

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
April 24, 2015, BOARD MEETING**

MEMBERS PRESENT:

Drew Wrigley, Lt. Governor, Chair
Mike Sandal, Vice Chair
Lance Gaebe, Land Commissioner
Mike Gessner, TFFR Board
Adam Hamm, Insurance Commissioner (TLCF)
Rob Lech, TFFR Board
Mel Olson, TFFR Board
Cindy Ternes, WSI designee
Tom Trenbeath, PERS Board

MEMBERS ABSENT:

Kelly Schmidt, State Treasurer
Yvonne Smith, PERS Board

STAFF PRESENT:

Eric Chin, Investment Analyst
Connie Flanagan, Fiscal & Invt Op Mgr
Bonnie Heit, Assist to the SIB
David Hunter, ED/CIO
Terra Miller-Bowley, Supvr Audit Services
Cody Schmidt, Compliance Officer

OTHERS PRESENT:

Jan Murtha, Attorney General's Office

CALL TO ORDER:

Mr. Sandal called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, April 24, 2015, at Workforce Safety & Insurance, 1600 E Century Ave., Bismarck, ND.

AGENDA:

IT WAS MOVED BY MS. TERNES AND SECONDED BY MR. GESSNER AND CARRIED ON A VOICE VOTE TO ACCEPT THE AGENDA FOR THE APRIL 24, 2015, MEETING AS DISTRIBUTED.

AYES: COMMISSIONER GAEBE, COMMISSIONER HAMM, MR. OLSON, MS. TERNES, MR. GESSNER, MR. TRENBEATH, MR. LECH, AND MR. SANDAL

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MS. SMITH, LT. GOVERNOR WRIGLEY

MINUTES:

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. LECH AND CARRIED ON A VOICE VOTE TO APPROVE THE MARCH 27, 2015, MINUTES AS DISTRIBUTED.

AYES: MR. GESSNER, COMMISSIONER GAEBE, MS. TERNES, MR. LECH, COMMISSIONER HAMM, MR. OLSON, MR. TRENBEATH, AND MR. SANDAL

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MS. SMITH, LT. GOVERNOR WRIGLEY

INVESTMENTS

Annual Board Planning Cycle - Mr. Hunter reviewed the SIB biennial agenda for 2015-2017, which also included a strategic investment plan.

IT WAS MOVED BY MR. TRENBEATH AND SECONDED BY COMMISSIONER GAEBE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE SIB BIENNIAL AGENDA FOR 2015/17 AS WELL AS THE STRATEGIC INVESTMENT PLAN.

AYES: MR. OLSON, MR. TRENBEATH, COMMISSIONER GAEBE, MR. GESSNER, COMMISSIONER HAMM, MS. TERNES, MR. LECH, AND MR. SANDAL

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MS. SMITH, LT. GOVERNOR WRIGLEY

City of Grand Forks - Mr. Hunter conducted an investment review for the year ended December 31, 2014, with City of Grand Forks representatives on April 22, 2015. Future meetings will be conducted with the City of Grand Forks representatives to review the Fund's asset allocation and investment policy statement.

Executive Session

IT WAS MOVED BY MR. TRENBEATH AND SECONDED BY MR. LECH AND CARRIED BY A ROLL CALL VOTE TO MOVE INTO EXECUTIVE SESSION PER NDCC §44-04-19.1(9) AND NDCC §44-04-19.2 TO DISCUSS THE SPRINGBANK AGREEMENT.

AYES: MR. GESSNER, COMMISSIONER HAMM, MS. TERNES, COMMISSIONER GAEBE, MR. LECH, MR. SANDAL, MR. TRENBEATH, AND MR. OLSON

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MS. SMITH, LT. GOVERNOR WRIGLEY

The SIB entered into Executive Session at 8:45 a.m. The SIB, Ms. Murtha, and RIO personnel were present.

The SIB exited Executive Session at 9:00 a.m.

IT WAS MOVED BY MR. LECH AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO EXTEND THE TERM OF THE EXISTING SPRINGBANK AGREEMENT FROM JUNE 30, 2015, TO SEPTEMBER 30, 2015, TO ALLOW ADDITIONAL TIME TO RENEGOTIATE THE AGREEMENT.

AYES: MR. OLSON, MR. GESSNER, MR. LECH, MR. TRENBEATH, MS. TERNES, COMMISSIONER HAMM, COMMISSIONER GAEBE, AND MR. SANDAL

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MS. SMITH, LT. GOVERNOR WRIGLEY

GOVERNANCE

Legislative Update - Mr. Hunter updated the SIB on legislation as of April 17, 2015, which may affect RIO and the SIB.

Governance Review - The Board received the second reading of the Board Staff Relationship policies. There were no modifications made to the policies. No action was taken.

The Board received the first reading of the Ends policies. The policies will be presented for a second reading and possible acceptance at the next meeting.

MONITORING:

Per Governance Policy, Board/Staff Relationship/Monitoring Executive Performance C-4, the following monitoring reports for the quarter ending March 31, 2015, were provided to the SIB for their consideration: Budget/Financial Conditions, Executive Limitations/Staff Relations, Investment Program, and Retirement Program.

An updated Watch List was also distributed.

IT WAS MOVED BY MR. TRENBEATH AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE MARCH 31, 2015, MONITORING REPORTS.

AYES: MR. TRENBEATH, MR. OLSON, COMMISSIONER GAEBE, MR. LECH, MR. SANDAL, COMMISSIONER HAMM, MR. GESSNER, AND MS. TERNES

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MS. SMITH, LT. GOVERNOR WRIGLEY

BOARD EDUCATION:

ND Bankers Association - Mr. Hunter, Mr. Schulz, and Mr. Erlendson, Callan Associates, met on April 13, 2015, with Mr. Rick Clayburgh, President and CEO of the ND Bankers Association, along with ten North Dakota based investment professionals. The entities met to gain a better understanding of the investment services offered by the North Dakota based firms and review the search process and selection criteria utilized by the SIB and RIO. Future meetings will be scheduled and Mr. Hunter will keep the SIB apprised.

Lt. Governor Wrigley entered the meeting. Mr. Sandal continued to preside over the meeting.

SIB Offsite Preview - Mr. Hunter informed the SIB he has contracted with Mr. Keith Ambachtsheer, KPA Advisory Services, Toronto, Ontario, Canada. Mr. Ambachtsheer will address the following at the SIB's pension governance offsite meeting on July 24, 2015, at the University of Mary: survey findings on pension fund governance and their implications, preferred investment board dynamics and practices, and investment beliefs and policies for the 21st Century.

OTHER:

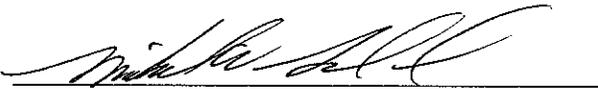
Next scheduled meetings:

SIB Meeting - May 22, 2015, 8:30 a.m. - State Capitol, Peace Garden Room

SIB Audit Committee Meeting - May 21, 2015, 3:00 p.m. - State Capitol, Peace Garden Room

ADJOURNMENT :

With no further business to come before the SIB, Mr. Sandal adjourned the meeting at 9:32 a.m.



Mr. Mike Sandal, Vice Chair
State Investment Board



Bonnie Heit
Assistant to the Board