

SUMMARY OF
THE FIDUCIARY LIABILITY AND
RESPONSIBILITY ACT

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ANALYSIS

I. Identifying Fiduciaries.

A. Persons determined to be fiduciaries. § 356A.02

1. Any member of the governing board.
2. The chief administrative officer of the plan.
3. Any member of the State Board of Investment.
4. Any member of the Investment Advisory Council.

B. Persons prohibited from serving as a fiduciary. § 356A.03.

A person who has been convicted of a violation of ERISA or an act which would be considered a felony under Minnesota law may not serve as a fiduciary for a period of five years beginning on the date following conviction or the unconditional release from incarceration, whichever is later.

II. Fiduciary Duties: General Standards of Conduct.

A. The fiduciary standard. § 356A.04, Subd. 2.

A fiduciary is required to exercise his or her judgment as would persons of prudence, discretion and intelligence in the management of their own affairs under similar circumstances. A fiduciary is required to consider the safety of plan capital as well as the return from investment to be derived from the plan assets and avoid speculation.

B. Persons to whom the duty is owed. § 356A.04, Subd. 1.

1. The beneficiaries of the plan, including the active, deferred and retired members.
2. The taxpayers of the state or political subdivision who finance the plan.
3. The state of Minnesota.

C. The duty as applied to specific activities.

1. Purposes. § 356A.05. The activities of a fiduciary must be carried out solely for the following purposes:
 - a. to provide authorized benefits to plan participants and beneficiaries;
 - b. to incur and pay reasonable and necessary administrative expenses;
 - c. to manage the plan faithfully, without prejudice, and in accordance with the purposes and intent of the law and the plan document.

2. Types of activities included. § 356A.06. The fiduciary duties are applicable to, but not limited to, the following specific activities:
 - a. the investment of plan assets;
 - b. the determination of benefits;
 - c. the determination of eligibility for membership or for benefits;
 - d. the determination of the amount or duration of benefits;
 - e. the determination of funding requirements or the amounts of contributions;
 - f. the maintenance of membership or financial records;
 - g. the expenditure of plan assets.

III. Administrative Regulations.

A. Required Acts. §§ 356A.06 - .08.

1. Title to assets. Legal title to plan assets must be vested in the plan, the State Board of Investment, the governmental entity sponsoring the plan, the nominee of the plan, or the depository agent of the plan.

2. Diversification. Unless the circumstances at the time an investment is made clearly indicate that diversification would not be prudent, the investment of plan assets must be diversified to minimize the risk against investment losses.
3. No personal profit. No fiduciary may personally profit, directly or indirectly, from the investment or management of plan assets. This restriction, however, does not preclude the fiduciary from receiving reasonable compensation or being a participant in the plan.
4. Preparation of economic interest statement. Each member of the Governing Board and the Chief Administrative Officer of the plan shall file a statement of economic interest. The statement shall contain the following information:
 - a. Name, address, occupation and principal place of business.
 - b. The name of each associated business and the nature of the association.
 - c. A listing of all real property within the state, excluding homestead property, in which the individual holds a financial interest in excess of \$2,500.
 - d. A listing of all real property owned by a partnership, in which the individual is a member, where the person's partnership interest is valued in excess of \$2,500.
 - e. A listing of any investments, ownership or interest in common stocks or bonds.
 - f. A listing of any investments, ownership or interest in property connected with paramutual horse racing in the United States or Canada.
 - g. Any other information that the fiduciary or the Governing Board determines is necessary to disclose potential or actual conflicts of interest. The statement must be filed annually with

the Chief Administrative Officer of the plan and be available for public inspection during regular business hours at the office of the pension plan.

5. Investment Business Recipient Disclosure.

The Chief Administrative Officer of a covered pension plan shall annually disclose in writing the recipients of investment business with respect to investments made by the plan and placed with or by commercial banks, investment bankers, brokerage organizations, or other investment managers. The disclosure must be prepared within 60 days of the close of the fiscal year of the plan and must be available for public inspection during regular office hours at the office of the plan. The disclosure document must also be filed with the Executive Director of the Legislative Commission on Pensions and Retirement within 90 days after the close of the fiscal year of the plan.

6. Authorized investments. If a plan does not:

- have assets in excess of \$1 million;
- use the services of an investment advisor registered with the SEC or a licensed investment advisor for the investment of at least 60% of its assets;
- use the services of the State Board of Investment for the investment of at least 60% of its assets; or
- use a combination of the services of an investment advisor and the services of the State Board of Investment for at least 75% of its assets;

the plan may invest only in the following:

- a. Certificates of deposit issued by federally insured financial institutions.
- b. Savings accounts with federally insured savings institutions.
- c. Government obligations issued by the United States or any state or other political subdivision provided that the

obligations meet the following requirements:

- i. They exceed the rate of investment yield of debt securities not exempt from federal income taxation and of comparable quality.
 - ii. For revenue bonds, that the bond has been completely self-supporting for the last five years.
 - iii. For obligations other than revenue bonds, that the obligation is backed by the full faith and credit of the applicable taxing jurisdiction and such jurisdiction has not been in default on that obligation or any other nonrevenue bond obligation during the preceding ten years.
- d. Corporate obligations, regularly issued and readily marketable, issued by corporations that during the preceding five years have had an average annual pretax earnings of at least 50% greater than the annual interest charges and principal payments on the total issued debt of the corporation during that period. The obligations must be rated in one of the top three quality categories by Moody's or Standard and Poor's.
- e. Shares in an open-end investment company, provided that the investment portfolio of the company is limited to investments that meet the requirements listed above.
7. Minimum Liquidity requirements. Plans are required to invest a portion of their assets in short-term debt obligations that can be immediately liquidated without accrual of a substantial penalty and that have an average maturity of no more than 90 days so that the plan may pay benefits as they come due.
8. Reporting Requirements.
- a. Summary of Benefits. The Chief Administrative Officer is responsible

for providing each active plan participant with a summary of the benefit provisions of the plan. The summary must be provided within 30 days of the start or resumption of a participant's membership in a plan or within 30 days of the date on which the start or resumption of membership was reported to the plan, whichever is later. The summary must specifically state that it is a summary of the plan document, but is not itself the plan document, and that in the event of a discrepancy between the summary and the plan, the plan document governs. A copy of the plan document as amended, must be furnished to a plan participant or benefit upon request. The summary must be in a form reasonably calculated to be understood by an average plan participant.

- b. Annual financial report. Each participant and benefit recipient shall be provided with a copy of the most recent financial report and a copy of the most recent actuarial valuation.

9. Other miscellaneous required acts.

- a. Review procedure. The Chief Administrative Officer and the Governing Board shall adopt and implement a procedure for reviewing a determination of eligibility, benefits or other rights under the plan that is adverse to a plan participant or benefit recipient. The review procedure must include provisions for timely notice and reasonable opportunity to be heard in any review proceeding conducted and may, but need not, be treated as a contested case under Chapter 14 of the Statutes.
- b. Meetings open to public. A meeting of the Governing Board or a committee of the Governing Board is not subject to the open meeting law, Minn. Stat. § 471.705, unless it is a statewide plan and then § 471.705 does apply.
- c. Continuing fiduciary education. A fiduciary must make reasonable effort to

obtain knowledge and skills sufficient to perform adequately. At a minimum, fiduciaries are required to participate in an education program developed by the Governing Board for any member of the Governing Board or a Chief Administrative Officer who is not reasonably considered to be an expert with regard to the activities they perform as fiduciaries.

- B. Prohibited Actions. § 356A.06, subd. 9. The following actions may not be taken by any fiduciary:
1. The sale, exchange or lease of real estate between the pension plan and a fiduciary of the plan.
 2. Lending money or otherwise extending credit between the plan and a fiduciary of the plan.
 3. Furnishing to the plan, by a fiduciary for compensation, goods or services other than those performed in the capacity of fiduciary.
 4. Furnishing to a fiduciary by a plan, goods, services or facilities other than office and related space, equipment and office supplies, and administrative services appropriate to the recipients's position.
 5. The transfer of plan assets to a plan fiduciary for use by or for the benefit of the fiduciary, other than the payment of retirement plan benefits to which a fiduciary is entitled, the payment to a fiduciary of a reasonable salary, or payment of necessary and reasonable expenses incurred by the fiduciary in the performance of the fiduciary's duties.
 6. The sale, exchange, loan, or lease of any item of value between a plan and a fiduciary, other than an exchange at fair market value and resulting from an arms-length transaction.
 7. Receipt by a fiduciary, or a direct relative of a fiduciary, direct or indirect compensation, fee or other item of more than nominal value from a third party in consideration for a plan disbursement.

IV. Liability for Breach of Fiduciary Duty.

A. Remedies. § 356A.09

A fiduciary may be sued to compensate the plan for losses caused by the breach of fiduciary duty and to disgorge profits wrongfully realized by the fiduciary as a result of the breach of his or her duty.

B. Co-fiduciary responsibility. 356A.10

A co-fiduciary generally has responsibility to oversee the fiduciary activities of all other fiduciaries and has a general duty to correct or alleviate a breach of fiduciary duty of which he or she had or ought to have had knowledge. Consequently, a co-fiduciary may be held liable for a breach of fiduciary duty committed by another fiduciary. Co-fiduciary liability may be limited through the allocation or delegation of fiduciary activities if such allocation or delegation follows appropriate procedures, is made to an appropriate person and is subject to continued monitoring of performance.

C. Indemnification. § 356A.11

A fiduciary who is a member of the Governing Board of a plan, State Board of Investment, or the Investment Advisory Council, or who is an employee of the plan, may be indemnified from liability for breach of fiduciary duty at the discretion of the Governing Board. A decision to indemnify a fiduciary must apply to all eligible fiduciaries of similar rank. An indemnified fiduciary will be held harmless from reasonable accounts or expenses incurred as a result of any actual or threatened litigation or other proceedings.

D. Limitations on Actions. § 356A.12

Legal action alleging a breach of fiduciary duty must be commenced within the earlier of: the period ending three years after the date of the last demonstrable act representing the alleged breach; or the period ending one year after the date of the discovery of the alleged breach. The

District Court has jurisdiction to hear an action alleging breach of fiduciary duty. In order to commence such an action, personal service of process must be obtained.

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**Annual Compliance Checklist
for the Fiduciary Liability and
Responsibility Act**

_____ Statement of Economic Interest. Governing Board members and chief administrative officers file a "Statement of Economic Interest" with the pension fund. Date for filing: August 1, 1989 and annually thereafter.

_____ Investment Business Recipient Disclosure. Chief Administrative Officer prepares "Investment Business Recipient Disclosure Statement" listing the recipients of investment business from the fund. Filing date: 60 days after close of fiscal year - by March 1, 1990 and annually thereafter.

_____ Summary of Benefit Provisions. A Summary of Benefit Provision must be provided to each plan member within 30 days of the member joining the Plan or resuming membership in the Plan.

_____ Benefit Review Procedure. If not already established, the Board should adopt a procedure to periodically review determination of eligibility for benefits. Date: annually or determined by Board.

