

**MINNESOTA PUBLIC PENSION FUNDS
INVESTMENT DISCLOSURE REPORT**

For the Fiscal Year 1997

July 1999

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Table of Contents

Preface

Report Summary

Background	2
Table 1: 1997 Returns for Broad Market Indices	5
Report Findings	6

Public Pension Funds with Assets Less than \$10 Million

Table 2: Key Statistics for Funds with Less than \$10 Million in Assets	9
Discussion of Small Plan Performance	10
Notes to Table 3	12
Table 3: Investment Performance for Funds Under \$10 Million in Assets	13

Public Pension Funds with Assets of At Least \$10 Million

Discussion of Large Plan Performance	50
Table 4: Returns Compared to Actuarial Targets and Benchmarks	52
Table 5: Large Pension Plans: Assets Managed	53
Table 6: Comparison of Calculated Rates of Return	55
Detail Pages for Large Plans	56

Appendices

Exhibit 1: Investment Reporting Law	A-1
Exhibit 2: Broad Market Indices: Additional Information	A-6
Exhibit 3: State Board of Investment: Supplemental Fund Information	A-9

Preface

Sound pension asset management is the keystone completing the bridge between a lifetime of work, and a stable, financially secure retirement. Taxpayers, elected officials, plan fiduciaries, and members each have a conspicuous interest in assuring that retirement fund assets are invested in a prudent and effective manner.

Demographic shifts, the proliferation of defined contribution plans, and trends in financial markets in the 1990's have each contributed to heightening public awareness about the importance of investments as a means to financing retirement benefits. Investment returns account for approximately 75% of annual revenue for most large, defined benefit plans. For many of the smaller defined contribution programs included in this report, it is the *only* significant revenue source beyond state aid.

The Minnesota Legislature has assigned the Office of the State Auditor (hereinafter "OSA") with the responsibility of collecting investment performance data from all public plans in the state. The OSA is required pursuant to Minn. Stat. §356.219, Subd. 6, to review, refine and utilize this data to compute time-weighted rates of return (net of all fees and costs), and to publish a report disclosing the results. This report includes investment data for 714 pension funds, with over \$38 billion in assets.

Minn. Stat. § 356.219 requires public pension plans to report annual market value and cash flow information. Plans with less than \$10 million in assets at the beginning of the year must provide investment activity data on a total portfolio, quarterly basis. Larger plans must provide the same data on a *monthly* basis for the total portfolio and each investment account, investment portfolio or asset class.

State Auditor Judith Dutcher and her staff express sincere appreciation to the many dedicated relief association officers, municipal officials, auditors and investment managers who contributed their valuable skills and time to the preparation and refinement of the information contained in this report.

The reader is invited to direct any questions, comments, or suggestions to improve future versions of this report to:

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Report Summary

Background

Reporting Requirements

In 1998, Minn. Stat. § 356.219¹ required all public pension funds to disclose certain investment information to the Office of the State Auditor (hereinafter "OSA"). Previously, volunteer firefighter relief associations with less than \$300,000 in assets were not required to submit this information.

The requirements for reporting information to the OSA are determined by plan size and sponsor. Pension plans with a market value of \$10 million or more must report market value of the total portfolio and each asset class, investment portfolio or investment account on a monthly basis, including index-matching rate of return information as specified in statute. Plans with a market value of less than 10 million must report on a total portfolio, quarterly basis. Comparative index-matching rate of return data is not required of these plans. All public plans are required to provide the OSA with a copy of their investment policy statement and any subsequent changes, including the effective date.

An exception to the investment reporting requirement applies to pension plans that are "fully invested" through the State Board of Investment (hereinafter "SBI"). A plan is "fully invested" if, on January 1 of any year, all of the assets of the plan, "beyond sufficient cash equivalent investments to cover six months expected expenses," are invested through the SBI. If the plan certifies to the OSA that it is "fully invested," responsibility for submitting the required investment disclosure information is transferred to the SBI.

Data Sources

The information contained in this report represents a compilation of the pension fund investment disclosure data which was submitted to the OSA by 714 public pension plans. In many cases, forms were prepared by investment advisors or independent accountants under contract with the pension funds. After reviewing the market value and cash flow data submitted, and making any necessary corrections, the OSA calculated certain statistics, including rates of return on investments.

¹

The legislature amended Minn. Stat. § 356.219, by enacting Minnesota Laws 1997, ch. 241, art. 10.

Structure of the Report

The investment performance data submitted by the pension funds is presented in two sections:

- **Small Funds - plans with less than \$10 million in assets**

This section includes a summary table with data from the 699 plans that reported to the OSA, a narrative discussion of investment performance for the entire group, and a table with details for each fund.

Most investment policy statements received by the OSA for this group of funds were brief, and did not include asset allocation targets. Therefore, the *actual* asset allocation for these funds is detailed in the table.

This section focuses on the total fund rate of returns achieved by each of the nearly 700 plans. Returns for each fund are compared with the statutory assumed rate of return of 5% applicable to all of the small funds.

- **Large Funds - plans with at least \$10 million in assets**

This section includes a summary table on investment performance, a discussion of outcomes for the group, and a separate page with detailed information on each pension fund.

Investment policy statements for this group tended to be more thorough. In some cases they are rather encyclopedic, clearly defining objectives and parameters on virtually all aspects of a fund's investment activity. However, only the asset allocation portion of the policies are reflected in the detail pages, along with data on *actual* asset allocations.

Returns for the larger funds are also compared with the statutory assumed rate. In addition, they are compared with performance benchmarks selected by the pension funds themselves.

The appendices included at the end of this report provide reference materials and more detailed information on topics addressed throughout the report.

Information on Market Indices

An index is a statistical composite that measures changes in the economy or in financial markets. The OSA has included a select group of indices within this report which may be used as a point of reference when analyzing a particular fund's

investment performance for 1997.² A brief explanation of each index is provided below (see Appendix for detailed descriptions). Immediately following is a table with 12-month returns against these indices as of June 30 and December 31, 1997.

- **Wilshire 5000 Stock Index** - This index is the broadest index for the U.S. Stock Market and includes all stocks traded over the counter and on exchanges, including the S&P 500.
- **Dow Jones Industrial Average** - The "Dow," consists of the sum of the value of 30 blue-chip stocks of "seasoned" industrial firms. The index is price-weighted, with the adjusting for stock splits and spin-offs.
- **Standard and Poor's 500 Index (S&P 500)** - This index is designed to measure performance of the broad domestic economy through changes in the value of 500 stocks representing all major industries. This index is widely considered the benchmark for large-stock investors.
- **Russell 2000** - This index is widely used as a measure of small company stocks in the U.S.
- **Lehman Aggregate** - This index represents high quality, "investment grade" *treasury/agency, corporate, and mortgage-backed bonds in the U.S.*
- **Lehman Government/Corporate** - This index represents a mix of U.S. high quality, "investment grade" government and corporate bonds.
- **Lehman Corporate Bonds** - This index represents a mix of U.S. high quality, "investment grade" corporate bonds.
- **Lehman Government Bonds** - This index represents U.S. government bonds.
- **Morgan Stanley Capital International Index of Europe, Australia and the Far East (EAFE)** - This index represents a measure of 20 international stock markets located in Europe, Australia, and the Far East.
- **Salomon Non U.S. Government Bonds** - This index represents a measure of non U.S. government bonds.
- **90-Day U.S. Treasury Bills** - This index represents a measure for U.S. Treasury bills with an average maturity of 3 months. The index may be used as a measure for short-term cash accounts, such as cash equivalents, checking, savings, money market accounts, and commercial paper.

² Indices are not provided for certificates of deposit, venture capital, limited partnerships, annuities, or real estate.

Table 1

1997 Returns for Broad Market Indices

	<u>For 12 Months Ending</u>	
	<u>June 30, 1997</u>	<u>Dec., 31, 1997</u>
Stocks		
Wilshire 5000 Stock Index <i>- All size U.S. stocks</i>	29.3%	31.3%
Dow Jones Industrial Average <i>- 30 large industrial U.S. stocks</i>	38.5%	24.9%
S&P 500 <i>- Large company U.S. stocks</i>	34.7%	33.3%
Russell 2000 <i>- Small company U.S. stocks</i>	16.3%	22.4%
Bonds		
Lehman Aggregate <i>- All U.S. bond types</i>	8.2%	9.7%
Lehman Government/Corporate <i>- U.S. Government and corporate bond mix</i>	7.8%	9.8%
Lehman Corporate Bonds	8.8%	10.2%
Lehman Government Bonds	7.4%	9.6%
International		
Morgan Stanley Capital International Index of Europe, Australia and the Far East (EAFE) <i>- International Stock</i>	12.9%	1.8%
Salomon Non U.S. Government Bond <i>- International bonds</i>	2.2%	-4.3%
Short-term& Cash		
90 Day U.S. Treasury Bills <i>- Cash, savings, checking, money markets</i>	5.3%	5.3%
General Price Level		
Change in Consumer Price Index (CPI-U)	2.4%	1.6%

Report Findings

Investments play a critical role in financing pension benefit obligations. For large defined benefit programs, investment earnings typically account for approximately 75% of annual operating income. For smaller volunteer fire relief associations, the ratio is closer to 50%.

As can be seen from the returns for various indices on the previous page, 1997 was, like the year before, a profitable one for most major domestic investment markets. These market trends proved very beneficial to most public pension funds in Minnesota.

The majority of large and small public plans did very well against their assumed rates of return. This is the first test of investment performance, since actuarial gains or losses against assumed returns help to determine whether:

- 1) Underfunded plans are making progress toward amortizing their liabilities;
or,
- 2) Plans with surpluses can finance benefit improvements or tolerate contribution reductions.

Small Funds - Under \$10 Million in Assets

There were 699 funds with less than \$10 million in assets that reported to the OSA. Over 90% of these "small funds" exceeded the 5% actuarial assumed rate of return. The weighted average rate of return for the entire group was 13.9%. Statewide, the approximate dollar value of this actuarial gain for 1997 was \$20 million. As indicated by the returns to the indices noted in Table 1 above, continued strength in the overall economy for 1997 resulted in particularly strong returns in major domestic equity markets, which contributed to improved funding levels for most public pension plans.

Investment policy statements for these funds often lack specificity. Less than 20% of the small funds include asset allocation targets as part of their policy statements. Small funds appear to be moving toward more diversified portfolios, but at the close of 1997, most held portfolios with rather large cash and bond holdings. Consequently, these funds were not able to fully capitalize on growth opportunities available in the large and small cap domestic equity markets.

Only 2% of all funds in this group elected to be fully invested through the SBI's Supplemental Fund. However, 23% did have some portion of their assets invested through the SBI.

Large Funds - At Least \$10 Million in Assets

There were 14 funds in 1997 with over \$10 million in assets. In addition to these 14, the Minnesota Historical Society Individual Retirement Account Plan (IRAP) is included in the "large fund" group. Though it held only \$600,000 in assets, this plan has similar reporting requirements under statute.

The 1997 performance figures for the funds with at least \$10 million in assets (also known as the "large funds") were more uniformly positive, due to several factors:

- They have more in-house investment expertise.
- Their asset allocations are better optimized on a risk-return basis.
- They have more access to professional consultants.
- They have more effective manager selection strategies.

In general, the large defined contribution plans sponsored by the University of Minnesota, the Minnesota State Colleges and Universities, and the Historical Society appear to have provided rates of return meeting or exceeding the broad market indices. The one notable exception was the \$10.3 million University of Minnesota College Supplemental Plan, which only achieved a 1.7% return for the year.

Most large, defined benefit funds exceeded their statutory assumed rates of return by significant margins. They continue to benefit from a decade of strong market performance, and have realized significant improvement in their funded ratios, which benefits taxpayers and plan members.

Total fund rates of return calculated by the OSA for the large pension funds were nearly identical to those reported by the funds. While the OSA identified a few areas where funds might be able to improve upon asset classifications or accounting procedures, our overall conclusion is that the 1997 total fund, time-weighted returns reported by these funds were quite accurate.

**Public Pension Funds
with Assets
Less than \$10 Million**

Table 2

Key Statistics for Funds with Less Than \$10 Million in Assets

Schedule 2a - Funding and Membership Data

	# of Plans	Members	Accrued Assets		City & Other	Assets Invested
			1/1/1997	State Aid	Contributions	12/31/97
100% Invested with SBI	12	381	5,692,100	262,461	103,613	7,091,362
<i>Investing All or Part Outside SBI</i>						
Defined Contribution	77	2,430	33,819,226	1,891,279	842,785	38,452,283
Defined Benefit Lump Sum	581	15,149	126,662,545	7,163,603	2,907,408	144,334,818
Monthly & Monthly/Lump Sum Combined	29	1,823	59,506,478	2,366,911	1,651,919	68,880,347
Sub-total - All or Partly Outside SBI	687	19,402	219,988,249	11,421,793	5,402,112	251,667,448
Total - All Groups	699	19,783	225,680,349	11,684,254	5,505,725	258,758,810

Schedule 2b - Investment Performance - by Group

	# of Plans	% of Plans	Assets	% of Assets	Investment	Weighted
			12/31/96	for all plans	Earnings	Avg ROR
Group I - Fully Invested with State Board	12	2%	5,692,100	3%	1,429,888	25.1%
Group II - Partially Invested with SBI	152	21%	63,648,080	28%	10,005,837	15.7%
Group III - Zero Assets Invested with SBI	535	77%	156,340,169	69%	19,793,547	12.6%
Total - All Groups	699		225,680,349		31,229,272	13.9%

Schedule 2c - Actual vs. Statutory Assumed Returns

	Dollar Value in 1997	Percent
All Funds		
1997 Actual Investment Returns ("ROR")	31,229,272	13.9%
Statutory Assumed ROR	11,213,659	5.0%
1997 Actual ROR minus Statutory Assumed ROR	20,015,613	8.9%

Discussion of Small Plan Performance

Plans with less than \$10 million in assets as of January 1, 1997, were required to report to the OSA on a total fund, quarterly basis. This section of the report provides summary and detailed investment performance information for the 699 pension plans with less than \$10 million in assets which reported to the OSA.

Most of these plans are relatively small volunteer firefighter relief associations, with less than \$400,000 in assets and fewer than 30 members. Investment policy statements received by the OSA for this group of funds were generally brief, and did not include asset allocation targets. Therefore, the *actual* asset allocation for these funds is relied upon throughout this section of the report when relating policies to performance.

At the end of this section, Table 3 provides investment performance and other information for each fund. Summary analysis and statistics of interest are discussed below.

Returns Compared to the Actuarial Target

The assumed rate of return applicable to all local plans in this section is 5.0% (Minn. Stat. § 356.215, Subd. 4d). If a plan fails to meet this rate of return, an actuarial loss occurs. If all other relevant factors remain unaltered, the result is greater pressure on contributions and/or less assets available for future benefit increases. Conversely, if returns exceed 5.0%, actuarial *gains* occur, relieving pressure on contributions or freeing up assets to finance benefit improvements.

Of the 699 plans for which the OSA computed time-weighted returns, 91% exceeded the statutory assumed rate of return. The aggregate rate of return (hereinafter, "ROR") for all plans was 13.9%. Sixty-one plans earned less than 5.0%. The approximate dollar value of a 5% earning level against the total beginning asset base is \$11.2 million. The estimated earnings for the entire group were \$31.2 million. Hence, the actuarial gain on investments for all plans with less than \$10 million in assets in 1997 was 8.9% (13.9 minus 5.0), and the approximate total dollar gain was \$20 million.

Comparing performance to the actuarial assumed rate, most plans did very well, and exceeded the assumed rate by a significant margin. Those gains translated into less pressure on required contributions to the plans, and more funds available to pay benefits. Those results are definitely good news for plan members and taxpayers.

Through the 1990's, financial markets have generated impressive returns. Returns against most major indices for calendar year 1997 were likewise high compared to historical averages. Table 1 in the previous section of this report shows returns to domestic equities were especially high in 1997. Funds that allocated significant resources to this asset class tended to perform much better than those with portfolios tilted toward fixed income or cash-like assets.

Of the 687 small funds not fully invested through the SBI, 152 (1/4th of all small funds) nevertheless had some fraction of their assets invested through the SBI's Supplemental Fund. A significant majority, 535 (3/4ths of all small funds) invested 100% of their funds elsewhere.

The schedule below shows that plans fully-invested through the SBI had a more aggressive asset allocation strategy, and significantly higher rates of return. Those investing outside the SBI tended to have more conservative allocations. The weighted average rate of return for the "100% at SBI" group was 25.1% for the year. The weighted average rate for all other plans was 12.6% - a difference of 12.5%.

Small Funds: 1997 Asset Allocations and Returns

<u>Group</u>	<u># of Plans</u>	<u>Percent of Fund Assets</u>				<u>1997 Return</u>
		<u>Stocks</u> ^a	<u>Bonds</u> ^a	<u>Cash</u>	<u>Other</u> ^b	
100% Assets at SBI	12	77%	20%	3%	0%	25.1%
Fraction of Assets at SBI	152	45%	29%	21%	4%	15.7%
Zero Assets at SBI	535	38%	22%	24%	5%	12.6%

(a) "Stocks" and "Bonds" include domestic and international issues

(b) "Other" includes real estate, venture, limited partnerships, fixed and variable annuities

Notes to Table 3

Table 3, on the following pages, includes investment performance and other data on 699 plans with assets of less than \$10 million at the beginning of 1997. Plans are presented in alphabetical order, with the exception of those plans "fully invested" with the SBI, which have been grouped together separately at the beginning of the table.

The following is a description of column headings found in Table 3:

<u>Column Heading</u>	<u>Description</u>
Plan Type	LS = Lump Sum Defined Benefit DC = Defined Contribution MTLY = Monthly Defined Benefit MTLY/LS = Monthly and Lump Sum Combined
Members	Active + Inactive members
Accrued Assets 01/01/97	Cash + net accruals at beginning of year
State Aid	Total of all Fire State Aid, Police State Aid and Supplemental Benefit Reimbursements received
City & Other Contributions	Municipal contributions, member dues, donations, fund raising revenue, etc.
Invested Assets 12/31/97	Market value of assets, generally excluding accruals such as receivables and payables
Asset Allocation @ 12/31/97 ³	Stocks = % of fund in domestic and international Bonds = % of fund in domestic and international Cash = % in CD's, checking accounts, money market accounts, etc. Other = % real estate, venture & partnerships
Time Weighted Rate of Return ³	Actual time-weighted rate of return for the year.
Over/(Under) 5% Assumed ROR	Actual return minus 5.0%

³ Asset allocation and rate of return sub-total and total figures provided in the table are the result of separate analysis, and are not, as it may appear, additive from the figures for individual plans above those lines.

