

Local Retirement Fund Investment Study Group

Office of the State Auditor
Tuesday, November 23, 2010
2 p.m. to 4 p.m.

Members Present

John Bayard, Bloomington Fire Department Relief Association President
Howard Bicker, Minnesota State Board of Investment Executive Director
Edward Burek, Legislative Commission on Pensions and Retirement Deputy Director
Bruce Duncan, Excelsior Fire Relief Association President
Dave Ganfield, Apple Valley Fire Relief Association Administrator
Rebecca Otto, State Auditor
Teri Richardson, Minnesota State Board of Investment Assistant Executive Director
J. Michael Stoffel, Duluth Teachers' Retirement Fund Association Executive Director
Gene Waschbusch, St. Paul Teachers' Retirement Fund Association Secretary-Treasurer
Nyle Zikmund, Spring Lake Park, Blaine & Mounds View Fire Department Chief

Members Excused

Others Present

Colleen Bollom, Minnesota Firefighter Pension Consultants Representative
Aaron Dahl, Pension Analyst
Celeste Grant, Deputy State Auditor/General Counsel
Rose Hennessy Allen, Pension Director
Lucas Hinz, Pension Analyst
David Kenney, Assistant Legal Counsel
Brian Rice, Minneapolis Police and Fire Relief Associations Representative

The following motions was duly made, seconded and approved:

RESOLVED to approve the November 10, 2010, Investment Study Group meeting minutes; and
RESOLVED to adopt the draft Investment Study Group legislation, as amended.

I. Call to Order

Chair Auditor Otto called the meeting to order.

II. Review and Approval of Study Group Minutes

The Study Group members reviewed the November 10, 2010, meeting minutes that were provided in advance. Bicker made a motion to approve the minutes. Zikmund seconded the motion that was adopted unanimously.

III. Review of Draft Language

- SBI List Changes (B)

Members reviewed draft language for the State Board of Investment (SBI) list of authorized investment securities. The Group agreed to change “include” to “are” on page one, subdivision 2.

- Expanded List Changes (C)

Members reviewed draft language for the expanded list of authorized investment securities. The Group agreed to change “include” to “are” on page one, paragraph (c). The Group agreed on some formatting changes to the “other investments” section, and also agreed to clarify language in the section that establishes a 15 percent limitation for volunteer fire relief associations on emerging market equity and international debt investments.

- Limited List Changes (D)

Members reviewed draft language for the limited list of authorized investment securities. The Group agreed to change “include” to “are” on page two, paragraph four.

- Volunteer Fire Changes (E)

Members reviewed draft language for the volunteer fire relief associations and agreed with the language as drafted.

- Local Police and Paid Fire Changes (F)

Members reviewed draft language for the local police and paid fire relief associations and agreed with the language as drafted.

- Local Teachers’ Fund Changes (G)

Members reviewed draft language for the local teachers’ retirement funds and agreed with the language as drafted.

Bicker made a motion to adopt all of the draft language, as amended. Burek suggested that the Group consider adding a transition provision, which is not unusual, so that pension plans have time to liquidate investments in case there are issues for them due to the proposed legislation. The Group agreed that a transition period with an end-date of June 30, 2013 should be included in the legislation. Bicker amended his motion to include the addition of a transition period. Stoffel seconded the motion, which was adopted unanimously.

IV. Discussion of Report to the Legislature

Auditor Otto explained that she envisions the report to the legislature to be in the form of a bill with a cover letter detailing the Group, its process, and the suggested legislative changes. The members wanted to emphasize in the report that the suggested legislative changes are technical in nature, were agreed upon unanimously, close some loopholes, and simplify, clarify, and update the statutes. Zikmund also emphasized that the

suggested changes are not in response to any problems, but are needed to strengthen current investment practices.

V. Other Business

Auditor Otto thanked the Investment Study Group members for their participation in the Group. The Office of the State Auditor is appreciative of the contributions made by each member and for sharing their expertise.

VI. Adjournment

The meeting was adjourned at 3:30.