



St. Paul Teachers' Retirement Fund Association

1619 Dayton Avenue, Room 309 Saint Paul, MN 55104-6206
Phone: (651) 642-2550 Fax: (651) 642-2553 Website: www.sptrfa.org

Investment Policy

Date of last change: May 15, 2019
Annual Approval Date: March 16, 2023

Table of Contents

1.	Investment Policy.....	5
1.1	Investment Policy Statement.....	5
1.1.1	Purpose	5
1.1.2	Fund Objectives	5
1.2	Statutory Constraints.....	6
1.3	Distinction of Responsibilities.....	6
1.3.1	Board of Trustees.....	6
1.3.2	Investment Managers.....	6
1.3.3	Custodian	7
1.3.4	Staff.....	7
1.3.5	Consultant.....	8
1.4	Diversification.....	8
1.4.1	Common stock.....	8
1.4.2	Shares in any one corporation.....	8
1.4.3	Percentage of Fund assets invested in a particular sector	8
1.4.4	Maximum allocation to any one active management firm.....	8
1.5	Asset Allocation.....	8
1.5.1	Evaluation.....	8
1.5.2	Guidelines.....	9
1.5.3	Asset Allocation Structure.....	9
1.6	Global/Domestic Public Equities.....	10
1.7	Non-US Equities	10
1.8	Global/Domestic Fixed Income Securities	11
1.9	In-House Investments	11

1.10	Private Market (Alternative) Investments.....	11
1.11	Real Assets (Inflation Hedged).....	12
1.12	Performance Measurement	12
1.12.1	SPTRFA Performance Objectives	12
1.13	Investment Managers	13
1.13.1	General Guidelines	14
1.13.2	Manager Selection Procedures.....	15
1.13.3	Manager Performance Objectives.....	15
1.13.4	Evaluation of SPTRFA Investment Managers.....	16
1.13.5	Manager Watch List.....	16
1.13.6	Termination of SPTRFA Investment Managers	17
1.14	Market Values.....	17
1.15	Realized Gains and Losses.....	18
1.16	Personal Investments	18
1.17	Implementation Date.....	19
1.18	Current Asset Allocation Targets.....	19
1.18.1	Exhibit 1 – Investment Policy Asset Allocation Targets	19

1. Investment Policy

1.1 Investment Policy Statement

1.1.1 Purpose

Investments for the St. Paul Teachers' Retirement Fund Association (SPTRFA) will be made for the sole purpose of increasing Fund assets that will be used to provide benefits of plan participants and beneficiaries within constraints of applicable Minnesota Statutes and the policy statements contained in this document. The defined objectives include "real" rates of return for the plan assets (returns in excess of inflation). The Fund assets must be invested with skill, care, and diligence that a prudent person acting in this capacity would use. Within this framework, the Fund seeks to optimize total return on the Fund's portfolio through a policy of diversified investments to achieve maximum rates of return within prudent risk. These objectives may be modified based on changes in plan provisions or the nature of capital markets.

1.1.2 Fund Objectives

The following statements will establish policies and restrictions to be placed in the Fund investments. However, these are not intended to impede the manager's efforts in attaining the overall objectives of the Fund.

- 1.1.2.1 Total Fund assets should earn over a market cycle an average annual "real" rate of return in excess of inflation by five percent (5%), or a minimum annual rate of return not less than the actuarial investment return assumption which is currently 8.0%. (Inflation is defined as the Consumer Price Index.)
- 1.1.2.2 The Fund's total return should fall within the top 1/3 of returns in a universe of public pension funds with similar objectives.
- 1.1.2.3 The Fund's five year annualized rate of return should be sufficient to provide a post-retirement COLA.
- 1.1.2.4 While recognizing the importance of the preservation of capital, we adhere to the theory of capital market pricing, which maintains that varying degrees of investment risk should be rewarded with incremental returns. Consequently, prudent risk-taking is justifiable and reasonable investment risk will be taken given prevailing capital market conditions.

- 1.1.2.5 Portfolio risk levels should be established to minimize sharp declines in principal values. The volatility of returns for the various allocations should be controlled such that the standard deviation of the quarterly returns does not exceed 120% of the same measure of the benchmark for that asset category. The possibility of moderate declines in total value is a risk accepted as necessary to achieve long term results.
- 1.1.2.6 Long term objectives should be long term appreciation of the Fund's assets and consistency of total portfolio performance.
- 1.1.2.7 Strict monitoring of Plan costs, especially in areas such as investment management fees and costs, shall be aggressively pursued by staff to insure that the maximum amount of financial net benefit accrues directly to the Fund's assets in order to meet future liabilities.
- 1.1.2.8 Liquidity of fund assets and insuring that sufficient resources are available to meet operational needs is of importance in the choice and placement of investment assets. Wherever possible, priority should be given to liquidity when considering comparable vehicles. However, liquidity concerns should not be employed such as to preclude or prevent the use of prudent, higher return opportunities.

1.2 Statutory Constraints

Investments shall satisfy the conditions of Minnesota Statutes Section 356A.06, as they apply, to the approved list contained therein, the prudent person standards of this chapter, and any future statutory constraints pertaining to SPTRFA.

1.3 Distinction of Responsibilities

1.3.1 Board of Trustees

The Board of Trustees (Board) shall be responsible for the adoption, implementation and monitoring of the Investment Policy in conjunction with the Board's staff, its retained investment managers and investment consultant. The Board shall have a means of continuing to advance their investment knowledge through workshops, seminars and conferences.

1.3.2 Investment Managers

Investment Managers retained by the Board that manage assets in a separate account format for the Fund shall manage the assets assigned to them in accordance with the adopted Investment Policy. Those Investment Managers retained by the Board who manage assets in a pooled or commingled account shall be mindful of the provisions with the Fund's current Investment Policy and seek, as prudently as possible; to

manage such commingled assets in a manner that seeks to comply with the highest of fiduciary standards. It is understood by the Board, that when it invests in a commingled, pooled, and/or passive portfolio, the Manager may not always be able to comply, due to the nature of a multi-investor vehicle, with Minnesota statute or the Fund's operating Policy guidelines. Within the Fund's separate account vehicles, such Managers shall manage the assets assigned to them in accordance with the adopted Investment Policy in effect and the conditions included in the Investment Management Agreement then in effect.

