

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
OCTOBER 28, 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
Howard Sage, PERS Board
Cindy Ternes, Workforce Safety & Insurance
Bob Toso, TFFR Board

ABSENT: Kelly Schmidt, State Treasurer

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: Michael Bowman, Capital Intl.
Jeff Engleson, Land Dept.
Paul Erlendson, Callan Associates
Bill Howard, Callan Associates
Jim McGuigan, Capital Intl.
Jan Murtha, Attorney General's Office

CALL TO ORDER:

Lt. Governor Wrigley, Chair, called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, October 28, 2011, at the State Capitol, Peace Garden Room, Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

MR. ERDMANN MOVED AND MS. TERNES SECONDED TO AMEND THE AGENDA.

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

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT

MR. GESSNER MOVED AND MR. SANDAL SECONDED TO ACCEPT THE AMENDED AGENDA.

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

NAYS: NONE
MOTION CARRIED
ABSENT: TREASURER SCHMIDT

MINUTES:

MR. GESSNER MOVED AND COMMISSIONER HAMM SECONDED TO APPROVE THE SEPTEMBER 23, 2011 MINUTES.

AYES: MR. CORNEIL, MR. GESSNER, MR. SANDAL, MR. SAGE, MS. TERNES, COMMISSIONER HAMM, MR. GAEBE, MR. TOSO, MR. ERDMANN, AND LT. GOVERNOR WRIGLEY
NAYS: NONE
MOTION CARRIED
ABSENT: TREASURER SCHMIDT

EDUCATION:

Capital Intl. representatives reviewed the firm's current mandate with the SIB, Fund V (inception since 2007) and also reviewed a new fund they are starting up Fund VI.

INVESTMENTS:

Annual Performance Review and Attribution report - Mr. Geissinger provided his perspective on the current state of the economy and markets and also provided performance of the Pension and Insurance Trusts for the period ending June 30, 2011.

The Board recessed at 10:55 am and reconvened at 11:05 am.

Fixed Income Review - Mr. Geissinger reviewed the fixed income portfolios of the Pension and Insurance Trusts and his thoughts on the current and future structure of the portfolios.

Capital Intl - Mr. Geissinger reviewed Capital Intl's Fund VI investment opportunity and recommended the board commit \$35 million.

MS. TERNES MOVED AND COMMISSIONER GAEBE SECONDED TO ACCEPT STAFF RECOMMENDATION AND COMMIT \$35 MILLION TO FUND VI.

AYES: MR. GESSNER, COMMISSIONER HAMM, MS. TERNES, MR. GAEBE, MR. SAGE, MR. TOSO, MR. SANDAL, MR. ERDMANN, MR. CORNEIL, AND LT. GOVERNOR WRIGLEY
NAYS: NONE
MOTION CARRIED
ABSENT: TREASURER SCHMIDT

GOVERNANCE:

Audit Committee Liaison Report - Mr. Gessner updated the board on the SIB Audit Committee's activities for the fiscal year ending June 30, 2011.

MR. CORNEIL MOVED AND MR. SAGE SECONDED TO ACCEPT THE SIB AUDIT COMMITTEE'S REPORT.

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

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT

Deputy CIO. - Mr. Geissinger informed the board a candidate has verbally accepted the Deputy CIO position and will began employment January 3, 2012. RIO will issue a press release once the offer has been formally accepted.

MONITORING:

Included in the board member's packets were the following quarterly monitoring reports for the period ending September 30, 2011; Executive Limitations/Staff Relations, Budget/Financial Conditions, Investment Program, and Retirement Program.

MR. ERDMANN MOVED AND MR. CORNEIL SECONDED TO ACCEPT THE QUARTERLY MONITORING REPORTS.

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

NAYS: NONE

MOTION CARRIED.

ABSENT: TREASURER SCHMIDT

OTHER:

Callan Conference - Callan Associates' annual conference will be held January 30 - February 1, 2012, San Francisco, Ca. The board discussed SIB attendance and RIO's budget for trustee travel. After discussion,

MR. SAGE MOVED AND MR. GESSNER SECONDED TO ALLOW UP TO THREE SIB TRUSTEES TO ATTEND CALLAN'S ANNUAL CONFERENCE.

AYES: COMMISSIONER GAEBE, MR. ERDMANN, MR. TOSO, MR. SANDAL, MR. SAGE, LT. GOVERNOR WRIGLEY

NAYS: MS. TERNES, MR. CORNEIL, COMMISSIONER HAMM, AND MR. GESSNER

MOTION CARRIED.

ABSENT: TREASURER SCHMIDT

The SIB Policy Review Committee will be meeting November 3, 2011 at 2:00 p.m. in the Governor's Conference Room at the State Capitol.

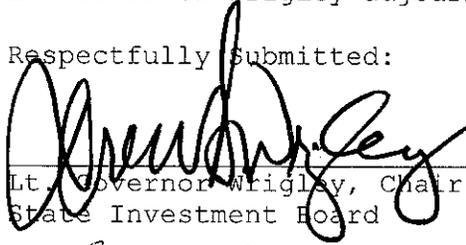
The next SIB meeting is scheduled for November 18, 2011 at 8:30 a.m., at Workforce Safety & Insurance, 1600 E. Century Avenue.

The next SIB Audit Committee meeting is scheduled for November 18, 2011, at 1:00 p.m., at Workforce Safety & Insurance, 1600 E. Century Avenue.

ADJOURNMENT:

Lt. Governor Wrigley adjourned the meeting at 12:05 p.m.

Respectfully Submitted:



Lt. Governor Wrigley, Chair
State Investment Board



Bonnie Heit
Secretary to the Board