

**Thursday, August 14, 2025, 3:00 p.m.**  
**WSI Board Room (In-Person)**  
**1600 E Century Ave, Bismarck, ND**  
[Click here to join the meeting](#)

AGENDA

- I. CALL TO ORDER AND ACCEPTANCE OF AGENDA (*Board Action*)**
  - A. Pledge of Allegiance
  - B. Conflict of Interest Disclosure
- II. ACCEPTANCE OF MINUTES (July 25, 2025) (*Board Action*)**
- III. GOVERNANCE (20 minutes)**
  - A. Governance Audit RFP<sup>1</sup> (*Board Action*) – Dr. Lech, Ms. Smith
- IV. ADJOURNMENT**

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<sup>1</sup> Possible Executive Session pursuant to N.D.C.C. 44-04-19.2(6) and 54-44.4-10(2) to receive and discuss exempt proposal procurement information during a competitive bidding process.

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

**MEMBERS PRESENT:**

Kelly Armstrong, Governor, Chair  
Dr. Rob Lech, TFFR Board, Vice Chair  
Thomas Beadle, State Treasurer, Parliamentarian  
Rep. Glenn Bosch, LBSFAB  
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

**MEMBERS ABSENT:**

Gerald Buck, PERS Board  
Art Thompson, Director of WSI

**STAFF PRESENT:**

Scott M. Anderson, CIO  
Jac Collins, Sr. Investment Analyst  
Cory Cox, Public Funds Analyst  
Derek Dukart, Sr. Investment Analyst  
Shiv Khare, Investment Intern  
Missy Kopp, Executive Assistant  
Robbie Morey, Investment Accountant  
George Moss, Portfolio Mgr.  
Sarah Mudder, Communications/Outreach Dir.  
Chad Roberts, DED/CRO  
Sara Seiler, Supervisor of Internal Audit  
Jodi Smith, Executive Director  
Dottie Thorsen, Internal Auditor  
Nitin Vaidya, Chief Risk Officer  
Lance Zietlow, Portfolio Mgr.

**GUESTS:**

Chad Keech, State Procurement  
Kirsten Tuntland, Assistant Attorney General  
Aaron Weber, Governor's Office  
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, July 25, 2025. The meeting was held in the WSI Boardroom, 1600 E Century Ave., Bismarck, ND.

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

**MINUTES:**

The Board considered the minutes of the May 16, 2025, and June 3, 2025, SIB meetings.

**IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE MAY 16, 2025, AND June 3, 2025, MINUTES AS DISTRIBUTED.**

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

#### **ELECTION OF OFFICERS & COMMITTEE APPOINTMENTS:**

**TREASURER BEADLE NOMINATED GOV. ARMSTRONG AS CHAIR AND DR. LECH AS VICE CHAIR OF THE SIB. THERE WERE NO FURTHER NOMINATIONS. THE NOMINATIONS WERE CARRIED BY A VOICE VOTE.**

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

The Chair appointed Treasurer Beadle as Parliamentarian.

**IT WAS MOVED BY MR. JAHNER AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A VOICE VOTE TO APPOINT TREASURER BEADLE, MR. MICKELSON, MR. MILLER, AND MR. VAN ORMAN TO THE SIB AUDIT COMMITTEE.**

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

**IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY SEN. KLEIN AND CARRIED BY A VOICE VOTE TO APPOINT DR. LECH, TREASURER BEADLE, AND MR. MORRISSETTE TO THE GOVERNANCE AND POLICY REVIEW (GPR) COMMITTEE.**

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

Gov. Armstrong appointed Treasurer Beadle, Dr. Simlai, Mr. Jahner, Mr. Anderson, Mr. Chin, and Mr. Van Orman to the Investment Committee (IC) with Treasurer Beadle as chair and Dr. Simlai as vice chair.

Gov. Armstrong appointed Commissioner Heringer, Mr. Thompson, and Rep. Bosch to the Securities Litigation Committee (SLC).

