

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

MEMBERS PRESENT: Drew Wrigley, Lt. Governor, Chair
Mike Sandal, Vice Chair
Lance Gaebe, Land Commissioner
Mike Gessner, TFFR Board
Rob Lech, TFFR Board
Mel Olson, TFFR Board
Kelly Schmidt, State Treasurer
Yvonne Smith, PERS Board
Cindy Ternes, WSI designee
Kim Wassim, PERS Board

MEMBERS ABSENT: Adam Hamm, Insurance Commissioner

STAFF PRESENT: Eric Chin, Investment Analyst
Connie Flanagan, Fiscal & Invt Op Mgr
Bonnie Heit, Assist to the SIB
David Hunter, ED/CIO
Fay Kopp, Dep ED/CRO
Terra Miller Bowley, Supvr Audit Services
Cody Schmidt, Compliance Officer
Darren Schulz, Dep CIO
Shelly Schumacher, Retirement Program Mgr

GUESTS PRESENT: Keith Ambachtsheer, KPA Advisory Services
Mike Burton, TFFR Board
Kim Franz, TFFR Board
Shari Haugan Hoffart, Treasurer's Office
Wally Keller, WSI Board
Bobbie Ripplinger, WSI Board
Karel Sovak, WSI Board
Jan Murtha, Attorney General's Office
Daniel Wassim, Intern, Attorney General's Office

CALL TO ORDER:

Lt. Governor Wrigley called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, July 24, 2015, at the University of Mary, Harold Schafer Leadership Center, Bismarck, ND.

AGENDA:

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

AYES: TREASURER SCHMIDT, MR. GESSNER, MS. TERNES, COMMISSIONER GAEBE, MS. SMITH, MR. LECH, MR. SANDAL, MS. WASSIM, MR. OLSON, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER HAMM

MINUTES:

IT WAS MOVED BY MS. TERNES AND SECONDED BY MS. SMITH AND CARRIED ON A VOICE VOTE TO APPROVE THE JUNE 26, 2015, MINUTES AS DISTRIBUTED.

AYES: MS. SMITH, MR. SANDAL, MR. OLSON, MR. GESSNER, MR. LECH, MS. WASSIM, MS. TERNES, COMMISSIONER GAEBE, TREASURER SCHMIDT, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER HAMM

ELECTION OF OFFICERS:

IT WAS MOVED BY MR. GESSNER AND SECONDED BY MS. TERNES THAT LT. GOVERNOR WRIGLEY CONTINUE IN HIS ROLE AS CHAIR OF THE SIB FOR THE PERIOD OF JULY 1, 2015 - JUNE 30, 2016.

IT WAS MOVED BY COMMISSIONER GAEBE AND SECONDED BY MR. OLSON AND CARRIED ON A VOICE VOTE TO CEASE NOMINATIONS AND CAST A UNANIMOUS BALLET FOR LT. GOVERNOR WRIGLEY TO CONTINUE TO SERVE AS CHAIR.

AYES: MS. WASSIM, TREASURER SCHMIDT, MR. OLSON, COMMISSIONER GAEBE, MR. LECH, MR. SANDAL, MR. GESSNER, MS. SMITH, MS. TERNES, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER HAMM

IT WAS MOVED BY TREASURER SCHMIDT THAT MR. SANDAL CONTINUE IN HIS ROLE AS VICE CHAIR OF THE SIB FOR THE PERIOD OF JULY 1, 2015 - JUNE 30, 2016.

IT WAS MOVED BY COMMISSIONER GAEBE AND SECONDED BY MS. SMITH TO CEASE NOMINATIONS AND CAST A UNANIMOUS BALLET FOR MR. SANDAL AS VICE CHAIR.

AYES: COMMISSIONER GAEBE, TREASURER SCHMIDT, MR. SANDAL, MR. OLSON, MS. TERNES, MR. GESSNER, MS. WASSIM, MR. LECH, MS. SMITH, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER HAMM

IT WAS MOVED BY TREASURER SCHMIDT TO NOMINATE MR. LECH AS PARLIAMENTARIAN.

Lt. Governor Wrigley reappointed Mr. Lech as parliamentarian for the period of July 1, 2015 - June 30, 2016.

