

1.1 ..... moves to amend H.F. No. 2783 as follows:

1.2 Page 2, lines 20 and 21, delete "\$1,905,000" and insert "\$2,669,000"

1.3 Page 16, after line 12, insert:

1.4 "Sec. 3. Minnesota Statutes 2024, section 11A.04, is amended to read:

1.5 **11A.04 DUTIES AND POWERS; APPROPRIATION.**

1.6 The state board shall:

1.7 (1) Act as trustees for each fund for which it invests or manages money in accordance  
1.8 with the standard of care set forth in section 11A.09 if state assets are involved and in  
1.9 accordance with chapter 356A if pension assets are involved.

1.10 (2) Formulate policies and procedures deemed necessary and appropriate to carry out  
1.11 its functions. Procedures adopted by the board must allow fund beneficiaries and members  
1.12 of the public to become informed of proposed board actions. Procedures and policies of the  
1.13 board are not subject to the Administrative Procedure Act.

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

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

1.16 (5) Prescribe policies concerning personal investments of all employees of the board to  
1.17 prevent conflicts of interest.

1.18 (6) Maintain a record of its proceedings.

1.19 (7) As it deems necessary, establish advisory committees subject to section 15.059 to  
1.20 assist the board in carrying out its duties.

1.21 (8) Not permit state funds to be used for the underwriting or direct purchase of municipal  
1.22 securities from the issuer or the issuer's agent.

2.1 (9) Direct the commissioner of management and budget to sell property other than money  
2.2 that has escheated to the state when the board determines that sale of the property is in the  
2.3 best interest of the state. Escheated property must be sold to the highest bidder in the manner  
2.4 and upon terms and conditions prescribed by the board.

2.5 (10) Undertake any other activities necessary to implement the duties and powers set  
2.6 forth in this section.

2.7 (11) Establish a formula or formulas to measure management performance and return  
2.8 on investment. Public pension funds in the state shall utilize the formula or formulas  
2.9 developed by the state board.

2.10 (12) Except as otherwise provided in article XI, section 8, of the Constitution of the state  
2.11 of Minnesota, ~~employ~~ retain, at its discretion, qualified ~~private~~ external firms to invest ~~and~~<sub>2</sub>  
2.12 manage, or provide services with respect to the assets of funds over which the state board  
2.13 has investment management responsibility. ~~There is annually appropriated to the state~~ The  
2.14 board must include in the report required under section 11A.07, subdivision 4, clause (8),  
2.15 ~~from the assets of the funds for which the state board utilizes a private investment manager,~~  
2.16 ~~sums sufficient to pay the costs of employing private firms. Each year, by January 15, the~~  
2.17 ~~board shall report to the governor and legislature on the cost and the investment management~~  
2.18 fees paid under this clause and the performance of each investment manager employed  
2.19 retained by the board.

2.20 (13) Adopt an investment policy statement that includes investment objectives, asset  
2.21 allocation, and the investment management structure for the retirement fund assets under  
2.22 its control. The statement may be revised at the discretion of the state board. The state board  
2.23 shall seek the advice of the council regarding its investment policy statement. Adoption of  
2.24 the statement is not subject to chapter 14.

2.25 (14) Adopt a compensation plan setting the terms and conditions of employment for  
2.26 unclassified employees of the state board pursuant to section 43A.18, subdivision 3b.

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

2.30 There is annually appropriated to the state board, from the assets of the funds for which  
2.31 the state board provides investment services, sums sufficient to pay the ~~costs of all necessary~~  
2.32 expenses of the state board, including any expenses for the administration of the board to  
2.33 retain advisors, consultants, or external firms. These sums will be deposited in the State

3.1 Board of Investment operating account, which must be established by the commissioner of  
3.2 management and budget in the special revenue fund.

