

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
SEPTEMBER 27, 2013, BOARD MEETING**

BOARD MEMBERS PRESENT: Drew Wrigley, Lt. Governor, Chair
Mike Sandal, Vice Chair
Clarence Corneil, TFFR Board
Jeff Engleson, Deputy Land Commissioner
Mike Gessner, TFFR Board
Adam Hamm, Insurance Commissioner (teleconference)
Rob Lech, TFFR Board
Howard Sage, PERS Board
Kelly Schmidt, State Treasurer
Cindy Ternes, Workforce Safety & Insurance
Kim Wassim, PERS Board

STAFF PRESENT: Connie Flanagan, Fiscal & Investment Officer
Bonnie Heit, Assistant to the SIB
Fay Kopp, Interim Executive Director
Darren Schulz, Interim CIO

OTHERS PRESENT: Sparb Collins, PERS
David Hunter, ED/CIO Candidate
Michael Kennedy, Korn/Ferry
Bryan Klipfel, Workforce Safety & Insurance
Jan Murtha, Attorney General's Office
Deric Righter, ED/CIO Candidate

CALL TO ORDER:

Lt. Governor Wrigley called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, September 27, 2013, at Workforce Safety & Insurance, 1600 E Century Ave., Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

IT WAS MOVED BY MR. GESSNER AND SECONDED BY MR. LECH AND CARRIED ON A VOICE VOTE TO ACCEPT THE REVISED AGENDA FOR SEPTEMBER 27, 2013.

AYES: MR. ENGLESON, TREASURER SCHMIDT, MR. SANDAL, COMMISSIONER HAMM, MR. CORNEIL, MS. TERNES, MR. GESSNER, MS. WASSIM, MR. LECH, MR. SAGE, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

MINUTES:

The minutes were considered from the August 23, 2013, meeting,

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MR. CORNEIL AND CARRIED ON A VOICE VOTE TO ACCEPT THE AUGUST 23, 2013, MINUTES AS WRITTEN.

AYES: MR. GESSNER, MR. ENGLESON, MR. SAGE, MS. TERNES, TREASURER SCHMIDT, MR. LECH, COMMISSIONER HAMM, MR. CORNEIL, MS. WASSIM, MR. SANDAL, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED**EXECUTIVE DIRECTOR/CHIEF INVESTMENT OFFICER CANDIDATE INTERVIEWS:**

Mr. Kennedy reviewed with the SIB Korn/Ferry's timeframe and process for the recruitment of candidates for the ED/CIO position of the Retirement and Investment Office (RIO) to date. Mr. Kennedy then reviewed the backgrounds of Mr. Righter and Mr. Hunter.

The SIB interviewed Mr. Righter.

The SIB recessed at 10:30 am and reconvened at 10:45 am

The SIB interviewed Mr. Hunter and concluded at 12:15 pm.

The SIB reviewed and discussed the two candidates; interviews, presentation skills, backgrounds, overall impressions, and each trustee's ratings. The SIB also discussed compensation and benefits available, within state guidelines, for the ED/CIO position.

The SIB also discussed with Mr. Kennedy reference and background checks completed by Korn/Ferry thus far on the two candidates and all were favorable. Korn/Ferry will conduct additional reference checks on the finalist and will report those findings back to the SIB. The State of ND will also conduct a background check on the finalist as required by NDCC 12-60-24.

After discussion,

IT WAS MOVED BY MR. GESSNER AND SECONDED BY MS. WASSIM AND CARRIED ON A ROLL CALL VOTE TO OFFER THE POSITION OF ED/CIO OF RIO TO MR. DERIC RIGHTER CONTINGENT UPON ADDITIONAL REFERENCE CHECKS BY KORN/FERRY AND A BACKGROUND CHECK BY THE STATE OF ND.

AYES: TREASURER SCHMIDT, MR. SANDAL, MS. TERNES, MR. LECH, MR. CORNEIL, MS. WASSIM, MR. ENGLESON, MR. GESSNER, COMMISSIONER HAMM, MR. SAGE, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MR. GESSNER AND CARRIED ON A ROLL CALL VOTE TO OFFER MR. RIGHTER AN ANNUAL SALARY OF \$220,000 FOR THE POSITION OF ED/CIO OF RIO CONTINGENT UPON ADDITIONAL REFERENCE CHECKS BY KORN/FERRY AND A BACKGROUND CHECK BY THE STATE OF ND.