1.3.3 Custodian

SPTRFA's investment assets that are not otherwise held in third party mutual funds or other commingled vehicles are required to be held in custody with a third-party, professional institution (the "Custodian"). It is expected that the Custodian will be an established and well-regarded institution that provides such services to a broad range of external clients. The SPTRFA Staff is responsible for making recommendations regarding the hiring of such Custodian and the Board is responsible for the selection of the Custodian.

The Custodian hired by the Board has the responsibility to safeguard the securities entrusted to their care, to settle trades in an efficient manner and to report monthly to the Board the activity in the holdings and may provide, at the direction of the Board, performance of the portfolios in their care.

Updated: May 15, 2019

1.3.4 Staff

The staff of SPTRFA is responsible to prepare investment reports to the Board, to oversee the investments within the Plan's portfolio, to conduct or arrange for regular Board training on investment related matters and to carry out all requests of the Board and Investment Committee and other actions required by this Investment Policy.

Staff, namely the Executive Director, at the direction of the Board, will be permitted discretion to identify and select a finalist investment manager(s) to manage a portfolio of assets within the Fund's portfolio, in accordance with a Board approved mandate, provided said mandate does not exceed a starting value of greater than \$10 million (Ten Million Dollars) and, in no case, may the aggregate value of assets managed by firms so chosen under this delegation exceed, at the time of their original funding, a total of \$25 million (Twenty Five Million dollars). It is understood the candidate(s) recommended by staff under this provision is subject to review by the Board and such grant may be rescinded by the Board at any time.

1.3.5 Consultant

A consultant retained by the Board shall be responsible for any investment related matter so requested by the Board which may include at least quarterly performance reporting, manager analyses, the undertaken of various studies and investment related research to assist the Board with its investment decisions and reporting on any significant problems in a portfolio or within a management firm. The Consultant may be involved with monitoring public as well as private markets and investment firms as the Board shall from time to time determine.

1.4 Diversification

Pension plan assets are to be broadly diversified in order to minimize the risk of large losses in individual investments or by individual managers. Diversification is, in major part, accomplished through selection of asset mix and investment management.

1.4.1 Common stock

Not more than one and one half percent (1.5%) of total fund assets at cost may be invested in a common stock of any one company.

1.4.2 Shares in any one corporation

Investments shall not exceed five percent (5%) of total outstanding shares in any one corporation.

1.4.3 Percentage of Fund assets invested in a particular sector

Not more than 15% of total fund assets may be invested in a particular sector.

1.4.4 Maximum allocation to any one active management firm

The maximum allocation to any active management firm is 15% of total assets.

1.5 Asset Allocation

The Fund's asset allocation policies must reflect, and be consistent with, the investment objectives and risk tolerances stated in this investment policy. The assets will be invested according to the following guidelines for proportions to be invested in each asset class with the goal of optimizing return within the framework of acceptable risk.

1.5.1 Evaluation

Evaluation of this Policy and related investment guidelines which help to determine the proportions to be invested in each asset class shall occur at

least every three years. The Fund's asset allocation targets should be reviewed at least annually.

- 1.5.1.1 Periodic evaluation of the asset allocation plan is to ensure that the Fund is generating the "policy" return.
- 1.5.1.2 The three-year time period will allow enough time to enable the asset allocation program to mature and perform as intended, and to protect the Fund from "chasing" the market when a certain asset style is not currently being rewarded by the market.
- 1.5.1.3 If at any time the economic, fiscal, or investment environment should change significantly, it shall be the duty of the staff, investment advisors and/or investment counselors to so inform the Board and to recommend modifications necessary to address the changes.
- 1.5.1.4 The investment returns realized by the Fund's asset allocation will be regularly measured against those of its target portfolio.

1.5.2 Guidelines

For pension plan investments, the major component of return is its policy asset mix. When determining the allocation of assets for SPTRFA the following guidelines are taken into account:

- 1.5.2.1 Expected returns are maximized at an acceptable level of risk.
- 1.5.2.2 The asset mix should provide average five-year returns in excess of eight percent (8.0%) as consistently as possible.
- 1.5.2.3 The asset mix should provide, to the greatest extent possible, for the maintenance or improvement of benefit security under the plan. Benefit security is determined based on the relationship of the market value of plan assets to the level of actuarial liabilities.

1.5.3 Asset Allocation Structure

The SPTRFA asset allocation will be as follows:

<u>Cash and Equivalents</u>	<u>Not more than 10%</u>
Public Market Equities	Not more than 75%
Public Market Debt	Not more than 60%
Private Markets	Not more than 10%
Real Assets	Not more than 20%

The Board will, from time to time, establish specific asset "targets" and create a Target Portfolio. These asset classes including allotted percentages will comprise Exhibit 1 attached to this Policy and will from time to time be modified to meet changing needs of the Fund and market conditions. The Fund's intention is to maintain the proportion of assets as close as is reasonably possible (i.e. within an accepted range, 2-4% +/-) to the specific percentages specified in Exhibit 1. Rebalancing the investments back to the policy percentages will be accomplished semi-

annually. However, the investment advisors are not obligated to commit all or any part of the allocation to equities in any given month and may reduce any amount if, in their opinion, the investment climate favors such action. Allotments uncommitted in any month, as well as the proceeds from equity sales, may be committed in later periods.

1.6 Global/Domestic Public Equities

Whereas in the past, the major portion of Plan assets may have been allocated to domestic equities due to historically stronger long term returns and a traditional home bias, this has not always and, going forward may not, prove as favorable. Therefore, while it is generally expected that equity assets will continue to be a major hedge against inflation and the primary source of "value added" (i.e. alpha), it is the design of this Policy to permit wider geographic latitude in the selection and mandate of equity investment managers. Globally focused firms may play as important a role as domestic and non-US only equity managers. Developed and to a lesser degree non developed markets have a role in generating competitive returns, as well. While it is expected that a home bias is likely to always exist within investment mandates, the times and pace of markets generally demonstrate that from a return, risk and diversification standpoint, a globally oriented equity portfolio may permit a greater degree of flexibility and ability of managers in meeting the Fund's return needs. It may also be appropriate that large cap equity allocations utilize but are not required to use passive management (indexation) due to the expected efficiencies of these larger cap markets. This is generally less so with mandates that include smaller cap ranges, where less efficient markets may reward active management.

