

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2049

2007 SENATE JUDICIARY

SB 2049

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2049**

### Senate Judiciary Committee

Check here for Conference Committee

Hearing Date: January 8, 2007

Recorder Job Number: 736

Committee Clerk Signature

*Maria L Solberg*

**Minutes:** Relating to the power of the investment director to sign and execute contracts and agreements relating to funds under the management of the state investment board.

**Senator David Nething**, Chairman called the Judiciary committee to order. All Senators were present. The hearing opened with the following testimony:

#### Testimony In Support of Bill:

**Mr. Steve Cochrane**, Executive director for the State Investment Board. (meter :16) Reviewed the State Investment Boards background, structure and duties. Attachment #1.

**Sen. Nething**, Chm. What is the necessity of this bill if they were already doing it. **Mr.**

**Cochrane** responded that currently they carry a note signed by the Lt. Governor giving them permission to do it. This is a more professional/legal way to do business.

#### Testimony in Opposition of the Bill:

None

#### Testimony Neutral to the Bill:

None

**Senator David Nething**, Chairman closed the hearing.

**Sen. Nelson** made the motion to Do Pass SB 2049 and **Sen. Fiebiger** seconded the motion.

All members were in favor of the motion. Motion passes.

Page 2  
Senate Judiciary Committee  
Bill/Resolution No. SB 2049  
Hearing Date: January 8, 2007

**Carrier: Sen. Nething, Chm.**

**Senator David Nething**, Chairman closed the hearing



**REPORT OF STANDING COMMITTEE (410)**  
January 8, 2007 10:45 a.m.

**Module No: SR-04-0282**  
**Carrier: Nething**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2049: Judiciary Committee (Sen. Nething, Chairman) recommends DO PASS**  
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2049 was placed on the  
Eleventh order on the calendar.

2007 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 2049

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2049

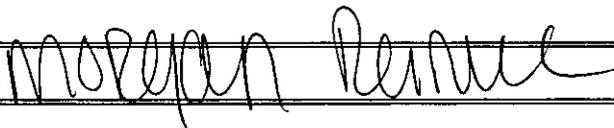
House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: March 8, 2007

Recorder Job Number: 4754

Committee Clerk Signature



Minutes:

**Steve Cochrane:** Testimony attached.

**Rep. Haas:** So this is something that you've been doing all along?

**Steve Cochrane:** That is correct.

**Rep. Haas:** Are there any other questions?

**Steve Cochrane:** I do have a quick update for you. The vice chair of the State Investment Board asked me to share a little bit of information. It relates to the experience of the State Investment Board Pension trust. As you know the features found in the PERS fund and three other benefits plans participate. This is a relative performance ranking set of charts from the largest public fund investment performance. It simply takes the universe of public fund which is approaching 100 representing over \$700 billion. It rates all of those funds from highest percentage to lowest percentage as you can see on the vertical access. The shaded box represents 80% of the observations. This ranks the ND State Investment Board Pension Trust for the 1, 3, 5 and 10 year period ending June 30, 2006. As you can see the performance has been quite good. The numbers that are representing our firm would be in the sort of purple dot, for example the 1 year, in the top 2 % of all public funds. The performance is relative basis to some of the other issues that you deal with. At the point being that the relative performance is

extremely good. We have tried to make the best of a bad market as well as the good market. On the absolute basis have we been through some trying times as we have been through the past 6 years. In spite of the fact that we have had to deal with some very volatile market, we have done a good job on the relative side. That is what it says. The last page is something that is kind of fun. For the leading financial media, ND State Investment Board has been nominated for the Achievement award under the savviest public plan of the year. We are one of three plans identified.

**Rep. Karls:** Are you a separate department under yourself or do you operate under a larger agency?

**Steve Cochrane:** I am in the retirement and investment office. That was established in 1989 to oversee 2 programs. The benefit administration for the Teachers Fund for Retirement and the Administration of the Investment program for the State Investment Board. It is kind of two separate but related programs. The State Investment Board then in turn serves about 22 funds here in the state. Many of them are statutory responsibility of the State Investment Boards. For example WSI fund, Public Employees Retirement System, a number of insurance funds that we have here, become what we call clients to the State Investment Board.

