

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
APRIL 15, 2011 BOARD MEETING**

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

BOARD MEMBER ABSENT: Bob Toso, TFFR Board

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

OTHERS PRESENT: Greg Burns, NDEA
Bryan Klipfel, Workforce Safety & Insurance
Jan Murtha, Attorney General's Office
Bryan Reinhardt, PERS
Matt Sagsveen, Attorney General's Office

CALL TO ORDER:

Mr. Mike Sandal, Vice Chair, called the State Investment Board (SIB) meeting to order at 8:35 a.m. on Friday, April 15, 2011, at Workforce Safety & Insurance, 1600 E Century Ave, Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

MS. TERNES MOVED AND COMMISSIONER HAMM SECONDED TO APPROVE THE AGENDA.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. TOSO, LT. GOVERNOR WRIGLEY

MINUTES:

MR. GESSNER MOVED AND MR. SAGE SECONDED TO APPROVE THE MARCH 18 AND 24, 2011 MINUTES.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. TOSO, LT. GOVERNOR WRIGLEY

BOARD EDUCATION:

Wharton Equity Partners representatives Mr. Peter Lewis and Mr. Paul LeBlanc reviewed their company's net leased product strategy.

The Board recessed at 9:45 am and reconvened at 10:00 am.

GOVERNANCE:

INVESTMENTS

Watch List - Mr. Geissinger informed the board two managers are currently being more closely monitored, UBS and Declaration. Both firms have had a recent change in senior portfolio management.

ADMINISTRATION

Legislative Update - Mr. Geissinger updated the board on proposed legislation relating to the SIB.

SB 2302 - Creates an advisory board for the Legacy and Budget Stabilization Funds. The advisory board's role is to develop an investment policy and asset allocation for the two Funds and present them to the SIB for their consideration and implementation.

The Senate passed the bill and the bill is now on the House side for consideration.

SB 2344 - removes one Teachers' Fund for Retirement (TFFR) and one Public Employees Retirement System (PERS) representative, and the Commissioner of University and School Lands and replaces them with one banker and two investment professionals.

The bill was defeated in the House.

Mr. Geissinger also informed the board the Attorney General opinion requesting clarification on operating expenses for the Legacy Fund has been issued and the Attorney General is of the opinion that the expenses can be charged back to the Legacy Fund.

SB 2022 - RIO's budget bill has been passed by both the House and Senate. The bill included an amendment which would increase board member pay (excluding ex officio members) from \$62.50 to \$148 per meeting for SIB and Teachers' Fund for Retirement (TFFR). The bill also included an additional full-time position. Mr.

Geissinger will be drafting the job description and beginning the search process for a Deputy Chief Investment Officer.

MONITORING:

The Board considered the March 31, 2011 monitoring reports: Executive Limitations/Staff Relations, Budget/Financial Condition, Retirement Program, and Investment Program.

MR. GESSNER MOVED AND MR. ERDMANN SECONDED TO ACCEPT THE MARCH 31, 2011 MONITORING REPORTS.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. TOSO, LT. GOVERNOR WRIGLEY

OTHER:

Mr. Geissinger reported on the Pension Bridge Annual Conference he attended in San Francisco, CA April 12-13, 2011.

Mr. Gaebe reported on the Callan College session he attended in San Francisco, CA April 12-13, 2011.

Lt. Governor Wrigley, via teleconference, chaired the remainder of the meeting.

MR. SANDAL MOVED AND MR. GAEBE SECONDED TO ENTER INTO EXECUTIVE SESSION TO CONSULT WITH ITS ATTORNEY REGARDING THE WESTRIDGE/WG TRADING CASE PER NDCC §44-04-19.2 AND §44-04-19.1(2)AND(5).

AYES: TREASURER SCHMIDT, LT. GOVERNOR WRIGLEY, COMMISSIONER HAMM, MS. TERNES, MR. GAEBE, MR. SAGE, MR. SANDAL, MR. ERDMANN, MR. CORNEIL, AND MR. GESSNER

NAYS: NONE

MOTION CARRIED

ABSENT: MR. TOSO

The Board entered into Executive Session at 10:48 a.m. and the following individuals were present - Mr. Corneil, Mr. Erdmann, Ms. Flanagan, Commissioner Gaebe, Mr. Geissinger, Mr. Gessner, Commissioner Hamm, Ms. Heit, Ms. Moszer, Ms. Murtha, Mr. Sage, Mr. Sagsveen, Mr. Sandal, Treasurer Schmidt, Ms. Ternes, Ms. Walcker, and Lt. Governor Wrigley.

The Chair adjourned Executive Session at 11:38 a.m.

MR. ERDMANN MOVED AND MS. TERNES SECONDED TO PURSUE THE APPEAL OF THE DISTRICT COURT'S RULING AND ALSO AUTHORIZE THE ATTORNEY GENERAL TO PURSUE AN APPROPRIATE FEE ARRANGEMENT FOR THE APPEAL PROCEEDINGS AMONGST THE OTHER LIMITED PARTNERS.

AYES: MR. SAGE, MR. SANDAL, MR. CORNEIL, MR. GESSNER, MR. ERDMANN, MS. TERNES, COMMISSIONER HAMM, MR. GAEBE, TREASURER SCHMIDT, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED
ABSENT: MR. TOSO

The next SIB meeting is scheduled for May 20, 2011 at 8:30 a.m., at the State Capitol, Peace Garden Room, Bismarck, ND.

The next SIB Audit Committee meeting is scheduled for May 20, 2011, at 1:00 p.m., at the State Capitol, Peace Garden Room, Bismarck, ND.

ADJOURNMENT:

TREASURER SCHMIDT MOVED AND MR. SANDAL SECONDED TO ADJOURN THE MEETING.

AYES: MR. ERDMANN, TREASURER SCHMIDT, MR. CORNEIL, MR. GAEBE, LT. GOVERNOR WRIGLEY, MR. SANDAL, COMMISSIONER HAMM, MR. GESSNER, MR. SAGE, AND MS. TERNES

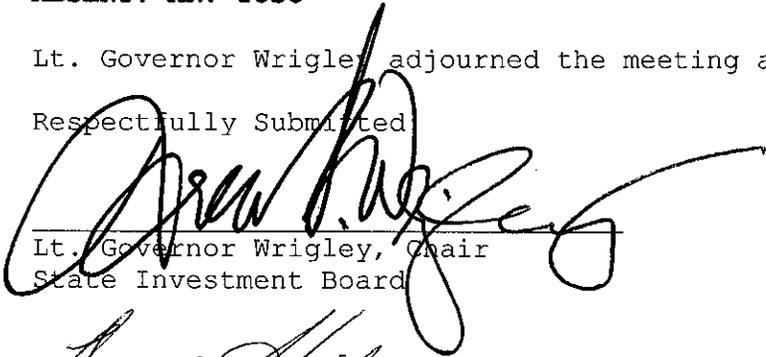
NAYS: NONE

MOTION CARRIED

ABSENT: MR. TOSO

Lt. Governor Wrigley adjourned the meeting at 11:45 a.m.

Respectfully Submitted



Lt. Governor Wrigley, Chair
State Investment Board


Bonnie Heit
Secretary to the Board