CHAPTER 11A

INVESTMENT OF STATE AND PENSION ASSETS

11A.01 STATEMENT OF PURPOSE.
11A.02 DEFINITIONS.
11A.03 STATE BOARD; MEMBERSHIP; ORGANIZATION.
11A.04 DUTIES AND POWERS; APPROPRIATION.
11A.07 EXECUTIVE DIRECTOR.
11A.075 DISCLOSURE OF EXPENSE REIMBURSEMENT.
11A.08 INVESTMENT ADVISORY COUNCIL.
11A.09 STANDARD OF CARE.
11A.10 DUTIES OF OTHER OFFICIALS.
11A.11 INVESTMENT AND EXPENSE APPROPRIATION.
11A.12 GAINS AND LOSSES; DISPOSITION.
11A.13 ASSETS AND DOCUMENTATION.
11A.14 MINNESOTA COMBINED INVESTMENT FUNDS.
11A.15 STATE BOND FUND.
11A.16 PERMANENT SCHOOL FUND.
11A.17 MINNESOTA SUPPLEMENTAL INVESTMENT FUND.
11A.20 INVESTMENT OF STATE TREASURY FUNDS NOT CURRENTLY NEEDED.
11A.21 INVESTMENT OF HIGHWAY FUNDS.
11A.23 INVESTMENT OF RETIREMENT FUNDS AND PLANS.
11A.235 ACCOUNT FOR INVESTMENT OF CERTAIN DULUTH FUNDS OR ASSETS.
11A.236 ACCOUNT TO INVEST FINANCIAL ASSURANCE MONEY FROM PERMITS TO MINE.
11A.24 AUTHORIZED INVESTMENTS.
11A.241 INVESTMENT IN NORTHERN IRELAND.
11A.244 INVESTMENT IN IRAN.
11A.245 INVESTMENT IN RUSSIA AND BELARUS.
11A.25 ADDITIONAL INVESTMENT PROVISIONS.

11A.01 STATEMENT OF PURPOSE.

The purpose of this chapter is to establish standards, in addition to the applicable standards of chapter 356A, to ensure that state and pension assets subject to this legislation will be responsibly invested to maximize the total rate of return without incurring undue risk.

History: *1980 c 607 art 14 s 1; 1989 c 319 art 8 s 2*

11A.02 DEFINITIONS.

Subdivision 1. **Applicability.** For the purposes of sections 11A.01 to 11A.25, the terms defined in this section shall have the meanings given them.

Subd. 2. **State board.** "State board" means the Minnesota State Board of Investment created by article XI, section 8 of the Constitution of the state of Minnesota for the purpose of administering and directing the investment of all state funds and pension funds.

Subd. 3. **Council.** "Council" means the Investment Advisory Council created by section 11A.08.

Subd. 4. **Fund.** "Fund" means any of the individual funds, including but not limited to the permanent school fund, general fund of the state, retirement funds and other funds and accounts for which the state board has responsibilities.

Subd. 5. **Director.** "Director" means the executive director of the state board.

Subd. 6. **Management.** "Management" means the performance or delegation of general management duties relating to any fund established pursuant to this chapter.

History: *1980 c 607 art 14 s 2*

11A.03 STATE BOARD; MEMBERSHIP; ORGANIZATION.

Pursuant to article XI, section 8, of the Constitution of the state of Minnesota, the state board shall be composed of the governor, state auditor, secretary of state, and attorney general. The governor shall serve as ex officio chair of the state board.

History: *1980 c 607 art 14 s 3; 1986 c 444; 1998 c 387 art 2 s 3*

11A.04 DUTIES AND POWERS; APPROPRIATION.

The state board shall:

(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 state board must allow fund beneficiaries and members of the public to become informed of proposed board actions. Procedures and policies of the state board are not subject to the Administrative Procedure Act.

(3) Employ an executive director as provided in section 11A.07.

(4) Retain investment advisors and consultants as it deems necessary.

(5) Prescribe policies concerning personal investments of all employees of the state 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 state 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 management and budget to sell property other than money that has escheated to the state when the state 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 state 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, retain, at its discretion, qualified external firms to invest, manage, or provide services with respect to the assets of funds over which the state board has investment management responsibility. The state board must include in the report required under section 11A.07, subdivision 4, clause (8), the management fees paid under this clause and the performance of each investment manager retained by the state 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 employees of the state board pursuant to section 43A.18, subdivision 3b.

(15) Contract, as necessary, with the board of trustees of the Minnesota State Colleges and Universities System for the provision of investment review and selection services under section 354B.25, subdivision 3, and arrange for the receipt of payment for those services.

There is annually appropriated to the state board, from the assets of the funds for which the state board provides investment services, sums sufficient to pay the expenses of the state board, including any fees or expenses charged by advisors, consultants, or external firms. These sums will 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.

History: *1980 c 607 art 14 s 4; 1982 c 587 s 1; 1986 c 444; 1987 c 372 art 8 s 1; 1989 c 319 art 8 s 3; 1993 c 244 art 2 s 1; 1998 c 254 art 1 s 2; 2003 c 112 art 2 s 50; 2005 c 55 s 1; 2006 c 277 art 4 s 2; 2009 c 101 art 2 s 109; 2010 c 359 art 8 s 1; 2022 c 65 art 6 s 1; 2025 c 20 s 2; 2026 c 106 art 14 s 1*

11A.041 MS 2008 [Repealed, 2009 c 169 art 1 s 77]

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*

11A.075 DISCLOSURE OF EXPENSE REIMBURSEMENT.

(a) A member or employee of the state board must annually disclose expenses paid for or reimbursed by: (1) each investment advisor, consultant, or outside money manager under contract to the state board; (2) each investment advisor, consultant, or outside money manager that has bid on a contract offered by the state board during that year; and (3) each business, including officers or employees of the business, in which the state board has invested money under the board's control during the annual reporting period. The disclosure requirement of this paragraph does not apply to expenses or reimbursements from an investment advisor, consultant, money manager or business if the board member or employee received less than $50 during the annual reporting period from that person or entity.

(b) For purposes of this section, expenses include payments or reimbursements for meals, entertainment, transportation, lodging, and seminars.

(c) The disclosure required by this section must be filed with the Campaign Finance and Public Disclosure Board by April 15 each year. Each disclosure report must cover the previous calendar year. The statement must be on a form provided by the Campaign Finance and Public Disclosure Board. An individual who fails

to file the form required by this section or who files false information, is subject to penalties specified in sections 10A.09 and 10A.025, subdivision 2.

