

#### **MINNESOTA**

Big Island party scene's big worry

BUSINESS General Mills bets on feeding Fido

## SUNDAY

HEALTH

Working can help preserve memory MINNESOTA

Hating on Edina? It's a long story

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# Starribune



State has

\$297M

invested

in tobacco

Retirement fund holdings

are fraught with financial

jessie.vanberkel@startribune.com

nesota reached a landmark

settlement with the tobacco

industry and dumped much

of its stock, the state has at

least \$297 million invested in major tobacco companies,

from Philip Morris to British

through a state board respon-

sible for managing public

employees' retirement funds,

remain despite efforts by

public officials to divest from

tobacco on financial and moral

Board of Investment, which

oversees the state's \$95.7 billion investment portfolio,

said they were surprised to

learn about the extent of state

money in tobacco companies, which remain financially resil-

ient even as their political

said Attorney General Keith

Ellison, one of four board

members. He said he would

ask about those investments.

was at the forefront of a call to

remove tobacco investments

in the 1990s, described the state's investment in tobacco

as particularly hypocritical,

See TOBACCO on A6▶

though not uncommon.

Alan Blum, a doctor who

"It is concerning to me,"

clout has waned.

Some members of the State

The investments, held

American Tobacco.

grounds.

Two decades after Min-

and ethical dilemmas.

By JESSIE VAN BERKEL

## Freeman: 'It was time' for treatment

Job stress contributed to alcohol abuse. Now he says he's ready for work.

By DAVID CHANEN david.chanen@startribune.com

Hennepin County Attorney Mike Freeman can't point to a particular moment that convinced him in May that it was time to seek help for his alcoholism.

It was a series of things, he said: The long illness and death of his mother, DFL Party icon Jane Freeman; a tough reelection battle in 2018; ongoing consternation in the community over the fatal police shooting of Jamar Clark; the murder trial of former Minneapolis police officer Mohamed Noor.

"They were all huge stressors," Freeman said Thursday, in his first extensive interview since returning from a medical leave in June.

"You don't think this stuff can get to you. But guess what? It did."

Freeman admitted that sharing his struggles with alcohol was very difficult. "I'm a human and none of us like to admit our failures," he said.

He voluntarily sought outpatient treatment and benefited from it, he said, but will need to continue his recovery through active participation in Alcoholics Anonymous.

"Alcohol had no impact on the way I did my job," he said. "I never got into a situation where I was drinking See FREEMAN on All >



NICOLE NERI - Star Tribune

"You don't think this stuff can get to you. But guess what? It did."

Hennepin County Attorney Mike Freeman

## 20 killed, 26 injured in El Paso shooting



MARK LAMBIE • El Paso Times via Associated Press

Employees consoled each other after a shooting at an El Paso Walmart. The store was full of back-to-school shoppers.

## Packed Walmart attacked; racist post could hold motive

By ROBERT MOORE, HANNAH KNOWLES and MICHAEL S. ROSENWALD • Washington Post

EL PASO, TEXAS - A gunman wielding an assault-style rifle killed at least 20 people and injured 26 on Saturday at a busy Walmart and shopping mall not far from the Mexican border, authorities said, in the latest mass shooting to shatter a community and shake the country.

The attack, just before 10 a.m. on a scorching Texas summer day, sent shoppers racing for cover in a chaotic but all-too-familiar scene of carnage that prompted a massive police and medical response.

One official said the specific number of people killed and injured was subject to change, noting that some of the victims were in critical condition. It was not known how many of the injured were shot or were hurt trying to escape the scene.

Two law enforcement officials familiar with the inquiry, who spoke on the condition of anonymity, identified the suspect as Patrick Crusius, a 21-year-old from a suburb near Dallas. He was arrested without incident.

