

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
MARCH 26, 2010 BOARD MEETING**

BOARD MEMBERS PRESENT: Clarence Corneil, Vice Chair
 Jeff Engleson, Land Dept.
 Levi Erdmann, PERS Board
 Mike Gessner, TFFR Board
 Adam Hamm, Insurance Commissioner (teleconference)
 Howard Sage, PERS Board
 Mike Sandal, PERS Board
 Kelly Schmidt, State Treasurer
 Cindy Ternes, Workforce Safety & Insurance
 Bob Toso, TFFR Board

BOARD MEMBER ABSENT: Lt. Governor Jack Dalrymple, Chair

STAFF PRESENT: Steve Cochrane, Executive Director
 Connie Flanagan, Fiscal & Investment Officer
 Bonnie Heit, Office Manager
 Les Mason, Audit Supervisor
 Leslie Moszer, Compliance Officer
 Susan Walcker, Accountant

OTHERS PRESENT: Robert Arnott, Research Affiliates
 Weldee Baetsch, former SIB trustee
 Michael Dalton, Quantum Energy Partners
 David Gunkel, former SIB trustee
 John Menard, Wachovia
 Bruce Ostrum, Stifel Nicolaus Investment Services
 Bryan Reinhardt, PERS
 Anjali Takhar, Wachovia
 Lance Wargo, Wachovia
 Aaron Webb, Attorney General's Office
 John West, Research Affiliates

CALL TO ORDER:

Vice Chair Corneil called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, March 26, 2010, at the State Capitol, Peace Garden Room, Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: MR. CORNEIL, MR. ENGLESON, MR. ERDMANN, MR. GESSNER, COMMISSIONER HAMM, MR. SANDAL, TREASURER SCHMIDT, MS. TERNES, AND MR. TOSO

AGENDA:

The Board reviewed and accepted the March 26, 2010, agenda.

MINUTES:

The Board considered the minutes of the February 26, 2010, meeting.

TREASURER SCHMIDT MOVED AND MR. GESSNER SECONDED TO APPROVE THE FEBRUARY 26, 2010 MINUTES.

AYES: MR. GESSNER, MR. ENGLESON, MS. TERNES, TREASURER SCHMIDT, MR. TOSO, COMMISSIONER HAMM, MR. CORNEIL, MR. ERDMANN, AND MR. SANDAL

NAYS: NONE

MOTION CARRIED

ABSENT: LT. GOVERNOR DALRYMPLE, MR. SAGE

BOARD EDUCATION:

Research Affiliates - Mr. Robert Arnott and Mr. John West provided an educational segment on fundamental indexation and their views on global equity portfolios.

Quantum Energy Partners - Mr. Michael Dalton reviewed energy sector and investment concepts.

Wachovia - Mr. John Menard, Mr. Lance Wargo, and Ms. Anjali Takhar reviewed the securities lending program the firm manages for the SIB.

Copies of their presentations are on file at the Retirement and Investment Office (RIO).

GOVERNANCE:

Manager Catalog - Ms. Connie Flanagan, reviewed the second version of the catalog. The catalog will be updated as managers are hired and when the Board closes relationships.

MS. TERNES MOVED AND TREASURER SCHMIDT SECONDED TO APPROVE THE MANAGER CATALOG AS PRESENTED.

AYES: MR. GESSNER, MR. SANDAL, MR. SAGE, MS. TERNES, TREASURER SCHMIDT, COMMISSIONER HAMM, MR. ENGLESON, MR. TOSO, MR. ERDMANN, AND MR. CORNEIL

NAYS: NONE

MOTION CARRIED.

ABSENT: LT. GOVERNOR DALRYMPLE

The Board discussed if the catalog would be appropriate to post on RIO's website and also discussed what other information would be appropriate/not appropriate to post.

Treasurer Schmidt stated she has a list serve of State Treasurers associated with the various pension groups throughout the country and she will contact them and ask if they share this type of information and if they do, how it is dispersed.

Audit Committee Report - Mr. Gessner updated the Board on the SIB Audit Committee's February 26, 2010 meeting.

MR. ENGLESON MOVED AND MS. TERNES SECONDED TO ACCEPT THE SIB AUDIT COMMITTEE REPORTS.

AYES: MR. SAGE, MR. GESSNER, MR. ENGLESON, MS. TERNES, COMMISSIONER HAMM, MR. ERDMANN, MR. SANDAL, MR. TOSO, MR. CORNEIL, AND TREASURER SCHMIDT
NAYS: NONE

MOTION CARRIED.

ABSENT: LT. GOVERNOR DALRYMPLE

CEO Performance Evaluation - Mr. Les Mason, Supervisor of Internal Audit, presented a summary of an Executive Limitations review he conducts which is one of the tools utilized as part of the annual review for the Executive Director.

Lt. Governor Dalrymple will appoint a compensation committee at a later date.

TREASURER SCHMIDT MOVED AND MR. TOSO SECONDED TO ACCEPT THE EXECUTIVE LIMITATIONS REPORT.

AYES: MR. GESSNER, MR. ENGLESON, MR. SAGE, MS. TERNES, TREASURER SCHMIDT, MR. TOSO, COMMISSIONER HAMM, MR. CORNEIL, MR. ERDMANN, AND MR. SANDAL
NAYS: NONE

MOTION CARRIED.

ABSENT: LT. GOVERNOR DALRYMPLE

Broker Commission Recapture - Mr. Cochrane updated the Board on the broker commissioner recapture program and recommended termination of the program.

The Board concurred to table this issue until the next board meeting.

OTHER:

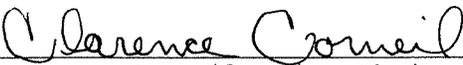
The next SIB meeting is scheduled for April 23, 2010, at 8:30 a.m. at the State Capitol, Peace Garden Room, Bismarck, ND.

The next SIB Audit Committee meeting is scheduled for May 21, 2010, at 1:00 p.m. at the State Capitol, Peace Garden Room, Bismarck, ND.

ADJOURNMENT:

Vice Chairman Corneil adjourned the meeting at 11:55 p.m.

Respectfully Submitted:



Clarence Corneil, Vice Chair
State Investment Board



Bonnie Heit
Reporting Secretary