To reduce volatility, the total equity portfolio will seek diversification through style, capitalization, geography and other lower-correlation factors.

The benchmark for the broad cap U.S. equity investments is the Russell 3000 representing the total U.S. Market. For global related investments, the comparable is the MSCI-ACWI. For less encompassing mandates, an appropriate benchmark agreed upon by the manager, consultant and Board/staff would apply.

1.7 Non-US Equities

International (non-US) equities, including emerging markets, may be a diversifying element of an investment portfolio. The overall benchmark for a non U.S. developed markets equity investment is the MSCI Net weighted Europe, Australia, Far East (EAFE) Index. When emerging markets are included in the mandate along with developed equities, the benchmark would generally be the MSCI-ACWI Ex-US. When the mandate is limited to emerging markets only, an appropriate, non-developed markets benchmark would apply as agreed upon by the manager, consultant and Board.

1.8 Global/Domestic Fixed Income Securities

The Fixed Income Allocation shown may include a passively managed (indexed) component. Generally, actively managed portfolios and/or enhanced fixed income portfolios, which could include overlay features and related value-add strategies, are capable of providing added returns and flexibility, which may be important during extended periods when interest rates or other factors may otherwise limit the returns achievable from this important, diversifying asset class.

Government and corporate bonds, mortgage investments, asset backed securities, and shorter term credit investments are the traditional components of any fixed income structure. This asset class is expected to provide income (yield) and greater stability of market values than generally available from equity and equity-like investments. The overall benchmark for US fixed income investments is the Barclays Aggregate Index or the Barclay's Government Credit Index. Other indices may be utilized upon approval of the Board. Global fixed markets would utilize and agree upon a global benchmark (i.e., the Barclays Global Aggregate). Non-US fixed income securities may be included in a portfolio in accordance with the provisions of Minnesota statutes. These non-US debt holdings would be generally limited to Sovereign debt positions, but may include non-US corporate debt.

1.9 In-House Investments

It is not anticipated that any investments of the Fund would be managed in-house by SPTRFA staff. It is the desire of the Board to rely on outside investment management. [An exception may be distributions from private equity partnerships.] The Board would prefer to liquidate such investments when possible or transfer management of such publicly traded stock to an appropriate active manager for continuing management.

1.10 Private Market (Alternative) Investments

The use of Partnership and Alternative Investments is intended to diversify the portfolio, possibly dampen its volatility and seek to achieve above average return. These investments may include venture capital, buyout, credit related, resource related and infrastructure among others. Funds in this asset class include direct investments in a Fund of Funds structure which may also provide alternative investment consultant services to the Board and staff. Consultant services play a valuable role in this area in helping staff with plan documents, helping to develop a balanced strategy and providing important access to the better P/E managers within the desired investment space.

These investments may be limited by statute or Board policy to a specific committed percentage of the total portfolio, but normally would comprise a level not to exceed 10% of the total portfolio when committed principal is fully drawn/invested.

1.11 Real Assets (Inflation Hedged)

Commercial, industrial, residential properties may offer protection against unexpected inflation, decrease the overall portfolio volatility, and provide (lower correlated) diversification from traditional capital market exposure. Real estate returns have been roughly comparable to the long term returns of common stocks. Additionally, certain natural resource holdings (minerals, timber, energy, commodities) would qualify under this category and provide similar low-correlations to traditional equity markets. These investments may be direct investments or in limited partnership vehicles. Real estate specific investments may include direct ownership of developed realty as well as participation in open end core, value added and opportunistic type partnerships. REIT (i.e. real estate investment trusts) investments are permitted and are to be classified within global equities and do provide a diverse real estate exposure and offer important liquidity. REITs offer equity like risk characteristics than real assets and more appropriately are placed within the global equities' asset class. The inflation hedged class of investments may contribute to the reduction in portfolio volatility as well as provide that important hedge against unanticipated inflation. Investment in this class may be done on an opportunistic basis.

1.12 Performance Measurement

Time weighted returns will be calculated monthly, quarterly, annually, and in three and five year periods by an outside firm contracted to measure the performance of the Fund and fund managers. The consultant will report on the investment performance in comparison with the Fund objectives, appropriate peer funds and managers, and performance benchmarks. These reports will be reviewed by the staff and reported to the Board of Trustees.

1.12.1 SPTRFA Performance Objectives

The Fund's performance objectives will be divided into two components: objectives for the overall fund and objectives for individual portfolios. Both levels of objectives will be incorporated in quarterly reviews of the Fund's performance. The performance objectives for the overall fund are fourfold: meeting a financial plan, combating inflation, achieving the desired rate of return assumed by the actuary (investment assumption), and outperforming a benchmark portfolio with similar characteristics.

1.12.1.1 *The financial plan.* This involves employing, on a continuing basis, various asset classes in a strategic allocation and to accompany that with the selection of the highest quality investment managers best able to achieve a desired level of out

performance relative to their appropriate benchmarks to achieve long term Fund target levels of return.

- 1.12.1.2 *Inflation.* The inflation objective requires that the investment performance provide a real return over the expected rate of inflation, the primary driver of benefit adequacy and therefore, pension costs.
- 1.12.1.3 *The rate of return assumed by the actuary (investment assumption).* The total fund should earn a return at least equal to the rate assumed by the actuary and/or as set by Statute.
- 1.12.1.4 *A benchmark portfolio with similar characteristics.* The last objective results in the creation of a comparative index which accurately reflects SPTRFA's unique asset allocation policy. Exceeding this objective indicates that the active management of the various portfolio components has added value over a passively managed fund with a similar asset mix.

