

CHAPTER 59—S. F. No. 792

[Not Coded]

An act authorizing the village of Blooming Prairie to lease its nursing home.

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

Section 1. **Blooming Prairie, village of; nursing home.** Any nursing home now or hereafter owned by the village of Blooming Prairie, including buildings and equipment, may be leased to a private person or corporation upon such terms and conditions as may be mutually agreeable to the village and such person or corporation.

Sec. 2. This act shall be effective upon its approval by the governing body of the village of Blooming Prairie and upon compliance with the provisions of Minnesota Statutes, Section 645.021.

Approved March 18, 1969.

CHAPTER 60—H. F. No. 85

An act relating to investments in corporate stock and commercial paper by the State Board of Investment; amending Minnesota Statutes 1967, Sections 11.16, Subdivisions 13 and 15; 11.17; and 11.21.

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

Section 1. Minnesota Statutes 1967, Section 11.16, Subdivision 13, is amended to read:

Subd. 13. **State board of investment; corporate stock and commercial paper.** 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~~ 45 percent of the total assets of the fund at any time. Furthermore, the board may ~~invest~~ *increase its holdings of stocks* by no more than five percent of the assets of the fund ~~in common or preferred stocks in during any one fiscal 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 one and one-half~~ percent of the assets of the fund may be invested in the stock of any one

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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 one and one-half 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. *A maximum of five percent of the assets in the account may be placed in equity investments, including fixed-income securities convertible into common stock, not conforming with these dividend and earnings standards so long as the corporation maintains the asset value indicated and evidences appropriate growth potential and probable earnings gain.*

The corporate stock portfolio purchased under the terms of this subdivision, at the discretion of the board of trustees of the retirement association, may be valued at a total amount other than original book cost if the following procedures be used:

(a) *The corporate stock portfolio must be valued bi-monthly using the closing market prices on the last business days of February, April, June, August, October, and December.*

(b) *Whenever the portfolio has shown a total market valuation exceeding the original book cost by 15 percent for six consecutive valuation dates, the book value of the portfolio shall be increased by three percent for accounting and actuarial purposes, and such three percent increase may apply until further adjustments be made in the stock valuations.*

(c) *Whenever the new adjusted value has been exceeded by 15 percent for six consecutive bi-monthly periods, the valuation for accounting and actuarial purposes shall again be increased by three percent; this process may be continued as consistent with continuing market changes.*

(d) *Whenever the market value of the stock portfolio has decreased by 15 percent below cost or most recent adjusted*

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value, whichever is applicable, for six consecutive bi-monthly periods, the valuation of the stock portfolio for accounting and actuarial purposes shall be reduced by three percent below the original cost or adjusted value. This procedure shall continue in accordance with market fluctuations.

Any unrealized gain or loss computed under the provisions of this paragraph shall be recorded in an unrealized appreciation account and used only for the accounting and actuarial purposes of the fund and shall not apply to the credit or detriment of any individual contribution, participant, or member of the retirement association.

Sec. 2. Minnesota Statutes 1967, Section 11.16, Subdivision 15, is amended to read:

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 one and one-half to one; *except that, if the issuing corporation, or parent company, has total assets exceeding \$250,000,000, the ratio of current assets to current liabilities, including that portion of long-term debt maturing within one year, may be one and one-fourth to one;*
- (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~~ *eight* 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.

Sec. 3. Minnesota Statutes 1967, Section 11.17, is amended 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

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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 35 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~~ five percent of the book value of the investments in the fund.

Sec. 4. Minnesota Statutes 1967, Section 11.21, is amended to read:

11.21 Participation by public employee retirement funds. Any public retirement fund authorized or required by law to participate in the Minnesota supplemental retirement fund may, from time to time pursuant to law authorizing such participation, deposit funds for the purchase of shares in either supplemental retirement fund account or both, which purchase shall be credited to the name of the public retirement fund on the books of the state board of investment and confirmed in writing to the fund. It shall be the duty of the public retirement fund or funds to enter on its records the portion of the shares in the name of the fund which are attributable to the contribution and matching contribution of and for each participating employee. No certificates evidencing shares of participation in the supplemental retirement fund shall be issued, and the entry on the books of the state board of investment as herein provided shall be sufficient evidence of the rights of any participating public employee retirement fund in the supplemental retirement fund. *In all instances in which funds may be certified to the Minnesota state board of investment for investment purposes, under the investment provisions applicable to the state employees retirement fund, such moneys may be invested in the income share account of the Minnesota supplemental retirement fund. The units of such fund shall be recorded in the name of the participating association, fund, or account in those instances in which the contributions are not to be attributed to any particular employee.*

Approved March 18, 1969.

CHAPTER 61—H. F. No. 621

[Not Coded]

An act relating to the city of Anoka; providing for a rural service district containing platted lands.

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