subdivision 6, ~~or by the written resignation of the teacher, before April 1,~~ or until the teacher is discharged pursuant to subdivision 8, or by the written resignation of the teacher submitted prior to April 1; provided, however, that if an agreement as to the terms and conditions of employment for the succeeding school year has not been adopted pursuant to the provisions of Minnesota Statutes, Sections 179.61 to 179.77 prior to March 1, the teacher's right of resignation shall be extended to the 30th calendar day following the adoption of said contract in compliance with Minnesota Statutes, Section 179.70, Subdivision 2. Such written resignation by the teacher shall be effective as of June 30 if submitted prior to that date or, if submitted thereafter, shall be effective August 15, and the teachers' right of resignation for the school year then beginning shall cease on August 15. ~~Contracts for probationary teachers to be rehired and for teachers who have a continuing contract hereunder shall be submitted to those teachers no later than March 20th of the school year preceding the school year to which they apply.~~ Before a teacher's contract is terminated by the board, the board shall notify the teacher in writing and state its ground for the proposed termination in reasonable detail together with a statement that the teacher may make a written request for a hearing before the board within 14 days after receipt of such notification. Within 14 days after receipt of this notification the teacher may make a written request for a hearing before the board and it shall be granted before final action is taken. If no hearing is requested within such period, it shall be deemed acquiescence by the teacher to the board's action. Such termination shall take effect at the close of the school year in which the contract is terminated in the manner aforesaid. Such contract may be terminated at any time by mutual consent of the board and the teacher and this section shall not affect the powers of a board to suspend, discharge, or demote a teacher under and pursuant to other provisions of law.

Approved April 27, 1973.

CHAPTER 129—H.F.No.540

An act relating to investments; investment of state and firemen's relief association funds; amending Minnesota Statutes 1971, Sections 11.16, Subdivision 13; 11.18, Subdivision 2; 11.19, Subdivision 2; 11.26, Subdivisions 5 and 6; 69.77, Subdivision 2; and 69.775.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1971, Section 11.16, Subdivision 13, is amended to read:

Subd. 13. **RETIREMENT ASSOCIATIONS; INVESTMENTS; CORPORATE STOCKS.** Preferred or common stocks of any corporation organized and operating within the United States are legal investments for the purposes of this section. The aggregate of common and preferred stock investments may not exceed ~~45~~ <u>50</u> percent of the total assets of the fund at any time. Furthermore, *the board may increase its holdings of stocks by no more than five* percent of the assets of the fund during any one fiscal year. No *more than* ~~one and one-half~~ <u>three</u> *percent of the assets of the fund* may be invested in the stock of any one corporation and at no time shall the fund together with other Minnesota public retirement funds own more than five percent of the voting stock of any one corporation. All such percentages shall be computed on the basis of the cost price of such stock at the time of investment.

No investment shall be made in the common or preferred stock of any corporation with assets of less than $10,000,000.

No investment shall be made in the preferred stock of any corporation unless the latter shall have had earnings available for the payment of interest and preferred dividends equal, on the average, for the last five years, to at least one and one-half times the aggregate of interest and preferred dividend requirements. No investment shall be made in a common stock unless the latter shall have paid cash dividends for at least five years immediately prior to purchase nor unless the aggregate earnings of such corporation available for payment of dividends on the common stock during the last five years has been at least equal to the aggregate of such cash dividends. A maximum of five percent of the assets in the account may be placed in equity investments, including fixed-income securities convertible into common stock, not conforming with these dividend and earnings standards so long as the corporation maintains the asset value indicated and evidences appropriate growth potential and probable earnings gain.

The corporate stock portfolio purchased under the terms of this subdivision, at the discretion of the board of trustees of the retirement association, may be valued at a total amount other than original book cost if the following procedures be used:

(a) The corporate stock portfolio must be valued bi-monthly, *using the closing market prices on the last business days of* February, April, June, August, October, and December.

Changes or additions indicated by <u>underline</u>, deletions by ~~strikeout~~.

(b) Whenever the portfolio has shown a total market valuation exceeding the original book cost by ~~15~~ 10 percent for six consecutive valuation dates, the book value of the portfolio shall be increased by three percent for accounting and actuarial purposes, and such three percent increase may apply until further adjustments be made in the stock valuations.

(c) Whenever the new adjusted value has been exceeded by ~~15~~ 10 percent for six consecutive bi-monthly periods, the valuation for accounting and actuarial purposes shall again be increased by three percent; this process may be continued as consistent with continuing market changes.

(d) Whenever the market value of the stock portfolio has decreased by ~~15~~ 10 percent below cost or most recent adjusted value, whichever is applicable, for six consecutive bi-monthly periods, the valuation of the stock portfolio for accounting and actuarial purposes shall be reduced by three percent below the original cost or adjusted value. This procedure shall continue in accordance with market fluctuations.

