

**File Number:** H.F. 409  
**Version:** As introduced

**Date:** January 27, 2017

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**Subject:** Local government; long-term equity investment authority

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## Overview

This bill would give certain cities and counties the option to invest a portion of their funds in index mutual funds or with the State Board of Investment in an account managed by the Public Employees Retirement Association.

### Section

#### **1 Additional long-term equity investment authority.**

**Subd. 1. Definition; qualifying government.** Defines “qualifying government” based on population or the city’s or county’s general obligation bond rating. It is a city or county with a population of more than 100,000, which would include at this time (using the 2015 population estimates), the counties of Anoka, Dakota, Hennepin, Olmsted, Ramsey, Scott, St. Louis, Stearns, Washington, and Wright, and the cities of Minneapolis, St. Paul, and Rochester.

The definition also includes a county or city, with less than 100,000 population, that received the highest bond rating by a national rating agency for the county’s or city’s most recent general obligation bond issue. If the rating drops, the city or county may not use the authority in this section for additional investments.

**Subd. 2. Additional investment authority.** Permits a qualifying government to invest in certain index mutual funds or with the State Board of Investment (SBI).

**Subd. 3. Funds.** Limits the investments to cash and investments that are held for long-term capital plans, or long-term obligations. Limits the amount.

## **Section**

**Subd. 4. Approval.** Requires the investments be made pursuant to a resolution of the governing body that acknowledges the risks.

**Subd. 5. Public Employees Retirement Association (PERA) to act as account administrator.** Requires a qualifying government investing with the SBI to set up an account with PERA, which will act as the account administrator.

**Subd. 6. Purpose of account.** Requires the account to be used only as permitted in this section and allows PERA to rely on representations of the qualifying government.

**Subd. 7. Account maintenance.** Permits PERA to charge an administrative fee and requires PERA to report on investment returns and fees incurred.

**Subd. 8. Investment.** Specifies how investments must be handled.

**Subd. 9. Withdrawal of funds and termination of account.** Allows a qualifying government to withdraw its money or terminate the account and if it does, it must do so at a time and in the manner required by PERA.