

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
SEPTEMBER 24, 2010 BOARD MEETING**

BOARD MEMBERS PRESENT: Lt. Governor Jack Dalrymple, Chair
Mike Sandal, Vice Chair
Levi Erdmann, PERS Board
Mike Gessner, TFFR Board
Adam Hamm, Insurance Commissioner
Howard Sage, PERS Board
Kelly Schmidt, State Treasurer
Bob Toso, TFFR Board

BOARD MEMBERS ABSENT: Clarence Corneil, TFFR Board
Jeff Engleson, Land Dept.
Cindy Ternes, Workforce Safety & Insurance

STAFF PRESENT: Connie Flanagan, Fiscal & Investment Officer
LeRoy Gilbertson, Interim Executive Director/CIO
Bonnie Heit, Office Manager
Fay Kopp, Deputy Executive Director
Les Mason, Internal Audit Supvr.
Leslie Moszer, Compliance Officer
Susan Walcker, Investment Accountant

OTHERS PRESENT: Becky Dorwart, SIB Audit Committee
Mike Hardy, State Bank & Trust
Bryan Klipfel, WSI
Lonny Mertz, SIB Audit Committee

CALL TO ORDER:

Lt. Governor Dalrymple called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, September 24, 2010, at the State Capitol, Peace Garden Room, Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: LT. GOVERNOR DALRYMPLE, MR. ERDMANN, MR. GESSNER, COMMISSIONER HAMM, MR. SAGE, MR. SANDAL, TREASURER SCHMIDT, AND MR. TOSO

AGENDA:

MR. GESSNER MOVED AND MR. SANDAL SECONDED TO APPROVE THE SEPTEMBER 24, 2010 AGENDA.

AYES: TREASURER SCHMIDT, LT. GOVERNOR DALRYMPLE, COMMISSIONER HAMM, MR. SAGE, MR. TOSO, MR. SANDAL, MR. ERDMANN, AND MR. GESSNER

NAYS: NONE

MOTION CARRIED.

ABSENT: MR. CORNEIL, MR. ENGLESON, MS. TERNES

MINUTES:

The Board considered the minutes of the August 27, 2010, meeting.

MR. ERDMANN MOVED AND COMMISSIONER HAMM SECONDED TO APPROVE THE AUGUST 27, 2010 MINUTES.

AYES: MR. SAGE, MR. SANDAL, MR. GESSNER, MR. TOSO, MR. ERDMANN, COMMISSIONER HAMM, TREASURER SCHMIDT, AND LT. GOVERNOR DALRYMPLE

NAYS: NONE

MOTION CARRIED

ABSENT: MR. CORNEIL, MR. ENGLESON, MS. TERNES

GOVERNANCE:

Executive Search Update - Mr. Bryan Klipfel updated the board on activities of the Search Committee and EFL Associates. EFL Associates has contacted over 1400 people by email or phone; 80 resumes have been received; 14 candidates' profiles were reviewed by the Search Committee on September 17, 2010; the Search Committee narrowed the field to six candidates and plan to interview those individuals on September 30 and October 1, 2010. The Search Committee will then narrow the field to two - three candidates to bring before the SIB on October 22, 2010.

Discussion followed on the format of the interviews of the candidates by the Search Committee and SIB.

Lt. Governor Dalrymple noted for future meetings; Mr. Gilbertson will replace Mr. Eric Hardmeyer on the Search Committee due to scheduling conflicts with Mr. Hardmeyer.

Clifton Gunderson Report - Ms. Becky Dorwart informed the Board, the staff of the Retirement and Investment Office (RIO) have prepared responses to the findings and recommendations in the Performance Audit completed by Clifton Gunderson. The SIB Audit Committee has also reviewed the responses and is comfortable with the information provided.

Mr. LeRoy Gilbertson, Interim Executive Director reviewed RIO's responses with the Board.

A copy of the Clifton Gunderson report and RIO's responses are on file at RIO.

OTHER:

Mr. Gilbertson updated the Board on his activities. He has met with all of the SIB money managers. There are no real concerns at this time.

Mr. Gilbertson had also asked the SIB managers to respond to the financial regulatory act that is in place and if the new regulations will have an effect on their management of the SIB's portfolio. Of the responses received thus far, the managers have indicated that the act will not have any affects.

He also noted Eide Bailly is finishing their financial audit of RIO. There are no significant findings or issues at this time.

Mr. Sandal recognized RIO staff. The efforts of the staff over the past six months have been incredible. Mr. Sandal has served on a number of committees and the committees would not have been able to accomplish their work without the efforts of staff.

The Board discussed a transition plan between Mr. Gilbertson and the new ED/CIO. Mr. Gilbertson will stay on board after the ED/CIO is hired to help with the transition and on an as needed basis.

The Board again discussed the format of the interview process by the Search Committee and SIB. Once the Search Committee has completed their interviews on September 30 and October 1, 2010, the process for the SIB interviews will be formalized.

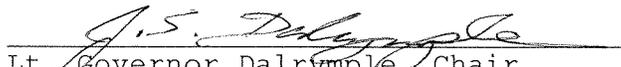
The next SIB meeting is scheduled for October 22, 2010, at 8:30 a.m. at Workforce Safety & Insurance, 1600 E. Century Ave., Bismarck, ND.

The next SIB Audit Committee meeting is scheduled for September 24, 2010, at 1:00 p.m. at the State Capitol, Peace Garden Room, Bismarck, ND.

ADJOURNMENT:

Lt. Governor Dalrymple adjourned the meeting at 9:50 a.m.

Respectfully Submitted:


 Lt. Governor Dalrymple, Chair
 State Investment Board


 Bonnie Heit
 Reporting Secretary