

CHAPTER 11A

INVESTMENT OF STATE AND PENSION ASSETS

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11A.07 EXECUTIVE DIRECTOR.

[For text of subds 1 to 4, see M.S.1984]

Subd. 5. **Apportionment of expenses.** The executive director shall apportion the actual expenses incurred by the board on an accrual basis among the several funds whose assets are invested by the board based on the weighted average assets under management during each quarter. The charge to each retirement fund must be calculated, billed, and paid on a quarterly basis in accordance with procedures for interdepartmental payments established by the commissioner of finance. The amounts necessary to pay these charges are appropriated from the investment earnings of each retirement fund. Receipts must be credited to the general fund as nondedicated receipts. Funds other than retirement funds must not be billed; their portion of the expenses will be borne by the general fund.

History: *1Sp1985 c 13 s 76*

11A.14 MINNESOTA COMBINED INVESTMENT FUNDS.

[For text of subds 1 to 4, see M.S.1984]

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;
- (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;
- (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.

[For text of subds 6 to 14, see M.S.1984]

History: *1985 c 224 s 1*

11A.16 PERMANENT SCHOOL FUND.

[For text of subds 1 to 3, see M.S. 1984]

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Subd. 4. **INVESTMENT.** The permanent school fund shall be invested by the state board subject to the provisions of section 11A.24.

[For text of subds 5 and 6, see M.S. 1984]

History: 1984 c 482 s 3

11A.17 MINNESOTA SUPPLEMENTAL INVESTMENT FUND.

[For text of subds 1 to 12, see M.S.1984]

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 money invested in the fixed return account. The state board may determine the period over which the established rate is to apply to funds so invested. At the end of the period, the state board may determine the rate for money invested in the fixed return account based on the average yield for the period. Any earnings accrued to the 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 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.

History: 1985 c 224 s 2

11A.20 INVESTMENT OF STATE TREASURY FUNDS NOT CURRENTLY NEEDED.

Subdivision 1. **Certification of state treasury funds not currently needed.** When there are funds in the state treasury over and above the amount that the commissioner of finance has determined are currently needed, the commissioner shall certify to the state board the amount thereof.

[For text of subds 2 and 3, see M.S.1984]

History: 1Sp1985 c 13 s 77

11A.24 AUTHORIZED INVESTMENTS.

[For text of subd 1, see M.S.1984]

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, 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 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.

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) obligations shall be rated among the top four quality categories by a nationally recognized rating agency;

(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.

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 12 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.

(e) collateral for repurchase agreements and reverse repurchase agreements shall be limited to letters of credit and securities authorized in this section;

(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.

[For text of subds 5 to 7, see M.S.1984]

History: 1985 c 224 s 3-5