_____ Continuing Fiduciary Education. Board members and other fiduciaries are required to continue to be proficient to perform adequately. Participation in education programs are required. At least one program should be attended annually.

_____ Summary of Financial and Actuarial Condition of Fund.

_____ Legal compliance with the Act must be maintained.
Ongoing requirement.

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
ADMINISTRATIVE EXPENSES AND OTHER PLAN EXPENSES
YEAR ENDED JUNE 30, 1990
(DOLLARS IN THOUSANDS)

ADMINISTRATIVE EXPENSES -----	PER ACTUARY REPORT -----
ADMINISTRATIVE	913
INVESTMENT - SECURITIES	1,783
UNRECONCILED	9
TOTAL ADMINISTRATIVE EXPENSES	----- 2,705 -----
OTHER PLAN EXPENSES -----	
INVESTMENT - RENTAL PROPERTIES	601
DEPRECIATION ON RENTAL PROPERTIES	1,359
PROVISION FOR LOSS ON PROPERTY HELD FOR SALE OF LEASE	0
PROVISION FOR LOSS ON MARKETABLE SECURITIES	1,035
TOTAL OTHER PLAN EXPENSES	----- 2,995 -----
TOTAL ADMINISTRATIVE AND OTHER PLAN EXPENSES	----- 5,700 =====

ARTICLE 7

MINNESOTA PUBLIC PENSION PLAN

FIDUCIARY RESPONSIBILITY AND LIABILITY ACT

Section 1. [356A.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For purposes of this chapter, the following terms have the meanings given them in this section.

Subd. 2. [BENEFIT.] "Benefit" means an amount, other than an administrative expense, paid or payable from a pension plan, including a retirement annuity, service pension, disability benefit, survivor benefit, death benefit, funeral benefit, or refund.

Subd. 3. [BENEFIT PROVISIONS.] "Benefit provisions" means the portion of a pension plan that deals specifically with the benefit coverage provided by the plan, including the kinds of coverage, the eligibility for and entitlement to benefits, and the amount of benefits.

Subd. 4. [BENEFIT RECIPIENT.] "Benefit recipient" means a person who has received a benefit from a pension plan or to whom a benefit is payable under the terms of the plan document of the pension plan.

Subd. 5. [CHIEF ADMINISTRATIVE OFFICER.] "Chief administrative officer" means the person who has primary responsibility for the execution of the administrative or management affairs of a pension plan.

Subd. 6. [FIDUCIARY.] "Fiduciary" means a fiduciary of a pension plan, other than a fiduciary directly undertaking a fiduciary activity or directly and primarily responsible for a fiduciary activity.

Subd. 7. [COVERED GOVERNMENTAL ENTITY.] "Covered governmental entity" means a governmental subdivision or other governmental entity that employs persons who are plan participants in a covered pension plan and who are eligible for that participation because of their employment.

Subd. 8. [COVERED PENSION PLAN.] "Covered pension plan" means a pension plan or fund listed in section 356.20, subdivision 2, or 356.30, subdivision 3.

1 Subd. 9. [COVERED PENSION PLAN OTHER THAN A STATEWIDE
2 PLAN.] "Covered pension plan other than a statewide plan" means
3 a pension plan not included in the definition of a statewide
4 plan in subdivision 24.

5 Subd. 10. [DIRECT OR INDIRECT PROFIT.] "Direct or indirect
6 profit" means a payment of money, the provision of a service or
7 an item of other than nominal value, an extension of credit, a
8 loan, or any other special consideration to a fiduciary or a
9 direct relative of a fiduciary on behalf of the fiduciary in
10 consideration for the performance of a fiduciary activity or a
11 failure to perform a fiduciary activity.

12 Subd. 11. [DIRECT RELATIVE.] "Direct relative" means any
13 of the persons or spouses of persons related to one another
14 within the third degree of kindred under civil law.

15 Subd. 12. [FIDUCIARY.] "Fiduciary" means a person
16 identified in section 256A.02.

17 Subd. 13. [FIDUCIARY ACTIVITY.] "Fiduciary activity" means
18 an activity described in section 256A.02, subdivision 2.

19 Subd. 14. [FINANCIAL INSTITUTION.] "Financial institution"
20 means a bank, savings institution, or credit union organized
21 under federal or state law.

22 Subd. 15. [GOVERNING BOARD OF A PENSION PLAN.] "Governing
23 board of a pension plan" means the body of a pension plan that
24 is assigned or that undertakes the chief policy-making powers
25 and management duties of the plan.

26 Subd. 16. [INVESTMENT ADVISORY COUNCIL.] "Investment
27 advisory council" means the investment advisory council
28 established by section 11A.08.

29 Subd. 17. [LIABILITY.] "Liability" means a secured or
30 unsecured debt or an obligation for a future payment of money,
31 including an actuarial accrued liability or an unfunded
32 actuarial accrued liability, except where the context clearly
33 indicates another meaning.

34 Subd. 18. [OFFICE OF THE PENSION PLAN.] "Office of the
25 pension plan" means an administrative facility or portion of a
26 facility where the primary business or administrative affairs of

1 a pension plan are conducted and the primary and permanent
2 records and files of the plan are retained.

3 Subd. 19. (PENSION FUND.) "Pension fund" means the assets
4 amassed and held in a pension plan, other than the general fund,
5 as reserves for present and future payment of benefits and
6 administrative expenses.

7 Subd. 20. (PENSION PLAN.) "Pension plan" means all aspects
8 of an arrangement between a public employer and its employees
9 concerning the pension benefit coverage provided to the
10 employees.

11 Subd. 21. (PLAN DOCUMENT.) "Plan document" means a written
12 document or series of documents containing the eligibility
13 requirements and entitlement provisions constituting the benefit
14 coverage of a pension plan, including any articles of
15 incorporation, bylaws, governing body rules and policies,
16 municipal charter provisions, municipal ordinance provisions, or
17 general or special state law.

18 Subd. 22. (PLAN PARTICIPANT.) "Plan participant" means a
19 person who is an active member of a pension plan by virtue of
20 the person's employment or who is making a pension plan member
21 contribution.

22 Subd. 23. (STATE BOARD OF INVESTMENT.) "State board of
23 investment" means the Minnesota state board of investment
24 created by the Minnesota Constitution, article XI, section 9.

25 Subd. 24. (STATEWIDE PLAN.) "Statewide plan" means any of
26 the following pension plans:

27 (1) the Minnesota state retirement system or a pension plan
28 administered by it;

29 (2) the public employees retirement association or a
30 pension plan administered by it; and

31 (3) the teachers retirement association or a pension plan
32 administered by it.

33 Sec. 2. [356A.02] (FIDUCIARY STATUS AND ACTIVITIES.)

34 Subdivision 1. (FIDUCIARY STATUS.) For purposes of this
35 chapter, the following persons are fiduciaries:

36 (1) any member of the governing board of a covered pension

1 plan:

2 (2) the chief administrative officer of a covered pension
3 plan or of the state board of investment;

4 (3) any member of the state board of investment; and

5 (4) any member of the investment advisory council.

6 Subd. 2. [FIDUCIARY ACTIVITY.] The activities of a
7 fiduciary identified in subdivision 1 that must be carried out
8 in accordance with the requirements of section 356A.04 include,
9 but are not limited to:

10 (1) the investment of plan assets;

11 (2) the determination of benefits;

12 (3) the determination of eligibility for membership or
13 benefits;

14 (4) the determination of the amount or duration of
15 benefits;

16 (5) the determination of funding requirements or the
17 amounts of contributions;

18 (6) the maintenance of membership or financial records; and

19 (7) the expenditure of plan assets.

20 Sec. 3. [356A.03] [PROHIBITION OF CERTAIN PERSONS FROM
21 FIDUCIARY STATUS.]

22 Subdivision 1. [INDIVIDUAL PROHIBITION.] For the
23 prohibition period established by subdivision 2, a person, other
24 than a constitutional officer of the state, who has been
25 convicted of a violation listed in subdivision 3, may not serve
26 in a fiduciary capacity identified in section 356A.02.

27 Subd. 2. [PROHIBITION PERIOD.] A prohibition under
28 subdivision 1 is for a period of five years, beginning on the
29 day following conviction for a violation listed in subdivision 3
30 or, if the person convicted is incarcerated, the day following
31 unconditional release from incarceration.

32 Subd. 3. [APPLICABLE VIOLATIONS.] A prohibition under
33 subdivision 1 is imposed as a result of any of the following
34 violations of law:

35 (1) a violation of federal law specified in United States
36 Code, title 29, section 1111, as amended;

1 (2) a violation of Minnesota law that is a felony under
2 Minnesota law; or
3 (3) a violation of the law of another state, United States
4 territory or possession, or federally recognized Indian tribal
5 government, or of the Uniform Code of Military Justice, that
6 would be a felony under the offense definitions and sentences in
7 Minnesota law.

8 Subd. 4. [DOCUMENTATION.] In determining the applicability
9 of this section, the appropriate appointing authority, the state
10 board of investment, or the covered pension plan, as the case
11 may be, may rely on a disclosure form meeting the requirements
12 of the federal Investment Adviser Act of 1940, as amended
13 through the effective date of this section, and filed with the
14 state board of investment or the pension plan.

15 Sec. 4. [356A.04] [GENERAL STANDARD OF FIDUCIARY CONDUCT.]

16 Subdivision 1. [DUTY.] A fiduciary of a covered pension
17 plan owes a fiduciary duty to:

18 (1) the active, deferred, and retired members of the plan,
19 who are its beneficiaries;

20 (2) the taxpayers of the state or political subdivision,
21 who help to finance the plan; and

22 (3) the state of Minnesota, which established the plan.

23 Subd. 2. [PRUDENT PERSON STANDARD.] A fiduciary identified
24 in section 356A.02 shall act in good faith and shall exercise
25 that degree of judgment and care, under the circumstances then
26 prevailing, that persons of prudence, discretion, and
27 intelligence would exercise in the management of their own
28 affairs, not for speculation, considering the probable safety of
29 the plan capital as well as the probable investment return to be
30 derived from the assets.

31 Sec. 5. [356A.05] [DUTIES APPLICABLE TO ALL ACTIVITIES.]

32 (a) The activities of a fiduciary of a covered pension plan
33 must be carried out solely for the following purposes:

34 (1) to provide authorized benefits to plan participants and
35 beneficiaries;

36 (2) to incur and pay reasonable and necessary

1 administrative expenses; or
2 (3) to manage a covered pension plan in accordance with the
3 purposes and intent of the plan document.

4 (b) The activities of fiduciaries identified in section
5 356A.02 must be carried out faithfully, without prejudice, and
6 in a manner consistent with law and the plan document.

7 Sec. 6. [356A.06] [INVESTMENTS; ADDITIONAL DUTIES.]

8 Subdivision 1. [TITLE TO ASSETS.] Assets of a covered
9 pension plan may be held only by the plan treasurer, the state
10 board of investment, the depository agent of the plan, or of the
11 state board of investment. Legal title to plan assets must be
12 vested in the plan, the state board of investment, the
13 governmental entity that sponsors the plan, the nominee of the
14 plan, or the depository agent. The holder of legal title shall
15 function as a trustee for a person or entity with a beneficial
16 interest in the assets of the plan.

