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# STATE OF MINNESOTA

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### **Public Pension Investment Study Group Begins Its Work**

*By Rebecca Otto, State Auditor*

The Public Pension Investment Study Group held its first meeting on Tuesday, August 31, at the Office of the State Auditor in St. Paul. The group was created in a provision in the 2010 Omnibus Retirement Bill to study investment-related provisions, authorities, and limitations under Minnesota Statutes, chapter 356A, which governs local public pension plan investment authority, including investment authority for volunteer fire relief associations. The group is required to prepare a report by January 15, 2011 that includes an assessment of the effectiveness of current statutory prescriptions, options for change, and recommendations for consideration by the governor and the legislature during the 2011 legislative session.

#### **Group Members Include Fire Relief Representatives**

The study group is comprised of representatives from the large local public pension plans, volunteer fire relief associations, the State Board of Investment, the Legislative Commission on Pensions and Retirement, and the Office of the State Auditor.

Three members of the study group represent volunteer fire relief associations: Bruce Duncan, President of the Excelsior Fire Relief Association; Dave Ganfield, Administrator of the Apple Valley Fire Relief Association; and Nyle Zikmund, Chief of the Spring Lake Park, Blaine & Mounds View Fire Department. In addition, Dave Matlon, Treasurer of the Bloomington Fire Department Relief Association, is a group member, and a representative from the Minneapolis Firefighters' Relief Association also attends the meetings.

#### **The Study**

The investment statutes that relief associations are currently governed by were created in a piecemeal approach over the past several decades. Because of this, some laws seem contradictory or out of place. In addition, investment terminology and products have changed since most of the current laws were written.

The group began its work by conducting a side-by-side comparison of the various investment provisions in statute. By the end of their second meeting, the study group had agreed on a

number of substantive and technical changes to clarify the investment laws and provide some additional investment authority. The group's changes, if passed into law, would simplify the "lists" of authorized investment securities that relief associations must follow and also clean up outdated language.

The Group agreed to move ahead on drafting changes that would make the authorized list of investment securities for local public pension plans similar to the Minnesota State Board of Investment's list. This change would provide relief associations with expanded investment authority for exchange-traded fund investments, international investments, and alternative investments.

### **Moving Forward**

The group will be reconvening for additional meetings on November 10 and November 24 at the Office of the State Auditor in Saint Paul. Information about the Investment Study Group, including a membership list and meeting materials, is available on the Office of the State Auditor's website at:

<http://www.auditor.state.mn.us/default.aspx?page=20100826.001>.

Study group meetings are open to the public and interested parties are welcome to attend. If you have questions about the Investment Study Group, please contact Rose Hennessy Allen with the Office of the State Auditor at (651) 296-5985 or at [Rose.Hennessy-Allen@state.mn.us](mailto:Rose.Hennessy-Allen@state.mn.us).