1.13 Investment Managers

Investment managers shall be selected to fill the investment needs identified by the Board. When circumstances are justified, requests for proposals shall be issued to qualified firms, and managers shall be selected for interview based on criteria which the Board may determine from time to time. In the alternative to RFP's, qualified managers may be engaged from a list of firms acceptable and pre-approved by the consultant and/or staff and submitted to the Board's for its prior review and approval.

To limit the Fund's investment management exposure to any one investment manager, it is the Board's policy to restrain the allocation of Fund investments to not more than 15% of the total market value of the Fund assets unless special circumstances warrant a higher percentage of assets with the approval of the Board. Any needed reductions, due to the board's policy of maximum allocation to any investment management firm, will be done semi-annually. If during any semi-annual period a management firm exceeds the policy maximum exposure by 2.5% of the market value of the Fund, an immediate return to the policy maximum is required.

The Fund's portfolio shall not include an active mandate which would be or has become greater than 20% (twenty percent) of the total assets under management (AUM) included within a specific strategy overseen by the Fund's portfolio manager(s). To determine the assets within a specific strategy, it is appropriate to include all assets including separate accounts, commingled funds (trusts), and other vehicles that collectively represent the total assets under management within the strategy managed by the investment professional or investment team that is responsible for the Fund's portfolio. Compliance with this provision will be monitored annually by the Fund and also reported periodically by the investment manager.

1.13.1 General Guidelines

The general guidelines that are required from all of SPTRFA's managers are as follows:

- 1.13.1.1 Manager's investment philosophy, style and strategy shall remain consistent and shall not change without the Fund's approval.
- 1.13.1.2 Managers should stay within minimum and maximum percentage parameters and not alter the investment style established by the Fund.
- 1.13.1.3 Managers are prohibited from investing in private placements, letter stock, and uncovered options; and from engaging in short sales, margin transactions or other specified investment activities without prior approval of the SPTRFA Board.
- 1.13.1.4 The use of listed options and option strategies to enhance returns and potentially diminish risk within portfolios may be employed with SPTRFA approval.
- 1.13.1.5 Sector and security selection, portfolio quality and timing of purchase and sales are delegated to the investment manager who will adhere to SPTRFA guidelines.
- 1.13.1.6 Managers fees may directly relate to the achievement of performance objectives.
- 1.13.1.7 Transactions that involve a broker acting as a "principal", where such broker is also the investment Manager who is making the transaction, is prohibited, except where specifically approved by the Chairman of the Investment Committee.
- 1.13.1.8 Transactions shall be executed at competitive costs and utilize the Board's designated commission recapture brokers whenever prudent.
- 1.13.1.9 Managers shall report regularly to the Executive Director as to the status of the portfolio through monthly reports.
- 1.13.1.10 Managers must report extraordinary losses and explain those occurrences within a reasonable period to the SPTRFA investment staff.
- 1.13.1.11 Cash shall not exceed 20% of the market value of any portfolio without Board approval.
- 1.13.1.12 A copy of the managers' Form ADV (SEC required investment advisors disclosure statements, Part I and Part II) shall be provided to the Executive Director annually and be available for review in the SPTRFA offices.
- 1.13.1.13 A single security will not exceed 10 percent (10%) of any managed portfolio, except in those cases where a manager oversees an approved, intentionally concentrated portfolio of securities. In these cases, however, the Board or its staff shall be kept regularly informed regarding securities which exceed a 10% holding within the portfolio.

- 1.13.1.14 SPTRFA will assign its voting of proxies according to proxy guidelines to its investment managers while reserving the right to vote any proxies with timely notice to the manager.
- 1.13.1.15 Meetings between the investment manager and the Fund shall be held from time to time. Such "meetings" may include formal reports in person to the Board or any planned due diligence visit/meeting by staff or consultant with the Manager with follow up reports to the Board. Meetings may be more frequent if significant concerns arise about the manager's investment strategy or performance, or if key changes occur in the manager's personnel or organizational structure.
- 1.13.1.16 SPTRFA Investment Committee will meet at least quarterly or more often as conditions require.
- 1.13.1.17 Managers are expected to produce performance that exceeds an agreed upon hurdle above the appropriate benchmark on a net of fees basis. At a minimum, an active equity manager shall exceed the respective benchmark, net of fees by 100 basis points annually over a three year rolling average and seek to perform in the top one third (1/3) of a comparable universe of managers as determined by the Board, consultant or appropriate third party. For fixed income active managers, the same peer target performance is expected with a net return annually in excess of the benchmark of at least 25 basis points (net) on a three year rolling average. The Board may opt for higher excess returns for certain portfolios such as small, mid cap, non-US, emerging markets, commodities, real estate and so forth where greater out-performance and less efficient market conditions exist.
- 1.13.1.18 Each investment manager is responsible to ensure that any restrictions, limiting policies, governing provisions, etc. related to certain prohibited holdings or unauthorized positions with the portfolio are regularly self-monitored and complied with to prevent unauthorized securities within the portfolio. A report of its procedures to achieve this requirement will be submitted periodically to the Board.

1.13.2 Manager Selection Procedures

The Board has responsibility for selecting investment managers. The Board's intent is to follow a process that embodies the principles of procedural due diligence. Staff and consultant will play an important role in guiding the Board throughout this process.

1.13.3 Manager Performance Objectives

The Investment Committee shall regularly review the investment policy and performance of all its investment managers.

The committee may review:

- 1.13.3.1 The performance objectives for the individual portfolio components and their relevance to the performance benchmarks outlined in Exhibit 1.
- 1.13.3.2 How managers adhere to the requirement to maintain portfolios reflecting their respective investment style and to meet prescribed performance standards.
- 1.13.3.3 The appropriateness of the category and style that the manager is assigned and the appropriateness of the investment performance standard established for the manager.
- 1.13.3.4 If the manager is not exceeding the annualized median performance of a peer group within the assigned style universe over an annualized 3 year period.
- 1.13.3.5 If the manager is not exceeding the assigned market benchmark over a 3 year annualized return period.

