

States dollars. A company may not invest more than five percent of its total admitted assets in the obligations of any one of these banks or organizations, and may not invest more than a total of 15 percent of its total admitted assets in the obligations of all these banks and organizations.

Sec. 4. Minnesota Statutes 1982, section 61A.28, subdivision 2, is amended to read:

Subd. 2. **GOVERNMENT OBLIGATIONS.** Bonds or other obligations of, or bonds or other obligations insured or guaranteed by, (a) the United States or any state thereof; (b) the Dominion of Canada or any province thereof; (c) any county, city, town, statutory city formerly a village, organized school district, municipality, or other civil or political subdivision of this state, or of any state of the United States or of any province of the Dominion of Canada; (d) any agency or instrumentality of the foregoing, including but not limited to, debentures issued by the federal housing administrator, obligations of national mortgage associations; and (e) obligations payable in United States dollars issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the Export-Import Bank, or any other United States government sponsored organization of which the United States is a member; provided, that the life insurance company may not invest more than five percent of its total admitted assets in the obligations of any one of these banks or organizations and may not invest more than 15 percent of its total admitted assets in the obligations of all banks or organizations described in paragraph (e).

As used in this subdivision with respect to the United States or any agency or instrumentality of the United States, "bonds or other obligations" shall include rights or options to purchase the obligations if those rights or options are traded upon a contract market designated and regulated by a federal agency.

Approved April 16, 1984

CHAPTER 383 — H.F.No. 1784

An act relating to the state board of investment; establishing combined investment funds; amending Minnesota Statutes 1982, sections 11A.14; and 11A.24, subdivision 2; and Minnesota Statutes 1983 Supplement, section 11A.24, subdivision 1; repealing Minnesota Statutes 1982, section 356.20, subdivision 5.

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

Section 1. Minnesota Statutes 1982, section 11A.14, is amended to read:

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

11A.14 MINNESOTA COMBINED INVESTMENT FUNDS.

Subdivision 1. **ESTABLISHMENT.** ~~There is hereby established a~~ The Minnesota combined investment fund funds ~~are established~~ for the purpose of providing an investment ~~vehicle~~ vehicles for assets of the participating funds. The combined ~~fund~~ funds shall consist of the following investment accounts: a cash management ~~account~~ and an accounts, equity ~~account~~ accounts, fixed income accounts, and any other accounts determined appropriate by the state board.

Subd. 2. **ASSETS.** The assets of the combined investment ~~fund~~ funds shall consist of the moneys certified to and received by the state board from participating retirement plans and funds which shall be used to purchase investment shares in the appropriate investment accounts. Each participating fund shall own an undivided participation in all the assets of the combined ~~fund~~ funds. As of any date, the total claim of a participating fund on the assets in each account shall be equal to the ratio of units owned by a fund in each account to the total issued units then outstanding.

Subd. 3. **MANAGEMENT.** The combined investment ~~fund~~ funds shall be managed by the state board.

Subd. 4. **INVESTMENTS.** The assets of the combined investment ~~fund~~ funds shall be invested by the state board subject to the provisions of section 11A.24 ~~with the following exceptions:~~

(a) ~~The cash management account shall be invested in fixed-income obligations with maturities of less than three years.~~

(b) ~~The equity account may be completely invested in corporate stocks, except that any individual account may be completely invested in a single asset class.~~

Subd. 5. **PARTICIPATING PUBLIC RETIREMENT PLANS OR FUNDS.** The following public retirement plans and funds shall participate in the Minnesota combined investment ~~fund~~ 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;
- (5) Public employees police and fire fund established pursuant to chapter 353;
- (6) Teachers retirement fund established pursuant to chapter 354;

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- (7) Judges retirement fund established pursuant to chapter 490; and
- (8) Any other fund required by law to participate.

Subd. 6. **INITIAL TRANSFER OF ASSETS.** As of July 1, 1980, or a later date as determined by the state board, the participating funds shall transfer to the combined investment ~~fund~~ funds all appropriate securities then held together with cash necessary for the purchase of ~~even~~ units in the combined fund accounts.

Subd. 7. **INITIAL VALUATION OF ASSETS AND UNITS.** All assets transferred to the Minnesota combined investment ~~fund~~ funds shall be valued at their current market value as determined by the state board, including accrued interest. The initial value of each account unit shall be \$1,000 with each participating fund allocated units in the various accounts of the Minnesota combined investment ~~fund~~ funds in the same proportion as their assets are to the total assets in each account.