**Rep. Haas:** Is there any other testimony to SB 2049? Is there any opposition testimony to SB 2049?

**Rep. Weiler:** I see that this ceremony is March 11, can we get a report as to how you do down there?

**Steve Cochrane:** I would be happy to report back to you. When you look at the Ontario teacher's fund, it is a \$100 billion plan. They own Toronto Maple leaves, they own Satellites in space, and they are opening a London office to monitor their international investments. They

are kind of in a different ballgame then we are. We don't even own a bobcat. It is fun to be there at this point.

**Rep. Haas:** Are you going to Las Vegas to receive the award?

**Steve Cochrane:** Yes.

**Rep. Boehning:** How big is the portfolio that you are managing?

**Steve Cochrane:** We have about \$3.9 billion in the pension trusts. Then we manage another \$1.5 billion in the insurance trust. The insurance trust is 95% comprised from Workforce Safety and insurance funds. Then a number of other non-qualified pools of assets which would mean they aren't qualified under IRS standards to where an institution has investment funds. It gives them a nice e-brake opportunity to participate.

**Rep. Haas:** Is there any more testimony to SB 2049? If not we will close the hearing on SB 2049.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2049

House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: March 9, 2007

Recorder Job Number: 4755

Committee Clerk Signature

Minutes:

**Rep. Amerman:** I move a do pass.

**Rep. Karls:** I second that.

**Rep. Haas:** Is there any discussion? If not we will take a roll call vote on SB 2049. The do pass motion passes with a vote of 11-0-2. Is there a volunteer to carry this bill?

**Rep. Grande:** I will.



REPORT OF STANDING COMMITTEE (410)  
March 9, 2007 3:47 p.m.

Module No: HR-45-4902  
Carrier: Grande  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**SB 2049: Government and Veterans Affairs Committee (Rep. Haas, Chairman)**  
recommends **DO PASS** (11 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2049  
was placed on the Fourteenth order on the calendar.

2007 TESTIMONY

SB 2049

**EMPLOYEE BENEFITS PROGRAMS COMMITTEE  
REPORT TO THE 60TH LEGISLATIVE ASSEMBLY  
REGARDING PROPOSED SENATE BILL NO. 2049**

**Date:** October 24, 2006

**Sponsor:** State Investment Board

**Proposal:** Clarifies the investment powers of the State Investment Board.

The committee amended the bill at the request of the State Investment Board to provide specific statutory authority for the investment director of the State Investment Board to sign and execute all contracts and agreements relating to funds under the management of the board.

**Actuarial Analysis:** The State Investment Board reported that provisions of the bill, as amended, will have no actuarial impact to any of the funds invested by the State Investment Board nor will the Retirement and Investment Office incur any costs to implement provisions of the bill draft.

**Committee Report:** Favorable recommendation.

Att # 1  
1-8

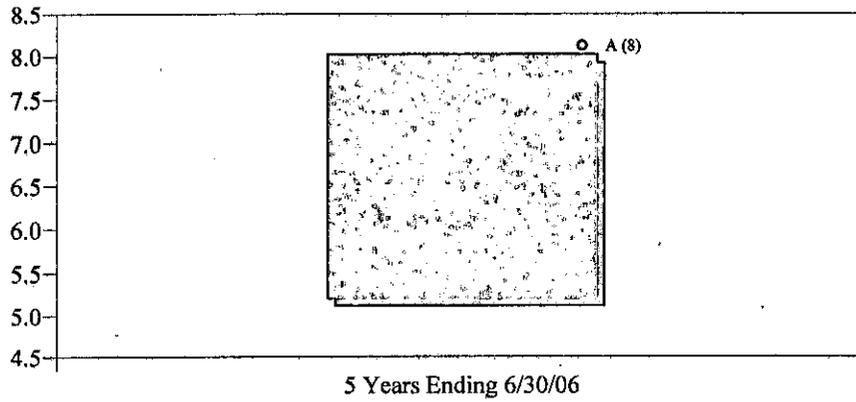
TESTIMONY OF  
STEVE COCHRANE  
ON  
SENATE BILL NO. 2049

Mr. Chair, members of the committee, good morning Good morning. My name is Steve Cochrane and I am the Executive Director of the Retirement and Investment Office and serve as Investment Director for the State Investment Board.