Discussion followed,

Mr. Sage called the question,

AYES: MR. LECH, MS. TERNES, TREASURER SCHMIDT, MR. SANDAL, MR. SAGE, COMMISSIONER HAMM, MR. GESSNER, MR. ENGLESON, MS. WASSIM, MR. CORNEIL, LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

A roll call vote was then taken on the motion,

AYES: TREASURER SCHMIDT, MR. GESSNER, COMMISSIONER HAMM, MR. LECH, MR. SANDAL

NAYS: MS. TERNES, MR. ENGLESON, MR. SAGE, MS. WASSIM, MR. CORNEIL, LT. GOVERNOR WRIGLEY

MOTION FAILED

IT WAS MOVED BY MR. CORNEIL AND SECONDED BY MR. SAGE AND CARRIED ON A ROLL CALL VOTE TO OFFER MR. RIGHTER AN ANNUAL SALARY OF \$210,000 FOR THE POSITION OF ED/CIO OF RIO CONTINGENT UPON ADDITIONAL REFERENCE CHECKS BY KORN/FERRY AND A BACKGROUND CHECK BY THE STATE OF ND.

AYES: MR. CORNEIL, MR. SANDAL, MR. SAGE, MR. LECH, MS. WASSIM, MS. TERNES, COMMISSIONER HAMM, MR. ENGLESON, LT. GOVERNOR WRIGLEY

NAYS: MR. GESSNER, TREASURER SCHMIDT

MOTION CARRIED

IT WAS MOVED BY MR. CORNEIL AND SECONDED BY MS. WASSIM AND CARRIED ON A ROLL CALL VOTE TO OFFER THE SAME BENEFIT PACKAGE TO MR. RIGHTER AS WAS OFFERED TO THE PREVIOUS ED/CIO AND TO ALSO ALLOW UP TO \$8,000 FOR RELOCATION EXPENSES.

AYES: COMMISSIONER HAMM, MR. GESSNER, MR. SAGE, MS. TERNES, MS. WASSIM, TREASURER SCHMIDT, MR. CORNEIL, MR. ENGLESON, MR. LECH, MR. SANDAL, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

Lt. Governor Wrigley thanked the Search Committee; Treasurer Schmidt, Commissioner Gaebe, Mr. Sandal, Mr. Gessner, the staff of RIO, and Mr. Michael Kennedy for their assistance in the search for a new ED/CIO.

OTHER:

Ms. Connie Flanagan will be resigning as Fiscal and Investment Officer of RIO effective October 15, 2013. The SIB thanked Ms. Flanagan for her years of service to the State and RIO and wished her well.

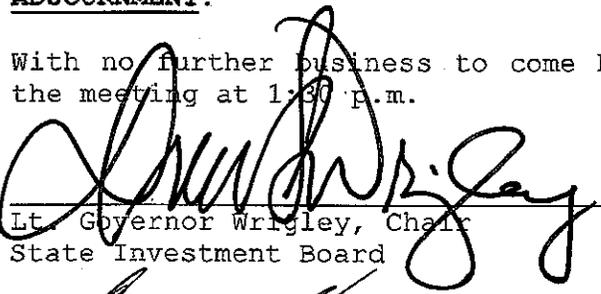
Ms. Kopp and Mr. Schulz reviewed their action plan to address the Fiscal & Investment Officer vacancy as well as other vacancies in the office.

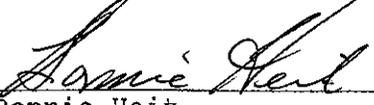
The next SIB meeting is scheduled for October 25, 2013, at 8:30 am at the Peace Garden Room, State Capitol, Bismarck, ND.

The next SIB Audit Committee meeting is scheduled for September 27, 2013, at 2:00 pm at Workforce Safety & Insurance.

ADJOURNMENT:

With no further business to come before the SIB, Lt. Governor Wrigley adjourned the meeting at 1:30 p.m.


Lt. Governor Wrigley, Chair
State Investment Board


Bonnie Heit
Assistant to the Board