Table 3
Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
<u>Plans Fully Invested through State Board</u>												
BALSAM	LS	23	109,972	5,244	7,000	151,365	80	17	3		27.0	22.0
CHISAGO	LS	27	360,157	14,115	14,677	420,029	47	50	3		19.4	14.4
CLEAR LAKE	LS	25	165,354	13,696	-	217,633	69	12	19		23.5	18.5
CRANE LAKE	DC	14	29,374	3,147	70	40,445	69	15	17		22.7	17.7
GOLDEN VALLEY	LS	64	2,367,964	83,886	-	2,935,948	82	16	2		27.0	22.0
HECTOR	LS	28	212,952	9,246	4,820	276,279	65	31	4		23.4	18.4
LINWOOD	LS	29	266,244	12,242	7,500	246,020	65	31	4		23.4	18.4
MAPLEVIEW	LS	17	78,059	4,720	-	100,824	68	30	2		23.1	18.1
NODINE	DC	24	33,668	4,458	400	39,960	64	35	1		17.7	12.7
RANDALL	LS	25	144,322	10,394	5,432	195,628	96	3	1		26.8	21.8
VERMILION LAKE	DC	17	39,546	4,255	700	53,392	59	28	13		23.4	18.4
WOODBURY	LS	88	1,884,488	97,048	63,014	2,413,839	78	20	2		24.3	19.3
SUB-TOTAL :												
"Fully Invested" Funds		381	5,692,100	262,461	103,613	7,091,362	77	20	3	0	25.1	20.1

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
All Other Funds Under \$10 Million												
ADA	LS	25	182,530	11,307	-	171,500			100		3.4	(1.6)
ADAMS	LS	21	109,590	7,050	2,680	106,965			100		3.2	(1.8)
ADRIAN	LS	22	129,104	6,555	445	156,117	52	22	26		16.5	11.5
AITKIN	LS	32	308,376	20,195	8,662	369,954	52	18	30		11.3	6.3
ALASKA	DC	17	16,569	3,933	3,249	24,810			68	32	5.9	0.9
ALBANY	DC	26	227,159	9,417	10,000	248,513	23	30	47		10.7	5.7
ALBERT LEA TOWNSHIP	LS	21	194,253	3,933	16,298	224,538	44	27	26	2	12.2	7.2
ALBERTVILLE	LS	28	95,922	10,280	4,272	104,576	32	5	62		6.0	1.0
ALBORN	LS	17	43,371	5,070	500	54,786	28	11	60		13.2	8.2
ALDEN	LS	28	61,017	6,549	2,305	72,605			100		6.3	1.3
ALEXANDRIA	LS	36	1,070,190	56,442	47,275	1,144,203	57	17	23	3	6.7	1.7
ALMELUND	LS	27	41,984	6,818	1,200	62,316	83	11	6		27.6	22.6
ALPHA	LS	14	81,324	3,933	-	86,132	13		87		9.0	4.0
ALTURA	LS	20	59,167	5,507	22	66,402			100		4.6	(0.4)
AMBOY	LS	22	89,171	5,980	1,000	102,149	28	23	49		13.1	8.1
ANDOVER	DC	67	818,968	54,275	32,250	1,042,465	60	26	5	9	16.9	11.9
ANNANDALE	LS	33	196,168	19,672	11,355	189,273	8	31	61		5.0	0.0
ANOKA-CHAMPLIN	DC	50	2,760,799	109,686	3,013	3,226,727	41	47	11	1	13.4	8.4
APPLE VALLEY	MLY/LS	84	1,956,281	122,557	91,876	2,423,763	33	24	30	12	15.6	10.6

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over/ (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
APPLETON	LS	34	211,334	1,000	110	241,323	48	27	9	17	18.0	13.0
ARGYLE	LS	27	101,693	6,555	25	114,884		53	47		6.9	1.9
ARLINGTON	LS	33	179,407	14,451	2,864	180,018	4	47	33	16	8.6	3.6
ASHBY	DC	25	96,569	6,293	2,000	109,364	3	1	95	1	4.7	(0.3)
ASKOV	LS	21	60,087	4,720	74	72,805	22	10	68		11.0	6.0
ATWATER	LS	22	129,354	6,674	1,086	151,982	70	23	7		20.8	15.8
AUDUBON	LS	25	129,280	6,877	-	164,906	66	16	13	6	22.4	17.4
AURORA	LS	30	401,551	5,920	12,873	463,391	65	30	3	2	13.1	8.1
AUSTIN	DC	39	151,699	41,250	-	176,998	84	6	10		18.2	13.2
AVON	LS	25	142,994	14,689	-	155,424			100		5.4	0.4
BABBITT	LS	31	246,380	6,555	4,136	282,911	56	8	2	34	11.3	6.3
BACKUS	LS	21	224,103	6,811	6,500	235,786	17		83		5.0	0.0
BADGER	LS	22	101,835	4,720	-	113,929	20	19	61		6.1	1.1
BAGLEY	LS	29	241,483	10,832	4,645	261,492	5	19	77		7.9	2.9
BALATON	LS	24	89,800	6,818	-	100,717	14		86		7.2	2.2
BARNESVILLE	LS	26	196,604	13,987	3,575	232,196	18	26	6	49	11.8	6.8
BARNUM	LS	25	183,529	6,555	90	214,634	54	43	3		14.1	9.1
BARRETT	LS	19	64,828	4,195	163	69,085			100		6.5	1.5
BATTLE LAKE	LS	22	191,046	11,144	180	198,100	1	89	10		8.2	3.2
BAUDETTE	LS	24	318,415	9,730	2,560	351,869	54	36	3	7	14.1	9.1

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
BAYPORT	LS	27	1,078,620	43,072	-	1,257,996	51	43	6		22.5	17.5
BEARDSLEY	LS	20	66,665	6,244	111	70,764			100		6.4	1.4
BEAVER BAY	LS	23	66,023	3,671	6,830	74,976			100		3.9	(1.1)
BEAVER CREEK	LS	18	88,217	4,198	1,060	89,971			100		5.9	0.9
BECKER	LS	42	642,889	35,633	4,000	748,557	56	32	8	5	16.4	11.4
BELGRADE	LS	25	152,307	6,555	2,600	175,793	29	62	9		9.8	4.8
BELLE PLAINE	LS	31	308,591	17,340	7,573	342,141	47	36	13	5	15.6	10.6
BELLINGHAM	LS	25	86,727	5,244	-	104,653	47		36	17	14.5	9.5
BELVIEW	LS	25	80,069	795	529	87,438			100		6.1	1.1
BEMIDJI	LS	44	1,115,299	72,017	1,681	1,348,102	34	31	14	21	15.7	10.7
BENSON	M/LY/LS	48	282,845	15,346	5,057	305,371	26	25	49		13.3	8.3
BERTHA	LS	21	88,876	6,756	127	81,416			100		5.1	0.1
BETHEL	LS	12	29,427	2,884	1,636	36,198	53	44	3		16.5	11.5
BIG LAKE	LS	34	212,479	26,455	6,000	255,656	10	46	41	2	6.3	1.3
BIGELOW	LS	19	22,415	367	-	26,099	8	6	86		8.2	3.2
BIGFORK	LS	22	163,405	10,639	128	193,370	31	3	62	4	11.8	6.8
BIRD ISLAND	LS	24	90,444	8,100	1,875	95,961	18	3	79		6.0	1.0
BIWABIK CITY	LS	25	229,284	5,769	10,000	275,661	70	21		9	13.5	8.5
BIWABIK TOWNSHIP	LS	21	48,788	6,031	1,000	64,388	54	25	21		17.8	12.8
BLACKDUCK	LS	28	190,745	7,719	17,781	203,363	68	22	5	5	17.2	12.2

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01/01/97	State Aid	City & Other Contributions	Invested Assets 12/31/97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
BLACKHOOF	LS	20	33,301	5,244	2,564	45,471	37	52	11		14.0	9.0
BLOMKEST	LS	17	88,533	4,843	1,500	103,748			100		4.9	(0.1)
BLOOMING PRAIRIE	LS	28	253,071	15,276	4,466	256,087		92	8		4.7	(0.3)
BLUE EARTH	LS	33	366,658	15,975	12,180	444,726	40	44	8	8	15.8	10.8
BLUFFTON	LS	14	36,028	4,195	-	41,696			100		4.1	(0.9)
BOVEY	LS	21	133,396	5,244	10,000	149,243	17	39	44		0.8	(4.2)
BOWLUS	LS	21	81,817	5,507	253	85,792			86	14	5.9	0.9
BOYD	LS	22	79,120	6,224	-	79,692	34		66		12.1	7.1
BRAHAM	LS	33	187,850	11,845	-	236,895	52	32	13	3	17.2	12.2
BRAINERD	LS	41	1,777,695	86,628	72,720	2,105,625	36	53	3	8	10.4	5.4
BRANDON	LS	22	94,068	8,298	3,320	115,899	58	9	25	9	12.3	7.3
BRECKENRIDGE	LS	36	379,721	15,284	4,024	377,540	12	87	1		12.0	7.0
BREITUNG	LS	21	47,180		4,000	54,509	26	31	43		6.9	1.9
BREVATOR	LS	18	29,500	5,244	2,000	45,256	36	62	2		16.2	11.2
BREWSTER	DC	30	116,753	7,451	-	125,314		8	92		5.3	0.3
BRICELYN	LS	24	83,541	6,369	1,903	99,663	39	18	42		9.3	4.3
BRIMSON - FAIRBANKS	LS	20	24,395	4,195	200	35,175	96	4	1		28.4	23.4
BROOK PARK	LS	16	72,709		434	81,272	25	63	5	6	11.1	6.1
BROOKLYN CENTER	MLY/LS	77	2,681,668	84,619	38,451	2,974,461	30	58	8	4	10.4	5.4
BROOKLYN PARK	DC	94	4,412,707	173,636	17,623	4,959,120			100		9.0	4.0

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01/01/97	State Aid	City & Other Contributions	Invested Assets 12/31/97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
BROOTEN	LS	21	139,959	5,507	21,421	170,622	52		48		17.8	12.8
BROWERVILLE	LS	22	160,417	7,617	2,800	175,396			100		6.1	1.1
BROWNS VALLEY	LS	18	116,172	5,507	2,801	123,737	42		50	8	14.4	9.4
BROWNSDALE	LS	18	102,991	5,586	80	110,119			100		6.7	1.7
BROWNTON	LS	26	119,012	6,769	6,998	130,125	35	49	15		8.9	3.9
BUFFALO	LS	30	495,830	39,498	-	473,071	66	25	9		19.4	14.4
BUFFALO LAKE	LS	26	127,270	6,293	4,025	166,048	66	11	24		22.7	17.7
BUHL	LS	18	92,103	5,320	3,667	94,966	38	.7	23	32	11.3	6.3
BUTTERFIELD	LS	27	86,156	8,822	3,500	102,768			100		4.7	(0.3)
BYRON	LS	37	181,144	15,855	1,000	202,888	60	23	7	9	13.8	8.8
CALEDONIA	LS	38	232,740	15,591	2,400	245,773		31	69		7.9	2.9
CALLAWAY	DC	26	98,069	4,720	-	92,693			100		6.7	1.7
CALUMET	LS	22	146,859	6,507	10,000	175,539		40	60		8.0	3.0
CAMBRIDGE	LS	26	335,686	35,330	6,560	415,514	54	30	1	15	14.2	9.2
CAMPBELL	LS	29	80,484	6,818	-	91,051			100		4.8	(0.2)
CANBY	LS	29	358,856	10,361	3,000	434,224	52	39	5	4	17.6	12.6
CANNON FALLS	LS	32	395,834	23,141	-	476,297	33	43	23	1	14.8	9.8
CANOSIA	LS	23	99,628	6,008	5,000	115,657			100		5.0	(0.0)
CANTON	LS	20	61,878	5,294	54	69,899			100		5.6	0.6
CARLOS	LS	32	301,260	7,342	18,503	343,800	81	7	8	4	17.3	12.3

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
CARLTON	LS	24	267,931	9,821	4,676	282,908	23	73	5		9.9	4.9
CARSONVILLE	LS	21	44,906	4,982	-	56,472	19	47	33		14.6	9.6
CARVER	LS	26	188,427	8,080	10,500	234,117	26	16	57		14.1	9.1
CASS LAKE	LS	25	338,491	16,673	6,414	392,420	50	35	15		16.0	11.0
CATARACT (FARMINGTON)	LS	41	516,768	35,380	45,000	569,459	65	3	32		16.5	11.5
CENTENNIAL	LS	58	831,867	62,877	407	1,000,990	67	21	4	7	17.9	12.9
CENTER CITY	LS	21	152,758	4,951	4,520	184,761	42	10	44	5	14.9	9.9
CEYLON	LS	24	84,922	5,507	-	94,208	2	3	95		5.3	0.3
CHANDLER	LS	23	97,487	4,453	600	106,499			100		5.8	0.8
CHANHASSEN	MLY/LS	57	973,712	57,783	14,214	1,067,706	46	42	6	6	18.4	13.4
CHASKA	MTLY	64	1,768,140	44,751	91,763	2,032,171	62	29	8		14.6	9.6
CHATFIELD	LS	27	179,028	12,101	6,002	189,348			100		6.4	1.4
CHERRY	LS	21	64,431	5,244	75	75,936	33	31	37		14.4	9.4
CHISHOLM	LS	31	558,251	16,681	-	671,988	67	26	5	2	17.8	12.8
CHOKIO	LS	20	95,210	5,769	-	112,708	46	39	15		16.7	11.7
CLARA CITY	LS	21	166,498	7,972	60	184,756	46	38	16		14.5	9.5
CLAREMONT	LS	21	77,441	5,053	7,085	97,032	20	15	57	7	11.1	6.1
CLARISSA	LS	26	79,208	6,293	2,202	87,945	38	6	43	13	8.7	3.7
CLARKFIELD	LS	28	134,701	7,342	750	171,961	53	28	19		22.1	17.1
CLARKS GROVE	LS	25	131,612	5,551	-	125,082	52	29	5	13	15.2	10.2

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
CLEARBROOK	LS	20	265,884	8,509	-	261,857	62	23	3	13	16.3	11.3
CLEARWATER	LS	32	159,282	11,706	10,968	182,312	32	38	16	14	12.3	7.3
CLEMENTS	LS	22	41,424	6,219	2,326	49,956	63	22	15		15.8	10.8
CLEVELAND	LS	26	146,552	9,431	3,842	164,245			100		6.0	1.0
CLIFTON	LS	26	69,342	5,244	5,018	89,619	34	61	5		14.3	9.3
CLIMAX	LS	19	28,494	4,458	-	34,876			100		7.5	2.5
CLINTON - BIG STONE CO.	LS	24	73,275	5,527	3,978	87,144			100		5.3	0.3
CLINTON - ST. LOUIS CO.	LS	23	96,831	4,720	4,184	109,077	40	23	37		12.0	7.0
COHASSET (BASS BROOK)	LS	25	513,003	19,876	1,512	526,702		60	40		8.3	3.3
COKATO	LS	27	260,700	13,221	366	303,862	47	21	10	22	11.6	6.6
COLD SPRING	LS	32	363,197	18,986	11,677	445,747	63	11	26		14.2	9.2
COLERAINE	LS	21	119,769	5,244	1,292	135,347	16	7	77		9.5	4.5
COLOGNE	DC	36	117,348	7,080	1,500	141,804	57	9	7	28	14.5	9.5
COLUMBIA HEIGHTS	MTLY	22	708,876	52,735	-	783,663	23	56	21		10.9	5.9
COLVIN	LS	26	53,183	3,933	5,040	63,150	44	47	9		17.1	12.1
COMFREY	LS	25	118,867	6,031	5,669	135,936			100		4.4	(0.7)
COOK	LS	18	238,058	8,285	-	270,196	33	13	48	7	10.5	5.5
COON RAPIDS	DC	50	2,656,838	167,776	98	2,988,972	36	63	2		15.4	10.4
COSMOS	LS	31	118,849	6,854	-	145,150	57	31	3	8	16.1	11.1
COTTAGE GROVE	LS	77	1,212,738	72,480	-	1,508,106	76		23	1	19.4	14.4

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01/01/97	State Aid	City & Other Contributions	Invested Assets 12/31/97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
COTTON	LS	22	35,841		160	36,635		100			8.7	3.7
COTTONWOOD	LS	31	155,511	7,555	32	165,532	19	77	4		8.1	3.1
COURTLAND	LS	22	135,925	5,769	4,000	161,595	25	6	69		11.9	6.9
CROMWELL	LS	21	116,475	7,080	5,143	116,015	1	63	36		8.9	3.9
CROOKED LAKE	LS	18	47,403	4,982	590	62,859	47	32	21		21.0	16.0
CROOKSTON	LS	27	335,133	12,685	13,107	343,508	38	39	3	20	18.1	13.1
CROOKSTON - POLICE	MTLY	15	1,837,841	155,415	1,800	1,994,917		42	58		5.9	0.9
CROSBY	LS	32	322,457	11,952	13,000	388,810	73	7	9	11	15.7	10.7
CROSSLAKE	DC	36	366,560	13,987	10,512	408,316	31	27	12	30	14.1	9.1
CRYSTAL	DC	46	1,512,331	66,027	7,329	1,668,358	75		25		12.6	7.6
CURRIE	LS	22	90,515	5,769	4,000	102,660			100		6.4	1.4
CUYUNA	LS	23	54,925	6,294	8,194	69,947			100		4.5	(0.5)
CYRUS	LS	15	70,308	4,720	-	53,531			86	14	4.6	(0.4)
DALBO	DC	17	67,216	6,031	-	74,050	51	31	18		13.3	8.3
DALTON	LS	30	120,344	6,293	1,528	105,191			100		5.5	0.5
DANUBE	LS	22	95,791	5,097	-	104,797	14	35	46	5	9.3	4.3
DANVERS	LS	13	13,630	4,195	-	18,145			100		5.2	0.2
DARFUR	LS	19	52,940	4,195	5,015	57,439			100		11.2	6.2
DASSEL	LS	34	360,036	16,000	21,578	452,205	46	24	13	17	13.7	8.7
DAWSON	LS	25	308,000	9,504	-	306,098	71	16	13		22.9	17.9