History: *1993 c 192 s 37; 1997 c 202 art 2 s 63; 1999 c 220 s 50*

11A.08 INVESTMENT ADVISORY COUNCIL.

Subdivision 1. **Membership.** There is created an Investment Advisory Council consisting of 17 members. Ten of these members must be experienced in general investment matters. The state board must appoint the ten members. The other seven members are: the commissioner of management and budget; the executive director of the Minnesota State Retirement System; the executive director of the Public Employees Retirement Association; the executive director of the Teachers Retirement Association; a retiree currently receiving benefits from a statewide retirement plan; and two public employees who are active members of funds whose assets are invested by the state board. The governor must appoint the retiree and the public employees for four-year terms.

Subd. 2. **Duties and powers.** The council shall:

(1) advise the state board and the director on general policy matters relating to investments;

(2) advise the state board and the director on methods to improve the rate of return on invested money while insuring adequate security for that money;

(3) advise the state board and the director on the form and content of the report required by section 11A.07, subdivision 4, clause (7), so that the report clearly and objectively discloses the investment activities of the state board and the director;

(4) perform other tasks of an advisory nature as requested by the state board.

Subd. 3. **Officers; meetings.** The council shall annually elect a chair and vice-chair from among its members, and may elect other officers as necessary. The council shall meet upon the call of the chair of the council or the chair of the state board.

Subd. 4. **Terms; compensation; removal; vacancies; expiration.** The membership terms, compensation, removal of members appointed by the state board, and filling of vacancies of members shall be as provided in section 15.059 except that council members shall not receive a per diem. The council is not subject to the expiration date provisions of section 15.059.

Subd. 5. **Liability; indemnification.** A member of the council shall be indemnified and held harmless by the state for any reasonable costs or expenses incurred as a result of any actual or threatened litigation or administrative proceedings arising out of the performance of the member's duties, except an action brought by the state or agency thereof arising from the failure of a council member to perform duties in the manner prescribed in section 11A.09.

Subd. 6. **Conflict of interest; economic interest statement.** No member of the council may participate in deliberations or vote on any matter before the council which will or is likely to result in direct, measurable economic gain to the member. Additionally, no member of the council appointed by the state board may participate in deliberations or vote on any matter before the council which will or is likely to result in direct, measurable economic gain to that member's employer. Members of the council shall file with the Campaign

Finance and Public Disclosure Board an economic interest statement in a manner as prescribed by section 10A.09, subdivisions 5 and 6.

History: *1980 c 607 art 14 s 6; 1981 c 298 s 3; 3Sp1982 c 1 art 2 s 3; 1983 c 260 s 4; 1983 c 324 s 2; 1984 c 654 art 2 s 38; 1986 c 444; 1993 c 300 s 1; 2009 c 169 art 1 s 6,109*

11A.09 STANDARD OF CARE.

In the discharge of their respective duties, the members of the state board, director, board staff, and members of the council and any other person charged with the responsibility of investing money pursuant to the standards set forth in sections 11A.01 to 11A.25 shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom. In addition, for the investment of pension fund assets, the members and director of the state board and members of the Investment Advisory Council shall act in accordance with chapter 356A.

History: *1980 c 607 art 14 s 7; 1989 c 319 art 8 s 5*

11A.10 DUTIES OF OTHER OFFICIALS.

Subdivision 1. **Custody of securities.** The commissioner of management and budget and other custodians of securities belonging to the various funds shall provide in the appropriate cases the state board and its delegates with reasonable access thereto. Each security shall be held as an asset of the fund from which the investment expenditure was made.

Subd. 2. **Escheated property.** The commissioner of management and budget shall report immediately to the state board all personal property other than money received by the state of Minnesota as escheated property. If the state board elects to sell escheated property, all money received from the sale shall be credited to the general fund of the state.

Subd. 3. **Audits.** State audits of the activities of the state board and its delegates shall be conducted by the legislative auditor.

Subd. 4. **Office space.** The commissioner of administration shall provide the director and staff with suitable office and storage space in the State Capitol complex as near as practicable to the office of the commissioner of management and budget.

History: *1980 c 607 art 14 s 8; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

11A.11 INVESTMENT AND EXPENSE APPROPRIATION.

There is appropriated to the state board annually, and from time to time, the various moneys as are available for investment in the various funds subject to their supervision and control, for the purposes of the purchase, sale, exchange and lending of securities, reinvestment activities, payment of the execution expenses of securities transactions, amortization of premiums or accumulation of discounts, and contribution and redemption of participation in the funds.

History: *1980 c 607 art 14 s 9*

11A.12 GAINS AND LOSSES; DISPOSITION.

All interest and profit accruing from and all losses incurred by investment activity shall be credited to or borne by the fund from which the investment was made.

History: *1980 c 607 art 14 s 10*

11A.13 ASSETS AND DOCUMENTATION.

Subdivision 1. **Legal title to fund assets.** Legal title to the assets of state funds to be invested by the state board must be in the state of Minnesota, or its nominees. Legal title to pension funds to be invested by the state board must be as specified in section 356A.06.

Subd. 2. **Rights of employees; validity of documentation.** The rights of any public employee to any assets in the retirement funds shall be as fixed by the law or laws authorizing or requiring a retirement fund to purchase or order the redemption of investment participations or units on behalf of the public employee. The state board may rely on the documents, forms and applications of the various retirement funds which accompany money for investment or orders to redeem assets as being made in concert with the applicable law and with the rights of the public employees concerned. Accordingly, the state board need not inquire into the legality or validity of any documents, forms and applications.

History: *1980 c 607 art 14 s 11; 1989 c 319 art 8 s 6*

11A.14 MINNESOTA COMBINED INVESTMENT FUNDS.

Subdivision 1. **Establishment.** The Minnesota combined investment funds are established for the purpose of providing investment vehicles for assets of the participating public retirement plans and nonretirement funds. The assets of participating nonretirement funds may not be commingled with the assets of participating public retirement plans. The combined funds shall consist of the following investment accounts: cash management accounts, equity accounts, fixed income accounts, and any other accounts determined appropriate by the state board.

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

Subd. 3. **Management.** The combined investment funds shall be managed by the state board.

Subd. 4. **Investments.** The assets of the combined investment funds shall be invested by the state board subject to the provisions of section 11A.24, except that any individual account may be completely invested in a single asset class or managed in a separate account by the state board at its discretion.

Subd. 5. **Participation in Minnesota combined investment funds.** Any public retirement plan or nonretirement fund authorized by law to have its assets managed by the state board may participate in the Minnesota combined investment funds.

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 funds all appropriate securities then held together with cash necessary for the purchase of units in the combined fund accounts.