One avenue of inquiry is a manifesto that includes remarks attacking immigrants and is sympathetic to a man charged with killing 51 people earlier this year at See EL PASO on A9>



CELIA TALBOT TOBIN • New York Times Sgt. Robert Gomez said anywhere from 1,000 to 3,000 shoppers were at Walmart when the attack happened.

The toll of mass shootings A look at other recent attacks across the United States. A9

## Colleges paid big money to search firms

State schools say expense helps them compete for the top administrators.

By MILA KOUMPILOVA mkoumpilova@startribune.com

In the hunt for Minnesota campus leaders, executive search firms have come to wield increasing clout.

The University of Minnesota and the Minnesota State system together have paid more than \$10 million in the past five years for outside help in recruiting administrators. St. Cloud State University alone spent more than \$850,000 on roughly 20 searches since 2012, sometimes paying separately to select interim and permanent leaders.

Once sought out primarily to recruit top leaders, search firms now routinely help with filling lower-level positions, including community college deans, according to contracts and spending data obtained by the Star Tribune. During the U's recent presidential search, regents decried the "perverse incentive" created by search fees based on the hire's starting pay. Yet the firms chosen

See SEARCH on All >

### The littler, but still great Minnesota get-togethers

By JOHN REINAN • john.reinan@startribune.com

LITCHFIELD, MINN. - In just a couple of weeks, the annual celebration of excess that's the Minnesota State Fair will be underway.

But there's a different kind of fair being held all over Minnesota right now, one that's smaller, sweeter - and, in its own way, bigger.

While some 2 million Minnesotans attend the State Fair each year, more than 2.6 million flock to 90 county fairs throughout the summer months.

Many of the attractions are the same: food, games, farm animals and carnival rides. But the vibe in the counties is more relaxed, less harried.

At the Meeker County Fair in this town some 65 miles west of the Twin Cities, parking is free. Just pull into the grassy field across the road from the fairgrounds, surrounded by waving rows of ripening cornstalks.

See FAIRS on A9 ▶



AARON LAVINSKY • aaron.lavinsky@startribune.com Don Koch, 85, of Litchfield, was at the Meeker County Fair with his wife, Mary, 83.

A6 - STAR TRIBUNE SUNDAY, AUGUST 4, 2019

#### NATION & WORLD

#### RUSSIA

#### Authorities to investigate anti-graft group

As thousands of riot police officers flooded central Moscow to curb protests calling for fair elections, Russian authorities announced they had opened a criminal investigation into money laundering against an anticorruption organization led by Alexei Navalny, Russia's most prominent opposition activist. The case involved funding for the anticorruption group's work of around \$15 million in "money obtained by criminal means." The case is a sharp escalation in the Kremlin's drive to silence Navalny, the driving force behind a surge of public dissent in recent weeks, and to snuff out opposition to President Vladimir Putin, whose popularity has slumped as Russia's economy continues to stagnate.

#### ITALY

#### Men arrested in deadly nightclub stampede

Italian authorities have detained seven men in connection with a deadly nightclub stampede last year, prosecutors said, accusing them of belonging to a gang that frequented music venues and pepper-sprayed clubgoers before robbing them. The arrests were the first in an investigation that began after the Dec. 8 stampede at the Lanterna Azzurra club in the central Italian town of Corinaldo, where a popular Italian rapper was scheduled to perform. Five teenagers and a parent were crushed to death and 197 people were injured.

#### TEXAS

#### Officer trying to shoot dog kills woman

A woman was accidentally shot and killed by a rookie Arlington police officer whose bullets were intended for her loose dog, the police said, an episode caught on the officer's body camera. The victim of the shooting, which happened near a shopping center in the Dallas suburb, was identified as Margarita Brooks. The 30-year-old known as Maggie appeared to be homeless, people in the neighborhood said.