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
DAYTON	LS	30	233,054	15,826	3,000	246,234	29	33	11	28	10.2	5.2
DEER CREEK	LS	20	55,914	5,244	3,056	62,891			100		5.1	0.1
DEER RIVER	LS	22	241,396	16,709	-	244,130	69	24	7		20.0	15.0
DEERWOOD	LS	21	117,115	9,374	-	128,244	44	21	35		15.1	10.1
DELANO	LS	30	208,197	18,521	34,183	274,774	14	43	43		6.0	1.0
DELAVAN	LS	19	112,965	6,782	1,600	102,687			100		5.5	0.5
DENT	LS	23	36,930	6,769	1,100	51,043	77		23		16.4	11.4
DETROIT LAKES	LS	51	666,757	37,847	5,925	761,655	32	53	15		9.5	4.5
DEXTER	LS	21	61,464	4,195	900	70,815			100		6.9	1.9
DILWORTH	LS	31	375,806	14,672	3,925	370,049	61	28	11		16.0	11.0
DODGE CENTER	LS	24	207,642	8,254	-	239,975	43	11	40	6	11.5	6.5
DONNELLY	DC	36	41,091	7,080	-	51,551	22	29	50		8.4	3.4
DOVER	LS	23	88,032	8,582	6,111	105,203	30	36	34		13.9	8.9
DUMONT	LS	24	36,781	5,244	68	43,465			100		4.5	(0.5)
DUNNELL	LS	14	64,351	3,933	-	70,934			100		5.0	0.0
EAGAN	DC	117	2,679,140	186,872	140,652	3,253,705	64	20	16		12.0	7.0
EAGLE BEND	LS	27	106,154	7,555	6,227	119,857			100		4.9	(0.1)
EAGLE LAKE	LS	28	302,329	11,103	17,448	253,582			100		6.7	1.7
EAST BETHEL	LS	33	432,169	25,371	2,800	473,959	37	48	3	11	10.5	5.5
EAST GRAND FORKS	LS	30	511,967	30,619	24,229	503,536	62	37	0		14.8	9.8

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
EASTERN HUBBARD	LS	22	40,227	4,720	-	50,060	39		61		12.6	7.6
EASTON	LS	23	122,346	6,031	1,122	140,853	35	17	44	3	9.7	4.7
ECHO	LS	21	107,348	6,592	1,001	104,405	26		74		8.1	3.1
EDEN PRAIRIE	MTLY	105	5,116,201	188,773	311,609	6,671,444	56	31	13		18.8	13.8
EDEN VALLEY	LS	28	233,163	9,287	3,000	259,276	55	28	3	14	17.0	12.0
EDGERTON	LS	23	125,878	8,676	4,525	147,193	54	16	30		17.8	12.8
EDINA	DC	48	4,840,563	224,630	800	4,695,746	43	43	5	9	13.0	8.0
EITZEN	LS	31	45,648	6,555	2,055	44,755	1	.6	94		5.3	0.3
ELBOW LAKE	DC	30	206,657	7,080	2,108	256,028	64	15	21		20.4	15.4
ELBOW-TULABY	LS	12	11,766	2,360	-	14,954			100		6.2	1.2
ELGIN	DC	41	149,574	9,078	-	164,647	15		78	7	7.2	2.2
ELIZABETH	LS	23	111,124	5,507	5,000	138,222	69	14	16		14.3	9.3
ELK RIVER	LS	37	1,001,056	55,308	35,000	1,192,103	24	35	40	1	10.1	5.1
ELLENDALE	LS	22	51,237	4,982	3,000	57,265			100		5.3	0.3
ELLSWORTH	LS	28	88,254	6,555	-	99,804			100		5.6	0.6
ELMER	LS	14	19,144	4,195	-	24,070			100		4.9	(0.1)
ELMORE	LS	22	102,648	7,293	600	108,059	49	34	17		11.3	6.3
ELROSA	LS	34	80,204	8,332	-	101,536	46	37	14	2	16.4	11.4
ELY	LS	32	399,754	20,103	-	464,486	41	53	4	3	13.3	8.3
ELYSIAN	LS	25	115,422	5,507	8,639	136,257	20	34	46		7.4	2.4

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01/01/97	State Aid	City & Other Contributions	Invested Assets 12/31/97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
EMBARRASS	DC	35	57,541	4,982	-	60,763			100		5.6	0.6
EMILY	LS	24	133,782	4,982	2,124	126,416			10	90	8.9	3.9
EMMONS	LS	26	102,760	6,031	1	121,254	53	7	36	5	18.0	13.0
ERSKINE	DC	19	47,417	4,982	2,000	48,773			100		5.5	0.5
EVANSVILLE	LS	27	81,315	9,786	14	83,534			100		7.2	2.2
EVELETH	LS	22	148,373	9,733	4,307	178,970	34	20	46		11.2	6.2
EXCELSIOR	LS	42	1,328,650	66,215	5,393	1,653,413	60	20	12	8	20.2	15.2
EYOTA	LS	19	143,292	9,974	1,800	124,354			100		6.6	1.6
FAIRFAX	LS	28	374,239	8,732	4,416	406,515			100		5.6	0.6
FAIRMONT - POLICE	MTLY	13	5,865,110	139,207	60,486	6,561,652	27	66	4	2	13.2	8.2
FAIRMONT FIRE	MLY/LS	54	1,795,592	42,060	36,395	2,005,069	30	43	12	14	12.7	7.7
FALCON HEIGHTS	DC	37	660,530	26,972	50	790,667	63	23	5	9	17.6	12.6
FAYAL	LS	20	109,515	5,769	6,000	132,334	55	41	3	1	14.5	9.5
FEDERAL DAM	LS	13	6,610	2,360	-	9,251	95		5		41.1	36.1
FERGUS FALLS	LS	55	1,086,851	48,083	1,500	1,094,982	30	55	5	10	9.5	4.5
FERTILE	LS	21	88,647	7,849	-	121,198	69	15	16		28.0	23.0
FIFTY LAKES	LS	18	61,685	3,409	2,500	66,851			100		4.5	(0.5)
FINLAND	LS	20	51,233	5,769	259	58,266			100		5.5	0.5
FINLAYSON	LS	23	27,225	7,865	-	36,847			100		5.8	0.8
FISHER	LS	27	39,071	6,813	-	38,643			100		5.1	0.1

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
FLENSBURG	LS	20	16,381	5,979	3	22,121	63		37		(0.2)	(5.2)
FLOODWOOD	LS	27	186,399	7,080	6,674	209,545	78	15	7	1	19.4	14.4
FOLEY	LS	25	385,102	22,640	7,706	423,190	16	78	6		8.9	3.9
FORADA	LS	25	77,034	8,143	2,046	94,731	32	6	63		8.5	3.5
FOREST LAKE	LS	31	652,878	59,800	5,442	843,115	63	29	4	4	21.4	16.4
FORESTON	LS	31	124,377	6,176	2,206	156,786	60		33	7	21.3	16.3
FOSSTON	DC	24	171,331	10,976	2,000	176,736			100		5.3	0.3
FOUNTAIN	DC	23	39,210	5,244	-	47,740		41	59		8.2	3.2
FRANKLIN	LS	23	110,027	5,244	5,244	140,241			100		6.5	1.5
FRAZEE	LS	28	178,072	9,958	5,880	201,159	2	76	10	12	13.2	8.2
FREDENBERG	LS	17	56,563	3,933	1,000	71,726	26	48	27		18.3	13.3
FREEMPORT	DC	25	151,776	6,966	1,318	172,630	12	19	69		8.8	3.8
FRENCH TOWNSHIP	LS	32	42,654	6,555	1,445	60,681	100				22.9	17.9
FRIDLEY	DC	39	1,979,052	94,158	-	2,247,767	16	55	25	3	9.5	4.5
FROST	LS	22	67,156	5,769	84	81,745	23	3	74		10.3	5.3
FULDA	LS	24	271,097	9,752	4,000	301,860	2		98		6.3	1.3
GARFIELD	LS	26	118,510	8,260	1,400	116,657	22	18	54	6	10.8	5.8
GARRISON	LS	23	235,236	11,038	1,068	286,279	70	29	0		16.1	11.1
GARVIN	LS	15	28,500	3,933	500	32,311	52	16	16	15	2.6	(2.4)
GARY	DC	23	28,860	4,276	-	34,356			100		4.1	(0.9)

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
GAYLORD	LS	29	288,596	11,370	11,578	331,658	77	17	4	2	15.4	10.4
GHENT	LS	20	49,265	5,513	-	42,915	52		48		8.0	3.0
GIBBON	DC	29	261,321	9,158	2,040	256,530			100		5.8	0.8
GILBERT	LS	20	233,302	5,244	1,290	276,364			40	60	16.2	11.2
GLENCOE	MLY/LS	54	479,446	19,941	48,107	547,211	29	67	1	4	11.8	6.8
GLENVILLE	DC	32	60,111	7,080	-	52,211			100		5.9	0.9
GLENWOOD	LS	28	158,332	13,693	4,275	165,354		78	22	1	6.1	1.1
GLYNDON	LS	28	154,282	7,525	-	179,097	17	73	11		11.2	6.2
GNESEN	LS	28	137,992	6,555	6,400	166,269		62	38		6.6	1.6
GONVICK	LS	21	71,170	6,244	5,818	83,370	47		53		15.4	10.4
GOOD THUNDER	LS	29	252,910	8,496	5,056	283,020	48	10	42		16.6	11.6
GOODHUE	DC	27	272,598	16,689	-	313,733	43		37	20	14.7	9.7
GOODLAND	LS	19	14,294	4,720	1,995	26,712			100		5.3	0.3
GOODVIEW	LS	33	251,525	9,215	3,500	282,907	67	30	3		18.5	13.5
GRACEVILLE	LS	28	95,817	7,705	5,000	118,162	41	33	26		10.8	5.8
GRANADA	LS	18	102,922	4,453	4,472	118,841	80	7	4	8	13.9	8.9
GRAND LAKE	LS	25	130,518	9,684	3,000	134,131	37	49	15		10.9	5.9
GRAND MARAIS	LS	28	238,072	7,863	2,240	278,920	29	46	25		13.3	8.3
GRAND MEADOW	LS	31	105,367	8,231	511	138,231	78	5	12	5	23.0	18.0
GRAND RAPIDS	LS	30	1,024,367	57,053	5,000	1,235,787	61	33	6		14.9	9.9

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
GRANITE FALLS	LS	29	216,874	13,004	-	235,172	28	28	29	15	8.7	3.7
GREEN ISLE	LS	29	157,173	7,293	16,299	166,847	59	31	8	2	14.5	9.5
GREENBUSH	LS	36	69,204	6,201	140	84,487	72	5	22		22.6	17.6
GREENWOOD	LS	22	119,857	7,867	8,710	148,827	46	17	37		16.7	11.7
GREY EAGLE	LS	25	104,475	6,437	2,010	123,167	28	13	53	6	10.2	5.2
GROVE CITY	LS	20	80,101	6,218	-	93,214	72	26	2		17.1	12.1
GRYGLA	LS	20	28,316	5,244	-	36,384	37	21	27	15	11.4	6.4
HACKENSACK	LS	21	116,625	6,783	11,500	130,328	12	6	82		10.0	5.0
HALLOCK	LS	30	155,386	8,716	-	159,741			100		5.1	0.1
HALSTAD	LS	27	59,853	6,293	-	62,934			100		5.2	0.2
HAM LAKE	LS	37	457,343	29,398	7,663	549,157	50	48	2		13.9	8.9
HAMBURG	LS	29	109,941	7,080	19,219	142,409	19	8	73		7.5	2.5
HAMEL	LS	33	308,281	15,838	14,500	390,958	69	13	14	4	21.6	16.6
HAMPTON	LS	21	88,983	4,458	-	105,927	61	17	23		23.3	18.3
HANCOCK	LS	26	96,920	6,031	-	108,031		36	64		5.2	0.2
HANLEY FALLS	LS	29	54,879	6,031	426	64,116			100		5.0	0.0
HANOVER	LS	30	117,687	13,232	-	140,206	22	41	37		7.9	2.9
HANSKA	LS	24	89,131	7,452	100	91,344		2	98		5.2	0.2
HARDWICK	DC	24	78,594	5,379	546	80,458			100		5.7	0.7
HARMONY	LS	32	112,117	6,555	-	112,208	10		84	7	4.7	(0.3)

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
HARRIS	LS	20	53,669	4,982	1,700	68,915	68	28	5		15.8	10.8
HARTLAND	LS	26	92,644	5,507	-	97,115			100		5.7	0.7
HASTINGS	LS	50	1,526,852	76,327	-	1,646,383	43	38	3	16	14.3	9.3
HAWLEY	DC	24	207,574	13,021	5,500	226,508	23	39	38		11.9	6.9
HAYFIELD	LS	29	204,510	12,315	14,948	191,836	21	45	35		10.7	5.7
HAYWARD	LS	24	149,164	5,769	1,000	191,942	78	11	9	2	24.5	19.5
HENDERSON	LS	25	129,362	6,293	3,891	155,324	60		39	2	13.8	8.8
HENDRUM	LS	29	32,627	4,982	2,268	33,680			100		4.0	(1.0)
HENNING	LS	25	152,253	6,293	6,535	157,061	62	22	16		16.9	11.9
HERMAN	LS	24	76,379	6,555	-	82,121	26		74		7.5	2.5
HERON LAKE	LS	20	170,169	5,409	2,068	186,664			100		5.4	0.4
HEWITT	LS	15	48,306	3,671	-	49,994			100		5.8	0.8
HIBBING	LS	25	332,310	3,000	13,593	318,132	46	37	12	4	18.7	13.7
HILL CITY	LS	29	62,576	6,361	2,768	76,809	59	25	16		16.6	11.6
HILLS	LS	24	90,084	6,818	1,373	89,333			100		5.2	0.2
HINCKLEY	LS	30	205,917	11,110	3,311	226,966	23	61	16		11.0	6.0
HITTERDAL	LS	23	38,914	3,933	300	45,347	4	83	13		5.6	0.6
HOFFMAN	LS	25	112,917	6,293	-	119,259			100		5.6	0.6
HOKAH	LS	32	80,888	9,396	-	91,074	59		41		15.0	10.0
HOLDINGFORD	LS	25	158,473	7,689	4,462	192,119	9	51	40		13.6	8.6

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
HOLLAND	LS	20	41,084	5,244	-	45,235	46	29	25		10.1	5.1
HOLYOKE	LS	7	8,304	2,360	-	8,507		11	89		2.4	(2.6)
HOPKINS	LS	47	1,389,767	53,904	28,218	1,669,192	45	28	17	10	20.2	15.2
HOUSTON	LS	29	130,421	8,623	-	154,764	44	22	34		11.8	6.8
HOVLAND	LS	14	52,114	2,884	-	60,328	37	40	24		16.8	11.8
HOWARD LAKE	LS	30	206,710	9,669	9,992	218,192	26	24	51		6.8	1.8
HOYT LAKES	LS	31	393,824	6,555	-	445,449	73	25	2		11.7	6.7
HUGO	LS	32	335,345	17,878	-	376,009	45	29	7	19	15.5	10.5
HUTCHINSON	MTLY	85	886,433	48,989	23,683	984,764	11	51	27	10	10.6	5.6
IDEAL	LS	23	223,692	8,262	10,760	288,110	60	31	9		20.8	15.8
INDUSTRIAL	LS	20	70,138	4,458	3,000	95,406	55	37	8		19.5	14.5
INTERNATIONAL FALLS	LS	30	627,092	34,485	-	549,733	27	52	14	7	9.2	4.2
INVER GROVE HEIGHTS	LS	58	1,602,053	79,280	12,000	1,637,081	40	50	10		12.9	7.9
IONA	LS	13	51,153	2,360	-	52,519			100		3.6	(1.4)
IRONTON	LS	29	93,313	6,555	2,022	96,711	67	28	5		13.9	8.9
SANTI	LS	29	413,406	22,517	33,333	457,742	41	43	3	14	14.6	9.6
SLE	LS	24	127,166	11,396	90	153,468	39	32	21	9	12.5	7.5
VANHOE	DC	32	128,817	7,080	2,000	144,839	4		96		6.2	1.2
JACKSON	LS	34	358,946	18,094	5,990	424,737	53	26	2	20	12.2	7.2
JACOBSON	LS	12	31,908	4,195	-	32,331			100		2.0	(3.0)

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
JANESVILLE	LS	26	156,006	12,980	9,520	136,762	18		82		10.3	5.3
JASPER	LS	24	95,194	5,769	2,900	108,910	35	24	27	14	6.7	1.7
JEFFERS	LS	19	82,700	5,244	-	94,383		100			7.9	2.9
JORDAN	LS	33	330,784	15,074	11,535	393,356	60	27	13		19.1	14.1
KANDIYOHI	LS	24	148,556	5,692	-	180,352	57	27	16		17.7	12.7
KARLSTAD	LS	33	50,033	7,867	-	60,719			100		5.6	0.6
KASOTA	LS	22	165,727	10,395	3,000	172,490			100		6.0	1.0
KASSON	LS	30	225,611	15,111	12,334	271,144	59	.8	3	2	11.5	6.5
KEEWATIN	LS	23	248,336	8,227	7,000	292,518	49	32	19		13.5	8.5
KELLIHER	LS	24	75,908	6,431	-	86,631	15	2	83		5.6	0.6
KELLOGG	LS	27	144,144	6,031	120	169,911	47		24	29	13.7	8.7
KENNEDY	LS	18	30,476	4,980	54	39,641	80		20		13.8	8.8
KENSINGTON	LS	28	50,117	7,893	2,202	62,694			100		5.4	0.4
KENYON	DC	31	156,688	13,889	3,000	181,638	71	22	7		21.3	16.3
KERKHOVEN	DC	27	107,401	6,534	60	121,598			100		5.5	0.5
KETTLE RIVER	LS	21	94,219	6,443	2,715	82,129			100		9.6	4.6
KIESTER	DC	26	101,076	5,507	-	111,754			100		5.2	0.2
KILKENNY	LS	19	75,109	5,769	3,500	90,848			100		2.6	(2.4)
KIMBALL	LS	31	132,946	8,039	4,014	162,039	29	5	66		11.3	6.3
KINNEY	LS	28	137,126	4,982	-	149,436			100		5.7	0.7