Subd. 7. **Initial valuation of assets and units.** All assets transferred to the Minnesota combined investment 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 funds in the same proportion as their assets are to the total assets in each account.

Subd. 8. **Realized appreciation or depreciation.** Any realized gains or losses in the value of investments incurred by a transferring fund pursuant to subdivision 7 shall be recognized on the date of the transfer.

Subd. 9. **Valuation of units.** (a) Valuation of units for the accounts in the Minnesota combined investment 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.

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

(1) 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.

(2) 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 established on the immediately 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 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 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 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.

History: *1980 c 607 art 14 s 12; 1981 c 37 s 2; 1984 c 383 s 1; 1985 c 224 s 1; 1990 c 426 art 1 s 3; 1992 c 539 s 1; 1993 c 300 s 2-5; 2012 c 286 art 10 s 2*

11A.15 STATE BOND FUND.

Subdivision 1. **Establishment.** Pursuant to article XI, section 7, of the Constitution of the state of Minnesota, there is hereby established a state bond fund for the purpose of the timely payment of principal and interest on bonds for which the full faith and credit of the state has been pledged. The state bond fund shall be a continuation of the state bond fund in existence on January 1, 1980.

Subd. 2. **Assets.** Any money appropriated to the state bond fund, any income arising from the invested assets of the state bond fund which is not immediately required to pay the principal or interest on state bonds and any proceeds arising from the sale of any securities in the state bond fund shall constitute the assets of the state bond fund.

Subd. 3. **Management.** The state bond fund shall be managed by the commissioner of management and budget who shall, from time to time, certify to the state board those portions of the state bond fund which in the judgment of the commissioner of management and budget are not required for immediate use.

Subd. 4. **Investment.** The state board shall invest assets of the state bond fund subject to the provisions of section 11A.25.

Subd. 5. **Withdrawal of assets.** Securities sufficient to equal the amount of money certified by the commissioner of management and budget as necessary to pay the principal or interest due on state bonds in excess of any cash on hand shall be sold at the request of the commissioner of management and budget and the certified amount of money shall be transferred to the commissioner of management and budget.

Subd. 6. **Credit of income towards subsequent appropriations.** Notwithstanding provisions of section 11A.12, the net income of the state bond fund after the recovery of any losses from the sale of securities shall be deducted from the amount of any subsequent appropriations for the payment of principal and interest of state bonds.

History: *1980 c 607 art 14 s 13; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

11A.16 PERMANENT SCHOOL FUND.

Subdivision 1. **Establishment.** Pursuant to article XI, section 8, of the Constitution of the state of Minnesota, there is hereby established a permanent school fund which shall be a continuation of the permanent school fund in existence on January 1, 1980.

Subd. 2. **Assets.** The permanent school fund shall consist of the proceeds derived from the school lands, the swamp lands and the internal improvement lands granted to the state and all cash and investments credited to the permanent school fund, to the swamp land fund and to the internal improvement land fund.

Subd. 3. **Management.** The permanent school fund shall be managed by the commissioner of management and budget.

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

Subd. 5. **Calculation of distributable amount.** (a) The state board shall calculate the distributable amount of the permanent school fund. The distributable amount shall equal 4.5 percent of the average net asset value of the permanent school fund as of the end of the preceding three fiscal years.

(b) The director shall report by August 15 the distributable amount to the Legislative Permanent School Fund Commission established in section 127A.30 and the commissioner of education.

[See Note.]

Subd. 6. **Disposition of distributable amount.** The commissioner of management and budget shall transfer the distributable amount of the permanent school fund as calculated pursuant to subdivision 5 to the school endowment fund as needed for payments made pursuant to section 127A.32.

[See Note.]

History: *1980 c 607 art 14 s 14; 1984 c 482 s 3; 1992 c 539 s 2; 1999 c 86 art 1 s 3; 2009 c 101 art 2 s 109; 1Sp2011 c 11 art 1 s 1; 2026 c 114 s 3,4*

NOTE: The amendments to subdivisions 5 and 6 by Laws 2026, chapter 114, sections 3 and 4, are effective July 1, 2027, for aid payable in fiscal year 2028 if the constitutional amendment proposed in Laws 2026, chapter 114, section 1, is adopted by the voters. Laws 2026, chapter 114, section 6.

11A.17 MINNESOTA SUPPLEMENTAL INVESTMENT FUND.

Subdivision 1. **Purpose; accounts; continuation.** (a) The purpose of the supplemental investment fund is to provide an investment vehicle for the assets of various public retirement plans and funds.

(b) The state board shall determine and make available investment accounts within the supplemental investment fund. These accounts shall include an appropriate array of diversified investment options for participants of the public retirement plans under subdivision 5.

(c) The assets of the supplemental investment fund must be invested by the state board in types of investments permitted under section 11A.24.

(d) The state board shall make available a volunteer firefighter account for the statewide volunteer firefighter plan under section 353G.02.

Subd. 2. **Assets.** (a) The assets of the supplemental investment fund consist of the money certified and transmitted to the state board from the participating public retirement plans and funds and from the statewide volunteer firefighter plan under section 353G.08.

(b) With the exception of the assets of the statewide volunteer firefighter fund, the assets must be used to purchase investment shares in the investment accounts as specified by the plan or fund. The assets of the statewide volunteer firefighter fund must be invested in the volunteer firefighter account.

(c) These accounts must be valued at least on a monthly basis but may be valued more frequently as determined by the State Board of Investment.

Subd. 3. **Management.** The supplemental investment fund shall be managed by the state board.

Subd. 4. MS 2012 [Repealed, 2014 c 296 art 13 s 28]

Subd. 5. **Participating public retirement plans or funds.** Any public retirement plan or fund authorized or required by law to invest its assets in the supplemental investment fund may from time to time as provided

by law certify moneys to the state board for the purchase of investment shares in the investment accounts of the supplemental investment account. The state board shall credit each purchase of investment shares to the appropriate participating public retirement plan or fund and shall confirm each purchase in writing to the appropriate plan or fund. Each participating public retirement plan or fund shall maintain adequate records to account for money certified to the supplemental investment fund.

Subd. 6. **Participation in fund.** Each public retirement plan or fund which has certified money to the state board for investment in the supplemental investment fund shall have a participation in each investment account of the fund in which it has money invested. The participation shall be determined by the ratio of the number of shares credited to the public retirement plan or fund to the total number of shares in that account.

Subd. 7. **Purchase of shares.** The state board shall allocate shares in the investment account or accounts at least monthly following the receipt of the funds for purchase of shares from the public retirement plan or fund as specified in the certification. The purchase price for shares shall be determined using the procedure specified in subdivision 9.