#### MARYLAND

#### Cummings' response: Come visit Baltimore

Maryland Rep. Elijah Cummings invited President Donald Trump and other Americans to visit Baltimore but declined to respond in kind to the barrage of presidential tweets and comments disparaging him and the city he has long represented. "We are a great community," said Cummings, the chairman of the powerful House Oversight Committee investigating the Trump administration, as he participated in the midday opening of a small neighborhood park.

#### CALIFORNIA

#### Romanian tourist dies after fall at Yosemite

A Romanian tourist died in a fall near a waterfall in Yosemite National Park in California. Authorities said 21-year-old Lucian Miu was scrambling on wet rocks below Bridalveil Fall when he fell about 20 feet. He died at a hospital. The Fresno Bee said two other people were injured in separate falls in the park last week. One had hiked to a viewing platform below Bridalveil Fall and slipped while climbing up a boulder field toward a pool at the base. The other slipped off a boulder at Lower Yosemite Fall and fell into a creek Thursday.

NEWS SERVICES

## State has \$297M invested in tobacco firms

▼ TOBACCO from A1

Minnesota was among the first states to sue tobacco companies for health care costs in the 1990s. It was the first to enact a Clean Indoor Air Act in 1975. And the state was home to one of the leaders of the Great American Smokeout, an annual event to encourage smokers to quit.

"It's contemptible for Minnesota especially," said Blum, director of the University of Alabama's Center for the Study of Tobacco and Society.

The push to divest followed the state's first-in-the-nation tobacco trial in 1998, which resulted in a record \$6.5 billion payout from the industry to recover the public health costs of smoking.

The settlement with the state and Blue Cross Blue Shield of Minnesota was structured to spread the payments out over 25 years, a period during which the industry faced the threat of more potentially costly settlements. Among the defendants were Philip Morris and British American Tobacco, companies in which the state currently owns shares.

Then-Minnesota Attorney General Hubert Humphrey III accused the tobacco companies of misleading the public about the dangers of smoking and suppressing research on nicotine.

Humphrey, who was running for governor at the time, announced that the tobacco industry had "surrendered on our terms." But Big Tobacco has proved an alluring investment for other public and private investors over the years.

Philip Morris stock traded around \$83.50 on Friday, a nearly 80% increase over its value 10 years ago. An investment in British American Tobacco is up about 20% over the same period.

State officials' decision to divest from tobacco by 2001 was described at the time as fiscally prudent. They expected the companies to take a financial hit after the lawsuits and wanted to protect retirees





Attorney

General





Secretary

of State



State Auditor

said in a statement.

Blaha praised the state's limited divestment moves and echoed Perry's concerns about the complexity of divesting from passively managed funds.

"I believe that the choice did make progress," she said of the partial removal of tobacco investments. "It had an impact. I don't think you have to have absolute [divestment] to make an impact."

Blum sees it in more stark terms. "They're saying, 'We're going to get our returns over the bodies of 480,000 Americans," Blum said, citing the Centers for Disease Control and Prevention's calculated annual total death toll from cigarette smoking.

But Blum acknowledged that when it comes to divesting from tobacco, the impact is limited. He said someone else will just buy up the stock if the state sells its shares.

Rather than divesting, it can be more productive to concentrate on finding good investment opportunities that align with an organization's values, said Susan Hammel, a consultant who specializes in helping organizations make socially conscious investments.

Many foundations, as well as private and public institutions, are considering environmental, social and governance criteria when investing, she said. More investment committees and fiduciaries are looking at risks associated with companies, like those in the fossil fuel industry, that don't align with their beliefs, she said.

Simon, the secretary of state, said the investment board continues to grapple with how to balance fiduciary and ethical concerns.

"We have a fiduciary duty, but how far does that go?" Simon said. "We could all cook up hypotheticals about, even if company does X? Even if industry does Y? Even if this nationstate does Z? Really? You're still going to maximize returns?"

Tim Walz

Governor

#### THE STATE BOARD OF INVESTMENT

The State Board of Investment (SBI) guides the management of investments for public employee retirement funds, trust funds and state cash accounts. It is made up of four elected officials: the governor, who is the chairman, along with the attorney general, secretary of state and state auditor.

