

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

**2401 Colonial Drive, 3rd Floor
Helena, Montana**

Thursday, September 1, 2005

AGENDA

- | | | |
|-------------|--|-------------------|
| I. | CALL TO ORDER | 8:15 a.m. |
| | A. Roll Call | |
| | B. Public Comment on Board Related Items | |
| II. | INTERVIEWS OF CHIEF INVESTMENT OFFICER (CIO) CANDIDATES | |
| | A. Chief Investment Officer Finalist Interviews | 8:30 a.m. |
| III. | CLOSED MEETING | 10:00 a.m. |
| | A. Board discussion of selection of Chief Investment Officer Candidates. | |
| IV. | OPEN MEETING | 11:30 p.m. |
| | A. Board action on selection of Candidates. | |
| V. | ADJOURNMENT | 1:00 p.m. |

The Board of Investments makes reasonable accommodations for any known disability that may interfere with a person's ability to participate in public meetings. Persons needing an accommodations must notify the Board (call 444-0001) or write to P.O. Box 200126, Helena, Montana 59620) no later than three days prior to the meeting to allow adequate time to make needed arrangements.

**MONTANA BOARD OF INVESTMENTS
DEPARTMENT OF COMMERCE**

**2401 Colonial Drive, 3rd Floor
Helena, Montana
Thursday, September 1, 2005**

MINUTES

BOARD MEMBERS PRESENT:

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

BOARD MEMBERS ABSENT:

Elouise Cobell

STAFF PRESENT:

Bob Bugni, Chief Investment Officer - Interim
Geri Burton, Deputy Director
Kimberly Dallas, Program Assistant/Board Secretary
Roberta Diaz, Accountant
Herbert Kulow, Senior Portfolio Manager
Gayle Moon, Accounting Fiscal Manager
Mary Noack, Accounting Technician
Delrene Rasmussen, Assistant Investment Officer
Mary Rohrig, Accountant
John Romasko, Investment Analyst
Coralie Sciuchetti, Accountant
Carroll V. South, Executive Director
Marilyn Umstead, Accounting Technician

GUESTS:

Gary Hudepohl, Hudepohl & Associates
Cliff Sheets

CALL TO ORDER

Chairman Moore called the regular meeting of the Board of Investments (Board) to order at 8:30 a.m. in the conference room at 2401 Colonial Drive, 3rd Floor, Helena, Montana. As noted above, the meeting convened with eight members of the Board present.

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

INTERVIEW OF CHIEF INVESTMENT OFFICER (CIO) CANDIDATE

Chief Investment Officer Finalist Interview

Chairman Moore opened the meeting by introducing Mr. Gary Hudepohl. Mr. Hudepohl briefly reviewed for the Board the process which was followed in the search for a Chief Investment Officer. Mr. Hudepohl also stated that he is very pleased with the results of the search, appreciated the time and assistance given to him by the HR Committee and the Board. The search for a new CIO is on schedule and should conclude by mid-September. Mr. Hudepohl provided the Board with the following information regarding the search process:

- 107 Entities targeted (Public Pension Funds, Foundations, Endowments and Insurance Co.)
- 215 people within the 107 Entities had similar responsibilities as the CIO position;
- 407 contacts to the 215 people to sell this opportunity;
- 69 resumes were received;
- 17 persons were identified as qualified;
- 17 phone interviews;
- 8 identified as most qualified; personal interviews were conducted;
- 5 recommended to the search committee as the most qualified, and were interviewed by the search committee;

Mr. Hudepohl concluded by introducing Mr. Cliff Sheets, the finalist for the Chief Investment Officer position and recommended for interview by the Human Resource Committee.

Mr. Cliff Sheets introduced himself to the Board and gave a brief overview of his background:

- MBA, Finance, Indiana University; he has earned his CFA designation and is a seasoned investment professional and has been in the business for over 25 years.
- Currently is Chair of the Finance Committee for the American National Red Cross Retirement System.
- Background includes employed by 3 different companies in progressive roles of increasing responsibility. The roles have encompassed hands-on analytical and portfolio management duties, organizational management, and have been intimately involved in the review and selection of internal and external money managers.
- A broad level of experience including a substantial amount of capital markets and money management business experience; very broad understanding of a variety of different asset classes; will bring a high level of integrity of ethics to the position.
- In addition to the investment technical skills being brought to the position is leadership and management skills. Has built investment staff; and participated and led in the process of a major re-organization at a large financial organization; has interacted with a variety of different governing boards, both boards of trustees with pension plans, mutual funds and also board of directors with public corporations. Has adequate communication skills and is willing to be very forthright and forthcoming, and is ready to work with the board to get things done and do the right thing for the client, know who the client is and to serve the client in the most effective manner.
- Most recent management role was overseeing an investment organization consisting of 45 professional investment staff, with 6 direct reports. Managed collectively approximately \$70 billion in securities, primarily fixed income securities.
- Also has involvement in other non-fixed income asset classes, including public equity (both domestic and international), alternative asset classes (marketable and non-marketable) (including private equity, venture capital, real estate partnerships and hedge funds).

Mr. Sheets concluded his introduction and the Board proceeded with the interview.

At the conclusion of the interview, Chairman Moore announced that for reasons of privacy dealing with personal issues, the regular meeting of the Board would be closed to the public. This will allow the Board to meet in a closed session to discuss and to consider the interview of Mr. Cliff Sheets for the position of Chief Investment Officer.

Mr. Gary Hudepohl again thanked the Board for the opportunity in assisting with the search of a Chief Investment Officer for the Montana Board of Investments. Mr. Hudepohl also thanked Carroll South for his invaluable assistance and he thanked Ms. Geri Burton and Ms. Kimberly Dallas for all of their assistance.

Mr. Cliff Sheets again thanked the Board and stated that he was honored to have been selected as a candidate for the position of Chief Investment Officer. He finds the opportunity to be very attractive and formally asked the Board for the job.

The regular meeting of the Board was reconvened at 12:20 p.m.

Member Prothero motioned that the Board authorize the Human Resource Committee to negotiate an employment contract with Cliff Sheets and submit the contract to the full Board for approval via a teleconference call meeting to be called by the Chairman. Member Turcotte seconded the motion.

With no further discussion, Chairman Moore called for a roll call vote of the Board. Voting "Yea" is voting in favor of the recommendation as presented by Member Prothero. The Roll Call vote is as follows:

Elouise Cobell – Absent	Terry Cohea – "Yea"
Karen Fagg – "Yea"	Maureen Fleming – "Yea"
John Paull – "Yea"	Jack Prothero – "Yea"
Jim Turcotte – "Yea"	Calvin Wilson – "Yea"
Terry Moore – "Yea"	

The motion was unanimously approved 8 - 0 by Members present.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:00 p.m.

BOARD OF INVESTMENTS

APPROVE: _____
Terry Moore, Chairman

ATTEST: _____
Carroll South, Executive Director

DATE: _____