Subd. 8. **Redemption of shares.** The state board shall redeem shares in the investment account or accounts on the first business day after the valuation date next following the receipt of the request for redemption of shares from the public retirement plan or fund. The redemption value for shares shall be determined using the procedure specified in subdivision 9. Money representing the value of the redeemed shares shall be transmitted to the public retirement plan or fund making the request.

Subd. 9. **Valuation of investment shares.** (a) The value of shares for each investment account, excluding a money market account, must be determined by dividing the total market value of the securities constituting the respective account by the total number of shares then outstanding in the investment account.

(b) The value of shares in a money market account must be $1 a share.

Subd. 10. **Certifications for investment and requests for redemption.** The state board may specify the required forms for certifications of money for investment and requests for redemption of investment shares and may require the filing of any other documents which it deems necessary.

Subd. 10a. MS 1998 [Repealed, 1998 c 390 art 2 s 21 para (a)]

Subd. 11. **Prospectus.** Annually, by July 2, the state board shall prepare and shall issue a prospectus for the supplemental investment fund with separate exhibits for each investment account. The exhibit for each account must include its investment objectives, asset allocation, and past investment performance. Upon request, the board shall provide a list of each security in the fund and show the following items, whichever are applicable:

(1) the purchase price of the security;

(2) the current market value of the security;

(3) the current dividend or interest rate of the security;

(4) the rating of a debt security issued by a nationally recognized rating agency if it is other than a security issued or guaranteed by the United States government.

The state board shall transmit sufficient copies of the prospectus to each public retirement plan or fund participating in the supplemental investment account to meet the plan or fund's distribution requirements.

The prospectus must be filed with the director of the Legislative Reference Library as provided by section 3.195.

Subd. 12. MS 1986 [Repealed, 1988 c 453 s 12]

Subd. 13. MS 1986 [Repealed, 1988 c 453 s 12]

Subd. 14. MS 1998 [Repealed, 1998 c 390 art 2 s 21 para (a)]

History: *1980 c 607 art 14 s 15; 1981 c 208 s 1; 1981 c 224 s 14; 1983 c 324 s 3; 1985 c 224 s 2; 1986 c 356 s 1-5; 1988 c 453 s 1-5; 1992 c 539 s 3-7; 1994 c 604 art 1 s 1-5; 1998 c 390 art 2 s 2; 1Sp2003 c 12 art 2 s 1; 2009 c 32 s 5; 2009 c 169 art 9 s 1,2; 2014 c 296 art 13 s 1,2; 2015 c 68 art 8 s 1; 2020 c 108 art 7 s 9; 2026 c 106 art 15 s 2*

11A.18 MS 2008 [Repealed, 2009 c 169 art 1 s 77]

11A.181 MS 2008 [Repealed, 2009 c 169 art 1 s 77]

11A.19 Subdivision 1. MS 1988 [Repealed, 1990 c 426 art 1 s 1; 1990 c 570 art 12 s 64]

Subd. 2. MS 1988 [Repealed, 1990 c 426 art 1 s 1; 1990 c 570 art 12 s 64]

Subd. 3. MS 1988 [Repealed, 1990 c 426 art 1 s 1; 1990 c 570 art 12 s 64]

Subd. 4. MS 1988 [Repealed, 1990 c 426 art 1 s 1; 1990 c 570 art 12 s 64]

Subd. 5. MS 1988 [Repealed, 1990 c 426 art 1 s 1; 1990 c 570 art 12 s 64]

Subd. 6. MS 1988 [Repealed, 1990 c 426 art 1 s 1; 1990 c 570 art 12 s 64]

Subd. 7. MS 1988 [Repealed, 1990 c 426 art 1 s 1; 1990 c 570 art 12 s 64]

Subd. 8. MS 1988 [Repealed, 1990 c 426 art 1 s 1; 1990 c 570 art 12 s 64]

Subd. 9. MS 1989 Supp [Repealed, 1990 c 426 art 1 s 2; 1990 c 570 art 12 s 64]

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

Subdivision 1. **Certification.** When there are funds in the state treasury over and above the amount that the commissioner of management and budget has determined are currently needed, the commissioner shall certify to the state board the amount thereof.

Subd. 2. **Investment.** The certified amount of state treasury funds not currently needed shall be invested by the state board subject to the provisions of section 11A.25.

Subd. 3. **Crediting of investment income.** Notwithstanding provisions of section 11A.12, all investment income and all investment losses attributable to the investment of state treasury funds, other than the game and fish fund, not currently needed shall be credited to the general fund.

History: *1980 c 607 art 14 s 18; 1981 c 356 s 254; 1Sp1985 c 13 s 77; 2009 c 101 art 2 s 109*

11A.21 INVESTMENT OF HIGHWAY FUNDS.

Subdivision 1. **Certification.** The commissioner of transportation shall certify to the state board those portions of the highway user tax distribution fund established pursuant to article XIV, section 5 of the Constitution of the state of Minnesota; the trunk highway fund established pursuant to article XIV, section

6 of the Constitution of the state of Minnesota; the county state-aid highway fund established pursuant to article XIV, section 7 of the Constitution of the state of Minnesota; and the municipal state-aid street fund established pursuant to article XIV, section 8 of the Constitution of the state of Minnesota, which in the judgment of the commissioner are not required for immediate use.

Subd. 2. **Investment.** The certified amount of highway funds not currently needed shall be invested by the state board subject to the provisions of section 11A.25.

History: *1980 c 607 art 14 s 19; 1993 c 266 s 14*

11A.22 MS 1988 [Repealed, 1989 c 335 art 4 s 109]

11A.23 INVESTMENT OF RETIREMENT FUNDS AND PLANS.

Subdivision 1. **Certification of assets not needed for immediate use.** Each executive director administering a retirement fund or plan enumerated in subdivision 4 shall, from time to time, certify to the state board for investment those portions of the assets of the retirement fund or plan which in the judgment of the executive director are not required for immediate use.

Subd. 2. **Investment.** Retirement fund assets certified to the state board under subdivision 1 must be invested by the state board subject to the provisions of section 11A.24. Retirement fund assets transferred to the combined investment fund or the supplemental investment fund must be invested by the state board as part of those funds.

Subd. 3. **Withdrawal of assets.** When an executive director administering a retirement fund or plan enumerated in subdivision 4, certifies to the state board that invested assets of the fund or plan are required for immediate use, the state board shall sell securities to equal the amount of assets certified as required and shall order the transfer of the assets to the appropriate executive director.

