performance. These goals affect the Fund's investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The City Council places greater emphasis on the strategy of improving the funding status and reducing the contributions that must be made to the Fund, as it is most consistent with the long-term goal of conserving money to apply to other important projects.

~~3. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)~~

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under North Dakota Century Code (NDCC) § 21-10. The City Council has entered into a contract with the SIB for investment services as allowed under NDCC § 21-10-06. The City Council is responsible for establishing policies on investment goals and asset allocation of the Fund. ~~The SIB is charged with implementing these policies~~The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

~~and investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent investor rule. Under this rule, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The Fund must be invested exclusively for the benefit of the members and their beneficiaries in accordance with this investment policy.~~

~~Management responsibility for the investment program not assigned to the SIB in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, who must establish written policies for the operation of the investment program, consistent with this investment policy.~~

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

Delegation and Oversight

The SIB may delegate investment responsibility for all or part of a fund to professional money managers. ~~Where a money manager has been retained that meet established qualifications. When such delegation occurs, the SIB's~~SIB's ~~role in determining investment strategy and security selection is supervisory, not rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.~~

~~At the discretion of the SIB, the Fund's~~The SIB may also pool ~~assets may be pooled of this Fund with other funds: having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns.~~ assets may be pooled of this Fund with other funds: having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. ~~In pooling funds~~fund assets, ~~the SIB may establish whatever asset class pools it deems necessary~~must ensure compliance with specific quality, diversification, restrictions, and performance objectives appropriate to the prudent investor rule~~the Prudent Investor Rule~~ and the objectives of the funds~~all participating in the pools~~funds.

~~The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, keeping, and terminating money managers. SIB investment responsibility also includes selecting performance measurement services, consultants, report formats, and frequency of meetings with managers.~~

~~The SIB will implement changes to this policy as promptly as is prudent.~~

~~4. RISK TOLERANCE~~

~~The City Council is unwilling to undertake investment strategies that might jeopardize the ability of the Fund to finance the pension benefits promised to plan participants. However, funding the pension promise in an economical manner is critical to the City Council's ability to continue to provide pension benefits to plan participants. Thus, the City Council actively seeks to lower the cost of funding the plan's pension obligations by taking on risk for which it expects to be compensated over the long term. The City Council understands that a prudent investment approach to risk taking can result in periods of under performance for the Fund in which the funding status may decline. These periods, in turn, can lead to higher required contribution rates. Nevertheless, the City Council believes that such an approach, prudently implemented, best serves the long-run interests of the City and, therefore, of plan participants.~~

~~5. INVESTMENT OBJECTIVES~~

III. The City Council's Investment Performance Objective

The City Council's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of ~~five~~5 years.
- The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of ~~five~~5 years.

IV. Asset Allocation

The ~~risk~~City Council establishes the Fund's asset allocation, with input from consultants and the Retirement and Investment Office (RIO), based on an asset-liability study. Based on the most recent study, the following allocation was established.

	<u>Target Allocation</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
<u>Global Equity</u>	<u>39.7%</u>	<u>30%</u>	<u>50%</u>
<u>Public Equity</u>	<u>34.7%</u>	<u>29%</u>	<u>41%</u>
<u>Private Equity</u>	<u>5%</u>	<u>0%</u>	<u>10%</u>
<u>Global Fixed Income</u>	<u>45.3%</u>	<u>39%</u>	<u>51%</u>
<u>Long Duration Fixed Income</u>	<u>42.5%</u>	<u>38.5%</u>	<u>47.5%</u>
<u>Private Credit</u>	<u>2.8%</u>	<u>0.5%</u>	<u>5.5%</u>
<u>Global Real Assets</u>	<u>14%</u>	<u>8%</u>	<u>20%</u>
<u>Real Estate</u>	<u>5.8%</u>	<u>0%</u>	<u>11%</u>
<u>Other (Infrastructure/ Timber)</u>	<u>8.2%</u>	<u>3%</u>	<u>13%</u>

Cash and Cash Equivalents	1%	0%	2%
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Corridor Benchmark/Allocations: Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund’s strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the fund, net assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

Corridor Guidelines:

- Private equity will be proxied with public equity.
- Private credit will be proxied with half public equity and half public investment grade fixed income.
- Private real assets will be proxied with half public equity and half public investment grade fixed income.

Rebalancing: The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of fees and expenses, should at least match that of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy benchmark over a statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional bets in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum evaluation period and maximum limits assigned. RIO’s rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

Glide Path: The overall goal of five-year the Plan shall be to manage the assets relative to the liability stream. Since the surplus/deficit of a Plan defines its risk and return characteristics, control of the Plan’s asset mix is the principal means of defining the Plan’s risk and return parameters. A liability-driven investment (LDI) glide path has been developed. The LDI glide path provides a systematic process for how the allocation of the Plan’s assets should evolve as the Plan’s funded status changes. As funded status triggers in the chart below are achieved, the allocation of the Plan’s assets should be transitioned to the corresponding asset allocation in the chart. The asset allocation ranges will also be adjusted to reflect the adjusted allocations. The

monitoring of the funded status of the Plan and these funded status triggers will be reviewed on at least an annual basis.

~~6. POLICY ASSET MIX~~

~~Benefit payments are projected to occur over a long period of time. This allows the City Council to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the City Council in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates. After consideration of all the inputs and a discussion of its own collective risk tolerance, the City Council approves the appropriate policy asset mix for the Fund.~~

<u>ASSET CLASS</u>	<u>POLICY TARGET %</u>
GLOBAL EQUITY	60
Public Equity	55
Private Equity	5
	24
GLOBAL FIXED INCOME	17
Investment Grade	7
Non-Investment Grade	
	15
	7
	8
GLOBAL REAL ASSETS	
Global Real Estate	
Other	

~~An allocation to Global Alternatives of up to 10% is authorized but shall not increase the expected volatility of the portfolio as measured in Section 5; and if utilized, all other targets will be adjusted pro-rata. The City Council does not endorse tactical asset allocation, therefore, it is anticipated the portfolio be managed as close to the policy target as is prudent and practicable while minimizing rebalancing costs. Rebalancing of the Fund to this target will be done in accordance with the S1B's rebalancing policy.~~

~~7. RESTRICTIONS~~

	70-79% Funding	80-84% Funding	85-89% Funding	90-94% Funding	95-99% Funding	>100% Funding
Global Equity	39.7%	38.5%	32%	25.5%	17.3%	10%
Public Equity	34.7%	34.1%	29.1%	24%	16.6%	10%
Private Equity	5%	4.4%	2.9%	1.5%	0.7%	0%
Global Fixed Income	45.3%	52.1%	61.4%	70.7%	80.4%	89%
Intermediate Duration Fixed Income	0%	0%	10%	20%	30%	39%
Long Duration Fixed Income	42.5%	50%	50%	50%	50%	50%
Private Credit	2.8%	2.1%	1.4%	0.7%	0.4%	0%
Global Real Assets	14%	8.4%	5.6%	2.8%	1.4%	0%
Real Estate	5.8%	3.5%	2.4%	1.2%	0.6%	0%
Other (Infra- structure/Timber)	8.2%	4.9%	3.2%	1.6%	0.8%	0%
Cash and Cash Equivalents	1%	1%	1%	1%	1%	1%

V. General Restrictions and Guidelines

While the SIB ~~is responsible for establishing specified~~determines quality, diversification, ~~restrictions,~~ and performance ~~objectives~~standards for investments, the investment vehicles following restrictions apply:

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
- ~~1.2.~~ Derivatives, short selling, and security margining may be used in which the Fund's assets will be invested, it is understood that: a manner consistent with approved manager guidelines.
- ~~a.~~ Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
- ~~2.3.~~ Derivatives use will be monitored to ensure that undue risks are not taken ~~by the money.~~

~~managers-~~

~~3.4. No transaction shall be made which threatens investment may jeopardize~~ the tax-exempt status of the Fund.

~~4.5. All assets will~~must be held ~~in custody~~ by the ~~SIB's~~SIB's master custodian or ~~such other custodians as are acceptable to the SIB~~an approved sub-custodian.

~~b. No unhedged short sales or speculative margin purchases shall be made.~~

~~5.6. Social investing~~Investing is prohibited unless it meets the ~~exclusive benefit rule, and it can be substantiated that the investment provides an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.~~Exclusive Benefit Rule (NDCC § 21-10-08.1).

- a. ~~For the purpose of this document, social investing~~Social Investment is defined as the ~~consideration of socially responsible criteria in the~~ investment or commitment of public ~~fund money~~funds for the purpose of obtaining an effect other than a maximized return ~~to the Fund; at a prudent level of risk to the state.~~ (NDCC § 21-10-08.1)

~~6.7. Economically targeted investing~~Targeted Investing is prohibited unless ~~the investment it~~ meets the Exclusive Benefit Rule.

- a. ~~For the purpose of this document economically targeted investment~~Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, ~~as well as to~~ and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

~~Also, for~~**Exclusive Benefit Rule**

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the ~~plan~~Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the City Council's policy favors investments ~~which~~that will have a positive impact on the economy of North Dakota.

