

which processors licensed in Minnesota sell milk have in effect content requirements identical to those in section 1.

Approved March 19, 1986

CHAPTER 355—H.F.No. 1871

An act relating to veterans; providing for payment of compensation to certain patients and residents of state institutions; amending Minnesota Statutes 1984, section 246.151.

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

Section 1. Minnesota Statutes 1984, section 246.151, is amended to read:

246.151 COMPENSATION PAID TO PATIENT.

Subdivision 1. **COMPENSATION.** Notwithstanding any law to the contrary, the ~~commissioner~~ commissioners of human services ~~is~~ and veterans affairs are authorized to provide for the payment to patients or residents of state institutions under ~~his~~ their management and control of such pecuniary compensation as ~~he~~ they may deem proper, the amount of compensation to depend upon the quality and character of the work performed as determined by the commissioner and the chief executive officer, but in no case less than 25 percent of the minimum wage established pursuant to section 177.24.

Subd. 2. **IMPREST CASH FUND.** The ~~commissioner~~ commissioners of human services and veterans affairs may establish an imprest cash fund at each of the state operated residential facilities to be utilized for payment to residents participating in on-campus work programs.

Approved March 19, 1986

CHAPTER 356—H.F.No. 1926

An act relating to state investments; establishing various accounts within the supplemental investment fund; providing for the administration of the accounts and for the investment and valuation of shares within each account; amending Minnesota Statutes 1984, sections 11A.17, subdivisions I, 4, 9, and by adding a subdivision; 69.77, subdivision 2; 69.775; 352.96, subdivision 4; 352D.04, subdivision 1; Minnesota Statutes 1985 Supplement, section 11A.17, subdivision 13; and Laws 1969, chapter 950, section 3, as amended.

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

Section 1. Minnesota Statutes 1984, section 11A.17, subdivision 1, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. **ESTABLISHMENT.** There is hereby established a supplemental investment fund for the purpose of providing an investment vehicle for the assets of various public retirement plans and funds. This fund shall consist of ~~four~~ seven investment accounts: an income share account, a growth share account, ~~a fixed-return account, and~~ a bond account, a money market account, a guaranteed return account, a bond market account, and a common stock index account. The supplemental investment fund shall be a continuation of the supplemental retirement fund in existence on January 1, 1980.

Sec. 2. Minnesota Statutes 1984, section 11A.17, subdivision 4, is amended to read:

Subd. 4. **INVESTMENT.** The assets of the supplemental investment fund shall be invested by the state board subject to the provisions of section 11A.24; provided, however, that:

(1) ~~the fixed-return bond market account and the bond account shall be invested entirely in debt obligations and, the growth share account and the common stock index account may be invested entirely in corporate stocks;~~

(2) the guaranteed return account may be invested entirely in guaranteed investment contracts; and

(3) the money market account shall be invested entirely in debt obligations maturing within three years.

Sec. 3. Minnesota Statutes 1984, section 11A.17, subdivision 9, is amended to read:

Subd. 9. **VALUATION OF INVESTMENT SHARES.** The value of investment shares in the income share ~~investment~~ account ~~or in,~~ the growth share ~~investment~~ account, the bond market account, and the common stock index account shall be determined by dividing the total market value of the securities constituting the respective account by the total number of shares then outstanding in the investment account. ~~Whenever the value of investment shares of an investment account has exceeded \$10 per share for a period of six consecutive months, each investment share in the investment account may be split at the direction of the board on a two new shares for one prior share basis. The value of investment shares in the money market account and the guaranteed return account shall be \$1 per share.~~ The value of investment shares in the ~~fixed-return investment account and~~ the bond account shall be \$5 per share; provided, however, if the account shares are redeemed by a public retirement fund ~~where the shares are not attributable to the individual account of any person prior to the expiration of the multi-year period set by the board for the payment of the applicable assumed rate, the value of the investment shares shall be at market value. Terms as to withdrawal schedules will be agreed upon by the public retirement fund and the state board. Notwithstanding the provisions of section 11A.12, the investment income earned by the fixed-return investment account shall be used to purchase additional shares on behalf of each participating public retirement plan or fund.~~

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 4. Minnesota Statutes 1985 Supplement, section 11A.17, subdivision 13, is amended to read:

Subd. 13. **RATE OF INTEREST FOR FIXED RETURN ACCOUNT AND BOND ACCOUNT.** At the beginning of each fiscal year, and as often as the state board determines appropriate, the state board shall set an assumed interest rate for money invested in the fixed return account. The state board may determine the period over which the established rate is to apply to funds so invested. At the end of the period, the state board may determine the rate for money invested in the fixed return account based on the average yield for the period. Any earnings accrued to the fixed return account above the rate earlier indicated may be used to purchase additional shares on behalf of each participating public retirement plan or fund after necessary reserves are established. At the end of each fiscal year, the state board shall determine a rate of interest to be applied to all contributions made to the bond account for that fiscal year. At the end of each fiscal year the state board may determine for the bond account the period over which the established rate is to apply to funds so invested depending on the average yield and maturity of the securities purchased.

