

**MINNESOTA
STATE
BOARD OF
INVESTMENT**



Board Members:

**Governor
Mark Dayton**

**State Auditor
Rebecca Otto**

**Secretary of State
Steve Simon**

**Attorney General
Lori Swanson**

**Executive Director &
Chief Investment
Officer:**

Mansco Perry

**60 Empire Drive
Suite 355
St. Paul, MN 55103
(651) 296-3328
FAX (651) 296-9572
E-mail:
minn.sbi@state.mn.us
www.sbi.state.mn.us**

**An Equal Opportunity
Employer**

Investment Authority for the Statewide Volunteer Firefighters Fund

The assets of the Public Employee Retirement Association's Statewide Volunteer Firefighters Fund are invested in the Volunteer Firefighter Account within the Supplemental Investment Fund which is administered under the direction and authority of the Minnesota State Board of Investment (SBI) in accordance with Minnesota Statutes, Chapters 11A and 356G. The Supplemental Investment Fund is an investment pool that includes retirement assets of a variety of state and local government retirement plans including the Statewide Volunteer Firefighters Fund. For more information on the Supplemental Investment Fund structure and management, see the SBI's annual report available at <http://mn.gov/sbi/>.

Investment Policy

The SBI includes Minnesota's Governor, State Auditor, Secretary of State, and Attorney General. The Minnesota Legislature has established a 17-member Investment Advisory Council (IAC) to advise the SBI and its staff on investment-related matters. Investment policy states that the SBI will operate within investment practices of the prudent person. The SBI is to "exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable income to be derived therefrom."

The Volunteer Firefighter Account investments include a balanced portfolio of U.S. and international common stocks, fixed income securities, and cash. The long-term target asset allocation of the Volunteer Firefighter Account is as follows:

Asset Class	Target Allocation
Domestic Stocks	35%
International Stocks	15%
Bonds	45%
Cash	5%

Statewide Volunteer Firefighters Fund Assets Under Management

The SBI has prepared the Schedule of Investments by Employer for the Statewide Volunteer Firefighters Fund as of December 31, 2016, and takes responsibility for the accuracy of the investment amounts presented.

Annual Audit

Each year a financial and compliance audit of the SBI is performed by the Minnesota Office of the Legislative Auditor as part of its audit of the State of Minnesota's Comprehensive Annual Financial Report as of and for the year ended June 30. A copy of the auditor's conclusions for the year ended June 30, 2015, and June 30, 2016, are attached.

Respectfully submitted,

Mansco Perry III
Executive Director

February 22, 2017

Minnesota State Board of Investment
Statewide Volunteer Firefighters Fund
Schedule of Investment by Employer
As of December 31, 2016

Plan Name	Market Value
Aitkin Fire Relief	942,370.76
Albert Lea Township Relief Association	286,834.02
Alborn Fire	203,781.30
Ashby Fire	427,095.74
Aurora Fire	202,014.97
Barnum Fire	323,922.65
Barrett Fire	143,414.47
Belview	224,782.64
Biwabik Township	245,926.36
Blomkest Fire	169,502.68
Brandon VFD	306,890.71
Breitung Township VFD	296,644.36
Brevator Fire	175,281.09
Bricelyn Fire	408,563.24
Brook Park	243,497.33
Browerville Relief Association	306,335.04
Buyck VFD	94,555.55
Cambridge Fire Relief	732,012.69
Canby Fire	510,287.66
Carsonville Fire	235,315.77
Center City Fire	391,514.44
Central Lakes VFD	35,583.13
City of Alden	218,714.37
City of Emmons	386,760.55
City of Grand Marais	399,605.49
City of Lexington	593,987.99
City of Scandia	723,514.11
Clarks Grove	144,829.60
Clifton Relief Association	408,319.88
Colvill Area VFD	128,362.83
Colvin Volunteer Firefighters	82,281.94
Cosmos Fire Department Relief Association	272,597.47
Cottage Grove Fire	2,360,530.38
Crane Lake VFD	149,833.75
Crookston Firefighters' Relief Association	586,508.85
Culver	69,829.16
Dalbo Fire Dept Relief Association	400,082.75
De Graff	47,640.55
Delavan Fire	221,965.17
Dent Firefighters Relief Association	357,536.00
Eagle's Nest Fire	23,147.30
Echo Firemens Relief Association	257,729.36

Minnesota State Board of Investment
Statewide Volunteer Firefighters Fund
Schedule of Investment by Employer
As of December 31, 2016