Subd. 4. **Covered retirement funds and plans.** The provisions of this section apply to the following retirement funds and plans:

(1) Board of Trustees of the Minnesota State Colleges and Universities supplemental retirement plan established under chapter 354C;

(2) state employees retirement fund established pursuant to chapter 352;

(3) correctional employees retirement plan established pursuant to chapter 352;

(4) State Patrol retirement fund established pursuant to chapter 352B;

(5) unclassified employees retirement plan established pursuant to chapter 352D;

(6) general employees retirement fund established pursuant to chapter 353;

(7) public employees police and fire fund established pursuant to chapter 353;

(8) teachers' retirement fund established pursuant to chapter 354;

(9) judges' retirement fund established pursuant to chapter 490; and

(10) any other funds required by law to be invested by the board.

History: *1980 c 607 art 14 s 21; 1981 c 37 s 2; 1981 c 208 s 10; 1981 c 224 s 15; 1992 c 464 art 1 s 2; art 2 s 1; 1993 c 13 art 1 s 8; 1995 c 141 art 4 s 1; 1995 c 212 art 4 s 64; 2009 c 169 art 1 s 7,8; 2010 c 359 art 12 s 2*

11A.235 ACCOUNT FOR INVESTMENT OF CERTAIN DULUTH FUNDS OR ASSETS.

Subdivision 1. **Establishment.** The State Board of Investment, when requested by the city of Duluth, may invest the funds or assets of the city's community investment trust fund in a special account for that purpose in the combined investment funds established in section 11A.14, subject to the policies and procedures established by the State Board of Investment. Use of the funds in the account is restricted to debt service payments for the city's street improvement program or to any other use approved in accordance with Section 54(E) of the home rule charter of the city of Duluth.

Subd. 2. **Account maintenance and investment.** The city may deposit money in the account and may withdraw money from the account for purposes approved by the Duluth City Council in accordance with Section 54(E) of the home rule charter of the city of Duluth. Such transactions must be at a time and in a manner required by the executive director of the State Board of Investment. Investment earnings must be credited to the account of the city. The account may be terminated by the city at any time.

History: *2007 c 14 s 1*

11A.236 ACCOUNT TO INVEST FINANCIAL ASSURANCE MONEY FROM PERMITS TO MINE.

Subdivision 1. **Establishment; appropriation.** (a) The State Board of Investment, when requested by the commissioner of natural resources, may invest money collected by the commissioner as part of financial assurance provided under a permit to mine issued under chapter 93. The State Board of Investment may establish one or more accounts into which money may be deposited for the purposes of this section, subject to the policies and procedures of the State Board of Investment. Use of any money in the account is restricted to the financial assurance purposes identified in sections 93.46 to 93.51 and rules adopted thereunder and as authorized under any trust fund agreements or other conditions established under a permit to mine.

(b) Money in an account established under paragraph (a) is appropriated to the commissioner of natural resources for the purposes for which the account is established under this section.

Subd. 2. **Account maintenance and investment.** (a) The commissioner of natural resources may deposit money in the appropriate account and may withdraw money from the appropriate account for the financial assurance purposes identified in sections 93.46 to 93.51 and rules adopted thereunder and as authorized under any trust fund agreements or other conditions established under the permit to mine for which the financial assurance is provided, subject to the policies and procedures of the State Board of Investment.

(b) Investment strategies related to an account established under this section must be determined jointly by the commissioner of natural resources and the executive director of the State Board of Investment. The authorized investments for an account are the investments authorized under section 11A.24 that are made available for investment by the State Board of Investment.

(c) Investment transactions must be at a time and in a manner determined by the executive director of the State Board of Investment. Decisions to withdraw money from the account must be determined by the commissioner of natural resources, subject to the policies and procedures of the State Board of Investment. Investment earnings must be credited to the appropriate account for financial assurance under the identified permit to mine.

(d) The commissioner of natural resources may terminate an account at any time, so long as the termination is in accordance with applicable statutes, rules, trust fund agreements, or other conditions established under the permit to mine, subject to the policies and procedures of the State Board of Investment.

History: *2024 c 116 art 3 s 1*

11A.24 AUTHORIZED INVESTMENTS.

Subdivision 1. **Securities generally.** (a) Pursuant to an investment policy adopted by the state board, the state board is authorized to purchase, sell, lend, and exchange the securities specified in this section, for funds or accounts specifically made subject to this section. This authority includes puts and call options, future contracts, and swap contracts marked to market, if these options and contracts are traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned directly or through shares in exchange-traded or mutual funds, or as units in commingled trusts, subject to any limitations as specified in this section.

(b) Any agreement to lend securities must be concurrently collateralized with cash or securities with a market value of not less than 100 percent of the market value of the loaned securities at the time of the agreement. Any agreement for put and call options and futures contracts may only be entered into with a fully offsetting amount of cash or securities. Only securities authorized by this section, excluding those under subdivision 6, paragraph (a), clauses (1) to (5), may be accepted as collateral or offsetting securities.

Subd. 2. **Government obligations.** The state board is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or if the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which the board may invest under this subdivision are guaranteed or insured issues of:

(1) the United States, its agencies, its instrumentalities, or organizations created and regulated by an act of Congress;

(2) the Dominion of Canada or any of its provinces, provided the principal and interest are payable in United States dollars;

(3) any of the states or any of their municipalities, political subdivisions, agencies, or instrumentalities; and

(4) any United States government sponsored organization of which the United States is a member, if the principal and interest are payable in United States dollars.

Subd. 3. **Corporate obligations.** (a) The state board is authorized to invest funds in bonds, notes, debentures, transportation equipment obligations, and any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state of the United States, or the Dominion of Canada or any Canadian province if:

(1) the principal and interest of obligations of corporations incorporated or organized under the laws of the Dominion of Canada or any Canadian province are payable in United States dollars; and

(2) the obligations are rated among the top four quality categories by a nationally recognized rating agency.

(b) The state board may invest in unrated corporate obligations or in corporate obligations that are not rated among the top four quality categories as provided in paragraph (a), clause (2), if:

(1) the aggregate value of these obligations does not exceed five percent of the market value of the fund for which the state board is investing;

(2) the state board's participation is limited to 50 percent of a single offering subject to this paragraph; and

(3) the state board's participation is limited to 25 percent of an issuer's obligations subject to this paragraph.