Sec. 5. Minnesota Statutes 1984, section 11A.17, is amended by adding a subdivision to read:

Subd. 14. PROCEDURES FOR DISTRIBUTION OF INCOME FOR MONEY MARKET ACCOUNT, BOND ACCOUNT, AND GUARANTEED RETURN ACCOUNT. At the end of each fiscal year, and as often as the state board shall in addition determine appropriate, the state board shall determine the earnings of the money market account, the guaranteed return account, and the bond account. Notwithstanding the provisions of section 11A.12, the earnings shall be used to purchase additional shares in the respective accounts on behalf of each participating public retirement plan or fund.

Sec. 6. Minnesota Statutes 1984, section 69.77, subdivision 2, is amended to read:

Subd. 2. The penalty provided for in subdivision 1 shall not apply to a relief association enumerated in subdivision 1a if the following requirements are met:

(1) Each member of the relief association pays into the special fund of the association during a year of covered service, a contribution for retirement coverage including survivorship benefits of not less than eight percent of the maximum rate of salary upon which retirement coverage is credited and service pension and retirement benefit amounts are determined. The member contributions shall be made by payroll deduction from the salary of the member by the municipality, and shall be transmitted by the municipality to the relief association as soon as practical. The relief association shall deposit the member contribution to the credit of the special fund of the relief association. The member contribution requirement specified in this clause shall not apply to any members who are volunteer firefighters.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(2) The officers of the relief association determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this clause. The financial requirements of the relief association and the minimum obligation of the municipality shall be determined on or before the submission date established by the municipality pursuant to clause (3).

The financial requirements of the relief association for the following calendar year shall be based on the most recent actuarial valuation or survey prepared in accordance with sections 356.215, subdivision 4 and 356.216, as required pursuant to clause (8). In the event that an actuarial estimate is prepared by the actuary of the relief association as part of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the actuarial estimate shall be used in calculating the financial requirements of the relief association.

If the relief association has an unfunded accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated pursuant to clauses (a) and (b) shall constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded accrued liability as reported in the most recent actuarial valuation or survey the amount calculated pursuant to subclause (a) shall constitute the financial requirements of the relief association for the following year.

(a) The normal level cost requirement for the following year, expressed as a dollar amount, which shall be determined by applying the normal level cost of the relief association as reported in the actuarial valuation or survey and expressed as a percentage of covered payroll to the estimated covered payroll of the active membership of the relief association, including any projected increase in the active membership, for the following year.

(b) To the dollar amount of normal cost thus determined shall be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded accrued liability by December 31, 2010, as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the rate specified in section 356.215, subdivision 4, clause (4). The amortization date specified in this subclause shall apply to all local police or salaried firefighters relief associations and shall supersede any amortization date specified in any applicable special law.

The minimum obligation of the municipality shall be an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated amounts from the applicable state aid program established pursuant to sections 69.011 to 69.051 anticipated as receivable by the relief association after any allocation pursuant to section 69.031, subdivision 5, clause (2), subclause (c) or 423A.01, subdivision 2, clause (6), and from the local police and salaried firefighters' relief association amortization aid

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

program established pursuant to section 423A.02 anticipated for the following calendar year.

(3) The officers of the relief association shall submit determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the governing body on or before the date established by the municipality which shall not be earlier than August 1 and shall not be later than September 1 of each year. The governing body of the municipality shall ascertain whether or not the determinations were prepared in accordance with law.

(4) The municipality shall provide for and shall pay each year at least the amount of the minimum obligation of the municipality to the relief association.

If there is any deficiency in the municipal payment to meet the minimum obligation of the municipality as of the end of any calendar year, the amount of the deficiency shall be added to the minimum obligation of the municipality for the following year calculated pursuant to clause (2) and shall include interest at the rate of six percent per annum compounded from the date that the municipality was required to make payment pursuant to this clause until the date that the municipality actually makes the required payment.

