

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
SEPTEMBER 26, 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
Art Thompson, Director of WSI

MEMBER ABSENT:

Gerald Buck, PERS Board

STAFF PRESENT:

Scott M. Anderson, CIO
Eric Chin, Deputy CIO
Jac Collins, Sr. Investment Analyst
Cory Cox, Public Funds Analyst
Derek Dukart, Sr. Investment Analyst
Chirag Gandhi, Portfolio Mgr.
Missy Kopp, Executive Assistant
Robbie Morey, Investment Operations Analyst
George Moss, Portfolio Mgr.
Sarah Mudder, Communications/Outreach Dir.
Chuck Napp, Sr. Investment Operations Manager
Adam Otteson, CFOO
Daphne Pfeigler, Investment Accountant
Emmalee Riegler, Procurement/Records Coord.
Chad Roberts, DED/CRO
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Executive Director
Nitin Vaidya, Chief Risk Officer
Susan Walcker, Sr. Financial Manager
Lance Zietlow, Portfolio Mgr.

GUESTS:

Marc Gesell, Verus
Eileen Neill, Verus
Kirsten Tuntland, Assistant Attorney General
Scott Whalen, Verus
Members of the Public

CALL TO ORDER:

Gov. Armstrong, Chair, called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, September 26, 2025. The meeting was held in the WSI Boardroom, 1600 E Century Ave., Bismarck, ND.

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

MINUTES:

The Board considered the minutes of the August 14, 2025, SIB meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A VOICE VOTE TO APPROVE THE AUGUST 14, 2025, MINUTES AS DISTRIBUTED.

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

EDUCATION:

Fiduciary Duty and Ethics:

Ms. Tuntland, Assistant Attorney General, provided board education on fiduciary duties and ethics. The presentation included information about the prudent investor rule, fiduciary duties of SIB members, and ways to mitigate fiduciary risk. Ms. Tuntland provided an overview of the 6-step process for disclosing conflicts of interest. Board discussion followed.

INVESTMENTS:

Quarterly & Annual Performance Update:

Ms. Neill and Mr. Gesell, Verus, provided the quarterly and annual performance update as of June 30, 2025. North Dakota funds performed strongly. Market gains were largely driven by favorable economic conditions in the latter half of the fiscal year. A review was provided of risk-adjusted performance metrics, noting improved tracking error, consistent positive Sharpe ratios, and strong relative results across asset classes. The Legacy Fund and pension portfolios showed returns near the top of peer comparisons, with asset allocations now more closely aligned. Private equity funding is still in early stages but progressing as planned. Insurance funds also demonstrated solid performance, with results ahead of benchmarks despite persistent negative cash flow. Overall, all major funds outperformed their policy benchmarks for the quarter and fiscal year to date.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY/ANNUAL INVESTMENT PERFORMANCE UPDATE.

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

Investment Fees Discussion:

Mr. Anderson summarized the 2024 fee study by Verus, noting overall investment management fees remain reasonable and below market benchmarks. While a few mandates exceeded peer averages, most were lower, and total plan fees have declined since 2020. The shift to direct private market investments and expanded internal management are expected to further reduce costs over time. Board discussion followed.

GOVERNANCE:

Investment Committee Update:

Treasurer Beadle provided an update from the August 8, 2025, and September 12, 2025, Investment Committee meetings. In August, the committee reviewed internal trading controls, and discussed NEPC's asset allocation recommendations for client funds, which were subsequently approved by multiple boards. Staff also provided market updates and announced private market commitments totaling \$95 million across the pension and Legacy Fund pools.

At the September meeting, staff presented the strategic roadmap for evolving the investment program, including internal management initiatives to reduce costs and improve performance. The committee also reviewed private market managers in executive session, discussed pacing plans for future commitments, and considered potential adjustments to the timing of private market benchmark reporting. Board discussion followed.

Governance & Policy Review (GPR) Committee Update:

Dr. Lech provided an update from the September 9, 2025, GPR Committee meeting. The primary topic for the meeting was the governance review project with Funston. The consultant noted their appreciation for the high level of board participation in the initial survey. Individual interviews are underway to gather additional context on survey results. Funston's preliminary assessment identified key focus areas, including updating the governance manual, clarifying roles and responsibilities between the board and staff, refining delegation and oversight processes, and reviewing committee structures. The project follows an accelerated timeline, with recommendations expected by December. Board discussion followed.

Audit Committee Update:

Treasurer Beadle provided an update from the September 3, 2025, Audit Committee meeting. The committee reviewed the internal audit (IA) interim work plan and received updates on ongoing projects with Weaver, including advisory services and the external investment oversight audit, which is expected to be completed in October. IA activities include compliance reviews, GASB 68 coordination, and development of a risk-based audit plan. The committee also discussed progress on hiring an additional audit staff member.

An isolated fraud incident affecting a TFFR member account was reported and has been fully resolved, with additional security measures implemented. The committee approved the IA work plan for the coming year.

The board received a recommendation for a new member to fill the vacancy on the Audit Committee.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPOINT LISA CORBIN TO THE SIB AUDIT COMMITTEE.

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

NAYS: NONE

ABSENT: MR. BUCK

MOTION CARRIED

Securities Litigation Committee Update:

Commissioner Heringer provided an update from the September 16, 2025, Securities Litigation Committee meeting. The committee elected officers and completed their annual review of the charter. Updates were provided on the four active litigation cases and a securities litigation monitoring report.

Business Continuity Update:

Ms. Smith provided an overview of the plan to update the agency's business continuity plan. The current plan is outdated so staff will collaborate with NDIT to modernize the plan to ensure secure data management and resilient business processes. The recent Funston survey highlighted the need for stronger board engagement in risk and continuity planning. Future recommendations will include increased oversight of these areas. Board discussion followed.

REPORTS:

Quarterly Budget/Fiscal Conditions Report:

Ms. Smith reviewed the quarterly budget/fiscal conditions report for the quarter ending June 30, 2025. Some funds were unused due to open positions during the biennium. Operational expenditures were also below projections because the pension system launch occurred later than anticipated, delaying related capital expenses to the next period. Contingency funds were used for executive searches for the Executive Director and Chief Financial Officer positions. A summary of continuing appropriations and associated expenditures was also provided.

Annual Audit Activities Report:

Ms. Seiler provided an overview of the annual audit activities report which included activities of the Audit Committee. Key activities included administering the board's self-evaluation, supporting the Executive Search Committee with the Executive Director search, and continuing the multi-year internal audit maturity project. In partnership with Weaver, the team completed a risk assessment, updated charters, and finalized an IA manual in August 2024. Staffing needs were reviewed, leading to one additional FTE and a co-sourcing contract with Weaver for specialized support. Weaver conducted the first external investment oversight audit, currently in draft form, and provided advisory support to the fiscal and investment compliance teams during staffing shortages. Additional work included the TFFR file maintenance audit, employee exit reviews, and the successful launch of the TFFR Pioneer Project in February. External financial statement and GASB 68 audits were completed with clean, unmodified opinions.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY BUDGET/FISCAL CONDITIONS AND ANNUAL AUDIT ACTIVITIES REPORTS.

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

NAYS: NONE

ABSENT: MR. BUCK

MOTION CARRIED

ADJOURNMENT:

With no further business to come before the SIB, Gov. Armstrong adjourned the meeting at 10:21 a.m.

Prepared by: Missy Kopp, Assistant to the Board