

Fifty-eighth  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2094**

Introduced by

Industry, Business and Labor Committee

(At the request of the Board of University and School Lands)

1 A BILL for an Act to amend and reenact section 15-03-04 of the North Dakota Century Code,  
2 relating to authority to pledge securities for securities lending transactions by the board of  
3 university and school lands.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 15-03-04 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **15-03-04. Legal investments.** Subject to the provisions of section 15-03-05, the board  
8 of university and school lands shall apply the prudent investor rule in investing the permanent  
9 funds under its control. The "prudent investor rule" means that in making investments the  
10 board shall exercise the same judgment and care, under the circumstances then prevailing and  
11 limitations of North Dakota and federal law, that an institutional investor of ordinary prudence,  
12 discretion, and intelligence exercises in the management of large investments entrusted to it,  
13 not in regard to speculation but in regard to the permanent disposition of funds, considering  
14 probable safety of capital as well as probable income. Notwithstanding any investments made  
15 before July 1, 1997, the board may not use any funds entrusted to it to purchase, as sole  
16 owner, commercial or residential real property in North Dakota without prior approval of the  
17 legislative assembly or the budget section of the legislative council. The board may also lend  
18 securities held by the permanent funds, including the authority to pledge a security interest in  
19 the securities in the possession of a custodian agent. These securities must be collateralized  
20 as directed by the board.