

**REGULAR MEETING OF THE  
MONTANA BOARD OF INVESTMENTS  
DEPARTMENT OF COMMERCE**

**2401 Colonial Drive, 3<sup>rd</sup> Floor  
Helena, Montana**

**Wednesday, October 26, 2005**

**AGENDA**

- |   |                  |
|---|------------------|
| <b>I. CALL TO ORDER</b>   | <b>9:00 a.m.</b> |
| A. Roll Call  |                  |
| <b>II. PUBLIC COMMENT</b>   |                  |
| A. Public Comment on Board-Related Items                                |                  |
| <b>III. INVESTMENT ACTIVITY</b>   | <b>9:05 a.m.</b> |
| A. Adam Street Partnership Program – 2005 – Ed Kelly                    |                  |
| <b>IV. PRESENTATION – Retainer Investment Consultant RFP Candidates</b> |                  |
| ▪ Ennis Knupp & Associates  | 9:15 a.m.        |
| ▪ RV Kuhns & Associates Inc.  | 10:45 a.m.       |
| <b>V. ADJOURNMENT</b>   | <b>1:00 p.m.</b> |

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**MONTANA BOARD OF INVESTMENTS  
DEPARTMENT OF COMMERCE**

**2401 Colonial Drive, 3<sup>rd</sup> Floor  
Helena, Montana  
Wednesday, October 26, 2005**

MINUTES

**BOARD MEMBERS PRESENT:**

Terry Moore, Chairman  
Teresa Cohea  
Karen Fagg  
Maureen Fleming  
John Paull  
Jack Prothero  
Jim Turcotte

**BOARD MEMBERS ABSENT:**

Elouise Cobell  
Calvin Wilson

**STAFF PRESENT:**

Robert T. Bugni, CFA, Senior Investment Officer  
Geri Burton, Deputy Director  
Richard Cooley, CFA, Senior Investment Officer  
Kimberly Dallas, Program Assistant  
Bobbie Ecklund, Research Manager – Interim  
Edward Kelly, Assistant Investment Officer  
Cliff Sheets, CFA, Chief Investment Officer  
Carroll V. South, Executive Director

**GUESTS:**

Devin Garrity, Dept. of Administration  
Steve Harding, Independent Fiduciary Services  
Steve Cummings, CFA, President and CEO, EnnisKnupp  
Kristine Ford, CFA, Principal, EnnisKnupp  
Jay Flaherty, CFA, Associate, EnnisKnupp  
Russell V. Kuhns, CEO and Senior Consultant, RV Kuhns  
Becky Gratsinger, President and Senior Consultant, RV Kuhns  
Jim Voytko, Director of Research and Senior Consultant, RV Kuhns  
Dave Senn, Executive Director, Teachers' Retirement System  
Kelly Jenkins, Legal Counsel, Public Employees' Retirement System

## **CALL TO ORDER**

Chairman Moore called the regular meeting of the Board of Investments (Board) to order at 9:05 a.m. in the conference room at 2401 Colonial Drive, 3<sup>rd</sup> Floor, Helena, Montana. As noted above, the meeting convened with seven members of the Board present. Member Wilson and Member Cobell were not present.

Chairman Moore called for Public Comment of Board-Related Items. *No Public Comment was made.*

Member Cobell arrived at this time.

### **Investment Activity**

Mr. Ed Kelly presented to the Board a memo discussing the Adams Street Partnership Program - 2005 Subscription which was approved at the December 4, 2005 regular meeting of the Board.

Minutes from the December 4, 2004 Board Meeting state the following:

*Staff recommends that the Montana Board of Investments commit up to \$20 million to the Adams Street Partnership Fund – 2005 US Fund and up to \$5 million to the Adams Street Partnership – 2005 Non-US Fund.*

Staff's recommendation to the Board included, in part, the following language:

*Staff's recommendation seeks to "maximize" exposure to the 2005 US Fund while maintaining appropriate exposure to the 2005 Non-US Fund. In the event that Adams Street is able to satisfy the original reservation of \$25M, then Staff would revise the recommendation as follows: \$20M US Fund and \$5M Non-US Fund.*

Subsequent to the Board meeting and prior to the closing of the 2005 Adams Street Partnership Program Funds, staff completed the required subscription documents specifying \$25M US Fund and \$5M Non-US Fund. Staff's actions were within the final allocation parameters provided by Adams Street but not within the allocation parameters approved by the Board.

This memo was prepared by staff to inform the Board regarding this matter and recommend Board action to address and correct this discrepancy between the Board's official records

Member Fleming moved to approve the additional \$5 M for the Adams Street Partnership Program - 2005 Subscription; Member Turcotte seconded the motion and the motion was passed 8-0.

### **Audit Committee**

Member Fagg, Chairperson of the Audit Committee, updated the Board on the progress of the Retainer Investment Consultant RFP. Member Fagg reported that the Dept. of Administration had received seven responses. One response was withdrawn and one was eliminated for non-responsiveness. The remaining five responses were scored by the Audit Committee.

In addition, Member Fagg thanked Ms. Geri Burton and Mr. Devin Garrity for their involvement in RFP Process. Ms. Burton and Mr. Garrity did an outstanding job in supporting the Committee in their responsibilities of issuing the RFP.

## **PRESENTATION**

In Step Two of the RFP Process, the finalists will be required to participate in an in-person presentation/oral interview before either the evaluation committee or the full Board at a public meeting. The presentation will be an opportunity for the finalists to further define their offer based on the topics of Section 4.1.2,

Resumes/Company Profile and Experience, Section 4.1.4, Method of Providing Services and Section 4.1.5, Sample Reports. Audio-visual presentation aids will be allowed. The oral interview will be an opportunity for the evaluation committee and/or Board Members to ask questions of the finalists to allow further elucidation on these topics. The presentation/oral interview will be evaluated based on the criteria set forth below. One of the individuals participating in the Step Two presentation/oral interview must be the person designated in the proposal as the project manager

The order of the presentations in the Request For Proposal process is:

1. Ennis Knupp & Associates
2. RV Kuhns & Associates

At the conclusion of the two presentations, Chairman Moore thanked the Board for their involvement in the activities taking place and he is very pleased with the achievements that have been made.

Member Fagg made the following motion, "To authorize the Audit Committee to proceed with scoring Step Two which is the Interview/Presentation of the Evaluation Process of the RFP and make a determination regarding the hiring of a firm to add as the Board's Investment Consultant on a retainer basis and the hiring of a firm to conduct an asset liability for the pension funds." Member Prothero seconded the motion and the motion was passed 8-0.

**Additional Business**

Chairman Moore visited with the Board regarding the recent meetings that have taken place with the Governor regarding the under-funding of the Retirement Boards. An idea which was discussed is to have those Boards connect more effectively and to meet annually, perhaps more often if needed. It was suggested that each of the two Retirement Boards and the Board of Investments would identify and appoint two representatives to advance this cause. Chairman Moore announced that he has asked Teri Cohea and Jack Prothero to represent the Board of Investments and they have accepted the duty.

**NEXT MEETING**

The next regularly scheduled meeting of the Board will be Thursday, November 10, 2005.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at \_\_\_\_\_.

**BOARD OF INVESTMENTS**

APPROVE: \_\_\_\_\_  
Terry Moore, Chairman

ATTEST: \_\_\_\_\_  
Carroll South, Executive Director

DATE: \_\_\_\_\_