Plan Name	Market Value
Elbow Tulaby Lakes	134,187.78
Ellsburg Fire	107,843.75
Elmore Fire	244,755.80
Ely Fire	442,981.69
Embarrass VFD	230,208.00
Evergreen Fire	28,017.78
Fairfax Fire	342,949.10
Federal Dam Fire Relief	145,109.16
Forada Fire	473,826.95
Fredenberg Fire	232,555.00
French Township Firefighters' Relief Association	149,529.02
Frost Fire	208,046.83
Geneva Fire Relief Association	200,997.70
Gilbert Fire Dept Relief Association	248,953.86
Gnesen Volunteer Fire Relief	291,320.86
Goodview Fire Relief	388,008.23
Grand Lake Volunteer Fire Dept. R.A.	465,384.50
Granite Falls Fireman's Relief Assoc.	557,508.38
Greenwood Fire	595,166.29
Hardwick Fire	164,268.16
Henning Fire	369,573.06
Hermantown Firefighters' Relief Association	1,340,597.89
Hewitt Fire	140,104.74
Hill City	185,058.95
Hitterdal Volunteer Firefighters' Relief Association	227,467.08
Hollandale Fire	149,046.14
Houston Fire	451,777.25
HOVLAND AREA FIREFIGHTERS RELIEF ASSOC	172,955.09
Hoyt Lakes	323,961.04
INDUSTRIAL FIRE FIGHTERS RELIEF ASSOC	332,588.09
Isanti	2,379,500.09
Kelliher Fire	221,505.72
Kettle River Fire	154,156.57
Lake Bronson Fire	180,755.90
Lakeland VFD	333,273.07
Lancaster Fire Relief Association	136,743.21
Le Sueur Fire Relief Association	1,098,515.55
Lester Prairie VFD	368,643.42
Lino Lakes Fire Relief	44,527.22
Linwood Fire	763,964.59
Lutsen Township	234,424.13
Lynd Firemen's Relief Association	81,246.60

Minnesota State Board of Investment
Statewide Volunteer Firefighters Fund
Schedule of Investment by Employer
As of December 31, 2016

Plan Name	Market Value
Mahtomedi Fire	1,786,299.01
Mahtowa Fire Relief Assoc	223,631.81
Manchester	171,616.07
MAYER FIRE DEPARTMENT RELIEF ASSOC	749,730.11
McGregor Fire Relief	691,292.14
McKinley Fire	99,806.25
Melrose Fire Relief Association	526,490.23
Milaca Firefighters Relief Association	737,087.93
Montrose	874,210.99
Mountain Iron FRA	354,552.21
Newfolden Fire Department Relief Association	172,392.48
Normanna VFD	75,651.46
North Star Fire	79,285.65
Northhome Fire	165,246.65
Northland Fire Relief	76,182.90
NORWOOD YOUNG AMERICA FIREFIGHTERS RELIEF ASSN	748,797.58
Oak Grove Fire	1,397,542.51
Oakdale Fire	2,848,243.39
Ogilvie VFD	325,425.40
OSAKIS FIREMEN'S RELIEF ASSOC	777,927.65
Ottertail Fire	487,327.85
Palisade	206,992.00
Palo Regional Fire/Town of White	320,185.39
Parkers Prarie Fire	369,971.33
Pennock Fire	403,864.82
Pequaywan Lake Fire	98,842.78
Pike-Sandy-Britt Volunteer Fire Relief Association	337,492.92
Plato Fire Relief	357,821.48
Porter Fire	573,760.25
Raymond Volunteer Fire	308,073.58
RICE LAKE FIREMENS RELIEF ASSOC	598,640.87
Sabin Elmwood Fire Relief	341,291.92
Sacred Heart Fire	134,895.81
Saint Francis Fire Relief Association	685,791.34
Saint Leo Fire Relief	211,197.19
Saint Paul Park Fire Relief Association	761,009.00
Scandia Valley Fire	336,626.78
SHEVLIN FIREMEN'S RELIEF ASSN	306,817.40
Silver Lake	346,829.22
Solway Fire(Cloquet)	259,689.25
Solway Firefighters(* Main)	121,460.12
Spring Grove Fire Dept. Relief A	205,538.84

Minnesota State Board of Investment
 Statewide Volunteer Firefighters Fund
 Schedule of Investment by Employer
 As of December 31, 2016

Plan Name	Market Value
Spring Lake Park	14,514,551.53
Stephen Fire	266,846.41
Sunburg VFD	214,199.53
Tower Fire	196,077.34
Twin Valley	290,833.22
Ulen Volunteer Fire	229,665.32
Vesta Firemen's Relief Association	144,204.15
Victoria Fire Relief Assoc	1,064,510.83
Waconia Fire	1,329,337.85
Waite Park FRA	756,916.60
Warba - Feeley - Sago	192,970.19
Willmar Fire	1,383,233.58
Winnebago Fire	470,982.25
Wolf Lake Fire	217,172.64
Wright Fire	164,256.95



OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA • James Nobles, Legislative Auditor

January 28, 2016

Mr. Mansco Perry III, Executive Director and Chief Investment Officer
Minnesota State Board of Investment
60 Empire Drive, Suite 355
Saint Paul, MN 55103

Dear Mr. Perry:

The financial activity of the State Board of Investment, including the assets under investment, is included as part of the primary government in the State of Minnesota's annual comprehensive annual financial report (CAFR). The Office of the Legislative Auditor (OLA) audits this report and provides an independent auditor's report (audit opinion) on the accuracy and fairness of the presentation of various financial statements, footnote disclosures, and other information in the CAFR to the Department of Management and Budget. We issued an unqualified (clean) opinion on the CAFR for the fiscal year ended June 30, 2015. Your financial activity is included in the scope of that audit opinion.

In the state's CAFR, you will find the investments included in the Fiduciary Fund's financial statements (pages 45-47), which summarizes the detailed financial activity presented in the Pension Trust Fund and the Investment Trust Fund's financial statements (pages 210-223). There are also two footnote disclosures in the CAFR, which relate specifically to investments and pensions: Footnote 2 – Cash, Investments, and Derivative Instruments and Footnote 8 – Pension and Investment Trust Funds. Any financial activity of the State Board of Investment recorded in the General Fund would be indistinguishable from the state's other General Fund financial activity.

In addition, OLA audits the three statewide pension plans administered by the State of Minnesota: Minnesota State Retirement System (MSRS), Public Employees Retirement Association (PERA), and Teachers Retirement Association (TRA). Each retirement plan prepares and issues its own individual comprehensive annual financial report for its respective pension funds. Those reports include the same investment information that rolls into the state's CAFR. OLA provides an independent auditor's report (audit opinion) on each pension plan's financial report. The scope of those unqualified (clean) opinions includes the investment assets administered by the State Board of Investment.

We also provide the state and each retirement plan with a report on the Internal Controls Over Financial Reporting. For the fiscal year ending June 30, 2015, we had no written findings for any of the pension plans and no written findings or recommendations directed toward the State Board of Investment in the report to the Department of Management and Budget. When those reports are issued by OLA, they will be published on our website.

Mr. Mansco Perry III, Executive Director and Chief Investment Officer
January 28, 2016
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Due to the significance and material nature of the financial activity administered by the State Board of Investment to the pension plans and the state as a whole, we devote significant audit resources to specifically test, verify, and confirm investment balances and other investment-related financial activity.

The OLA audit opinions for the year ended June 30, 2015, for the state's CAFR and the three statewide pension plans are available at the following links:

State of MN: [2015 State of MN CAFR](#)

MSRS: [2015 MSRS CAFR](#)

PERA: [2015 PERA CAFR](#)

TRA: [2015 TRA CAFR](#)

We appreciate the cooperation and assistance provided by the staff and administration of the State Board of Investment throughout our audit process.

Sincerely,

A handwritten signature in black ink, appearing to read "Tracy Gebhard". The signature is written in a cursive, flowing style.

Tracy Gebhard, CPA
Audit Director

Cc: Paul Anderson, Chief Financial Officer
LeaAnn Stagg, Chief Operating Officer



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STATE OF MINNESOTA • James Nobles, Legislative Auditor

January 13, 2017

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In the state's CAFR, you will find the investments included in the Fiduciary Fund financial statements (pages 45-47), which summarizes the detailed financial activity presented in the Pension Trust Fund and the Investment Trust Fund financial statements (pages 220-233). There are also two footnote disclosures in the CAFR, which relate specifically to investments and pensions: Footnote 2 – Cash, Investments, and Derivative Instruments; and Footnote 8 – Pension and Investment Trust Funds. Any financial activity of the State Board of Investment recorded in the General Fund would be indistinguishable from the state's other General Fund financial activity.

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MSRS: [2016 MSRS CAFR](#)

PERA: [2016 PERA CAFR](#)

TRA: [2016 TRA CAFR](#)

We appreciate the cooperation and assistance provided by the staff and administration of the State Board of Investment throughout our audit process.

Sincerely,



Tracy Gebhard, CPA
Audit Director

Cc: Paul Anderson, Chief Financial Officer
LeaAnn Stagg, Chief Operating Officer