

CHAPTER 587 — S.F.No. 1239

An act relating to the operation of state government; authorizing the state board of investment to employ investment management firms to invest certain funds on its behalf; permitting the board to invest in certain housing finance agency loans; appropriating money; amending Minnesota Statutes 1980, Section 11A.04; and Minnesota Statutes 1981 Supplement, Section 11A.24, Subdivision 4.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1980, Section 11A.04, is amended to read:

11A.04 DUTIES AND POWERS.

The state board shall:

- (1) Act as trustees for each fund for which it invests or manages moneys in accordance with the standard of care set forth in section 11A.09.
- (2) Formulate policies and procedures deemed necessary and appropriate to carry out its functions. Procedures adopted by the board shall allow fund beneficiaries and members of the public to become informed of proposed board actions. Procedures and policies of the board shall not be subject to the administrative procedure act.
- (3) Employ an executive director as provided in section 11A.07.
- (4) Employ investment advisors and consultants as it deems necessary.
- (5) Prescribe policies concerning personal investments of all employees of the board to prevent conflicts of interest.
- (6) Maintain a record of its proceedings.
- (7) As it deems necessary, establish advisory committees subject to the provisions of section 15.059 to assist the board in carrying out its duties.
- (8) Not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or his agent.
- (9) Direct the state treasurer to sell property other than money which has escheated to the state when the board determines that sale of the property is in the best interest of the state. Escheated property shall be sold to the highest bidder in the manner and upon terms and conditions prescribed by the board.
- (10) Undertake any other activities necessary to implement the duties and powers set forth in this section.
- (11) Establish a formula or formulas to measure management performance and return on investment. All public pension funds in the state shall utilize the formula or formulas developed by the state board.

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(12) Except as otherwise provided in article XI, section 8 of the constitution of the state of Minnesota, employ, at its discretion, qualified private firms to invest and manage the assets of funds over which the state board has investment management responsibility. There is annually appropriated to the state board, from the assets of the funds for which the state board utilizes a private investment manager, sums sufficient to pay the costs therefor. Each year, by January 15, the board shall report to the governor and legislature on the cost and the investment performance of each investment manager employed by the board.

Sec. 2. Minnesota Statutes 1981 Supplement, Section 11A.24, Subdivision 4, is amended to read:

Subd. 4. **OTHER OBLIGATIONS.** The state board may invest funds in bankers acceptances, certificates of deposit, commercial paper, mortgage participation certificates and pools, repurchase agreements and reverse repurchase agreements and savings accounts if they conform to the following provisions:

(a) Bankers acceptances of United States banks shall be limited to those eligible for purchase by the Federal Reserve System;

(b) Certificates of deposit shall be limited to those issued by banks and savings institutions that meet the collateral requirements established in section 9.031, unless sufficient volume is unavailable at competitive interest rates. In that event, noncollateralized certificates of deposit may be purchased from United States banks and savings institutions that are rated in the highest quality category by a nationally recognized rating agency;

(c) Commercial paper shall be limited to those issued by United States corporations or their Canadian subsidiaries, shall be of the highest quality and mature in 270 days or less;

(d) Mortgage participation or pass through certificates evidencing interests in pools of first mortgages or trust deeds on improved real estate located in the United States where the loan to value ratio for each loan as calculated in accordance with section 61A.28, subdivision 3 does not exceed 80 percent for fully amortizable residential properties and in all other respects meets the requirements of section 61A.28, subdivision 3. In addition the state board may purchase from the Minnesota housing finance agency all or any part of any pool of residential mortgages, not in default, which has previously been financed by the issuance of bonds or notes of the agency. The state board may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding twelve years from the date of the issue, the amount of mortgage loans then outstanding and not in default, which have been made or purchased from the proceeds of the bonds or notes. The state board may charge reasonable fees for any such commitment, and may agree to purchase the mortgage loans at a price such that the yield thereon to the state board will, in its judgment, be comparable to that available on similar

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mortgage loans at the date of the bonds or notes. The state board may also enter into agreements with the agency for the investment of any portion of the funds of the agency for such period, with such withdrawal privileges, and at such guaranteed rate of return, if any, as may be agreed between the state board and the agency.

(e) Repurchase agreements and reverse repurchase agreements shall be limited to the securities described in subdivision 2, clause (a);

(f) Savings accounts shall be limited to those fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Sec. 3. EFFECTIVE DATE.

This act is effective on the day following final enactment.

.. Approved March 22, 1982

CHAPTER 588 — H.F.No. 1278

An act relating to public employment labor relations; clarifying the definition of "employer"; amending Minnesota Statutes 1980, Section 179.63, Subdivision 4.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1980, Section 179.63, Subdivision 4, is amended to read:

Subd. 4. "Public employer" or "employer" means (a) the state of Minnesota in respect to employees of the state not otherwise provided for in this subdivision or section 179.74 for executive branch employees; (b) the board of regents of the University of Minnesota, in respect to employees thereof; and (c) notwithstanding sections 260.311, 384.08, 385.02, 386.33, 387.14, 388.10, 390.05, 487.10, or other law, the governing body of a political subdivision or agency or instrumentality thereof which has final budgetary approval authority, in respect to employees of that subdivision, agency or instrumentality, provided that the views of elected appointing authorities who shall have standing to initiate interest arbitration, and who are responsible for the selection, direction, discipline, and discharge of individual employees shall be considered by the employer in the course of the discharge of their rights and duties under section 179.61 to 179.76. When two or more units of government subject to the provisions of sections 179.61 to 179.76 undertake a project or form a new agency of government under chapter 402, or section 471.59, or other law authorizing common or joint action, the employer for purposes of sections 179.61 to 179.76 shall be the governing

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