#### **INVESTMENTS:**

##### **Quarterly Investment Performance:**

Mr. Anderson provided an overview of investment performance through April, beginning with a summary of market conditions. Emphasis was placed on the importance of asset allocation as the primary driver of risk and

return. PERS and TFFR showed similar portfolio structures and steady active returns, with ongoing efforts to harmonize their asset allocations.

The Legacy Fund is transitioning to a more diversified allocation, aligning closer to sovereign wealth fund standards. This shift has begun to produce improved long-term returns and risk profiles.

WSI's portfolio, structured to meet insurance needs, maintains a larger allocation to fixed income. It showed strong long-term performance with active returns exceeding benchmarks over 3-, 5-, and 10-year periods. However, year-to-date performance showed a slight negative active return, attributed to market-driven fixed income behavior. Board discussion followed.

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

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

**NAYS: NONE**

**ABSENT: MR. BUCK AND MR. THOMPSON**

**MOTION CARRIED**

#### **GOVERNANCE:**

##### **Investment Committee (IC) Update:**

Treasurer Beadle provided an update from the June 13, 2025, and July 11, 2025, Investment Committee meetings. In June, the focus was on strengthening governance practices, including a review and approval of updated investment staff disclosures related to ethics, personal trading, and outside business activities. Discussions are ongoing about extending similar requirements to board and committee members.

A \$60 million private equity commitment was approved (\$20M for pensions, \$40M for the Legacy Fund) to a healthcare-focused manager. This supports efforts to address the Legacy Fund's under allocation to private markets. The committee also formally announced the onboarding of Grosvenor as a second in-state private market manager.

In July, Verus presented an investment manager fee review showing that overall fees remained below peer averages despite a more complex portfolio. Another \$60 million private market commitment was reviewed, focused on infrastructure, alongside a broader private equity strategy update. Internal investment strategies launched in April have already produced several million dollars in savings and outperformance. Lastly, the committee approved updated investment policy statements for the Fire and Tornado Fund and the State Bonding Fund with minor changes.

The updated Investment Policy Statements for the State Bonding Fund and Fire and Tornado Funds were provided for board review and approval.

**IT WAS MOVED BY MR. MORRISSETTE AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INVESTMENT POLICY STATEMENTS FOR THE STATE BONDING FUND AND THE FIRE & TORNADO FUND.**

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

**NAYS: NONE**

**ABSENT: MR. BUCK AND MR. THOMPSON**

**MOTION CARRIED**

#### Annual Governance & Policy Review Report:

Dr. Lech reviewed the annual report summarizing governance and policy review activities. The GPR Committee discussed policy changes, reviewed the investment code of ethics and made a recommendation to the board to undertake a full governance audit with an outside vendor. Emphasis was placed on the importance of governance as the foundation of operations. RIO and its program have evolved significantly with the growth of the Legacy Fund, creation of new committees, and increased complexity of investment strategies but the governance structure has not had a comprehensive review for over two decades. Board discussion followed.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY REP. BOSCH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE ANNUAL GPR REPORT.**

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

**NAYS: NONE**

**ABSENT: MR. BUCK AND MR. THOMPSON**

**MOTION CARRIED**

#### Audit Committee Update:

Treasurer Beadle provided an update from the June 19, 2025, Audit Committee special meeting. The external auditors, UHY, presented the engagement scope, work plan, and timeline for the financial statement audit and the GASB 68 audit for the fiscal year ending June 30, 2025. The audits are scheduled for completion by the end of the calendar year.

#### Security Litigation Committee (SLC) Update:

Commissioner Heringer provided an update from the SLC meeting on June 17, 2025. The committee received a status report from FRT which details ongoing security litigation proceedings managed on behalf of the SIB. There have been no major developments since the last committee meeting.

#### Legacy and Budget Stabilization Fund Advisory Board (LBSFAB) Update:

Ms. Smith provided an update from the LBSFAB meeting on May 27, 2025. An investment performance update was provided through the end of February 2025. The April performance information was provided in the board memo.

#### Code of Conduct Affirmations:

Board members were provided with Governance Process policy 2-H, Board Members' Code of Conduct which details the code of ethical responsibility for SIB members. The policy requires an annual affirmation from each member that they understand this policy and a disclosure of any conflicts of interest.