SB 2049 clarifies the authority of the Investment Director to enter into contracts and agreements on behalf of the State Investment Board. This language does not expand the authority of the position, as this has been a routine function since the establishment of the State Investment Board in 1989. This simply codifies this authority to satisfy compliance requirements of service providers to the State Investment Board.

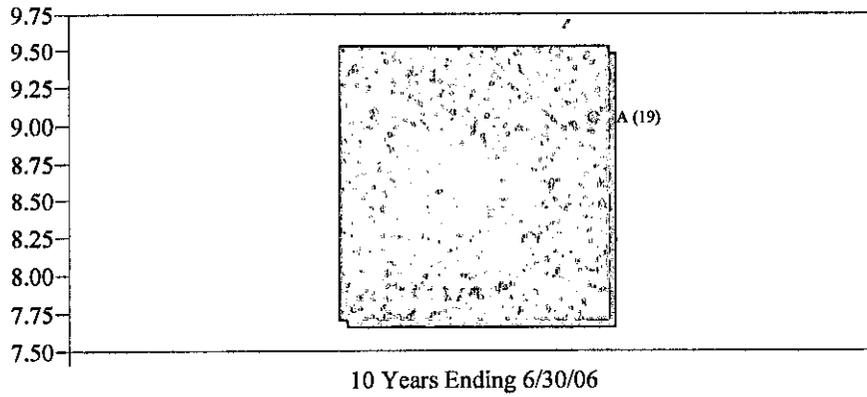
On behalf of the State Investment Board, I would sincerely appreciate your support of this housekeeping revision. Thank you.

Returns  
for Periods Ended June 30, 2006  
Group: CAI Public Fund Sponsor Database



10th Percentile	8.03
25th Percentile	7.35
Median	6.52
75th Percentile	5.76
90th Percentile	5.20
Member Count	73
ND Pen - Total Fund ○ A	8.12

Returns  
for Periods Ended June 30, 2006  
Group: CAI Public Fund Sponsor Database



10th Percentile	9.53
25th Percentile	8.96
Median	8.45
75th Percentile	7.91
90th Percentile	7.70
Member Count	52
ND Pen - Total Fund ○ A	9.05

*10th Annual*  
Money Management Letter  
**Public Pension Funds**  
*Awards For Excellence*

MARCH 11, 2007 ✦ LOEWS LAKE LAS VEGAS RESORT ✦ HENDERSON, NEVADA

*Lifetime Achievement Award*

Peter Gilbert, cio, Pennsylvania State Employees Retirement System

*The 2007 Award Nominees*

**Savviest Public Plan of the Year**

- North Dakota State Investment Board
- Ontario Teachers Pension Plan
- San Diego City Employees Retirement System

**Medium Public Plan of the Year**

- Philadelphia Public Employees Retirement System
- Los Angeles City Employees Retirement System
- San Antonio Fire & Police Pension Fund

**Public Plan Consultant of the Year**

- Bill Bensur, managing director, Wilshire Associates
- Stephen Cummings, ceo & president, Ennis Knupp & Associates
- Peter Keliuotis, v.p. and senior consultant, Strategic Investment Solutions

**Equity Manager of the Year**

- C.S. McKee
- Fidelity Investments
- NorthPointe Capital

**Large Public Plan of the Year**

- Los Angeles County Employees Retirement Association
- Indiana Public Employees Retirement Fund
- San Francisco Employees Retirement System

**Small Public Plan of the Year**

- New Orleans Employees Retirement System
- Tulare County Retirement Association
- Shelby County Retirement System

**Bond Manager of the Year**

- PENN Capital
- Brandywine Global Investment Management
- ING Investment Management Americas

**Alternatives Manager of the Year**

- Pantheon Ventures
- RREEF
- First Reserve Corporation