

## CHAPTER 11A

## INVESTMENT OF STATE AND PENSION ASSETS

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**11A.04 DUTIES AND POWERS.**

The state board shall:

(1) Act as trustees for each fund for which it invests or manages money in accordance with the standard of care set forth in section 11A.09 if state assets are involved and in accordance with chapter 356A if pension assets are involved.

(2) Formulate policies and procedures deemed necessary and appropriate to carry out its functions. Procedures adopted by the board must allow fund beneficiaries and members of the public to become informed of proposed board actions. Procedures and policies of the board are not 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 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 the issuer's agent.

(9) Direct the commissioner of finance to sell property other than money that has escheated to the state when the board determines that sale of the property is in the best interest of the state. Escheated property must 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. Public pension funds in the state shall utilize the formula or formulas developed by the state board.

(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 of employing private firms. 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.

(13) Adopt an investment policy statement that includes investment objectives, asset allocation, and the investment management structure for the retirement fund assets under its control. The statement may be revised at the discretion of the state board. The state board shall seek the advice of the council regarding its investment policy statement. Adoption of the statement is not subject to chapter 14.

**History:** 2003 c 112 art 2 s 50

**11A.07 EXECUTIVE DIRECTOR.**

*[For text of subs 1 and 2, see M.S.2002]*

Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

(1) plan, direct, coordinate, and execute administrative and investment functions in conformity with the policies and directives of the state board and the requirements of this chapter and of chapter 356A;

(2) employ professional and clerical staff as is necessary within the complement limits established by the legislature. Employees whose primary responsibility is to invest or manage money or employees who hold positions designated as unclassified under section 43A.08, subdivision 1a, are in the unclassified service of the state. Other employees are in the classified service;

(3) report to the state board on all operations under the director's control and supervision;

(4) maintain accurate and complete records of securities transactions and official activities;

(5) establish a policy relating to the purchase and sale of securities on the basis of competitive offerings or bids. The policy is subject to board approval;

(6) cause securities acquired to be kept in the custody of the commissioner of finance or other depositories consistent with chapter 356A, as the state board deems appropriate;

(7) prepare and file with the director of the Legislative Reference Library, by December 31 of each year, a report summarizing the activities of the state board, the council, and the director during the preceding fiscal year. The report must be prepared so as to provide the legislature and the people of the state with a clear, comprehensive summary of the portfolio composition, the transactions, the total annual rate of return, and the yield to the state treasury and to each of the funds whose assets are invested by the state board, and the recipients of business placed or commissions allocated among the various commercial banks, investment bankers, and brokerage organizations. The report must contain financial statements for funds managed by the board prepared in accordance with generally accepted accounting principles;

(8) require state officials from any department or agency to produce and provide access to any financial documents the state board deems necessary in the conduct of its investment activities;

(9) receive and expend legislative appropriations;

(10) undertake any other activities necessary to implement the duties and powers set forth in this subdivision consistent with chapter 356A.

*[For text of subd 5, see M.S.2002]*

**History:** 2003 c 112 art 2 s 50

**11A.10 DUTIES OF OTHER OFFICIALS.**

Subdivision 1. **Custody of securities.** The commissioner of finance and other custodians of securities belonging to the various funds shall provide in the appropriate cases the state board and its delegates with reasonable access thereto. Each security shall be held as an asset of the fund from which the investment expenditure was made.

*[For text of subs 2 and 3, see M.S.2002]*

Subd. 4. **Office space.** The commissioner of administration shall provide the director and staff with suitable office and storage space in the State Capitol complex as near as practicable to the office of the commissioner of finance.

**History:** 2003 c 112 art 2 s 50

**11A.15 STATE BOND FUND.**

*[For text of subs 1 and 2, see M.S.2002]*

Subd. 3. **Management.** The state bond fund shall be managed by the commissioner of finance who shall, from time to time, certify to the state board those portions of the

state bond fund which in the judgment of the commissioner of finance are not required for immediate use.

*[For text of subd 4, see M.S.2002]*

Subd. 5. **Withdrawal of assets.** Securities sufficient to equal the amount of money certified by the commissioner of finance as necessary to pay the principal or interest due on state bonds in excess of any cash on hand shall be sold at the request of the commissioner of finance and the certified amount of money shall be transferred to the commissioner of finance.

*[For text of subd 6, see M.S.2002]*

**History:** 2003 c 112 art 2 s 50

#### 11A.17 MINNESOTA SUPPLEMENTAL INVESTMENT FUND.

*[For text of subd 1, see M.S.2002]*

Subd. 2. **Assets.** The assets of the supplemental investment fund shall consist of the money certified and transmitted to the state board from the participating public retirement plans and funds or from the board of the Minnesota State Colleges and Universities under section 136F.45. The assets must be used to purchase investment shares in the investment accounts specified by the plan or fund. These accounts must be valued at least on a monthly basis but may be valued more frequently as determined by the State Board of Investment.

*[For text of subds 3 to 11, see M.S.2002]*

**History:** 1Sp2003 c 12 art 2 s 1