

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
NOVEMBER 22, 2013, BOARD MEETING**

BOARD MEMBERS PRESENT: Drew Wrigley, Lt. Governor, Chair
Mike Sandal, Vice Chair
Lance Gaebe, 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
Tom Trenbeath, PERS Board

BOARD MEMBER ABSENT: Clarence Corneil, TFFR Board

STAFF PRESENT: Bonnie Heit, Assistant to the SIB
Fay Kopp, Interim Executive Director
Darren Schulz, Interim CIO
Susan Walcker, Investment Accountant

OTHERS PRESENT: Weldee Baetsch, former SIB trustee
Paul Michaels, Invesco
Jan Murtha, Attorney General's Office
Max Swango, Invesco

CALL TO ORDER:

Lt. Governor Wrigley called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, November 22, 2013, at the State Capitol, Peace Garden Room, 600 E Boulevard, Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

IT WAS MOVED BY LT. GOVERNOR WRIGLEY AND SECONDED BY MS. TERNES AND CARRIED ON A VOICE VOTE TO ACCEPT THE AGENDA FOR THE NOVEMBER 22, 2013, MEETING.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. CORNEIL

MINUTES:

The minutes were considered from the October 25, 2013, and October 28, 2013, meetings.

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MR. SAGE AND CARRIED ON A VOICE VOTE TO ACCEPT THE OCTOBER 25, 2013, AND OCTOBER 28, 2013, MINUTES AS WRITTEN.

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

NAYS: NONE
MOTION CARRIED
ABSENT: MR. CORNEIL

INVESTMENTS:

Invesco - Representatives reviewed the investment performance of the Funds currently managed by the firm within the SIB's Global Real Estate allocation in the Pension Trust; Core Commingled, Fund II, Fund III, and Asian LP.

Invesco representatives also reviewed additional investment opportunities for the SIB's consideration; Value Added Fund IV and Asia Real Estate Fund III.

Staff recommended the SIB make the following additional capital commitments with Invesco; \$70 million to the Value Added Fund IV and \$35 million to the Asia Real Estate Fund III.

After discussion,

IT WAS MOVED BY COMMISSIONER GAEBE AND SECONDED BY MR. SAGE AND CARRIED ON A ROLL CALL VOTE TO ACCEPT STAFF RECOMMENDATION AND INVEST \$70 MILLION IN THE INVESCO VALUE ADDED FUND IV AND \$35 MILLION TO THE ASIA REAL ESTATE FUND III.

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

NAYS: NONE
MOTION CARRIED
ABSENT: MR. CORNEIL

QUARTERLY MONITORING:

Callan Investment Measurement for the Pension Trust and Insurance Trust - Mr. Schulz reviewed the Callan performance measurement reports for the Pension Trust and the Insurance Trust for the quarter ending September 30, 2013.

Mr. Schulz informed the SIB an offer has been made and accepted for RIO's Compliance Officer position and a start date of December 9, 2013, has been mutually agreed upon by both parties.

GOVERNANCE:

Legislative Update - Mr. Schulz informed the SIB he provided an update on the asset allocation, fund earnings to date, and estimated future fund earnings of the Legacy Fund to the Legacy and Budget Stabilization Fund Advisory Board on November 5, 2013, and the Government Finance Committee on November 7, 2013.

Lt. Governor Wrigley left the meeting and Mr. Sandal presided over the remainder of the meeting.

Interim Compensation - The SIB had issued temporary salary adjustments since June 1, 2012, to the Deputy Chief Investment Officer and Deputy Executive Director/Chief Retirement Officer effective until the SIB had reached a decision on the Executive Director/CIO vacancy for RIO. As a result of the Executive Director/CIO appointment effective December 2, 2013, Mr. Sandal requested

clarification from the SIB on the timeframe of the temporary salary adjustments for the two positions. After discussion,

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MR. TRENBEATH AND CARRIED ON A ROLL CALL VOTE TO EXTEND THE TEMPORARY SALARY ADJUSTMENTS FOR THE DEPUTY CHIEF INVESTMENT OFFICER AND DEPUTY EXECUTIVE DIRECTOR/CHIEF RETIREMENT OFFICER THROUGH DECEMBER 31, 2013.

AYES: TREASURER SCHMIDT, MR. GESSNER, COMMISSIONER HAMM, MS. TERNES, COMMISSIONER GAEBE, MR. SAGE, MR. LECH, MR. TRENBEATH, AND MR. SANDAL

NAYS: NONE

MOTION CARRIED

ABSENT: LT. GOVERNOR WRIGLEY, MR. CORNEIL

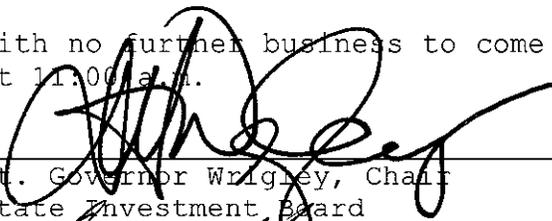
OTHER:

The next SIB meeting is scheduled for January 24, 2014, at 8:30 am at the Peace Garden Room, State Capitol, Bismarck, ND.

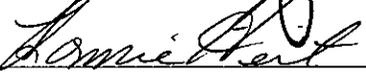
The next SIB Audit Committee meeting is scheduled for November 22, 2013, at 1:00 pm at the Peace Garden Room, State Capitol, Bismarck, ND.

ADJOURNMENT:

With no further business to come before the SIB, Mr. Sandal adjourned the meeting at 11:00 a.m.



 Lt. Governor Wrigley, Chair
 State Investment Board



 Bonnie Heit
 Assistant to the Board