

CHAPTER 11

STATE BOARD OF INVESTMENT

**11.01 INVESTMENT OF PERMANENT TRUST FUNDS.**

Bonds issued for the erection of a public lighting system by a Minnesota municipality may be purchased by the state board of investment; but the amount of the issue, plus the previous indebtedness of the municipality, must not be in excess of 15 per cent of the assessed valuation. OAG Jan. 22, 1946 (928-A-8).

Regardless of the interest rate specified in the municipal bonds purchased by the board, the investment must yield 2 per cent or more. OAG April 17, 1946 (928-A-7).

Section 41.14 requires rural credit bonds to be sold only upon competitive bidding, hence the proposed agreement between the rural credit bureau and the state board of investment for an exchange of old bonds for a new issue, is invalid. *Rockne v Olson*, 191 M 311, 254 NW 5.

**11.05 APPROPRIATION FOR INVESTMENT.**

In case of a sale of three per cent refunding bonds of the state of South Dakota callable Aug. 1, 1954, and the proceeds reinvested in government bonds yielding approximately 2.30 per cent, the amount of the loss of yield to the income account up to date when the bonds are called, taking into consideration the reduction of such loss by deducting therefrom the interest received on the profit of the sale credited to the principal, may properly in the discretion of the board of investment, be deducted from the premiums received on the sale of the bonds and be credited to the income account, and the balance of such premiums less expense of a sale should be credited to the permanent trust fund in which the bonds are held. OAG May 16, 1947 (454-E).

**11.06 STANDING APPROPRIATION FOR EXPENSE OF INVESTMENT.**

The funds provided for under this section may be paid out on auditor's warrant to pay the expense of collection charges on interest coupons. OAG Jan. 8, 1946 (454-E).

Income from its property put to proprietary use may, when appropriated to "maintenance and improvement of the campus," be used by the university in construction and maintenance of a dormitory. *Fanning v U. of Minn.* 183 M 222, 236 NW 217.

**11.08 ESCHEATED PROPERTY, REPORT OF AND SALE.**

Escheat was originally a future interest at common law, but is not classified as such under Minnesota law. 3 MLR 324.