

Friday, May 16, 2025, 8:30 a.m.
WSI Board Room (In-Person)
1600 E Century Ave, Bismarck, ND
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AGENDA

I. CALL TO ORDER AND ACCEPTANCE OF AGENDA (*Board Action*)

- A. Pledge of Allegiance
- B. Conflict of Interest Disclosure

II. ACCEPTANCE OF MINUTES (April 25, 2025) (*Board Action*)

III. INVESTMENTS (20 minutes) (*Information*)

- A. Performance Report Discussion – Ms. Smith, Ms. Neill

IV. EDUCATION (20 minutes) (*Information*)

- A. Committees Overview – Ms. Smith, Ms. Seiler

(Break)

V. GOVERNANCE (30 minutes)

- A. 2025 Legislative Session Review (*Information*) – Ms. Smith
- B. Investment Committee Update (*Information*) – Treasurer Beadle, Mr. Anderson
- C. Governance & Policy Review Committee Update (*Information*) – Dr. Lech, Ms. Smith
- D. Audit Committee Update (*Information*) – Treasurer Beadle, Ms. Seiler
- E. Executive Search Committee Update (*Information*) – Dr. Lech, Ms. Seiler, Ms. Smith

VI. QUARTERLY MONITORING REPORTS (15 minutes) (*Board Action*)

- A. Quarterly Audit Activities Report – Ms. Seiler
- B. Executive Limitations/Staff Relations – Ms. Smith

VII. OTHER

- A. Board Resolution for Rachel Kmetz
- B. Next Meetings:
 - Securities Litigation Comm – June 17, 2025, at 10:00 a.m.
 - SIB ERCC – July 10, 2025, at 10:00 a.m.
 - Investment Committee – June 13 & July 11, 2025, at 9:00 a.m.
 - SIB Meeting – July 25, 2025, at 8:30 a.m.

VIII. ADJOURNMENT

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
APRIL 25, 2025, BOARD MEETING (IN-PERSON)**

MEMBERS PRESENT:

Kelly Armstrong, Governor, Chair
Dr. Rob Lech, TFFR Board, Vice Chair
Thomas Beadle, State Treasurer, Parliamentarian
Gerald Buck, PERS Board
Joseph Heringer, Commissioner of Univ. & School Lands
Pete Jahner, Investment Professional
Sen. Jerry Klein, LBSFAB
Cody Mickelson, TFFR Board
Adam Miller, PERS Board
Joe Morrisette, Director of OMB
Dr. Prodosh Simlai, Investment Professional
Art Thompson, Director of WSI

MEMBERS ABSENT:

Rep. Glenn Bosch, LBSFAB

STAFF PRESENT:

Scott M. Anderson, CIO
Eric Chin, Deputy CIO/Head of AFM
Cory Cox, Public Funds Analyst
Derek Dukart, Sr. Investment Analyst
Jennifer Ferderer, Fiscal/Investment Admin.
Chirag Gandhi, Portfolio Mgr.
Rachel Kmetz, Interim CFO/COO
Missy Kopp, Executive Assistant
Robbie Morey, Investment Accountant
George Moss, Portfolio Mgr.
Sarah Mudder, Communications/Outreach Dir.
Matt Posch, Portfolio Mgr.
Emmalee Riegler, Procurement/Records Coord.
Chad Roberts, DED/CRO
Mike Schmitcke, Sr. Investment Accountant
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Interim Executive Director
Nitin Vaidya, Chief Risk Officer
Jason Yu, Risk Officer
Lance Zietlow, Portfolio Mgr.

GUESTS:

Members of the Public

CALL TO ORDER:

Gov. Armstrong, Chair, called the State Investment Board (SIB) regular meeting to order at 8:30 a.m. on Friday, April 25, 2025. The meeting was held virtually.

The following members were present representing a quorum: Treasurer Beadle, Mr. Miller, Mr. Buck, Mr. Thompson, Commissioner Heringer, Dr. Simlai, Mr. Mickelson, Sen. Klein, Dr. Lech, Mr. Morrisette, Mr. Jahner, and Gov. Armstrong

AGENDA:

The Board considered the agenda for the April 25, 2025, SIB meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. THOMPSON AND CARRIED BY A VOICE VOTE TO APPROVE THE APRIL 25, 2025, AGENDA.

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

MINUTES:

The Board considered the minutes of the March 28, 2025, SIB meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. THOMPSON AND CARRIED BY A VOICE VOTE TO APPROVE THE MARCH 28, 2025, MINUTES AS DISTRIBUTED.

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

INVESTMENTS:

Internal Investment Initiative Update:

Mr. Anderson provided an update on the internal investment program. The Order and Execution Management System (OEMS) was launched in March and RIO has entered into the hyper-care phase of implementation to ensure the system works in the live environment. In early April the first pilot for the internal program was funded with \$275 million consisting of fixed income and equity strategies along with a \$10 million cash overlay. Mr. Anderson provided an update on the staffing of the internal investment team. Board discussion followed.

Quarterly Performance Update:

Mr. Anderson provided an update on performance for the period ending February 28, 2025. Mr. Anderson reviewed the markets, inflation, and tariffs. Performance updates were provided for PERS, TFFR, the Legacy Fund, and WSI. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY PERFORMANCE UPDATE.

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

Sen. Klein left the meeting at 9:42 a.m.

The Board recessed at 9:42 a.m. and reconvened at 9:49 a.m.

EDUCATION:

Country Risk Assessment:

Mr. Vaidya provided board education which covered the country risk assessment framework used for the investment program.

GOVERNANCE:

2025 Legislative Session Update:

Ms. Smith provided an update on legislative activities that affect RIO and the SIB program. HB 1022, the RIO budget bill, went to conference committee and most of the Senate amendments were removed except for the TFFR funding for member education. HB 1319, which calls for the creation of a Legacy Fund website, has been passed. Staff will work on developing a separate website over the upcoming biennium. The project will take place in phases with the process being somewhat reliant on the new fiscal operating system which will feed data into the new website. HB 1330, which would prohibit certain investments in China, failed. Board discussion followed.