Subd. 8. **UNREALIZED REALIZED APPRECIATION (DEPRECIATION) ACCOUNT.** Any ~~unrealized~~ realized gains or losses in the value of investments incurred by a transferring fund shall be recorded in an ~~unrealized appreciation (depreciation) account which is hereby created.~~ Any future ~~unrealized gains or losses~~ shall also be recorded in this account at the close of each ~~fiscal year~~ pursuant to subdivision 7 shall be recognized on the date of the transfer.

Subd. 9. **VALUATION OF UNITS.** (1) Valuation of units for the ~~equity account~~ accounts in the Minnesota combined investment ~~fund~~ funds shall be performed as of the last business day of each month, or more frequently should the state board determine that additional valuation dates are necessary. ~~Valuation of units for the cash management account in the Minnesota combined investment fund shall be performed daily for every business day.~~

(2) The value of a unit for each account shall be determined by the following procedure:

(a) As of the close of business on the valuation date the state board shall determine the fair market value of each asset in each account, using the references, pricing services, consultants, or other methods as the state board deems appropriate.

(b) The sum total of the market value of all securities plus cash, less the value of undistributed income in each account, shall be divided by the number of units issued and outstanding for the account to determine the value per account unit.

Subd. 10. **PURCHASE AND REDEMPTION OF UNITS.** Purchase and redemption of units shall be on the first business day following the valuation date. All transactions shall be at the unit value as established on the immediate-

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ly preceding valuation date. Except for the initial purchase of units by an authorized participant, all purchases and redemptions shall be made in cash unless the state board determines that an exception is necessary.

Subd. 11. **EARNINGS DEFINED.** Investment earnings shall be the sum total of the following of each account:

(1) Dividends receivable on securities trading ex-dividend up to and including the valuation date.

(2) Cash dividends received to and including the valuation date that were not accounted for on a previous valuation date.

(3) Accrued interest to and including the valuation date.

(4) Interest received which had not been accrued and accounted for on a prior valuation date.

(5) Income from the sale of options, rights, warrants, or security lending.

(6) Other income received to and including the valuation date.

Subd. 12. **DISTRIBUTION OF EARNINGS.** At least once each ~~month~~ year the state board shall distribute to each participant net earnings determined proportionately in accordance with their average unit holdings in each account during the period. Unless otherwise directed by the participating fund, any distributions shall be used to purchase additional units in the accounts.

Subd. 13. **RECORDS REQUIRED.** The executive director of the state board shall keep accounting records. The records shall reflect the number of units in the Minnesota combined investment ~~fund~~ funds owned by each participating fund. No certificates or other evidence of ownership shall be required.

Subd. 14. **REPORTS REQUIRED.** As of each valuation date, or as often as the state board determines, each participant shall be informed of the number of units owned and the current value of the units. Annually, the state board shall provide ~~to~~ each participant, financial statements prepared in accordance with generally accepted accounting principles.

Sec. 2. Minnesota Statutes 1983 Supplement, section 11A.24, subdivision 1, is amended to read:

Subdivision 1. **SECURITIES GENERALLY.** The state board shall have the authority to purchase, sell, lend or exchange the following securities for funds or accounts specifically made subject to this section including puts and call options and future contracts traded on a contract market designated and regulated by a federal agency.

Sec. 3. Minnesota Statutes 1982, section 11A.24, subdivision 2, is amended to read:

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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, ~~including financial contracts traded upon a contract market designated and regulated by a federal agency~~; (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 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, 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. UNAMORTIZED BALANCES IN DEFERRED YIELD ADJUSTMENT ACCOUNTS.

Any unamortized balances in the deferred yield adjustment accounts of the various retirement funds covered by Minnesota Statutes, section 356.20, subdivision 5, shall be offset against the income earned by these funds during the current fiscal year.

Sec. 5. REPEALER.

Minnesota Statutes 1982, section 356.20, subdivision 5, is repealed.

Sec. 6. EFFECTIVE DATE.

This act is effective the day following final enactment.

Approved April 16, 1984

CHAPTER 384 — H.F.No. 1503

An act relating to local government; providing for the duties and bonds of city clerks; amending Minnesota Statutes 1982, sections 412.151; and 418.25, subdivision 1.

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

Section 1. Minnesota Statutes 1982, section 412.151, is amended to read:

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