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Fension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
LACRESCENT	LS	26	293,718	17,210	2	314,356	13	20	66		7.4	2.4
LAFAYETTE	LS	26	239,721	8,838	4,500	245,735	37	13	50		13.2	8.2
LAKE BENTON	LS	21	99,989	7,815	1,080	113,024			100		4.7	(0.3)
LAKE BRONSON	LS	14	31,950	4,131	100	32,335			29	71	5.9	0.9
LAKE CITY	LS	22	283,831	21,801	7,692	373,457	54	25	21		21.0	16.0
LAKE CRYSTAL	LS	25	210,341	14,177	6,282	273,439	73	8	19		21.8	16.8
LAKE ELMO	LS	27	385,362	21,182	-	458,370	72	27	2		20.2	15.2
LAKE GEORGE	DC	22	34,721	4,458	-	33,508		44	56		11.2	6.2
LAKE HENRY	LS	25	53,558	5,455	154	53,401			100		5.8	0.8
LAKE JOHANNA	MLY/LS	101	2,902,274	145,767	69,800	3,411,722	52	21	25	3	17.4	12.4
LAKE KABETOGAMA	LS	19	37,338	4,982	1,585	51,848	86		14		31.9	26.9
LAKE LILLIAN	LS	14	63,994	4,253	5	54,633		51	49		9.8	4.8
LAKE PARK	LS	24	100,020	7,432	4,276	117,107	37		14	48	9.4	4.4
LAKE WILSON	LS	17	100,106	4,458	200	101,163			100		3.8	(1.2)
LAKEFIELD	LS	25	234,334	12,395	4,000	270,005		9	6	85	14.7	9.7
LAKELAND	LS	15	27,589	4,458	-	35,922	56	36	8		14.0	9.0
LAKEPORT	DC	16	33,635	3,671	3,965	46,490	57		43		13.4	8.4
LAKEVILLE	LS	80	2,214,683	101,041	105,781	2,529,050	43	52	5		19.1	14.1
LAKESWOOD	LS	27	90,006	7,080	1,825	112,688	69	19	12		17.5	12.5
LAMBERTON	LS	22	96,439	6,162	2,398	118,626	55	5	40		14.1	9.1

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
LANCASTER	LS	27	35,878	4,982	-	37,350			100		5.3	0.3
LANESBORO	LS	23	99,698	7,504	1,500	116,775	22		74	4	8.6	3.6
LASALLE	LS	20	9,658	3,409	110	13,800			100		4.7	(0.3)
LE CENTER	DC	31	188,848	10,606	5,200	215,431			100		6.0	1.0
LE ROY	LS	28	97,330	6,293	298	108,894			100		5.5	0.5
LE SUEUR	LS	25	476,610	18,371	8,778	568,582	48	38	9	6	13.3	8.3
LEAF VALLEY	LS	23	93,039	4,982	5,918	126,144	80	4	16		21.1	16.1
LESTER PRAIRIE	LS	30	175,052	9,631	6,500	214,818	43	9	48		13.3	8.3
LEWISTON	LS	32	293,193	15,352	-	311,080	60	32	8		22.0	17.0
LEWISVILLE	LS	19	87,708	6,011	-	97,704			100		5.0	(0.0)
LEXINGTON	LS	25	283,351	6,555	8,226	299,267	0	8	65	27	5.9	0.9
LINDSTROM	LS	26	442,634	14,981	6,037	522,722	29	50	11	10	16.2	11.2
LISMORE	LS	25	46,367	6,031	-	48,025			100		5.1	0.1
LITCHFIELD	LS	34	371,327	30,372	555	394,086	45	37	6	12	13.8	8.8
LITTLE CANADA	LS	35	957,056	30,534	18,723	1,015,214	27	72	1		12.7	7.7
LITTLE FALLS	LS	32	394,737	33,021	7,000	456,798		19	81		5.8	0.8
LITTLEFORK	LS	31	95,182	7,978	3,264	109,193	42	9	49		13.2	8.2
LONDON	DC	17	34,180	3,671	-	39,387	46	23	12	18	5.6	0.6
LONG LAKE	LS	35	547,512	29,004	14,200	632,410	20	54	21	6	7.6	2.6
LONG PRAIRIE	LS	25	331,333	15,991	6,848	388,522	21	2	76		10.9	5.9

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
LONGVILLE	DC	22	246,065	10,554	11,500	289,749	51		49		14.2	9.2
LONSDALE	LS	31	303,992	15,061	4,632	343,981		32	68		8.8	3.8
LORETTO	LS	38	402,021	11,853	18,000	475,341	42	41	4	13	15.8	10.8
LOWER ST CROIX VALLEY	LS	28	488,293	25,359	100	548,427	51	43	6		19.3	14.3
LOWRY	LS	24	86,893	6,031	3,000	111,303	57		43		17.7	12.7
LUCAN	LS	20	41,523	6,939	42	46,088			100		8.1	3.1
LUTSEN	LS	15	93,433	3,910	5,000	120,185	77	14	8		21.0	16.0
LUVERNE	LS	47	350,339	20,492	24,061	425,513	42	56	1		11.9	6.9
LYLE	DC	21	50,422	3,406	-	53,034			100		5.5	0.5
LYND	LS	16	22,314	3,933	25	28,777	28	1	71		12.1	7.1
MABEL	LS	20	48,503	8,506	900	60,019			100		4.8	(0.2)
MADELIA	LS	28	224,485	11,099	250	250,645	12	57	5	26	8.9	3.9
MADISON	LS	26	244,499	9,026	2,807	268,202			11	89	5.7	0.7
MADISON LAKE	LS	23	147,656	6,293	5,848	166,424	44	21	24	10	5.7	0.7
MAGNOLIA	DC	19	35,519	3,147	250	29,333			100		3.7	(1.4)
MAHNOMEN	LS	27	181,305	10,744	1,222	227,121	65	8	17	10	18.5	13.5
MAHTOMEDI	LS	37	421,423	29,096	8,000	522,988	60	37	3	1	17.3	12.3
MAHTOWA	LS	22	40,872	4,195	4,583	52,499			100		5.2	0.2
MAKINEN	LS	17	45,646	4,720	3,000	44,973		43	57		5.0	0.0
MANTORVILLE	LS	25	96,276	5,669	-	115,674	31	22	30	17	9.4	4.4

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01/01/97	State Aid	City & Other Contributions	Invested Assets 12/31/97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over/ (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
MAPLE GROVE	DC	99	2,066,137	144,591	481,708	2,956,961	49	38	3	10	15.3	10.3
MAPLE HILL	LS	13	13,311	4,458	-	13,775			100		3.6	(1.4)
MAPLE LAKE	LS	31	335,409	19,743	9,135	392,069	18		66	16	8.4	3.4
MAPLE PLAIN	LS	35	565,028	17,192	13,750	617,974	16	17	5	63	10.8	5.8
MAPLETON	LS	30	349,034	11,227	5,478	380,294	34	56	10		12.7	7.7
MAPLEWOOD	LS	166	2,731,157	111,554	141,313	3,241,033	65	18	18		11.0	6.0
MARBLE	LS	23	137,215	5,882	11,444	174,475	53	22	25		15.4	10.4
MARINE-ON-ST CROIX	DC	57	195,136	6,293	2,600	239,279	55	16	29		18.7	13.7
MARSHALL	LS	49	1,087,789	51,195	9,455	1,227,883	45	39	5	11	14.0	9.0
MAYER	LS	22	139,013	8,293	6,652	182,297	73	10	14	3	21.8	16.8
MAYNARD	LS	20	107,369	6,031	-	131,122	45	46	4	5	16.5	11.5
MAZEPPA	DC	27	95,219	6,293	-	112,632	21	21	41	17	12.2	7.2
MCDAVITT	LS	24	98,710	5,597	-	116,193	42	20	34	4	11.9	6.9
MCGRATH	LS	23	15,589	5,244	1,200	14,638	23	11	66		4.9	(0.1)
MCGREGOR	LS	23	184,515	12,048	2,000	193,590			100		5.5	0.5
MCINTOSH	LS	20	92,303	4,663	-	111,466	34	59	7		15.8	10.8
MCKINLEY	LS	11	28,389	2,884	1,917	30,358			100		5.4	0.4
MEDFORD	LS	28	74,407	6,555	573	84,679			100		5.0	(0.0)
MEDICINE LAKE	DC	23	287,902	4,982	10,000	369,758	69	26	5		23.2	18.2
MELROSE	LS	31	173,803	14,680	2,700	211,696	58	39	3		12.1	7.1

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
MENAHGA	LS	22	129,025	5,244	2,000	152,459	16	78	6		12.5	7.5
MENDOTA HEIGHTS	DC	43	1,170,976	50,996	25,508	1,353,603	31	40	9	20	9.2	4.2
MENTOR	DC	19	33,985	2,884	-	42,747	60	12	28		16.8	11.8
MIDDLE RIVER	LS	17	62,717	5,332	-	71,922			100		5.5	0.5
MIESVILLE	LS	33	128,793	7,866	10,696	136,305	27	11	61	1	9.8	4.8
MILACA	LS	25	383,114	16,515	250	393,769	20	34	44	2	8.6	3.6
MILAN	LS	19	117,969	5,244	-	144,387	75	14	10		17.1	12.1
MILLERVILLE	DC	27	155,114	4,458	5,000	155,859	56	5	38		11.2	6.2
MILROY	DC	23	69,731	4,565	32	72,960			100		8.9	3.9
MILTONA	LS	28	112,541	8,163	3,300	106,994			100		5.3	0.3
MINNEOTA	LS	27	214,605	8,888	3,016	242,645	19	13	68		7.7	2.7
MINNESOTA LAKE	LS	29	252,476	7,555	3,961	283,648	42	5	43	10	13.0	8.0
MINNETONKA	MLY/LS	121	5,858,368	205,948	275	6,800,702	58	40	2		18.8	13.8
MISSION	LS	16	26,225	8,066	4,479	50,081	21	52	26		15.6	10.6
MONTEVIDEO	LS	33	370,495	19,393	6,460	414,942	18	38	36	8	10.1	5.1
MONTGOMERY	LS	32	184,747	13,521	19,060	218,482	35	24	41		11.5	6.5
MONTICELLO	LS	31	381,602	42,182	-	465,724	39	3	2	56	11.0	6.0
MONTROSE	LS	29	118,223	6,477	12,477	144,097	78	18	4		18.0	13.0
MOOSE LAKE	LS	26	152,943	11,837	3,000	167,123	28	11	60		4.7	(0.3)
MORA	LS	31	394,258	25,886	-	313,095	52	12	32	4	9.2	4.2

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01/01/97	State Aid	City & Other Contributions	Invested Assets 12/31/97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
MORGAN	LS	25	253,063	9,495	2,363	260,210	50	39	7	4	13.7	8.7
MORRIS	LS	31	277,343	19,112	11,801	349,703	64	18	8	10	19.3	14.3
MORRISTOWN	LS	26	374,683	11,143	11,042	485,323	68	8	24		23.5	18.5
MORTON	LS	29	98,037	5,244	5,971	116,823	54	2	44		11.5	6.5
MOTLEY	LS	26	207,140	7,087	2,375	230,092	42	25	32	1	13.0	8.0
MOUND	MTLY	71	2,106,099	63,412	88,810	2,475,675	58	31	4	8	17.3	12.3
MOUNTAIN IRON	LS	21	305,531	8,524	13,600	350,351	6	41	53		7.3	2.3
MOUNTAIN LAKE	LS	26	301,029	10,552	7,434	306,891			100		6.2	1.2
MURDOCK	DC	23	71,196	4,195	2,000	81,802	25	32	43		6.2	1.2
MYRTLE	DC	24	20,184	2,433	-	23,647	66		34		5.1	0.0
NASHWAUK - POLICE	MTLY	2	51,863	-	-	42,780			100		5.4	0.4
NASHWAUK FIRE	LS	24	237,792	8,703	9,547	251,316	29	6	64		10.2	5.2
NASSAU	LS	17	21,040	5,244	-	26,827			100		3.2	(1.8)
NEVIS	LS	28	219,473	7,365	5,000	270,935	34	48	13	5	18.3	13.3
NEW AUBURN	LS	24	103,287	5,769	3,530	121,387	78		22		4.9	(0.1)
NEW BRIGHTON	MPLY/LS	65	1,848,455	69,130	52,623	2,142,534	33	52	1	13	16.3	11.3
NEW GERMANY	LS	6	187,621	8,080	10,057	217,111	80	4	3	14	15.6	10.6
NEW HOPE	DC	47	895,331	66,625	2,077	985,435	71	2	28		11.0	6.0
NEW LONDON	LS	24	210,582	16,969	5,110	225,956		89	11		7.2	2.2
NEW MARKET	LS	28	162,554	12,757	10,408	190,334			100		5.2	0.2

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Fension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
NEW MUNICH	LS	19	26,354	5,163	2,000	35,496	8		92		7.6	2.6
NEW PRAGUE	LS	32	540,806	25,295	5,000	599,957	33	5	14	49	13.5	8.5
NEW RICHLAND	LS	27	176,767	10,110	450	196,922			100		5.6	0.6
NEW SCANDIA	LS	30	237,259	16,190	10,000	272,314	31		69		12.8	7.8
NEW ULM	MLY/LS	70	1,393,931	47,132	41,795	1,616,494	67	18	16		17.5	12.5
NEW YORK MILLS	LS	27	104,810	7,668	2,961	109,550	36	17	47		14.6	9.6
NEWFOLDEN	LS	16	74,125	6,630	-	77,646			100		5.5	0.5
NEWPORT	LS	41	555,173	11,539	23,662	659,250	56	42	2		13.6	8.6
NICOLLET	LS	24	162,923	13,476	6,200	193,874	52	46	2		10.3	5.3
NISSWA	LS	29	272,128	21,331	7,092	298,782	17	19	64		7.9	2.9
NORTH BRANCH	LS	34	382,854	19,431	11,974	475,004	66	26	8		16.5	11.5
NORTH MANKATO	LS	35	319,192	33,739	17,225	400,378	84	8	8		29.5	24.5
NORTH SAINT PAUL	LS	38	781,776	35,993	2,417	881,355	31	63	6		15.9	10.9
NORTH STAR TOWNSHIP	LS	19	5,578	2,884	-	9,233			100		4.6	(0.4)
NORTHFIELD	LS	35	1,242,803	62,509	33,525	1,561,905	83	15	2		19.2	14.2
NORTHLAND	LS	9	10,745	2,622	-	14,925	61		39		14.1	9.1
NORTHOME	LS	19	66,198	8,770	15	81,406	25	41	34		10.0	5.0
NORTHROP	DC	21	34,258	4,252	808	44,450	37	51	12		14.9	9.9
NORWOOD YOUNG AMER.	LS	53	344,566	14,315	4,800	376,608	53	8	25	14	14.6	9.6
OAK GROVE	LS	31	280,309	17,019	6,000	353,286	59	22	19		19.2	14.2

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01/01/97	State Aid	City & Other Contributions	Invested Assets 12/31/97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
OAKDALE	LS	35	655,360	64,161	25,630	743,077	33	66	0		13.3	8.3
ODESSA	DC	23	17,484	3,409	-	21,141			100		2.5	(2.5)
ODIN	LS	13	76,760	3,409	-	83,450			100		4.9	(0.1)
OGILVIE	LS	23	124,965	8,405	6,105	140,890	58	37	5		12.8	7.8
OKABENA	LS	19	86,966	5,244	94	96,532			100		5.2	0.2
OKLEE	DC	23	79,865	4,720	-	87,492			100		4.4	(0.6)
OLIVIA	LS	26	151,688	11,916	3,399	183,943	53	25	1	21	11.6	6.6
ONAMIA	LS	24	228,031	9,160	-	267,890	61	38	1		13.8	8.8
ORMSBY	LS	16	80,184	3,933	96	88,535			100		5.4	0.4
ORONOCO	LS	21	131,123	5,769	-	147,405			100		5.8	0.8
ORR	LS	20	76,101	3,265	4,387	74,045	24	30	46		9.1	4.1
ORTONVILLE	LS	31	250,750	10,349	4,971	285,392	35	54	11		14.4	9.4
OSAKIS	LS	21	183,792	11,931	11,000	232,116	42	11	43	4	15.9	10.9
OSSEO	LS	27	304,828	11,179	49,096	366,386	29	47	17	7	12.2	7.2
OSTRANDER	LS	17	49,797	3,671	200	57,126			100		7.1	2.1
OTTERTAIL	LS	34	105,619	6,818	5,671	137,031	49	23	27		17.6	12.6
OWATONNA	LS	35	881,453	80,832	-	1,003,975	16	11	73		8.8	3.8
PALISADE	LS	21	85,355	5,222	-	94,102	18	36	39	7	9.9	4.9
PALO	LS	22	172,411	7,555	6,500	180,755		86	14		8.5	3.5
PARK RAPIDS	LS	27	496,128	33,255	-	529,477	33	41	15	10	13.9	8.9

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
PARKERS PRAIRIE	LS	26	112,223	6,555	9,731	130,286	69	1	31		10.0	5.0
PAYNESVILLE	LS	23	206,248	17,085	120	244,547		7	1	92	22.5	17.5
PELICAN RAPIDS	LS	25	398,265	19,894	-	450,024	43	21	35		11.6	6.5
PEMBERTON	LS	17	34,878	4,458	3,710	50,857			100		5.9	0.9
PENNOCK	LS	27	115,041	6,149	9,173	128,123		100			7.1	2.1
PEQUOT LAKES	LS	26	304,838	14,197	13,120	294,003		55	45		8.3	3.3
PERHAM	LS	37	260,665	15,053	9,000	331,924			7	93	18.4	13.4
PIERZ	LS	26	278,542	19,095	598	343,344	50	37	8	5	17.1	12.1
PIKE-SANDY-BRITT	LS	42	125,477	7,867	-	135,254		37	63		8.0	3.0
PILLAGER	LS	25	119,669	10,897	3,190	148,956	70	22	3	5	16.1	11.1
PINE CITY	MTLY	54	422,414	23,635	7,000	491,209	52	22	19	8	16.1	11.1
PINE ISLAND	LS	32	257,008	18,889	2,254	311,065	37	9	55		13.1	8.1
PINE RIVER	LS	29	427,539	12,630	10,982	492,630	25	73	2		9.9	4.9
PIPESTONE	MPLY/LS	50	337,168	19,379	39,540	412,389	35	25	39		10.2	5.2
PLAINVIEW	DC	24	251,019	14,944	1,718	271,747	32	55	13		10.4	5.4
PLATO	LS	29	186,656	6,818	7,200	208,927	41	26	10	23	13.7	8.7
PLUMMER	DC	27	54,002	6,826	-	57,005			100		5.9	0.9
PLYMOUTH	MPLY/LS	87	2,398,302	219,143	-	2,796,960	30	69	1		13.9	8.9
PORTER	LS	26	72,669	6,293	-	85,870		46	26	28	11.1	6.1
PRESTON	LS	25	184,717	7,873	2,051	189,135	42	19	38	2	14.8	9.8