Investment Committee (IC) Update:

Treasurer Beadle provided an update from the April 17, 2025, IC meeting. The investment team reported a smooth rollout of the OEMS platform, with only minor, anticipated reconciliation issues. They deployed \$275 million into fixed income and equity strategies, plus \$10 million in cash overlays, benefiting from favorable market timing. A trade error resolution procedure was introduced as a proactive risk management measure. A new manager was successfully onboarded with a \$355 million commitment. Contract negotiations continue with a previously approved in-state fund manager, and investment services contracts were reviewed for accountability and prudent spending. Board discussion followed.

Executive Review and Compensation Committee (ERCC) Update:

Dr. Lech provided an update from the April 9, 2025, ERCC meeting. The SIB has taken steps to institute good governance, which is directly related to outcomes, including performance. Part of the governance is the annual board self-assessment. The results of the assessment were positive overall. The Committee would like to see a higher response rate and numerical scores provide limited information if written comments are not included to provide context. The Committee recommends some enhancements including board education on the committee structure and the delegation of authority to committees and staff. The Committee discussed the value of bringing back an annual board retreat that focuses on board governance. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE SIB SELF-ASSESSMENT RESULTS.

AYES: TREASURER BEADLE, MR. JAHNER, MR. THOMPSON, COMMISSIONER HERINGER, MR. MORRISSETTE, DR. SIMLAI, DR. LECH, MR. MILLER, MR. BUCK, MR. MICKELSON, AND GOV. ARMSTRONG

NAYS: NONE

ABSENT: REP. BOSCH AND SEN. KLEIN
MOTION CARRIED

Executive Search Update:

Ms. Seiler provided an update on the executive director (ED) search process. The position has been posted, and the search firm is processing candidates as they come in. The Committee will meet in May to decide on the candidates for the first round of interviews. There will be a special board meeting scheduled when the Committee has finalists ready.

Ms. Smith provided an update on the chief financial/operating officer (CFOO) search. We did not receive as many applications as we would like to establish a good pool of candidates, so the position was reopened. Staff will proceed with interviews and will schedule new candidates who apply if they are determined to be qualified. Ms. Smith announced the resignation of Ms. Kmetz. Ms. Smith is working with a consultant who we already have a contract with to try to find an interim CFOO who could come to RIO for about six months. The lack of CFOO candidates was discussed. The main feedback to the search firm from candidates who have withdrawn from the search is the compensation level for this position. Board discussion followed.

Board Calendar & Education Plan:

The proposed board calendar and education plan for 2025-26 was provided to the board. The plan is meant to be flexible and can be changed as needed. There is a placeholder for a board retreat, but that plan will be finalized when we know the timeline of the governance audit.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. JAHNER AND CARRIED BY A VOICE VOTE TO ACCEPT THE 2025-26 BOARD CALENDAR AND EDUCATION PLAN.

AYES: MR. MORRISSETTE, MR. MILLER, MR. MICKELSON, DR. LECH, MR. JAHNER, MR. BUCK, MR. THOMPSON, DR. SIMLAI, COMMISSIONER HERINGER, TREASURER BEADLE, AND GOV. ARMSTRONG

NAYS: NONE

ABSENT: REP. BOSCH AND SEN. KLEIN

MOTION CARRIED

REPORTS:

Annual Compliance Report:

Mr. Vaidya reviewed the annual compliance report for the investment program. The report outlines manager adherence to compliance guidelines for the last fiscal year (FY). Weaver is now providing daily compliance for both the internal and external investment managers.

Quarterly Investment Ends Report:

Mr. Posch provided the Investment Ends report for the quarter ending March 31, 2025. The funds management team finalized contracting with WorldQuant Millennium Advisors as part of the Equity 2.0 project and completed their onboarding. Cory Cox and Jac Collins joined the team and relocated to Bismarck. A \$150 million allocation was made to in-state manager 50 South. The order and execution management system successfully launched in March, with trading beginning in April, and work continues on data validation and a country risk model. Internally, a \$285 million pilot in equity and fixed income strategies were launched. Two investment interns were hired for the summer. Board discussion followed.

Quarterly Budget/Fiscal Conditions Report:

The budget/fiscal conditions report was provided to the Board for the quarter ending March 31, 2025. The report includes budget appropriation status, an expenditure summary, and the PAS project status. Staff anticipates that all expenses for the PAS project will be completed before the end of the biennium.

Quarterly Outreach Report:

Ms. Mudder provided the quarterly outreach report. The report included media inquiries and a list of meetings that staff have attended. Ms. Mudder reviewed the GovDelivery and social media engagement. Board discussion followed.

IT WAS MOVED BY MR. THOMPSON AND SECONDED BY DR. LECH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE ANNUAL COMPLIANCE, QUARTERLY INVESTMENT ENDS, QUARTERLY BUDGET/FISCAL CONDITIONS, AND QUARTERLY OUTREACH REPORTS.

AYES: MR. BUCK, COMMISSIONER HERINGER, DR. LECH, MR. MILLER, TREASURER BEADLE, DR. SIMLAI, MR. MICKELSON, MR. JAHNER, MR. THOMPSON, MR. MORRISSETTE, AND GOV. ARMSTRONG

NAYS: NONE

ABSENT: REP. BOSCH AND SEN. KLEIN

MOTION CARRIED

ADJOURNMENT:

With no further business to come before the SIB, Gov. Armstrong adjourned the meeting at 10:49 a.m.

Prepared by: Missy Kopp, Assistant to the Board

A verbal update will be provided at the board meeting.