SBI Executive Director Mansco Perry and his staff implement the board's policies and handle daily operations such as allocating investments and monitoring money managers.

A 17-person Investment Advisory Council, which includes people with finance and investment experience, advises the board.

from losing money.

"When we made the decision for tobacco, it was made on economic grounds. If you were to look back over the ensuing 21 years since that was made, we were dead wrong," State Board of Investment Executive Director Mansco Perry said.

The biggest retirement system in the country, California's CalPERS, removed its investments in tobacco around the same time as Minnesota. A 2016 analysis commissioned by CalPERS found the fund had made about \$3.6 billion less than it would have if they retained the investments.

Minnesota's divestment from tobacco was limited. It could have made a little more money if it did not divest, Perry said, but it did not lose out on nearly as much as other places.

Investment board officials had opted to end the stake in major tobacco product manufacturers in funds where managers are actively choosing investments or where the equities are part of semi-passive funds. But in passively managed funds, which automatically match the stocks in an index rather than having fund managers select them, making the switch would be laborintensive and costly, Perry said.

"One way we make money is not to spend it," he said.

The tobacco holdings are a

tiny fraction of the State Board of Investment's massive investment portfolio, according to a Star Tribune review of the most recent asset listing from December 2018. The board generates returns for various retirement funds, trust funds and state cash accounts. For Perry and members of the State Board of Investment — made up of Ellison, Gov. Tim Walz, State Auditor Julie Blaha and Secretary of State Steve Simon state law says their primary responsibility is to retirees and public employees, meaning they need to act in the employees' best interest financially. "If I make a decision because

I just don't like something, well, is that a breach of my fiduciary duty or not a breach of my fiduciary duty?" Perry said. "And so that's the fine line." Walz's office said his

responsibility as a fiduciary cannot be subject to his opinions. "Governor Walz relies on the experts at the State Board of Investments and Investment Advisory Council to make investing decisions in the best interest of Minnesota's employees and retirees," spokesman Teddy Tschann Jessie Van Berkel • 651-925-5044

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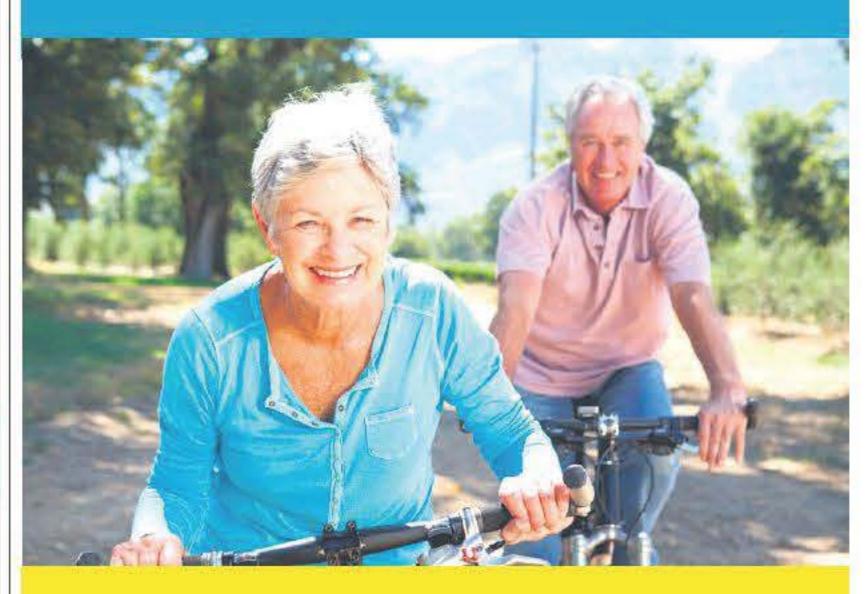
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