

# MAINE STATE LEGISLATURE

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# STATE OF MAINE

Inter-Departmental Memorandum Date October 24, 1974

To Richard L. Kelso, Deputy Commissioner Dept. Commerce and Industry

From Charles R. Larouche, Assistant Dept. Attorney General

Subject Maine State Employees Retirement Fund

You ask:

"Would enabling legislation be necessary to allow part of the Maine State Employees Retirement Fund to be invested in Federally-guaranteed Small Business Administration loans?"

The answer to that question is negative.

5 M.R.S.A. § 1061 provides, in pertinent part:

"The members of the board of trustees shall be the trustees of the several funds created by this chapter and shall be authorized to cause such funds to be invested and reinvested in accordance with the prudent man rule subject to periodic approval of the investment program by the trustees."

5 M.R.S.A. § 1032 provides, in pertinent part:

"The board of trustees shall make the final and determining decision on all matters pertaining to the administration, actuarial recommendations, the reserves and the investments of the system."

It is apparent from the foregoing that the Board of Trustees have been given a very broad power to invest the Maine State Retirement System funds in the manner it deems appropriate, subject only to the limitation of the "Prudent Man Rule" which is expressed in 18 M.R.S.A. § 4054.

  
CHARLES R. LAROCHE  
Assistant Attorney General

CRL:mfe

cc: W. G. Blodgett