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
PRINCETON	LS	35	733,284	37,271	14,974	754,451	23	70	7		11.5	6.5
PRINSBURG	LS	20	100,905	5,244	2,689	114,107			100		5.7	0.7
PRIOR LAKE	LS	48	770,105	63,847	244	855,558	45	31	17	7	16.3	11.3
PROCTOR	LS	24	198,213	12,414	-	226,086	31	43	26		8.4	3.4
RAMSEY	DC	26	189,803	41,372	214	262,469	55	26	20		16.4	11.4
RANDOLPH	LS	41	165,673	8,620	3,750	213,114	63	10	27		21.3	16.3
RAYMOND	LS	17	93,502	6,536	1,560	96,669			100		5.7	0.7
RED LAKE FALLS	DC	22	122,985	6,931	2,000	138,715			100		5.7	0.7
RED WING	LS	31	135,468	5,000	-	156,156	40	16	44		16.7	11.7
REDWOOD FALLS	LS	35	531,864	37,375	42,173	599,214	31	28	36	4	20.6	15.6
REMER	LS	19	136,856	8,183	7,249	162,571			100		7.5	2.5
RENVILLE	LS	26	124,780	8,285	4,768	151,808	25	15	60		11.6	6.6
REVERE	LS	16	7,321	5,244	-	12,769			100		2.7	(2.3)
RICE	LS	24	151,148	8,233	3,306	146,950	33	52	15		13.5	8.5
RICE LAKE	LS	28	280,559	10,857	6,000	357,997	70	28	1	1	21.0	16.0
RICHMOND	LS	25	196,583	11,119	6,864	219,410	42	54	4	1	13.4	8.4
ROBBINSDALE	MLY/LS	47	926,221	43,245	62	1,049,886	55	38	5	2	16.0	11.0
ROCKFORD	LS	41	220,505	12,036	7,654	243,452			100		4.9	(0.2)
ROCKVILLE	LS	28	144,429	9,205	5,486	153,859	39	56	5		13.7	8.7
ROGERS	LS	29	321,306	18,079	2,000	358,254			82	18	5.2	0.2

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over/ (Under) 5% Assured ROR
							% Stock	% Bond	% Cash	% Other		
ROLLINGSTONE	LS	27	48,369	5,769	-	55,585	45		55		6.4	1.4
ROSE CREEK	LS	25	84,600	5,507	894	95,299			100		5.1	0.1
ROSEAU	LS	26	271,661	18,428	3,500	343,353	59	29	11		18.2	13.2
ROSEMOUNT	LS	31	507,466	39,385	26,000	658,853	61	27	5	7	17.2	12.2
ROSEVILLE	MLY/LS	128	4,369,149	120,470	139,977	5,113,397	44	32	6	18	16.6	11.6
ROTHSAY	LS	25	164,787	6,384	-	184,215	12	82	6		8.2	3.2
ROUND LAKE	DC	24	87,361	5,982	17	80,772		96	4		7.2	2.2
ROYALTON	LS	23	109,640	6,938	3,458	125,576			100		5.4	0.4
RUSH CITY	LS	33	211,865	14,430	14,276	255,741	58	39	3		30.7	25.7
RUSHFORD	DC	35	154,549	11,453	1,500	181,527	38		62		11.8	6.8
RUSSELL	LS	22	33,574	5,244	4,447	39,360			100		6.2	1.2
RUTHTON	LS	18	81,469	6,320	1,616	78,368	39		61		10.6	5.6
SABIN-ELMWOOD	LS	26	100,841	5,507	-	101,380	13	79	8		8.6	3.6
SACRED HEART	LS	27	139,386	8,555	3,790	153,078		3	97		6.0	1.0
SAINT ANTHONY	LS	29	404,628	26,528	-	461,660	50	18	30	3	13.1	8.1
SAINT BONIFACIUS	LS	20	258,278	14,759	8,505	286,330	78	14	2	5	18.7	13.7
SAINT CHARLES	LS	28	251,719	12,062	6,001	312,705	62		35	3	16.7	11.7
SAINT CLAIR	LS	30	237,686	10,712	5,146	283,480	4	43	53		7.9	2.9
SAINT CLOUD	LS	32	517,566	37,415	-	582,581	20	71	6	3	10.9	5.9
SAINT FRANCIS	LS	28	267,337	8,619	999	294,900	23	57	20		9.4	4.4

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over/ (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
SAINT HILAIRE	DC	25	52,985	6,302	-	54,203			100		4.3	(0.7)
SAINT JAMES	LS	37	331,409	17,935	14,425	388,537	7	48	45		9.0	4.0
SAINT JOSEPH	LS	33	440,718	21,530	2,813	536,523	90	3	6		17.1	12.1
SAINT LEO	LS	26	51,042	6,293	-	47,410			100		4.5	(0.5)
SAINT MARTIN	LS	27	92,479	6,293	-	107,636	32		68		6.4	1.4
SAINT PAUL PARK	LS	32	442,150	15,355	270	498,780	52	38		11	14.4	9.4
SAINT PETER	LS	41	659,890	31,759	4,673	687,165		29	71		8.2	3.2
SAINT STEPHEN	LS	24	195,052	9,577	8,300	248,928	80	17	3		27.6	22.6
SANBORN	LS	19	47,150	4,982	2,057	56,649			100		5.5	0.5
SANDSTONE	LS	26	263,939	10,291	108	295,328	55	29	16		18.3	13.3
SARTELL	LS	30	188,258	25,107	4,965	234,584	27	61	12		10.5	5.5
SAUK CENTRE	LS	32	204,843	19,502	3,500	258,453	41	21	38		15.8	10.8
SAUK RAPIDS	LS	27	714,923	45,435	9,515	752,899	52	3	45		12.9	7.9
SAVAGE	MLY/LS	55	1,264,503	39,959	136,963	1,489,812	53	41	6		20.3	15.3
SCANDIA VALLEY	LS	21	118,735		5,640	152,627	65	31	4		23.0	18.0
SCANLON	LS	20	83,971	4,458	4,270	101,797		69	17	14	10.6	5.6
SCHROEDER	LS	13	82,812	2,884	2,875	100,106	31	40	29		14.2	9.2
SEAFORTH	DC	14	9,162	3,671	-	13,050			100		2.3	(2.7)
SEBEKA	LS	19	195,753	8,260	2,228	233,456	28	27	45		13.8	8.8
SHAFER	LS	29	108,636	6,468	-	114,494	4	0	94	2	5.3	0.3

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
SHAKOPEE	LS	37	976,295	51,643	40,162	1,171,288	50	43	1	6	15.8	10.8
SHELLY	LS	19	71,159	6,031	-	74,071			100		4.5	(0.5)
SHERBURN	LS	24	149,783	7,555	8,000	195,692	40	19	41		14.7	9.7
SHEVLIN	LS	24	73,358	5,244	25	83,967		54	46		8.7	3.7
SILICA	LS	19	31,803	4,195	2,088	33,980		59	41		7.4	2.4
SILVER BAY	LS	24	179,102	7,936	-	211,974	64	8	24	4	14.2	9.2
SILVER LAKE	LS	34	167,632	8,080	13,588	182,875		11	89		4.8	(0.2)
SLAYTON	LS	28	228,186	11,410	16,161	247,903	17	0	83		8.0	3.0
SLEEPY EYE	LS	32	501,922	20,332	5,000	562,805		73	27		6.7	1.7
SOLWAY	LS	23	62,563	7,866	3,944	76,654	16	5	77	2	9.6	4.6
SOLWAY RURAL	LS	22	23,968	4,982	210	29,822			26	74	3.7	(1.3)
SOUTH BEND	DC	24	116,497	4,982	6,939	134,625			100		5.3	0.3
SOUTH HAVEN	LS	20	113,504	6,476	2,001	137,423	56	27	5	12	12.7	7.7
SPICER	LS	26	196,105	13,184	110	233,301	41	19	27	12	14.3	9.3
SPRING GROVE	LS	25	102,397	7,056	3,500	111,372			100		4.9	(0.2)
SPRING LAKE PARK	MTLY	112	4,217,941	171,812	-	4,987,234	54	39	7		19.8	14.8
SPRING VALLEY	LS	25	370,063	11,932	2,000	429,773	65	13	22		18.0	13.0
SPRINGFIELD	LS	31	221,147	11,552	1,984	255,471	34	14	21	30	11.8	6.8
SQUAW LAKE	LS	20	71,865	5,769	-	82,036	46		54		14.4	9.4
STACY-LENT	LS	30	152,882	10,067	3,736	179,429	21	26	53		11.8	6.8

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR	
							% Stock	% Bond	% Cash	% Other			
STAPLES	LS	27	183,706	15,092	6,787	175,581		63	37			7.5	2.5
STARBUCK	LS	24	107,580	9,122	-	117,997			100			6.1	1.1
STEPHEN	LS	29	139,453	7,604	1,000	152,430	35	5	60			9.7	4.7
STEWART	LS	24	133,307	8,041	10,055	136,759	19	9	72			8.8	3.8
STEWARTVILLE	LS	24	334,841	24,644	1,130	316,920		42	58			10.6	5.6
STILLWATER	LS	41	1,340,970	75,052	-	1,656,073	54	33	6	8		18.1	13.1
STORDEN	LS	22	90,550	3,303	-	101,581	50	35	14			16.3	11.3
STURGEON LAKE	LS	14	23,802	3,671	5	31,787	40	17	42			18.1	13.1
SUNBURG	LS	24	46,577	5,026	40	37,394			100			6.4	1.4
SWANVILLE	DC	20	78,800	7,342	4,000	93,052	28	3	68			9.7	4.7
TACONITE	LS	17	88,960	3,671	5,574	91,651	21	13	66			(3.1)	(8.1)
TAUNTON	LS	14	4,238	3,671	3,898	12,004			100			3.4	(1.6)
TAYLORS FALLS	LS	28	348,517	6,555	350	410,807	46	23	6	25		17.0	12.0
THIEF RIVER FALLS - POL.	MTLY	5	151,760	-	-	147,440			100			7.6	2.6
THIEF RIVER FALLS - FIRE	LS	27	479,092	28,718	-	573,018	42	42	8	8		13.9	8.9
THOMSON TOWNSHIP	LS	34	242,355	12,455	4,000	261,273	60	28	11	2		12.2	7.2
TOFTE	LS	10	35,385	2,884	3,040	45,364	73	12	16			20.7	15.7
TOIVOLA	DC	22	50,153	6,031	2,757	51,087	24	40	36			7.1	2.1
TOWER	LS	17	64,178	4,982	4,798	76,060		2	98			5.1	0.1
TRACY	LS	29	278,463	11,120	5,400	327,420	36	38	26			12.3	7.3

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01/01/97	State Aid	City & Other Contributions	Invested Assets 12/31/97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
TRIMONT	LS	26	198,452	7,389	3,728	203,629			100		6.4	1.4
TRUMAN	LS	29	135,631	7,424	-	162,512	41	5	54		14.9	9.9
TWIN LAKES - (FREEBORN)	LS	20	75,742	285	1,755	81,786			100		5.2	0.2
TWIN LAKES - (MAHNOMEN)	LS	18	21,720	4,091	-	22,750		83	17		7.3	2.3
TWIN VALLEY	LS	27	93,905	7,106	262	116,379	50	32	17	1	16.3	11.3
TWO HARBORS	LS	23	451,342	22,522	1,000	475,372		90	10		9.8	4.8
TYLER	LS	27	116,897	8,813	1,781	126,685	87	10	3		7.0	2.0
ULEN	DC	24	84,845	5,769	275	94,108			100		3.8	(1.2)
UNDERWOOD	DC	20	70,323	8,936	500	78,022	34	53	13		15.5	10.5
UPSALA	LS	23	82,238	4,458	500	90,406			83	17	4.2	(0.8)
VADNAIS HEIGHTS	LS	43	485,033	38,827	27,593	585,509	33	40	22	4	13.2	8.2
VERGAS	LS	23	108,807		-	124,815	51	24	26		14.8	9.8
VERNDALE	LS	23	124,680	6,293	1,440	156,188	68	18	14		14.9	9.9
VERNON CENTER	LS	22	81,935	6,112	600	78,495			100		6.0	1.0
VESTA	LS	17	49,104	4,458	-	60,174			59	41	1.9	(3.1)
VICTORIA	LS	30	197,672	13,328	29,366	258,241	6	27	67		8.9	3.9
VILLARD	LS	25	38,567	6,293	1,848	48,631	22	27	50		6.7	1.7
VINING	LS	15	43,236	3,933	-	39,440	36	2	62		8.0	3.0
VIRGINIA	MTLY	21	2,493,666	76,175	171,308	2,791,605	34	58	8		12.8	7.8
WABASHA	LS	30	193,941	11,617	30,932	247,435	28	8	64		6.4	1.4

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
WABASSO	DC	25	129,490	8,277	-	118,364	68		30	2	13.2	8.2
WACONIA	LS	37	402,531	19,848	12,850	510,078	96	1	2		19.7	14.7
WADENA	LS	20	344,395	17,597	2,950	343,625	62	38	1		13.4	8.4
WAITE PARK	LS	27	216,319	16,267	3,500	273,487	70	4	26		18.1	13.1
WALDORF	LS	27	162,758	6,031	26	164,145			100		6.0	1.0
WALKER	LS	25	226,677	15,498	10,916	247,375	83		17		15.9	10.9
WALNUT GROVE	LS	23	91,454	5,244	596	102,885	9	5	86		6.5	1.5
WALTERS	LS	18	13,062	4,458	-	18,106			100		2.5	(2.5)
WANAMINGO	DC	36	73,191	9,214	-	90,864		100			16.0	11.0
WANDA	DC	22	45,490	6,310	-	54,539			100		5.6	0.6
WARBA-FEELY-SAGO	LS	18	33,761	5,575	524	43,620	15	29	57		7.2	2.2
WARREN	LS	28	52,800	13,916	25	70,563	54	13	5	28	20.1	15.1
WARROAD	LS	24	116,401	15,424	-	109,605	58	27	15		8.6	3.6
WASECA	LS	36	515,305	35,998	872	602,057	31	27	34	8	14.6	9.6
WATERTOWN	LS	31	309,051	15,440	10,440	353,898		84	16		12.5	7.5
WATERVILLE	LS	22	187,368	9,463	38	180,445	39	8	52		13.5	8.5
WATKINS	LS	25	146,806	6,555	6,500	143,608	75	4	16	5	14.6	9.6
WATSON	LS	19	118,987	6,357	1,217	129,874	27	18	50	5	10.2	5.2
WAUBUN	LS	18	51,736	5,244	-	48,942			100		5.7	0.7
WAVERLY	LS	27	112,493	6,390	10,000	134,395			100		5.6	0.6

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01/01/97	State Aid	City & Other Contributions	Invested Assets 12/31/97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over/ (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
WAYZATA	LS	33	502,589	29,711	15,289	575,396		20	33	48	6.2	1.2
WELCOME	LS	27	154,852	9,511	2,578	130,350			100		5.4	0.4
WELLS	DC	26	255,420	12,793	1,938	260,872	26		66	9	6.5	1.5
WENDELL	LS	20	78,855	5,244	-	87,677			100		5.1	0.1
WEST CONCORD	LS	24	160,307	10,369	-	179,660		56	44		5.5	0.5
WESTBROOK	LS	23	121,509	6,207	1,000	137,345			100		7.3	2.3
WHEATON	LS	27	267,966	12,932	12,329	325,427	58	8	11	24	18.2	13.2
WHITE BEAR LAKE	MTLY	92	3,423,152	117,915	106,115	3,918,057	57	26	5	12	16.0	11.0
WILLIAMS	DC	21	47,094	6,007	-	39,159			100		5.3	0.3
WILLMAR	LS	46	965,203	60,624	-	1,158,730	58	23	1	19	16.6	11.6
WILLOW RIVER	LS	18	55,974	4,195	-	67,404	55	17	28		12.9	7.9
WILMONT	LS	28	74,144	6,293	25	78,810			100		6.3	1.3
WILSON	LS	31	96,653	7,867	7,919	121,383	43	28	29		9.3	4.3
WINDOM	LS	27	542,319	22,483	2,515	543,488	33	54	13		16.7	11.7
WINNEBAGO	LS	25	126,664	10,095	4,000	131,619	10	42	49		9.1	4.1
WINSTED	LS	33	209,347	10,337	12,700	231,509	37	25	38		15.1	10.1
WINTHROP	DC	30	134,472	7,341	5,640	153,186	79	15	6		10.0	5.0
WOLF LAKE	LS	23	102,969	5,507	-	115,849	38	50	12		7.3	2.3
WOOD LAKE	LS	23	81,201	5,794	331	91,481			100		5.2	0.2
WOODSTOCK	LS	18	52,291	5,104	500	46,233	25	5	71		5.7	0.7

Table 3 continued: Investment Performance for Funds Under \$10 Million in Assets

Pension Plan Name	Plan Type	Members	Accrued Assets 01 / 01 / 97	State Aid	City & Other Contributions	Invested Assets 12 / 31 / 97	Asset Allocation @ 12/31/97				Time Weighted Rate of Return	Over / (Under) 5% Assumed ROR
							% Stock	% Bond	% Cash	% Other		
WORTHINGTON	MTLY	64	989,067	31,610	74,210	840,259	65	24	11		18.7	13.7
WRENSHALL	LS	28	117,518	4,982	5	129,396		20	80		7.1	2.1
WRIGHT	LS	18	44,621	5,605	500	38,819			100		4.1	(0.9)
WYKOFF	LS	19	120,248	6,494	2,705	143,169	83	13	5		26.2	21.2
WYOMING	LS	26	158,109	11,507	5,200	174,056	43		57		0.5	(4.6)
ZIMMERMAN	LS	28	393,572	16,183	30,000	458,054	50	16	34		8.9	3.9
ZUMBRO FALLS	LS	<u>20</u>	<u>140,073</u>	<u>7,961</u>	<u>3,066</u>	<u>152,305</u>	67	7	26		16.0	11.0
ZUMBROTA	DC	<u>28</u>	<u>149,170</u>	<u>11,392</u>	<u>14,991</u>	<u>192,337</u>	<u>53</u>		<u>35</u>	<u>12</u>	<u>11.7</u>	<u>6.7</u>
SUBTOTAL:												
All Other Funds Under \$10 Million		<u>19,435</u>	<u>219,988,249</u>	<u>11,421,793</u>	<u>5,402,112</u>	<u>251,667,448</u>	<u>40</u>	<u>31</u>	<u>24</u>	<u>5</u>	<u>13.5</u>	<u>8.5</u>
GRAND TOTALS		<u>19,816</u>	<u>225,680,349</u>	<u>11,684,254</u>	<u>5,505,725</u>	<u>258,758,810</u>	<u>41</u>	<u>31</u>	<u>23</u>	<u>5</u>	<u>13.9</u>	<u>8.9</u>

**Public Pension Funds
with Assets of
At Least \$10 Million**

Discussion of Large Plan Performance

Plans with at least \$10 million in assets as of January 1, 1997, were required to report to the OSA on a monthly, total fund and investment account, investment portfolio or asset class basis.⁴ The law also required the pension funds to submit the following: (1) the total time-weighted rate of return available from index-matching investments; (2) an explanation as to which indices they used and why those indices were appropriate; and (3) the pension fund's written investment policy and any subsequent changes to the policy.