1.13.4 Evaluation of SPTRFA Investment Managers

In general, managers are required to out-perform (net of fees) their prescribed performance objectives. A manager who fails to meet the performance objective may be placed on a "watch list" by action of the Board and so notified by the Executive Director. Such Manager will not be given more assets to manage and will not receive any fee increases during such "watch". Additionally, a manager during its "watch period" will be expected to appear before the investment committee of the Board and indicate what steps it is planning to take or has taken to address the underperformance in the portfolio. The watch period will continue for up to one year. If after that time (four consecutive quarters) a manager still fails either to meet the performance standard or demonstrates marked improvement, the manager will be subject to termination. This provision does not preclude the Board from acting more promptly in exigent circumstances. The Board may also act to extend the "watch period" when circumstances justify. [Note: It is important to note that all benchmarks are reaffirmed on an annual basis to ensure their accuracy.]

1.13.5 Manager Watch List

The reasons for placing a manager on "watch" include but are not limited to:

- Underperformance relative to its benchmark over a rolling three year period Performance, over the trailing three year period, in the bottom half of its peer managers in an appropriate universe.
- Style drift from the stated investment style.
- Change in the portfolio manager.
- Changes in the ownership of the firm, admission of fault, determination of guilt, acknowledgement of or involvement in, or an agreement to settle pending litigation related to, any action(s) which exhibit unethical or unprofessional or otherwise inappropriate

behavior of any type by the firm's management or any of its employees or agents.

- The Executive Director will notify and receive acknowledgement from a manager of the Board's action to place said manager "on watch".

1.13.6 Termination of SPTRFA Investment Managers

Reasons for termination of a manager include: changes in investment style and discipline, changes in the firm which may detract from future performance, changes in SPTRFA policy which eliminate the need for the manager, loss of confidence that the firm will add value as evidenced by failure to perform historically over a three to five year period relative to their benchmark and a similar length period relative to other peer managers, or severe underperformance of more than 20% relative to the assigned benchmark over shorter periods

1.14 Market Values

The intent is to price all investments monthly at the values at which they could be sold. The fact that they may not be up for sale currently does not affect the market value. Market values are used for return calculations only. General Accepted Accounting Principles and state statutes are used to value investments for financial accounting purposes.

A description follows of the process for accomplishing this for each category of investment:

- 1.14.1 **Public Marketable Securities** – These constitute stocks, bonds, warrants, futures, options, etc. traded on the public exchanges. The custodial bank has access to prices for these securities and establishes their market value.
- 1.14.2 **Limited Partnership Interest** - The general partner has the responsibility for estimating and publishing the market value of investments in the partnership. The most recent market value available will be used. In the cases where the general partner does not provide a market value, the investment falls in category 5 listed below. It is understood that some lag (up to a quarter) will occur in pricing these portfolios and as a result the portfolio's overall performance will reflect and account for this lag.
- 1.14.3 **Private Placements** - For those managed by an outside investment manager, it will be the responsibility of that manager to estimate the market value monthly based on their assessment.
- 1.14.4 **Real Estate** - For large units, appraisals will be obtained periodically as appropriate by a certified appraiser. For small units, the tax value will be the basis for market value. This will avoid the high cost of outside

appraisals. Appraisals will be done by a certified appraiser before any directly owned properties may be sold.

- 1.14.5 **Other Direct Investments** - Market value for these investments will be estimated on a case-by-case basis. The intent will be to arrive at a reasonable estimate without incurring substantial costs to have an outside expert provide an estimate, which may quickly become obsolete because of changing conditions. Estimates will be made periodically as new events occur which have an effect on market value. An attempt will be made to bring the estimates up-to-date at the end of the plan year.

1.15 Realized Gains and Losses

Each investment manager will manage the assets under his/her control with the objective of maximizing the long-term total return within the agreed risk of his/her investment style. [Unusual transactions shall not be made to realize gains or losses which may detract from long term total returns.]

1.16 Personal Investments

The SPTRFA has delegated certain functions to the staff and various individuals who provide professional services to the Board. All persons who act as agents of the Fund shall adhere to the highest standards of professional integrity and honesty and are prohibited by law from profiting, directly or indirectly, from the investments of the Fund outside of that which is fully disclosed and approved. In order to preclude actual or potential conflicts of interest, the Board has established the following Personal Investment Policy:

- 1.16.1 Staff and Board members are prohibited from purchasing a material financial interest in any firm providing services to the Board.
- 1.16.2 Staff and Board members are required to use a broker who does not individually act as a broker for Fund transactions.
- 1.16.3 Staff and Board members are required to refrain from purchasing or selling any security immediately prior to a major Board or investment manager recommendation or transaction. In order to accomplish this objective, all personal significant contemplated purchases or sales of securities also known to be planned purchases or sales by the Fund will be pre-cleared with the Executive Director.
- 1.16.4 No employee or consultant to SPTRFA may serve on the board of a corporation in which SPTRFA has an investment.
- 1.16.5 Board members and the Executive Director shall file a statement of Economic Interest per 356A.06, subd. (4) annually. Similarly the Board shall report commission activity annually to the Legislative Commission on Pensions and Retirement per 356A.06, subd (5).

1.17 Implementation Date

The allocation targets specified in an associated document to this Policy as approved periodically by the Board of Trustees, identified by date as the current "SPTRFA Asset Allocation Targets" and generally referred to as "Exhibit 1," are to be achieved within 12 months after they are established by the Board of Trustees.

Adopted: May 18, 1989

Revised: December 13, 2012

1.18 Current Asset Allocation Targets

1.18.1 Exhibit 1 – Investment Policy Asset Allocation Targets

<u>Asset Class</u>	<u>% of Assets Target Allocation</u>
Global/Domestic Equity	55.0
Global/Domestic Fixed Income	20.0
Inflation Hedged/Real Assets	11.0
Private Equity/Alternatives	9.0
Hedge Funds	5.0
	100.0

354A.08 AUTHORIZED INVESTMENTS.

In addition to investments authorized under section 356A.06, subdivision 7, a teachers retirement fund association may receive, hold, and dispose of real estate or personal property acquired by it, whether the acquisition was by purchase or any other lawful means, as provided in this chapter or in the association's articles of incorporation.