(5) The municipality shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated pursuant to clause (2). The municipality may levy taxes for the payment of the minimum obligation of the municipality without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or any fund of the relief association has attained a specified minimum asset level. In addition, any taxes levied pursuant to this section shall not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced. If the municipality does not include the full amount of the minimum obligation of the municipality in the levy that the municipality certified to the county auditor in any year, the officers of the relief association shall certify the amount of any deficiency to the county auditor. Upon verifying the existence of any deficiency in the levy certified by the municipality, the county auditor shall spread a levy over the taxable property of the municipality in the amount of the deficiency certified to by the officers of the relief association.

(6) Any sums of money paid by the municipality to the relief association in excess of the minimum obligation of the municipality in any year shall be used to amortize any unfunded liabilities of the relief association.

(7) The funds of the association shall be invested in securities which are proper investments pursuant to section 11A.24, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size that the five percent stock limitation specified in section 11A.24, subdivision 5 would necessitate a lesser investment. Notwithstanding the foregoing, up to 75

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

percent of the market value of the assets of the fund may be invested in open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment by section 11A.24, subdivisions 2 to 5. The association may also invest funds in Minnesota situs nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust, provided that the amount of all investments in real property shall not exceed ten percent of the market value of the association's fund. Securities held by the association before July 1, 1971, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on April 28, 1969. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board under the provisions of section 11A.17; ~~provided that there be no limit to the amount which may be invested in the income share account, in the bond account, or in the fixed return account, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental investment fund may be invested in the growth share account.~~

(8) The association shall procure an actuarial valuation showing the condition of the special fund of the relief association pursuant to sections 356.215 and 356.216 as of December 31 of every year. A copy of the actuarial survey shall be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive secretary of the legislative commission on pensions and retirement, and the commissioner of commerce, not later than June 1 of the following year.

Sec. 7. Minnesota Statutes 1984, section 69.775, is amended to read:

69.775 INVESTMENTS.

The special fund assets of the relief associations governed by sections 69.771 to 69.776 shall be invested in securities which are proper investments pursuant to section 11A.24, except that up to five percent of the special fund assets, or a minimum of \$10,000, may be invested in the stock of any one corporation. Notwithstanding the foregoing, up to 75 percent of the market value of the assets of the fund may be invested in open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment by section 11A.24, subdivisions 2 to 5. Securities held by the associations before January 1, 1972, which do not meet the requirements of this section may be retained after that date if they were proper investments for the association on May 14, 1971. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board under the provisions of section 11A.17; ~~provided that there be no limit to the amount which may be invested in the income share account, in the bond account, or in the fixed return account, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental investment fund may be invested in the growth share account.~~

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 8. Minnesota Statutes 1984, section 352.96, subdivision 4, is amended to read:

Subd. 4. **EXECUTIVE DIRECTOR TO ESTABLISH RULES.** The executive director of the Minnesota state retirement system shall establish rules and procedures to carry out the provisions of this section including allocation of administrative costs against the assets accumulated under this section. Funds to pay such costs are hereby appropriated from the fund or account in which the assets accumulated under this section are placed. The rules established by the executive director shall conform to federal and state tax laws, regulations and rulings, and are not subject to the administrative procedure act. Rules adopted after July 1, 1977, relating to the options provided under subdivision 2, clauses (b) and (c), must be approved by the state board of investment. A state employee shall not be permitted to make payments under a plan until the plan or applicable component thereof has been approved as to its tax-deferred status by the internal revenue service.

Sec. 9. Minnesota Statutes 1984, section 352D.04, subdivision 1, is amended to read:

Subdivision 1. An employee exercising his option to participate in the retirement program provided by this chapter may elect to purchase shares in one or a combination of the income share account, the growth share account ~~or the fixed-return account of the supplemental retirement fund in accordance with one of the following options:~~, the money market account, the bond market account, or the common stock index account established in section 11A.17. The employee may elect to participate in one or more of the investment accounts in the fund by specifying, on a form provided by the executive director, the percentage of the employee's contributions provided in subdivision 2 to be used to purchase shares in each of the accounts.

- (1) 100 percent invested in the income share account;
- (2) 75 percent invested in the income share account and 25 percent invested in the growth share account;
- (3) 50 percent invested in the income share account and 50 percent invested in the growth share account;
- (4) 100 percent invested in the fixed-return account; or
- (5) 75 percent invested in the fixed-return account and 25 percent invested in the growth share account.

