

## MEMORANDUM

Date: August 1, 2002

To: Members of the Intergovernmental Relations Committee  
Council Member Scott Benson – Chair  
Council Member Lisa Goodman  
Council Member Barret Lane  
Council Member Natalie Johnson Lee  
Council Member Paul Ostrow  
Council Member Paul Zerby

---

From: Patrick P. Born, City Finance Officer

---

Re: Minneapolis Police Relief Association

---

City Council Resolution 2000R-061 (February 18, 2000) includes the following policy statement:

“if the Minneapolis Police Relief Association fails to maintain pension fund management practices consistent with professional fiduciary responsibilities, the City will seek legislation that would transfer responsibilities for investing pension assets from the local association to the State Board of Investment.”

The purpose of this memorandum is to provide a status report to the Mayor and IGR Committee on the pension fund management practices of the Minneapolis Police Relief Association (MPRA). The table below lists the pension fund management practices recommended by the City Finance Officer in a December 13, 1999 letter to the Intergovernmental Relations Committee and the current state of pension fund management practices. This report has been distributed to the MPRA Board Chairman and Executive Secretary so that MPRA may comment on the findings herein.

The Mayor and IGR Committee may wish to use the information of this report as well as MPRA’s response to this report in making any determination that would result in proposed legislation.

<b>Recommended Practice</b>	<b>Status</b>
<i>Hire independent investment advisor</i>	<b>Satisfied.</b> MPRA appointed Ennis Knupp as independent investment advisor in 2001.
<i>Hire general counsel</i>	<b>Satisfied.</b> The law firm of Rice, Michels & Johnson has been engaged as general counsel to MPRA.
<i>Hire professional pension administrator</i>	<b>Satisfied in part.</b> MPRA has employed two professional pension administrators, but the most recent administrator resigned in May 2002. His interim replacement is an employee of MPRA that does not have the requisite skills of a professional pension administrator.
<i>Hire experienced custodial bank</i>	<b>Satisfied.</b> Wells Fargo serves as custodial bank.
<i>Use competitive procurement practices</i>	<b>Satisfied.</b> The investment advisor, general counsel, and custodial bank were hired using competitive procurement practices and are qualified to serve in these capacities.
<i>Adhering to investment practices that advance the interest of the Association membership and beneficiaries</i>	<b>Satisfied in part.</b> MPRA has satisfied all but one of the investment practices recommended by the Finance Officer. The interim Executive Secretary does not have the requisite skills to act as the permanent pension administrator. MPRA could fully satisfy the criteria with the permanent appointment of a pension administrator or by entering into a service agreement with other pension plans to share professional staff services if such arrangement included qualified professionals.

By this letter I am informing the Mayor and members of the IGR Committee of these findings. If the Committee agrees with this finding the City would support legislation transferring the investing activities of the MPRA to the State Board of Investment.

cc: R.T. Rybak, Mayor  
John Moir, City Coordinator  
Andrea Hart-Kajer, Director- Intergovernmental Relations  
Gerald Bridgeman, President – MPRA  
Renee Tessier, Executive Director - MPRA