History: (1364) 1909 c 343 s 7; 1979 c 217 s 4; 1983 c 291 s 3; 1992 c 598 art 6 s 13; 2006 c 271 art 8 s 2; 2012 c 286 art 10 s 6

356A.06 INVESTMENTS; ADDITIONAL DUTIES.

Subdivision 1. **Authorized holder of assets; title to assets.** (a) Assets of a covered pension plan may be held only by:

(1) the plan treasurer;

(2) the State Board of Investment;

(3) the depository agent of the plan;

(4) a security broker or the broker's agent with, in either case, insurance equal to or greater than the plan assets held from the Securities Investor Protection Corporation or from excess insurance coverage; or

(5) the depository agent of the State Board of Investment.

(b) Legal title to plan assets must be vested in the plan, the State Board of Investment, the governmental entity that sponsors the plan, the nominee of the plan, or the depository agent. The holder of legal title shall function as a trustee for a person or entity with a beneficial interest in the assets of the plan.

Subd. 2. **Diversification.** The investment of plan assets must be diversified to minimize the risk of substantial investment losses unless the circumstances at the time an investment is made clearly indicate that diversification would not be prudent.

Subd. 3. **Absence of personal profit.** No fiduciary may personally profit, directly or indirectly, as a result of the investment or management of plan assets. This subdivision, however, does not preclude the receipt by a fiduciary of reasonable compensation, including membership in or the receipt of benefits from a pension plan, for the fiduciary's position with respect to the plan.

Subd. 4. **Economic interest statement.** (a) Each member of the governing board of a covered pension plan and the chief administrative officer of the plan shall file with the plan a statement of economic interest.

(b) For a covered pension plan other than a plan specified in paragraph (c), the statement must contain the information required by section 10A.09, subdivision 5, and any other information that the fiduciary or the governing board of the plan determines is necessary to disclose a reasonably foreseeable potential or actual conflict of interest.

(c) For a covered pension plan governed by sections 424A.091 to 424A.096 or the Bloomington Fire Department Relief Association if its special fund assets are under \$8,000,000, the statement must contain the following:

(1) the person's principal occupation and principal place of business;

(2) whether or not the person has an ownership of or interest of ten percent or greater in an investment security brokerage business, a real estate sales business, an insurance agency, a bank, a savings and loan, or another financial institution; and

(3) any relationship or financial arrangement that can reasonably be expected to give rise to a conflict of interest.

(d) The statement must be filed annually with the chief administrative officer of the plan and be available for public inspection during regular office hours at the office of the pension plan.

(e) A disclosure form meeting the requirements of the federal Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21 as amended, and filed with the State Board of Investment or the pension plan meets the requirements of this subdivision.

(f) The chief administrative officer of each covered pension plan, by January 15, annually, shall transmit a certified listing of all individuals who have filed statements of economic interest with the plan under this subdivision during the preceding 12 months and the address of the office referenced in paragraph (d) to the Campaign Finance and Public Disclosure Board.

Subd. 5. Investment business recipient disclosure. The chief administrative officer of a covered pension plan, with respect to investments made by the plan, and the executive director of the State Board of Investment, with respect to investments of plan assets made by the board, shall annually disclose in writing the recipients of investment business placed with or investment commissions allocated among commercial banks, investment bankers, brokerage organizations, or other investment managers. The disclosure document must be prepared within 60 days after 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. For the State Board of Investment and a first class city teacher retirement fund association, a disclosure document included as part of a regular annual report of the board or of the first class city teacher retirement fund association when filed with the executive director of the Legislative Commission on Pensions and Retirement is considered to have been filed on a timely basis.

Subd. 6. Limited list of authorized investment securities. (a) **Authority.** This subdivision specifies the investment authority for a limited list plan. A limited list plan is a covered pension plan that does not:

(1) have pension fund assets with a market value in excess of \$1,000,000;

(2) use the services of an investment advisor registered with the Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940, or registered as an investment advisor in accordance with sections 80A.58, and 80A.60, for the investment of at least 60 percent of its pension fund assets, calculated on market value;

(3) use the services of the State Board of Investment for the investment of at least 60 percent of its pension fund assets, calculated on market value; or

(4) use a combination of the services of an investment advisor meeting the requirements of clause (2) and the services of the State Board of Investment for the investment of at least 75 percent of its pension fund assets, calculated on market value.

(b) **Investment agency appointment authority.** The governing board of a covered pension plan may select and appoint investment agencies to act for or on its behalf.

(c) **Savings accounts; similar vehicles.** A limited list plan is authorized to invest in:

(1) certificates of deposit issued, to the extent of available insurance or collateralization, by a financial institution that is a member of the Federal Deposit Insurance Corporation, that is insured by the National Credit Union Administration, or that is authorized to do business in this state and has deposited with the chief administrative officer of the plan a sufficient amount of marketable securities as collateral in accordance with section 118A.03;

(2) guaranteed investment contracts, limited to those issued by insurance companies or banks rated in the top four quality categories by a nationally recognized rating agency or to alternative guaranteed investment contracts where the underlying assets comply with the requirements of this paragraph; and

(3) savings accounts, limited to those fully insured by federal agencies.

(d) **Government-backed obligations.** A limited list plan is authorized to invest in governmental obligations as further specified in this paragraph, including bonds, notes, bills, mortgages, and other evidences of indebtedness, if the issue is backed by the full faith and credit of the issuer or if the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which plans are authorized to invest under this paragraph are guaranteed or insured issues of:

(1) the United States, one of its agencies, one of its instrumentalities, or an organization created and regulated by an act of Congress;

(2) the Dominion of Canada or one of its provinces if the principal and interest are payable in United States dollars;

(3) a state or one of its municipalities, political subdivisions, agencies, or instrumentalities; or

(4) any United States government-sponsored organization of which the United States is a member if the principal and interest are payable in United States dollars.

(e) **Corporate obligations.** A limited list plan is authorized to invest in corporate obligations, including bonds, notes, debentures, transportation equipment obligations, or any other longer-term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any of its states, or the Dominion of Canada or any of its provinces if:

(1) the principal and interest are payable in United States dollars; and

(2) the obligations are rated among the top four quality categories by a nationally recognized rating agency.