~~8. INTERNAL CONTROLS~~

~~All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.~~

VI. Internal Controls

~~The SIB shall maintain a system of internal controls must be in place by the SIB designed to prevent lossesloss of public funds arising from fraud or employee error. Such, or mismanagement.~~

~~Key controls deemed most important are include the separationsegregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases from the, recording of and reconciling investment activity, and custodial safekeeping, of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.~~

~~Other critical controls include maintaining written confirmationor confirmations of all investment transactions; and establishedestablishing formal criteria for investment manager selection and monitoring. The annualbroker relationships and trading counterparties. Annual financial audit mustaudits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with the investment policythis Investment Policy.~~

~~9. EVALUATION AND REVIEW~~

VII. Investment management of the Fund Evaluation and Review

~~The Fund's performance will be evaluated against the Fund'sits investment objectives. Emphasis will be placed, with emphasis on rolling five-year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.~~

Performance reports will be provided Reports to the City Council periodically, but not (no less than annually. Such reports will include asset returns and allocation data as well as information regarding all significant and/or material matters and changes pertaining to the investment of the Fund, including, but not limited to) will include:

1. A list of the advisory services managing investments for the SIB:
 1. A list of investments at market value, compared investment managers and their performance relative to previous reporting period, of each account managed by each advisory service benchmarks
 2. Earnings, percentage earned, and change in market value of each account's investments mandate.
 2. Comparison of the performance of each account managed by each advisory service to other accounts under the SIB's control and to generally accepted market indicators.
 3. Current portfolio allocations and performance summaries by asset class
- 3.4. All material legal or legislative proceedings affecting the SIB.
- 4.5. Compliance with this investment policy statement.

City of Grand Forks Pension Fund

David Hunter, Executive Director/CIO

By: _____

By J1/4 JQsr

Date: 1/11/2017

Date: 1/31/2017

ATTEST: ~~JA A(U)AJA~~ JUW

Accepted: M:u'len Storstad
City Auditor

Grand Forks City Pension and Insurance Committee - March 19, 2018

VIII. State Investment Board - March 23, 2018 Grand Forks City Council - April 2, 2018 Withdrawals

1. **Routine Withdrawals:** The Client may withdraw up to 1.25% of total fund assets per month with a minimum of 3 business days' notice, subject to standard settlement timelines.
2. **Larger Withdrawals:** Withdrawals greater than 1.25% and up to 5% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
3. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

City of Grand Forks Pension Plan

Date:

Scott M. Anderson
Chief Investment Officer
North Dakota Retirement and Investment
Office

Date:

INVESTMENT POLICY STATEMENT

City of Grand Forks Pension Plan

I. Plan and Fund Overview

The City of Grand Forks Pension Fund (the Fund) is operated by the Grand Forks City Council (the City Council) pursuant to the authority granted in the Grand Forks City Code Chapter 7.

The City of Grand Forks, North Dakota, Pension Plan (the Plan) is a cost-sharing multiple employer public employee pension plan. All classified employees who earned at least 1 hour of service prior to January 1, 1996, are eligible to participate in the Plan. Some participants have elected to cease benefit accruals under the Plan as of June 30, 2008, and to participate in the North Dakota Public Employees Retirement System.

Benefit provisions are established by the City Council. The employers contribute such amounts as necessary to provide the promised benefits. The contribution amounts are determined by the annual actuarial valuation report and approved by the City Council.

Client Investment Objectives

Plan benefits are financed through both employer and employee contributions and the investment earnings on assets held in the Fund. The City Council recognizes that a sound investment program is essential to meet the pension obligations. As a result, the Fund goals are to:

- Improve the Plan's funding status to protect and sustain current and future benefits.
- Minimize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status.
- Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefit.

The City Council acknowledges the material impact that funding the pension plan has on the City's financial performance. These goals affect the Fund's investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The City Council places greater emphasis on the strategy of improving the funding status and

reducing the contributions that must be made to the Fund, as it is most consistent with the long-term goal of conserving money to apply to other important projects.

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under North Dakota Century Code (NDCC) § 21-10. The City Council has entered into a contract with the SIB for investment services as allowed under NDCC § 21-10-06. The City Council is responsible for establishing policies on investment goals and asset allocation of the Fund. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

Delegation and Oversight

The SIB may delegate investment responsibility for all or part of a fund to professional money managers that meet established qualifications. When such delegation occurs, the SIB's role is supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.

The SIB may also pool assets of this Fund with other funds having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB must ensure compliance with the Prudent Investor Rule and the objectives of all participating funds.

III. Investment Performance Objective

The City Council's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of 5 years.
- The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of 5 years.

IV. Asset Allocation

The City Council establishes the Fund's asset allocation, with input from consultants and the Retirement and Investment Office (RIO), based on an asset-liability study. Based on the most recent study, the following allocation was established.

	Target Allocation	Minimum Allocation	Maximum Allocation
Global Equity	39.7%	30%	50%
Public Equity	34.7%	29%	41%
Private Equity	5%	0%	10%
Global Fixed Income	45.3%	39%	51%
Long Duration Fixed Income	42.5%	38.5%	47.5%
Private Credit	2.8%	0.5%	5.5%
Global Real Assets	14%	8%	20%
Real Estate	5.8%	0%	11%
Other (Infrastructure/ Timber)	8.2%	3%	13%
Cash and Cash Equivalents	1%	0%	2%

Corridor Benchmark/Allocations: Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

Corridor Guidelines:

- Private equity will be proxied with public equity.
- Private credit will be proxied with half public equity and half public investment grade fixed income.
- Private real assets will be proxied with half public equity and half public investment grade fixed income.

Rebalancing: The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional bets in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

Glide Path: The overall goal of the Plan shall be to manage the assets relative to the liability stream. Since the surplus/deficit of a Plan defines its risk and return characteristics, control of the Plan's asset mix is the principal means of defining the Plan's risk and return parameters. A liability-driven investment (LDI) glide path has been developed. The LDI glide path provides a systematic process for how the allocation of the Plan's assets should evolve as the Plan's funded status changes. As funded status triggers in the chart below are achieved, the allocation of the Plan's assets should be transitioned to the corresponding asset allocation in the chart. The asset allocation ranges will also be adjusted to reflect the adjusted allocations. The monitoring of the funded status of the Plan and these funded status triggers will be reviewed on at least an annual basis.

	70-79% Funding	80-84% Funding	85-89% Funding	90-94% Funding	95-99% Funding	>100% Funding
Global Equity	39.7%	38.5%	32%	25.5%	17.3%	10%
Public Equity	34.7%	34.1%	29.1%	24%	16.6%	10%
Private Equity	5%	4.4%	2.9%	1.5%	0.7%	0%
Global Fixed Income	45.3%	52.1%	61.4%	70.7%	80.4%	89%
Intermediate Duration Fixed Income	0%	0%	10%	20%	30%	39%

Long Duration Fixed Income	42.5%	50%	50%	50%	50%	50%
Private Credit	2.8%	2.1%	1.4%	0.7%	0.4%	0%
Global Real Assets	14%	8.4%	5.6%	2.8%	1.4%	0%
Real Estate	5.8%	3.5%	2.4%	1.2%	0.6%	0%
Other (Infra-structure/Timber)	8.2%	4.9%	3.2%	1.6%	0.8%	0%
Cash and Cash Equivalents	1%	1%	1%	1%	1%	1%

V. General Restrictions and Guidelines

While the SIB determines quality, diversification, and performance standards for investments, the following restrictions apply:

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
3. Derivatives use will be monitored to ensure that undue risks are not taken.
4. No investment may jeopardize the tax-exempt status of the Fund.
5. All assets must be held by the SIB’s master custodian or an approved sub-custodian.
6. Social Investing is prohibited unless it meets the Exclusive Benefit Rule (NDCC § 21-10-08.1).
 - a. Social Investment is defined as the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state. (NDCC § 21-10-08.1)
7. Economically Targeted Investing is prohibited unless it meets the Exclusive Benefit Rule.
 - a. Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Exclusive Benefit Rule

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.

2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the City Council's policy favors investments that will have a positive impact on the economy of North Dakota.

All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.

VI. Internal Controls

The SIB shall maintain a system of internal controls designed to prevent loss of funds arising from fraud, error, or mismanagement.

Key controls include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases, recording and reconciling investment activity, and custodial safekeeping of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.

Other critical controls include maintaining written or confirmations of all investment transactions and establishing formal criteria for broker relationships and trading counterparties. Annual financial audits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with this Investment Policy.

VII. Evaluation and Review

The Fund's performance will be evaluated against its investment objectives, with emphasis on rolling five-year results. Reports to the City Council (no less than annually) will include:

1. A list of investment managers and their performance relative to benchmarks
2. Earnings, percentage earned, and change in market value of each mandate.
3. Current portfolio allocations and performance summaries by asset class
4. All material legal or legislative proceedings affecting the SIB.
5. Compliance with this investment policy statement.

VIII. Withdrawals

1. **Routine Withdrawals:** The Client may withdraw up to 1.25% of total fund assets per month with a minimum of 3 business days' notice, subject to standard settlement timelines.
2. **Larger Withdrawals:** Withdrawals greater than 1.25% and up to 5% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
3. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

City of Grand Forks Pension Plan

Date:

Scott M. Anderson
Chief Investment Officer
North Dakota Retirement and Investment
Office

Date:

PARK DISTRICT OF THE CITY OF GRAND FORKS INVESTMENT POLICY STATEMENT

1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS

Park District of the City of Grand Forks

I. Plan and Fund Overview

The Park District of the City of Grand Forks, North Dakota Pension Plan (the "Plan") is a cost-sharing public employee pension plan operated by the Park District of the City of Grand Forks, North Dakota (the "District"), which serves as the Plan Administrator ("Administrator") and Plan Sponsor ("Sponsor"). All employees are required to participate in the Plan. Some participants have elected to cease benefit accruals under the Plan as of January 1, 2010, and to participate in the North Dakota Public Employees Retirement System ("NDPERS") pension plan. All future hires after December 31, 2009, will be required to participate in the NDPERS plan.

