

Sec. 4. Minnesota Statutes 1984, section 145.93, subdivision 6, is amended to read:

Subd. 6. **REPORTS; MONITORING; TERMINATION.** The ~~grantee~~ grantees selected shall report quarterly to the commissioner of health, on a form provided by the commissioner, information about ~~programmatic and~~ fiscal performance and status. Grantees shall also report annually information about programmatic status and performance. All relevant records and the performance of the grantee shall be monitored by the commissioner for purposes of assuring that the grantee continues to fulfill the criteria specified in subdivision ~~3~~ 4. Should the commissioner at any time find that a grantee is not continuing to fulfill the criteria specified in subdivision ~~3~~ 4, ~~he~~ the commissioner may terminate the grant upon 30 days notice.

Sec. 5. **REPEALER.**

Minnesota Statutes 1984, section 145.93, subdivision 5, is repealed.

Sec. 6. **EFFECTIVE DATE.**

Sections 1 to 5 are effective the day following final enactment.

Approved May 23, 1985

CHAPTER 224 — S.F.No. 319

An act relating to the state board of investment; clarifying powers and duties; amending Minnesota Statutes 1984, sections 11A.14, subdivision 5; 11A.17, subdivision 13; and 11A.24, subdivisions 2, 3, and 4.

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

Section 1. Minnesota Statutes 1984, section 11A.14, subdivision 5, is amended to read:

Subd. 5. **PARTICIPATING PUBLIC RETIREMENT PLANS OR FUNDS.** The following public retirement plans and funds shall participate in the Minnesota combined investment funds:

- (1) State employees retirement fund established pursuant to chapter 352;
- (2) Correctional employees retirement plan established pursuant to chapter 352;
- (3) State patrol retirement fund established pursuant to chapter 352B;
- (4) Public employees retirement fund established pursuant to chapter 353;

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(5) Public employees police and fire fund established pursuant to chapter 353;

(6) Teachers retirement fund established pursuant to chapter 354;

(7) Judges retirement fund established pursuant to chapter 490; and

(8) The permanent school fund established under the Minnesota Constitution, article XI, section 8;

(9) The supplemental investment fund established under section 11A.17;

(10) The variable annuity investment fund established under section 11A.19; and

(11) Any other fund required by law to participate.

Sec. 2. Minnesota Statutes 1984, 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 moneys invested in the accounts during that year, with the rate applicable to all sums invested during that 12 month period fixed return account. At the end of the 12 months, 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. At the end of the 12 months period, the state board may determine the annual rate for moneys invested in the fixed return account based on the average yield for the year period. Any earnings accrued to the accounts 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 at fiscal year end after necessary reserves are established. 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. 3. Minnesota Statutes 1984, section 11A.24, subdivision 2, is amended to read:

Subd. 2. **GOVERNMENT OBLIGATIONS.** The state board may invest funds in governmental bonds, notes, bills, mortgages and other fixed obligations, including guaranteed or insured issues of (a) the United States, its agencies ~~or~~, its instrumentalities, or organizations created and regulated by an act of Congress; (b) Canada and its provinces, provided the principal and interest is payable in United States dollars; (c) the states and their municipalities, political subdivisions, agencies or instrumentalities, where backed by the state's full faith and credit or if the issuer has not been in default in payments of

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principal or interest within the past ten years or in the case of revenue bonds the obligor has been completely self-supporting for the five prior years; (d) the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, or any other United States Government sponsored organization of which the United States is a member, provided the principal and interest is payable in United States dollars and the issues are rated in the highest quality category by a nationally recognized rating agency.

Sec. 4. Minnesota Statutes 1984, section 11A.24, subdivision 3, is amended to read:

Subd. 3. **CORPORATE OBLIGATIONS.** The state board may invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state thereof, or the Dominion of Canada or any province thereof if they conform to the following provisions:

(a) The principal and interest of obligations of corporations incorporated or organized under the laws of the Dominion of Canada or any province thereof shall be payable in United States dollars;

(b) The consolidated net pretax earnings of corporations other than finance corporations shall have been on average for the preceding five years at least 1.5 times the annual interest charges on total funded debt applicable to that period;

(c) The consolidated net pretax earnings of banks and finance corporations shall have been on average for the preceding five years at least 1.2 times the annual interest charges on total funded debt applicable to that period;

(d) Obligations shall be rated among the top four quality categories by a nationally recognized rating agency or if unrated, then the corporation shall have other comparably secured issues similarly rated or the consolidated net pretax earnings of the corporation shall have been on average for the preceding five fiscal years at least twice the ratios required in clauses (b) and (c);

(c) For unrated obligations, the corporation shall have issued other similar securities rated according to clause (b) or: (i) the consolidated net pretax earnings of corporations other than banks and finance corporations shall have been on average for the preceding five years at least three times the annual interest charges on total funded debt applicable to that period; or (ii) the consolidated net pretax earnings of banks and finance corporations shall have been on average for the preceding five years at least 2.4 times the annual interest charges on total funded debt applicable to that period.

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Sec. 5. Minnesota Statutes 1984, 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, guaranteed investment contracts, 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 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.

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(e) Collateral for repurchase agreements and reverse repurchase agreements shall be limited to the securities described in subdivision 2, clause (a) letters of credit and securities authorized in section 11A.24;

(f) Guaranteed investment contracts shall be limited to those issued by insurance companies rated in the top four quality categories by a nationally recognized rating agency;

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

Sec. 6. EFFECTIVE DATE.

Sections 1 to 5 are effective the day following final enactment.

Approved May 23, 1985

CHAPTER 225 — S.F.No. 1171

An act relating to state lands; conveying land to Olmsted county.

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

**Section 1. CONVEYANCE OF A ROAD EASEMENT TO OLMS-
TED COUNTY.**

Subdivision 1. COMMISSIONER MUST OFFER EASEMENT. Be-
cause of increased local economic opportunity and growth and notwithstanding
any other law, the commissioner of natural resources shall convey an easement in
the land described in subdivision 2 to Olmsted county to be used for a roadway.

The commissioner must offer the land at the appraised value determined
by appraisers according to law, plus costs, by August 1, 1985 and Olmsted county
has until March 1, 1986 to accept the offer.

The conveyance shall be made in a form approved by the attorney general.
The attorney general may not approve the conveyance unless the design of the
roadway incorporates the maximum mitigation efforts as identified by the
commissioner in the completed environmental impact statement, except for
additional corn growth contract requirements.

Subd. 2. LAND DESCRIPTION. The commissioner of natural re-
sources shall offer an easement in the land described in this subdivision to
Olmsted county.

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