17 Subd. 2. [DIVERSIFICATION.] The investment of plan assets
18 must be diversified to minimize the risk of substantial
19 investment losses unless the circumstances at the time an
20 investment is made clearly indicate that diversification would
21 not be prudent.

22 Subd. 3. [ABSENCE OF PERSONAL PROFIT.] No fiduciary may
23 personally profit, directly or indirectly, as a result of the
24 investment or management of plan assets. This subdivision,
25 however, does not preclude the receipt by a fiduciary of
26 reasonable compensation, including membership in or the receipt
27 of benefits from a pension plan, for the fiduciary's position
28 with respect to the plan.

29 Subd. 4. [ECONOMIC INTEREST STATEMENT.] Each member of the
30 governing board of a covered pension plan and the chief
31 administrative officer of the plan shall file with the plan a
32 statement of economic interest. The statement must contain the
33 information required by section 10A.09, subdivision 5, and any
34 other information that the fiduciary or the governing board of
35 the plan determines is necessary to disclose a reasonably
36 foreseeable potential or actual conflict of interest. The

1 statement must be filed annually with the chief administrative
2 officer of the plan and be available for public inspection
3 during regular office hours at the office of the pension plan.
4 A disclosure form meeting the requirements of the federal
5 Investment Advisers Act of 1940, United States Code, title 15,
6 sections 80b-1 to 80b-21 as amended, and filed with the state
7 board of investment or the pension plan meets the requirements
8 of this subdivision.

9 Subd. 5. (INVESTMENT BUSINESS RECIPIENT DISCLOSURE.) The
10 chief administrative officer of a covered pension plan, with
11 respect to investments made by the plan, and the executive
12 director of the state board of investment, with respect to
13 investments of plan assets made by the board, shall annually
14 disclose in writing the recipients of investment business placed
15 with or investment commissions allocated among commercial banks,
16 investment bankers, brokerage organizations, or other investment
17 managers. The disclosure document must be prepared within 60
18 days after the close of the fiscal year of the plan and must be
19 available for public inspection during regular office hours at
20 the office of the plan. The disclosure document must also be
21 filed with the executive director of the legislative commission
22 on pensions and retirement within 90 days after the close of the
23 fiscal year of the plan. For the state board of investment, a
24 disclosure document included as part of a regular annual report
25 of the board is considered to have been filed on a timely basis.

26 Subd. 6. (LIMITED LIST OF AUTHORIZED INVESTMENT
27 SECURITIES.) (a) Except to the extent otherwise authorized by
28 law, a covered pension plan may invest its assets only in
29 investment securities authorized by this subdivision if the plan
30 does not:

31 (1) have assets with a book value in excess of \$1,000,000;

32 (2) use the services of an investment advisor registered
33 with the Securities and Exchange Commission in accordance with
34 the Investment Advisers Act of 1940, or licensed as an
35 investment advisor in accordance with sections 80A.04,
36 subdivision 4, and 80A.14, subdivision 9, for the investment of

1 at least 60 percent of its assets, calculated on book value;

2 (3) use the services of the state board of investment for
3 the investment of at least 60 percent of its assets, calculated
4 on book value; or

5 (4) use a combination of the services of an investment
6 advisor meeting the requirements of clause (2) and the services
7 of the state board of investment for the investment of at least
8 75 percent of its assets, calculated on book value.

9 (b) Investment securities authorized for a pension plan
10 covered by this subdivision are:

11 (1) certificates of deposit issued, to the extent of
12 available insurance or collateralization, by a financial
13 institution that is a member of the Federal Deposit Insurance
14 Corporation or the Federal Savings and Loan Insurance
15 Corporation, is insured by the National Credit Union
16 Administration, or is authorized to do business in this state
17 and has deposited with the chief administrative officer of the
18 plan a sufficient amount of marketable securities as collateral
19 in accordance with section 11B.01;

20 (2) savings accounts, to the extent of available insurance,
21 with a financial institution that is a member of the Federal
22 Deposit Insurance Corporation or the Federal Savings and Loan
23 Insurance Corporation;

24 (3) governmental obligations, including bonds, notes,
25 bills, or other fixed obligations, issued by the United States,
26 an agency or instrumentality of the United States, an
27 organization established and regulated by an act of Congress or
28 by a state, state agency or instrumentality, municipality, or
29 other governmental or political subdivision that:

30 (i) for the obligation in question, issues an obligation
31 that equals or exceeds the stated investment yield of debt
32 securities not exempt from federal income taxation and of
33 comparable quality;

34 (ii) for an obligation that is a revenue bond, has been
35 completely self-supporting for the last five years; and

36 (iii) for an obligation other than a revenue bond, has

1 issued an obligation backed by the full faith and credit of the
2 applicable taxing jurisdiction and has not been in default on
3 the payment of principal or interest on the obligation in
4 question or any other nonrevenue bond obligation during the
5 preceding ten years:

6 (4) corporate obligations, including bonds, notes,
7 debentures, or other regularly issued and readily marketable
8 evidences of indebtedness issued by a corporation organized
9 under the laws of any state that during the preceding five years
10 has had on average annual net pretax earnings at least 50
11 percent greater than the annual interest charges and principal
12 payments on the total issued debt of the corporation during that
13 period and that, for the obligation in question, has issued an
14 obligation rated in one of the top three quality categories by
15 Moodv's Investors Service, Incorporated, or Standard and Poor's
16 Corporation; and

17 (5) shares in an open-end investment company registered
18 under the Federal Investment Company Act of 1940, if the
19 portfolio investments of the company are limited to investments
20 that meet the requirements of clauses (1) to (4).

21 Subd. 7. [EXPANDED LIST OF AUTHORIZED INVESTMENT
22 SECURITIES.] Except to the extent otherwise authorized by law or
23 bylaws, a covered pension plan not described by subdivision 6,
24 paragraph (a), may invest its assets only in accordance with
25 section 11A.24.

26 Subd. 8. [MINIMUM LIQUIDITY REQUIREMENTS.] A covered
27 pension plan described by subdivision 6, paragraph (a), in order
28 to pay benefits as they come due, shall invest a portion of its
29 assets in authorized short-term debt obligations that can be
30 immediately liquidated without accrual of a substantial
31 determinable penalty or loss and that have an average maturity
32 of no more than 90 days. The chief administrative officer of
33 the plan shall determine the minimum liquidity requirement of
34 the plan and shall retain appropriate documentation of that
35 determination for three years from the date of determination.

36 Subd. 9. [PROHIBITED TRANSACTIONS.] (a) No fiduciary of a

1 covered pension plan may engage in a prohibited transaction or
2 allow the plan to engage in a transaction that the fiduciary
3 knows or should know is a prohibited transaction.

4 (b) A prohibited transaction is any of the following
5 transactions, whether direct or indirect:

6 (1) the sale, exchange, or lease of real estate between the
7 pension plan and a fiduciary of the plan;

8 (2) the lending of money or other extension of credit
9 between the plan and a fiduciary of the plan;

10 (3) the furnishing to a plan by a fiduciary for
11 compensation or remuneration, of goods, services other than
12 those performed in the capacity of fiduciary, or facilities;

13 (4) the furnishing to a fiduciary by a plan of goods,
14 services, or facilities other than office and related space,
15 equipment and office supplies, and administrative services
16 appropriate to the recipient's fiduciary position;

17 (5) the transfer of plan assets to a plan fiduciary for use
18 by or the benefit of the fiduciary, other than the payment of
19 retirement plan benefits to which a fiduciary is entitled or the
20 payment to a fiduciary of a reasonable salary and of necessary
21 and reasonable expenses incurred by the fiduciary in the
22 performance of the fiduciary's duties; and

23 (6) the sale, exchange, loan, or lease of any item of value
24 between a plan and a fiduciary of the plan other than for a fair
25 market value and as a result of an arms-length transaction.

26 Sec. 7. (356A.07) (BENEFIT SUMMARY; ANNUAL REPORTS;
27 ADDITIONAL DUTIES.)

28 Subdivision 1. (BENEFIT PROVISIONS SUMMARY.) The chief
29 administrative officer of a covered pension plan shall prepare
30 and provide each active plan participant with a summary of the
31 benefit provisions of the plan documents. The summary must be
32 provided within 30 days of the start or resumption of a
33 participant's membership in the plan, or within 30 days of the
34 date on which the start or resumption of membership was reported
35 to a covered pension plan by a covered governmental entity,
whichever is later. The summary must contain a notice that it

1 is a summary of the plan document but is not itself the plan
2 document, and that in the event of a discrepancy between the
3 summary and the plan document as amended, the plan document
4 governs. A copy of the plan document as amended must be
5 furnished to a plan participant or benefit recipient upon
6 request. The chief administrative officer may utilize the
7 services of the covered governmental entity in providing the
8 summary. The summary must be in a form reasonably calculated to
9 be understood by an average plan participant.

10 Subd. 2. [ANNUAL FINANCIAL REPORT.] A covered pension plan
11 shall provide each active plan participant and benefit recipient
12 with a copy of the most recent annual financial report required
13 by section 356.20 and a copy of the most recent actuarial
14 evaluation, if any, required by section 69.77, 69.773, 356.215,
15 or 356.216, or a summary of those reports.

16 Subd. 3. [DISTRIBUTION.] A covered pension plan may
17 distribute the summaries required by this section through
18 covered governmental entities so long as the plan has made
19 arrangements with the entities to assure, with reasonable
20 certainty, that the summaries will be distributed, or made
21 easily available, to active plan participants.

22 Subd. 4. [REVIEW PROCEDURE.] If a review procedure is not
23 specified by law for a covered pension plan, the chief
24 administrative officer of the plan shall propose, and the
25 governing board of the plan shall adopt and implement, a
26 procedure for reviewing a determination of eligibility,
27 benefits, or other rights under the plan that is adverse to a
28 plan participant or benefit recipient. The review procedure
29 must include provisions for timely notice to the plan
30 participant or benefit recipient and reasonable opportunity to
31 be heard in any review proceeding conducted and may, but need
32 not be, a contested case under chapter 14.

33 Sec. 8. [356A.09] [PLAN ADMINISTRATION; ADDITIONAL
34 DUTIES.]

35 Subdivision 1. [PUBLIC MEETINGS.] A meeting of the
36 governing board of a covered statewide pension plan or of a

1 committee of the governing board of the statewide plan is
2 governed by section 471.705.

3 Subd. 2. [LIMIT ON COMPENSATION.] No fiduciary of a
4 covered pension plan or a direct relative of a fiduciary may
5 receive any direct or indirect compensation, fee, or other item
6 of more than nominal value from a third party in consideration
7 for a pension plan disbursement.

