

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3272

02/13/2020 Authored by Albright and Nelson, M., The bill was read for the first time and referred to the Committee on Government Operations

1.1 A bill for an act
1.2 relating to the State Board of Investment; authorizing certain investments;
1.3 exempting certain investments from the market capitalization restriction; amending
1.4 Minnesota Statutes 2018, section 11A.24, subdivision 6.

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

1.6 Section 1. Minnesota Statutes 2018, section 11A.24, subdivision 6, is amended to read:

1.7 Subd. 6. Other investments. (a) In addition to the investments authorized in subdivisions
1.8 1 to 5, and subject to the provisions in paragraph (b), the state board is authorized to invest
1.9 funds in:

1.10 (1) equity and debt investment businesses through participation in limited partnerships,
1.11 trusts, private placements, limited liability corporations, limited liability companies, limited
1.12 liability partnerships, and corporations;

1.13 (2) real estate ownership interests or loans secured by mortgages or deeds of trust or
1.14 shares of real estate investment trusts through investment in limited partnerships,
1.15 bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance
1.16 company commingled accounts, including separate accounts;

1.17 (3) resource investments through limited partnerships, trusts, private placements, limited
1.18 liability corporations, limited liability companies, limited liability partnerships, and
1.19 corporations; and

1.20 (4) investment vehicles that are co-investments or separate accounts;

1.21 (5) liquid alternatives;

1.22 (6) bank loans; and

2.1 ~~(4)~~ (7) international securities.

2.2 (b) The investments authorized in paragraph (a) must conform to the following ~~provisions~~
2.3 clauses:

2.4 (1) the aggregate value of all investments made under paragraph (a), clauses (1) to ~~(3)~~
2.5 (4), may not exceed 35 percent of the market value of the fund for which the state board is
2.6 investing;

2.7 (2) there must be at least four unrelated owners of the investment other than the state
2.8 board for investments made under paragraph (a), clause (1), (2), or (3);

2.9 (3) state board participation in an investment vehicle is limited to 20 percent thereof for
2.10 investments made under paragraph (a), clause (1), (2), or (3); and

2.11 (4) state board participation in ~~a limited partnership~~ an investment vehicle does not
2.12 include a general partnership interest or other interest involving general liability. The state
2.13 board may not ~~engage~~ participate in any ~~activity as a limited partner~~ investment vehicle in
2.14 a manner which creates general liability.

2.15 (c) All financial, business, or proprietary data collected, created, received, or maintained
2.16 by the state board in connection with investments authorized by paragraph (a), ~~clause~~ clauses
2.17 ~~(1), (2), or (3)~~ (1) to (6), are nonpublic data under section 13.02, subdivision 9. As used in this
2.18 paragraph, "financial, business, or proprietary data" means data, as determined by the
2.19 responsible authority for the state board, that is of a financial, business, or proprietary nature,
2.20 the release of which could cause competitive harm to the state board, the legal entity in
2.21 which the state board has invested or has considered an investment, the managing entity of
2.22 an investment, or a portfolio company in which the legal entity holds an interest. As used
2.23 in this section, "business data" is data described in section 13.591, subdivision 1. Regardless
2.24 of whether they could be considered financial, business, or proprietary data, the following
2.25 data received, prepared, used, or retained by the state board in connection with investments
2.26 authorized by paragraph (a), ~~clause~~ clauses ~~(1), (2), or (3)~~ (1) to (6), are public at all times:

2.27 (1) the name and industry group classification of the legal entity in which the state board
2.28 has invested or in which the state board has considered an investment;

2.29 (2) the state board commitment amount, if any;

2.30 (3) the funded amount of the state board's commitment to date, if any;

2.31 (4) the market value of the investment by the state board;

- 3.1 (5) the state board's internal rate of return for the investment, including expenditures
- 3.2 and receipts used in the calculation of the investment's internal rate of return; and
- 3.3 (6) the age of the investment in years.
- 3.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.