

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
JUNE 24, 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
Adam Hamm, Insurance Commissioner (Teleconference)
Howard Sage, PERS Board
Wayne Sanstead, TFFR 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
Jim Sakelaris, JP Morgan
George Ochs, JP Morgan
Frederick Sheppard, JP Morgan

CALL TO ORDER:

Lt. Governor Wrigley, called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, June 24, 2011, at the State Capitol, Peace Garden Room, Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

TREASURER SCHMIDT MOVED AND MS. TERNES SECONDED TO APPROVE THE AGENDA.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. ERDMANN, COMMISSIONER GAEBE

MINUTES:

MS. TERNES MOVED AND TREASURER SCHMIDT SECONDED TO APPROVE THE MAY 20, 2011 MINUTES.

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

MOTION CARRIED

ABSENT: MR. ERDMANN, COMMISSIONER GAEBE

BOARD EDUCATION:

JP Morgan - JP Morgan representatives Mr. Jim Sakelaris, Mr. George Ochs, and Mr. Frederick Sheppard updated the Board on the SIB's investment in the firm's Alternative Property Fund.

They also reviewed an additional alternative property investment in the senior housing sector which they are starting up and proposing to their current alternative property fund clients. Clients will have the opportunity to transition into the fund if there is an interest.

PIMCO - Mr. John Geissinger, Executive Director, gave his perspective from PIMCO's presentation (fixed income optimization) from the May 20, 2011, meeting.

Callan College - Mr. Geissinger informed the board Mr. Paul Erlendson, Callan Associates, will be conducting a Callan College session at the July 22, 2011 SIB meeting. Topics covered will be - the Role of the Trustee, Investment Policy Statements, and Manager Structure.

GOVERNANCE:

Bylaws - Ms. Connie Flanagan, Fiscal and Investment Officer, presented the first reading of amendments to the SIB bylaw sections 2-1, 4-2, and 4-8.

MR. CORNEIL MOVED AND MS. TERNES SECONDED TO RECEIVE THE REPORT ON BYLAW AMENDMENTS.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. SAGE

INVESTMENTS:

Securities Lending - Mr. Geissinger updated the Board on the SIB's securities lending program with ClearLend Securities. The program will be discontinued by the end of June 2011. He also stated ClearLend personnel have done a great job winding down the program as some of the long term investments generated gains.

OTHER:

Mr. Geissinger updated the Board on the Deputy Chief Investment Officer position. To date, the office has received approximately 50 applications. He has been

reviewing the applications and has completed preliminary scorings. Mr. Geissinger plans to conduct around 6-10 telephone interviews with the top contenders.

Treasurer Schmidt informed the Board the State Treasurer's Conference will be held in Bismarck August 29-30, 2011. Treasurer Schmidt reviewed the agenda and invited board members to attend if their schedule allows.

Mr. Geissinger will be attending the first meeting of the Legacy Fund and Budget Stabilization Fund Advisory Board on June 28, 2011. The Advisory Board will be reviewing the current balance in the Budget Stabilization Fund and the timing and estimates of deposits into the Legacy Fund and Budget Stabilization Fund during the 2011-13 biennium. Mr. Geissinger will be reviewing investment policy development, the investment policy statement for the Budget Stabilization Fund, and the investment history and returns of the Budget Stabilization Fund. He will also be providing an educational segment "A Primer for Investment Trustees."

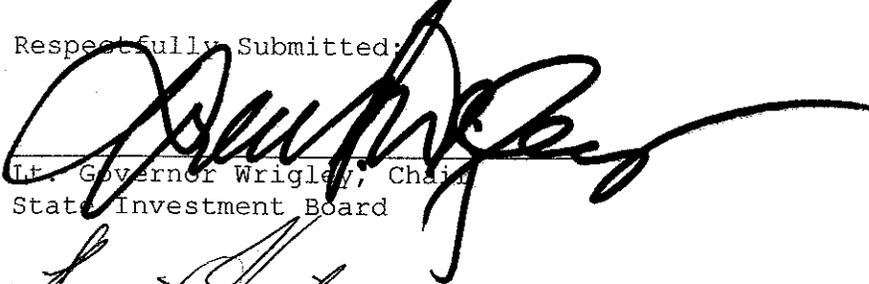
The next SIB meeting is scheduled for July 22, 2011 at 8:30 a.m., at Workforce Safety & Insurance, 1600 E Century Ave, Bismarck, ND.

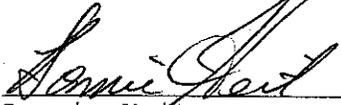
The next SIB Audit Committee meeting is scheduled for September 23, 2011, at 1:00 p.m., at the State Capitol, Peace Garden Room, Bismarck, ND.

ADJOURNMENT:

Lt. Governor Wrigley adjourned the meeting at 11:30 a.m.

Respectfully Submitted:


Lt. Governor Wrigley, Chair
State Investment Board


Bonnie Heit
Secretary to the Board