

Subdivision 1. FARM RISKS. A township mutual fire insurance company may issue an insurance policy for qualified property as defined in section 67A.14, subdivision 1, in combination with a policy issued by an insurer authorized to sell property and casualty insurance in this state. Except as provided in subdivision 2, the portions of the combination policy issued by a township mutual insurance company are excluded from all provisions of the insurance laws of this state as provided in section 67A.25, subdivision 2.

Subd. 2. HOMEOWNER'S RISKS. A township mutual fire insurance company may issue policies for homeowner's insurance as defined in section 65A.27, subdivision 4, only in combination with a policy issued by an insurer authorized to sell property and casualty insurance in this state. All portions of the combination policy providing homeowner's insurance, including those issued by a township mutual insurance company, shall be subject to the provisions of chapter 65A.

Sec. 2. EFFECTIVE DATE.

Section 1 is effective the day following final enactment.

Presented to the governor May 2, 1994

Signed by the governor May 4, 1994, 3:14 p.m.

CHAPTER 565—S.F.No. 2500

An act relating to retirement; St. Paul teachers retirement fund association; requiring proportional representation for various membership groups on the association board of trustees; requiring disclosure of certain investment information; proposing coding for new law in Minnesota Statutes, chapters 354A; and 356.

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

ARTICLE 1

Section 1. [354A.023] ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION GOVERNANCE.

Subdivision 1. APPLICATION. Notwithstanding any provision of chapter 317A, section 354A.021, article V, of the restated articles of incorporation of the teachers retirement fund association of St. Paul, Minnesota, effective July 1, 1978, as amended, or articles II, sections 4 and 5; III, section 1; and V, section 1, of the restated bylaws of the teachers retirement fund association of St. Paul, Minnesota, effective July 1, 1978, as amended, to the contrary, relative to the St.

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Paul teachers retirement fund association, this section governs the membership composition of its board of trustees, the terms in office of board members, board member eligibility, electorate composition and eligibility, and election procedures.

Subd. 2. BOARD OF TRUSTEES COMPOSITION. The management of the St. Paul teachers retirement fund association is vested in a board of ten trustees. The board membership is composed of one ex officio board member, who is the then current chair of the board of independent school district No. 625, St. Paul, and nine trustees elected by and from the members of the St. Paul teachers retirement fund association as provided in subdivision 4.

Subd. 3. BOARD OF TRUSTEES TERMS. (a) The term of the ex officio board member is coincidental with that person's term of office as the chair of the board of independent school district No. 625, St. Paul.

(b) The term of elected members of the board is three years and until the successor has been elected and qualified. The term begins and ends on the third Thursday in the month of January of the applicable year. The terms of elected members of the board must be staggered.

Subd. 4. BOARD MEMBER REPRESENTATION. (a) Of the nine trustees elected by and from the members of the St. Paul teachers retirement fund association, six board members must be active members of the fund and three board members must be fund retirement annuitants, disabilitants, or surviving spouse benefit recipients.

(b) Two active member board positions and one annuity or benefit recipient board position must be filled at each board of trustee election.

(c) Only active members may vote for the elected board member positions representing active members and only retirement annuitants, disabilitants, and surviving spouse benefit recipients may vote for the elected board member positions representing annuity or benefit recipients.

(d) If an elected board member changes membership group status before the end of the person's term, the person must resign from the board of trustees. However, the person may be a candidate for the appropriate membership group board position in a subsequent election.

(e) If there is a vacancy in an elected board member position, the vacancy must be filled by a special election held for that purpose. The special election must be conducted in a manner consistent with this section, and, if not inconsistent with this section, article IV of the bylaws of the St. Paul teachers retirement fund association in effect on the date of enactment of this section.

Subd. 5. ELECTIONS BY MAIL BALLOT. (a) Voting for elected board members must be conducted using paper ballots, which must be mailed by the chief administrative officer of the fund to eligible members and must be returned by mail.

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(b) Return envelopes for ballots may not have the postage paid by the fund unless all return envelopes for ballots are so treated. Return envelopes for ballots may not have the postage paid by any candidate for a board member position or on behalf of any candidate for a board member position.

(c) The ballot for a regular election must be provided to eligible members by November 1 and must be returned with a postmark no later than midnight of the Friday of the third week of November. In the event of a vacancy in an elected board member position, the ballot for a special election must be provided to eligible members within three weeks of the vacancy and must be returned by eligible voting members with a postmark no later than midnight of the Friday of the fourth full week following the vacancy.

Subd. 6. SECRETARY-TREASURER NOT TO BE BOARD MEMBER.

(a) Effective on the January 19 next following the effective date of this section, the person who holds the position of secretary of the St. Paul teachers retirement fund association and the person who holds the position of treasurer of the St. Paul teachers retirement fund association or the person who holds the combined position of secretary-treasurer of the St. Paul teachers retirement fund association may not also be an elected board member of the fund association.