Any unrealized gain or loss computed under the provisions of this paragraph shall be recorded in an unrealized appreciation account and used only for the accounting and actuarial purposes of the fund and shall not apply to the credit or detriment of any individual contribution, participant, or member of the retirement association.

Sec. 2. Minnesota Statutes 1971, Section 11.18, Subdivision 2, is amended to read:

Subd. 2. There shall be an income share account which shall be invested in securities which are legal investments for the state employees retirement fund, except that~~: up to two percent of the assets in the account or $15,000 in cost, whichever is greater, may be invested in the stock of any one corporation; and~~ commercial paper may constitute 15 percent of the assets in the account, with the face amount of notes of any one corporation limited to five percent of the assets in the account ~~of $25,000, whichever is greater~~.

Sec. 3. Minnesota Statutes 1971, Section 11.19, Subdivision 2, is amended to read:

Subd. 2. Upon application for purchase or redemption of shares of participation in the fund by a public retirement fund, the board shall, on the first business day of the next month after the application is received, allocate to such public retirement fund shares of participation in the account or accounts designated in the application, or if none is designated, as it shall determine, or redeem shares of participation allocated to such public retirement fund, as the case may be. Prior to October 1, 1967, one share shall be allocated for the appropriate account for each $10 deposited for investment by a public retirement fund. <u>Each share of both funds shall be split on a two for one basis as of June 30, 1973, and thereafter at any time when the market value of each share of either account has exceeded $10 for six consecutive months.</u> Thereafter, for the purpose of determining the number of shares or amount to which a public retirement fund depositing funds for investment or requesting the redemption of shares of participation is entitled, shares shall be valued at their respective market values as of the last business day of the month in which application for the allocation or redemption of such shares is received. The market value of shares in each account shall be determined by dividing the total market value of the account by the number of shares then outstanding in the account. The board shall allocate or redeem only full shares in the accounts.

Sec. 4. Minnesota Statutes 1971, Section 11.26, Subdivision 5, is amended to read:

Subd. 5. **ACCOUNTING PROCEDURES.** (1) The earnings from the investments of the Minnesota variable annuity fund shall consist of dividends, interest, and all other income derived from such investments ~~within each fiscal year but~~ <u>and shall be determined on an accrual basis as of each bimonthly valuation date. Such income shall be attributed to those funds in the account at the beginning of the bimonthly period. Earnings from investments</u> shall not include changes in the admitted values of such investments.

(2) Any realized gain or loss shall be recorded in a realized appreciation account, and shall consist of the amount received on sale less the cost of such security. Unrealized gains or losses for any fiscal year shall be determined as provided in subdivision 4, clause (1) to the book value of all investments held at the end of the fiscal year.

Sec. 5. Minnesota Statutes 1971, Section 11.26, Subdivision 6, is amended to read:

Subd. 6. **TOTAL ANNUAL INCREMENT OR DECREMENT.** The total annual increment or decrement <u>for any one year</u> shall be the sum of (a) the <u>six bimonthly computations of</u> earnings as computed under clause (1) of subdivision 5, <u>after adjustment so as to attribute such income to the appropriate participants,</u> (b) total realized gains or losses for the fiscal year as computed under clause (2) of subdivision 5, after adjusting for the approximate unrealized gain or loss evidenced for such securities in the admitted value, and (c) total unrealized gains or losses for the fiscal year as computed under clause (2) of subdivision 5.

Sec. 6. Minnesota Statutes 1971, Section 69.77, Subdivision 2, is amended to read:

Subd. 2. Subdivision 1 does not apply to an association described in subdivision 1 under the following circumstances:

(1) Each member of the association pays into the retirement funds of the association during his term of covered employment from and after January 1, 1970, a contribution for retirement and survivorship benefits of not less than six percent of the maximum rate of salary from which retirement and survivorship credits and amounts of benefits are determined, and that such contributions of a member are deducted from his salary by his governmental employer, transmitted to the association, and deposited to the credit of the proper fund thereof, provided that to avoid undue increase in the amount of employee contributions in any one year, any increase in the amount of contributions required by this section may be spread over several years, but the increase in rate of contribution in each year commencing in 1970 shall not be less than one percent until the appropriate levels of required employee contributions have been reached. This paragraph shall not apply to members who are volunteer firemen, provided that the local governing body shall have given their approval to the exemption following consideration of the most recent actuarial survey.

(2) The officers of the association determine on or before September 1 of each year commencing in 1970 the financial requirements and minimum obligation of the association for the following calendar year in accordance with the following requirements:

Until a later actuarial survey is prepared in accordance with sections 69.71 to 69.76, the association shall determine its financial requirements by basing the same on the actuarial survey prepared as of December 31, 1967, copies of which are on file with the legislative retirement study commission, the chief clerk of the house of representatives, and the secretary of the senate; thereafter the financial requirements are determined by the most recent actuarial survey prepared in accordance with sections 69.71 to 69.76.