The investment assets of the Plan are held within the Plan Fund ("Fund").

Benefit provisions are established by the Park Board ("Board") of the Sponsor. The employers contribute such amounts as necessary to provide the promised benefits. The contribution amounts are determined by the annual actuarial valuation report and approved by the Board.

2. FUND GOALS

Client Investment Objectives

Plan benefits are financed through both employer and employee contributions and the investment earnings on assets held in the Fund. ~~The Board recognizes that a sound investment program is essential to meet the pension obligations.~~

The Board recognizes that a sound investment program is essential to meet the pension obligations. As a result, the Fund goals are to:

- Improve the Plan's funding status to protect and sustain current and future benefits.
- Minimize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status.

- Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefit.

The Board acknowledges the material impact that funding the pension plan has on the District's financial performance. These goals affect the Fund's investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The Board places greater emphasis on the strategy of improving the funding status and reducing the contributions that must be made to the Fund, as it is most consistent with the long-term goal of conserving money to apply to other important projects.

~~3. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)~~

II. Responsibilities and Discretion of the State Investment Board (SIB)

The State Investment Board (SIB) is established under North Dakota Century Code (NDCC) § 21-10. The Board has entered into a contract with the SIB for investment services as allowed under NDCC § 21-10-06. The Board is responsible for establishing policies on investment goals and asset allocation of the Fund. ~~The SIB is charged with implementing these policies and investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent investor rule. Under this rule, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.~~

~~that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The Fund must be invested exclusively for the benefit of the members and their beneficiaries in accordance with this investment policy.~~

~~Management responsibility for the investment program not assigned to the SIB in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, who must establish written policies for the operation of the investment program, consistent with this investment policy.~~

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- ~~• Implement investment policies and asset allocations established by each fund's governing body.~~
- ~~• Approve investment guidelines, procedures, and permissible securities for the funds under its management.~~
- ~~• Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.~~
- ~~• Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.~~
- ~~• Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.~~

Delegation and Oversight

The SIB may delegate investment responsibility ~~for all or part of a fund~~ to professional money managers. ~~Where a money manager has been retained that meet established qualifications. When such delegation occurs, the SIB's/SIB's role in determining investment strategy and security selection is supervisory, not rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.~~

~~At the discretion of the SIB, the Fund's~~The SIB may also pool assets ~~may be pooled of this Fund with other funds: having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns.~~ In pooling funds~~fund assets~~, the SIB ~~may establish whatever asset class pools it deems necessary~~must ensure compliance with specific quality, diversification, restrictions, and performance objectives appropriate to the prudent investor rule~~the Prudent Investor Rule~~ and the objectives of the funds~~all~~ participating in the pools~~funds~~.

~~The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, keeping, and terminating money managers. SIB investment responsibility also includes selecting performance measurement services, consultants, report formats, and frequency of meetings with managers.~~

~~The SIB will implement changes to this policy as promptly as is prudent.~~

Page 3

4. RISK TOLERANCE

~~The Board is unwilling to undertake investment strategies that might jeopardize the ability of the Fund to finance the pension benefits promised to plan participants. However, funding the pension promise in an economical manner is critical to the Board's ability to continue to provide pension benefits to plan participants. Thus, the Board actively seeks to lower the cost of funding the plan's pension obligations by taking on risk for which it expects to be compensated over the long term.~~

~~The Board understands that a prudent investment approach to risk taking can result in periods of under-performance for the Fund in which the funding status may decline. These periods, in turn, can lead to higher required contribution rates. Nevertheless, the Board believes that such an approach, prudently implemented, best serves the long-run interests of the District and, therefore, of plan participants.~~

5. INVESTMENT OBJECTIVES

III. Investment Performance Objective

The Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.
- The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of five years.

IV. Asset Allocation

~~1. The risk-adjusted performance of the fund, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.~~

6. POLICY ASSET MIX

Benefit payments are projected to occur over a long period of time. This allows the Board to adopt a long-term investment horizon and establishes the Fund's asset allocation policy for, with input from consultants and the Retirement and Investment Office (RIO), based on an asset-liability study. Based on the most recent study, the management of fund assets. Asset following allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are was established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates. After consideration of all the inputs and a discussion of its own collective risk tolerance, the Board approves the appropriate policy asset mix for the Fund.

Asset Class	Policy Target (%)	Minimum Allocation	Maximum Allocation
Global Equity	54.535.3%	25%	45%
Domestic Public Equity	27.024.3%	22.018%	30%
Large			5.0
Small International Equity		20.0	10.0
Developed			16%
Emerging	7.511%	10.06%	16%
Private Equity			
Global Fixed Income	25.5-45.1%	18.039%	51%
Investment Grade			
Long Duration Fixed Income	45%	40%	50%
Non-Investment Grade Private Credit	0.1%	0%	72.5%
Global Real Assets	20.018.6%	10.013%	25%
Infrastructure Timber			
Private Real Estate	8.1%	10.02%	14%
Other (Infrastructure/Timber)	10.5%	5%	15%
Cash and Cash Equivalents	1%	0%	2%

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Corridor Benchmark/Allocations: Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology.

Global Equity	35.3%	34%	27.8%	21.5%	15.3%	10%
Public Equity	24.3%	25.2%	21.2%	17.1%	13.1%	10%
Private Equity	11%	8.8%	6.6%	4.4%	2.2%	0%
Global Fixed Income	45.1%	50.1%	60.1%	70%	80%	89%
Intermediate Duration Fixed Income	0%	0%	10%	20%	30%	39%
Long Duration Fixed Income	45%	50%	50%	50%	50%	50%
Private Credit	0.1%	0.1%	0.1%	0%	0%	0%
Global Real Assets	18.6%	14.9%	11.2%	7.4%	3.7%	0%
Real Estate	8.1%	6.5%	4.8%	3.3%	1.6%	0%
Other (Infrastructure/ Timber)	10.5%	8.4%	6.4%	4.1%	2.1%	0%
Cash and Cash Equivalents	1%	1%	1%	1%	1%	1%

V. General Restrictions and Guidelines

While the SIB is responsible for establishing specific determines quality, diversification, restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that standards for investments, the following restrictions apply:

1. Futures and options Derivatives may be used to hedge or manage and replicate underlying index exposure, but not systematic exposures, for speculation, fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
- 2.3 Derivatives use will be monitored to ensure that undue risks are not taken by the money managers.
- 3.4 No transaction shall be made which threatens investment may jeopardize the tax-exempt status of the Fund.
- 4.5 All assets will must be held in custody by the SIB's SIB's master custodian or such other custodians as are acceptable to the SIB.
 - a. No unhedged short sales or speculative margin purchases shall be made.

~~5.6. Social investing~~Investing is prohibited unless it meets the ~~exclusive benefit rule, and it can be substantiated that the investment provides an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.~~Exclusive Benefit Rule (NDCC § 21-10-08.1).

- a. ~~For the purpose of this document, social investing~~Social Investment is defined as ~~the consideration of socially responsible criteria in the "the~~ investment or commitment of public ~~fund money~~funds for the purpose of obtaining an effect other than a maximized return ~~to the Fund; at a prudent level of risk to the state."~~(NDCC § 21-10-08.1)

~~6.7. Economically targeted investing~~Targeted Investing is prohibited unless ~~the investment~~it meets the Exclusive Benefit Rule.

- a. ~~For the purpose of this document economically targeted investment~~Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved; ~~as well as to~~ and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Also, for**Exclusive Benefit Rule**

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the ~~plan~~Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Board's policy favors investments ~~which~~that will have a positive impact on the economy of North Dakota.

8. INTERNAL CONTROLS

~~All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.~~

VI. Internal Controls

The SIB shall maintain a system of internal controls ~~must be in place by the SIB designed~~ to prevent ~~losses~~ loss of public funds arising from fraud ~~or employee~~ error. ~~Such or~~ mismanagement.

Key controls ~~deemed most important are the separation of~~ include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. ~~Specifically, the~~ responsibilities for initiating investment purchases ~~from the,~~ recording ~~of and reconciling~~ investment activity, and custodial safekeeping; of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.

Other critical controls include maintaining written ~~confirmation or confirmations~~ of all investment transactions; and ~~established~~ establishing formal criteria for ~~investment manager selection and monitoring.~~ The annual broker relationships and trading counterparties. Annual financial ~~audit must~~ audits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with ~~the investment policy~~ this Investment Policy.