Investment policy statements for this group tended to be very comprehensive, clearly defining objectives and parameters on virtually all aspects of a fund's investment activity. However, only the asset allocation portion of the policies are reflected in the detail pages, along with data on *actual* asset allocations.

This section of the report provides summary and detailed investment performance information for the 14 largest public pension funds in Minnesota, which cover approximately 270,000 active and 150,000 inactive members. Rate of return and other information on funds invested through the State Board of Investment are included in figures provided on the Basic and Post Retirement Funds as reported by the SBI.

Included in the "large fund" group is the Minnesota Historical Society Individual Retirement Account Plan (IRAP), comprised of only \$600,000 in member assets at the close of 1997. It is included in the "large group," however, on the basis of reporting requirements.

Table 4 on the following page summarizes investment performance and other information for the large defined benefit plans included in the group with at least \$10 million in assets. Discussion of those results can be found on subsequent pages.

Defined contribution plans which are sponsored by the University of Minnesota, the Minnesota State Colleges and Universities, and the Minnesota Historical Society, are not included in Table 4. For those plans, individual member accounts are self-directed, and return information is not comparable to that of the defined benefit plans. In lieu of submitting monthly cash flow and market value information to the OSA, the administrators of those plans were allowed to submit computed time-weighted rates of return for each investment fund option, along with the total amounts invested by the members through each investment option.

⁴ Once a public pension fund files a report as a large plan, it must continue to file as a large plan even if its assets drop below \$10 million in any subsequent year.

The OSA has reviewed defined contribution plan data for logical consistency and completeness. We have not, as in the case of the large, defined benefit plan funds, *independently* verified rate of return figures.

Table 5 provides a listing of the large funds affected by the statutory reporting requirement, along with information on the market value of assets on 12/31/97. A separate page with more detailed information for each plan is provided at the end of this section of the report.

Table 4
Returns Compared to Actuarial Targets and Benchmarks ⁽¹⁾
Plans with \$10 Million or More in Assets

(\$'s in 000's)

Reporting Separately	Beginning Assets 01/01/97	(2) Actual ROR	Statutory Assumed ROR	Fund Benchmark ROR
Bloomington Fire	\$74,903	19.7%	5.0%	23.9%
Duluth Teachers	182,634	15.7%	8.5%	16.7%
Minneapolis Employees Retirement				
Fund (MERF) - Active	348,459	18.6%	6.0%	19.5%
MERF - Retired	857,698	18.5%	5.0%	18.1%
Minneapolis Fire	223,753	23.4%	6.0%	23.9%
Minneapolis Police	341,243	12.8%	6.0%	23.9%
Minneapolis Teachers	729,036	15.5%	8.5%	18.3%
Saint Paul Teachers	582,529	19.3%	8.5%	18.4%
Subtotal	<u>3,340,255</u>	<u>17.6%</u>	-	<u>19.4%</u>
<u>State Funds (Combined)</u>				
Investment Board - Basic	14,274,806	22.6%	8.5%	21.0%
Investment Board - Post	12,705,306	20.3%	8.5%	18.5%
Subtotal	<u>26,980,112</u>	<u>21.5%</u>	<u>8.5%</u>	<u>19.8%</u>
TOTAL - All Funds ⁽³⁾	<u>\$30,320,367</u>	<u>21.1%</u>	-	<u>19.8%</u>

Notes:

- (1) Similar estimates cannot be derived for the University of Minnesota, Minnesota State Colleges & Universities and the Historical Society defined contribution programs. Returns for those plans are computed at the individual member level, and are not comparable with those for the defined benefit programs operated out of the funds listed above.
- (2) Returns are total fund, calculated by OSA.
- (3) Subtotal and Total ROR figures are averages weighted for assets. The formula is $[\sum (r_i \cdot a_i) / \sum (a_i)]$ where "r" = ROR and "a" = 1/1/97 assets.

Table 5

Large Pension Plans: Assets Managed

<u>Group / Fund</u>	<u>Assets on 12/31/97</u> <u>\$'s in Millions</u>
<i><u>Large defined benefit plans:</u></i>	
Bloomington Firefighter	88
Duluth Teachers	207
MERF - Active	432
MERF - Retired	944
Minneapolis Fire	264
Minneapolis Police	375
Minneapolis Teachers	833
Saint Paul Teachers	687
State Board of Investment - Basic Fund	17,146
State Board of Investment - Post Fund	15,273
<i><u>Higher education & other defined contribution plans:</u></i>	
Minnesota Historical Society	0.6
University of Minnesota Faculty 403 (b) (Pre-89)	1,031
University of Minnesota Faculty 401 (a) (Post-89)	516
University of Minnesota Faculty Supplemental ⁵	10
Minnesota State Colleges and Universities (MnSCU) ⁶	<u>360</u>
Total	<u>\$38,167</u>

⁵ This plan has discontinued accepting new members. Eligibility is restricted to faculty hired before 1963.

⁶ This plan includes the MnSCU Individual Retirement Account Plan (IRAP), and the MnSCU Supplemental Retirement Plan (SRP).

Returns Compared to Actuarial Targets

The assumed rates of return applicable to all public plans are defined in Minn. Stat. § 356.215. If a plan fails to meet this target, an *actuarial loss* occurs; and if all other relevant factors remain unaltered, greater pressure on contributions will result. Returns exceeding the assumed rate generate *actuarial gains*, and have a positive effect on plan funding. If sustained, this performance can relieve pressure on contributions and possibly free up assets to finance benefit improvements.

All of the 10 defined benefit funds with at least \$10 million in assets exceeded the statutory assumed rate of return. For this group of pension plans, investments typically account for approximately 75% of annual operating revenue, and the extraordinary investment-related gains in the 1990's were the largest factor behind recent improvements to funding ratios for most large public plans in Minnesota.

The 1997 performance figures for the large funds were more uniformly positive, due to several factors:

- They have more in-house investment expertise.
- Their asset allocations are better optimized on a risk-return basis.
- They have more access to professional consultants.
- They have more effective manager selection strategies.

Reported Returns Compared to OSA Calculations

Another issue, examined more thoroughly in a separate report provided to the legislature, is the accuracy of rate of return information reported by large pension plans with at least \$10 million in assets.

Except for the higher education and other defined contribution plans, the law required the OSA to compute time-weighted rates of return for each plan and publish its results in an annual report. Once rates of return had been calculated, the OSA compared the results with performance information provided by the plans and/or consultants under contract with the plan.

If there were significant variances between the OSA and fund-reported returns, we attempted to ascertain the cause for those differences. Typically, they resulted from missing or mis-coded data. For some accounts, unexplained variances do remain, in which case the OSA reported the differing returns side-by-side.

Due to the relatively minor differences in the figures provided in Table 6 on the following page, the OSA concludes that total fund rate of return figures reported by the funds are quite reliable, and may be trusted by fund boards and policymakers in assessing the annual investment performance of the plans.

Table 6

Comparison of Calculated Rates of Return

Rates of Return (%)

Fund Name	Reported by Fund	Calculated by OSA	Difference
Bloomington Fire	19.7	19.7	0.0
Duluth Teachers	15.5	15.7	0.2
MERF - Active	18.7	18.6	(0.1)
MERF - Retired	18.0	18.5	0.5
Minneapolis Fire	23.8	23.4	(0.4)
Minneapolis Police	12.7	12.8	0.1
Minneapolis Teachers	15.5	15.5	0.0
Saint Paul Teachers	19.6	19.3	(0.3)
U of M Supplemental	1.7	1.7	0.0
Investment Board - Basic	22.6	22.6	0.0
Investment Board - Post Ret.	19.4	19.4	0.0

Detail Pages for Large Plans

Bloomington Fire Department Relief Association

Year Ending December 31, 1997

Total Fund Returns & Investment Policy

Total Fund Actual & Target Rates of Return		Benchmark Components and Rates of Return		Policy Asset Allocation		Actual Asset Allocation	
Return Calculated by OSA	19.7 %	S & P 500	33.3 %	Cash	* Not specified *	Cash	7.6 %
Return Reported by Fund	19.7 %	Lehman Bros. Aggregate	9.7 %	Bonds	* Not specified *	Fixed Income	24.3 %
Benchmark Return	23.9 %			Stocks	20 - 70 %	Equities	67.6 %
Actuarial Assumed - Active	5.0 %			Other	* Not specified *	Limited Partnerships	0.2 %
Actuarial Assumed - Retired	5.0 %					Other	0.3 %

-57-

Market Values and Returns by Investment Account (\$'s in 000's)

Investment Account	Investment Type	Beginning Asset Value	Net Cash Flows (Net of Fees)	Investment Return	Ending Asset Value	Rate of Return
Dean Witter Intercapital	Balanced	0	3,997	201	4,198	4.9 %
Special Fund	Balanced	70,878	(6,178)	13,959	78,659	20.1 %
Zaske, Sarafa & Associates	Balanced	4,025	996	446	5,467	10.9 %
	Total	74,903 *	(1,185)	14,606	88,324	

* Includes a prior period adjustment

Duluth Teachers' Retirement Fund Association

Year Ending December 31, 1997

Total Fund Returns & Investment Policy

Total Fund Actual & Target Rates of Return		Benchmark Components and Rates of Return		Policy Asset Allocation		Actual Asset Allocation	
Return Calculated by OSA	15.7 %	90 Day U.S. Treasury Bills	5.3 %	Cash	0-5 %	Cash	1.3 %
Return Reported by Fund	15.5 %	Lehman Brothers Aggregate	9.7 %	Fixed Income	20-50 %	Fixed Income	36.7 %
Benchmark Return	16.7 %	S & P 500	33.3 %	Equities: Large Cap	25-35 %	Equities: (Large and small cap)	45.6 %
Actuarial Assumed - Active	8.5 %	Russell 2000	22.4 %	Equities: Small Cap	10-20 %	Equities: International	15.0 %
Actuarial Assumed - Retired	8.5 %	EAFE	1.8 %	Equities: Internationa	10-20 %	Real Estate & Venture	1.4 %
		NCREIF	13.9 %	Real Estate & Venture	0-5 %		

Market Values and Returns by Investment Account (\$'s in 000's)

Investment Account	Investment Type	Beginning Asset Value	Net Cash Flows (Net of Fees)	Investment Return	Ending Asset Value	Rate of Return
Merrill Lynch Checking	Cash	1,827	813	81	2,721	4.4 %
US Bank Checking	Cash	16	18	0	34	0.0 %
Western Asset Management	Fixed Income	66,361	2,689	6,943	75,993	10.3 %
Scudder Kemper	International Stock	29,080	222	1,754	31,056	6.1 %
Construction	Real Estate	52	1,056	0	1,108	0.0 %
Real Estate - Pines & II / Mortgages	Real Estate	1,920	(218)	177	1,879	9.8 %
Disciplined Growth	Stock	26,250	(12,376)	3,077	16,951	17.7 %
Oppenheimer	Stock	36,324	(8,530)	8,836	36,630	26.5 %
State Street	Stock	20,804	13	6,930	27,747	33.3 %
Strong Capital	Stock	0	12,500	569	13,069	19.2 %
	Total	182,634	(3,813)	28,367	207,188	

Minneapolis Employees Retirement Fund (MERF) - Active Fund

Total Fund Returns & Investment Policy

Total Fund Actual & Target Rates of Return		Benchmark Components and Rates of Return		Policy Asset Allocation		Actual Asset Allocation	
Return Calculated by OSA	18.6 %	Russell 3000 Stock Index	31.8 %	Cash Equiv	0.0 %	Cash Equiv	0.7 %
Return Reported by Fund	18.7 %	Lehman Gov't/Corp Bond	9.8 %	Fixed Income	28.0 %	Fixed Income	28.1 %
Benchmark Return	19.5 %	MSCI GDP EAFE Index	5.7 %	Int'l Equity	15.0 %	Int'l Equity	12.7 %
Actuarial Assumed - Active	6.0 %	IFC Custom Emerging Mrkt	(17.8) %	Real Estate	7.0 %	Real Estate	6.9 %
		NCREIF Classic Real Estate	12.1 %	U. S. Equity	50.0 %	U. S. Equity	51.4 %
				Venture Capital	0.0 %	Venture Capital	0.2 %

Market Values and Returns by Investment Account (\$'s in 000's)

Investment Account	Investment Type	Beginning Asset Value	Net Cash Flows (Net of Fees)	Investment Return	Ending Asset Value	Rate of Return
American Express Stock	Stock	11,214	1,164	3,329	15,707	29.3 %
ERE Rosen	Stock	0	5,500	208	5,708	(2.0) %
Intech	Stock	11,270	790	3,549	15,609	31.3 %
Strong Capital Mgmt	Balanced	11,955	3,275	3,132	18,362	26.9 %
Brinson Partners	Stock	16,421	2,259	4,329	23,009	25.5 %
State St. Bonds Gov't/corp	Gov't/Corp Bonds	87,318	25,317	3,880	121,515	9.8 %
State St. Emerging Markets	Stock	5,110	4,300	(1,769)	7,641	(13.4) %
State St. International	Int'l Stock	30,144	16,100	871	47,115	4.8 %
State St. Flagship 500	Stock	80,365	(12,200)	25,840	94,005	34.0 %
State St. Midcap	Stock	14,637	(1,600)	4,693	17,730	32.4 %
State St. Russell 2000	Stock	12,330	(1,600)	2,938	13,668	23.7 %
In House Account Real Estate	Real Estate	21,024	0	2,889	23,913	13.7 %
In House Account Minus RE	Balanced	29,941	(24,597)	(1,029)	4,315	(4.6) %
Advanced Investment Mgmt	Balanced	16,730	1,400	5,793	23,923	34.3 %
Total		348,459	20,108	63,653	432,220	

Minneapolis Employees Retirement Fund (MERF) - Retired Fund

Total Fund Returns & Investment Policy

Total Fund Actual & Target Rates of Return		Benchmark Components and Rates of Return		Policy Asset Allocation		Actual Asset Allocation	
Return Calculated by OSA	18.5 %	Russell 3000 Stock Index	31.8 %	Cash Equiv	0.0 %	Cash Equiv	0.8 %
Return Reported by Fund	18.0 %	Lehman Aggregate Bond	9.7 %	Fixed Income	35.0 %	Fixed Income	34.2 %
Benchmark Return	18.1 %	MSCI GDP EAFE Index	5.7 %	Int'l Equity	15.0 %	Int'l Equity	13.1 %
Actuarial Assumed - Retired	5.0 %	IFC Custom Emerging Mrkt	(17.8) %	Real Estate	5.0 %	Real Estate	5.3 %
		NCREIF Classic Real Estate	12.1 %	U. S. Equity	45.0 %	U. S. Equity	46.5 %
				Venture Capital	0.0 %	Venture Capital	0.1 %

Market Values and Returns by Investment Account (\$'s in 000's)

Investment Account	Investment Type	Beginning Asset Value	Net Cash Flows (Net of Fees)	Investment Return	Ending Asset Value	Rate of Return
American Express Stock	Stock	24,729	(5,160)	7,012	26,581	29.3 %
ERE Rosen	Stock	0	25,000	2,269	27,269	8.4 %
Intech	Stock	23,089	(3,790)	6,970	26,269	30.5 %
Srong Capital Mgmt	Balanced	30,614	(7,275)	7,889	31,228	25.8 %
Binson Partners	Stock	46,025	(19,259)	11,296	38,062	25.0 %
Slate St. Bonds Gov't/corp	Gov't/Corp Bonds	263,113	(263,524)	511	0	1.3 %
Slate St. Bonds #2	Bonds	11	295,057	24,909	319,977	9.4 %
Slate St. Emerging Markets	Stock	13,616	9,600	(4,217)	18,999	(13.3) %
Slate St. International	Int'l Stock	81,643	19,200	4,004	104,847	5.5 %
Slate St. Flagship 500	Stock	184,450	(44,010)	58,110	198,550	34.1 %
Slate St. Midcap	Stock	35,223	(7,000)	10,930	39,153	31.7 %
Slate St. Russell 2000	Stock	25,093	0	5,904	30,997	23.5 %
In House Account Real Estate	Real Estate	12,815	0	1,760	14,575	13.7 %
In House Account Minus RE	Balanced	26,349	(8,446)	730	18,633	8.3 %
Advanced Investment Mgmt	Balanced	39,426	(4,350)	13,270	48,346	34.3 %
Washington Square Bonds	Bonds	49,995	(52,825)	2,830	0	5.5 %
Washington Square Bonds #2	Bonds	1,507	(1,586)	79	0	7.3 %
	Total	857,698	(68,468)	154,256	943,486	

Minneapolis Firefighter's Relief Association

Year Ending December 31, 1997

Total Fund Returns & Investment Policy

Total Fund Actual & Target Rates of Return		Benchmark Components and Rates of Return		Policy Asset Allocation		Actual Asset Allocation	
Return Calculated by OSA	23.4 %	S & P 500	33.3 %	Cash	0 - 75 %	Cash	6.1 %
Return Reported by Fund	23.8 %	Lehman Bros. Aggregate	9.7 %	Bonds	0 - 75 %	Bonds	32.8 %
Benchmark Return	23.9 %			Stocks	0 - 75 %	Stocks	58.9 %
Actuarial Assumed - Active	6.0 %			Other	0 - 20 %	International Equities	0.7 %
Actuarial Assumed - Retired	6.0 %					Real Estate & Venture	1.5 %

-61-

Market Values and Returns by Investment Account (\$'s in 000's)