The normal level cost expressed as a percent of covered payroll determined from the actuarial survey shall be applied to the estimated covered payroll of the membership for the following year to determine the dollar amount of normal cost for said following year.

To the dollar amount of normal cost thus determined shall be added the amount of one year's interest at three percent on the amount of the (deficit) unfunded liability found by the actuarial survey of the fund.

The total of these two amounts represents the financial requirements of the association for the following year.

Except as otherwise provided in this paragraph, the minimum obligation of the governmental subdivision shall be the financial requirements of the association less member contributions herein provided from covered salary and less one year's estimated receipts expected from the state of Minnesota through state collected insurance premium taxes or other state aids. The minimum obligation may, by vote of the governing body of the governmental subdivision, be reduced to the amount levied in the preceding year for purposes of the association, plus the following percentage of the difference between that levy and the amount of the minimum obligation determined without benefit of this sentence: for the levy made in 1971, 10 percent; in 1972, 20 percent; in 1973, 30 percent; in 1974, 40 percent; in 1975, 50 percent; in 1976, 60 percent; in 1977, 70 percent; in 1978, 80 percent; and in 1979, 90 percent. Commencing with the levy made in 1980, there shall be no reduction in the minimum obligation pursuant to this paragraph.

(3) The foregoing determination of the obligation of a governmental subdivision shall be submitted to its governing body not later than September 1 of each year so that it may ascertain if it has been prepared in accordance with law.

(4) The governmental subdivision shall provide and pay as promptly as funds are available to the association at least the amount of the minimum obligation each year. Any portion of this amount not paid to the association at the end of any calendar year shall be increased at the rate of six percent per annum until so paid. On September 1 of any year the unpaid amount subject to interest shall be added to the obligation of the governmental subdivision.

(5) The governmental subdivision shall provide in its annual budget at least its minimum obligation and may levy taxes for the payment thereof without 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 any fund of the association has attained a specified level; the levy of such taxes shall not cause the amount of other taxes levied or to be levied by the governmental subdivision, which are subject to any such limitation, to be reduced in any amount whatsoever. If the governmental subdivision does not include the full amount of the minimum obligation in its levy for any year, the association may certify that amount to the county auditor, who shall spread a levy in the amount of such obligation.

(6) Moneys paid by the governmental subdivision to the association in excess of the minimum amount so required shall be applied to the reduction in the unfunded liabilities of the association.

(7) The funds of the association shall be invested in securities which are proper investments for funds of the Minnesota state retirement system, 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 three percent stock limitation applicable to the Minnesota state retirement system would necessitate a lesser investment. 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 the date of enactment of this section. 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 ~~in~~ by the state board of investment under the provisions of section 11.21, provided that there be no limit to the amount which may be invested in the income share account described in Minnesota Statutes, Section 11.18, Subdivision 2, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental retirement fund may be invested in the growth share account described in section 11.18, subdivision 3.

(8) The association shall procure an actuarial survey showing the condition of its fund as of December 31, 1970, and not less frequently than each four years thereafter. Such survey shall be filed with the chief clerk of the house of representatives, the secretary of the senate, the governing body of the municipality in which the association is organized, and the secretary of any legislative committee or commission duly created and having within its jurisdiction the study of pension plans and pension funds, not later than June 1 of the following year in the manner described in sections 69.71 to 69.76.

Sec. 7. Minnesota Statutes 1971, 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 for funds of the Minnesota state retirement system, except that up to five percent of the special fund assets, ~~but in no case exceeding~~ or a minimum of $10,000, may be invested in the stock of any one corporation. 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 ~~in~~ by the state board of investment under the provisions of section 11.21, provided that there be no limit to the amount which may be invested in the income share account described in Minnesota Statutes, Section 11.18, Subdivision 2, and that up to 20 percent of that portion of the

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assets of the association invested in the Minnesota supplemental retirement fund may be invested in the growth share account described in section 11.18, subdivision 3.

Sec. 8. This act is effective upon final passage and approval.

Approved April 27, 1973.

CHAPTER 130—H.F.No.946

An act relating to game and fish; fishing by certain institutional inmates or patients; amending Minnesota Statutes 1971, Section 98.47, Subdivision 12.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1971, Section 98.47, Subdivision 12, is amended to read:

Subd. 12. **VETERAN'S ADMINISTRATION HOSPITALS; PATIENTS FISHING RIGHTS.** Any inmate of a state mental or correctional institution or a patient of a United States veteran's administration hospital may be permitted to fish during the open season, so long as they are inmates or patients, without obtaining a license but subject to the written consent of the superintendent of such institution.

Sec. 2. This act is effective the day following its final enactment.

Approved April 27, 1973.

CHAPTER 131—H.F.No.1185

[Not Coded]

An act relating to the employment by the city of Minneapolis of certain persons pursuant to a training program; amending Laws 1969, Chapter 1093, Section 1.