

distance of 400 feet, thence south $80^{\circ}-18'-38''$ west a distance of 190 feet, thence south $63^{\circ}-49'-38''$ west a distance of 148.3 feet, thence south $88^{\circ}-01'-23''$ west a distance of 900 feet, thence north $1^{\circ}-58'-37''$ west a distance of 46 feet, thence south $88^{\circ}-01'-23''$ west a distance of 785.4 feet, thence south $89^{\circ}-22'-23''$ west a distance of 275.0 feet, thence north $38^{\circ}-47'-37''$ west a distance of 202 feet, thence south $51^{\circ}-12'-23''$ west a distance of 130 feet, thence south $38^{\circ}-47'-37''$ east a distance of 160 feet, thence south $89^{\circ}-22'-23''$ west to the northeasterly right of way line of the Chicago, Rock Island and the Pacific Railroad, said point being 264 feet more or less, north of the south line of the southeast quarter of the northwest quarter of said section 21 and there terminating.

Including the restriction of the right of access to trunk highways.

Sec. 2. Owatonna to maintain property. The city of Owatonna shall use and maintain the property herein authorized for transfer solely for park, recreational, and other cultural civic purposes.

Sec. 3. Appropriation to city. Of any moneys received by the state and its department of conservation from the trunk highway fund through acquisition for trunk highway purposes by the commissioner of highways of any lands now comprising a part of Kaplan Woods State Park, all of the sum of such moneys up to \$25,000 is appropriated to the city of Owatonna for the development and maintenance of the park.

Approved May 8, 1963.

CHAPTER 567—S. F. No. 1079

[Coded in Part]

An act relating to constitutional trust funds; providing for the investment and management thereof; amending Minnesota Statutes 1961, Sections 11.01; 161.04, Subdivision 2; and 162.16; repealing Minnesota Statutes 1961, Sections 92.47, 92.48, and 92.49.

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

Changes or additions indicated by italics, deletions by strikeout.

Section 1. **[11.015] Constitutional trust funds; permanent school fund, investment.** *Subdivision 1. The state board of investment may invest the permanent school funds of the state of Minnesota in such securities as are duly authorized by Article VIII, Section 4, of the Constitution of the state of Minnesota subject, however, to the limitations provided in this section. Such investments shall be made with such prudence, discretion, and intelligence as will protect the safety of the principal of such fund as well as the income to be derived therefrom. The state board of investment shall sell such securities when the overall investment portfolio of the fund will be improved through such action and may reinvest the proceeds in securities herein provided for.*

Subd. 2. Bonds of any municipal or political subdivision of this state, issued pursuant to a law of this state, are legal investments for the permanent school fund; provided, however, that the issuer has not, within ten years prior to the making of the investment, been in default for more than 30 days in the payment of any part of the principal or interest on any debt evidenced by its bonds, and provided further, that the assessed value of the real and personal property within the municipality issuing such bonds is more than double the sum of the bonded indebtedness of such municipality and the bonded indebtedness of any other political subdivision imposing taxes upon the property within such municipality for the payments of its bonded indebtedness. Where the area of such other political subdivision is greater than the area of the municipality issuing such bonds, the amount of bonded indebtedness of such other political subdivision to be used in making the foregoing calculations shall be such figure as is arrived at by dividing the bonded indebtedness of such other political subdivision by the total assessed value of real and personal property in such other subdivision and multiplying the result by the assessed value of the real and personal property of such other political subdivision within such municipality.

Subd. 3. Not more than 50 percent of the bonds of any municipal or political subdivision of this state issued at one time and due on any one maturity date may be purchased for accounts managed by the state board of investment. Such bonds must bear the same coupon rate as those of the same maturity sold to other investors and must be purchased at a price no higher than that offered to other buyers of the issue at the time of purchase.

Subd. 4. Bonds, notes, debentures, equipment obligations, or any other obligation of any corporation organized within any of the 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 permanent school fund; provided,

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however, that no bonds, notes, debentures, equipment obligations, or any other obligation of any corporation with assets of less than ten million dollars may be purchased, nor shall the book value of the outstanding capital stock of such corporation at the time of such investment be equal to less than 50 percent of its total funded debt. For a period of five consecutive years or longer immediately prior to the date of such investment, the pretax earnings of the corporation shall have been at least three times the interest requirements on outstanding bonds, and for such period the gross operating revenues of any such corporation shall have averaged per year not less than one million dollars; provided that the investment in such securities shall not exceed 40 percent of the total assets of the fund at any time.

Subd. 5. All investments made under subdivisions 2, 3, and 4 hereof 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. 6. Preferred and common stocks of any corporation organized within any of the states of the United States or in Canada listed on a United States national stock exchange and insurance and bank common and preferred stocks are legal investments for the permanent school fund, providing these stocks conform to the limitations prescribed in the Constitution, Article VIII, Section 4. The aggregate of common and preferred stock investments may not exceed 20 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 20 percent in stocks within a period of less than four years. All percentage restrictions concerning stock investments, both by constitutional provisions and by statute, shall be computed on the basis of the cost price of such stocks at the time of investment. No investment shall be made in the common or preferred stocks of any corporation with assets of less than ten million dollars.

