

is hereby appropriated out of the general revenue fund to the commissioner of administration for land acquisition in Fort Snelling state park, the sum of \$114,156.60, heretofore deposited in the state treasury, for damages awarded to the state of Minnesota by the Lower Minnesota Watershed District in connection with their channel improvement project, which caused damage to state lands lying within the statutory boundaries of Fort Snelling state park.

Approved May 12, 1967.

CHAPTER 404—H. F. No. 258

[Coded in Part]

An act relating to the state board of investment; prescribing the qualifications of its executive secretary and the investments of certain retirement and other funds; amending Minnesota Statutes 1965, Chapter 11, by adding sections; Minnesota Statutes 1965, Sections 11.12; 11.14; 161.04, Subdivision 2; and 162.16; Minnesota Statutes 1965, Chapter 352, by adding a section; and repealing Minnesota Statutes 1965, Section 352.06.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1965, Section 11.12, is amended to read:

11.12 State board of investment, investments; duties of executive secretary; bond. The executive secretary shall manage and direct the work of the board of investment on a full time basis. He shall be a ~~person~~ *Chartered Financial Analyst or a person of equivalent qualifications.* ~~well qualified by training and experience to manage, administer and invest the money available from time to time for investment.~~ *He shall be well qualified by training to administer and invest the money available for investment and have at least seven years experience in the management of institutional investment portfolios.* He shall have free access to all files and records of the various funds assigned to the board for investment purposes, and may inspect and audit the various accounts thereof as he deems necessary. He shall devote his full time and attention to the duties of his office, and shall not engage in any other occupation or profession. He shall be paid such salary as is determined by the board, subject to such maximum amount as may be set by the legislature. He shall perform duties prescribed by the board. He shall attend all board meetings and report to the board all operations and negotiations un-

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der his control and supervision. Before he assumes the office to which he has been appointed, the executive secretary shall give bond to the state in the sum of at least \$100,000 conditioned for the faithful discharge of his official duties.

Sec. 2. Minnesota Statutes 1965, Section 11.14, is amended to read:

11.14 Office space. The custodian of the state capitol building shall provide the executive secretary and staff with suitable office and storage space in the state capitol complex as near as possible to the office of the state treasurer.

Sec. 3. Minnesota Statutes 1965, Chapter 11, is amended by adding a section to read:

[11.16] State employees retirement association, investment securities. *Subdivision 1. Securities generally, standard.* The state board of investment shall invest any sum certified by the state employees retirement association or any pension, retirement, or other type of fund authorized by law in such securities as are defined in this section, provided, however, that any investments shall be made with the exercise of that degree of judgment and care, under circumstances then prevailing, which men of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived. The state board of investment shall have authority to sell, convey, and exchange such securities and invest and reinvest the funds when it deems it desirable to do so. The board shall sell securities upon request of the retirement board or other appropriate official when such retirement board or official determines that funds are needed for authorized purposes.

Subd. 2. U. S. government bonds or notes. *Bonds, notes, mortgages, or other obligations of the United States, or those guaranteed by, or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof are legal investments for the purposes of this section.*

Subd. 3. Bonds of Minnesota or other states. *Bonds or other evidences of indebtedness of this state, and full faith and credit obligations of, or obligations unconditionally guaranteed as to principal and interest by any other state of the United States are legal investments for the purposes of this section.*

Subd. 4. Obligations of Canada. *Bonds, debentures, notes, or other full faith and credit obligations issued, guaranteed, or assumed as to both principal and interest by the government of the*

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Dominion of Canada, or by any province of Canada; provided that the principal and interest thereof shall be payable in United States funds, either unconditionally or at the option of the holder are legal investments for the purposes of this section.

Subd. 5. Municipal obligations of Minnesota. *Bonds, notes, or obligations of any municipal or political subdivision of this state, issued pursuant to a law of this state; provided that the issuer has not, within ten years prior to the making of the investment, been in default for more than three months in the payment of any part of the principal or interest on any debt evidenced by its bonds, notes, or obligations; and provided further, if the bonds are revenue bonds, the revenues of the obligor, other than for payment of operation and maintenance expenses, are pledged wholly to the payment of the interest on and principal of such indebtedness, and the obligor has been completely self-supporting for a period of five years next preceding the date of investment are legal investments for the purposes of this section.*

Subd. 6. Municipal obligations of other states. *Bonds, notes, or other obligations issued, guaranteed, or assumed by any municipal or political subdivision of any other state of the United States; provided, (a) that any such municipal or political subdivision, or the total of its component parts, shall have a population as shown by the last preceding federal census of not less than 10,000, and (b) the issuer, guarantor, or assumer of such bonds, notes, or other obligations: (i) shall have pledged its faith and credit for the payment of the principal and interest of such bonds, notes, or other obligations; (ii) shall have the power to levy taxes on the taxable real property therein for the payment of both principal and interest of such bonds, notes, or other obligations without limitation of rate or amount; (iii) shall not within ten years prior to the making of the investment have defaulted in payment of principal or interest of any debt evidenced by its bonds, notes, or other obligations for more than 90 days are legal investments for the purposes of this section.*