8 Sec. 9. [356A.09] [FIDUCIARY BREACH; REMEDIES.]

9 Subdivision 1. [OCCURRENCE OF BREACH.] A fiduciary breach
10 occurs if a fiduciary violates the general standard of fiduciary
11 conduct as specified in section 356A.04 in carrying out the
12 activities of a fiduciary. A fiduciary breach also occurs if a
13 fiduciary of a covered pension plan violates the provisions of
14 section 356A.06, subdivision 9.

15 Subd. 2. [REMEDIES.] Remedies available for a fiduciary
16 breach by a fiduciary are those specified by statute or
17 available at common law.

18 Sec. 10. [356A.10] [COFIDUCIARY RESPONSIBILITY AND
19 LIABILITY.]

20 Subdivision 1. [COFIDUCIARY RESPONSIBILITY IN GENERAL.] A
21 cofiduciary has a general responsibility to oversee the
22 fiduciary activities of all other fiduciaries unless the
23 activity has been allocated or delegated in accordance with
24 subdivision 3. A cofiduciary also has a general responsibility
25 to correct or alleviate a fiduciary breach of which the
26 cofiduciary had or ought to have had knowledge.

27 Subd. 2. [COFIDUCIARY LIABILITY.] A cofiduciary is liable
28 for a fiduciary breach committed by another fiduciary when the
29 cofiduciary has a responsibility to oversee the fiduciary
30 activities of the other fiduciary or to correct or alleviate a
31 breach by that fiduciary.

32 Subd. 3. [LIMITATION ON COFIDUCIARY RESPONSIBILITY.] A
33 cofiduciary may limit cofiduciary responsibility and liability
34 through the allocation or delegation of fiduciary activities if
35 the allocation or delegation:

36 (1) follows appropriate procedures;

1 (2) is made to an appropriate person or persons; and
2 (3) is subject to continued monitoring of performance.

3 Subd. 4. (BAR TO LIABILITY IN CERTAIN INSTANCES.) A
4 properly made delegation or allocation of a fiduciary activity
5 is a bar to liability on the part of a fiduciary making the
6 delegation or allocation unless the fiduciary has or ought to
7 have knowledge of the breach and takes part in the breach,
8 conceals it, or fails to take reasonable steps to remedy it.

9 Subd. 5. (EXTENT OF COFIDUCIARY LIABILITY.) Unless
10 liability is barred under subdivision 4, cofiduciary liability
11 is joint and several, but a cofiduciary has the right to recover
12 from the responsible fiduciary for any damages paid by the
13 cofiduciary.

14 Sec. 11. [356A.11] [FIDUCIARY INDEMNIFICATION.]

15 Subdivision 1. (INDEMNIFIED FIDUCIARIES.) A fiduciary who
16 is a member of the governing board of a pension plan, the state
17 board of investment or the investment advisory council, or who
18 is an employee of a covered pension plan or of the state board
19 of investment may be indemnified from liability for fiduciary
20 breach. Indemnification is at the discretion of the governing
21 board of the plan or of the state board of investment in the
22 case of members of the state board or of the investment advisory
23 council. A decision to indemnify a fiduciary must apply to all
24 eligible fiduciaries of similar rank.

25 Subd. 2. (ALLOWABLE INDEMNIFICATION.) An indemnified
26 fiduciary must be held harmless from reasonable costs or
27 expenses incurred as a result of any actual or threatened
28 litigation or other proceedings.

29 Sec. 12. [356A.12] [JURISDICTION; SERVICE OF PROCESS; AND
30 STATUTE OF LIMITATIONS.]

31 Subdivision 1. (JURISDICTION.) The district court has
32 jurisdiction over a challenge of a fiduciary action or inaction.

33 Subd. 2. (SERVICE OF PROCESS.) For a fiduciary or
34 cofiduciary alleged in the complaint to be responsible for an
35 alleged breach, personal service of process must be obtained.

36 Subd. 3. (LIMITATIONS ON LEGAL ACTIONS.) A legal action

1 challenging a fiduciary action or inaction must be timely.
2 Notwithstanding any limitation in chapter 541, an action is
3 timely if it is brought within the earlier of the following
4 periods:

5 (1) the period ending three years after the date of the
6 last demonstrable act representing the alleged fiduciary breach
7 or after the final date for performance of the act the failure
8 to perform which constitutes the alleged breach; or

9 (2) the period ending one year after the date of the
10 discovery of the alleged fiduciary breach.

11 Sec. 13. (386A.13) (CONTINUING FIDUCIARY EDUCATION.)

12 Subdivision 1. (OBLIGATION OF FIDUCIARIES.) A fiduciary of
13 a covered pension plan shall make reasonable effort to obtain
14 knowledge and skills sufficient to enable the fiduciary to
15 perform fiduciary activities adequately. At a minimum, a
16 fiduciary of a covered pension plan shall comply with the
17 program established in accordance with subdivision 2.

18 Subd. 2. (CONTINUING FIDUCIARY EDUCATION PROGRAM.) The
19 governing boards of covered pension plans shall each develop and
20 periodically revise a program for the continuing education of
21 any of their board members and any of their chief administrative
22 officers who are not reasonably considered to be experts with
23 respect to their activities as fiduciaries. The program must be
24 designed to provide those persons with knowledge and skills
25 sufficient to enable them to perform their fiduciary activities
26 adequately.

27 Sec. 14. (EFFECTIVE DATE.)

28 Sections 1 to 13 are effective the day following final
29 enactment.

30 ARTICLE 8

31 CONFORMING AMENDMENTS TO FIDUCIARY PROVISIONS.

32 Section 1. (3A.011) (ADMINISTRATION OF PLAN.)

33 The Minnesota state retirement system shall administer the
34 legislators retirement plan in accordance with article 7.

35 Sec. 2. Minnesota Statutes 1988, section 11A.01, is
36 amended to read:

1 11A.01 (STATEMENT OF PURPOSE.)

2 The purpose of ~~sections 11A.01 to 11A.25~~ this chapter is to
3 establish standards when-wait, in addition to the applicable
4 standards of article 7, to insure that state and pension assets
5 subject to this legislation will be responsibly invested to
6 maximize the total rate of return without incurring undue risk.

7 Sec. 3. Minnesota Statutes 1989, section 11A.04, is
8 amended to read:

9 11A.04 (DUTIES AND POWERS.)

10 The state board shall:

11 (1) Act as trustees for each fund for which it invests or
12 manages money in accordance with the standard of care set forth
13 in section 11A.09 if state assets are involved and in accordance
14 with article 7 if pension assets are involved.

15 (2) Formulate policies and procedures deemed necessary and
16 appropriate to carry out its functions. Procedures adopted by
17 the board shall must allow fund beneficiaries and members of the
18 public to become informed of proposed board actions. Procedures
19 and policies of the board shall are not be subject to the
20 administrative procedure act.

21 (3) Employ an executive director as provided in section
22 11A.07.

23 (4) Employ investment advisors and consultants as it deems
24 necessary.

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

27 (6) Maintain a record of its proceedings.

28 (7) As it deems necessary, establish advisory committees
29 ~~subject to the provisions of section 15.059~~ to assist the board
30 in carrying out its duties.

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

34 (9) Direct the state treasurer to sell property other than
35 money when that has escheated to the state when the board
36 determines that sale of the property is in the best interest of

1 the state. Escheated property shall must be sold to the highest
2 bidder in the manner and upon terms and conditions prescribed by
3 the board.

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

6 (11) Establish a formula or formulas to measure management
7 performance and return on investment. All Public pension funds
8 in the state shall utilize the formula or formulas developed by
9 the state board.

10 (12) Except as otherwise provided in article XI, section 9,
11 of the constitution of the state of Minnesota, employ, at its
12 discretion, qualified private firms to invest and manage the
13 assets of funds over which the state board has investment
14 management responsibility. There is annually appropriated to
15 the state board, from the assets of the funds for which the
16 state board utilizes a private investment manager, sums
17 sufficient to pay the costs thereof of employing private firms.
18 Each year, by January 15, the board shall report to the governor
19 and legislature on the cost and the investment performance of
20 each investment manager employed by the board.

21 (13) Adopt an investment policy statement that includes
22 investment objectives, asset allocation, and the investment
23 management structure for the retirement fund assets under its
24 control. The statement may be revised at the discretion of the
25 state board. The state board shall seek the advice of the
26 council regarding its investment policy statement. Adoption of
27 the statement is not subject to chapter 14.

28 Sec. 4. Minnesota Statutes 1988, section 11A.07,
29 subdivision 4, is amended to read:

30 Subd. 4. [DUTIES AND POWERS.] The director, at the
31 direction of the state board, shall:

32 (1) Plan, direct, coordinate and execute administrative and
33 investment functions in conformity with the policies and
34 directives of the state board and the requirements of this
35 chapter and of article 7.

36 (2) Employ such professional and clerical staff as is

1 necessary within the complement limits established by the
2 legislature. Employees whose primary responsibility is to
3 invest or manage money or employees who hold positions
4 designated as unclassified pursuant to under section 43A.08,
5 subdivision 1a ~~shall be~~, are in the unclassified service of the
6 state. Other employees ~~shall be~~ are in the classified service.

7 (3) Report to the state board on all operations under the
8 director's control and supervision.

9 (4) Maintain accurate and complete records of securities
10 transactions and official activities.

11 (5) Establish a policy relating to the purchase and sale of
12 ~~all~~ securities on the basis of competitive offerings or bids.
13 The policy is subject to board approval.

14 (6) Cause ~~all~~ securities acquired to be kept in the custody
15 of the state treasurer or such other depositories consistent
16 with article 7, as the state board deems appropriate.

17 (7) Prepare and file with the director of the legislative
18 reference library ~~on or before~~, by December 31 of each year, a
19 report summarizing the activities of the state board, the
20 council, and the director during the preceding fiscal year. The
21 report ~~shall~~ must be prepared so as to provide the legislature
22 and the people of the state with a clear, comprehensive summary
23 of the portfolio composition, the transactions, the total annual
24 rate of return, and the yield to the state treasury and to each
25 of the funds whose assets are invested by the state board, and
26 the recipients of business placed or commissions allocated among
27 the various commercial banks, investment bankers, and brokerage
28 organizations. ~~This~~ The report ~~shall~~ must contain financial
29 statements for funds managed by the board prepared in accordance
30 with generally accepted accounting principles.

31 (8) Require state officials from any department or agency
32 to produce and provide access to any financial documents the
33 state board deems necessary in the conduct of ~~these~~ its
34 investment activities.

35 (9) Receive and expend legislative appropriations.

36 (10) Undertake any other activities necessary to implement

1 the duties and powers set forth in this subdivision consistent
2 with article 7.

3 Sec. 5. Minnesota Statutes 1988, section 11A.09, is
4 amended to read:

5 11A.09 [STANDARD OF CARE.]

6 In the discharge of their respective duties, the members of
7 the state board, director, board staff, and members of the
8 council and any other person charged with the responsibility of
9 investing money pursuant to the standards set forth in sections
10 11A.01 to 11A.25 shall act in good faith and shall exercise that
11 degree of judgment and care, under circumstances then
12 prevailing, which persons of prudence, discretion and
13 intelligence exercise in the management of their own affairs,
14 not for speculation, but for investment, considering the
15 probable safety of their capital as well as the probable income
16 to be derived therefrom. In addition, for the investment of
17 pension fund assets, the members and director of the state
18 board, and members of the investment advisory council shall act
19 in accordance with article 7.