Subd. 4. **Other obligations.** (a) The state board is authorized to invest funds in:

(1) bankers acceptances and deposit notes if issued by a United States bank that is rated in the highest four quality categories by a nationally recognized rating agency;

(2) certificates of deposit if issued by a United States bank or savings institution that is rated in the top four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies, or certificates of deposits issued by a credit union in an amount within the limit of the insurance coverage provided by the National Credit Union Administration or an approved credit union share guaranty corporation;

(3) commercial paper if issued by a United States corporation or its Canadian subsidiary and if rated in the highest two quality categories by a nationally recognized rating agency;

(4) mortgage securities and asset-backed securities if rated in the top four quality categories by a nationally recognized rating agency;

(5) repurchase agreements and reverse repurchase agreements if collateralized with letters of credit or securities authorized in this section;

(6) guaranteed investment contracts if issued by an insurance company or a bank that is rated in the top four quality categories by a nationally recognized rating agency or alternative guaranteed investment contracts if the underlying assets comply with the requirements of this section;

(7) savings accounts if fully insured by a federal agency; and

(8) guaranty fund certificates, surplus notes, or debentures if issued by a domestic mutual insurance company.

(b) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of deposit and collateralization agreements executed by the state board under paragraph (a), clause (2).

(c) In addition to investments authorized by paragraph (a), clause (4), the state board is authorized to purchase from the Minnesota Housing Finance Agency all or any part of a pool of residential mortgages, not in default, that 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 that 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 sufficient to produce a yield to the state board comparable, in its judgment, to the yield 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. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

Subd. 5. **Corporate stocks.** The state board is authorized to invest funds in stocks or convertible issues of any corporation organized under the laws of the United States or any of its states, the Dominion of Canada or any of its provinces, or any corporation listed on an exchange that is regulated by an agency of the United States or of the Canadian national government.

An investment in any corporation must not exceed five percent of the total outstanding shares of that corporation, except that the state board may hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent of the shares of a closed-end mutual fund.

Subd. 5a. **Asset mix limitations.** The aggregate value of investments under subdivision 5, plus the aggregate value of all investments under subdivision 6, must not exceed 85 percent of the market value of a fund.

Subd. 6. **Other investments.** (a) In addition to the investments authorized in subdivisions 1 to 5, and subject to the provisions in paragraph (b), the state board is authorized to invest funds in:

(1) equity and debt investment businesses through participation in limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations;

(2) real estate ownership interests or loans secured by mortgages or deeds of trust or shares of real estate investment trusts through investment in limited partnerships, bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance company commingled accounts;

(3) resource investments through limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations;

(4) investment vehicles that are co-investments or separate accounts;

(5) liquid alternatives;

(6) bank loans; and

(7) international securities.

(b) The investments authorized in paragraph (a) must conform to the following clauses:

(1) the aggregate value of all investments made under paragraph (a), clauses (1) to (4), may not exceed 35 percent of the market value of the fund for which the state board is investing;

(2) there must be at least four unrelated owners of the investment other than the state board for investments made under paragraph (a), clause (1), (2), or (3);

(3) state board participation in an investment vehicle is limited to 20 percent thereof for investments made under paragraph (a), clause (1), (2), or (3); and

(4) state board participation in an investment vehicle does not include a general partnership interest or other interest involving general liability. The state board may not participate in any investment vehicle in a manner which creates general liability.

(c) All financial, business, or proprietary data collected, created, received, or maintained by the state board in connection with investments authorized by paragraph (a), clauses (1) to (6), are nonpublic data under section 13.02, subdivision 9. As used in this paragraph, "financial, business, or proprietary data" means data, as determined by the responsible authority for the state board, that is of a financial, business, or

proprietary nature, the release of which could cause competitive harm to the state board, the legal entity in which the state board has invested or has considered an investment, the managing entity of an investment, or a portfolio company in which the legal entity holds an interest. As used in this section, "business data" is data described in section 13.591, subdivision 1. Regardless of whether they could be considered financial, business, or proprietary data, the following data received, prepared, used, or retained by the state board in connection with investments authorized by paragraph (a), clauses (1) to (6), are public at all times:

(1) the name and industry group classification of the legal entity in which the state board has invested or in which the state board has considered an investment;

(2) the state board commitment amount, if any;

(3) the funded amount of the state board's commitment to date, if any;

(4) the market value of the investment by the state board;

(5) the state board's internal rate of return for the investment, including expenditures and receipts used in the calculation of the investment's internal rate of return; and

(6) the age of the investment in years.

Subd. 7. **Appropriation.** There is annually appropriated to the state board, from the assets of the funds for which the state board invests relating to authorized investments under subdivision 6, paragraph (a), sums sufficient to pay the costs for the management of these assets by private management firms.

Subd. 8. **Contracts.** Section 16C.05, subdivision 8, paragraph (a), clauses (2) and (5), do not apply to contracts entered into by the State Board of Investment related to an investment under this section.

History: *1980 c 607 art 14 s 22; 1981 c 208 s 3-6,9; 1982 c 587 s 2; 1983 c 216 art 1 s 5; 1983 c 324 s 7-9; 1984 c 382 s 1; 1984 c 383 s 2,3; 1985 c 224 s 3-5; 1987 c 72 s 1; 1987 c 372 art 8 s 2-6; 1988 c 453 s 7,8; 1991 c 47 s 1; 1991 c 206 s 1; 1992 c 539 s 9; 1992 c 587 art 2 s 2; 1992 c 592 s 2; 1993 c 300 s 6,7; 1994 c 604 art 1 s 7-11; 1995 c 122 s 1; 1998 c 386 art 2 s 8; 2000 c 392 s 1,2; 2005 c 156 art 2 s 7; 2005 c 163 s 2; 2009 c 86 art 1 s 90; 2012 c 286 art 10 s 3; 2013 c 111 art 1 s 1; 2020 c 108 art 1 s 1,2; 2025 c 39 art 2 s 14; 2026 c 56 s 1*

11A.241 INVESTMENT IN NORTHERN IRELAND.

Subdivision 1. **List of investments.** (a) By January 1 of each year, the state board shall:

(1) compile a list of corporations that, directly or through a subsidiary, do business in Northern Ireland and in whose stocks or obligations the board has invested under section 11A.24, subdivision 3 or 5; and

(2) determine whether each corporation on the list has, during the preceding year, taken affirmative action to eliminate religious or ethnic discrimination in Northern Ireland.