Subd. 7. At the end of each fiscal year, the total amount of losses on the sales of securities, not offset by gains on the sales of securities during that year, shall be computed, with a portion of these losses to be deducted each fiscal year from the interest and dividend income and such amount of interest and dividend income added to the principal of the fund. Losses taken on the sales of bonds shall be accumulated over a period equal to the average remaining life of the bonds sold, and losses taken on the sales of stocks shall be accumulated within a period of five years, unless these losses are offset by gains on future sales of securities. In any fiscal year in

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which the gains on the sales of securities exceed the losses on the sales of securities, such excess shall be added to the principal of the fund.

Subd. 8. Income arising from the investment of the permanent school fund shall be invested in short term obligations of the United States of America or an agency thereof until such investment income is needed for payment to the school districts.

Sec. 2. [137.022] Permanent university fund, investment. *The investment management of the permanent university fund shall be under the jurisdiction of the board of regents of the university of Minnesota, subject to any limitations imposed by the Constitution of the state of Minnesota, Article VIII, Section 6. All securities and cash held in the state treasury credited to the permanent university fund heretofore unappropriated or unencumbered are hereby transferred and appropriated to the board of regents of the university of Minnesota solely for the purpose of investment by them. The income from the permanent university fund shall be subject to appropriations to the board of regents by the legislature from time to time.*

Sec. 3. Minnesota Statutes 1961, Section 11.01, is amended to read:

11.01 Membership; records. *The permanent school fund, permanent university fund, swamp land fund, internal improvement land fund, and all other permanent trust funds of the state of Minnesota, may be invested in the bonds of the United States or the state of Minnesota, and each of these funds, except the internal improvement land fund, may be invested in the bonds of any other state of the Union, yielding not less than one percent interest, or in the bonds of any school district, county, city, town, or village of this state, yielding not less than two percent interest. These funds shall be invested by a board of commissioners consisting of the governor, treasurer, auditor, attorney general, and one commissioner to be appointed by the regents of the university of Minnesota from among their members, which shall be known as the state board of investment, and which shall hold regular meetings on the first and third Wednesdays of each month. The governor shall be ex officio president of the *state board of investment*, which shall have a permanent *executive* secretary, who shall keep a record of its proceedings. Both the *executive* secretary of the board and the auditor shall keep a record showing the trust fund to which each bond belongs, the number and amount of each bond, when issued, the rate of interest, when and where payable, by whom executed, when purchased, when withdrawn, and for what purpose *appropriate investment and accounting records*. No loans shall be made and no bonds shall be purchased,*

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sold, exchanged, or transferred from one trust fund to another except upon a majority vote of all members of the board of investment. In investing the permanent school fund, preference shall be given to applications for loans from school districts and priority shall be accorded such loans of \$25,000 and less. The board of investment shall have the power to fix and change the rate of interest on loans to municipalities within the state; provided such rate is never less than two percent, and when such rate is changed after any municipality has voted its bonds to the state such municipality is hereby authorized to pay the new rate so fixed and to issue its bonds bearing such rate upon approval and acceptance thereof by resolution of its governing body.

Sec. 4. Minnesota Statutes 1961, 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 the class of securities specified in section 11.01 of the Minnesota Statutes and acts amendatory thereto *bonds, certificates of indebtedness and other fixed income securities except preferred stocks which are legal investments for the permanent school fund.* All interest 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. 5. Minnesota Statutes 1961, 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 money in the municipal state-aid street fund shall be invested by the state board of investment in the class of securities specified in Minnesota Statutes, Section 11.01 and acts amendatory thereto *bonds, certificates of indebtedness and other fixed income securities except preferred stocks which are legal investments for the permanent school fund.* 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. 6. Minnesota Statutes 1961, Sections 92.47, 92.48, and 92.49 are hereby repealed.

Sec. 7. *This act shall be effective upon final enactment.*

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Sec. 8. *The sections of this act are severable, and if any section is declared unconstitutional, it shall not affect the remaining sections.*

Approved May 8, 1963.

CHAPTER 568—S. F. No. 1372

[Not Coded]

An act relating to tax search certificates in Itasca county.

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

Section 1. **Itasca county, tax search certificates.** Subdivision 1. **Auditor to search records, certificates.** In Itasca county the county auditor, upon written application of any person, shall make search of the records of his office and the county treasurer's office and ascertain the amount of current tax against any lot or parcel of land described in the application and the existence of all tax liens and tax sales as to such lot or parcel of land and certify the result of such search under his hand and the seal of his office giving the description of the lot or parcel of land, the amount of the current tax, if any, and all tax liens and tax sales still remaining subject to redemption as shown by such records and the amount thereof, the year of tax covered by such lien, the date of tax sale and the name of the purchaser at such tax sale. For the purpose of ascertaining the current tax against such lot or parcel of land the county auditor has the right of access to the records of current taxes in the office of the county treasurer.

Subd. 2. **Fees.** For such certificate the county shall receive a compensation of \$1 for each lot or parcel of land described in the certificate, which shall be collected by the county auditor. Any number of contiguous tracts of land not exceeding one section, assessed as broad acres, or adjoining lots in the same block, in the city or village, shall be considered as one parcel of land or lot within the meaning of this section. All moneys received by the county auditor under this section shall immediately be paid by him to the county treasurer as hereinafter provided.

Subd. 3. **Tax certificate assurance fund.** There is hereby created in the county treasury a tax certificate assurance fund.

Subd. 4. **Apportionment of proceeds of fees.** Seventy five cents of each dollar received under this section shall be paid by the

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