20 Sec. 6. Minnesota Statutes 1988, section 11A.13,
21 subdivision 1, is amended to read:

22 Subdivision 1. [LEGAL TITLE TO FUND ASSETS.] Legal title
23 to the assets of state funds to be invested by the state
24 board shall must be in the state of Minnesota, or its nominees.
25 Legal title to pension funds to be invested by the state board
26 shall MUST be in-the-state-board-or-its-nominees-as-trustees
27 for-any-person-having-a-beneficial-interest-in-the-applicable
28 fund-subject-to-the-rights-of-the-particular-funds-maintaining
29 shares-investment-participation-or-units-in-the-accounts-to
30 their credit as specified in article 7, section 6.

31 Sec. 7. Minnesota Statutes 1988, section 69.77,
32 subdivision 2g, is amended to read:

33 Subd. 2g. The funds of the association shall must be
34 invested in securities when that are proper authorized
35 investments pursuant to under article 7, section 6,
36 subdivision 6 or 7. Notwithstanding the foregoing, up to 75

1 percent of the market value of the assets of the fund may be
2 invested in open-end investment companies registered under the
3 federal Investment Company Act of 1940, if the portfolio
4 investments of the investment companies comply with the type of
5 securities authorized for investment by section 11A.24,
6 subdivisions 2 to 5. Securities held by the association
7 before ~~March-26-1986~~ when the effective date of this section
8 that do not meet the requirements of this paragraph subdivision
9 may be retained after that date if they were proper investments
10 for the association on that date.

11 The governing board of the association may select and
12 appoint investment agencies to act for and in its behalf or may
13 certify funds for investment by the state board of investment
14 ~~under the provisions of~~ section 11A.17. The governing board of
15 the association may select and appoint a qualified private firm
16 to measure management performance and return on investment, and
17 the firm shall use the formula or formulas developed by the
18 state board ~~presented~~ under section 11A.04, clause (1).

19 Sec. 8. Minnesota Statutes 1988, section 69.775, is
20 amended to read:

21 69.775 [INVESTMENTS.]

22 The special fund assets of the relief associations governed
23 by sections 69.771 to 69.776 shall must be invested in
24 securities when that are proper authorized investments
25 ~~presented~~ under article 7, section 69A.04 5, subdivision 6 or
26 7. Notwithstanding the foregoing, up to 75 percent of the
27 market value of the assets of the fund may be invested in
28 open-end investment companies registered under the federal
29 Investment Company Act of 1940, if the portfolio investments of
30 the investment companies comply with the type of securities
31 authorized for investment by section 11A.24, subdivisions 2 to
32 5. Securities held by the associations before ~~March-26-1986~~
33 when the effective date of this section that do not meet the
34 requirements of this section may be retained after that date if
35 they were proper investments for the association on that date.
36 The governing board of the association may select and appoint

1 investment agencies to act for and in its behalf or may certify
2 funds for investment by the state board of investment under the
3 ~~provisions of section 11A.17.~~ The governing board of the
4 association may select and appoint a qualified private firm to
5 measure management performance and return on investment, and the
6 firm shall use the formula or formulas developed by the state
7 board under section 11A.04, clause (1).

8 Sec. 9. Minnesota Statutes 1988, section 136.84, is
9 amended to read:

10 136.84 [TITLE TO ASSETS, PERSONAL RIGHTS.]

11 The right of a person who has shares to the credit of the
12 person's employee's share account record to redeem the shares or
13 any portion thereof of the shares is a personal right only
14 and shall is not be assignable. Legal title to the assets of
15 the supplemental retirement investment fund shall ~~be in the~~
16 ~~state of Minnesota or the state board of investment or the~~
17 ~~beneficiary of either~~ is as specified in article 7, section 6,
18 subdivision 1, subject to the rights of the teachers retirement
19 fund. Any An assignment or attempted assignment of shares to
20 the credit of an employee's share account record by ~~any person~~
21 is null and void. Such Shares are exempt from garnishment or
22 levy under attachment or execution and from all taxation by the
23 state of Minnesota, ~~except that none shall be~~ but are not exempt
24 from taxation under chapter 291, unless transferred to a
25 surviving spouse or minor or dependent child of the decedent or
26 a trust for their benefit.

27 Sec. 10. Minnesota Statutes 1988, section 352.03,
28 subdivision 7, is amended to read:

29 Subd. 7. [DIRECTORS' FIDUCIARY OBLIGATION.] The board and
30 the director shall ~~administer the law faithfully without~~
31 ~~prejudice and~~ undertake their activities consistent with the
32 ~~expressed intent of the legislature. They shall act in their~~
33 ~~respective capacities with a fiduciary obligation to the state~~
34 ~~of Minnesota which created the fund, the taxpayers who are its~~
35 ~~financing source and the state employees who are its~~
36 ~~beneficiaries~~ article 7.

1 Sec. 11. Minnesota Statutes 1988, section 352.92, is
2 amended by adding a subdivision to read:

3 Subd. 3. [PLAN ADMINISTRATION.] The Minnesota state
4 retirement system shall administer the correctional employees
5 retirement plan established by sections 352.90 to 352.951 in
6 accordance with this chapter, chapter 356, and article 7.

7 Sec. 12. Minnesota Statutes 1988, section 352.96,
8 subdivision 3, is amended to read:

9 Subd. 3. [EXECUTIVE DIRECTOR TO ADMINISTER SECTION.] This
10 section shall must be administered by the executive director of
11 the system under subdivision 4. Fiduciary activities of the
12 deferred compensation plan must be undertaken in a manner
13 consistent with article 7. If the state board of investment so
14 elects, it may solicit bids for options under subdivision 2,
15 clauses (2) and (3). All contracts must be approved before
16 execution by the state board of investment. Contracts must
17 provide that all options in subdivision 2 must: be presented in
18 an unbiased manner; be presented and in a manner conforming that
19 conforms to applicable rules adopted by the executive director,
20 be reported on a periodic basis to all employees participating
21 in the deferred compensation program, and not be the subject of
22 unreasonable solicitation of state employees to participate in
23 the program. The contract may not call for any person to
24 jeopardize the tax-deferred status of money invested by state
25 employees under this section. All costs or fees in relation to
26 the options provided under subdivision 2, clause (3), must be
27 paid by the underwriting companies ultimately selected by the
28 state board of investment.

29 Sec. 13. Minnesota Statutes 1988, section 352B.03,
30 subdivision 1, is amended to read:

31 Subdivision 1. [OFFICERS.] The policy-making, management,
32 and administrative functions governing the operation of the
33 state patrol retirement fund are vested in the board of
34 directors and executive director of the Minnesota state
35 retirement system with duties, authority, and responsibility as
36 provided in chapter 352. Fiduciary activities of the fund must:

1 be undertaken in a manner consistent with article 7.

2 Sec. 14. Minnesota Statutes 1988, section 352C.091,
3 subdivision 1, is amended to read:

4 Subdivision 1. [ADMINISTRATIVE AGENCY AND STANDARDS.] The
5 ~~provisions of This chapter shall~~ must be administered by the
6 Minnesota state retirement system. The elected state officers
7 retirement plan must be administered consistent with this
8 chapter, chapter 356, and article 7.

9 Sec. 15. Minnesota Statutes 1988, section 352D.09,
10 subdivision 1, is amended to read:

11 Subdivision 1. [ADMINISTRATIVE AGENCY AND STANDARDS.] The
12 unclassified employees retirement plan and the provisions of
13 this chapter shall must be administered by the Minnesota state
14 retirement system. The provisions of chapter 352 shall govern
15 in all instances where not inconsistent with the provisions of
16 this chapter. Fiduciary activities of the unclassified
17 employees retirement plan must be undertaken in a manner
18 consistent with article 7.

19 Sec. 16. Minnesota Statutes 1988, section 353.03,
20 subdivision 1, is amended to read:

21 Subdivision 1. [MANAGEMENT; COMPOSITION; ELECTION.] The
22 management of the public employees retirement fund is vested in
23 a board of trustees consisting of the state auditor and eight
24 members. The governor shall appoint five trustees to four-year
25 terms, one of whom shall be designated to represent school
26 boards, one to represent cities, one to represent counties, one
27 who shall be is a retired annuitant, and one who is a public
28 member knowledgeable in pension matters. The membership of the
29 association shall elect three trustees for terms of four years.
30 Trustees elected by the membership of the association must be
31 public employees and members of the association. For seven days
32 beginning October 1 of each year preceding a year in which an
33 election is held, the association shall accept at its office
34 filings in person or by mail of candidates for the board of
35 trustees. A candidate shall submit at the time of filing a
36 nominating petition signed by 25 or more members of the fund.

1 No name may be withdrawn from nomination by the nominee after:
2 October 15. At the request of a candidate for an elected
3 position on the board of trustees, the board shall mail a
4 statement of up to 300 words prepared by the candidate to all
5 persons eligible to vote in the election of the candidate. The
6 board may adopt policies to govern form and length of these
7 statements, timing of mailings, and deadlines for submitting
8 materials to be mailed. These policies must be approved by the
9 secretary of state. The secretary of state shall resolve
10 disputes between the board and a candidate concerning
11 application of these policies to a particular statement. A
12 candidate who:

13 (1) receives contributions or makes expenditures in excess
14 of \$100; or

15 (2) has given implicit or explicit consent for any other
16 person to receive contributions or make expenditures in excess
17 of \$100 for the purpose of bringing about the candidate's
18 election, ~~must~~ shall file a report with the ethical practices
19 board disclosing the source and amount of all contributions to
20 the candidate's campaign. The ethical practices board shall
21 prescribe forms governing these disclosures. Expenditures and
22 contributions have the meaning defined in section 10A.01. These
23 terms do not include the mailing made by the association board
24 on behalf of the candidate. A candidate ~~must~~ shall file a
25 report within 30 days from the day that the results of the
26 election are announced. The ethical practices board shall
27 maintain these reports and make them available for public
28 inspection in the same manner as the board maintains and makes
29 available other reports filed with it. By January 10 of each
30 year in which elections are to be held the board shall
31 distribute by mail to the members ballots listing the
32 candidates. No member may vote for more than one candidate for
33 each board position to be filled. A ballot indicating a vote
34 for more than one person for any position is void. No special
35 marking may be used on the ballot to indicate incumbents. The
36 last day for mailing ballots to the fund is January 31. Terms

1 expire on January 31 of the fourth year, and positions are
2 vacant until newly elected members are qualified. The ballot
3 envelopes must be so designed and the ballots counted in a
4 manner that ensures that each vote is secret.