<u>Investment Account</u>	<u>Investment Type</u>	<u>Beginning Asset Value</u>	<u>Net Cash Flows (Net of Fees)</u>	<u>Investment Return</u>	<u>Ending Value</u>	<u>Rate of Return</u>
Union Bank Operating Checking	Cash	(15)	28	0	13	0.0 %
Union Bank Payroll Checking	Cash	1,694	(1,582)	0	112	0.0 %
Mitchell Hutchins Cash Account	Cash	8	(8)	0	0	1.2 %
Alliance Capital Management	Balanced	123,620	(6,013)	42,209	159,816	34.8 %
Brinson Partners Fund	Balanced	7,179	0	1,041	8,220	14.5 %
Dean Witter Intercapital Management	Balanced	7,133	1,903	1,392	10,428	18.3 %
Mitchell Hutchins Asset Management	Balanced	75,872	(5,974)	11,289	81,187	15.5 %
Welliver Rothschild Advisors	Limited Partnership	0	(34)	34	0	2.9 %
Other Assets	Venture Capital	8,262	959	(5,222)	3,999	(58.2) %
	Total	223,753	(10,721)	50,743	263,775	

Minneapolis Police Relief Association

Year Ending December 31, 1997

Total Fund Returns & Investment Policy

Total Fund Actual & Target Rates of Return		Benchmark Components and Rates of Return		Policy Asset Allocation		Actual Asset Allocation	
Return Calculated by OSA	12.8 %	S & P 500	33.3 %	Cash	0 - 75 %	Cash	4.7 %
Return Calculated by Fund	12.7 %	Lehman Bros. Aggregate	9.7 %	Bonds	0 - 75 %	Bonds	26.2 %
Benchmark Return	23.9 %			Stocks	0 - 75 %	Domestic Equities	53.2 %
Actuarial Assumed - Active	6.0 %			Other	0 - 20 %	International Equities	9.9 %
Actuarial Assumed - Retired	6.0 %					Real Estate & Venture	6.0 %

Market Values and Returns by Investment Account (\$'s in 000's)

Investment Account	Investment Type	Beginning Asset Value	Net Cash Flows (Net of Fees)	Investment Return	Ending Asset Value	Rate of Return
Union Bank Checking	Cash	(33)	(1,212)	1,867	622	0.0 %
ANB Capital Management	Domestic Equities	50,391	(5,000)	15,285	60,676	33.6 %
IAI International, LTD.	International Equities	40,943	(6,500)	26	34,469	(1.0) %
IAI International, LTD. Emerging Markets	International Equities	0	3,641	(711)	2,930	(19.3) %
Alliance Capital Management	Balanced	0	9,996	2,379	12,375	23.3 %
American Express Asset Management Group	Balanced	0	9,984	1,825	11,809	17.5 %
Dean Witter Intercapital Management	Balanced	50,330	(7,017)	9,425	52,738	19.3 %
Investment Advisors, Inc.	Balanced	138,021	(17,637)	17,324	137,708	14.7 %
Mitchell Hutchins Asset Management	Balanced	33,507	(4,611)	4,867	33,763	15.0 %
Piper Capital Management	Balanced	0	4,996	768	5,764	15.0 %
Other Assets	Real Estate & Venture Cap.	28,084	4,625	(10,026)	22,683	(32.5) %
	Total	341,243	(8,735)	43,029	375,537	

Minneapolis Teachers Retirement Fund Association

Year Ending December 31, 1997

Total Fund Returns & Investment Policy

Total Fund Actual & Target Rates of Return		Benchmark Components and Rates of Return		Policy Asset Allocation		Actual Asset Allocation	
Return Calculated by OSA	15.5 %	90-Day U.S. Treasury Bills	5.3 %	Cash	2 %	Cash	4.8 %
Return Reported by Fund	15.5 %	Lehman Brothers Aggregate	9.7 %	Fixed Income	28 %	Fixed Income	27.1 %
Benchmark Return	18.3 %	Wilshire 5000 Stock Index	31.3 %	Domestic Equities	45 %	Domestic Equities	51.1 %
Actuarial Assumed - Active	8.5 %	MSCI EAFE	1.8 %	International Equities	15 %	International Equities	12.9 %
Actuarial Assumed - Retired	8.5 %	NCREIF Real Estate	11.4 %	Real Estate & Venture	10 %	Real Estate & Venture	4.1 %

-63-

Market Values and Returns by Investment Account (\$'s in 000's)

Investment Account	Investment Type	Beginning Asset Value	Net Cash Flows (Net of Fees)	Investment Return	Ending Asset Value	Rate of Return
Cash	Cash	11,046	28,081	641	39,768	3.0 %
Bonds	Fixed Income	175,087	30,000	20,684	225,771	10.2 %
Domestic Equities	Domestic Equities	380,168	(36,533)	82,210	425,845	23.5 %
International Equities	International Equities	109,839	(4,402)	2,549	107,986	2.3 %
Real Estate/Venture Capital	Venture	52,896	(23,785)	4,780	33,891	10.8 %
	Total	729,036	(6,639)	110,864	833,261	

St. Paul Teachers' Retirement Fund Association

Year Ending December 31, 1997

Total Fund Returns & Investment Policy

Total Fund Actual & Target Rates of Return		Benchmark Components and Rates of Return		Policy Asset Allocation		Actual Asset Allocation	
Return Calculated by OSA	19.3 %	S & P 500	33.3 %	Large Cap Domestic Equities	27.5 %	Large Cap Domestic Equities	35.3 %
Return Reported by Fund	19.6 %	S & P Midcap 400	32.6 %	Mid Cap Domestic Equities	15.0 %	Mid Cap Domestic Equities	18.8 %
Benchmark Return	18.4 %	Russell 2000	22.4 %	Small Cap Domestic Equities	7.5 %	Small Cap Domestic Equities	0.2 %
Assumed - Pre-retirement	8.5 %	SB Non-US Gvt Bond Inde.	(4.3) %	Domestic Fixed Income	30.0 %	Domesic Fixed Income	32.7 %
Assumed - Post-retirement	7.5 %	EAFE	1.8 %	International Fixed Income	1.0 %	International Fixed Income	0.0 %
		Emerging Markets-Free	(11.6) %	International Equities	11.0 %	International Equities	9.0 %
		Solomon Extended Market	(10.3) %	Int'l Emerging Market Equities	3.0 %	Int'l Emerging Market Equities	1.8 %
		Lehman Aggregate Index	9.7 %	Int'l Srrall Cap Equities	2.0 %	Int'l Emerging Market Equities	1.3 %
		NCREIF Property Index	13.9 %	Real Estate	1.0 %	Real Estate	0.0 %
		90 Day U.S. Treas Bills	5.3 %	Cash	2.0 %	Cash	0.9 %

Market Values and Returns by Investment Account (\$'s in 000's)

Investment Account	Investment Type	Beginning Asset Value	Net Cash Flows (Net of Fees)	Investment Return	Ending Asset Value	Rate of Return
Cash	Cash	11,335	(5,167)	459	6,627	6.3 %
Domestic Equities	Stock	297,012	(8,853)	84,617	372,776	28.7 %
Domestic Fixed Income	Bonds	212,281	(7,974)	20,193	224,500	9.7 %
International Equities	Int'l Stock	61,901	15,000	6,160	83,061	11.6 %
	Total	582,529	(6,994)	111,429	686,964	

State Board of Investment - *Basic Fund*

Year Ending December 31, 1997

Total Fund Returns & Investment Policy

Total Fund Actual & Target Rates of Return		Benchmark Components and Rates of Return		Policy Asset Allocation		Actual Asset Allocation	
Return Reported by Fund	22.6 %	Wishire 5000	31.3 %	Domestic Equities	50.2 %	Domestic Equities	53.6 %
Benchmark Return	21.0 %	<i>International Composite</i> ⁽¹⁾					
Assumed - Pre-Retirement	8.5 %	<i>EAFE & Emerging Mkts</i>	4.3 %	International Equities	15.0 %	International Equities	13.6 %
		Lehman Bros. Aggregate	10.2 %	Bonds	24.0 %	Bonds	22.2 %
		Wishire Real Estate Index	41.3 %	Real Estate	3.5 %	Real Estate	4.1 %
		Venture ⁽²⁾	22.6 %	Venture	5.0 %	Venture	5.0 %
		Resources (Oil & Gas)	92.4 %	Oil & Gas	1.3 %	Oil & Gas	1.4 %
		90-Day U.S. Treasury Bill	5.3 %	Cash	1.0 %	Cash	0.1 %

(1) The International Composite benchmark is weighted 87% MCSI EAFE Free, and 13% Emerging Markets Free.

(2) There are no "benchmarks" for the *Venture* and *Resource* components. Actual is used for both, making them neutral in return comparisons.

Market Values and Returns by Investment Account (\$'s in 000's)

Investment Account	Investment Type	Beginning Asset Value	Net Cash Flows (Net of Fees)	Investment Return	Ending Asset Value	Rate of Return
Domestic Equities	Domestic Equities	7,415,802	(481,695)	2,261,738	9,195,845	32.2 %
International Equities	Intl Equities	2,075,484	150,294	98,524	2,324,302	4.3 %
Fixed Income	Bonds	3,256,438	194,544	350,901	3,801,883	10.2 %
Real Estate	Real Estate	554,409	(51,412)	209,390	712,387	40.9 %
Venture Capital	Venture Capital	790,070	(97,323)	164,393	857,140	22.6 %
Misc. Expense	Cash	0	176	(176)	0	0.0 %
Resources	Resource	141,961	(27,670)	117,011	231,302	92.3 %
Cash	Short term Investments	40,642	(28,513)	10,585	22,714	23.4 %
	Total	14,274,806	(341,599)	3,212,366	17,145,573	

State Board of Investment - Post Fund

Year Ending December 31, 1997

Total Fund Returns & Investment Policy

Total Fund Actual & Target Rates of Return		Benchmark Components and Rates of Return		Policy Asset Allocation		Actual Asset Allocation	
Return Reported by Fund	20.3 %	Wilshire 5000	31.3 %	Domestic Equities	50.2 %	Domestic Equities	54.7 %
Benchmark Return	18.5 %	<i>International Composite</i> ⁽²⁾					
Assumed Post-Retirement	8.5 %	<i>EAFE & Emerging Mkts</i>	4.3 %	International Equities	15.0 %	International Equities	13.6 %
		Lehman Bros. Aggregate	10.2 %	Bonds	31.2 %	Bonds	29.1 %
		Wilshire Real Estate Index	41.3 %	Real Estate	0.3 %	Real Estate	0.3 %
		Venture ⁽³⁾	6.0 %	Venture	0.5 %	Venture	0.5 %
		Resources (Oil & Gas)	92.4 %	Oil & Gas	0.0 %	Oil & Gas	0.1 %
		90-Day U.S. Treasury Bill	5.3 %	Cash	3.0 %	Cash	1.7 %

(1) The Assumed Return includes a statutory 6.0% plus a guaranteed CPI-based COLA capped at 2.5%.

(2) The International Composite benchmark is weighted 87% MCSI EAFE Free and 13% Emerging Markets Free.

(3) There are no "benchmarks" for the Venture and Resource components. Actual is used for both, making them neutral in effect.

Market Values and Returns by Investment Account (\$'s in 000's)

Investment Account	Investment Type	Beginning Asset Value	Net Cash Flows (Net of Fees)	Investment Return	Ending Asset Value	Rate of Return
Domestic Equities	Domestic Equity	6,698,921	(369,928)	2,022,894	8,351,887	32.4 %
International Equities	Foreign Equity	1,855,840	137,520	82,717	2,076,077	(8.9) %
Fixed Income	Bonds	3,832,323	205,542	412,051	4,449,916	2.8 %
Real Estate	Real Estate	33,485	19,235	5,815	58,535	8.4 %
Venture Capital	Venture Capital	39,646	23,717	3,251	66,614	6.0 %
Resources	Resource	3,326	6,071	803	10,200	(0.4) %
Cash	Short-term Investments	241,765	(4,893)	23,049	259,921	11.2 %
Misc. Expense		0	747	(747)	0	
	Total	12,705,306	18,011	2,549,833	15,273,150	

Minnesota Historical Society Defined Contribution Retirement Plan

Total Member Accumulations and Returns by Account

Year Ended December 31, 1997

(In Thousands)

TIAA-CREF

	<u>Assets</u>	<u>Return</u>
CREF Stock	\$156	23.4%
CREF Global Equities	86	18.3%
CREF Equity Index	48	31.2%
CREF Growth	125	28.4%
CREF Social Choice	50	24.6%
CREF Bond Market	28	9.6%
CREF Money Market	23	5.5%
CREF Inflation-Linked Bond	-	N/A ¹
TIAA Real Estate	15	10.1%
TIAA Traditional Annuity	<u>64</u>	7.1%
Total	<u>\$595</u>	

¹ Account was introduced in May, 1997, and calendar year returns were not available.

University of Minnesota

Discontinued Faculty Retirement Plan 403(b)

Year Ending December 31, 1997

(In Thousands)

Market Value By Quarter

March 31, 1997	\$ 937,047
June 30, 1997	996,064
September 30, 1997	1,024,058
December 31, 1997	\$ 1,021,339

<u>Investment Account</u>	<u>Market Value</u> <u>12-31-97</u>	<u>Rates of Return</u> <u>(Cal. 1997)</u>
General	\$ 356,016	6.6%
General Limited	142,155	7.2%
Separate A	374,002	33.0%
Vanguard Windsor II	45,111	32.2%
Vanguard Index Trust	23,940	33.2%
Vanguard Long Term	8,358	13.7%
Vanguard Prime Portfolio	5,367	5.3%
Vanguard Ginnie Mae	1,240	9.4%
Vanguard US Treasury	378	5.0%
Vanguard Wellington	9,127	23.1%
Vanguard International	4,229	-5.2%
Fidelity OTC	1,614	9.0%
Fidelity Contra	5,533	22.8%
Fidelity Asset	374	26.5%
Bond	1,805	9.3%
Money Market	174	5.0%
 <u>TIAA-CREF</u>		
TIAA	15,762	7.1%
CREF Stock	32,138	26.4%
CREF Money Market	921	5.5%
CREF Bond	566	9.6%
CREF Social Choice	219	24.6%
CREF Global Equity	1,122	18.3%
CREF Growth	685	28.4%
CREF Equity Index	<u>503</u>	31.2%
 Total	 <u>\$1,031,339</u>	

University of Minnesota

Faculty Retirement Plan 401(a)

Year Ending December 31, 1997

(In Thousands)

Market Value By Quarter

March 31, 1997	\$416,419
June 30, 1997	466,567
September 30, 1997	497,871
December 31, 1997	\$515,840

<u>Investment Account</u>	<u>Market Value</u> <u>12-31-97</u>	<u>Cal. 1997</u> <u>Rates of Return</u>
General	\$114,600	6.6%
General Limited	25,995	7.2%
Benham Target 2000	175	7.1%
Benham Target 2500	106	11.6%
Benham Target 2016	67	16.7%
Benham Target 2015	126	22.7%
Benham Target 2020	209	28.4%
Benham Target 2025	175	29.3%
Vanguard Windsor II	58,836	32.2%
Vanguard Inst. Index	153,352	33.2%
Vanguard Long Term	9,177	13.7%
Vanguard Prime	4,473	5.3%
Vanguard Ginnie Mae	2,929	9.4%
Vanguard US Treasury	444	5.0%
Vanguard Wellington	13,232	23.1%
Vanguard International	9,360	-5.2%
Fidelity OTC	5,676	9.0%
Fidelity Contra	14,868	22.8%
Fidelity Asset	2,719	26.5%
<u>TIAA-CREF</u>		
TIAA	27,003	7.1%
CREF Stock	44,605	26.4%
CREF Money Market	2,162	5.5%
CREF Bond	2,285	9.6%
CREF Social Choice	10,186	24.6%
CREF Global Equity	6,208	18.3%
CREF Growth	4,410	28.4%
CREF Equity Index	<u>2,462</u>	31.2%
Total	<u>\$515,840</u>	

**University of Minnesota
Faculty Supplemental Plan**

**Year Ending December 31, 1997
(In Thousands)**

Market Value By Quarter

March 31, 1997	\$ 10,937
June 30, 1997	11,203
September 30, 1997	10,380
December 31, 1997	\$ 10,344

<u>Investment Account</u>	<u>Market Value 12-31-97</u>	<u>Rate of Return (Cal. 1997)</u>
Univ. of Minnesota Group Income Pool	\$ 10,344	1.7%

**Minnesota State Colleges and Universities
Defined Contribution Retirement Plan**

**(Combined SRP and IRAP)
Financial Statement
Year Ended June 30, 1997**

(In Thousands)

Provider	Assets 6/30/96	Cash Flow Annual	Assets 6/30/97	Inv. Income Annual	Rate of Return Annual
State Board of Investment	\$192,518	(\$6,140)	\$228,618	\$42,240	21.9%
Prudential	3,926	(156)	4,478	708	18.0%
Cref	71,696	8,751	95,493	15,046	21.0%
Great West	7,525	992	9,297	780	10.3%
Minnesota Mutual	2,048	725	3,389	616	30.1%
Variable Annuity Life	8,197	7,650	17,995	2,148	26.2%
Other	291	(11)	364	84	
Totals	\$286,201	\$11,811	\$359,634	\$61,622	21.5%

Appendices

Exhibit 1:

Investment Reporting Law

Copy of Minn. Stat. § 356.219

356.219 Disclosure of public pension plan investment information.

Subdivision 1. Report required. (a) Except as indicated in subdivision 4, the state board of investment on behalf of the public pension funds and programs for which it is the investment authority and any Minnesota public pension plan not fully invested through the state board of investment, including a local police or firefighters' relief association governed by sections 69.77 or 69.771 to 69.775, shall report the information specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or forms for the purposes of the reporting requirements contained in this section.

(b) A local police or firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of this section if all assets of the applicable pension plan beyond sufficient cash equivalent investments to cover six months expected expenses are invested under section 11A.17. The board of any fully invested public pension plan remains responsible for submitting investment policy statements and subsequent revisions as required by subdivision 3, paragraph (a).

(c) For purposes of this section, the state board of investment is considered to be the investment authority for any Minnesota public pension fund required to be invested by the state board of investment under section 11A.23, or for any Minnesota public pension fund authorized to invest in the supplemental investment fund under section 11A.17 and which is fully invested.

Subd. 2. Asset class definition. (a) For purposes of this section, "asset class" means any of the following asset groupings as authorized in applicable law, bylaws, or articles of incorporation:

(1) cash and any cash equivalent investments with maturities of one year or less when issued;

(2) debt securities with maturities greater than one year when issued, including but not limited to mortgage participation certificates and pools, asset backed securities, guaranteed investment contracts, and authorized government and corporate obligations of corporations organized under laws of the United States or any state, or the Dominion of Canada or its provinces;

(3) stocks or convertible issues of any corporation organized under laws of the United States or any state, or the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange;

(4) international stocks or convertible issues;

(5) international debt securities; and

(6) real estate and venture capital.