Subd. 7. Municipal obligations of Canada. *Bonds, debentures, notes, or other obligations issued, guaranteed, or assumed as to both principal and interest by any city of Canada which has a population of not less than 100,000 inhabitants; provided that the principal and interest thereof shall be payable in United States funds, either unconditionally or at the option of the holder; and provided further that all the conditions as prescribed in subdivision 6(b) of this section have likewise been met are legal investments for the purposes of this section.*

Subd. 8. Obligations insured by International Bank for Re-

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construction and Development. *Bonds, notes, or other obligations issued, assumed, or unconditionally guaranteed by the International Bank for Reconstruction and Development are legal investments for the purposes of this section.*

Subd. 9. Obligations insured by agency of United States. *Bonds, debentures, or other obligations issued by any agency or instrumentality of the United States are legal investments for the purposes of this section.*

Subd. 10. Public housing obligations. *Obligations of any public housing authority or urban redevelopment authority issued pursuant to the laws of this state relating to the creation or operation of a public housing or urban redevelopment authority are legal investments for the purposes of this section.*

Subd. 11. Obligations of state, municipal, or public authority. *Obligations of any state, municipal, or public authority issued pursuant to the laws of any state of the United States; provided that for each of the five years next preceding the date of investment the income of such authority available for fixed charges shall have been not less than 1-1/5 times its average annual fixed charges requirements over the life of such obligations are legal investments for the purposes of this section.*

Subd. 12. Corporate obligations. *Bonds, notes, debentures, equipment obligations, or any other type of absolute obligation of any corporation organized and operating within any of the 50 states of the United States or in Canada, provided that obligations of Canadian corporations shall be payable in United States dollars, are legal investments for the purposes of this section; provided, however, that no bonds, notes, debentures, or equipment obligations may be purchased of any corporation with assets of less than \$10,000,000. The book value of the outstanding capital stock of such corporation, not including finance corporations, at the time of such investment shall not be less than 50 percent of its total funded debt, except in the instance of a corporation owned by another corporation or other corporations, one or more of which meet this requirement and which guarantee the payment of the debt securities of the subsidiary corporation. In the case of a finance corporation, the owning parent company shall meet the above requirement, or, if such finance corporation be independent, the book value of the outstanding capital stock of such corporation at the time of such investment shall not be less than 25 percent of its total funded debt. For a period of five fiscal years next preceding the date of such investment, the net pretax earnings of such corporation, or of one or more corporations guaranteeing the debt, shall have been each year not less than 1-1/2 times the*

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annual interest charges on its total funded debt applicable to that period, and for such period the gross operating revenues of any such corporation shall have averaged per year not less than \$1,000,000. The investment in such securities shall not exceed 60 percent of the total assets of the fund at any time. All such corporate bond investments shall be rated among the top third of the quality categories, not applicable to defaulted bonds, used by a nationally recognized rating agency for rating the quality of the same.

Subd. 13. Corporate stocks. *Preferred or common stocks of any corporation organized and operating within the United States are legal investments for the purposes of this section. The aggregate of common and preferred stock investments may not exceed 35 percent of the total assets of the fund at any time. Furthermore, the board may invest no more than five percent of the assets of the fund in common or preferred stocks in any one year, the intent of this provision being that the fund may not attain a position of 35 percent in stocks within a period of less than seven years from April 14, 1961. No more than one percent of the assets of the fund may be invested in the stock of any one corporation and at no time shall the fund together with other Minnesota public retirement funds own more than five percent of the voting stock of any one corporation. All such percentages shall be computed on the basis of the cost price of such stock at the time of investment.*

No investment shall be made in the common or preferred stock of any corporation with assets of less than \$10,000,000.

No investment shall be made in the preferred stock of any corporation unless the latter shall have had earnings available for the payment of interest and preferred dividends equal, on the average, for the last five years, to at least 1-1/2 times the aggregate of interest and preferred dividend requirements. No investment shall be made in a common stock unless the latter shall have paid cash dividends for at least five years immediately prior to purchase nor unless the aggregate earnings of such corporation available for payment of dividends on the common stock during the last five years has been at least equal to the aggregate of such cash dividends.

Subd. 14. Bank certificates of deposit and savings accounts. *Certificates of deposit or savings accounts in any bank which is insured by the Federal Deposit Insurance Corporation or in any savings and loan association insured by the Federal Savings and Loan Insurance Corporation to the extent such investment is insured are legal investments for the purposes of this section. It is the intent that these investments shall be only to maintain necessary and desirable liquidity.*

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Subd. 15. Commercial paper. *Commercial paper of prime quality, as defined by a nationally recognized organization which rates such securities, issued by any corporation organized and operating within any of the 50 states of the United States, provided:*

- (a) *That all such securities mature in 270 days or less;*
- (b) *That the issuing corporation, or parent company in the case of paper issued by finance subsidiaries, show a ratio of current assets to current liabilities, including that portion of long-term debt maturing within one year, of at least 1-1/2 to 1;*
- (c) *That the net income of the issuing corporation, or parent company, average \$1,000,000 or greater annually for the past five years;*
- (d) *That the commercial paper shall, at no time, constitute more than five percent of the book value of the investments in any one fund; and*
- (e) *That the commercial paper of any one corporation shall not constitute more than two percent of the book value of the investments in the fund, are legal investments for the purposes of this section.*