9. EVALUATION AND REVIEW

VII. Investment management of the Fund Evaluation and Review

~~The Fund's performance will be evaluated against the Fund's investment objectives. Emphasis will be placed, with emphasis on rolling five-year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.~~

~~Performance reports will be provided~~ Reports to the Board ~~periodically, but not~~ (no less than annually. ~~Such reports will include asset returns and allocation data as well as information regarding all significant and/or material matters and changes pertaining to the investment of the Fund, including, but not limited to) will include:~~

- ~~1.—A list of the advisory services managing investments for the SIB:~~
1. A list of investments at market value, ~~compared~~ investment managers and their performance relative to previous reporting period, of each account managed by each advisory ~~service~~ benchmarks.
2. Earnings, percentage earned; and change in market value of each ~~account's~~ investments mandate.

2.—Comparison of the performance of each account managed by each advisory service to other accounts under the SIB's control and to generally accepted market indicators.

3. Current portfolio allocations and performance summaries by asset class.

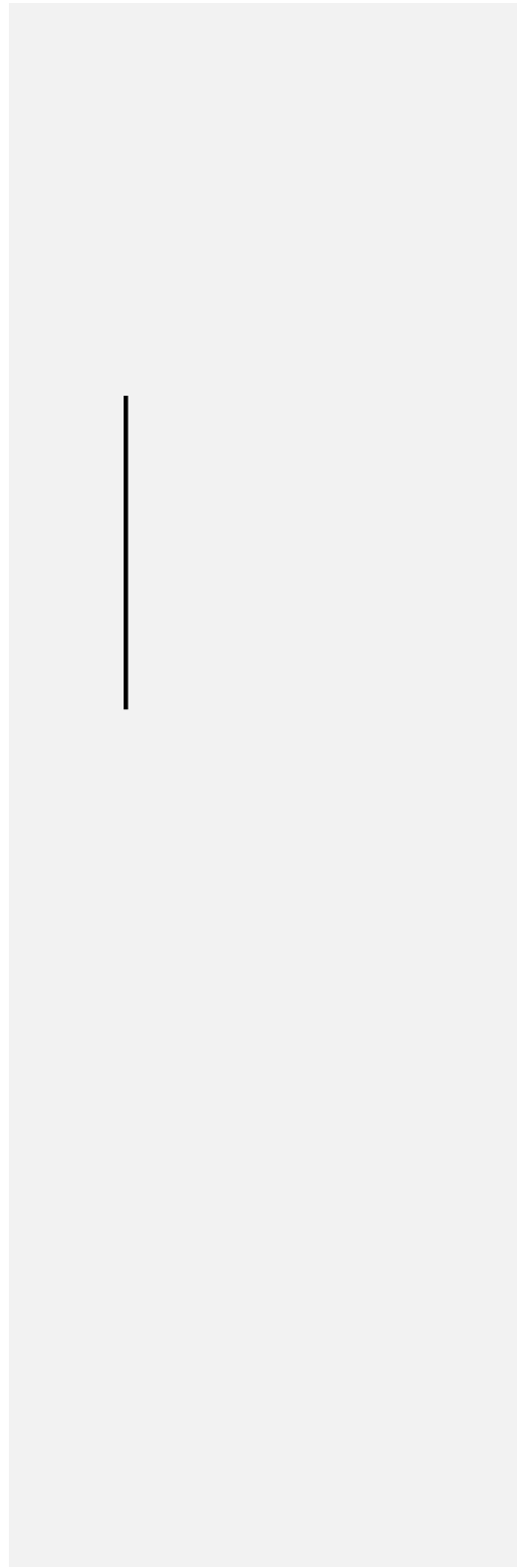
3.4. All material legal or legislative proceedings affecting the SIB.

4.5. Compliance with this investment policy statement.

Trustee for the Park District of the City of Grand Forks, North Dakota Pension Plan

By: _____, _____

Date: 04/27/2020



David J. Hunter Executive Director/CIO

Retirement Office

VIII. By: [Signature] Date: [u/Let/Y] #Withdrawals

1. **Routine Withdrawals:** The Client may withdraw up to 1% of total fund assets per month with a minimum of 3 business days' notice, subject to standard settlement timelines.
2. **Larger Withdrawals:** Withdrawals greater than 1% and up to 5% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
3. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

Trustee for the Park District of the City of
Grand Forks, North Dakota Pension Plan

Scott M. Anderson
Chief Investment Officer
North Dakota Retirement and Investment
Office

Date:

Date:

INVESTMENT POLICY STATEMENT

Park District of the City of Grand Forks

I. Plan and Fund Overview

The Park District of the City of Grand Forks, North Dakota, Pension Plan (the Plan) is a cost-sharing public employee pension plan operated by the Park District of the City of Grand Forks, North Dakota (the District), which serves as the Plan Administrator (Administrator) and Plan Sponsor (Sponsor). All employees are required to participate in the Plan. Some participants have elected to cease benefit accruals under the Plan as of January 1, 2010, and to participate in the North Dakota Public Employees Retirement System (NDPERS) pension plan. All future hires after December 31, 2009, are required to participate in the NDPERS plan.

The investment assets of the Plan are held within the Plan Fund ("Fund").

Benefit provisions are established by the Park Board (Board) of the Sponsor. The employers contribute such amounts as necessary to provide the promised benefits. The contribution amounts are determined by the annual actuarial valuation report and approved by the Board.

Client Investment Objectives

Plan benefits are financed through both employer and employee contributions and the investment earnings on assets held in the Fund.

The Board recognizes that a sound investment program is essential to meet the pension obligations. As a result, the Fund goals are to:

- Improve the Plan's funding status to protect and sustain current and future benefits.
- Minimize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status.
- Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefit.

The Board acknowledges the material impact that funding the pension plan has on the District's financial performance. These goals affect the Fund's investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The Board places greater emphasis on the strategy of improving the funding status and

reducing the contributions that must be made to the Fund, as it is most consistent with the long-term goal of conserving money to apply to other important projects.

II. Responsibilities and Discretion of the State Investment Board (SIB)

The State Investment Board (SIB) is established under North Dakota Century Code (NDCC) § 21-10. The Board has entered into a contract with the SIB for investment services as allowed under NDCC § 21-10-06. The Board is responsible for establishing policies on investment goals and asset allocation of the Fund. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

Delegation and Oversight

The SIB may delegate investment responsibility for all or part of a fund to professional money managers that meet established qualifications. When such delegation occurs, the SIB's role is supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.

The SIB may also pool assets of this Fund with other funds having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB must ensure compliance with the Prudent Investor Rule and the objectives of all participating funds.

III. Investment Performance Objective

The Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.
- The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of five years.

IV. Asset Allocation

The Board establishes the Fund's asset allocation, with input from consultants and the Retirement and Investment Office (RIO), based on an asset-liability study. Based on the most recent study, the following allocation was established.

	Target Allocation	Minimum Allocation	Maximum Allocation
Global Equity	35.3%	25%	45%
Public Equity	24.3%	18%	30%
Private Equity	11%	6%	16%
Global Fixed Income	45.1%	39%	51%
Long Duration Fixed Income	45%	40%	50%
Private Credit	0.1%	0%	2.5%
Global Real Assets	18.6%	13%	25%
Real Estate	8.1%	2%	14%
Other (Infrastructure/Timber)	10.5%	5%	15%
Cash and Cash Equivalents	1%	0%	2%

Corridor Benchmark/Allocations: Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

Corridor Guidelines:

- Private equity will be proxied with public equity.
- Private credit will be proxied with half public equity and half public investment grade fixed income.
- Private real assets will be proxied with half public equity and half public investment grade fixed income.

Rebalancing: The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional "bets" in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

Glide Path: The overall goal of the Plan shall be to manage the assets relative to the liability stream. Since the surplus/deficit of a Plan defines its risk and return characteristics, control of the Plan's asset mix is the principal means of defining the Plan's risk and return parameters. A liability-driven investment ("LDI") glide path has been developed. The LDI glide path provides a systematic process for how the allocation of the Plan's assets should evolve as the Plan's funded status changes. As funded status triggers in the chart below are achieved, the allocation of the Plan's assets should be transitioned to the corresponding asset allocation in the chart. The asset allocation ranges will also be adjusted to reflect the adjusted allocations. The monitoring of the funded status of the Plan and these funded status triggers will be reviewed on at least an annual basis.

	70-79% Funding	80-84% Funding	85-89% Funding	90-94% Funding	95-99% Funding	>100% Funding
Global Equity	35.3%	34%	27.8%	21.5%	15.3%	10%
Public Equity	24.3%	25.2%	21.2%	17.1%	13.1%	10%
Private Equity	11%	8.8%	6.6%	4.4%	2.2%	0%
Global Fixed Income	45.1%	50.1%	60.1%	70%	80%	89%

Intermediate Duration Fixed Income	0%	0%	10%	20%	30%	39%
Long Duration Fixed Income	45%	50%	50%	50%	50%	50%
Private Credit	0.1%	0.1%	0.1%	0%	0%	0%
Global Real Assets	18.6%	14.9%	11.2%	7.4%	3.7%	0%
Real Estate	8.1%	6.5%	4.8%	3.3%	1.6%	0%
Other (Infrastructure/Timber)	10.5%	8.4%	6.4%	4.1%	2.1%	0%
Cash and Cash Equivalents	1%	1%	1%	1%	1%	1%

V. General Restrictions and Guidelines

While the SIB determines quality, diversification, and performance standards for investments, the following restrictions apply:

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
3. Derivatives use will be monitored to ensure that undue risks are not taken.
4. No investment may jeopardize the tax-exempt status of the Fund.
5. All assets must be held by the SIB's master custodian or an approved sub-custodian.
6. Social Investing is prohibited unless it meets the Exclusive Benefit Rule (NDCC § 21-10-08.1).
 - a. Social Investment is defined as "the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state." (NDCC § 21-10-08.1)
7. Economically Targeted Investing is prohibited unless it meets the Exclusive Benefit Rule.
 - a. Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Exclusive Benefit Rule

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Board's policy favors investments that will have a positive impact on the economy of North Dakota.