AUDIT COMMITTEE:

Mr. Hunter stated the current members of the SIB Audit Committee Mr. Sandal, Mr. Gessner, Ms. Ternes, Ms. Dorwart, and Ms. Riedman have done an outstanding job during the past year and are willing to continue to serve for the period of July 1, 2015 - June 30, 2016.

IT WAS MOVED BY MS. SMITH AND SECONDED BY MS. WASSIM AND CARRIED BY A ROLL CALL VOTE TO CONTINUE WITH THE CURRENT MEMBERSHIP OF THE SIB AUDIT COMMITTEE.

AYES: MR. OLSON, MS. WASSIM, COMMISSIONER GAEBE, MR. GESSNER, MS. SMITH, MR. SANDAL, TREASURER SCHMIDT, MS. TERNES, MR. LECH, AND LT. GOVERNOR WRIGLEY
 NAYS: NONE
 MOTION CARRIED
 ABSENT: COMMISSIONER HAMM

INVESTMENTS:

Tobacco Prevention/Control Trust Fund - Mr. Hunter presented an investment policy statement for the Tobacco Prevention and Control Trust Fund for the board's consideration. The investment policy statement was modified to more clearly define the client's investment intent for the tobacco free restriction.

IT WAS MOVED BY MR. GESSNER AND SECONDED BY MR. SANDAL AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE INVESTMENT POLICY STATEMENT FOR THE TOBACCO PREVENTION AND CONTROL TRUST FUND.

AYES: MS. TERNES, MR. OLSON, TREASURER SCHMIDT, COMMISSIONER GAEBE, MS. WASSIM, MR. LECH, MR. SANDAL, MS. SMITH, MR. GESSNER, AND LT. GOVERNOR WRIGLEY
 NAYS: MOTION CARRIED
 ABSENT: COMMISSIONER HAMM

GOVERNANCE:

Code of Conduct - The SIB was provided a copy of their Governance Process Policy B-8, Board Members' Code of Conduct. As outlined in the policy, board members are annually required to affirm their understanding of the policy by signing and dating the acknowledgement.

Investment Manager Catalog - Board members were provided a listing of each of the current as well as previous investment managers and their mandates. The Board requested a listing of only the open accounts but still maintain a combined listing of both the open/closed accounts.

Planning Cycle/Meeting Schedule - The board was provided a planning calendar for Fiscal Years 2016 and 2017, and a 2015-16 meeting schedule for planning and reference purposes.

Governance Education - Mr. Keith Ambachtsheer, KPA Advisory Services, reviewed with the board a 2014 survey based study, which was conducted by himself and several colleagues on the effectiveness of pension fund governance.

The board recessed at 10:35 a.m. and reconvened at 10:50 a.m.

Mr. Ambachtsheer's second session focused on survey results on the effectiveness of long-horizon investment attitudes and practices.

OTHER:

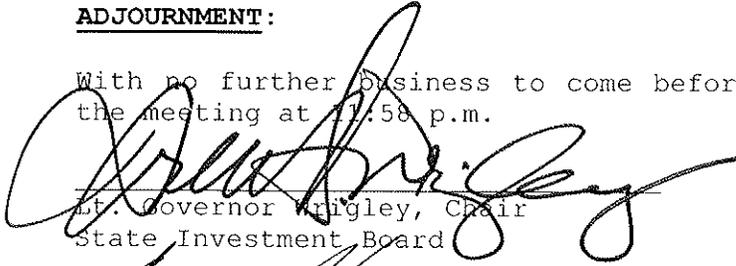
Ms. Murtha reviewed a lawsuit which was recently filed by unsecured creditors against the holders of a General Motors (GM) term loan that was repaid after GM filed for bankruptcy in 2009. The SIB's Pension Trust was a holder of the GM term

loan via a Wells Capital Management (WCM) investment. The lawsuit claims that the holders of the GM term loan should not have been fully repaid and are seeking repayment of certain amounts paid to such holders.

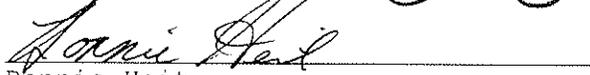
Ms. Murtha will bring back information regarding options for outside counsel for the board's consideration at a future meeting.

ADJOURNMENT:

With no further business to come before the SIB, Lt. Governor Wrigley adjourned the meeting at 11:58 p.m.



Lt. Governor Wrigley, Chair
State Investment Board



Bonnie Heit
Assistant to the Board