SIB Committee Matrix

	Purpose	Authority	Composition	Charter Approval	Meetings
Audit	Assists SIB with oversight of internal and external audit programs, including financial and other reporting practices, internal controls, and compliance with laws, regulations, and ethics.	Oversees RIO's internal and independent audits to ensure financial and operational compliance with policies and regulations. May investigate RIO activities and retain internal or external experts as needed.	Five members approved by the SIB: one from Legacy Fund Advisory Board, TFFR Board and a member-at-large; and two members external to SIB and RIO. Term: one year or until SIB term ends. Vacancies filled at the next SIB meeting.	Operates under the terms of a charter approved by SIB which outlines responsibilities, authority, and operational procedures. Charter approved in December 1993, amended eight times most recently in September 2024.	Meets four times a year, authority to convene additional meetings. Agendas prepared by Supervisor of Internal Audit and approved by Committee Chair, unless otherwise directed by Committee.
Executive Review and Compensation	Assists in monitoring executive performance, synonymous with monitoring organizational performance against Board policies on Ends and Executive Limitations. Assists in developing compensation goals and strategies that are aligned with RIO's strategic plan.	Established by SIB governance manual. No power or authority to act on behalf of Board. Abides by the provisions in the governance manual that pertain to meetings and actions of the Board.	Consists of three SIB members that are appointed by the SIB Chair in July or when a vacancy arises. Standing committee with no term limits. At least one committee member must be an elected or appointed official.	Operates under the terms of a charter approved by the SIB which outlines the committee's specific responsibilities, authority, and operational procedures. Charter approved in August 2022.	Meets at least twice in the second half of fiscal year. Holds additional meetings as needed. Elects a Committee Chair and Vice Chair at its first meeting of the fiscal year.
Securities Litigation	Assists in fulfilling fiduciary oversight responsibilities of monitoring the investment of assets entrusted by client funds, serves as communications link for SIB, RIO's management and staff, third party securities litigation firms, and others. Determines when an active litigation role should be pursued.	Authorized to 1) make decisions on the level of participation SIB will take in direct litigation, opt-in or group litigation, anti-trust and other class actions; and 2) approve selection of special assistant attorneys in cases of direct litigation.	Consists of three SIB members appointed by SIB Chair. Term: one year or until SIB term ends. Vacancies filled at the next SIB scheduled meeting.	Operates under the terms of a charter which outlines responsibilities, authority, and operational procedures. Charter approved in April 2018, amended in March 2023.	Meets quarterly, with authority to convene or reduce meetings. Agendas prepared by the Executive Director and approved by the Committee Chair, unless otherwise directed by the Committee.

	Purpose	Authority	Composition	Charter Approval	Meetings
Governance & Policy Review	Assists with matters that relate to governing SIB, policies, and identifying and making recommendations to SIB.	Established by the SIB governance manual, has no power or authority to act on behalf of full Board. Abides by provisions in governance manual that pertain to the meetings and actions of Board.	Consists of at least three members that are nominated and approved by a majority vote of SIB. Standing committee with no term limits.	Operates under terms of a charter approved by SIB which outlines the committee's specific responsibilities, authority, and operational procedures. Charter approved in October 2022.	Meets quarterly, holds additional meetings as needed to fulfill the responsibilities described in Charter and as called by the Committee Chair. Executive Director is responsible for meeting preparation
Investment	Provide oversight of investments within SIB established parameters including an analysis of risk and return at the portfolio, asset class, and client fund levels. Provides input to the SIB on asset allocation and benchmark recommendations.	Established by the SIB governance manual, no power or authority to act on behalf of SIB. Abides by the provisions in the governance manual that pertain to the meetings and actions of the Board.	Consists of two SIB members, two external investment pros (active or retired) and two RIO staff appointed by the SIB Chair who also appoints Chair and Vice Chair. Term: one year or until SIB term ends. Vacancies filled at the next SIB scheduled meeting. No term limits.	Operates under the terms of a charter approved by the SIB which outlines the committee's specific responsibilities, authority, and operational procedures. Charter approved in May 2022.	Meets monthly, holds additional meetings as needed to fulfill the responsibilities described in Charter and as called by the Committee Chair. Chief Investment Officer is responsible for meeting preparation.

Delegation Matrix

<u>Activity</u>	<u>Recommend</u>	<u>Approve for Recommendation</u>	<u>Approve</u>	<u>Oversight</u>	<u>Implement</u>
Investment Policy	Staff/IC	IC	Board	IC and Board	Staff
Asset Allocation	Staff	IC	Board	IC and Board	Staff
Third Party Performance Assessment	Third Party			IC and Board	
Program Updates/Training				IC and Board	Staff/IC
Benchmarks	Third Party	IC	Board	IC and Board	Staff
IC Proceedings		IC	Board	Board	Staff
Any Authority			Board	Board	Staff/IC
Manager Guidelines	IC/Staff		IC	IC and Board	Staff
Monitor Funds and Portfolios				IC and Board	Staff
New Investment Strategies	Staff		IC	IC and Board	Staff
New Investment Portfolios	Staff		IC	IC and Board	Staff
New Investment Instruments	Staff		IC	IC and Board	Staff
Compliance	Staff		IC	IC and Board	Staff
Waivers	Staff		IC	IC and Board	Staff
Transitions			Staff	IC and Board	Staff
Rebalance			Staff	IC and Board	Staff
Hire/Terminate Managers	Staff		IC	IC and Board	Staff
Hire/Terminate Benchmark, Hurdle Rate Consultants	Staff	IC	Board	IC and Board	Staff
Hire/Terminate Custodians, Staff Consultants	Staff		Staff	IC and Board	Staff
Negotiate Manager Contracts				IC and Board	Staff
Manage Approved Direct Strategies				IC and Board	Staff