3.3 Sec. 4. Minnesota Statutes 2024, section 11A.07, subdivision 4, is amended to read:

3.4 Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

3.5 (1) plan, direct, coordinate, and execute administrative and investment functions in  
3.6 conformity with the policies and directives of the state board and the requirements of this  
3.7 chapter and of chapter 356A;

3.8 (2) prepare and submit biennial and annual budgets to the board and with the approval  
3.9 of the board submit the budgets to the Department of Management and Budget;

3.10 (3) employ professional and clerical staff as necessary;

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

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

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

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

3.19 (8) prepare and file with the director of the Legislative Reference Library, ~~by December~~  
3.20 ~~31 of each year~~, a report summarizing the activities of the state board, the council, and the  
3.21 director during the preceding fiscal year;

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

3.24 (10) require state officials from any department or agency to produce and provide access  
3.25 to any financial documents the state board deems necessary in the conduct of its investment  
3.26 activities;

3.27 (11) with respect to any fund, modify the apportionment of expenses under subdivision  
3.28 5 to the extent the executive director determines is appropriate or necessary, with any such  
3.29 modification consistent with chapter 356A;

3.30 (12) receive and expend legislative appropriations; and

4.1 ~~(12)~~ (13) undertake any other activities necessary to implement the duties and powers  
4.2 set forth in this subdivision consistent with chapter 356A.

4.3 Sec. 5. Minnesota Statutes 2024, section 11A.07, subdivision 4b, is amended to read:

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

4.8 (1) a clear, comprehensive summary of the portfolio composition, the transactions, the  
4.9 total annual rate of return, and the yield to the state treasury and to each of the funds with  
4.10 assets invested by the state board; and

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

4.14 Sec. 6. Minnesota Statutes 2024, section 11A.07, subdivision 5, is amended to read:

4.15 Subd. 5. **Apportionment of expenses.** (a) The annual expenses incurred by the State  
4.16 ~~Board of Investment will~~ board must be apportioned among ~~the state general fund, the~~  
4.17 ~~retirement funds administered by the Minnesota State Retirement System, Public Employees~~  
4.18 ~~Retirement Association, and Teachers Retirement Association, and all other funds~~ for which  
4.19 the state board provides investment services, as follows:

4.20 ~~(1) on a biennial basis, the State Board of Investment, in accordance with biennial budget~~  
4.21 ~~procedures established by the commissioner of management and budget, may request a~~  
4.22 ~~direct appropriation that represents the portion of the State Board of Investment expenses~~  
4.23 ~~necessary to provide investment services to the state general fund. This appropriation must~~  
4.24 ~~be deposited in the State Board of Investment operating account;~~

4.25 ~~(2)~~ (1) the executive director shall first apportion ~~the actual~~ expenses allocable solely  
4.26 to a specific fund based on the fund's weighted average assets under management for the  
4.27 fiscal year; and

4.28 (2) next, the executive director shall apportion the expenses incurred by the State Board  
4.29 ~~of Investment~~ board, less the ~~charge to the state general fund~~ charges apportioned under  
4.30 clause (1) and accounting for any modification made pursuant to subdivision 4, clause (11),  
4.31 ~~among the funds whose assets are invested by the State Board of Investment, with the~~  
4.32 ~~exception of the state general fund,~~ for which the board provides investment services, with

5.1 such expenses allocated proportionally based on the weighted average assets under  
 5.2 management during the fiscal year. The amounts necessary to pay these charges are  
 5.3 apportioned from the investment earnings of each fund. Receipts must be credited to the  
 5.4 State Board of Investment operating account;

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

5.12 ~~(4)~~ (c) The annual estimated expenses to be incurred by the ~~State Board of Investment~~  
 5.13 board that will be payable by the retirement funds administered by the Minnesota State  
 5.14 Retirement System, Public Employees Retirement Association, and Teachers Retirement  
 5.15 Association must be deposited in the ~~State Board of Investment~~ operating account under  
 5.16 section 11A.04 on or about the first business day of each fiscal year, provided that the  
 5.17 executive director may invoice and have deposited the estimated expenses on a periodic  
 5.18 basis throughout the fiscal year. A reconciliation of the ~~actual~~ expenses allocable to each  
 5.19 retirement fund compared to the applicable estimated costs must occur at least at the end  
 5.20 of each fiscal year with any surplus or. Any deficit being credited or debited to each of the  
 5.21 respective funds. The ~~State Board of Investment~~ must present a statement of accrued actual  
 5.22 is due and payable at the time of reconciliation. Any surplus must be retained in the operating  
 5.23 account for payment of the board's expenses apportioned to each retirement fund at the end  
 5.24 of each quarter during each fiscal year in subsequent periods.

