

the acquiring corporation, which investment must be approved by the commissioner; or in the stock or bonds of any real estate holding company, which investment must be approved by the commissioner, whose real estate is used, in whole or in part, in the transacting of the insurance business of such insurance company, either directly or by reinsurance, or in the fee to real estate used, in whole or in part, in such business; or in the stock or bonds of any corporation owning investments in foreign countries used for purposes of legal deposit, when the insurance company transacts business therein direct or as reinsurance;

Approved April 3, 1963.

CHAPTER 160—S. F. No. 368

[Coded in Part]

An act relating to investment of state retirement funds; amending Minnesota Statutes 1961, Section 352.06, Subdivisions 12 and 16 and Minnesota Statutes, Chapter 352A by adding a new section thereto.

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

Section 1. Minnesota Statutes 1961, Section 352.06, Subdivision 12, is amended to read:

Subd. 12. **State retirement funds; 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 ~~railroad~~ equipment obligations may be purchased of any corporation with assets of less than ten million dollars, 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 fiscal years next preceding the date of such investment, the net pretax earnings of such corporation shall have been each year not less than 1.5 times the 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 one million dollars; provided that the investment in such securities shall not

Changes or additions indicated by *italics*, deletions by ~~strikeout~~.

exceed ~~40~~ 50 percent of the total assets of the fund at any time. All such corporate bond investments shall ~~have a rating of A or better by a recognized commercial rating agency~~ *be rated among the top three quality groups by a nationally recognized rating agency.*

Sec. 2. Minnesota Statutes 1961, Section 352.06, Subdivision 16, is amended to read:

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.*

Sec. 3. Minnesota Statutes 1961, Chapter 352A is amended by adding the following new section thereto:

[352A.13] Investments. *The state board of investment is hereby authorized to invest and reinvest such funds of the association as in the judgment of the officers of this association are not needed for immediate purposes, in such securities as are duly authorized or legal investments for the state employees retirement fund, and shall have authority to sell, convey, and exchange such securities and invest and reinvest the funds when it deems it desirable to do so, and shall sell securities upon request from the officers of the association when such officers determine that funds are needed for its purposes. All of the restrictions and conditions for the purchase and sale of securities for the state employees retirement fund shall apply to the purchase and sale of securities for the state police officers retirement fund.*

Approved April 3, 1963.

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