

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
MAY 20, 2011 BOARD MEETING**

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

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

OTHERS PRESENT: Weldee Baetsch, former SIB trustee
Michael Chandra, PIMCO
Jeff Engleson, Land Dept.
Paul Erlendson, Callan Associates Inc.
Bryan Klipfel, Workforce Safety & Insurance
Julie Meggers, PIMCO
Mark Seidner, PIMCO

CALL TO ORDER:

Lt. Governor Wrigley, called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, May 20, 2011, at the State Capitol, Peace Garden Room, Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

MR. GESSNER MOVED AND MR. ERDMANN SECONDED TO APPROVE THE AGENDA.

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

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER GAEBE

MINUTES:

MR. SAGE MOVED AND MS. TERNES SECONDED TO APPROVE THE APRIL 15, 2011 MINUTES.

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

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER GAEBE

BOARD EDUCATION:

PIMCO representatives - Mr. Michael Chandra, Ms. Julie Meggers, and Mr. Marc Seidner presented PIMCO's economic outlook and also reviewed fixed income optimization in a volatile interest rate environment.

The Board took a break from the PIMCO presentation. Mr. Geissinger informed the board ClearLend Securities is in the process of being acquired by CitiBank with acquisition scheduled to be completed by the end of June. Mr. Geissinger recommended the board discontinue the securities lending program. Annual revenue from securities lending is approximately \$3-\$500,000 per year. After discussion,

TREASURER SCHMIDT MOVED AND MR. SANDAL SECONDED TO DISCONTINUE THE SECURITIES LENDING PROGRAM WITH CLEARLEND SECURITIES BEFORE THE ACQUISITION WITH CITIBANK IS FINALIZED.

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

NAYS: NONE

MOTION CARRIED

The Board is of the understanding the securities lending program will be closed in the most effective and efficient manner to avoid any losses.

The Board recessed at 10:00 am and reconvened at 10:10 am. Mr. Sandal presided over the remainder of the meeting.

PIMCO continued with their presentation.

GOVERNANCE:**INVESTMENTS**

Rebalancing - Mr. Geissinger updated the board on the large cap domestic equity portfolio rebalancing activity as a result of the settlement from WG Trading/Westridge and the proceeds from European Credit Management.

ADMINISTRATION

FY 2012 - Meeting Dates - The board was provided a tentative schedule of meeting dates for FY 2012.

MONITORING:

Pension/Insurance Trust - Mr. Paul Erlendson, Callan Associates, Inc, provided a market update and also reviewed the Pension and Insurance Trusts' performance for the quarter ending March 31, 2011.

TREASURER SCHMIDT MOVED AND MR. CORNEIL SECONDED TO APPROVE THE MONITORING REPORTS FOR THE QUARTER ENDING MARCH 31, 2011.

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

NAYS: NONE

MOTION CARRIED

ABSENT: LT. GOVERNOR WRIGLEY

OTHER:

The next SIB meeting is scheduled for June 24, 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. ERDMANN SECONDED TO ADJOURN THE MEETING.

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

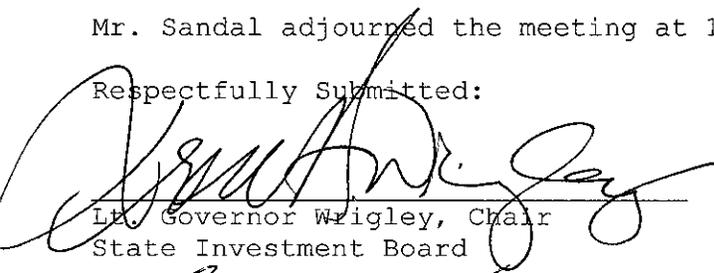
NAYS: NONE

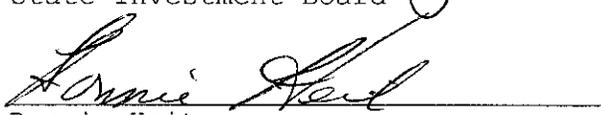
MOTION CARRIED

ABSENT: LT. GOVERNOR WRIGLEY

Mr. Sandal adjourned the meeting at 12:00 p.m.

Respectfully Submitted:


Lt. Governor Wrigley, Chair
State Investment Board


Bonnie Heit
Secretary to the Board