(f) **Mutual fund authority, limited list authorized assets.** Securities authorized under paragraphs (c) to (e) may be owned directly or through shares in exchange-traded funds, or through open-end mutual funds, or as units of commingled trusts.

(g) **Extended mutual fund authority.** Notwithstanding restrictions in other paragraphs of this subdivision, a limited list plan is authorized to invest the assets of the special fund in exchange-traded funds and open-end mutual funds, if their portfolio investments comply with the type of securities authorized for investment under section 356A.06, subdivision 7, paragraphs (c) to (g). Investments under this paragraph must not exceed 75 percent of the assets of the special fund, not including any money market investments through mutual or exchange-traded funds.

(h) **Supplemental fund authority.** The governing body of a limited list plan may certify special fund assets to the State Board of Investment for investment under section 11A.17.

(i) **Assets mix restrictions.** A limited list plan must conform to the asset mix limitations specified in section 356A.06, subdivision 7.

Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** A covered pension plan not described by subdivision 6, paragraph (a), is an expanded list plan and shall invest its assets as specified

in this subdivision. The governing board of an expanded list plan may select and appoint investment agencies to act for or on its behalf.

(b) **Securities generally; investment forms.** An expanded list plan is authorized to purchase, sell, lend, and exchange the investment securities authorized under this subdivision, including puts and call options and future contracts traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned directly or through shares in exchange-traded or mutual funds, or as units in commingled trusts, subject to any limitations specified in this subdivision.

(c) **Government obligations.** An expanded list plan is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which funds may be invested under this paragraph are guaranteed or insured issues of:

(1) the United States, one of its agencies, one of its instrumentalities, or an organization created and regulated by an act of Congress;

(2) the Dominion of Canada or one of its provinces if the principal and interest are payable in United States dollars;

(3) a state or one of its municipalities, political subdivisions, agencies, or instrumentalities; and

(4) a United States government-sponsored organization of which the United States is a member if the principal and interest are payable in United States dollars.

(d) **Investment-grade corporate obligations.** An expanded list plan is authorized to invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any of its states, or the Dominion of Canada or any of its provinces if:

(1) the principal and interest are payable in United States dollars; and

(2) the obligations are rated among the top four quality categories by a nationally recognized rating agency.

(e) **Below-investment-grade corporate obligations.** An expanded list plan is authorized to invest in unrated corporate obligations or in corporate obligations that are not rated among the top four quality categories by a nationally recognized rating agency if:

(1) the aggregate value of these obligations does not exceed five percent of the covered pension plan's market value;

(2) the covered pension plan's participation is limited to 50 percent of a single offering subject to this paragraph; and

(3) the covered pension plan's participation is limited to 25 percent of an issuer's obligations subject to this paragraph.

(f) **Other obligations.** (1) An expanded list plan is authorized to invest funds in:

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

(ii) certificates of deposit if issued by a United States bank or savings institution rated in the highest four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies, or if issued by a credit union in an amount within the limit of the insurance coverage provided by the National Credit Union Administration;

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

(iv) mortgage securities and asset-backed securities if rated in the top four quality categories by a nationally recognized rating agency;

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

(vi) guaranteed investment contracts if issued by an insurance company or a bank that is rated in the top four quality categories by a nationally recognized rating agency or alternative guaranteed investment contracts if the underlying assets comply with the requirements of this subdivision;

(vii) savings accounts if fully insured by a federal agency; and

(viii) guaranty fund certificates, surplus notes, or debentures if issued by a domestic mutual insurance company.

(2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of deposit and collateralization agreements executed by the covered pension plan under clause (1), item (ii).

(3) In addition to investments authorized by clause (1), item (iv), an expanded list plan is authorized to purchase from the Minnesota Housing Finance Agency all or any part of a pool of residential mortgages, not in default, that has previously been financed by the issuance of bonds or notes of the agency. The covered pension plan may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees for any such commitment and may agree to purchase the mortgage loans at a price sufficient to produce a yield to the covered pension plan comparable, in its judgment, to the yield available on similar mortgage loans at the date of the bonds or notes. The covered pension plan may also enter into agreements with the agency for the investment of any portion of the funds of the agency. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

(g) **Corporate stocks.** An expanded list plan is authorized to invest in stocks or convertible issues of any corporation organized under the laws of the United States or any of its states, any corporation organized under the laws of the Dominion of Canada or any of its provinces, or any corporation listed on an exchange that is regulated by an agency of the United States or of the Canadian national government.

An investment in any corporation must not exceed five percent of the total outstanding shares of that corporation, except that an expanded list plan may hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent of the shares of a closed mutual fund. Purchase of shares of exchange-traded or mutual funds shall be consistent with paragraph (b).

(h) **Other investments.** (1) In addition to the investments authorized in paragraphs (b) to (g), and subject to the provisions in clause (2), an expanded list plan is authorized to invest funds in:

(i) equity and debt investment businesses through participation in limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations;

(ii) real estate ownership interests or loans secured by mortgages or deeds of trust or shares of real estate investment trusts, through investment in limited partnerships, bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance company commingled accounts, including separate accounts;

(iii) resource investments through limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations; and

(iv) international securities.

(2) The investments authorized in clause (1) must conform to the following provisions:

(i) the aggregate value of all investments made under clause (1), items (i), (ii), and (iii), may not exceed 35 percent of the market value of the fund for which the expanded list plan is investing;

(ii) there must be at least four unrelated owners of the investment other than the expanded list plan for investments made under clause (1), item (i), (ii), or (iii);

(iii) the expanded list plan's participation in an investment vehicle is limited to 20 percent thereof for investments made under clause (1), item (i), (ii), or (iii);

(iv) the expanded list plan's participation in a limited partnership does not include a general partnership interest or other interest involving general liability. The expanded list plan may not engage in any activity as a limited partner which creates general liability;

(v) the aggregate value of all unrated obligations and obligations that are not rated among the top four quality categories by a nationally recognized rating agency authorized by paragraph (e) and clause (1), item (iv), must not exceed five percent of the covered plan's market value; and

(vi) for volunteer firefighter relief associations, emerging market equity and international debt investments authorized under clause (1), item (iv), must not exceed 15 percent of the association's special fund market value.

