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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **702**

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The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

1.1 A bill for an act
1.2 relating to volunteer firefighter relief associations; requiring investment of assets
1.3 with the State Board of Investment; specifying other requirements relating
1.4 to investment of assets; amending Minnesota Statutes 2006, sections 69.775;
1.5 424A.05, subdivision 4.

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

1.7 Section 1. Minnesota Statutes 2006, section 69.775, is amended to read:

1.8 **69.775 INVESTMENTS.**

1.9 (a) The special fund assets of a relief association governed by sections 69.771 to
1.10 69.776 must be ~~invested in securities that are authorized investments under section~~
1.11 ~~356A.06, subdivision 6 or 7~~ certified to the State Board of Investment for investment
1.12 as provided in section 11A.14, except to the extent the executive director of the State
1.13 Board of Investment determines it is desirable for a relief association to invest a minimal
1.14 amount of assets with a local financial institution that will provide administrative services
1.15 to the relief association.

1.16 (b) ~~Notwithstanding the foregoing, up to 75 percent of the market value of the assets~~
1.17 ~~of the special fund, not including any money market mutual funds, may be invested in~~
1.18 ~~open-end investment companies registered under the federal Investment Company Act of~~
1.19 ~~1940, if the portfolio investments of the investment companies comply with the type of~~
1.20 ~~securities authorized for investment under section 356A.06, subdivision 7.~~

1.21 (c) ~~Securities held by the associations before June 2, 1989, that do not meet the~~
1.22 ~~requirements of this section may be retained after that date if they were proper investments~~
1.23 ~~for the association on that date.~~

2.1 ~~(d) The governing board of the association may select and appoint investment~~
 2.2 ~~agencies to act for and in its behalf or may certify special fund assets for investment by the~~
 2.3 ~~State Board of Investment under section 11A.17.~~

2.4 (e) The governing board of the association may certify general fund assets of the
 2.5 relief association for investment by the State Board of Investment in fixed income pools
 2.6 or in a separately managed account at the discretion of the State Board of Investment as
 2.7 provided in section 11A.14 or may invest the general fund assets in securities authorized
 2.8 by the bylaws of the relief association.

2.9 ~~(f) The governing board of the association may select and appoint a qualified private~~
 2.10 ~~firm to measure management performance and return on investment, and the firm shall use~~
 2.11 ~~the formula or formulas developed by the state board under section 11A.04, clause (11).~~

2.12 Sec. 2. Minnesota Statutes 2006, section 424A.05, subdivision 4, is amended to read:

2.13 Subd. 4. **Investments of assets of the special fund.** The assets of the special
 2.14 fund shall be ~~invested only in securities authorized by section 69.775~~ certified to the
 2.15 State Board of Investment for investment under section 11A.14, except to the extent
 2.16 the executive director of the State Board of Investment determines it is desirable for a
 2.17 relief association to invest a minimal amount of assets with a local financial institution
 2.18 that will provide administrative services to the relief association. The relief association
 2.19 board of trustees must adopt investment policies that establish specific, measurable
 2.20 investment objectives, describe how assets are to be allocated among the different classes
 2.21 of investments available under section 11A.14 to achieve those objectives, and set forth
 2.22 portfolio diversification, rebalancing, and risk guidelines.

2.23 Sec. 3. **EFFECTIVE DATE; TRANSITION.**

2.24 Sections 1 and 2 are effective July 1, 2007. Each relief association must transfer the
 2.25 assets of its special fund to the state board of investment no later than June 30, 2007.