5 The secretary of state shall supervise the elections. The
6 board of trustees and the executive director shall faithfully
7 ~~administer the law without prejudice and~~ undertake their
8 activities consistent with the ~~expressed intent of the~~
9 ~~legislature. Board members shall act as trustees with a~~
10 ~~fiduciary obligation to the state of Minnesota, which created~~
11 ~~the fund, the taxpayers of the governmental subdivisions that~~
12 ~~aid in financing it, and the public employees who are its~~
13 ~~beneficiaries. They shall act in good faith and shall exercise~~
14 ~~that degree of judgment and care, under circumstances then~~
15 ~~prevailing, that persons of prudence, discretion, and~~
16 ~~intelligence exercise in the management of their own~~
17 ~~affairs~~ article 7.

18 Sec. 17. Minnesota Statutes 1988, section 354.06,
19 subdivision 1, is amended to read:

20 Subdivision 1. The management of the fund shall be is
21 vested in a board of eight trustees which shall be known as the
22 board of trustees of the teachers retirement fund. It shall be
23 is composed of the following persons: the commissioner of
24 education, the commissioner of finance, the commissioner of
25 commerce, four members of the fund who shall be elected by the
26 members of the fund, and one retiree who shall be elected by the
27 retirees of the fund. The five elected members of the board of
28 trustees shall must be chosen by mail ballot in a manner which
29 shall be fixed by the board of trustees of the fund. In every
30 odd-numbered year there shall be elected two members of the fund
31 to the board of trustees for terms of four years commencing on
32 the first of July next succeeding their election. In every
33 odd-numbered year there shall be elected one retiree of the fund
34 must be elected to the board of trustees for a term of two years
35 commencing on the first of July next succeeding the election.
36 The filing of candidacy for a retiree election must include a

1 petition of endorsement signed by at least ten retirees of the
2 fund. Each election shall must be completed by June first of
3 each succeeding odd-numbered year. In the case of elective
4 members, any vacancy shall must be filled by appointment by the
5 remainder of the board, and the appointee shall serve until the
6 members or retirees of the fund at the next regular election
7 have elected a trustee to serve for the unexpired term caused by
8 the vacancy. No member or retiree shall may be appointed by the
9 board, or elected by the members of the fund as a trustee, if
10 the person is not a member or retiree of the fund in good
11 standing at the time of the appointment or election.

12 Subd. 1a. [FIDUCIARY DUTY.] It shall ~~be~~ is the duty of the
13 board of trustees and the executive director to faithfully
14 ~~administer the law without prejudice and~~ undertake their
15 activities consistent with the expressed intent of the
16 ~~legislature. They shall act as trustees with a fiduciary~~
17 ~~obligation to the state of Minnesota which created the fund, the~~
18 ~~taxpayers which aid in financing it and the teachers who are its~~
19 ~~beneficiaries~~ article 7.

20 Sec. 18. Minnesota Statutes 1988, section 354A.021,
21 subdivision 6, is amended to read:

22 Subd. 6. [TRUSTEES' FIDUCIARY OBLIGATION.] ~~It is the duty~~
23 ~~of~~ The trustees or directors of each teachers retirement fund
24 association shall administer each fund in accordance with the
25 applicable portions of this chapter, of the articles of
26 incorporation, and of the bylaws, and of article 7. ~~They shall~~
27 ~~act as trustees with a fiduciary obligation to the state of~~
28 ~~Minnesota which created the fund, the taxpayers which aid in~~
29 ~~financing it and the teachers who are its beneficiaries.~~ The
30 purpose of this subdivision is to establish each teachers
31 retirement fund association as a trust under the laws of the
32 state of Minnesota for all purposes related to section 401(a) of
33 the Internal Revenue Code of the United States, including all
34 amendments.

35 Sec. 19. Minnesota Statutes 1988, section 422A.05,
36 subdivision 2a, is amended to read:

1 Subd. 2a. [FIDUCIARY DUTY.] In the discharge of their
2 respective duties, the members of the board, the executive
3 director, the board staff, and any other person charged with the
4 responsibility of investing money pursuant to the standards set
5 forth in this chapter shall act in good faith and shall exercise
6 that degree of judgment and care, under circumstances then
7 prevailing, which persons of prudence, discretion and
8 intelligence exercise in the management of their own affairs,
9 not for speculation, but for investment, considering the
10 probable safety of their capital as well as the probable income
11 to be derived therefrom. In addition, the members of the board
12 and the chief administrative officer shall act in a manner
13 consistent with article 1.

14 Sec. 20. Minnesota Statutes 1988, section 422A.05,
15 subdivision 2d, is amended to read:

16 Subd. 2d. [ACCOUNT TRANSFERS.] Notwithstanding any law to
17 the contrary, the retirement board, subject to the standards of
18 subdivision 2a of this section and article 7, may transfer
19 assets between accounts established by section 422A.06.

20 Sec. 21. Minnesota Statutes 1988, section 423.374, is
21 amended to read:

22 423.374 [OFFICERS OF ASSOCIATION.]

23 The officers of the relief association shall be a
24 president, one or more vice-presidents, a secretary and a
25 treasurer. The offices of assistant secretary and assistant
26 treasurer may be created by the bylaws of any such
27 associations. The affairs of each association shall must be
28 managed in accordance with article 7 by a board of directors
29 elected in the manner prescribed by the articles of
30 incorporation of the association.

31 The secretary and treasurer of each relief association
32 shall each furnish a corporate bond to the association for the
33 faithful performance of their duties, in such amounts as the
34 association from time to time may determine. Each relief
35 association shall and is hereby authorized to pay the premiums
36 on such bonds from its special fund.

1 Sec. 22. Minnesota Statutes 1988, section 423.45, is
2 amended to read:

3 423.45 [OFFICERS; DIRECTORS; BOND.]

4 The officers of the relief association shall be a
5 president, one or more vice-presidents, a secretary and a
6 treasurer. The offices of assistant secretary and assistant
7 treasurer may be created by the bylaws of any such
8 associations. The affairs of each association shall must be
9 managed in accordance with article 7 by a board of directors
10 elected in the manner prescribed by the articles of
11 incorporation of the association.

12 The secretary and treasurer of each relief association
13 shall each furnish a corporate bond to the association for the
14 faithful performance of their duties, in such amounts as the
15 association from time to time may determine. Each relief
16 association shall and is hereby authorized to pay the premiums
17 on such bonds from its special fund.

18 Sec. 23. Minnesota Statutes 1988, section 423.805, is
19 amended to read:

20 423.805 [POLICE PENSION FUND.]

21 The association shall establish a police pension fund or
22 continue to maintain the police pension fund now existing in the
23 city and shall ~~have-the-management~~ manage and control of the
24 fund. Fiduciary activities of the fund must be undertaken in a
25 manner consistent with article 7.

26 Sec. 24. Minnesota Statutes 1988, section 423A.21,
27 subdivision 4, is amended to read:

28 Subd. 4. [FIDUCIARY RESPONSIBILITY.] In the discharge of
29 their respective duties, the officers and trustees shall be held
30 to the standard of care enumerated in section 11A.09. In
31 addition, the trustees must act in accordance with article 7.

32 Each member of the board is a fiduciary and shall undertake
33 all fiduciary activities in accordance with the standard of care
34 of section 11A.09, and in a manner consistent with article 7.

35 No fiduciary of a relief association shall cause a relief
36 association to engage in a transaction if the fiduciary knows or

1 should know that a transaction constitutes one of the following
2 direct or indirect transactions:

- 3 (1) sale or exchange or leasing of any real property
4 between the relief association and a board member;
5 (2) lending of money or other extension of credit between
6 the relief association and a board member or member of the
7 relief association;
8 (3) furnishing of goods, services, or facilities between
9 the relief association and a board member; or
10 (4) transfer to a board member, or use by or for the
11 benefit of a board member, of any assets of the relief
12 association. Transfer of assets does not mean the payment of
13 relief association benefits or administrative expenses permitted
14 by law.

15 Sec. 25. Minnesota Statutes 1988, section 424.06, is
16 amended to read:

17 424.06 [OFFICERS; TRUSTEES.]

18 The officers of the relief association shall be a
19 president, one or more vice-presidents, a secretary, and a
20 treasurer. The offices of assistant secretary and assistant
21 treasurer may be created by the bylaws of any such
22 associations. The affairs of each association shall must be
23 managed in accordance with article 7 by a board of trustees
24 elected in the manner prescribed by the articles of
25 incorporation of the association.

26 The secretary and treasurer of each relief association
27 shall each furnish a corporate bond to the association for the
28 faithful performance of their duties, in amounts as the
29 association from time to time may determine. Each relief
30 association shall be and is hereby authorized to pay ~~the~~
31 premiums on such bonds from its general fund.

32 Sec. 26. Minnesota Statutes 1988, section 424A.001,
33 subdivision 7, is amended to read:

34 Subd. 7. [FIDUCIARY RESPONSIBILITY.] In the discharge of
35 their respective duties, the officers and trustees shall be held
36 to the standard of care enumerated in section 11A.09. In

1 addition, the trustees must act in accordance with article 7.

2 Each member of the board is a fiduciary and shall undertake
3 all fiduciary activities in accordance with the standard of care
4 of section 22A.09, and in a manner consistent with article 7.

5 No fiduciary of a relief association shall cause a relief
6 association to engage in a transaction if the fiduciary knows or
7 should know that a transaction constitutes one of the following
8 direct or indirect transactions:

9 (1) sale or exchange or leasing of any real property
10 between the relief association and a board member;

11 (2) lending of money or other extension of credit between
12 the relief association and a board member or member of the
13 relief association;

14 (3) furnishing of goods, services, or facilities between
15 the relief association and a board member; or

16 (4) transfer to a board member, or use by or for the
17 benefit of a board member, of any assets of the relief
18 association. Transfer of assets does not mean the payment of
19 relief association benefits or administrative expenses permitted
20 by law.

21 Sec. 27. Minnesota Statutes 1988, section 424A.04,
22 subdivision 2, is amended to read:

23 Subd. 2. [~~FIDUCIARY DUTY.~~] ~~It shall be the duty of The~~
24 ~~board of trustees to faithfully administer any provisions of~~
25 ~~statute or special law applicable to the relief association~~
26 ~~without prejudice and shall undertake their activities~~
27 ~~consistent with the expressed intent of the legislature. The~~
28 ~~members of the board shall act as trustees with a fiduciary~~
29 ~~obligation to the state of Minnesota which authorized the~~
30 ~~creation of the relief association, to the taxpayers who aid in~~
31 ~~its financing, and to the firefighters who are its beneficiaries~~
32 article 7.

33 Sec. 28. [490.021] [ADMINISTRATION OF VARIOUS JUDGES
34 RETIREMENT PLANS.]

35 The Minnesota state retirement system shall administer the
36 judges retirement plans established by sections 490.025 to

1 490.12 in accordance with article 7.

2 Sec. 29. Minnesota Statutes 1988, section 490.122, is
3 amended to read:

4 490.122 (ADMINISTRATION OF JUDGES' RETIREMENT.)