Subd. 16. Canadian, state, or municipal securities, notice of disposition. *In the sale or conveyance of any Canadian, state, or municipal securities authorized by this act, the state board of investment shall give ten days' published notice of such proposed disposition in a financial publication published in a city of the first class and in a national financial publication and insofar as possible receive competitive bids therefor, provided that in sales of less than \$250,000 face value of bonds of any one Minnesota municipal or political subdivision, the requirement for national publication may be waived upon resolution by the state board of investment. No published notice shall be required when a Minnesota subdivision wishes to retire, in any one year, not over \$50,000 face value of its indebtedness before maturity or call date and agrees with the state board of investment to retire such securities at a price deemed reasonable by both parties, but at not less than acquisition cost or face value, whichever is lower.*

Subd. 17. Computation of interest income. *For the purpose of determining the interest income earned by the state employees retirement fund, premiums on all bonds or securities purchased shall be amortized to the earliest call date and discounts shall be accumulated to the maturity date of the bonds or securities.*

The yield from United States treasury bills and short term corporate notes purchased at a discount without a stated interest rate

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shall be the difference between the cost price and selling price or maturity value. When such yield is realized from securities held for a period involving all or parts of two or more fiscal or calendar years, as the case may be, the yield shall be apportioned equitably to each fiscal or calendar year. The amount of yield so apportioned to each fiscal or calendar year shall be regarded as interest income and shall be credited as earnings in the year in which the interest is earned.

Sec. 4. Minnesota Statutes 1965, Chapter 11, is amended by adding a section to read:

[11.17] Investment of highway funds. *Any moneys in the trunk highway fund, the county state aid highway fund, and the municipal state aid street fund, upon certification by the commissioner of highways, and funds otherwise authorized by statute, shall be invested by the state board of investment in bonds, certificates of indebtedness and other fixed income securities, except preferred stocks, which are legal investments for the permanent school fund and, to the extent of 25 percent of the book value of the fund, in such prime quality commercial paper as is an eligible investment for the state employees retirement fund, except that the commercial paper of any one corporation shall not constitute more than four percent of the book value of the investments in the fund.*

Sec. 5. Minnesota Statutes 1965, Section 161.04, Subdivision 2, is amended to read:

Subd. 2. Investment of the trunk highway fund. *Upon the request of the commissioner, moneys in the trunk highway fund shall be invested by the state board of investment in bonds, certificates of indebtedness and other fixed income securities except preferred stocks which are legal investments for the permanent school fund and, to the extent of 15 percent of the book value of the fund, in such prime quality commercial paper as is eligible for investment in the state employees retirement fund, as provided for in section 352.06, subdivision 15, as the same now exists or may be hereafter amended in those securities authorized for such purpose in Minnesota Statutes, Chapter 11. All interests and profits from such investments shall be credited to the trunk highway fund. The state treasurer shall be the custodian of all securities purchased under the provisions of this section.*

Sec. 6. Minnesota Statutes 1965, Section 162.16, is amended to read:

162.16 Investment of money in county state-aid highway fund or municipal state-aid street fund. *Upon the request of the commissioner, money in the county state-aid highway fund and*

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money in the municipal state-aid street fund shall be invested by the state board of investment in ~~bonds, certificates of indebtedness and other fixed income securities~~ except preferred stocks which are legal investments for the permanent school fund and, to the extent of 15 percent of the book value of the fund, in such prime quality commercial paper as is eligible for investment in the state employees retirement fund, as provided for in section 352.06, subdivision 15, as the same now exists or may be hereafter amended in those securities authorized for such purpose in Minnesota Statutes, Chapter 11. All interest and profits from the investments shall be credited to the fund on which the interest or profits are earned. The state treasurer shall be the custodian of all securities purchased under the provisions of this section.

Sec. 7. Minnesota Statutes 1965, Chapter 352, is amended by adding a section to read:

[352.061] Investment board to invest funds. *The retirement board shall, from time to time, certify to the state board of investment for investment such portions of the retirement fund as in its judgment may not be required for immediate use. The state board of investment shall thereupon invest the sum so certified in such securities as are duly authorized legal investments for such purpose under Minnesota Statutes, Chapter 11.*

Sec. 8. Minnesota Statutes 1965, Section 352.06 is repealed.

Approved May 12, 1967.

CHAPTER 405—H. F. No. 386

[Not Coded]

An act relating to the town of Eagan; providing for the salaries of the members of the town board of supervisors and the town clerk.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Eagan, town of; officials' salaries.** Notwithstanding any other provision of law, the salary of the town clerk and of each of the members of the town board of supervisors of the town of Eagan in Dakota county shall be established at the annual town meeting in an amount not to exceed \$250 per month and the salary of the chairman of the town board of supervisors of the town of Eagan in Dakota county shall be established at the annual town meeting in an amount not to exceed \$300 per month.

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