

**STATE INVESTMENT BOARD
MINUTES OF THE
JULY 18, 2008, BOARD MEETING**

BOARD MEMBERS PRESENT: Lt. Governor Jack Dalrymple, Chair
Clarence Corneil, Vice Chair
Levi Erdmann, PERS Board
Mike Gessner, TFFR Board
Lawrence Hopkins, Deputy State Treasurer
Ron Leingang, PERS Board
Gary Preszler, Land Commissioner
Mike Sandal, PERS Board
Cindy Ternes, Workforce Safety & Insurance

MEMBERS ABSENT: Adam Hamm, Insurance Commissioner
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
Leslie Moszer, Compliance Officer
Dottie Thorsen, Internal Audit

OTHERS PRESENT: Greg Burns, NDEA
Erica Cermak, RTA
David Gunkel, former SIB trustee
Thomas Kerr, Hamilton Lane
Larry Martin, Insurance Dept.
John Mensack, Hamilton Lane
Bryan Reinhardt, PERS
Aaron Webb, Attorney General's Office

CALL TO ORDER:

Lt. Governor Dalrymple, Chair, called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, July 18, 2008, in the Ft. Union Room, at the State Capitol, Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: LT. GOVERNOR DALRYMPLE, MR. CORNEIL, MR. ERDMANN, MR. GESSNER, MR. HOPKINS, MR. LEINGANG, COMMISSIONER PRESZLER, MR. SANDAL, AND MS. TERNES

Lt. Governor Dalrymple introduced and welcomed Mr. Levi Erdmann. Mr. Erdmann will be one of three individuals representing the Public Employees Retirement System (PERS) on the SIB. His term runs July 1, 2008 - June 30, 2013.

MINUTES:

The Board considered the minutes of the June 20, 2008, meeting,

MR. GESSNER MOVED AND MR. SANDAL SECONDED TO APPROVE THE JUNE 20, 2008, MEETING MINUTES.

AYES: MS. TERNES, COMMISSIONER PRESZLER, MR. GESSNER, MR. LEINGANG, LT. GOVERNOR DALRYMPLE, MR. ERDMANN, MR. SANDAL, MR. CORNEIL, AND MR. HOPKINS

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER HAMM, MR. TOSO

ELECTION OF OFFICERS:

MR. GESSNER MOVED AND MR. LEINGANG SECONDED TO NOMINATE LT. GOVERNOR DALRYMPLE AS CHAIR FOR THE PERIOD OF JULY 1, 2008 - JUNE 30, 2009.

AYES: MR. GESSNER, COMMISSIONER PRESZLER, MR. LEINGANG, MS. TERNES, MR. HOPKINS, MR. CORNEIL, MR. ERDMANN, LT. GOVERNOR DALRYMPLE, AND MR. SANDAL

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER HAMM, MR. TOSO

MR. LEINGANG MOVED AND MR. SANDAL SECONDED TO NOMINATE CLARENCE CORNEIL AS VICE CHAIR FOR THE PERIOD OF JULY 1, 2008 - JUNE 30, 2009.

AYES: MR. CORNEIL, MR. GESSNER, MR SANDAL, MR. LEINGANG, MS. TERNES, MR. HOPKINS, COMMISSIONER PRESZLER, LT. GOVERNOR DALRYMPLE, AND MR. ERDMANN

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER HAMM, MR. TOSO

Lt. Governor Dalrymple reappointed Mr. Corneil as parliamentarian for the period of July 1, 2008 - June 30, 2009.

SELECTION OF AUDIT COMMITTEE MEMBERS:

Mr. Steve Cochrane, Executive Director, stated the current representatives for the SIB Audit Committee are Ms. Cindy Ternes, delegated by Mr. Bruce Furness, Executive Director/CEO, Workforce Safety & Insurance (WSI), representing elected and appointed officials; Mr. Ron Leingang, representing the Public Employees Retirement System (PERS); Mr. Mike Gessner, representing the Teachers' Fund for Retirement (TFFR); and external representatives Ms. Becky Dorwart and Mr. Lonny Mertz. The current representatives have agreed to serve for the period of July 1, 2008 - June 30, 2009. Lt. Governor Dalrymple reappointed the current members.

BOARD EDUCATION:

Mr. Cochrane introduced Ms. Leslie Moszer. Ms. Moszer accepted the position of Compliance Officer at RIO effective July 1, 2008.

Hamilton Lane - Representatives Mr. John Mensack and Mr. Tom Kerr reviewed "secondaries" (existing private equity interests that are transferred from the original owners to new buyers) in the marketplace. A copy of their presentation is on file at the Retirement and Investment Office (RIO).

GOVERNANCE:**ADMINISTRATION**

FY 2009 Work Plan - Mr. Cochran reviewed the FY 2009 work plan that he has compiled thus far and discussed with the board the process of selecting speakers, educational topics and related initiatives.

Governance - Mr. Cochran and the Board reviewed governance and in particular portfolio rebalancing. These items will continue to be discussed at future board meetings as the board reviews their policies/procedures within the Carver Governance Model.

MONITORING REPORTS:

Included in the board member's packets were the following quarterly monitoring reports for the period ending June 30, 2008: Executive Limitations/Staff Relations, Budget/Financial Conditions, Investment Program, and Retirement Program.

MR. CORNEIL MOVED AND MR. GESSNER SECONDED TO APPROVE THE MONITORING REPORTS FOR THE QUARTER ENDING JUNE 30, 2008.

AYES: MR. HOPKINS, LT. GOVERNOR DALRYMPLE, MS. TERNES, COMMISSIONER PRESZLER, MR. LEINGANG, MR. SANDAL, MR. ERDMANN, MR. CORNEIL, AND MR. GESSNER

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER HAMM, MR. TOSO

OTHER:

The next SIB meeting is scheduled for August 22, 2008 at 8:30 a.m. in the Ft. Union Room, State Capitol, Bismarck, ND.

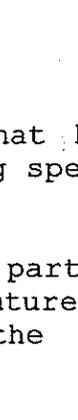
The next SIB Audit Committee meeting is scheduled for September 26, 2008, at 1:00 p.m. in the Ft. Union, State Capitol, Bismarck, ND.

ADJOURNMENT:

With no further business to come before the Board, Lt. Governor Dalrymple adjourned the meeting at 11:15 a.m.

Respectfully Submitted:

 Lt. Governor Dalrymple, Chair
 State Investment Board


 Bonnie Heit
 Reporting Secretary