~~Prior to December 31 of each~~ Twice in any calendar year, each participant may indicate in writing on forms provided by the Minnesota state retirement system his choice of options for subsequent purchases of shares. Thereafter until a different written indication is made by such participant the executive director shall purchase shares in the supplemental fund as selected by the partic-

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

ipant. If no initial option is chosen, 100 percent income shares shall be purchased for a participant.

A change in choice of investment option shall be effective no later than the first pay date first occurring after 30 days following the receipt of the request for a change.

Twice in any calendar year a participant or former participant may also change the investment options selected for all or a portion of the participant's shares previously purchased. However, if a partial transfer is made a minimum of \$1,000 must be transferred and a minimum balance of \$1,000 must remain in the previously selected investment option. A change is restricted to a transfer from one or more accounts to a single account. Changes in investment options for the participant's shares shall be effected as soon as cash flow to an account practically permits but not later than six months after the requested change.

Sec. 10. Laws 1969, chapter 950, section 3, as amended by Laws 1975, chapter 153, section 1, and Laws 1982, chapter 450, section 3, is amended to read:

Sec. 3. **PURCHASE OF SHARES IN MINNESOTA SUPPLEMENTAL INVESTMENT FUND.** At the time a person becomes eligible for coverage and elects to obtain coverage by the Hennepin county supplemental retirement program and prior to July 1 of each subsequent year, a participant in the Hennepin county supplemental retirement program shall indicate in writing on a form provided by the county of Hennepin the account of the Minnesota supplemental investment fund in which the participant wishes salary deductions and county matching contributions attributable to salary deductions to be invested for that fiscal year. For that fiscal year the county of Hennepin shall purchase with the salary deductions and county matching funds attributable to the salary deductions shares in the appropriate account of the Minnesota supplemental investment fund in accordance with the indicated preferences of the participant. However, the county of Hennepin has the authority to determine which accounts of the Minnesota supplemental investment fund will be available for participant investment. The shares purchased shall stand in the name of the county of Hennepin. A record shall be kept by the county of Hennepin indicating the number of shares in each account of the Minnesota supplemental investment fund purchased with the salary deductions and county matching funds attributable to the salary deductions of each participant. The record shall be known as the "participant's share account record". The participant's share account record shall show, in addition to the number of shares therein, any cash balance of salary deductions or county matching funds attributable to those deductions which stand uninvested in shares. At the option of the county of Hennepin, and subject to any terms and conditions established and communicated in writing by the county to a participant, the participant may designate no more often than once each fiscal year that salary deductions and county matching contributions attributable to the salary deductions from prior fiscal years, together with any interest earned, be reinvested in another account of the Min-

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

nesota supplemental investment fund made available by the county of Hennepin.

Sec. 11. **EFFECTIVE DATES.**

Sections 1 to 9 are effective July 1, 1986. Section 10 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of Hennepin county.

Approved March 19, 1986

CHAPTER 357—H.F.No. 1940

An act relating to Stearns county; authorizing the Stearns county board to designate the county auditor as the local registrar of the county.

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

Section 1. **STEARNS COUNTY; LOCAL REGISTRAR.**

Notwithstanding Minnesota Statutes, section 144.214, subdivision 1, the county board of Stearns county may designate the county auditor as the local registrar in the county, with the approval of the court administrator.

Sec. 2. **STEARNS COUNTY; MARRIAGE LICENSING.**

Notwithstanding Minnesota Statutes, chapter 517, the county board of Stearns county may authorize the county auditor to perform the functions and duties of the court administrator required under Minnesota Statutes, chapter 517, with the approval of the court administrator.

Approved March 19, 1986

CHAPTER 358—H.F.No. 1984

An act relating to commerce; regulating securities; regulating the assignment of certain real property loans and the administration of certain escrow accounts; providing certain exemptions; regulating real estate brokers and salespersons; modifying re-examination requirements; providing trust account requirements for licensees acting as principals; granting certain enforcement powers to the commissioner; providing certain remedies; requiring storage of abstracts of title within Minnesota; amending Minnesota Statutes 1984, sections 47.20, subdivision 9; 80A.14, subdivision 18; 80A.15, subdivision 1; 82.17, subdivision 4; 82.22, subdivisions 3, 6, and 13; 82.24, subdivision 2; 82.26; 82.27, subdivision 1; 82.33, subdivision 2; 386.375; and Minnesota Statutes 1985 Supplement, sections 80A.13, subdivision 1; 80A.15, subdivision 2; and 82.19, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 47.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.