(b) If the pension plan is investing under section 69.77, subdivision 2g, section 69.775, or other applicable law, in open-end investment companies registered under the federal Investment Company Act of 1940, or in the Minnesota supplemental investment fund under section 11A.17, this investment

must be included under an asset class indicated in paragraph (a), clauses (1) through (6), as appropriate. If the investment vehicle includes underlying securities from more than one asset class as indicated by paragraph (a), clauses (1) through (6), the investment may be treated as a separate asset class.

Subd. 3. Content of reports. (a) The report required by subdivision 1 must include a written statement of the investment policy in effect on June 30, 1997, if that statement has not been previously submitted. Following that date, subsequent reports must include investment policy changes and the effective date of each policy change rather than a complete statement of investment policy, unless the state auditor requests submission of a complete current statement. The report must also include the information required by the following paragraphs, as applicable.

(b) If a public pension plan has a total market value of \$10,000,000 or more as of the beginning of the calendar year, the report required by subdivision 1 must include the market value of the total portfolio and the market value of each investment account, investment portfolio, or asset class included in the pension fund as of the beginning of the calendar year and for each month, and the amount and date of each injection and withdrawal to the total portfolio and to each investment account, investment portfolio, or asset class. If a public pension plan once files a report under this paragraph, it must continue reporting under this paragraph for any year in which the public pension plan is not fully invested as specified in subdivision 1, paragraph (b), even if asset values drop below \$10,000,000 in market value in a subsequent year.

(c) For public pension plans to which paragraph (b) applies, the report required by subdivision 1 must also include a calculation of the total time-weighted rate of return available from index-matching investments assuming the asset class performance targets and target asset mix indicated in the written statement of investment policy. The provided information must include a description of indices used in the analyses and an explanation of why those indices are appropriate. This paragraph does not apply to any fully invested plan, as defined by subdivision 1, paragraph (b). Reporting by the state board of investment under this paragraph is limited to information on the Minnesota public pension plans required to be invested by the state board of investment under section 11A.23.

(d) If a public pension plan has a total market value of less than \$10,000,000 as of the beginning of the calendar year and was never required to file under paragraph (b), the report required by subdivision 1 must include the amount and date of each total portfolio injection and withdrawal. In addition, the report must include the market value of the total portfolio as of the beginning of the calendar year and for each quarter.

(e) Any public pension plan reporting under paragraph (b) or (d) may include computed time-weighted rates of return with the report, in addition to all other required information, as applicable. If returns are supplied, the individual who computed the returns must certify that the returns are net of all costs and fees, including investment management fees, and that the procedures used to compute the returns are consistent with bank administration institute studies of investment performance measurement and association of investment management and research presentation standards.

(f) For public pension plans reporting under paragraph (d), the public pension plan must retain information specifying the date and amount of each injection and withdrawal to each investment

account and investment portfolio. The public pension plan must also retain the market value of each investment account and investment portfolio at the beginning of the calendar year and for each quarter. Information that is required to be collected and retained for any given year or years under this paragraph must be submitted to the office of the state auditor if the office of the state auditor requests in writing that the information be submitted by a public pension plan or plans, or be submitted by the state board of investment for any plan or plans for which the state board of investment is the investment authority under this section. If the state auditor requests information under this subdivision, and the public plan fails to comply, the pension plan will be subject to penalties under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

Subd. 4. Alternative reporting; certain plans. In lieu of requirements in subdivision 3, the applicable administration for the individual retirement account plans under chapters 354B and 354D and for the University of Minnesota faculty retirement plan shall submit computed time-weighted rates of return to the office of the state auditor. These time-weighted rates of return must cover the most recent complete calendar year, and must be computed for each investment option available to plan members. To the extent feasible, the returns must be computed net of all costs, fees, and charges, so that the computed return reflects the net time-weighted return available to the investor. If this is not practical, the existence of any remaining cost, fee, or charge which could further lower the net return must be disclosed. The procedures used to compute the returns must be consistent with bank administration institute studies of investment performance measurement and association of investment management and research presentation standards, or, if applicable, securities exchange commission requirements. The individual who computes the returns must certify that the supplied returns comply with this subdivision. The applicable plan administrator must also submit, with the return information, the total amounts invested by the plan members, in aggregate, in each investment option as of the last day of the calendar year.

Subd. 5. Penalty for noncompliance. Failure to comply with the reporting requirements of this section shall result in a withholding of all state aid or state appropriation to which the pension plan may otherwise be directly or indirectly entitled until the pension plan has complied with the reporting requirements. The state auditor shall instruct the commissioners of revenue and finance to withhold state aid or state appropriation from any pension plan that fails to comply with the reporting requirements contained in this section, until the pension plan has complied with the reporting requirements. The state auditor may waive the withholding of state aid or state appropriations if the state auditor determines in writing that compliance would create an excessive hardship.

Subd. 6. Investment disclosure report. (a) The state auditor shall prepare an annual report to the legislature on the investment performance of the various public pension plans subject to this section. The content of the report is specified in paragraphs (b) to (e).

(b) For each public pension plan reporting under subdivision 3, paragraph (b), the state auditor shall compute and report total portfolio and asset class time-weighted rates of return, net of all costs and fees.

(c) For each public pension plan reporting under subdivision 3, paragraph (d), the state auditor shall compute and report total portfolio time-weighted rates of return, net of all costs and fees. If the state auditor has requested data for a plan under subdivision 3, paragraph (f), the state auditor may also compute and report asset class time-weighted rates of return, net of all costs and fees.

auditor has requested data for a plan under subdivision 3, paragraph (f), the state auditor may also compute and report asset class time-weighted rates of return, net of all costs and fees.

(d) The report by the state auditor must include the information submitted by the pension plans under subdivision 3, paragraph (c), or a synopsis of that information.

(e) The report by the state auditor may also include a presentation of multiyear performance, information collected under subdivision 4, and any other information or analysis deemed appropriate by the state auditor.

Subd. 7. Expense of report. All expenses incurred relating to the investment report by the state auditor described in subdivision 6 must be borne by the office of the state auditor and may not be charged back to the entities described in subdivisions 1 or 4.

Subd. 8. Timing of reports. (a) For salaried firefighter relief associations, police relief associations, and volunteer firefighter relief associations, the information required under this section must be submitted by the due date for reports required under section 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of the covered pension plan shall certify compliance on a form prescribed by the state auditor. The state auditor shall transmit annually to the state board of investment a list or lists of covered pension plans which submitted certifications, in order to facilitate reporting by the state board of investment under paragraph (c) of this subdivision.

(b) For the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, the Duluth teachers retirement fund association, the Minneapolis employees retirement fund, the University of Minnesota faculty supplemental retirement plan, and the applicable administrators for the University of Minnesota faculty retirement plan and the individual retirement account plans under chapters 354B and 354D, the information required under this section must be submitted to the state auditor by June 1 of each year.

(c) The state board of investment, on behalf of pension funds specified in subdivision 1, paragraph (c), must report information required under this section by September 1 of each year.

HIST: 1994 c 565 art 2 s 1; 1995 c 262 art 9 s 1; 1996 c 438 art 10 s 1; 1997 c 241 art 10 s 4

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Exhibit 2:

Broad Market Indices: Additional Information

Broad Market Indices: Additional Information

Wilshire 5000/PR

A very comprehensive market value-weighted index of all U.S. common securities with readily available price data. Over 6,000 market security returns are used to adjust the index. The capital value of the index is composed of approximately 86% of New York Stock Exchange issues; 3% of American Stock Exchange stock issues; and 11% of NASDAQ over the counter issues. It is a total return index with dividends reinvested.

Dow Jones Industrial Average

Intended as a model for the stock market as a whole. It consists of 30 blue-chip stocks. A trademark for one of the oldest and most widely quoted measures of stock market price movements. The Average is calculated by adding the share prices of 30 large, "seasoned" industrial firms such as IBM, Exxon, AT&T, Westinghouse, and GM, and dividing the sum by a figure that is adjusted for such things as stock splits and substitutions. It remains a price index, however, as opposed to a total return index.

S&P 500 - Standard & Poor's Composite of 500 Stocks

Tracks 500 widely held common stocks including 400 industrials, 40 utilities, 20 transportation, and 40 financial issues. The Index is constructed using market weights (stock price times shares outstanding) to provide a broad indicator of stock price movements. Construction of the S&P 500 proceeds from industry groups to the whole. Since some industries are dominated by companies of relatively small stock capitalization, the index is not, as is sometimes thought, comprised of the 500 largest companies on the New York Stock Exchange (NYSE), though the total market value of the S&P 500 does represent about 75% of the aggregate market value of common stocks traded on the New York Stock Exchange. Approximately 30 of the issues tracked are non-NYSE, over-the-counter stocks, including firms such as Microsoft and other relatively new, fast growth companies. This is a total return index with dividends reinvested.

Russell 2000

Consists of the 2,000 smallest securities in the Russell 3000 Index and represents approximately 11% of the Russell 3000 Index's total market capitalization, with an average capitalization of about \$300 million. The largest company in the index has a market capitalization of about \$700 million. The Russell 2000 is a popular measure of the stock price performance of small companies. This is also a total return index.

Lehman Brothers Aggregate Bond

Debt issues rated investment grade or higher by Moody's, S&P, or Fitch, in that order. All issues have at least one year to maturity and an outstanding par value of at least \$150 million. All returns are market value weighted inclusive of accrued interest. The Aggregate Bond Index is a composite of the Government/ Corporate Index, and the Mortgage-Backed Securities Index. Total return includes price appreciation/depreciation and income as a percentage of the original investment.

Lehman Brothers Government/Corporate Bond

Fixed rate debt issues rated investment grade or higher by Moody's, S&P, or Fitch, in that order. All issues have at least one year to maturity and an outstanding par value of at least \$150 million. All returns are market value weighted inclusive of accrued interest. The index includes those issues in the Government Bond Index and the Corporate Bond Index, thus including debt issued by the US Government and agencies thereof, domestic corp. issues, and foreign dollar-denominated issues. All issues included are rated BAA/BBB or better. Total return includes price appreciation/depreciation and income as a percentage of the original investment.

Lehman Brothers Government Bond

Includes fixed rate debt issues rated investment grade or higher by Moody's, S&P, or Fitch, in that order. All issues have at least one year to maturity and an outstanding par value of at least \$150 million. All returns are market value weighted inclusive of accrued interest. The Government Bond Index includes issues of the US Government or any agency thereof. The non convertible, publicly issued, domestic debt is guaranteed by the US Government. Total return includes price appreciation/depreciation and income as a percentage of the original investment.

MSCI Europe Australia & Far East (EAFE)

The Morgan Stanley Capital International Index includes approximately 1,600 companies representing the stock markets of 22 countries including Australia, Austria, Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, and the United Kingdom. The average company has a market capitalization of over \$3 billion. This is a total return index which includes dividends reinvested.

Ninety Day T-Bill

The new 3-month T-Bill is the Secondary Market averages of daily closing bid prices quoted on a bank discount basis. This data is from the Federal Reserve Board. The rates are calculated on a 360-day basis.

Consumer Price Index (CPI-U)

CPI measures the price of a fixed basket of goods and services bought by a typical urban consumer, including food, transportation shelter, utilities, clothing medical care, entertainment, and other items as compared with a base year (currently 1982-83).

The price survey is compiled by the Bureau of Labor Statistics. The survey includes 85 urban areas with 57,000 housing units and 19,000 retail establishments. Taxes directly associated with purchase and use of items are included. The Bureau uses visits by trained representatives and mail questionnaires to obtain data.

Exhibit 3:

State Board of Investment: Supplemental Fund Information

MINNESOTA SUPPLEMENTAL INVESTMENT FUND Procedures for Local Relief Associations

All accounts in the Supplemental Investment Fund, except the Fixed Interest Account, are available to local firefighter relief associations for their pension assets. Local plans have complete discretion in determining the amount invested in any eligible account(s). (See *Minnesota Statutes* Section 69.77 subdivision 2(g) and Section 69.775.)

First Time Participants in the Fund:

When purchasing shares in the Fund for the first time a local plan must:

- specify in writing the Account(s) and the dollars to be invested in each Account and include a daytime phone number for the person responsible for making the investment;
- specify in writing the name and address of an individual who will receive monthly reporting statements;
- complete the enclosed authorization form.

No other forms are required.

Purchase, Redemption and Transfer Procedures:

A local plan may purchase, redeem or transfer shares in the Fund at the end of any month.

All transactions are effective the first day of the month and will be based on the share values established for the previous month end.

The State Board of Investment (SBI) will process transactions of \$1,000 or more for any account.

Due to cash management needs, the SBI must require at least five (5) working days notice before a purchase, transfer or redemption is effective. Notice must be received in writing (or by phone with confirmation in writing).

Contributions may be made by wire transfer or by check:

Wire transfer: Wires may only be sent on the first business day of the month. You must include in your letter of notification the name of the bank sending the wire along with the name and phone number of a contact person at the bank. (Please include a daytime phone number for the person responsible for making the investment.)

Wire instructions for the State Board of Investment are:

STATE STREET/BOSTON/PUBLIC FUNDS
FOR THE STATE OF MINNESOTA
CREDIT GP31
CREDIT DDA#59845743
ATTN: CATHERINE FONG
ABA# 0110 000 28

Check: Make checks payable to the Minnesota State Board of Investment. Checks should be received 5 working days before month end. (Please include a daytime phone number for the person responsible for making the investment.)

Withdrawals:

The SBI will return funds to relief associations by means of a wire transfer only. You must include in your letter of notification the name of the bank receiving the wire, specific wire instructions for that bank, the name and phone number of a contact person at the bank, and the name and daytime phone number of a contact person for the relief association.

Fixed Interest Account:

The Fixed Interest Account cannot accept contributions from relief associations.

Management Fees:

There are no "front-end" or "back-end" loads or other administrative fees charged on purchases, redemptions or transfers in the Fund. All transactions are made using the share value established for each account.

Management fees are deducted from the investment earnings in each account before the share value for an account is computed. These deductions will vary from year to year depending on the actual management costs incurred.

Please refer to the Supplemental Investment Fund prospectus for management fee information on each of the accounts.

Note: The rates of return shown in the attached materials are net returns. All management fees are deducted before the share values and rates of return are calculated.

Reporting:

The SBI provides monthly statements to each local retirement organization participating in the Fund.

To purchase, redeem or transfer shares in any account please contact:

L. Michael Schmitt
or
James E. Heidelberg
State Board of Investment
Room 105, MEA Building
55 Sherburne Avenue
St. Paul, MN 55155
(612)296-3328
FAX (612)296-9572

MINNESOTA
STATE
BOARD OF
INVESTMENT



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Hubert H. Humphrey III

Executive Director:

Howard J. Bicker

Suite 105, MEA Bldg.
55 Sherburne Avenue
St. Paul, MN 55155
(612)296-3328
FAX (612)296-9572

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**Authorization Form
For First-Time Participants In The Supplemental Investment Fund
Regarding Deduction for Asset Based Charge**

Minnesota Statutes, section 11A.17, subdivision 10a requires an asset-based charge deduction in all accounts of the Supplemental Investment Fund (SIF). The deduction generates moneys that your organization may use to purchase additional shares in SIF accounts or to pay administrative expenses. Your organization must instruct the State Board of Investment as to how these plan assets are to be handled by checking one of the options below:

Option 1 _____

The administering organization chooses to have the plan's share of the income generated by the asset-based deduction reinvested as additional shares in the plan's name. The State Board of Investment is instructed to purchase additional shares in the plan's name until further notice.

Option 2 _____

The administering organization chooses to receive the plan's share of the income generated by the asset-based deduction. The State Board of Investment is instructed to remit these monies to the administering organization on a monthly basis until further notice. **You may choose Option 2 only if your monthly distribution per account would be at least \$100 a month.**

Plan Name: _____

Authorized By (Print/Type): _____

Signature: _____

Date: _____

Return completed form to L. Michael Schmitt, Administrative Director at the address shown.

**Local Firefighter Relief Associations
Participating in the Minnesota Supplemental Investment Fund
As of July 1998**

Adrian	Elbow Lake	Linwood	Redwood Falls
Albion	Elk River	Littlefork	Remer
Alden	Elmore	Lowry	Renville
Almelund	Emmons	Madelia	Rice Lake
Amboy	Excelsior	Madison	Rosemount
Argyle	Farmington	Madison Lake	Roseville
Ashby	Fayal	Mahtomedi	Rush City
Askov	Fergus Falls	Mapleton	Ruthton
Audubon	Forest Lake	Mapleview	Sandstone
Austin Part-Time	Frost	Marine on St. Croix	St. Clair
Bagley	Golden Valley	Mayer	St. James
Balsam	Gonvick	Maynard	St. Michael
Belle Plaine	Good Thunder	McDavitt	Scandia Valley
Bemidji	Grand Marais	McGrath	Schroeder
Benson	Grand Meadow	McIntosh	Shakopee
Berthe	Greenwood	Medicine Lake	Sherburn
Bigfork	Grey Eagle	Menahga	Shevlin
Bird Island	Hackensack	Milan	Silver Bay
Biwabik Township	Hamel	Minneota	Solway
Bloomington	Harmony	Minnertonka	Spring Lake Park
Bricelyn	Hawley	Montrose	Stephen
Brooklyn Park	Hayward	Morris	Stewart
Brooten	Hector	Morristown	Stillwater
Buffalo Lake	Henning	New Brighton	Surgeon Lake
Caledonia	Hibbing	New Germany	Thomson Township
Canby	Holdingford	New Ulm	Tofte
Carlton	Holland	New York Mills	Truman
Center City	Hovland	Nodine	Two Harbors
Chaska	Industrial	North Branch	Vergas
Cherry	Isanti	North Mankato	Vermillion Lake
Chisago City	Jacobson	North Star	Wabasha
Chokio	Jordan	Northfield	Waconia
Clarkfield	Kabetogama	Northrop	Warby-Feeley-Sago
Clear Lake	Kandiyohi	Norwood/Young America	Warroad Area
Cleveland	Kelliher	Oak Grove	Williams
Crane Lake	Kimball	Osakis	Willow River
Dawson	Lafayette	Ottertail	Winnepago
Deer Creek	Lake City	Owatonna	Woodbury
Deerwood	Lake Crystal	Pine Island	Woodstock
Delano	Lakeville	Pipestone	Wykoff
Dover	Leaf Valley	Randall	Zumbro Falls
Edgerton	Lewiston	Randolph	
Edina			