

**MINNESOTA  
STATE BOARD  
OF INVESTMENT**

**SPECIAL  
BOARD MEETING**

**JUNE 29, 2001**

**SPECIAL STATE BOARD OF INVESTMENT MEETING     June 29, 2001**

The State Board of Investment (SBI) met at 2:00 P.M. Friday, June 29, 2001 in Room 125 State Capitol, St. Paul, Minnesota. Governor Jesse Ventura; State Auditor Judith H. Dutcher; State Treasurer Carol C. Johnson; and Secretary of State Mary Kiffmeyer were present.

**H. Bicker:** Governor?

**J. Ventura:** Yes.

**H. Bicker:** This is all there going to be here, so.

**J. Ventura:** Oh, so this it? Okay.

**J. Dutcher:** Let's go.

**C. Eller:** The Attorney General's in court.

**J. Ventura:** Oh, he's in court, with this?

**H. Bicker:** No.

**C. Eller:** Well....

**J. Ventura:** With this shut-down business?

**C. Eller:** Shut-down.

**H. Bicker:** Yeah.

**J. Ventura:** Okay. Well, ah, I guess, do I call this to order?

**H. Bicker:** Yes.

**J. Ventura:** All right, call to order this Special SBI 2:00 Meeting or I guess to be real official 1400.

**H. Bicker:** Good afternoon Governor and Members, there is just one item on this special Board Meeting and this in an inter-agency agreement that is being proposed between the Minnesota State Board of Investment and the three statewide retirement systems. This

would allow if the State was to shut down for the State Board to continue its operations and meet its fiduciary responsibilities.

**J. Ventura:** Okay, any questions or comments by Board Members or? Hearing and seeing none, I will make a motion of approval. Is there a second?

**M. Kiffmeyer and C. Johnson:** Second.

**J. Ventura:** We have a motion. It's been seconded. All in favor, Aye (Aye), opposed (None). Motion passes.

**H. Bicker:** How did I do?

**J. Ventura:** You did very good. Now I'll make a motion to adjourn the meeting. Is there a second?

**M. Kiffmeyer and C. Johnson:** Second.

**J. Ventura:** We have a motion. It's been seconded to adjourn the meeting. In favor Aye (Aye), opposed (None). Meetings adjourned.

Meeting adjourned: 2:03 p.m.

**STATE OF MINNESOTA  
INTERAGENCY AGREEMENT**

**State Accounting Information:**

Agency: Minnesota State Board of Investment	Fiscal Year: 2002	Vendor Number
Total Amount of Contract:		Amount of Contract First FY:
Commodity Code	Commodity Code	Commodity Code
Object Code:	Object Code	Object Code:
Amount:	Amount:	Amount:

Accounting Distribution 1:	Accounting Distribution 2:	Accounting Distribution 3:
Fund: 100	Fund:	Fund
Appr: OIB	Appr:	Appr
Org/Sub: 0010	Org/Sub:	Org/Sub
Rept Catg	Rept Catg.	Rept Catg
Amount	Amount:	Amount:

**Processing Information:** (Some entries may not apply.)

Begin Date: \_\_\_\_\_

End Date: \_\_\_\_\_

Requisition: \_\_\_\_\_  
Number/Date/Entry Initials

Solicitation: \_\_\_\_\_  
Number/Date/Entry Initials

Contract: \_\_\_\_\_  
Number/Date/Entry Initials

Order: \_\_\_\_\_  
Number/Date/Signature  
*[Individual signing certifies that funds  
have been encumbered as  
required by Minn Stat. §§  
16A.15 and 16C.05.]*

WHEREAS, the Public Employees Retirement Association, by and through its Board of Trustees (PERA); the Teachers Retirement Association by and through its Board of Trustees (TRA); and the Minnesota State Retirement System, by and through its Board of Directors (MSRS) (hereinafter collectively referred to as "REQUESTING AGENCY") is empowered to enter into interagency agreements pursuant to Minn. Stat. § 471.59, subd. 10; and

WHEREAS, the State Board of Investment (SBI), (hereinafter "PROVIDING AGENCY") is empowered to enter into interagency agreements pursuant to Minn. Stat. § 471.59, subd. 10; and

WHEREAS, in the discharge of their respective duties, the REQUESTING AGENCY and the PROVIDING AGENCY owe a fiduciary duty and are subject to the standard of care as set forth in Minn. Stat. ch. 356(a) and Minn. Stat. § 11A.09; and

WHEREAS, the Public Employees Retirement Association, the Teachers Retirement Association and the Minnesota State Retirement System each have open and standing appropriations to pay the expenses of the system; and

WHEREAS, pursuant to Minn. Stat. § 11A 07, subd. 5 the Executive Director of the PROVIDING AGENCY is directed to apportion the actual expenses of the PROVIDING AGENCY on an accrual basis among the several funds whose assets are invested by the SBI on the weighted averaged assets under management during each quarter which is to be calculated, billed and paid on a quarterly basis in accordance with procedures established by the Commissioner of Finance for interagency transfers and which amounts necessary to pay those charges are appropriated from the investment earnings of each fund;

WHEREAS, in the absence of a legislative appropriation from the General Fund to the State Board of Investment from the General Fund, the PROVIDING AGENCY cannot continue to provide investment management services to the REQUESTING AGENCY; and

WHEREAS, REQUESTING AGENCY is desirous to have the PROVIDING AGENCY continue to provide necessary investment management services without interruption to ensure continued operation consistent with its statutory fiduciary duty and standard of care; and