All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.

VI. Internal Controls

The SIB shall maintain a system of internal controls designed to prevent loss of funds arising from fraud, error, or mismanagement.

Key controls include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases, recording and reconciling investment activity, and custodial safekeeping of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.

Other critical controls include maintaining written or confirmations of all investment transactions and establishing formal criteria for broker relationships and trading counterparties. Annual financial audits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with this Investment Policy.

VII. Evaluation and Review

The Fund's performance will be evaluated against its investment objectives, with emphasis on rolling five-year results. Reports to the Board (no less than annually) will include:

1. A list of investment managers and their performance relative to benchmarks.
2. Earnings, percentage earned and change in market value of each mandate.
3. Current portfolio allocations and performance summaries by asset class.
4. All material legal or legislative proceedings affecting the SIB.

5. Compliance with this investment policy statement.

VIII. Withdrawals

1. **Routine Withdrawals:** The Client may withdraw up to 1% of total fund assets per month with a minimum of 3 business days' notice, subject to standard settlement timelines.
2. **Larger Withdrawals:** Withdrawals greater than 1% and up to 5% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
3. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

Trustee for the Park District of the City of
Grand Forks, North Dakota Pension Plan

Scott M. Anderson
Chief Investment Officer
North Dakota Retirement and Investment
Office

Date:

Date:

~~CITY OF BISMARCK POLICE PENSION PLAN~~ INVESTMENT POLICY STATEMENT

~~1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS~~

City of Bismarck Police Pension Plan

I. Plan and Fund Overview

The Bismarck, North Dakota City Police Pension Plan (BCPPP or the Plan) is the pension benefit plan (Fund) established for the cityCity of Bismarck, North Dakota, police. The Fund is administered by the Bismarck City Police Pension Plan Board of Trustees- (Board).

The Fund is a defined benefit pension plan maintained to provide retirement benefits, and/or death benefits as may be the case, to the participants in accordance with Chapter 9-08 of the cityCity of Bismarck Code of Ordinance (1986 revised).

The Fund is administered in accordance with IRS and Treasury Regulations. The Fund was established to provide benefits to members eligible to receive them in accordance with the provisions of the Fund.

~~2. FUND GOALS~~

~~The plan~~Client Investment Objectives

Plan benefits are financed through both employer and employee contributions and the investment earnings on assets held in the Fund. The BCPBP Board recognizes that a sound investment program is essential to meet the pension obligations. As a result, the Fund goals are to:

- ~~As a result, the Fund goals are to:~~ Improve the Plan'sPlan's funding status to protect and sustain current and future benefits.
- Minimize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the Plan'sPlan's funding status.
- Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefit.

The BCPBP Board acknowledges the material impact that funding the pension plan has on the City'sCity's financial performance. These goals affect the Fund'sFund's investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The BCPBP Board places greater emphasis on the strategy of improving the funding status and reducing the contributions that must be made to the

Fund, as it is most consistent with the long-term goal of conserving money to apply to other important projects.

3.- RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB).

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under North Dakota Century Code (NDCC) § 21-10. The BCPPP Board has entered into a contract with the SIB for investment services as allowed under NDCC § 21-10-06. The BCPPP Board is responsible for establishing policies on investment goals and asset allocation of the Fund. ~~The SIB is charged with implementing these policies and investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent investor rule. Under this rule, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and~~ The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

~~intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The Fund must be invested exclusively for the benefit of the members and their beneficiaries in accordance with this investment policy.~~

~~Management responsibility for the investment program not assigned to the SIB in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, who must establish written policies for the operation of the investment program, consistent with this investment policy.~~

~~Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:~~

- ~~• Implement investment policies and asset allocations established by each fund's governing body.~~
- ~~• Approve investment guidelines, procedures, and permissible securities for the funds under its management.~~
- ~~• Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.~~
- ~~• Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.~~
- ~~• Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.~~

Delegation and Oversight

~~The SIB may delegate investment responsibility for all or part of a fund to professional money managers. Where a money manager has been retained that meet established qualifications. When such delegation occurs, the SIB's role in determining investment strategy and security selection is supervisory, not rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.~~

~~At the discretion of the SIB, the Fund's assets may be pooled of this Fund with other funds, having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB may establish whatever asset class pools it deems necessary must ensure compliance with specific quality, diversification, restrictions, and performance objectives appropriate to the prudent investor rule the Prudent Investor Rule and the objectives of the funds all participating in the pools.~~

~~The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, keeping, and terminating money managers. SIB investment responsibility also includes selecting performance measurement services, consultants, report formats, and frequency of meetings with managers.~~

~~The SIB will implement changes to this policy as promptly as is prudent.~~

4. RISK TOLERANCE

~~The BCPPP Board is unwilling to undertake investment strategies that might jeopardize the ability of the Fund to finance the pension benefits promised to plan participants.~~

~~However, funding the pension promise in an economical manner is critical to the City's ability to continue to provide pension benefits to plan participants. Thus, the BCPPP Board actively seeks to lower the cost of funding the plan's pension obligations by taking on risk for which it expects to be compensated over the long term. The BCPPP Board understands that a prudent investment approach to risk taking can result in periods of under performance for the Fund in which the funding status may decline. These periods, in turn, can lead to higher required contribution rates. Nevertheless, the BCPPP Board believes that such an approach, prudently implemented, best serves the long-run interests of the City and, therefore, of plan participants.~~

~~5. INVESTMENT OBJECTIVES~~

~~III. The BC P PP Board's Investment Performance Objective~~

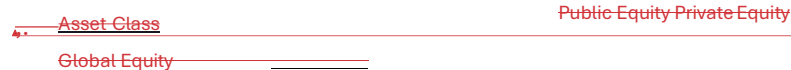
~~The BCPPP Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.~~

- ~~• The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.~~
- ~~• The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of five years.~~

~~1) The risk adjusted performance of the fund, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.~~

~~6. POLICY ASSET MIX~~

~~Benefit payments are projected to occur over a long period of time. This allows BCPPP Board to adopt a long term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset liability analysis designed to assist the BCPPP Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates. After consideration of all the inputs and a discussion of its own collective risk tolerance, the BCPPP Board approves the appropriate policy asset mix for the Fund.~~



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	51
Policy Target(%)	46
	5
Global Fixed Income	29
Investment Grade	22
Non-Investment Grade	7
Global Real Assets	20
Global Real Estate	12
Other	8

~~An allocation to Global Alternatives of up to 10% is authorized but shall not increase the expected volatility of the portfolio as measured in Section 5; and if utilized, all other targets will be adjusted pro rata. The BCPPP Board does not endorse tactical asset allocation; therefore, it is anticipated the portfolio be managed as close to the policy target as is prudent and practicable while minimizing rebalancing costs. Rebalancing of the Fund to this target will be done in accordance with the SIB's rebalancing policy.~~

7. RESTRICTIONS

While the SIB is responsible for establishing specific quality, diversification, restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that:

- a.—Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.

IV. Asset Allocation

The BCPPP Board establishes the Fund's asset allocation, with input from consultants and the Retirement and Investment Office (RIO), based on an asset-liability study. Based on the most recent study, the following allocation was established. The asset allocation will be reviewed periodically and updated when appropriate.

	Target Allocation	Minimum Allocation	Maximum Allocation
Global Equity	55%	45%	65%
Public Equity	40%	34%	46%
Private Equity	15%	10%	20%
Global Fixed Income	26%	19%	33%
Investment Grade Fixed Income	16%	11%	21%
Non-Investment Grade Fixed Income	2.5%	0%	6%
Private Credit	7.5%	5%	10%
Global Real Assets	19%	10%	25%
Real Estate	11%	5%	15%
Other (Infrastructure/ Timber)	8%	0%	10%
Cash and Cash Equivalents	0%	0%	2%

Corridor Benchmark/Allocations: Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

Corridor Guidelines:

- Private equity will be proxied with public equity
- Private credit will be proxied with half public equity and half public investment grade fixed income
- Private real assets will be proxied with half public equity and half public investment grade fixed income

Rebalancing: The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional bets in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

V. General Restrictions and Guidelines

While the SIB determines quality, diversification, and performance standards for investments, the following restrictions apply:

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.

~~1.3. Derivatives use will be monitored to ensure that undue risks are not taken by the money managers.~~

~~2.4. No transaction shall be made which threatens investment may jeopardize the tax-exempt status of the Fund.~~

~~3.5. All assets will must be held in custody by the SIB's SIB's master custodian or such other custodians as are acceptable to the SIB an approved sub-custodian.~~

~~b. No unhedged short sales or speculative margin purchases shall be made.~~

~~c. Social investing is prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.~~

6. For the purpose of this document, Social Investing is, defined is prohibited unless it meets the Exclusive Benefit Rule (NDCC 21-10-08.1).

