11A.07 EXECUTIVE DIRECTOR.

Subdivision 1. **Selection.** The state board shall select an executive director.

Subd. 2. **Qualifications.** The director of the state board shall be well qualified by training to administer and invest the money available for investment and possess experience in the management of institutional investment portfolios. The director shall be in the unclassified state service and serve at the pleasure of the state board.

Subd. 3. MS 1982 [Repealed, 1983 c 305 s 28]

Subd. 4. **Duties and powers.** The executive 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) prepare and submit biennial and annual budgets to the state board and with the approval of the state board submit the budgets to the Department of Management and Budget;

(3) employ professional and clerical staff as necessary;

(4) report to the state board on all operations under the executive director's control and supervision;

(5) maintain accurate and complete records of securities transactions and official activities;

(6) establish a policy, which is subject to state board approval, relating to the purchase and sale of securities on the basis of competitive offerings or bids;

(7) cause securities acquired to be kept in the custody of the commissioner of management and budget or other depositories consistent with chapter 356A, as the state board deems appropriate;

(8) prepare and file with the director of the Legislative Reference Library a report summarizing the activities of the state board, the council, and the executive director during the preceding fiscal year;

(9) include on the state board's website its annual report and an executive summary of its quarterly reports;

(10) 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;

(11) with respect to any fund for which the state board provides investment services, modify the billing procedure or apportionment of expenses under subdivision 5 to the extent the executive director determines is appropriate or necessary, with any such modification consistent with the applicable duties in this chapter and section 356A.04;

(12) receive and expend legislative appropriations; and

(13) undertake any other activities necessary to implement the duties and powers set forth in this subdivision consistent with chapter 356A.

Subd. 4a. **Classification of state board employees.** (a) Employees of the state board who are in the unclassified service of the state are employed under the terms and conditions of the compensation plan approved under section 43A.18, subdivision 3b. The following state board employees are in the unclassified service of the state:

(1) professional employees who, in the determination of the director, are primarily responsible for managing or administering the investment portfolio, including but not limited to investment diligence and analysis, investment risk mitigation, and implementing investment strategy; and

(2) employees who hold positions designated as unclassified under section 43A.08, subdivision 1a.

(b) Employees of the state board who are not in the unclassified service under paragraph (a) are in the classified service of the state.

Subd. 4b. **Annual report.** The report required under subdivision 4, clause (8), must include an executive summary, must be prepared and filed after the completion of the applicable fiscal year audit but no later than March 31 of each year, and must be prepared so as to provide the legislature and the people of the state with:

(1) 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 with assets invested by the state board; and

(2) the recipients of business placed or commissions allocated among the various commercial banks, investment bankers, money managers, and brokerage organizations and the amount of these commissions or other fees.

Subd. 5. **Apportionment of expenses.** (a) The annual expenses incurred by the state board, including any fees or expenses charged by advisors, consultants, or external firms, must be apportioned among all funds for which the state board provides investment services, in accordance with this subdivision. There is annually appropriated to the state board, from the assets of all funds for which the state board provides investment services, sums sufficient to pay the apportioned expenses. These sums must be deposited in the State Board of Investment operating account, which must be established by the commissioner of management and budget in the special revenue fund. Those sums must be apportioned as follows:

(1) the executive director shall first apportion expenses allocable solely to a specific fund or in the case of multiple funds, among the funds proportionally based on weighted average assets under management during the fiscal year; and

(2) next, the executive director shall apportion the expenses incurred by the state board, less the charges apportioned under clause (1) and accounting for any modification made pursuant to subdivision 4, clause (11), among the funds for which the state board provides investment services, with such expenses allocated proportionally based on the weighted average assets under management during the fiscal year.

(b) The expenses apportioned and charged to the funds under paragraph (a), with the exception of the retirement funds administered by the Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association, must be calculated, billed, and paid at least on a quarterly basis in accordance with procedures for interdepartmental payments established by the commissioner of management and budget. Sums received to pay the expenses must be deposited in the operating account under section 11A.04.

(c) The annual estimated expenses to be incurred by the state board that will be payable by the retirement funds administered by the Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association must be deposited in the State Board of Investment operating account under section 11A.04 on or about the first business day of each fiscal year. A reconciliation of the expenses allocable to each retirement fund compared to the applicable estimated expenses must occur at least annually at the end of the fiscal year. Any deficit determined by such reconciliation is due and payable to the State

Board of Investment operating account promptly upon notice of the amount due. Any fiscal year-end surplus may, at the executive director's discretion, be retained in the operating account and credited against the following fiscal year's estimated expenses of each respective retirement fund. The executive director must refund to the respective retirement fund any portion of any surplus not credited against the following fiscal year's estimated expenses.

History: *1980 c 607 art 14 s 5; 1982 c 560 s 3; 1983 c 324 s 1; 1Sp1985 c 13 s 76; 1986 c 444; 1989 c 319 art 8 s 4; 1990 c 594 art 1 s 40; 2003 c 112 art 2 s 50; 2005 c 55 s 2; 2006 c 277 art 4 s 3,4; 2009 c 101 art 2 s 19,109; 2012 c 286 art 10 s 1; 2022 c 65 art 6 s 2-4; 2025 c 37 art 22 s 1,2; 2025 c 39 art 2 s 12,13; 2026 c 106 art 14 s 2,3*