2025-2027 Legislative Session RIO Bill Tracker

Bill #	Topic	Description	Sponsor	Hearing Date	Committee	Status	Position
HB 1005	Budget bill	Treasurer Budget bill	Appropriations Committee	n/a	n/a	Passed Senate, 41-6. Passed House, 76-9.	Neutral
HB 1015	Budget bill	OMB Budget bill	Appropriations Committee	n/a	n/a	Passed Senate, 31-16. Passed House, 76-9.	Monitor
HB 1022	Budget bill	RIO's Budget bill	Appropriations Committee	n/a	n/a	Passed House, 83-10. Passed Senate, 41-6.	Support
HB 1026	Investment	Moving State Bonding Fund from Insurance to OMB	Legislative Management	n/a	n/a	Passed House, 89-0. Passed Senate, 44-2-1. Signed by Governor.	Neutral
HB 1027	Investment	Moving Fire & Tornado Fund from Insurance to OMB.	Legislative Management	n/a	n/a	Amended, passed in Senate, 41-4. 2nd reading, passed in House, 84-6. Signed by Governor.	Neutral
HB 1117	Retirement	TFFR Required Minimum Distribution	TFFR via Gov't Vets Affairs	n/a	n/a	Passed House, 87-0. Passed Senate, 47-0. Signed by the Governor.	Support
HB 1163	Investment	Establishes a \$1 billion school construction loan fund as part of the state Legacy Fund. Limits loan interest rates to 1 percent annually and 20 years duration. Loans limited to \$10 million total or \$10 million per thousand students in the school district, whichever is higher.	Representatives Jonas, Longmuir, Murphy, Richter, Schreiber-Beck, Warrey	n/a	n/a	Failed in House, 5-84.	Neutral
HB 1176	Investments	Authorizes the Legacy Fund to provide enough earnings to pay for a residential property tax credit of up to \$2,000 annually per homeowner.	Rep. Nathe, Sen. Bekkedahl, Rep. Hagert, Rep. Headland, Sen. Hogue, Rep. Lefor, Rep. Porter, Sen. Rummel, Rep. Stemen, Rep. Swiontek, Rep. Vigesaa, Sen. Weber	n/a	n/a	Passed House, 86-4. Passed Senate, 46-0.	Neutral
HB 1184	Investment	Relating to digital asset and precious metal investments.	Rep. Toman, Christy, Heilman, Hendrix, D. Johnston, S. Olson, Porter and Senators Barta, Cory, Meyer, Paulson	n/a	n/a	Failed in House, 32-57.	Neutral
HB 1285	Retirement	Transfer of \$49.2M from the General Fund to the TFFR to provide a one-time supplemental payment to recipients.	Rep. Schatz, Rep. Jonas, Rep. Mitskog, Rep. Schreiber-Beck, Rep. Monson	n/a	n/a	Failed in House, 3-88.	Neutral
HB 1306	Budget bill	Fees for open records requests	Rep. Kasper, Rep. Henderson, Rep. Kempenich, Sen. Magrum, Rep. S. Olson, Sen. Paulson, Rep. D. Ruby	n/a	n/a	Failed in House, 15-75.	Monitor
HB 1309	Investments	Relating to state contracts with certain companies that boycott energy, mining, and production agriculture.	Rep. Heilman, Sen. Enget, Rep. Marschall, Rep. Novak, Rep. M. Ruby, Sen. Walen	n/a	n/a	Failed in House, 12-76.	Oppose

HB 1319	Investments	Relating to a Legacy Fund disclosure website	Rep. Satrom, Sen. Conley, Rep. Ostlie	n/a	n/a	Passed in House, 92-1-1. Passed in Senate, 46-0. Signed by the Governor.	Support
HB 1330	Investments	Relating to divestment from legacy fund investments in Chinese companies.	Rep. Satrom, Sen. Conley, Rep. Grueneich, Sen. Lemm, Rep. Ostlie	n/a	n/a	Passed in House, 75-7. Failed in Senate, 20-26.	Neutral
HB 1348	Investments	Repeal RIO's removal of the fiscal and investment FTE's from OMB's classified system	Rep. Ostlie, Rep. Beltz, Sen. Conley, Sen. Cory, Rep. Satrom, Sen. Weber	n/a	n/a	Failed in House, 1-90.	Oppose
HB 1435	Investments	Legacy fund definition and legacy earnings fund	Rep. Kempenich and Warrey, Sen. Bekkadahl, Kessel and Meyer	n/a	n/a	Failed in House, 4-87.	Neutral
HB 1453	Investments	Relating to prohibiting natural asset companies; and to provide a penalty.	Rep Hauck, Fisher, Hagert, Morton, Novak, Dressler and Sen Gerhardt, Kessel, Luick, Thomas	n/a	n/a	Failed in House, 45-48.	Neutral
HB 1510	Retirement	Requires BND, TFFR, and a teacher support program coordinator to gather information from school districts about their teacher pay and benefits.	Rep. Schreiber-Beck, Rep. Conmy, Sen. Davison, Rep. Hager, Rep. Hanson, Sen. Hogan, Rep. Longmuir, Rep. McLeod, Rep. Novak, Rep. Richter, Sen. Rummel, Rep. Swiontek	n/a	n/a	Passed in House, 82-11. Failed in Senate, 22-24.	Monitor
HB 1553	Investments	Appropriates \$140 million from the Legacy Fund to provide school meals at no charge for students in public and nonpublic schools.	Rep. Hager, Rep. Brown, Rep. Christy, Sen. Hogan, Rep. Holle, Rep. Longmuir, Sen. Marcellais, Rep. Mitskog, Rep. Novak, Rep. Schneider, Rep. Schreiber-Beck	n/a	n/a	Failed in House, 14-75.	Monitor
HB 1579	Investments	Legislative management study relating to the impact of large energy consumers on the state's electrical grid.	Rep. Novak, Rep. Heinert, Sen. Kessel, Sen. Patten, Rep. Porter	n/a	n/a	2nd reading, House passed, 89-3. 2nd reading, Senate passed, 46-0. Signed by Governor.	Neutral
HB 1580	Budget bill	Requests an interim study of the compensation system for classified state employees, including comparisons to private sector compensation and employee retention and equity bonuses.	Rep. Vetter, Rep. Christianson, Sen. Cleary, Sen. Cory, Rep. Dockter, Rep. D. Johnston, Rep. Meier, Rep. Motschenbacher	n/a	n/a	2nd reading, Senate passed as amended, 47-0. 2nd reading, House passed, 76-15. Signed by Governor.	Monitor
HCR 3001	Investment	Encouraging the Treasurer and SIB to invest a portion of General Fund/Budget Stabilization/ Legacy in digital assets and precious metals.	Reps. Toman, Heilman, Hendrix, D. Johnston, S. Olson, Porter, and Sens. Barta, Paulson	n/a	n/a	Passed House, 83-5. Senate Failed to adopt.	Neutral
SB 2014	Budget bill	Industrial Commission Budget	Senate Appropriations	n/a	n/a	Passed in Senate, 42-3. Passed House, 74-15.	Neutral
SB 2018	Budget bill	Commerce Budget Bill	Senate Appropriations	n/a	n/a	Passed Senate, 27-17. Passed House, 66-22.	Neutral
SB 2072	Procurement	Red tape reduction relating to the contracts limiting liability to the state (the issue being we can't accept many low-cost, web-based application's terms and conditions due to state law).	Senate State and Local Gov'n't at request of OMB.	n/a	n/a	Passed Senate, 46-0. Passed House, 91-0. Signed by the Governor.	Support