- a. ~~Social Investment is defined as "The~~ investment or commitment of public ~~pension fund money funds~~ for the purpose of obtaining an effect other than a maximized return ~~to the intended beneficiaries."~~ at a prudent level of risk to the state. (NDCC 21-10-08.1)

~~4.7.~~ Economically ~~targeted investing~~ Targeted Investing is prohibited unless ~~the investment~~ it meets the Exclusive Benefit Rule.

- a. ~~For the purpose of this document economically targeted investment~~ Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, ~~as well as to~~ and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

~~Also, for~~ Exclusive Benefit Rule

~~For~~ the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar ~~task~~ risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the ~~plan~~ Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the BCPPP Board's policy favors investments ~~which~~ that will have a positive impact on the economy of North Dakota.

~~8.- INTERNAL CONTROLS~~

~~All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.~~

VI. Internal Controls

~~The SIB shall maintain a system of internal controls must be in place by the SIB designed to prevent losses of public funds arising from fraud or employee, error. Such, or mismanagement.~~

~~Key controls deemed most important are the separation of include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases from the, recording of and reconciling investment activity, and custodial safekeeping; of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.~~

~~Other critical controls include maintaining written confirmation or confirmations of all investment transactions; and established establishing formal criteria for broker relationships. The annual and trading counterparties. Annual financial audit must audits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with the investment policy this Investment Policy.~~

~~9.- EVALUATION AND REVIEW~~

VII. Investment management of the Fund Evaluation and Review

~~The Fund's performance will be evaluated against the Fund's investment objectives. Emphasis will be placed, with emphasis on rolling five-year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.~~

~~Performance reports will be provided Reports to the TFFRBCPPP Board periodically, but not (no less than annually. Such reports will include asset returns and allocation data as well as information regarding all significant and/or material matters and changes pertaining to the investment of the Fund, including but not limited to) will include:~~

- ~~1) A list of the advisory services managing investments for the board.~~
- ~~1. A list of investments at market value, compared investment managers and their performance relative to previous reporting period, of each fund managed by each advisory service: benchmarks~~

2. Earnings, percentage earned; and change in market value of each fund's investments mandate.

~~2) Comparison of the performance of each fund managed by each advisory service to other funds under the board's control and to generally accepted market indicators.~~

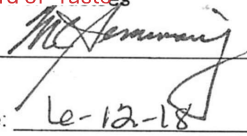
3. Current portfolio allocations and performance summaries by asset class

3.4. All material legal or legislative proceedings affecting the SIB.

4.5. Compliance with this investment policy statement.

Bismarck City Police Pension
Board of trustees

David Hunter, Executive Director/CIO



Date: 6-12-18

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Date: 1/10/2018

VIII. Approved by City of Bismarck: February 22, 2018 Approved by State Investment Board: March 23, 2018 Withdrawals

1. **Standard Withdrawals:** The client may withdraw up to 5% of total fund assets per month with a minimum of 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
2. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

City of Bismarck Police Pension Plan

Date:

Scott M. Anderson
Chief Investment Officer
North Dakota Retirement and Investment
Office

Date:

INVESTMENT POLICY STATEMENT

City of Bismarck Police Pension Plan

I. Plan and Fund Overview

The Bismarck, North Dakota City Police Pension Plan (BCPPP or the Plan) is the pension benefit plan (Fund) established for the City of Bismarck, North Dakota, police. The Fund is administered by the Bismarck City Police Pension Plan Board of Trustees (Board).

The Fund is a defined benefit pension plan maintained to provide retirement benefits, and/or death benefits as may be the case, to the participants in accordance with Chapter 9-08 of the City of Bismarck Code of Ordinance (1986 revised).

The Fund is administered in accordance with IRS and Treasury Regulations. The Fund was established to provide benefits to members eligible to receive them in accordance with the provisions of the Fund.

Client Investment Objectives

Plan benefits are financed through both employer and employee contributions and the investment earnings on assets held in the Fund. The BCPBP Board recognizes that a sound investment program is essential to meet the pension obligations. As a result, the Fund goals are to:

- Improve the Plan's funding status to protect and sustain current and future benefits.
- Minimize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status.
- Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefit.

The BCPBP Board acknowledges the material impact that funding the pension plan has on the City's financial performance. These goals affect the Fund's investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The BCPBP Board places greater emphasis on the strategy of improving the funding status and reducing the contributions that must be made to the Fund, as it is most consistent with the long-term goal of conserving money to apply to other important projects.

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under North Dakota Century Code (NDCC) § 21-10. The BCPPP Board has entered into a contract with the SIB for investment services as allowed under NDCC § 21-10-06. The BCPPP Board is responsible for establishing policies on investment goals and asset allocation of the Fund. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

Delegation and Oversight

The SIB may delegate investment responsibility for all or part of a fund to professional money managers that meet established qualifications. When such delegation occurs, the SIB's role is supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.

The SIB may also pool assets of this Fund with other funds having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB must ensure compliance with the Prudent Investor Rule and the objectives of all participating funds.

III. Investment Performance Objective

The BCPPP Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.

- The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of five years.

IV. Asset Allocation

The BCPPP Board establishes the Fund's asset allocation, with input from consultants and the Retirement and Investment Office (RIO), based on an asset-liability study. Based on the most recent study, the following allocation was established. The asset allocation will be reviewed periodically and updated when appropriate.

	Target Allocation	Minimum Allocation	Maximum Allocation
Global Equity	55%	45%	65%
Public Equity	40%	34%	46%
Private Equity	15%	10%	20%
Global Fixed Income	26%	19%	33%
Investment Grade Fixed Income	16%	11%	21%
Non-Investment Grade Fixed Income	2.5%	0%	6%
Private Credit	7.5%	5%	10%
Global Real Assets	19%	10%	25%
Real Estate	11%	5%	15%
Other (Infrastructure/ Timber)	8%	0%	10%
Cash and Cash Equivalents	0%	0%	2%

Corridor Benchmark/Allocations: Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

Corridor Guidelines:

- Private equity will be proxied with public equity
- Private credit will be proxied with half public equity and half public investment grade fixed income
- Private real assets will be proxied with half public equity and half public investment grade fixed income

Rebalancing: The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional bets in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

V. General Restrictions and Guidelines

While the SIB determines quality, diversification, and performance standards for investments, the following restrictions apply:

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
3. Derivatives use will be monitored to ensure that undue risks are not taken.
4. No investment may jeopardize the tax-exempt status of the Fund.
5. All assets must be held by the SIB's master custodian or an approved sub-custodian.
6. Social Investing is prohibited unless it meets the Exclusive Benefit Rule (NDCC 21-10-08.1).
 - a. Social Investment is defined as the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state. (NDCC 21-10-08.1)

7. Economically Targeted Investing is prohibited unless it meets the Exclusive Benefit Rule.
 - a. Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Exclusive Benefit Rule

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the BCPPP Board's policy favors investments that will have a positive impact on the economy of North Dakota.

All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.

VI. Internal Controls

The SIB shall maintain a system of internal controls designed to prevent loss of funds arising from fraud, error, or mismanagement.

Key controls include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases, recording and reconciling investment activity, and custodial safekeeping of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.

Other critical controls include maintaining written or confirmations of all investment transactions and establishing formal criteria for broker relationships and trading counterparties. Annual financial audits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with this Investment Policy.

VII. Evaluation and Review

The Fund's performance will be evaluated against its investment objectives, with emphasis on rolling five-year results. Reports to the BCPPP Board (no less than annually) will include:

1. A list of investment managers and their performance relative to benchmarks
2. Earnings, percentage earned and change in market value of each mandate.
3. Current portfolio allocations and performance summaries by asset class
4. All material legal or legislative proceedings affecting the SIB.
5. Compliance with this investment policy statement.

VIII. Withdrawals

1. **Standard Withdrawals:** The client may withdraw up to 5% of total fund assets per month with a minimum of 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
2. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

City of Bismarck Police Pension Plan

Date:

Scott M. Anderson

Chief Investment Officer

North Dakota Retirement and Investment
Office

Date:

~~CITY OF BISMARCK EMPLOYEE PENSION PLAN~~ INVESTMENT POLICY STATEMENT

~~1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS~~

City of Bismarck Employee Pension Plan

I. Plan and Fund Overview

The Bismarck, North Dakota City Employee Pension Plan (BCEPP ~~or the Plan~~) is the pension benefit plan (Fund) established for the ~~city~~City of Bismarck public employees. The Fund is administered by the Bismarck City Employee Pension Plan Board of Trustees.

The Fund is a defined benefit pension plan maintained to provide retirement benefits, and/or death benefits as may be the case, to the participants in accordance with Chapter 9-07 of the ~~city~~City of Bismarck Code of Ordinance (1986 revised).

The Fund is administered in accordance with IRS and Treasury Regulations. The Fund was established to provide benefits to members eligible to receive them in accordance with the provisions of the Fund.

~~2. FUND GOALS~~

~~The plan~~Client Investment Objectives

~~Plan~~ benefits are financed through both employer and employee contributions and the investment earnings on assets held in the Fund. The BCEPP Board recognizes that a sound investment program is essential to meet the pension obligations. As a result, the Fund goals are to:

- ~~As a result, the Fund goals are to:~~ Improve the Plan's funding status to protect and sustain current and future benefits.
- Minimize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status.
- Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefit.