(i) **Supplemental plan investments.** The governing body of an expanded list plan may certify assets to the State Board of Investment for investment under section 11A.17.

(j) **Asset mix limitations.** The aggregate value of an expanded list plan's investments under paragraphs (g) and (h) and equity investments under paragraph (i), regardless of the form in which these investments are held, must not exceed 85 percent of the covered plan's market value.

Subd. 7a. **Restrictions.** Any agreement to lend securities must be concurrently collateralized with cash or securities with a market value of not less than 100 percent of the market value of the loaned securities at the time of the agreement. For a covered pension authorized to purchase put and call options and futures contracts under subdivision 7, any agreement for put and call options and futures contracts may only be entered into with a fully offsetting amount of cash or securities. Only securities authorized by this section,

excluding those under subdivision 7, paragraph (h), clause (1), items (i) to (iv), may be accepted as collateral or offsetting securities.

Subd. 8. **Minimum liquidity requirements.** A covered pension plan described by subdivision 6 or 7, in order to pay benefits as they come due, shall invest a portion of its assets in authorized short-term debt obligations that can be immediately liquidated without accrual of a substantial determinable penalty or loss and that have an average maturity of no more than 90 days. The chief administrative officer of the plan shall determine the minimum liquidity requirement of the plan and shall retain appropriate documentation of that determination for three years from the date of determination.

Subd. 8a. **Collateralization requirement.** (a) The governing board of a covered pension plan shall designate a national bank, an insured state bank, an insured credit union, or an insured thrift institution as the depository for the pension plan for assets not held by the pension plan's custodian bank.

(b) Unless collateralized as provided under paragraph (c), a covered pension plan may not deposit in a designated depository an amount in excess of the insurance held by the depository in the Federal Deposit Insurance Corporation or the National Credit Union Administration, whichever applies.

(c) For an amount greater than the insurance under paragraph (b), the depository must provide collateral in compliance with section 118A.03 or with any comparable successor enactment relating to the collateralization of municipal deposits.

Subd. 8b. **Disclosure of investment authority; receipt of statement.** (a) For this subdivision, the term "broker" means a broker, broker-dealer, investment advisor, investment manager, or third-party agent who transfers, purchases, sells, or obtains investment securities for, or on behalf of, a covered pension plan.

(b) Before a covered pension plan may complete an investment transaction with or in accord with the advice of a broker, the covered pension plan shall provide annually to the broker a written statement of investment restrictions applicable under state law to the covered pension plan or applicable under the pension plan governing board investment policy.

(c) A broker must acknowledge in writing annually the receipt of the statement of investment restrictions and must agree to handle the covered pension plan's investments and assets in accord with the provided investment restrictions. A covered pension plan may not enter into or continue a business arrangement with a broker until the broker has provided this written acknowledgment to the chief administrative officer of the covered pension plan.

(d) If any portion of the plan's assets are held by a security broker or its agent, the security broker or its agent must acknowledge in writing annually that sufficient insurance has been obtained from the Securities Investor Protection Corporation, supplemented by additional insurance, if necessary, to cover the full amount of covered pension plan assets held by the security broker or its agent. Uniform acknowledgment forms prepared by the state auditor shall be used by covered pension plans and brokers to meet the requirements of this subdivision.

Subd. 9. **Prohibited transactions.** (a) No fiduciary of a covered pension plan may engage in a prohibited transaction or allow the plan to engage in a transaction that the fiduciary knows or should know is a prohibited transaction.

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

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

- (2) the lending of money or other extension of credit between the plan and a fiduciary of the plan;
- (3) the furnishing to a plan by a fiduciary for compensation or remuneration, of goods, services other than those performed in the capacity of fiduciary, or facilities;
- (4) the furnishing to a fiduciary by a plan of goods, services, or facilities other than office and related space, equipment and office supplies, and administrative services appropriate to the recipient's fiduciary 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 or the payment to a fiduciary of a reasonable salary and of necessary and reasonable expenses incurred by the fiduciary in the performance of the fiduciary's duties; and
- (6) the sale, exchange, loan, or lease of any item of value between a plan and a fiduciary of the plan other than for a fair market value and as a result of an arm's-length transaction.

Subd. 10. **Defined contribution plans; application.** (a) To the extent that a plan governed by chapter 352D, 353D, 354B, 354C, or 354D permits a participant or beneficiary to select among investment products for the person's account and the participant or beneficiary exercises that investment self-direction, no fiduciary is liable for any loss which may result from the participant's or beneficiary's exercise of that investment self-direction.

(b) Subdivisions 1, 2, 6, 8, and 8a do not apply to plans governed by chapter 354B or 354C.

History: 1989 c 319 art 7 s 6; 1990 c 570 art 5 s 1; 1994 c 604 art 2 s 3; 1995 c 122 s 2; 1995 c 262 art 6 s 1,2; 1996 c 399 art 2 s 12; 1996 c 438 art 4 s 7; art 10 s 2; 1997 c 202 art 2 s 63; 1998 c 386 art 2 s 90; 2000 c 461 art 12 s 18; 1Sp2001 c 10 art 3 s 26; 2002 c 363 s 41; 1Sp2005 c 8 art 9 s 9; art 10 s 66; 2006 c 196 art 1 s 52; art 2 s 12; 2006 c 271 art 8 s 6; 2007 c 134 art 1 s 11; 2008 c 349 art 14 s 3-5; 2010 c 359 art 13 s 3; 2012 c 286 art 10 s 10,11; 2013 c 111 art 5 s 68,80; 2014 c 296 art 12 s 3,4; 2018 c 211 art 14 s 1; 2022 c 65 art 9 s 13,14

356.64 REAL ESTATE INVESTMENTS.

(a) Notwithstanding any law to the contrary, any public pension plan whose assets are not invested by the State Board of Investment may invest its funds in Minnesota situs nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if the investment is consistent with section 356A.04.

(b) An investment otherwise authorized by this section must also comply with the requirements and limitations of section 11A.24, subdivision 6.

History: 2002 c 392 art 11 s 46; 2010 c 359 art 12 s 35