5.25 Sec. 7. Minnesota Statutes 2024, section 11A.24, subdivision 4, is amended to read:

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

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

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

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

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

6.6 (5) mortgage-backed obligations and asset-backed obligations that are unrated or not  
6.7 rated among the top four quality categories as provided in clause (4) if:

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

6.10 (ii) the state board's participation in obligations subject to this clause is limited to 50  
6.11 percent of an issuing trust's obligations;

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

6.14 ~~(6)~~ (7) guaranteed investment contracts if issued by an insurance company or a bank  
6.15 that is rated in the top four quality categories by a nationally recognized rating agency or  
6.16 alternative guaranteed investment contracts if the underlying assets comply with the  
6.17 requirements of this section;

6.18 ~~(7)~~ (8) savings accounts if fully insured by a federal agency; and

6.19 ~~(8)~~ (9) guaranty fund certificates, surplus notes, or debentures if issued by a domestic  
6.20 mutual insurance company.

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

6.24 (c) In addition to investments authorized by paragraph (a), clause (4), the state board is  
6.25 authorized to purchase from the Minnesota Housing Finance Agency all or any part of a  
6.26 pool of residential mortgages, not in default, that has previously been financed by the  
6.27 issuance of bonds or notes of the agency. The state board may also enter into a commitment  
6.28 with the agency, at the time of any issue of bonds or notes, to purchase at a specified future  
6.29 date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then  
6.30 outstanding and not in default that have been made or purchased from the proceeds of the  
6.31 bonds or notes. The state board may charge reasonable fees for any such commitment and  
6.32 may agree to purchase the mortgage loans at a price sufficient to produce a yield to the state  
6.33 board comparable, in its judgment, to the yield available on similar mortgage loans at the

7.1 date of the bonds or notes. The state board may also enter into agreements with the agency  
7.2 for the investment of any portion of the funds of the agency. The agreement must cover the  
7.3 period of the investment, withdrawal privileges, and any guaranteed rate of return."

7.4 Page 16, line 25, delete "chair" and insert "executive director"

7.5 Page 22, after line 28, insert:

7.6 "Sec. 16. Minnesota Statutes 2024, section 240.131, subdivision 7, is amended to read:

7.7 Subd. 7. **Payments to state.** (a) A regulatory fee is imposed at the rate of ~~one~~ two percent  
7.8 of all amounts wagered by Minnesota residents with an authorized advance deposit wagering  
7.9 provider. The fee shall be declared on a form prescribed by the commission. The ADW  
7.10 provider must pay the fee to the commission no more than 15 days after the end of the month  
7.11 in which the wager was made. Fees collected under this paragraph must be deposited in the  
7.12 state treasury and credited to a racing and card-playing regulation account in the special  
7.13 revenue fund and are appropriated to the commission to offset the costs incurred by the  
7.14 commission as described in section 240.30, subdivision 9, or the costs associated with  
7.15 regulating horse racing and pari-mutuel wagering in Minnesota.

7.16 (b) A breeders fund fee is imposed in the amount of one-quarter of one percent of all  
7.17 amounts wagered by Minnesota residents with an authorized advance deposit wagering  
7.18 provider. The fee shall be declared on a form prescribed by the commission. The ADW  
7.19 provider must pay the fee to the commission no more than 15 days after the end of the month  
7.20 in which the wager was made. Fees collected under this paragraph must be deposited in the  
7.21 state treasury and credited to a racing and card-playing regulation account in the special  
7.22 revenue fund and are appropriated to the commission to offset the cost of administering the  
7.23 breeders fund, to support racehorse adoption, retirement, and repurposing, and promote  
7.24 horse breeding in Minnesota."

7.25 Renumber the sections in sequence and correct the internal references

7.26 Amend the title accordingly