SB 2097	Investments	Creation of a Rural Community Endowment Fund and including under 21-10.	Sens. Mathern & Wanzek, Rep. Brandenburg	n/a	n/a	Passed Senate, 31-16. Failed in House, 20-72.	Neutral
SB 2134	Retirement	Calls for a change in language to allow the Superintendent and Treasurer to appoint a designee to the TFFR Board	Senator Roers	n/a	n/a	Passed Senate, 47- 0. Passed House, 75-9. Signed by Governor.	Support
SB 2151	Investments	Relating to a county and township bridge fund and a legacy earnings tax relief fund.	Sen. Thomas, Rep. Brandenburg, Rep. Monson, Sen. Myrdal, Sen. Wanzek, Sen. Weber	n/a	n/a	Failed in Senate, 1-46.	Neutral
SB 2332	Investments	Creates an biennial transfer of \$25M from the legacy earnings fund to the emergency services fund	Sen, Boshee, Rep, Vandenberg, Rep. Mitskog, Rep. Nelson	n/a	n/a	Passed Senate, 47-0. Passed House, 79-12. Signed by Governor.	Neutral

MEMORANDUM

TO: Investment Committee
FROM: Scott Anderson, Chief Investment Officer
April May 16, 2025
RE: Investment Committee Update

The Investment Committee meeting was held on May 9, 2025. The meeting was called to order and there was an acceptance of the agenda followed by an acceptance of the minutes from the prior meeting.

Mr. Nankof and Mr. Goldthorpe provided an update on the Pension asset allocation project. This was followed by a presentation from Mr. Anderson of the Investment Strategy Update which included plans and accomplishments over the past three years.

In closed session, Mr. Zietlow and Mr. Collins provided a recommendation to hire a manager that will be made public once contract negotiation is completed. This presentation was followed by Mr. Posch and Mr. Cox recommending a manager to be hired that will also be made public once negotiations are completed. Both recommendations were approved in the open session.

Mr. Zietlow then provided a manager update in the open session that an agreement has been reached to commit \$50 million by the Legacy Fund to the Castlelake Asset Based Private Credit III LLC. Fund.

Lastly, Mr. Anderson provided the schedule of Investment Committee meetings for the 25 – 26' Biennium.

<https://www.rio.nd.gov/sites/www/files/documents/PDFs/SIB%20Investment/Board/Materials/sibinvestmat20250509.pdf>

BOARD ACTION REQUESTED: Information Only.

MEMORANDUM

TO: State Investment Board
FROM: Dr. Rob Lech, Chair and Jodi Smith, Interim Executive Director
DATE: May 16, 2025
RE: Governance & Policy Review Committee Update

At the March 28, 2025, State Investment Board (SIB) meeting, the SIB approved “the GPR Committee to complete a SIB governance audit. Delegate authority to the GPR Committee to issue the RFP, select a firm, and complete the SIB governance audit with final report and recommendation given to the SIB.”

On April 30, 2025, the GPR met and reviewed the proposed Request for Proposals for the Board Governance Model Assessment Services (RFP).

The following is a summary of the RFP:

RFP Schedule

EVENT	DATE and TIME
RFP issued	May 1, 2025
Deadline for submission of Questions and Objections	May 9, 2025, by 12:00 PM, CT
Solicitation Amendment with responses to Questions issued approximately (if required)	May 15, 2025
Deadline for receipt of proposals (Solicitation Closing)	May 28, 2025, by 12:00 PM, CT
Presentation to GPR Committee	June 2025
Proposal evaluation completed by approximately	July 25, 2025
Notice of intent to award issued approximately	July 28, 2025
Secretary of State Registration, if determined to be required.	Prior to Contract Signing
Contract start approximately	August 15, 2025

Scope of Work

All work should be done with the following goals in mind:

1. To ensure that the SIB is in compliance with applicable laws.
2. To determine appropriate structures and oversight responsibilities.
3. To enable an appropriate board culture, operational expectations, Board/Staff relations, and results.
4. To ensure an appropriate level of risk oversight, management and measurement; and

5. To enhance time efficiencies and streamline documentation.

Project 1: Board governance model assessment:

- a. Review SIB's Program Manual.
- b. Review SIB's governance model, including roles and responsibilities of the board, staff, and committees.
- c. Meet with key stakeholders regarding current governance model (Board/committee members, executive staff, etc.)
- d. Evaluate all Program Manual to ensure compliance with applicable law, administrative rules and policies.
- e. Assess the organization's framework for directing, controlling, and monitoring operations, ensuring compliance with applicable law, administrative rules and policies and evaluate the effectiveness of decision-making structures.
- f. Evaluate the reports to the board and committees from staff and consultants, including their frequency and complexity as it relates to governance decisions and provide suggestions for improved transparency and public trust.
- g. Benchmark the SIB governance model and Program Manual against best practices from comparable institutional investors or public pension systems.
- h. Recommend or develop a governance review process.
- i. Develop a governance risk heat map identifying key vulnerabilities and oversight priorities.
- j. Provide recommendations to the GPR Committee and the SIB related to items a-h above.
- k. Provide education to the SIB related to the importance of governance framework, how it is essential for long-term sustainability and success, and an overview of a range of governance models.
- l. Attend GPR Committee meetings remotely as needed.
- m. Attend at least 2 SIB meetings in person as needed.

Project 2: SIB Program Manual update (optional to the STATE):

- a. Develop a plan and timeline in coordination with the GPR committee to update the SIB Program Manual.
- b. Complete a comprehensive review and update of the SIB Program Manual in collaboration with the GPR Committee.
- c. Recommend and assist in the development of additional governance policies to assist SIB and staff in fulfilling their fiduciary duties.
- d. Develop and recommend a regular cadence for internal review of the SIB Program Manual by staff and the GPR Committee.
- e. Provide a high-level implementation roadmap with timelines, responsible parties, and milestones for any recommended changes.
- f. Provide education to the SIB related to program manual updates as needed.
- g. Attend GPR Committee meetings remotely as needed.
- h. Attend at least 2 SIB meetings in person as needed.

[GPR Committee Materials April 30, 2025](#)

Board Action Requested: Information only

MEMORANDUM

TO: State Investment Board
FROM: Treasurer Thomas Beadle, Chair and Sara Seiler, Supervisor of Internal Audit
DATE: May 15, 2025
RE: Audit Committee Update

The Audit Committee met on May 14, 2025. The Committee reviewed and approved of the third quarter audit activities and gave an update on current audit activities. The Committee was given an update on the financial statement audit; the state auditors' office issued an RFP for the financial statement audit for the next three years. An intent to award has been issued, and staff are now waiting for the contract to be signed. A special audit committee meeting will be held to kick off the financial statement audit after the contract is completed.

The interim audit work plan was the subject of a robust discussion. With the agency's changes, the internal audit division is shifting priorities and resources. Staff presented the priorities they will focus on in the upcoming months, and the Committee approved the plan.

The following link has the committee materials that were presented for your reference:

<https://www.rio.nd.gov/sites/www/files/documents/PDFs/SIB%20Audit/Board/Materials/sibauditmat20250514.pdf>

BOARD ACTION REQUESTED: Information Only.

MEMORANDUM

TO: State Investment Board

FROM: Dr. Rob Lech, Chair, Jodi Smith, Interim Executive Director, and Sara Seiler, Supervisor of Internal Audit

DATE: May 16, 2025

RE: Executive Search Committee Update

At the State Investment Board (SIB) meeting on November 22, 2024, Ms. Murtha provided her resignation as the Executive Director effective January 3, 2025. At the SIB January 3, 2025, meeting the SIB approved the use of an executive search firm for both the permanent executive director and the Chief Financial Officer/Chief Operating Officer and delegated the authority to the Executive Search Committee to issue the Request for Proposals, select the firm and designate finalist candidates for the Executive Director position.

The Executive Search Committee approved contract negotiations with the bidder most susceptible to award. The contract was awarded to CBIZ EFL Associates (CBIZ). A timeline for the Executive Director Search was provided by CBIZ and actions completed have been indicated.

Action	Completion Date	Status
All appropriate constituents interviewed; position specifications for the ED role finalized and approved by the SIB/Search Committee	March 27, 2025	COMPLETED
Search projects go "live"; approved postings/advertisements all placed: EFL embarks on targeted research/outreach to prospective candidates	March 31, 2025	COMPLETED
Advertising, candidate identification, outreach completed; EFL vetting interviews completed; full candidate profiles on best qualified ED candidate reviewed with the SIB/Search Committee; the SIB/Search Committee selects candidates for first interviews	May 07, 2025	
The SIB/Search Committee completes the first round of candidate interviews; ED finalist candidates selected	May 16, 2025	
Finalist candidate due diligence (i.e., comprehensive background investigations and professional reference conversations) completed and forwarded to the SIB/Search Committee for review and consideration	May 28, 2025	
Finalist candidates come to Bismarck. If desired, each ED finalist candidate meets individually with NDRIO senior staff in a "town hall" interaction	June 03, 2025	
SIB conducts in-person interviews with finalist ED candidates; Finalist candidate interviews completed; successful ED candidate selected; offer formulated and extended	May 23, 2025	
Negotiations completed; offers accepted	June 6, 2025	
Incoming ED begins tenure with NDRIO	June 23, 2025	

A timeline for the CFO/COO was provided by CBIZ and actions completed have indicated.

Action	Completion Date	Status
ELF Associates is selected; engagement letter/contract is signed	March 3, 2025	COMPLETED
All appropriate constituents interviewed; position specifications for the ED and CFO/COO roles developed by EFL Associates and approved by the SIB/Search Committee and NDRIO key staff, respectively	March 14, 2025	COMPLETED
Search projects go "live"; approved postings/advertisements all placed; EFL embarks on targeted research/outreach to prospective candidates	March 17, 2025	COMPLETED
Candidate Scoring matrix and narrowed list of CFO candidates share with NDRIO key leadership for review and consideration	April 30, 2025	COMPLETED
NDRIO key leadership completes first round interviews with CFO/COO candidates; finalists selected	May 9, 2025	
Finalist candidate interviews completed for each search; successful CFO/COO candidates selected; offers formulated and extended	May 23, 2025	
Negotiations completed; offers accepted	June 6, 2025	
Incoming CFO/COO begins tenure with NDRIO	June 16, 2025	

RIO leadership has begun the CFO/COO online interviews. Finalists will be selected for interviews in person. Hiring of a CFO/COO is anticipated by July 1, 2025.

