

House Research Act Summary

CHAPTER: 188 (HF1499/SF1406)

SESSION: 2008 Regular Session

TOPIC: Prudent management of institutional funds

Date: April 8, 2008

Analyst: Tom Pender, 651 296-1885

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This act repeals the state's current version of the Uniform Prudent Management of Institutional Funds Act and adopts the updated version recommended by the National Conference of Commissioners on Uniform State Laws. It deals with management and investment standards for entities holding funds for charitable purposes.

Section

- 1 **Short title.** Says this act may be cited as the Uniform Prudent Management of Institutional Funds Act.
- 2 **Definitions.** Defines terms used in this act. An "institutional fund" is a fund held by a nonprofit entity, a government, or a trust, solely for charitable purposes.
- 3 **Standard of conduct in managing and investing institutional fund.** Lists standards of conduct for managing and investing an institutional fund. These include following the wishes of the donor, avoiding unreasonable costs, and investing appropriately.
- 4 **Appropriation for expenditure or accumulation of endowment fund; rules of construction.** Specifies principles to be used in deciding whether, when, and how to spend money from an endowment fund.
- 5 **Delegation of management and investment functions.** Permits an institution to delegate its functions to an "external agent" if it does so with prudence.
- 6 **Release or modification of restrictions on management, investment, or purpose.** Specifies the ways a restriction in a gift instrument may be released or modified.
- 7 **Reviewing compliance.** Says that whether this act has been complied with is based upon

the situation at the time, and not based upon hindsight.

- 8** **Application to existing institutional funds.** Makes this act apply to future and existing funds, but makes it apply only to decisions made or actions taken on or after the effective date of the act.
- 9** **Relation to Electronic Signature in Global and National Commerce Act.** States how this act relates to the Electronic Signature in Global and National Commerce Act.
- 10** **Repealer.** Repeals the current version of this act, so that it is replaced by this updated version.