The BCEPP Board acknowledges the material impact that funding the pension plan has on the City's financial performance. These goals affect the Fund's investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The BCEPP Board places greater emphasis on the strategy of improving the funding status and reducing the contributions that must be made to the Fund, as it is most consistent with the long-term goal of conserving money to apply to other important projects.

~~3. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB).~~

II. Responsibilities and Discretion of the State Investment Board

~~The State Investment Board (SIB) is established under North Dakota Century Code (NDCC) Chapter § 21-10. The BCEPP Board has entered into a contract with the SIB for investment services as allowed under NDCC § 21-10-06. The BCEPP Board is responsible for establishing policies on investment goals and asset allocation of the Fund. The SIB is charged with implementing these policies and investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent investor rule. Under this rule, the fiduciaries shall exercise the judgment and care, under the~~
The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

~~circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The Fund must be invested exclusively for the benefit of the members and their beneficiaries in accordance with this investment policy.~~

~~Management responsibility for the investment program not assigned to the SIB in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, who must establish written policies for the operation of the investment program, consistent with this investment policy.~~

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- ~~• Implement investment policies and asset allocations established by each fund's governing body.~~
- ~~• Approve investment guidelines, procedures, and permissible securities for the funds under its management.~~
- ~~• Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.~~
- ~~• Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.~~
- ~~• Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.~~

Delegation and Oversight

~~The SIB may delegate investment responsibility for all or part of a fund to professional money managers. Where a money manager has been retained that meet established qualifications. When such delegation occurs, the SIB's role in determining investment strategy and security selection is supervisory, not rather than advisory.~~

~~At the discretion of the SIB, the Fund's assets may be pooled with other funds. In pooling funds, the SIB may establish whatever asset class pools it deems necessary with specific quality, diversification, restrictions, and, ensuring that each manager operates within approved guidelines and performance objectives appropriate to the prudent investor rule and the objectives of the funds participating in the pools expectations.~~

~~The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, keeping, and terminating money managers. SIB investment responsibility also includes selecting performance measurement services, consultants, report formats, and frequency of meetings with managers.~~

~~The SIB will implement changes to this policy as promptly as is prudent.~~

4. RISK TOLERANCE

~~The BCEPP Board is unwilling to undertake investment strategies that might jeopardize the ability of the Fund to finance the pension benefits promised to plan participants.~~

~~However, funding the pension promise in an economical manner is critical to the City's ability to continue to provide pension benefits to plan participants. Thus, the BCEPP Board actively seeks to lower the cost of funding the plan's pension obligations by taking on risk for which it expects to be compensated over the long term. The BCEPP Board understands that a prudent investment approach to risk taking can result in periods of under-performance for the Fund in which the funding status may decline. These periods, in turn, can lead to higher required contribution rates. Nevertheless, the BCEPP Board believes that such an approach, prudently implemented, best serves the long-run interests of the City and, therefore, of plan participants.~~

~~5. INVESTMENT OBJECTIVES~~

~~The BCEPP The SIB may also pool assets of this Fund with other funds having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB must ensure compliance with the Prudent Investor Rule and the objectives of all participating funds.~~

III. Investment Performance Objective

~~The BCEPP Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.~~

- ~~1) The fund's fund's rate of return, net of fees and expenses, should at least match~~

- that of the policy benchmark over a minimum evaluation period of five years.
- The ~~fund's~~ fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of five years.

IV. Asset Allocation

~~2) The risk adjusted performance of the fund, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.~~

6. POLICY ASSET MIX

~~Benefit payments are projected to occur over a long period of time. This allows BCEPP Board to adopt a long-term investment horizon and establishes the Fund's asset allocation policy for, with input from consultants and the Retirement and Investment Office (RIO), based on an asset-liability study. Based on the management of fund assets. Asset most recent study, the following allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are was established using an asset-liability analysis designed to assist the BCEPP Board in determining an acceptable volatility target for the fund and an optimal. The asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates. After consideration of all the inputs and a discussion of its own collective risk tolerance, the BCEPP Board approves the will be reviewed periodically and updated when appropriate policy asset mix for the Fund.~~

<u>Asset Class</u>	<u>Policy Target (%)</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
Global Equity	46.55%	45%	65%
Public Equity	42.40%	34%	46%
Private Equity	4.15%	10%	20%
Global Fixed Income	34.26%	19%	33%
Investment Grade Fixed Income	16%	11%	21%
Non-Investment Grade Fixed Income	2.5%	0%	6%
Private Credit	7.5%	5%	10%
Global Real Assets	19%	10%	25%
Real Estate	11%	5%	15%
Other (Infrastructure/ Timber)	8%	0%	10%
Cash and Cash Equivalents	0%	0%	2%

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Investment Grade — 27

Non-Investment Grade — 7

Global Real Assets	20
Global Real Estate	12
Other	8

An allocation to Global Alternatives of up to 10% is authorized but shall not increase the expected volatility of the portfolio as measured in Section 5; and if utilized, all other targets will be adjusted pro-rata. The BCEPP Board does not endorse tactical asset allocation; therefore, it is anticipated the portfolio be managed as close to the policy target as is prudent and practicable while minimizing rebalancing costs. Rebalancing of the Fund to this target will be done in accordance with the SIB's rebalancing policy.

7. RESTRICTIONS

Corridor Benchmark/Allocations: Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

Corridor Guidelines:

- Private equity will be proxied with public equity
- Private credit will be proxied with half public equity and half public investment grade fixed income
- Private real assets will be proxied with half public equity and half public investment grade fixed income

Rebalancing: The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional bets in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

V. General Restrictions and Guidelines

While the SIB is responsible for establishing specific determines quality, diversification, and performance standards for investments, the following restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that apply:

1. Futures and options Derivatives may be used to hedge or manage and replicate underlying index exposure, but not systematic exposures, for fund rebalancing, and for speculation-risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
- 2.3 Derivatives use will be monitored to ensure that undue risks are not taken by the money managers.

~~3.4. No transaction shall be made which threatens investment may jeopardize~~ the tax-exempt status of the Fund.

~~4.5. All assets will~~must be held ~~in custody~~ by the SIB's master custodian or ~~such other custodians as are acceptable to the SIB~~an approved sub-custodian.

~~a. No unhedged short sales or speculative margin purchases shall be made.~~

~~5.6. Social investing~~Investing is prohibited unless it meets the Exclusive Benefit Rule ~~and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.~~(NDCC § 21-10-08.1).

- a. ~~For the purpose of this document, Social Investing~~Investment is defined as ~~"The~~the investment or commitment of public ~~pension fund money funds~~ for the purpose of obtaining an effect other than a maximized return ~~to the intended beneficiaries.~~at a prudent level of risk to the state. (NDCC § 21-10-08.1)

~~6.7. Economically targeted investing~~Targeted Investing is prohibited unless ~~the investment~~it meets the Exclusive Benefit Rule.

- a. ~~For the purpose of this document economically targeted investment~~Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved; ~~as well as to~~and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

~~Also, for~~Exclusive Benefit Rule

~~For~~ the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar ~~task~~risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the ~~plan~~Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the ~~Board's~~BCEPP Board's policy favors investments ~~which~~that will have a positive impact on the economy of North Dakota.

~~8.—INTERNAL CONTROLS~~

~~All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.~~

VI. Internal Controls

~~The SIB shall maintain a system of internal controls must be in place by the SIB designed to prevent losses/loss of public funds arising from fraud or employee, error. Such, or mismanagement.~~

~~Key controls deemed most important are the separation of include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases from the, recording of and reconciling investment activity, and custodial safekeeping, of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.~~

~~Other critical controls include maintaining written confirmation or confirmations of all investment transactions, and established establishing formal criteria for broker relationships. The annual and trading counterparties. Annual financial audit must audits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with the investment policy this Investment Policy.~~

~~9.—EVALUATION AND REVIEW~~

VII. Investment management of the Fund Evaluation and Review

~~The Fund's performance will be evaluated against the Fund's its investment objectives: Emphasis will be placed, with emphasis on rolling five-year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.~~

~~Performance reports will be provided Reports to the TFFRBCEPP Board periodically, but not (no less than annually. Such reports will include asset returns and allocation data as well as information regarding all significant and/or material matters and changes pertaining to the investment of the Fund, including but not limited to) will include:~~

- ~~1)—A list of the advisory services managing investments for the board:~~
 - ~~i. A list of investments at market value, compared investment managers and their performance relative to previous reporting period, of each fund managed by each advisory service benchmarks.~~
 - ~~ii. Earnings, percentage earned, and change in market value of each fund's investments mandate.~~
- ~~2)—Comparison of the performance of each fund managed by each advisory service to other funds under the board's control and to generally-accepted market~~

indicators:


iii. Current portfolio allocations and performance summaries by asset class.

iii.iv. All material legal or legislative proceedings affecting the SIB.