Board Action Requested: Information only

RETIREMENT AND INVESTMENT OFFICE
Internal Audit
2024-2025 Third Quarter Audit Activities Report
January 1, 2025 – March 31, 2025

The audit objective of Internal Audit (IA) is twofold: first, to provide comprehensive, practical audit coverage of the Retirement and Investment Office (RIO) programs; second, to assist RIO management and the State Investment Board (SIB) by conducting special reviews or audits.

Audit coverage is based on July 1, 2024 through June 30, 2025 work plan approved by the SIB Audit Committee. The audit activities undertaken are consistent with the Internal Audit charter and goals, and the goals of RIO. To the extent possible, our audits are being carried out in accordance with the International Standards for the Professional Practice of Internal Auditing. Audit effort is being directed to the needs of RIO and the concerns of management and the SIB Audit Committee.

Investment and Agency Audit Activities

- **Executive Limitation Audit**

On an annual basis, IA reviews the Executive Director's level of compliance with the SIB Governance Manual Executive Limitation Policies. The audit is reviewing the calendar year of 2024.

This audit is in progress. Even though the Executive Director resigned in December, the audit will be completed to ensure RIO's compliance with SIB Governance Manual Executive Limitation Policies.

- **Executive Review and Compensation Committee**

Each year the Executive Review and Compensation Committee (ERCC) administers a formal self-assessment to the SIB. A review of the SIB self-assessment was done by the interim Executive Director, the Communications and Outreach Director, and the Supervisor of Internal Audit to recommend any changes. The SIB self-assessment was administered on behalf of the ERCC by the Supervisor of Internal Audit and results were reported to the SIB at the April 25, 2025 meeting.

On an annual basis as outlined in the ERCC charter, performance surveys of the Chief Investment Officer and Deputy Executive Director/Chief Retirement Officer are administered. Due to the resignation of the Executive Director, the annual board and staff surveys of the Executive Director were not completed. All surveys were reviewed and updated. The Supervisor of Internal Audit administered the surveys and compiled the results on behalf of the ERCC.

- **Executive Search Committee**

The Executive Director and the Chief Financial Officer/Chief Operating Officer resigned from RIO as of December 31, 2024. The Supervisor of Internal Audit is a member of the Executive Search Committee and attended a meeting in December of 2024. An interim Executive Director, Jodi Smith, was selected by the SIB Board to start on January 13, 2025. The Supervisor of Internal Audit worked on onboarding the interim Executive Director.

An Executive Search Committee was appointed by the SIB. At the January meeting, the Committee selected the Supervisor of Internal Audit to be the staff member for the Committee. Since then, a request for proposal (RFP) was developed for the recruitment services for both positions. An RFP was issued and evaluations done. CBIZ EFL Associates is the firm that the Executive Search Committee

selected. Two meetings were held during the quarter.

The Committee hopes to have final interviews for the Executive Director position with the SIB Board in May/June 2025.

- **Exit Interview**

The Supervisor of Internal Auditor completed two exit interviews: the Executive Director and the Chief Financial Officer/Chief Operating Officer. The comments were reported to the interim Executive Director.

- **External Audit Assistance**

The State's Auditor's Office is issuing an RFP for the financial state audit of RIO for the next three years. The RFP closed on April 23, 2025, and an intent to award is tentatively set for the first week of May. A special audit committee meeting will be held to review the scope and the approach of the audit.

- **Internal Audit Co-Sourcing request for proposal**

Through the risk assessment and a resource assessment completed and presented by Weaver at the August 2024 Audit Committee meeting, additional resources to meet the audit plan are needed. The Audit Committee approved internal audit staff and senior management to propose a request for proposal (RFP) for additional audit resources to perform internal audits for the investment and fiscal divisions. This would be approximately 2-3 audits a year that would be a combination of co-sourcing and outsourcing depending on the availability of internal audit staff.

An RFP was presented to the SIB Audit Committee at the November 18, 2024 meeting for approval. The Audit Committee approved the RFP to be issued. A special SIB Audit Committee meeting was held for the presentation vendors on February 5, 2025. Weaver was selected by the Audit Committee to complete high priority projects for the audit plan.

- **External Investment Oversight Audit**

The scope of this audit is the public and private Market teams including selection and oversight of external managers, secondary investing, valuation, material non-public information, portfolio construction, contracting and monitoring LPA terms, alignment with special mandates, and oversight of fees and expenses. This audit is a co-sourced audit through Weaver and is currently in process.

- **Investment Compliance Program**

The Supervisor of Internal Audit serves in an advisory capacity with the Consultant (Weaver). She attends meetings with the consultant and staff.

Retirement Program Audit Activities

- **TFFR File Maintenance Review**

IA of the Retirement and Investment Office (RIO) is reviewing the system generated (CPAS) audit tables to ensure transactions initiated by RIO staff are expected and appropriate given the role in the organization. The processes for entering information from member action forms, change of address forms, and direct deposit forms are also reviewed. A sample of members will be reviewed for each of the processes to verify the information on the form is the same as the information in the system. A sample of deaths, disabilities, purchases, refunds, and retirements will also be reviewed.

The review of table reports and roles is completed. IA is in the process of reviewing the samples for the processes named above.

- **TFFR Pioneer Project**

User acceptance testing (UAT) continued during this timeframe. Operational and IA staff attended and tested the business processes in the training environment to ensure that the system was functioning appropriately.