(b) In making the determination required by paragraph (a), clause (2), the state board shall consider whether a corporation has, during the preceding year, taken substantial action designed to lead toward the achievement of the following goals:

(1) increasing representation of persons from underrepresented religious groups at all levels in its work force;

(2) providing adequate security for employees who are members of minority religious groups, both at the workplace and while traveling to and from work;

(3) creating a climate in the workplace free from religious or political provocation;

(4) publicly advertising all job openings and making special recruiting efforts to attract applicants from underrepresented religious groups;

(5) providing that layoff, recall, and termination procedures do not favor workers who are members of particular religious groups;

(6) abolishing job reservations, apprenticeship restrictions, and differential employment criteria that discriminate on the basis of religious or ethnic origin;

(7) developing new programs and expanding existing programs to prepare current employees who are members of minority religious groups for skilled jobs;

(8) establishing procedures to assess, identify, and recruit employees who are members of minority religious groups and who have potential for advancement; and

(9) appointing senior management employees to oversee affirmative action efforts and the setting of timetables for carrying out clauses (1) to (8).

Subd. 2. **Affirmative action policy.** Whenever feasible, the board shall sponsor, cosponsor, or support shareholder resolutions designed to encourage corporations in which the board has invested to pursue a policy of affirmative action in Northern Ireland.

Subd. 3. **Divestment not required.** Nothing in this section may be construed to require the state board to dispose of existing investments or to make future investments that violate sound investment policy for public pensions.

History: *1988 c 687 s 1*

11A.243 MS 2020 [Expired, 2007 c 117 s 1]

11A.244 INVESTMENT IN IRAN.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them in this subdivision.

(b) "Active business operations" means all business operations that are not inactive business operations.

(c) "Company" means any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including all wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of such entities or business associations, that exists for profit-making purposes.

(d) "Direct holdings" means all publicly traded debt and equity securities of a company that are held directly by the State Board of Investment or held in an account or fund in which the State Board of Investment owns all shares or interests.

(e) "Government of Iran" means the government of the Islamic Republic of Iran or its instrumentalities or political subdivisions and companies owned or controlled by the Islamic Republic of Iran.

(f) "Inactive business operations" means the continued holding or renewal of rights to property previously operated for the purpose of generating revenues but not presently deployed for such a purpose.

(g) "Indirect holdings" means all investments held in an account or fund, including a mutual fund, a real estate fund, a private equity fund, or a commingled fund, managed by one or more persons who are not employed by the State Board of Investment, in which the public funds own shares or interests together with other investors who are not subject to this section.

(h) "Scrutinized company" means any company engaging in scrutinized business operations.

(i) "Scrutinized business operations" means any and all active business operations that are subject or liable to sanctions under Public Law 104-172, as amended, the Iran Sanctions Act of 1996, and that involve the maintenance of a company's existing assets or investments in Iran, or the deployment of new investments to Iran that meet or exceed the $20,000,000 threshold referred to in Public Law 104-172, as amended, the Iran Sanctions Act of 1996. "Scrutinized business operations" does not include the retail sale of gasoline and related products.

(j) "Substantial action specific to Iran" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations.

Subd. 2. **Identification of scrutinized companies.** (a) Within 90 days following August 1, 2009, the State Board of Investment shall make its best efforts to identify all scrutinized companies in which it has direct holdings. These efforts shall include, as appropriate:

(1) reviewing and relying, as appropriate, on publicly available information regarding companies with business operations in Iran, including information provided by nonprofit organizations, research firms, international organizations, and government entities;

(2) contacting asset managers contracting with the State Board of Investment who invest in companies with business operations in Iran; and

(3) contacting other institutional investors that have divested from or engaged with companies with business operations in Iran.

(b) At the first meeting of the State Board of Investment after it has completed the requirements of paragraph (a), the State Board of Investment shall assemble a list of scrutinized companies in which it has direct holdings.

(c) The State Board of Investment shall update the scrutinized companies list each quarter based on continuing information, including but not limited to information from sources identified in paragraph (a).

Subd. 3. **Engagement of scrutinized companies.** The State Board of Investment shall use the following procedures with respect to companies on the scrutinized companies list:

(1) for each company newly identified in subdivision 2 with scrutinized business operations, the State Board of Investment shall, within 90 days following its assembly of the scrutinized companies list, send a written notice informing the company of its scrutinized company status and that it may become subject to divestment by the State Board of Investment. The notice shall offer the company the opportunity to clarify its scrutinized business operations and shall encourage the company to cease, within 90 days of the date of the notice, its scrutinized business operations, or to convert them to inactive business operations in order to avoid divestment by the State Board of Investment; and

(2) if, within 90 days following the State Board of Investment's first engagement with a company under clause (1), that company publicly announces its commitment to substantial action specific to Iran, that

company shall be removed from the scrutinized companies list and the provisions of this section shall cease to apply to it unless it resumes active business operations in Iran.

Subd. 4. **Divestment.** (a) If, after 90 days following the State Board of Investment's first engagement with a company under subdivision 3, clause (1), the company continues to have scrutinized business operations, and only while the company continues to have scrutinized business operations, the State Board of Investment shall sell, redeem, divest, or withdraw all publicly traded securities of the company, according to the following schedule:

(1) at least 50 percent of the holdings in the company shall be removed from the State Board of Investment's assets under management by nine months after the company's initial appearance on the scrutinized companies list; and

(2) 100 percent of the holdings in the company shall be removed from the State Board of Investment's assets under management within 15 months after the company's initial appearance on the scrutinized companies list.

(b) If a company that ceased scrutinized business operations following engagement under subdivision 3, clause (1), resumes such operations, paragraph (a) immediately applies to the company and the State Board of Investment shall send a written notice to the company. The company shall also be immediately reintroduced onto the scrutinized companies list.

Subd. 5. **Prohibition on new acquisitions.** The State Board of Investment may not acquire securities of companies on the scrutinized companies list that have scrutinized business operations, except as provided in this section.

Subd. 6. **Relation to federal action.** If the federal government excludes a company from its present or any future federal sanctions relating to Iran, that company is exempt from the divestment requirements and the investment prohibitions in this section.

Subd. 7. **Exemptions.** Subdivisions 4 and 5 do not apply to any of the following:

(1) investments in a company that is primarily engaged in supplying goods or services intended to relieve human suffering in Iran;

(2) investments in a company that is primarily engaged in promoting health, education, or journalistic, religious, or welfare activities in Iran; and

(3) investments in a United States company that is authorized by the federal government to have active business operations in Iran.

Subd. 8. **Excluded securities.** Subdivisions 4 and 5 do not apply to indirect holdings in actively managed investment funds. The State Board of Investment shall submit letters to the managers of investment funds containing companies with scrutinized active business operations requesting the managers to consider removing such companies from the fund or to create a similar actively managed fund with indirect holdings that do not include the companies. If a manager creates a similar fund, the State Board of Investment shall promptly replace all applicable investments with investments in the similar fund consistent with prudent investing standards. For the purposes of this section, "private equity" funds shall be deemed to be actively managed investment funds.