#### Governance & Policy Review (GPR) Committee Update:

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY REP. BOSCH AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.2(6) AND 54-44.4-10(2) TO RECEIVE AND DISCUSS EXEMPT PROPOSAL PROCUREMENT INFORMATION DURING A COMPETITIVE BIDDING PROCESS.**

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

The executive session started at 9:40 a.m. and ended at 10:07 a.m. The session was attended by board members, Mr. Keech, Ms. Tuntland, Mr. Weber, and RIO staff members: Ms. Smith, Mr. Anderson, Ms. Kopp, Ms. Seiler, Ms. Mudder, Mr. Cox, Mr. Khare, and Ms. Chen.

After returning to open session, the board discussed how to move forward with a decision on the governance audit expenses. Staff indicated that there is money in the budget to cover the governance audit project. The Board has the authority to make these types of decisions about expenditures even if they were not planned for specifically in the budget request. The desire to communicate the importance of this project was discussed. A special meeting will be held in August to give the board chair and the ED time to meet with legislators.

### **REPORTS:**

#### **Quarterly Investment Ends:**

Mr. Cox reviewed the Investment Ends report for the quarter ending June 30, 2025. In public markets a new international investment manager was approved by the IC. Funding was completed with WorldQuant for the US large cap equity portfolio. Recruitment is ongoing for the Public Markets Investment Analyst position.

In private markets a \$50 million commitment was made to GCM Grosvenor. The private markets team has been very active with meetings for strategy development, due diligence, and monitoring. In risk management the internal trading system went live in April, with most challenges now resolved. The Risk Analyst resigned and duties have been transitioned to other staff.

In the internal management program, over \$300 million was allocated for portfolio rebalancing and Legacy Fund distributions.

#### **Quarterly Update & Strategic Communications Plan:**

Ms. Mudder provided an overview of communications and outreach activities during the quarter ending June 30, 2025. Staff continue to monitor engagement rates for email communications and are utilizing social media to share information about RIO's programs. The 2025 Investment Seminar has been scheduled in October.

Ms. Mudder reviewed key strategies from the 2025-27 strategic communications plan. The plan focuses on five goals: position RIO as an industry leader, strengthen transparency and demonstrate value, modernize digital and public communications, educate and engage stakeholders, and support continuity and crisis readiness.

Results and feedback from the SIB client survey were reviewed.

#### **Executive Limitations/Staff Relations Report:**

Ms. Smith provided the Executive Limitations/Staff Relations report. RIO is currently down about 25% of the total FTEs. The Chief Financial/Operations Officer (CFOO) position has been open since January. The position was reposted with an increase to the salary range to booster applications. There were a large number of applicants since the position was reposted. A review of the other open position searches was provided. Work is underway on succession planning for the CFOO and Chief Retirement Officer positions.

**IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY INVESTMENT ENDS, QUARTERLY UPDATE & STRATEGIC COMMUNICATIONS PLAN, AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.**

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

**ADJOURNMENT:**

With no further business to come before the SIB, Gov. Armstrong adjourned the meeting at 10:42 a.m.

Prepared by: Missy Kopp, Assistant to the Board

## MEMORANDUM

**TO:** State Investment Board  
**FROM:** Dr. Rob Lech, Chair and Jodi Smith, Executive Director  
**DATE:** July 25, 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 Proposal 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.

Staff performed a group evaluation of the proposals received in June 2025. On July 16, 2025, the GPR Committee heard a presentation from the recommended vendor addressing the following:

1. Team leads

2. Firm Experience and Clients
3. SIB Self-Assessment
4. Key Project Steps and Schedules
5. Cost

The GPR committee voted to recommend the board direct staff to enter into contract negotiation with the firm most susceptible to award.

At the July 25, 2025, meeting the SIB did not take action on the GPR committee's recommendation to enter into contract negotiation with the firm most susceptible to award.

Since the July 2025 SIB meeting, the RIO team requested a "best and final offer" from the firm most susceptible to award and received a response that is 10% below the phase 1 and 5% below the phase 2 quote.

**Board Action Requested:** The SIB directs staff to enter into contract negotiation with the firm most susceptible to award