

LEGISLATIVE AUDIT AND FISCAL REVIEW COMMITTEE**May 12, 2010****Fay Kopp, Acting Executive Director
ND Retirement and Investment Office****ND Retirement & Investment Office - State Investment Board Update**

As you are aware, Steve Cochrane, former Executive Director and Chief Investment Officer (CIO) for the ND Retirement and Investment Office (RIO) and ND State Investment Board (SIB), recently passed away. Steve was a talented and well-respected investment professional who served as the state's CIO for over 13 years, and our agency's director for 11 years. His expertise and friendship will be greatly missed.

In the meantime, please be assured that the SIB has a long-term strategic investment program in place. Investment operations continue to run smoothly and without disruption. Pension and insurance trust fund investment policies are implemented by outside managers hired by the SIB; no funds are managed internally. Those outside investment managers continue to be monitored by experienced SIB staff and external investment consultant, with appropriate action taken by the SIB as needed.

Decisions on selecting a new Executive Director/CIO rest with the SIB. At their meeting on April 23, the SIB:

- **Affirmed Fay Kopp as Acting Executive Director for RIO agency administrative operations. Connie Flanagan, Fiscal & Investment Officer, will continue to handle investment program operations, with additional assistance from the SIB's investment consultant, Callan Associates, as needed.**

Connie Flanagan will provide an update on investment returns of SIB clients and the status of funds in receivership (Westridge/WG Trading).

The SIB also appointed subcommittees which include representatives of various SIB clients to ensure broad representation: PERS, TFFR, WSI, Elected Officials, etc.

- **Established an SIB Executive Committee to hire an Interim Executive Director/CIO until a permanent replacement can be found.**

LeRoy Gilbertson was recently hired to fill this interim position.

- **Established an SIB Search Committee to look for a permanent Executive Director/CIO. The Committee worked with State Procurement Division to prepare an RFP for a 3rd party executive search firm to recruit a qualified candidate for the position. RFP issued May 11.**

Treasurer Schmidt serves on both the SIB Executive Committee and SIB Search Committee and is available for questions.

- **Authorized a Special Purpose Audit to verify the assets and controls of the program. Assigned SIB Audit Committee with the responsibility for selecting independent audit firm and defining scope of audit.**

Cindy Ternes, Director of Finance at WSI, serves on the SIB Audit Committee. She will provide the update on this special audit.

In summary, please be assured that the SIB and RIO staff are committed to ensuring the state's investment program is managed for the exclusive benefit of each client fund and according to each fund's investment objectives and guidelines.