5 The policy-making, management, and administrative functions
6 governing the operation of the judges' retirement fund and the
7 administration of sections ~~490-025~~ 490.121 to 490.122 ~~shall be~~
8 are vested in the board of directors and executive director of
9 the Minnesota state retirement system with such duties,
10 authority, and responsibility as are provided in chapter 352.
11 Except as otherwise specified, no provision of chapter 352 shall
12 apply ~~applies~~ to the judges' retirement fund or any
13 judge. Fiduciary activities of the uniform retirement and
14 survivors' annuities for judges must be undertaken in a manner
15 consistent with article 7.

16 Sec. 30. (EFFECTIVE DATE.)

17 Sections 1 to 29 are effective the day following final
18 enactment.

19 ARTICLE 9

20 OTHER TEACHERS' RETIREMENT ASSOCIATIONS PROVISIONS

21 Section 1. Minnesota Statutes 1988, section 11A.19, is
22 amended by adding a subdivision to read:

23 Subd. 9. Effective June 30, 1989, all assets of the
24 variable annuity investment fund must be transferred to the
25 Minnesota combined investment funds to the credit of the
26 teachers retirement fund established under chapter 354.

27 Sec. 2. Minnesota Statutes 1988, section 354.50, is
28 amended by adding a subdivision to read:

29 Subd. 5. Notwithstanding section 354.62, subdivision 5,
30 clause (4), a member who received a refund of variable account
31 accumulations may repay this refund to the member's formula
32 account under this section.

33 Sec. 3. Minnesota Statutes 1988, section 354.62,
34 subdivision 2, is amended to read:

35 Subd. 2. (INDIVIDUAL ELECTION.) Each member of the
36 teachers retirement association may elect to participate in the



ORIGINAL STATEMENT OF ECONOMIC INTEREST
 under Minn. Stat. § 10A.09 (see other side)

01 PERIOD COVERED - from one month
 before appointment to date of
 appointment - Fill in dates

_____, 19__ to _____, 19__

(All information on this form is public information)

02 INDIVIDUAL Name	03 OFFICE HELD	04 BOARD, DEPT OR AGENCY
-----------------------	----------------	--------------------------

05 ADDRESS (Street, City, State, Zip)*	06 TELEPHONE NUMBER Area()
--	--------------------------------

*For mailing purposes, you may list home or business address. (Minn. Rules pt. 4505-0100, subp. 1a)

07 OCCUPATION	08 PRINCIPAL PLACE OF BUSINESS
---------------	--------------------------------

(ATTACH ADDITIONAL SHEETS IF NECESSARY TO COMPLETE SECTIONS 9 THROUGH 11)

09 SOURCES OF EARNED INCOME (compensation) in excess of \$50 in any month** Do NOT list benefits from retirement, insurance, social security, savings, alimony		
Associated business	Address (street, city, state, zip)	Your relationship with business

10 SECURITIES HELD in which your share is \$2,500 or more** Do NOT list number of shares or value of shares		
Name of security	Address (street, city, state, zip)	Type of Security

11 REAL PROPERTY IN STATE OF MINN. in which your share is worth in excess of \$2,500** Do NOT list homestead property and do not list value of property				
Name of property	Street address	Municipality, Range Township or Section	County	Acerage

**For pari-mutuel horse racing interests only, include your interests and interests of immediate family member(s) in the United States and Canada. (See Minn. Stat. §10A.09, subd. 5(e), other side)

Any person who signs and certifies to be true a statement knowing it contains false information or who knowingly omits required information is guilty of a gross misdemeanor.

FILE WITH ETHICAL PRACTICES BOARD
 625 North Robert Street
 St. Paul, MN 55101-2520
 (612) 296-5148

12 CERTIFICATION

I, _____
 Print or type name

CERTIFY THAT THE INFORMATION CONTAINED
 ON THIS FORM IS COMPLETE, TRUE
 AND CORRECT.

 Signature

 Date

SELECTED STATUTES AND RULES GOVERNING ECONOMIC INTEREST STATEMENTS

MINN. STAT. 10A.09 STATEMENTS OF ECONOMIC INTEREST

10A.09 STATEMENTS OF ECONOMIC INTEREST.

Subdivision 1. Time for filing. Except for a candidate for elective office in the judicial branch, an individual shall file a statement of economic interest with the board:

- Within 10 days of accepting employment as a public official;
- Within 14 days after filing an affidavit of candidacy or petition to appear on the ballot for an elective public office;
- In the case of a public official requiring the advice and consent of the senate, within 14 days after undertaking the duties of office; or
- In the case of members of the Minnesota racing commission, and its executive secretary, chief of security, medical officer, inspector of pari-mutuels and servants employed or approved by the commission or persons who fulfill these duties under contract, within 60 days of accepting or assuming duties.

Subd. 2. The secretary of state or the appropriate county auditor upon receiving an affidavit of candidacy or petition to appear on the ballot from an individual required by this section to file a statement of economic interest, and any official who nominates or employs a public official required by this section to file a statement of economic interest, shall notify the board of the name of the individual required to file a statement and the date of the affidavit, petition or nomination.

Subd. 3. The board shall notify the secretary of state or the appropriate county auditor and, when necessary in the case of appointive office, the presiding officer of the board that will approve or disapprove the nomination, of the name of the individual who has filed a statement of economic interest with the board, a copy of the statement, and the date on which the statement was filed.

Subd. 4. (Repealed, 1978 c 463 s 109)

Subd. 5. Form. A statement of economic interest required by this section shall be on a form prescribed by the board. The individual filing shall provide the following information:

- Name, address, occupation and principal place of business;
- The name of each associated business and the nature of that association;
- A listing of all real property within the state, excluding homestead property, in which the individual holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, and which interest is valued in excess of \$2,500, or (ii) an option to buy, which property has a fair market value of \$50,000 or more;
- A listing of all real property within the state in which a partnership of which the individual is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if the individual's share of the partnership interest is valued in excess of \$2,500 or (ii) an option to buy, which property has a fair market value of \$50,000 or more. Any listing under clause (c) or (d) shall indicate the street address and the municipality or the section, township, range and approximate acreage, whichever applies, and the county wherein the property is located; and
- A listing of any investments, ownership, or interests in property connected with pari-mutuel horse racing in the United States and Canada, including a race horse, in which the individual directly or indirectly holds a partial or full interest or an immediate family member holds a partial or full interest.

Subd. 6. Each individual who is required to file a statement of economic interest shall file a supplementary statement on April 15 of each year that the individual remains in office. The statement shall include a space for each category of information in which the individual may indicate that no change in information has occurred since the previous statement. The supplementary statement shall include the amount of each honorarium in excess of \$50 received since the previous statement, together with the name and address of the source of the honorarium. A statement of economic interest submitted by an officeholder shall be filed with the statement submitted as a candidate.

Subd. 7. The board shall notify by certified mail or personal service any individual who fails within the prescribed time to file a statement of economic interest required by this section. If an individual fails to file a statement within seven days after receiving this notice, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing on the eighth day after receiving notice. The board shall further notify by certified mail or personal service any individual who fails to file a statement within 21 days after receiving a first notice that the individual may be subject to a criminal penalty for failure to file a statement. An individual who fails to file a statement within seven days after a second notice is guilty of a misdemeanor.

Subd. 8. Any public official, except a member of the legislature or a constitutional officer, who is required to file a statement of economic interest and fails to do so by the prescribed deadline shall be suspended without pay by the board in the manner prescribed in the contested case procedure in chapter 14.

10A.10 PENALTY FOR FALSE STATEMENTS.

A report or statement required to be filed by sections 10A.02 to 10A.09 shall be signed and certified as true by the individual required to file the report. Any individual who signs and certifies to be true a report or statement knowing it contains false information or who knowingly omits required information is guilty of a gross misdemeanor.

MINN. RULES 4505.0100 DEFINITIONS.

4505.0100 DEFINITIONS.

Subpart 1. Scope. For the purposes of parts 4505.0100 to 4505.1000, the terms defined in this part have the meanings given them.

Subp. 1a. Address. "Address" means, for an individual, the individual's home mailing address or, for an association, the place where the association conducts its business, including the street and number, the post office box or rural route, if appropriate, the room number, and the city, state, and zip code. An individual may provide a business address rather than a home mailing address.

Subp. 2. Compensation. "Compensation" includes every kind of compensation for labor or personal services from private or public employment. It does not include alimony or child support payments.

MINN. RULES 4505.0100 DEFINITIONS. (continued)

Subp. 3. Compensation in any month. For the purpose of an original statement of economic interest, "compensation in any month" includes only compensation received in the calendar month immediately preceding the date of appointment as a public official or filing as a candidate.

For the purpose of supplementary statements of economic interest to be filed, "compensation in any month" includes compensation and honorarium received in any month between the end of the period covered in the preceding statement of economic interest and the end of the current period.

For the purpose of calculating the amount of compensation received from any single source in a single month, the amount shall include the total amount received from the source during the month, whether or not the amount covers compensation for more than one month.

Subp. 4. Date of appointment. "Date of appointment" means the effective date of appointment to a position.

Subp. 5. Source of compensation. "Source of compensation" means the name of the corporation, partnership, or other entity from which the individual receives compensation. A self-employed individual is required to list only a description of the occupation in which the individual is self-employed, for example, farming or practice of law, and is not required to list the names of corporations, partnerships, or other entities which pay compensation to the public official or candidate as a self-employed individual.

4505.0500 HONORARIUM.

"Honorarium" includes anything of value received for services for which there is no obligation to make payment, for example, a speech, an article, or similar service. Honorariums are not reported on original statements.

4505.0600 OCCUPATION AND PRINCIPAL PLACE OF BUSINESS.

For statement of occupation, the individual shall state his or her principal occupation; i.e., the occupation at which he or she spends most of his or her working hours or which provides his or her major source of compensation. "Principal place of business" means the name of the entity providing the individual's principal occupation.

4505.0700 REAL PROPERTY.

For the purpose of determining the value of an individual's interest in real property, the value of the property shall be the market value shown on the property tax statement. For the purpose of an original statement of economic interest, the individual shall disclose only those real properties owned on the date of appointment as a public official or filing as a candidate. For the purpose of a supplementary statement of economic interest, the individual shall disclose any real property owned at any time between the end of the period covered by the preceding statement of economic interest and through the last day of the month preceding the current filing or the last day of employment, if no longer a public official.

4505.0800 SECURITIES.

Subpart 1. Securities defined. "Securities" includes any stock, share, bond, warrant, option, pledge, note, mortgage, debenture, lease, or commercial paper in any corporation, partnership, trust, or other association. "Securities" does not include deposits in a savings account, certificates of deposit, money market certificates, treasury notes, dividends from securities or shares in a pension fund.

Subp. 2. Holder of securities. A "holder of securities" or any individual who "holds securities" is an individual having an ownership interest in any security as defined herein, or who is the trustee or beneficiary of a trust.

Subp. 3. Inclusion as securities. For the purpose of an original statement of economic interest, "securities" includes only securities held on the date of appointment as a public official or filing as a candidate. For the purpose of a supplementary statement of economic interest, "securities" includes any security held at any time between the end of the period covered by the preceding statement of economic interest and through the last day of the month preceding the current filing or the last day of employment, if no longer a public official.

