

**NORTH DAKOTA STATE INVESTMENT BOARD  
MINUTES OF THE  
NOVEMBER 18, 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  
Kelly Schmidt, State Treasurer  
Cindy Ternes, Workforce Safety & Insurance

**ABSENT:** 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

**OTHERS PRESENT:** Greg Burns, NDEA  
Greg Casey, Declaration  
Sparb Collins, PERS  
Bond Griffin, Declaration  
Ron Leingang, former SIB trustee  
Jan Murtha, Attorney General's Office  
John Pluta, Declaration

**CALL TO ORDER:**

Mr. Mike Sandal, Vice Chair, called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, November 18, 2011, at Workforce Safety & Insurance, 1600 E. Century Ave., Bismarck, ND.

A quorum was present for the purpose of conducting business.

**AGENDA:**

The Board reviewed and revised the agenda.

**MR. CORNEIL MOVED AND MR. GESSNER SECONDED TO ACCEPT THE REVISED AGENDA.**

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

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: MR. TOSO, TREASURER SCHMIDT, LT. GOVERNOR WRIGLEY**

MINUTES:

The minutes were reviewed and corrected.

COMMISSIONER HAMM MOVED AND MR. GESSNER SECONDED TO APPROVE THE OCTOBER 28, 2011 MINUTES AS CORRECTED.

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

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MR. TOSO, LT. GOVERNOR WRIGLEY

EDUCATION:

Lt. Governor Wrigley and Treasurer Schmidt entered the meeting.

Declaration representatives reviewed their firm's past and present relationships with the SIB, the bond market, and also provided an update on personnel changes.

Lt. Governor Wrigley presided over the remainder of the meeting.

INVESTMENTS

Fixed Income Implementation - Mr. Geissinger reviewed his strategies for restructuring the fixed income portfolios of the Pension and Insurance Trusts.

MR. CORNEIL MOVED AND MR. ERDMANN SECONDED TO ADOPT THE RECOMMENDATIONS FOR RESTUCTURING THE PENSION AND INSURANCE TRUST'S FIXED INCOME PORTFOLIOS.

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

NAYS: MR. SAGE

MOTION CARRIED

ABSENT: MR. TOSO

GOVERNANCE:

Teachers' Fund for Retirement (TFFR) - Mr. Geissinger reviewed TFFR's revised investment policy statement and requested acceptance and approval to implement the asset allocation.

COMMISSIONER GAEBE MOVED AND MR. SANDAL SECONDED TO ACCEPT THE REVISED TFFR INVESTMENT POLICY STATEMENT AND AUTHORIZED STAFF TO USE THEIR DISCRETION IN IMPLEMENTING THE ASSET ALLOCATION.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. TOSO

Public Employees Retirement System (PERS) - Mr. Geissinger reviewed PERS' revised asset allocation and requested acceptance and approval to implement.

**MR. SANDAL MOVED AND TREASURER SCHMIDT SECONDED TO APPROVE THE PERS REVISED ASSET ALLOCATION AND AUTHORIZED STAFF TO USE THEIR DISCRETION IMPLEMENTING THE REVISED ASSET ALLOCATION.**

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

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: MR TOSO**

Governance Policy Revisions - The Board reviewed the first reading of the following Governance policies: Board Members' Code of Conduct B-8, Mission D-1, and Investment Services D-3. The revisions are a result of the performance audit of RIO. The SIB Policy Review Committee; Mr. Sandal, Chair, Treasurer Schmidt, and Mr. Corneil reviewed the policies at their November 3, 2011 meeting and recommended the SIB's acceptance and adoption. Ms Ternes, also a member of the committee, was not available for the meeting.

**MR. SANDAL MOVED AND COMMISSIONER HAMM SECONDED TO ACCEPT THE FIRST READING OF THE GOVERNANCE POLICY REVISIONS AS PRESENTED.**

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

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: MR. TOSO**

The SIB concurred the SIB Policy Committee's work has now been completed and the Committee is now considered dismantled.

**MONITORING:**

Mr. Geissinger reviewed the Callan quarterly monitoring reports for the Pension and Insurance Trusts for the period ending September 30, 2011.

**TREASURER SCHMIDT MOVED AND MR.GESSNER SECONDED TO ACCEPT MR. GEISSINGER'S REPORT ON THE PENSION AND INSURANCE TRUSTS INVESTMENT PERFORMANCE FOR THE PERIOD ENDING SEPTEMBER 30, 2011.**

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

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: MR. TOSO**

**OTHER:**

Callan Conference - At the October 28, 2011 SIB meeting, the Board discussed SIB attendance at Callan's annual conference to be held January 30 - February 1, 2012, in San Francisco, CA. The Board elected to allow up to three to attend. After reassessing their previous action, the Board felt it important that trustees take advantage of opportunities to attend educational conferences, seminars, etc. in order to keep up with the current investment, marketing, and economic trends. In the future, board members will follow RIO's policy on board member travel.

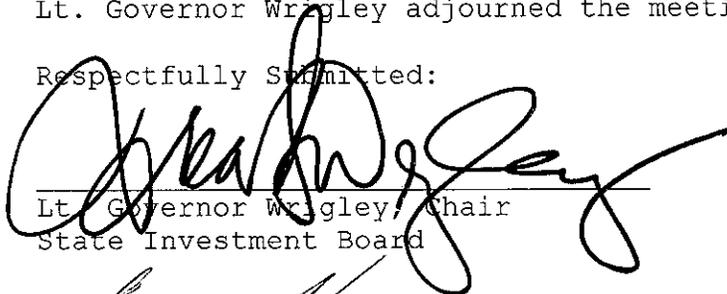
The next SIB meeting is scheduled for January 27, 2012 at 8:30 a.m., at the State Capitol, Peace Garden Room.

The next SIB Audit Committee meeting is scheduled for February 17, 2012, at 1:00 p.m., at Workforce Safety & Insurance, 1600 E. Century, Bismarck, ND.

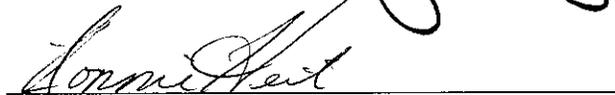
**ADJOURNMENT:**

Lt. Governor Wrigley adjourned the meeting at 11:25 a.m.

Respectfully Submitted:



\_\_\_\_\_  
Lt. Governor Wrigley, Chair  
State Investment Board



\_\_\_\_\_  
Bonnie Heit  
Secretary to the Board