

CHAPTER 11

STATE BOARD OF INVESTMENT

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11.01 INVESTMENT OF PERMANENT TRUST FUNDS. 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 per cent interest, or in the bonds of any school district, county, city, town, or village of this state, yielding not less than two per cent 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 board, which shall have a permanent secretary, who shall keep a record of its proceedings. Both the 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amount of each bond, when issued, the rate of interest, when and where payable, by whom executed, when purchased, when withdrawn, and for what purpose. No loans shall be made and no bonds shall be purchased, 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 per cent, 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.

[1921 c. 516 s. 1; 1925 c. 131 s. 1; 1929 c. 254 s. 1; 1931 c. 346 s. 1; 1935 c. 337; 1939 c. 387; 1941 c. 172; 1943 c. 152 s. 1] (6303)

11.02 SECRETARY. The executive secretary of the executive council shall perform the duties of secretary of the state board of investment under its direction. The responsibility for the safe investment of all state trust funds, under its jurisdiction, shall remain with the board.

[1917 c. 271 s. 1; 1925 c. 426 art. 2 s. 1; 1925 c. 426 art. 18 s. 2] (53-2, 53-45, 6304)

11.03 DUTIES OF SECRETARY. The secretary shall, under the direction of the state board of investment, have general supervision of the investigation of applications for loans, the negotiation of new investments, examination of securities, and the records of municipalities applying for loans, and such other work relative to the trust funds of the state as shall be required by the board of investment. He shall report to the board of investment all relevant facts in connection therewith.

[1917 c. 271 s. 3] (6306)

11.04 SECRETARY TO HAVE ACCESS TO BONDS AND SECURITIES BEING PART OF TRUST FUNDS. The state treasurer shall continue to have the custody of the bonds and securities belonging to the trust funds of the state, but

the secretary shall have access thereto, in the presence of a representative of the state treasurer, during the usual office hours of the treasury department.

[1917 c. 271 s. 7] (6310)

11.05 APPROPRIATION FOR INVESTMENT. Subdivision 1. **Annually.** There are hereby annually appropriated for the purposes of investment all moneys received into the state treasury to the credit of the permanent school fund, permanent university fund, internal improvement land fund, and all other funds required to be invested in securities or which may be loaned as provided by law.

Subd. 2. **Coverage.** The annual appropriations herein provided for shall cover the full purchase price of bonds or other securities to be purchased, including premiums when bonds or securities are purchased above par. All premiums to be paid out of such appropriation of trust funds shall be amortized from the income from said bonds or securities as follows: The yield on said bonds or securities shall be calculated on the basis of cost including premiums. From each interest payment to be received there is hereby appropriated and there shall be transferred to the respective trust funds the difference between the yield of the bond or security so calculated for that interest period and the interest received, so that at the maturity of the bond, or security the respective trust funds will be completely reimbursed for the amount of premiums paid.

Subd. 3. **Profit credited to trust fund.** If the state board of investment shall sell any bonds or other securities held in the trust funds of the state above the purchase price therefor, the profit therefrom shall be credited to the principal of the trust fund in which they are held.

Subd. 4. **Collection of unearned interest.** If the state board of investment shall accept payment of any bonds or other securities, by the issuers thereof, prior to maturity, upon payment of their face value and accrued interest, plus the difference in interest between that which the face value of said bonds or securities would have yielded if they had not been paid before maturity and the interest, if less, that will be received on the reinvestment of the principal so prepaid up to the date of its original maturity, the unearned interest so paid in advance shall be distributed in the same manner and at such times as the interest on such bonds or securities would have been distributed if such interest had not been so prepaid.

[R. L. s. 2436; 1945 c. 312 s. 1] (6313)

11.06 STANDING APPROPRIATION FOR EXPENSE OF INVESTMENT. There are hereby annually appropriated such sums as shall be found necessary for the incidental expenses of purchase, including the payment of interest accrued at the time of purchase, of bonds for the permanent school and university funds, payable from the current or general school or university funds, respectively, and for like expenses of the purchase of bonds for the other permanent funds referred to in section 11.05, payable from the respective current or general funds.

[R. L. s. 2437] (6314)

11.07 TAX LEVY CERTIFICATES FOR FOURTH STATE HOSPITAL FOR THE INSANE. The state board of investment is hereby authorized to invest the state trust funds in Minnesota fourth hospital for the insane building fund certificates, and the state board of investment is hereby authorized to purchase these certificates, at the rate of not less than three per cent interest, in such sums and amounts as the board may, from time to time, have available funds for that purpose, and the board, for this purpose, is authorized to purchase these certificates at a rate of interest not less than three per cent, any law to the contrary notwithstanding, but this rate of interest shall not apply to the state board of investment for other loans.

[Ex. 1936 c. 5 s. 9] (6314-1)

11.08 ESCHEATED PROPERTY, REPORT OF AND SALE. The state auditor shall report immediately to the state board of investment all property other than money received by the state of Minnesota as escheated property. When the state board of investment shall determine that it is for the best interest of the state to sell such property it shall direct the state treasurer to sell the same to the highest bidder in such manner and upon such terms and conditions as it may prescribe.

[1941 c. 198]

11.09 CERTAIN INVESTMENTS MADE. The investment of the teachers' insurance and retirement fund and the sale of any securities belonging to this fund shall be made by the state board of investment, but the trustees of the fund shall determine the amount to be invested or sold.

[1925 c. 426 art. 19 s. 1] (53-47)

11.10. INVESTMENT OF MONEY IN STATE TREASURY NOT CURRENTLY NEEDED. Subdivision 1. **Investment of treasury fund.** When there shall be any money in the state treasury that is not currently needed, the state auditor shall certify to the state board of investment the amount thereof. The board of investment may then invest said amount, or any part thereof, in treasury bonds, certificates of indebtedness, bonds or notes of the United States of America or bonds, notes or certificates of indebtedness of the State of Minnesota, all of which must mature not later than three years from date of purchase.

Subd. 2. **State auditor to certify.** When it shall appear to the state auditor that any invested funds are needed for current purposes before the maturity dates of the securities held, he shall so certify and it shall then be the duty of the board of investment to order the sale or conversion into cash of securities of the amount so certified.

Subd. 3. **Interest and profit credited to general revenue fund.** All interest and profit accruing from said investments shall be credited to and be a part of the general revenue fund, except as otherwise provided by law; and any loss incurred in the principal of said investments shall be borne by the general revenue fund.

[1949 c 110 s 1, 2, 3]