Subp. 4. Address of entity in which security held. For the purpose of indicating the address of the entity in which a security is held, the registered office or principal place of business shall be stated, except that if a security is listed on or of the national security exchange, and the address of the entity is not known, the name of the exchange shall suffice.

Subp. 5. Exemption. Exemption to subpart 2 is made for trustees of associations organized exclusively for social, religious, educational, medical, benevolent, fraternal, charitable, reformatory, athletic, chamber of commerce, industrial development, trade, or professional association purposes and not for pecuniary gain, so part of the net earnings of which inures to the benefit of any private stockholder or individual.

4505.1000 JOINT INTERESTS.

A public official who holds a joint interest in a security, or in a partnership, shall disclose ownership in the security or the partnership if the official's proportionate share of the holding is valued at \$2,500 or more.

SUPPLEMENTARY STATEMENT OF ECONOMIC INTEREST
under Minn. Stat. § 10A.09 (see other side)



01 PERIOD COVERED - If applicable box: fill in dates
 Supplementary Statement - from date of last filing to 3-31-89
 _____, 19__ to _____, 19__
 Amended Statement - fill in date of statement amended
 _____, 19__ to _____, 19__
 Termination Statement - from date of last filing to term date
 _____, 19__ to _____, 19__

(All information on this form is public information)

02 INDIVIDUAL <i>Name</i>	03 OFFICE HELD	04 BOARD, DEPT OR AGENCY
-------------------------------------	-----------------------	---------------------------------

05 ADDRESS (Street, City, State, Zip)*	06 TELEPHONE NUMBER <i>Area ()</i>
---	---

*For mailing purposes, you may list home or business address. (Minn. Rules pt. 4505-0100, subp. 1a)

07 OCCUPATION	08 PRINCIPAL PLACE OF BUSINESS
----------------------	---------------------------------------

09 The information contained in my most recent STATEMENT OF ECONOMIC INTEREST, as filed with the Ethical Practices Board on _____ (date filed) has not changed for category:

Sources of Earned Income (compensation)
 Securities
 Real Property
 (Check the applicable box(es) above)

10 The information has changed, and I attach a statement disclosing the changes.

Sources of Earned Income (compensation)
 Securities
 Real Property
 (Check the applicable box(es) above and attach required statement. Check "Sources of Earned Income" if you received any honorarium of more than \$50 during the period and list the amount and the name and address of the source of each honorarium.)

Any person who signs and certifies to be true a statement knowing it contains false information or who knowingly omits required information is guilty of a gross misdemeanor.

FILE WITH ETHICAL PRACTICES BOARD
625 North Robert Street
St. Paul, MN 55101-2520
(612) 296-5148

11 CERTIFICATION

I, _____
Print or type name

CERTIFY THAT THE INFORMATION CONTAINED ON THIS FORM, OR ATTACHED HERETO, IS COMPLETE, TRUE, AND CORRECT.

Signature

Date

SELECTED STATUTES AND RULES GOVERNING ECONOMIC INTEREST STATEMENTS

MINN. STAT. §10A.09 STATEMENTS OF ECONOMIC INTEREST

10A.09 STATEMENTS OF ECONOMIC INTEREST.

Subdivision 1. Time for filing. Except for a candidate for elective office in the judicial branch, an individual shall file a statement of economic interest with the board:

- Within 10 days of accepting employment as a public official;
- Within 14 days after filing an affidavit of candidacy or petition to appear on the ballot for an elective public office;
- In the case of a public official requiring the advice and consent of the senate, within 14 days after undertaking the duties of office; or
- In the case of members of the Minnesota racing commission, and its executive secretary, chief of security, medical officer, inspector of pari-mutuels and stewards employed or approved by the commission or persons who fulfill those duties under contract, within 60 days of accepting or assuming duties.

Subd. 2. The secretary of state or the appropriate county auditor upon receiving an affidavit of candidacy or petition to appear on the ballot from an individual required by this section to file a statement of economic interest, and any official who nominates or employs a public official required by this section to file a statement of economic interest, shall notify the board of the name of the individual required to file a statement and the date of the affidavit, petition or nomination.

Subd. 3. The board shall notify the secretary of state or the appropriate county auditor and, where necessary in the case of appointive office, the presiding officer of the board that will approve or disapprove the nomination, of the name of the individual who has filed a statement of economic interest with the board, a copy of the statement, and the date on which the statement was filed.

Subd. 4. (Repealed, 1978 c 463 s 109)

Subd. 5. Form. A statement of economic interest required by this section shall be on a form prescribed by the board. The individual filing shall provide the following information:

- Name, address, occupation and principal place of business;
- The name of each associated business and the nature of that association;
- A listing of all real property within the state, including homesteaded property, in which the individual holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, and which interest is valued in excess of \$2,500; or (ii) an option to buy, which property has a fair market value of \$50,000 or more;
- A listing of all real property within the state in which a partnership of which the individual is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if the individual's share of the partnership interest is valued in excess of \$2,500 or (ii) an option to buy, which property has a fair market value of \$50,000 or more. Any listing under clause (c) or (d) shall indicate the street address and the municipality or the section, township, range and approximate acreage, whichever applies, and the county wherein the property is located; and
- A listing of any investments, ownership, or interests in property connected with pari-mutuel horse racing in the United States and Canada, including a race horse, in which the individual directly or indirectly holds a partial or full interest or an immediate family member holds a partial or full interest.

Subd. 6. Each individual who is required to file a statement of economic interest shall file a supplementary statement on April 15 of each year that the individual remains in office. The statement shall include a space for each category of information in which the individual may indicate that no change in information has occurred since the previous statement. The supplementary statement shall include the amount of each honorarium in excess of \$50 received since the previous statement, together with the name and address of the source of the honorarium. A statement of economic interest submitted by an officerholder shall be filed with the statement submitted as a candidate.

Subd. 7. The board shall notify by certified mail or personal service any individual who fails within the prescribed time to file a statement of economic interest required by this section. If an individual fails to file a statement within seven days after receiving this notice, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing on the eighth day after receiving notice. The board shall further notify by certified mail or personal service any individual who fails to file a statement within 21 days after receiving a first notice that the individual may be subject to a criminal penalty for failure to file a statement. An individual who fails to file a statement within seven days after a second notice is guilty of a misdemeanor.

Subd. 8. Any public official, except a member of the legislature or a constitutional officer, who is required to file a statement of economic interest and fails to do so by the prescribed deadline shall be suspended without pay by the board in the manner prescribed in the contested case procedure in chapter 14.

10A.10 PENALTY FOR FALSE STATEMENTS.

A report or statement required to be filed by sections 10A.02 to 10A.09 shall be signed and certified as true by the individual required to file the report. Any individual who signs and certifies to be true a report or statement knowing it contains false information or who knowingly omits required information is guilty of a gross misdemeanor.

MINN. RULES 4505.0100 DEFINITIONS.

4505.0100 DEFINITIONS.

Subpart 1. Scope. For the purposes of parts 4505.0100 to 4505.1000, the terms defined in this part have the meanings given them.

Subp. 1a. Address. "Address" means, for an individual, the individual's home mailing address or, for an association, the place where the association conducts its business, including the street and number, the post office box or rural route, if appropriate, the room number, and the city, state, and zip code. An individual may provide a business address rather than a home mailing address.

Subp. 2. Compensation. "Compensation" includes every kind of compensation for labor or personal services from private or public employment. It does not include alimony or child support payments.

MINN. RULES 4505.0100 DEFINITIONS. (continued)

Subp. 3. Compensation in any month. For the purpose of an original statement of economic interest, "compensation in any month" includes only compensation received in the calendar month immediately preceding the date of appointment as a public official or filing as a candidate.

For the purpose of supplementary statements of economic interest to be filed, "compensation in any month" includes compensation and honorariums received in any month between the end of the period covered in the preceding statement of economic interest and the end of the current period.

For the purpose of calculating the amount of compensation received from any single source in a single month, the amount shall include the total amount received from the source during the month, whether or not the amount covers compensation for more than one month.

Subp. 4. Date of appointment. "Date of appointment" means the effective date of appointment to a position.

Subp. 5. Source of compensation. "Source of compensation" means the name of the corporation, partnership, or other entity from which the individual receives compensation. A self-employed individual is required to list only a description of the occupation in which the individual is self-employed, for example, farming or practice of law, and is not required to list the names of corporations, partnerships, or other entities which pay compensation to the public official or candidate as a self-employed individual.

4505.0500 HONORARIUM.

"Honorarium" includes anything of value received for services for which there is no obligation to make payment; for example, a speech, an article, or similar service. Honorariums are not reported on original statements.

4505.0600 OCCUPATION AND PRINCIPAL PLACE OF BUSINESS.

For statement of occupation, the individual shall state his or her principal occupation; i.e., the occupation at which he or she spends most of his or her working hours or which provides his or her major source of compensation. "Principal place of business" means the name of the entity providing the individual's principal occupation.

4505.0700 REAL PROPERTY.

For the purpose of determining the value of an individual's interest in real property, the value of the property shall be the market value shown on the property tax statement. For the purpose of an original statement of economic interest, the individual shall disclose only those real properties owned on the date of appointment as a public official or filing as a candidate. For the purpose of a supplementary statement of economic interest, the individual shall disclose any real property owned at any time between the end of the period covered by the preceding statement of economic interest and through the last day of the month preceding the current filing or the last day of employment, if no longer a public official.

4505.0800 SECURITIES.

Subpart 1. Securities, defined. "Securities" includes any stock, share, bond, warrant, option, pledge, note, mortgage, debenture, lease, or commercial paper in any corporation, partnership, trust, or other association. "Securities" does not include deposits in a savings account, certificates of deposit, money market certificates, treasury notes, dividends from securities or shares in a pension fund.

Subp. 2. Holder of securities. A "holder of securities" or any individual who "holds securities" is an individual having an ownership interest in any security as defined herein, or who is the trustee or beneficiary of a trust.

Subp. 3. Inclusion as securities. For the purpose of an original statement of economic interest, "securities" includes only securities held on the date of appointment as a public official or filing as a candidate. For the purpose of a supplementary statement of economic interest, "securities" includes any security held at any time between the end of the period covered by the preceding statement of economic interest and through the last day of the month preceding the current filing or the last day of employment, if no longer a public official.

Subp. 4. Address of entity in which security held. For the purpose of indicating the address of the entity in which a security is held, the registered office or principal place of business shall be stated, except that if a security is listed on one of the national security exchanges, and the address of the entity is not known, the name of the exchange shall suffice.

Subp. 5. Exception. Exception to subpart 2 is made for trustees of associations organized exclusively for social, religious, educational, medical, benevolent, fraternal, charitable, reformatory, athletic, chamber of commerce, industrial development, trade, or professional association purposes and not for pecuniary gain, no part of the net earnings of which inures to the benefit of any private stockholder or individual.

4505.1000 JOINT INTERESTS.

A public official who holds a joint interest in a security, or in a partnership, shall disclose ownership in the security or the partnership if the official's proportionate share of the holding is valued at \$2,500 or more.