

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
DECEMBER 15, 2010 BOARD MEETING**

BOARD MEMBERS PRESENT: Governor Jack Dalrymple, Chair
Mike Sandal, Vice Chair
Levi Erdmann, PERS Board
Lance Gaebe, Land Dept. Commissioner
Mike Gessner, TFFR Board
Adam Hamm, Insurance Commissioner
Howard Sage, PERS Board
Kelly Schmidt, State Treasurer
Cindy Ternes, Workforce Safety & Insurance
Lt. Governor Drew Wrigley

BOARD MEMBERS ABSENT: Clarence Corneil, TFFR Board
Bob Toso, TFFR Board

STAFF PRESENT: Connie Flanagan, Fiscal & Investment Officer
John Geissinger, Executive Director/CIO
LeRoy Gilbertson, Interim Executive Director/CIO
Bonnie Heit, Office Manager
Fay Kopp, Deputy Executive Director
Leslie Moszer, Compliance Officer
Susan Walcker, Investment Accountant

OTHERS PRESENT: Jeff Engleson, Land Dept.
Paul Erlendson, Callan Associates
Bryan Klipfel, Workforce Safety & Insurance
Aaron Webb, Attorney General's Office

CALL TO ORDER:

Governor Dalrymple called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Wednesday, December 15, 2010, at the Peace Garden Room, State Capitol, Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT: GOVERNOR DALRYMPLE, MR. ERDMANN, MR. GAEBE, MR. GESSNER, COMMISSIONER HAMM, MR. SAGE, MR. SANDAL, AND TREASURER SCHMIDT

Governor Dalrymple welcomed Mr. John Geissinger. Mr. Geissinger began employment with the Retirement and Investment Office as its Executive Director/Chief Investment Officer (ED/CIO) effective December 6, 2010.

Governor Dalrymple also welcomed Mr. Drew Wrigley who was sworn in as North Dakota's Lt. Governor effective December 7, 2010.

Governor Dalrymple also welcomed Mr. Lance Gaebe, Land Commissioner, to the Board.

MINUTES:

The Board considered the minutes of the October 22, 2010, meeting.

COMMISSIONER HAMM MOVED AND TREASURER SCHMIDT SECONDED TO APPROVE THE OCTOBER 22, 2010 MINUTES.

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

NAYS: NONE

MOTION CARRIED

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

GOVERNANCE:

Audit Committee Report - Mr. Gessner updated the Board on the SIB Audit Committee's activities from their November 19, 2010 meeting.

The Retirement and Investment Office (RIO) staff will provide quarterly status reports on the implementation of the recommendations from Clifton Gunderson as a result of the performance audit of RIO to the Audit Committee. RIO's Internal Audit Division will follow-up with a final report within a year's timeframe.

Eide Bailly LLP conducted the annual financial audit of RIO for the year ended June 30, 2010 and issued a clean, unqualified opinion.

RIO's Internal Audit Division is currently on their third cycle of auditing the school districts and their goal is to complete the audits in five years.

COMMISSIONER HAMM MOVED AND TREASURER SCHMIDT SECONDED TO APPROVE THE AUDIT COMMITTEE REPORT.

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

NAYS: NONE

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

Callan Reports - Mr. Paul Erlendson, Callan Associates, reviewed the SIB money manager's investment measurement reports for the period ending September 30, 2010.

A copy of the reports are on file at the Retirement and Investment Office.

OTHER:

Governor Dalrymple, the Board, and staff thanked Mr. LeRoy Gilbertson for coming to North Dakota and helping out in a time of need. Governor Dalrymple stated Mr. Gilbertson understood North Dakota right away and immediately grasped what needed to be done and for that we are very grateful.

Mr. Gilbertson thanked the Board and staff and stated it was an enjoyable experience and he was very appreciative of that and wished everyone well.

The next SIB meeting is scheduled for January 28, 2011 at 8:30 a.m. at Workforce Safety & Insurance, 1600 E. Century Avenue, Bismarck, ND.

The next SIB Audit Committee meeting is scheduled for February 25, 2011, at 1:00 p.m. at Workforce Safety & Insurance, 1600 E. Century Avenue, Bismarck, ND.

ADJOURNMENT:

Governor Dalrymple adjourned the meeting at 10:55 a.m.

Respectfully Submitted:



Governor Dalrymple, Chair
State Investment Board



Bonnie Heit
Secretary to the Board