

past the date of the applicant's separation or discharge.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Presented to the governor May 12, 2005

Signed by the governor May 16, 2005, 4:25 p.m.

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### CHAPTER 54—S.F.No. 493

*An act relating to hospital districts; providing for board membership in the Yellow Medicine County Hospital District; amending Laws 1963, chapter 276, section 2, by adding a subdivision.*

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

Section 1. Laws 1963, chapter 276, section 2, is amended by adding a subdivision to read:

Subd. 2d. In addition to elected members of the hospital district board, the board may appoint not more than three additional voting members who are not residents of the district. The terms of appointed members must be designated by the board at the time of appointment, but must not exceed three years. Appointed members may be reappointed for successive terms. Appointed members have all the privileges of board membership including eligibility to hold office. Appointed members may be removed from office or the board for good cause by a two-thirds majority vote of the elected members.

Presented to the governor May 12, 2005

Signed by the governor May 16, 2005, 4:17 p.m.

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### CHAPTER 55—H.F.No. 1692

*An act relating to state government; regulating compensation plans of the State Board of Investment; amending Minnesota Statutes 2004, sections 11A.04; 11A.07, subdivision 4; 15A.0815, subdivision 2; 43A.18, by adding a subdivision.*

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

Section 1. Minnesota Statutes 2004, section 11A.04, is amended to read:

#### 11A.04 DUTIES AND POWERS.

The state board shall:

New language is indicated by underline, deletions by ~~strikeout~~.

(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.

(14) Adopt a compensation plan setting the terms and conditions of employment for unclassified board employees who are not covered by a collective bargaining agreement.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 2. Minnesota Statutes 2004, section 11A.07, subdivision 4, is amended to read:

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. Unclassified employees who are not covered by a collective bargaining agreement are employed under the terms and conditions of the compensation plan approved under section 43A.18, subdivision 3b;

(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.

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Sec. 3. Minnesota Statutes 2004, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. **GROUP I SALARY LIMITS.** The salaries for positions in this subdivision may not exceed 95 percent of the salary of the governor:

Commissioner of administration;  
Commissioner of agriculture;  
Commissioner of education;  
Commissioner of commerce;  
Commissioner of corrections;  
Commissioner of employee relations;  
Commissioner of finance;  
Commissioner of health;  
Executive director, Higher Education Services Office;  
Commissioner, Housing Finance Agency;  
Commissioner of human rights;  
Commissioner of human services;  
~~Executive director, State Board of Investment;~~  
Commissioner of labor and industry;  
Commissioner of natural resources;  
Director of Office of Strategic and Long-Range Planning;  
Commissioner, Pollution Control Agency;  
Commissioner of public safety;  
Commissioner of revenue;  
Commissioner of employment and economic development;  
Commissioner of transportation; and  
Commissioner of veterans affairs.

Sec. 4. Minnesota Statutes 2004, section 43A.18, is amended by adding a subdivision to read:

Subd. 3b. **STATE BOARD OF INVESTMENT PLAN.** Total compensation for unclassified positions not covered by a collective bargaining agreement under section 11A.04 in the State Board of Investment must be determined by the State Board of Investment. Before submitting a compensation plan to the legislature and the Legislative Coordinating Commission, the State Board of Investment must submit the plan to the commissioner of employee relations for review and comment. The

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commissioner must complete the review within 14 days of its receipt. Compensation plans established under this subdivision must be approved by the legislature and the Legislative Coordinating Commission under section 3.855, before becoming effective.

**Sec. 5. EFFECTIVE DATE.**

Sections 1 to 4 are effective July 1, 2005. An employee who is covered by a compensation plan or whose salary is established under Minnesota Statutes, section 15A.0815, on July 1, 2005, continues to be covered by the compensation plan or salary until the compensation plan adopted under Minnesota Statutes, section 43A.18, subdivision 3b, is first implemented.

Presented to the governor May 12, 2005

Signed by the governor May 16, 2005, 4:05 p.m.

**CHAPTER 56—H.F.No. 487**

*An act relating to state government; changing terminology for mentally retarded, mental retardation, physically handicapped, and similar terms.*

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

**Section 1. REVISOR INSTRUCTION.**

(a) The revisor of statutes shall change the terms in column A to the terms in column B, wherever they appear in Minnesota Statutes,

<u>Column A</u>	<u>Column B</u>
<u>"mental retardation"</u>	<u>"developmental disability"</u>
<u>"mental retardation or a related condition";</u>	<u>"developmental disability"</u>
<u>"mental retardation and related condition"</u>	
<u>"mentally retarded"</u>	<u>"developmentally disabled"</u>
<u>"handicapped persons"</u>	<u>"disabled persons"</u>
<u>"handicapped children"</u>	<u>"disabled children" or</u>
	<u>"children with disabilities,"</u>
	<u>whichever term is most appropriate</u>
	<u>in the context of the sentence</u>
<u>"handicapped dependents"</u>	<u>"disabled dependents"</u>
<u>"handicapped"</u>	<u>"disabled," "disability," or</u>
	<u>"people with disabilities,"</u>
	<u>whichever term is most appropriate</u>
	<u>in the context of the sentence</u>
<u>"handicaps"</u>	<u>"disabilities"</u>

New language is indicated by underline, deletions by ~~strikeout~~.