In September of 2024, the PAS project manager set up the following three groups: Employer Self-Service (ESS), Fiscal Accounting, and Retirement Self Service. Each of these groups were assigned with duties preparing for cut-off/go-live and working with membership. IA staff were assigned to the ESS group along with the Compliance Officer, Retirement Accountant, and an Administrative Assistant. The Communications and Outreach Director assisted with drafting notifications and assisted with meetings with the employers and members as needed.

Tasks assigned to the ESS group during the second quarter continued in the third quarter. They were as follows: set-up a schedule of notifications sent to the employers; established a training schedule (vendor training and multiple MyTFFR Office hours), training material (manual found on the RIO website), training media for employers (recordings found on the RIO website); monitored employers logging into the new system testing region; completed education on the enrollment file, payroll file, and paying an invoice; worked with the three software vendors and NDIT if issues were found through testing; and worked with the Accounting group in establishing cut-off dates and activities for the employers and RIO staff.

RIO Neospin went live as was scheduled on February 10, 2025. The system has worked well. Staff had some issues which have been resolved by Sagitec or Software vendors. As of 4/28/2025, there were 5,019 unique logins and use of the MyTFFR portal for members. The MyTFFR portal for the Business Partners had 190 of 215 employers upload reports and payments.

Administrative Activities

The IA staff attended the monthly RIO staff meetings, monthly RIO manager's meetings, divisional meetings, monthly Fiscal/Organization meetings, monthly Retirement Services' meetings, one Audit Committee meeting, two SIB meetings, one TFFR meeting, one GPR meeting and TFFR/SIB agenda meetings.

There are hours attached to preparing for the above meetings.

Professional Development/CE/General Education

IA staff completed NDIT Cyber awareness training.

MEMORANDUM

TO: State Investment Board
FROM: Jodi Smith, Interim Executive Director
DATE: May 16, 2025
RE: Executive Limitations

Ms. Smith will provide a verbal update at the meeting on staff relations and strategic planning. Including updates on the following topics:

I. Retirements/Resignations/FTE's/Temporary Assistance

Position Title	Status
Investment Administrative Assistant (new)	Posting pending
Public Markets Investment Analyst (new)	First Round Interviews Underway
Investment Interns	Hiring Completed
Portfolio Manager of Quantitative Risk and Fund Management (Risk Officer Replacement)	Reviewing Applicants
Interim Chief Financial Officer	Resignation Reluctantly Accepted
Chief Financial Officer	Interviewing
Executive Director	Posting via Executive Search Firm

II. Strategic Goals Quarterly Review

2025 Strategic Goals

Industry Leader Initiative – Innovation in operations to excel in education, technology, and talent pool.

- Recruitment and Onboarding of Executive Director and CFO
- Transition from network folders and Teams to SharePoint
- Implementation of investment operations compliance plan

Succession and Business Continuity Planning

- Create Succession Plans for Executive Director, Deputy Executive Director, CIO, and CFO/COO

Alignment thru Continuous Improvement

- Identify pockets of innovation across the organization during regular check-ins. Small, compounding changes and innovations add up to outsized results over time.
- Governance Review

Strategic Implementation of New Statutes

- HB 1330 – Divestment from Direct Chinese Investments
- HB 1319 – Creation of Legacy Fund Transparency Website

Industry Leader Initiative

- Recruitment and Onboarding of Executive Director and CFO – Please see May Executive Search update.
- Transition from network folders and Teams to SharePoint – RIO Procurement Officer is finalizing RFP to be released utilizing the preferred vendor pool contract 095.
- Implementation of investment operations compliance plan – Established a Trade Error Standard Operating Procedure. Identified team members completing necessary Conflict of Interest Statements and Attestations. Internal trading rule implementation was successful for initial trading.

Succession and Business Continuity Planning

- Create succession plans for the Executive Director, Deputy Executive Director, Chief Investment Officer, and Chief Financial Officer/Chief Operations Officer – RIO has not started concerted effort on this goal.

Alignment through Continuous Improvement

- Identify pockets of innovation across the organization during regular check-ins. Small Compounding changes and innovations add up to outsized results over time.
 - Reconfiguration of RIO office to ensure appropriate permanent and temporary office space.
 - Realigning job descriptions for team members impacted by the implementation of the new teacher's retirement system to capture efficiencies, ensure separation of duties and enactment of a compliance program.
 - Issuance of the Bold and the Balanced Project RFP to provide subject matter expertise in governmental and specialized investment accounting, operations, and business processes to support a rolling business process re-engineering study for RIO. This includes documenting and analyzing workflows between RIO, custodians, and financial systems; identifying inefficiencies; recommending improvements; and advising on the timing of new processes aligned with upcoming IT system enhancements.
- Governance Review - Please see May GPR update.

Strategic Implementation of New Statutes

- HB 1330 – This bill failed in the Senate. No further action.
- HB 1319 – Creation of Legacy Fund Transparency Website. No progress.

Board Action Requested: Board acceptance

ND State Investment Board Resolution
In Recognition of
Rachel Kmetz

WHEREAS, Rachel Kmetz has served as a valued and dedicated member of the Retirement & Investment Office for nearly 3 years; and

WHEREAS, Rachel Kmetz has diligently carried out her duties and responsibilities as Fiscal & Investment Operations Manager and as Interim CFO/COO in support of both the TFFR and SIB Programs; and

WHEREAS, Rachel Kmetz has diligently helped to maintain the fiscal operations, integrity and stability of the TFFR and SIB Programs.

NOW THEREFORE, BE IT RESOLVED that Rachel Kmetz be duly recognized by this Board for her unselfish dedication to the State of North Dakota through her service to the Retirement & Investment Office.

DATED this 16th day of May 2025

On Behalf of the SIB

Governor Kelly Armstrong, Chair

Votes

Date