(b) The chief administrative officer of the St. Paul teachers retirement fund association must be known as the executive director of the fund.

Subd. 7. ARTICLE AND BYLAW AMENDMENTS AUTHORIZED. At the next annual meeting of the St. Paul teachers retirement fund association or at a special meeting of the association called by the board of trustees for that purpose, the association may consider and adopt any amendments to its articles of incorporation or bylaws needed to conform or implement this section.

Sec. 2. EFFECTIVE DATE.

(a) Section 1 is effective on the day following approval of all provisions by majority vote at the first annual or special membership meeting of the St. Paul teachers retirement fund association occurring after the date of enactment.

(b) The board of trustees of the St. Paul teachers retirement fund association shall propose the question on the approval of these provisions to the fund membership at the applicable membership meeting. The provisions of section 1 are a single question and may not be divided or voted upon as separate items.

(c) Nothing in section 1 may be construed to reduce the term of any elected member of the board of trustees of the St. Paul teachers retirement fund association serving as such on the effective date of section 1.

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ARTICLE 2

Section 1. [356.219] DISCLOSURE OF ADDITIONAL PUBLIC PENSION PLAN INVESTMENT INFORMATION.

Subdivision 1. REPORT REQUIRED. The state board of investment on behalf of the public pension funds and programs for which it is the investment authority and any Minnesota public pension plan not wholly invested through the state board of investments, including a local police or firefighters' relief association governed by sections 69.77 or 69.771 to 69.775, shall report the information specified in subdivision 2 to the state auditor. The state auditor may prescribe a form or forms for the purposes of the reporting requirements contained in this section.

Subd. 2. CONTENT AND TIMING OF REPORTS. (a) The following information shall be included in the report required by subdivision 1:

- (1) the market value of all investments at the close of the reporting period;
- (2) regular payroll-based contributions to the fund;
- (3) other contributions and revenue paid into the fund, including, but not limited to, state or local nonpayroll based contributions, repaid refunds, and buybacks;
- (4) total benefits paid to members;
- (5) fees paid for investment management services;
- (6) salaries and other administrative expenses paid; and
- (7) total return on investment.

The report must also include a written statement of the investment policy in effect on June 30, 1988, and any investment policy changes made subsequently and shall include the effective date of each policy change. The information required under this subdivision must be reported separately for each investment account or investment portfolio included in the pension fund.

(b) For public pension plans other than volunteer firefighters' relief associations governed by sections 69.77 or 69.771 to 69.775, the information specified in paragraph (a) must be provided separately for each quarter for the fiscal years of the pension fund ending during calendar years 1989 through 1991 and on a monthly basis thereafter. For volunteer firefighters' relief associations governed by sections 69.77 or 69.771 to 69.775, the information specified in paragraph (a) must be provided separately each quarter.

(c) Firefighters' relief associations that have assets with a market value of less than \$300,000 must submit the required information to the state auditor on or before October 1, 1995, and subsequently within six months of the end of each fiscal year. Other associations must submit the required information

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through fiscal year 1993 to the state auditor on or before October 1, 1994, and subsequently within six months of the end of each fiscal year.

Subd. 3. PENALTY FOR NONCOMPLIANCE. Failure to comply with the reporting requirements of this section shall result in a withholding of all state aid to which the pension plan may otherwise be entitled until the pension plan has complied with the reporting requirements. The state auditor shall instruct the commissioners of revenue and finance to withhold state aid from any pension plan that fails to comply with the reporting requirements contained in this section, until the pension plan has complied with the reporting requirements.

The state auditor shall agree to waive the withholding of all state aid required by this subdivision for a volunteer firefighters' relief association governed by sections 69.77 or 69.771 to 69.775 if:

(1) the relief association certifies to the state auditor that the financial records necessary to comply with this reporting requirement for the fiscal years of the pension fund ending during calendar years 1991 to 1993 no longer exist; or

(2) the state auditor determines that reconstructing historical financial data for the fiscal years of the pension fund ending during calendar years 1991 to 1993 would create an excessive hardship for the relief association.

Subd. 4. INVESTMENT DISCLOSURE REPORT. Using the information provided under subdivision 2, the state auditor shall prepare an annual report to the legislature on the components of investment performance resulting from stages in the investment decision making process of various public pension plans subject to this section. The state auditor may contract with a qualified consultant or consulting firm to perform the analysis and prepare the report required under this subdivision.

Subd. 5. EXPENSE OF REPORT. All expenses incurred relating to the investment disclosure report described in subdivision 4 must be borne by the office of the state auditor and may not be charged back to the entities described in subdivision 1.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

Presented to the governor May 2, 1994

Signed by the governor May 4, 1994, 3:40 p.m.

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