NOW, THEREFORE, it is agreed:

- I. A PROVIDING AGENCY's DUTIES: (Attach additional page if necessary which is incorporated by reference and made a part of this agreement),  
PROVIDING AGENCY shall:

Plan, direct, coordinate and execute all administrative investment functions *inter alia* as set forth in chapter 3A, chapter 11A, chapter 352, chapter 352B, chapter 352C, chapter 352D, chapter 352F, chapter 353, chapter 353A, chapter 353B, chapter 353D, chapter 353E, chapter 354, chapter 354B, chapter 354D, chapter 356, chapter 356A and chapter 490. Execute all administrative responsibilities and provide such information as is required by PROVIDING AGENCY in conformity with Minnesota statutes and of chapter 356A. The PROVIDING AGENCY will keep detailed records and accounts and provide the REQUESTING AGENCY with a report of all charges provided under this AGREEMENT.

- B REQUESTING AGENCY's DUTIES: (Attach additional page if necessary which is incorporated by reference and made a part of this agreement),  
REQUESTING AGENCY shall:

Provide all information needed by and execute all administrative responsibilities as needed for the PROVIDING AGENCY to fulfill its duties pursuant to this AGREEMENT.

II. CONSIDERATION AND TERMS OF PAYMENT:

- A. CONSIDERATION: The consideration for all services performed by the PROVIDING AGENCY pursuant to this Agreement shall be paid by the REQUESTING AGENCY pursuant to this Agreement, shall be no more than \$214,917.00 per month and shall be paid as follows:

The Executive Director of the SBI shall apportion actual expenses incurred by the SBI on an accrual basis among each of the several funds collectively referred to as the REQUESTING AGENCY based on the weighted average assets under management. The charge to each fund will be calculated, billed and paid or transferred to the Department of Finance, Administration and Employee Relations as necessary to meet payroll and other administrative obligations of the State Board of Investment until such time as legislative appropriations from the General Fund are made to the State Board of Investment for such purposes. The amounts necessary to pay the charges to the REQUESTING AGENCY are appropriated from the investment earnings of each fund payable from the accounts maintained for the State Board of Investment by the custodian banks for the State Board of Investment. At such time as the legislative General Fund appropriations to the State Board of Investment become available to the State Board of Investment for expenditure, the amount of charges, if any, advanced to the SBI to cover expenses of the State Board of Investment shall be credited to the General Fund as nondedicated receipts.

- B. **TERMS OF PAYMENT:** Payment shall be made by the REQUESTING AGENCY promptly after the PROVIDING AGENCY has presented invoices to REQUESTING AGENCY.

III. **TERM OF AGREEMENT:** This Agreement shall be effective on July 1, 2001, or upon the date that the final required signature is obtained by the REQUESTING AGENCY, pursuant to Minn. Stat. § 16C.05, subd. 2, whichever occurs later, and shall remain in effect until final enactment of the Fiscal Year 2002-2003 Biennial Budget or until all obligations set forth in this Contract have been satisfactorily fulfilled or the Contract has been canceled, whichever occurs first.

IV. **CANCELLATION.** This Contract may be canceled by the REQUESTING AGENCY or PROVIDING AGENCY at any time, with or without cause, upon two (2) business days' written notice to the other party. In the event of such a cancellation, the PROVIDING AGENCY shall be entitled to payment, determined on a pro rata basis, for work or services satisfactorily performed.

V. **AUTHORIZED REPRESENTATIVE:** The REQUESTING AGENCY's Authorized Representatives for the purposes of administration of this Agreement are the Executive Directors of PERA, TRA, and MSRS. The PROVIDING AGENCY's Authorized Representative for the purposes of administration of this Agreement is the Executive Director of the State Board of Investment. Each Authorized Representative shall have final authority for acceptance of services of the other party and shall have responsibility to ensure that all payments due to the other party are made pursuant to the terms of this Agreement.

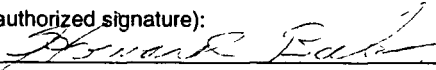
VI. **ASSIGNMENT:** Neither the PROVIDING AGENCY nor the REQUESTING AGENCY shall assign nor transfer any rights or obligations under this Agreement without prior written consent of the other party

VII. **AMENDMENTS.** Any amendments to this Agreement shall be in writing, and shall be executed by the parties who executed the original agreement or their successors in office.

IN WITNESS WHEREOF, the parties have caused this Contract to be duly executed intending to be bound thereby.

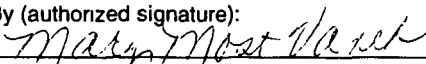
APPROVED:

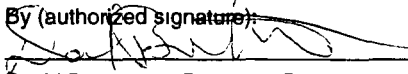
1. PROVIDING AGENCY:

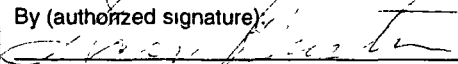
<u>Minnesota State Board of Investment</u>
By (authorized signature): 
Howard Bicker, Executive Director
Date: 6/29/01

2. REQUESTING AGENCY:

Agency signatory certifies that funds have been encumbered as required by Minn. Stat. §§ 16A.15 and 16C.05.

<u>Public Employees Retirement Association</u>
By (authorized signature): 
Mary Most Vanek, Executive Director
Date: 6/29/01

<u>Minnesota State Retirement System</u>
By (authorized signature): 
David Bergstrom, Executive Director
Date: 6/29/01

<u>Teachers Retirement Association</u>
By (authorized signature): 
Gary Austin, Executive Director
Date: 6/29/01