

**STATE INVESTMENT BOARD
MINUTES OF THE
FEBRUARY 15, 2008, BOARD MEETING**

BOARD MEMBERS PRESENT: Lt. Governor Jack Dalrymple, Chair
Clarence Corneil, TFFR Board, Via Teleconference
Jeff Engleson, Deputy Land Commissioner
Mike Gessner, TFFR Board
Adam Hamm, Insurance Commissioner
Ron Leingang, PERS Board
Mike Sandal, PERS Board
Cindy Ternes, Workforce Safety & Insurance
Tom Trenbeath, PERS Board

MEMBERS ABSENT: Kelly Schmidt, State Treasurer
Bob Toso, TFFR Board

STAFF PRESENT: Steve Cochrane, Executive Director
Fay Kopp, Deputy Executive Director
Connie Flanagan, Fiscal & Investment Officer
Susan Gefroh, Investment Accountant
Bonnie Heit, Office Manager
Les Mason, Internal Audit

OTHERS PRESENT: Weldee Baetsch, former SIB trustee
Greg Burns, NDEA
Rich Deeter, The Northern Trust
Paul Erlendson, Callan Associates, Inc.
Bill Kalanek, RTA/AFPE
Bryan Reinhardt, PERS

CALL TO ORDER:

Lt. Governor Dalrymple called the State Investment Board (SIB) meeting to order at 8:35 a.m. on Friday, February 15, 2008, in the Ft. Union Room, at the State Capitol, Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: MR. CORNEIL, MR. GESSNER, MR. LEINGANG, MR. ENGLESON, LT. GOVERNOR DALRYMPLE, AND MR. TRENBEATH

MINUTES:

The Board considered the minutes of the January 18, 2008, meeting,

MR. GESSNER MOVED AND MR. TRENBEATH SECONDED TO APPROVE THE JANUARY 18, 2008, MEETING MINUTES.

AYES: MR. ENGLESON, MR. GESSNER, MR. LEINGANG, LT. GOVERNOR DALRYMPLE, MR. TRENBEATH, AND MR. CORNEIL

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER HAMM, MR. SANDAL, TREASURER SCHMIDT, MS. TERNES, MR. TOSO

Ms. Ternes and Mr. Sandal entered the meeting.

BOARD EDUCATION:

SIB Overview: Mr. Steve Cochrane, Executive Director, reviewed the SIB's relationship with its consultant and custodial bank.

Commissioner Hamm entered the meeting.

Custodian's Role: Mr. Rich Deeter, SIB's client service's manager at The Northern Trust (TNT), presented an overview of TNT and the services the bank provides to the SIB. He also elaborated on securities litigation services.

A copy of his presentation is on file at the Retirement and Investment Office (RIO).

Consultant's Role: Mr. Paul Erlendson, SIB client service manager at Callan Associates, Inc., presented an overview of Callan and the services the consultant provides to the SIB.

A copy of his presentation is on file at RIO.

GOVERNANCE:

ADMINISTRATION

Manager Review: Mr. Cochrane and Mr. Erlendson updated the Board on the status of Bank of Ireland who has been on review since February 17, 2006. Mr. Cochrane and Mr. Erlendson indicated that in addition to performance concerns, core staff has left which resulted in reorganization and recommended the SIB terminate their relationship. After discussion,

MR. TRENBEATH MOVED AND COMMISSIONER HAMM SECONDED THE SIB TERMINATE THEIR RELATIONSHIP WITH THE BANK OF IRELAND.

AYES: MR. GESSNER, MR. ENGLESON, MR. LEINGANG, MS. TERNES, COMMISSIONER HAMM, MR. CORNEIL, MR. TRENBEATH, LT. GOVERNOR DALRYMPLE, AND MR. SANDAL

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MR. TOSO

Securities Litigation: Mr. Cochrane reviewed the SIB's securities litigation policy. After discussion,

MR. ENGLESON MOVED AND MS. TERNES SECONDED TO REAFFIRM THE SIB'S EXISTING SECURITIES LITIGATION POLICY.

AYES: MR. CORNEIL, MR. GESSNER, MR. SANDAL, MR. LEINGANG, MS. TERNES, COMMISSIONER HAMM, MR. ENGLESON, LT. GOVERNOR DALRYMPLE, AND MR. TRENBEATH

NAYS: NONE

MOTION CARRIED**ABSENT: TREASURER SCHMIDT, MR. TOSO**

Lt. Governor Dalrymple left the meeting and Commissioner Hamm presided over remaining business.

QUARTERLY MONITORING:

Included in the board member's packets were the following monitoring reports for the quarter ending December 31, 2007: Insurance Trust and Pension Trust Investment Measurement Reports.

Mr. Erlendson reviewed the Pension Trust report.

MR. LEINGANG MOVED AND MR. SANDAL SECONDED TO APPROVE THE PENSION TRUST INVESTMENT MEASUREMENT REPORT.

AYES: MR. TERNES, COMMISSIONER HAMM, MR. ENGLESON, MR. TRENBEATH, MR. SANDAL, MR. LEINGANG, MR. CORNEIL, AND MR. GESSNER

NAYS: NONE

MOTION CARRIED**ABSENT: LT. GOVERNOR DALRYMPLE, TREASURER SCHMIDT, MR. TOSO**

Mr. Erlendson reviewed the Insurance Trust report.

MR. TRENBEATH MOVED AND MR. GESSNER SECONDED TO APPROVE THE INSURANCE TRUST INVESTMENT MEASUREMENT REPORT.

AYES: COMMISSIONER HAMM, MR. SANDAL, MR. CORNEIL, MR. GESSNER, MR. TRENBEATH, MS. TERNES, MR. ENGLESON, AND MR. LEINGANG

NAYS: NONE

MOTION CARRIED**ABSENT: LT. GOVERNOR DALRYMPLE, TREASURER SCHMIDT, MR. TOSO****OTHER:**

Mr. Cochrane informed the board RIO has an open FTE as a result of the efficiencies gained through the implementation of the Teachers' Fund for Retirement (TFFR) CPAS software conversion. Staff is in the process of developing a Position Information Questionnaire (PIQ). This position would primarily be assigned to the Investment Program and assist in Operations, Accounting, and Compliance.

He also informed the board the City of Grand Forks Pension Board has been in contact with RIO inquiring about the SIB's potential management of their pension assets.

Mr. Cochrane also stated the City of Minot has once again been in contact with him regarding the management of their Pension Fund. They are in the process of

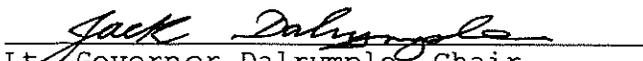
submitting Request for Proposals (RFP) and he reminded them the SIB's past stated position is not to actively compete with the private sector.

For informational purposes, Mr. Cochran informed the board Mr. Chad Myhre, a former employee of the ND Insurance Dept. is now employed by Callan Associates, Inc., San Francisco, CA.

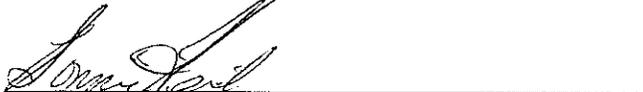
ADJOURNMENT:

With no further business to come before the Board, Commissioner Hamm adjourned the meeting at 11:35 p.m.

Respectfully Submitted:



Lt. Governor Dalrymple, Chair
State Investment Board



Bonnie Heit
Reporting Secretary