Subd. 9. **Reporting.** By January 15 of each calendar year, the State Board of Investment shall submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the State Board of Investment. The report must include:

(1) a copy of the most recent list of scrutinized companies;

(2) a summary of correspondence with companies engaged by the State Board of Investment under subdivision 3;

(3) a list of all investments sold, redeemed, divested, or withdrawn in compliance with subdivision 4;

(4) a list of all prohibited investments under subdivision 5; and

(5) a description of any progress made under subdivision 8.

Subd. 10. **Expiration.** This section ceases to be operative if either of the following apply:

(1) Iran is removed from the United States Department of State's list of countries that have been determined to repeatedly provide support for acts of international terrorism; or

(2) the president of the United States determines and certifies that state legislation similar to this section interferes with the conduct of United States foreign policy.

Subd. 11. **Other legal obligations.** The State Board of Investment is exempt from any statutory or common law obligations that conflict with actions taken in compliance with this section, including all good faith determinations regarding companies as required by this section, including any obligations regarding the choice of asset managers, investment funds, or investments for the State Board of Investment's securities portfolios.

Subd. 12. **Severability.** The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity does not affect other provisions or applications that can be given effect without the invalid provision or application.

History: *2009 c 90 s 1*

11A.245 INVESTMENT IN RUSSIA AND BELARUS.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Active business operations" means all business operations that are not inactive business operations.

(c) "Belarus" means the government of the Republic of Belarus and its instrumentalities or political subdivisions, and companies owned or controlled by the Republic of Belarus.

(d) "Company" means any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including all wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of such entities or business associations, that exists for profit-making purposes.

(e) "Direct holdings" means all publicly traded debt and equity securities, including depository receipts representing ownership rights of such securities, of an entity subject to this section, or derivatives or notes representing exposure to such securities, that are held directly by the state board or held in an account or fund in which the state board owns all shares or interests.

(f) "Inactive business operations" means the continued holding or renewal of rights to property previously operated for the purpose of generating revenues but not presently deployed for such a purpose.

(g) "Indirect holdings" means all investments held in an account or fund, including a mutual fund, a real estate fund, a private equity fund, or a commingled fund, managed by one or more persons who are not employed by the state board, in which the public funds own shares or interests together with other investors who are not subject to this section.

(h) "Russia" means the government of the Russian Federation or its instrumentalities or political subdivisions, and companies owned or controlled by the Russian Federation.

Subd. 2. **Divestment required.** (a) The state board must sell, redeem, or withdraw, in a fiscally prudent manner and consistent with applicable laws and regulations not in conflict with this section, all direct holdings of the following assets:

(1) securities issued by a company with a principal place of business in Russia or Belarus, or depository receipts representing ownership rights to such securities;

(2) securities issued by Russia or Belarus;

(3) securities issued by any governmental unit of Russia or Belarus;

(4) currency issued by Russia, Belarus, or a governmental unit of Russia or Belarus; and

(5) derivatives or notes representing exposure to any assets listed in this subdivision.

(b) For purposes of this subdivision, when determining whether a company has a principal place of business in Russia or Belarus, the state board must give consideration to the company's country of risk; domicile; country of incorporation; the country in which the company's securities are issued; and other relevant factors as determined by the state board or its director.

(c) At least quarterly, the director must report to the state board on the status of any actions taken under this subdivision.

Subd. 3. **Schedule.** To the extent practicable, the sale, redemption, or withdrawal of assets under subdivision 2 must be completed according to the following schedule:

(1) at least 50 percent of any direct holdings must be removed from the state board's assets under management by nine months after April 2, 2022; and

(2) 100 percent of any direct holdings must be removed from the state board's assets under management within 15 months after April 2, 2022.

Subd. 4. **Prohibition on new acquisitions.** The state board may not further acquire securities that are subject to sale, redemption, or withdrawal under subdivision 2.

Subd. 5. **Relation to federal action.** If the federal government excludes an asset from its present, or any future, federal sanctions relating to Russia or Belarus, that asset is exempt from the divestment requirements and the investment prohibitions in this section.

Subd. 6. **Exemptions.** Subdivision 2 does not apply to any of the following:

(1) investments in a company that is primarily engaged in supplying goods or services intended to relieve human suffering in Russia or Belarus;

(2) investments in a company that is primarily engaged in promoting health; education; or journalistic, religious, or welfare activities in Russia or Belarus; and

(3) investments in a United States company that is authorized by the federal government to have active business operations in Russia or Belarus.

Subd. 7. **Excluded securities.** Subdivision 2 does not apply to indirect holdings in actively managed investment funds. The state board must submit letters to the managers of investment funds containing assets that would otherwise be subject to sale, redemption, or withdrawal under subdivision 2 requesting the managers to consider removing those assets from the fund or to create a similar actively managed fund with indirect holdings that do not include those assets. If a manager creates a similar fund, the state board shall promptly replace all applicable investments with investments in the similar fund consistent with prudent investing standards. For the purposes of this section, private equity funds shall be deemed to be actively managed investment funds.

Subd. 8. **Reporting.** By January 15 of each calendar year, the state board shall submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the state board. The report must include:

(1) a list of all investments sold, redeemed, or withdrawn in compliance with subdivision 2;

(2) a list of all prohibited investments under subdivision 4; and

(3) a description of any progress made under subdivision 7.

Subd. 9. **Expiration.** This section ceases to be operative if the President of the United States determines and certifies that state legislation similar to this section interferes with the conduct of United States foreign policy.

Subd. 10. **Other legal obligations.** The state board, including its executive director and staff, is exempt from any statutory or common law obligations that conflict with actions taken in compliance with this section, including all good-faith determinations regarding companies as required by this section, including any obligations regarding the choice of asset managers, investment funds, or investments for the State Board of Investment's securities portfolios.

Subd. 11. **Severability.** The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity does not affect other provisions or applications that can be given effect without the invalid provision or application.

History: *2022 c 43 s 1*

11A.25 ADDITIONAL INVESTMENT PROVISIONS.

When investing assets of any funds or accounts specifically made subject to this section or not otherwise referred to in sections 11A.01 to 11A.25, all securities shall be debt obligations and shall conform to the applicable provisions of section 11A.24.

History: *1980 c 607 art 14 s 23; 1987 c 372 art 8 s 7*

11A.27 MS 2024 [Repealed, 2025 c 37 art 22 s 3]