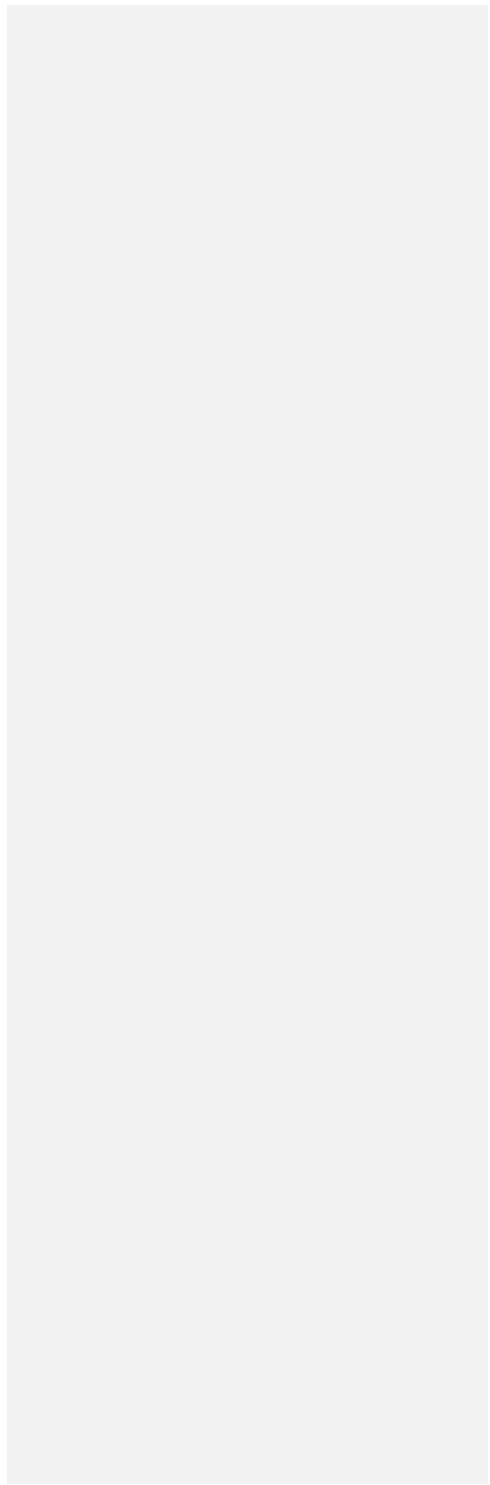
iv.v. Compliance with this investment policy statement.

Bismarck City Employee Pension
Plan Board of Trustees

David Hunter, Executive Director/CIO



Date: 6-12-18



Date: 6-18-18

VIII. Approved by City of Bismarck: February 22, 2018 Approved by State Investment Board: March 23, 2018 Withdrawals

- a. **Standard Withdrawals:** The client may withdraw up to 5% of total fund assets per month with a minimum of 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
- b. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

Bismarck City Employee Pension Plan Board
of Trustees

Date:

Scott M. Anderson
Chief Investment Officer
North Dakota Retirement and Investment
Office

Date:

INVESTMENT POLICY STATEMENT

City of Bismarck Employee Pension Plan

I. Plan and Fund Overview

The Bismarck, North Dakota City Employee Pension Plan (BCEPP or the Plan) is the pension benefit plan (Fund) established for the City of Bismarck public employees. The Fund is administered by the Bismarck City Employee Pension Plan Board of Trustees.

The Fund is a defined benefit pension plan maintained to provide retirement benefits, and/or death benefits as may be the case, to the participants in accordance with Chapter 9-07 of the City of Bismarck Code of Ordinance (1986 revised).

The Fund is administered in accordance with IRS and Treasury Regulations. The Fund was established to provide benefits to members eligible to receive them in accordance with the provisions of the Fund.

Client Investment Objectives

Plan benefits are financed through both employer and employee contributions and the investment earnings on assets held in the Fund. The BCEPP Board recognizes that a sound investment program is essential to meet the pension obligations. As a result, the Fund goals are to:

- Improve the Plan's funding status to protect and sustain current and future benefits.
- Minimize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status.
- Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefit.

The BCEPP Board acknowledges the material impact that funding the pension plan has on the City's financial performance. These goals affect the Fund's investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The BCEPP Board places greater emphasis on the strategy of improving the funding status and reducing the contributions that must be made to the Fund, as it is most consistent with the long-term goal of conserving money to apply to other important projects.

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under North Dakota Century Code (NDCC) Chapter § 21-10. The BCEPP Board has entered into a contract with the SIB for investment services as allowed under NDCC § 21-10-06. The BCEPP Board is responsible for establishing policies on investment goals and asset allocation of the Fund. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

Delegation and Oversight

The SIB may delegate investment responsibility for all or part of a fund to professional money managers that meet established qualifications. When such delegation occurs, the SIB's role is supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.

The SIB may also pool assets of this Fund with other funds having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB must ensure compliance with the Prudent Investor Rule and the objectives of all participating funds.

III. Investment Performance Objective

The BCEPP Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.

- The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of five years.

IV. Asset Allocation

The BCEPP Board establishes the Fund's asset allocation, with input from consultants and the Retirement and Investment Office (RIO), based on an asset-liability study. Based on the most recent study, the following allocation was established. The asset allocation will be reviewed periodically and updated when appropriate.

	Target Allocation	Minimum Allocation	Maximum Allocation
Global Equity	55%	45%	65%
Public Equity	40%	34%	46%
Private Equity	15%	10%	20%
Global Fixed Income	26%	19%	33%
Investment Grade Fixed Income	16%	11%	21%
Non-Investment Grade Fixed Income	2.5%	0%	6%
Private Credit	7.5%	5%	10%
Global Real Assets	19%	10%	25%
Real Estate	11%	5%	15%
Other (Infrastructure/ Timber)	8%	0%	10%
Cash and Cash Equivalents	0%	0%	2%

Corridor Benchmark/Allocations: Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

Corridor Guidelines:

- Private equity will be proxied with public equity
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Rebalancing: The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional bets in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

V. General Restrictions and Guidelines

While the SIB determines quality, diversification, and performance standards for investments, the following restrictions apply:

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
3. Derivatives use will be monitored to ensure that undue risks are not taken.
4. No investment may jeopardize the tax-exempt status of the Fund.
5. All assets must be held by the SIB's master custodian or an approved sub-custodian.
6. Social Investing is prohibited unless it meets the Exclusive Benefit Rule (NDCC § 21-10-08.1).
 - a. Social Investment is defined as the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state. (NDCC § 21-10-08.1)

7. Economically Targeted Investing is prohibited unless it meets the Exclusive Benefit Rule.
 - a. Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Exclusive Benefit Rule

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the BCEPP Board's policy favors investments that will have a positive impact on the economy of North Dakota.

All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.

VI. Internal Controls

The SIB shall maintain a system of internal controls designed to prevent loss of funds arising from fraud, error, or mismanagement.

Key controls include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases, recording and reconciling investment activity, and custodial safekeeping of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.

Other critical controls include maintaining written or confirmations of all investment transactions and establishing formal criteria for broker relationships and trading counterparties. Annual financial audits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with this Investment Policy.

VII. Evaluation and Review

The Fund's performance will be evaluated against its investment objectives, with emphasis on rolling five-year results. Reports to the BCEPP Board (no less than annually) will include:

- i. A list of investment managers and their performance relative to benchmarks.
- ii. Earnings, percentage earned and change in market value of each mandate.
- iii. Current portfolio allocations and performance summaries by asset class.
- iv. All material legal or legislative proceedings affecting the SIB.
- v. Compliance with this investment policy statement.

VIII. Withdrawals

- a. **Standard Withdrawals:** The client may withdraw up to 5% of total fund assets per month with a minimum of 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
- b. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

Bismarck City Employee Pension Plan Board
of Trustees

Date:

Scott M. Anderson
Chief Investment Officer
North Dakota Retirement and Investment
Office

Date:

MEMORANDUM

TO: Investment Committee
FROM: Jodi Smith, Executive Director
DATE: January 6, 2026
RE: Performance and Benchmarking Procurement

At its November 21, 2025 meeting, the State Investment Board authorized the Retirement and Investment Office (RIO) to proceed with procuring a combined Performance and Benchmark Consultant. This decision reflects the Board's commitment to modernizing RIO's performance governance framework and improving operational efficiency by consolidating benchmarking and performance measurement functions under a single provider. The combined model is intended to streamline reporting, enhance data integration, and reduce administrative complexity while maintaining transparency and fiduciary rigor.

Since the Board's approval, staff have drafted the Request for Proposal (RFP) and are coordinating with State Procurement to finalize and issue the solicitation. The RFP outlines a comprehensive scope of services for an investment consulting firm with demonstrated experience serving public plans. Investment Performance Measurement Consulting will take effect July 1, 2026, and Benchmark and Hurdle Rate Consulting will take effect July 1, 2027, aligning with the expiration of the State Investment Board's existing contracts for those respective services. The RFP also provides for optional consulting services on an hourly basis.

Next steps include finalizing the RFP language with State Procurement, issuing the solicitation, and commencing the vendor evaluation and selection process in coordination with the Investment Committee and the State Investment Board. Staff will provide updates to the Investment Committee as the RFP process progresses.

COMMITTEE ACTION REQUESTED: Information only.

Private Markets Manager Update

Investment Committee
January 6, 2026

Private Equity

- Guidepost Growth Equity IV, L.P.
- Focus on growth-stage technology investments
- Commitment: increased from \$60 million to \$75 million
 - Pension Pool increased commitment from \$20 million to \$25 million
 - Legacy Fund increased commitment from \$40 million to \$50 million

Real Assets

- Ares US Real Estate Fund XI, L.P.
- Focus on value-add real estate investments
- Commitment: \$75 million
 - Pension Pool: \$35 million
 - Legacy Fund: \$40 million