

OPINION 40

OFFICIAL OPINION NO. 40

August 28, 1956

Mr. B. W. Johnson

Executive Secretary

Indiana State Teachers' Retirement Fund Board

145 West Washington Street

Indianapolis, Indiana

Dear Mr. Johnson:

Your letter of August 7, 1956, has been received and reads as follows:

"The Indiana State Teachers' Retirement Fund Board desires your official opinion as to The Trustees of Indiana University First Mortgage Union Building Bonds, dated September 1, 1956. Do these bonds meet the requirements of the Indiana state law governing securities that may be purchased by said board?"

You have also furnished me supplemental information concerning these bonds from which it appears the plan was to issue the bonds by the Trustees of Indiana University, to be retired primarily from revenue received from the operation of the addition to the Union Building, at the University, and also to be secured by a first mortgage lien on the real estate on which these additions are located, and that the last of these bonds are to mature November 1, 1987.

The Indiana State Teachers' Retirement Fund Board is restricted in their investment of the Trust Fund under their control to those specified in detail by the Acts of 1915, Ch. 182, Sec. 11, as amended, as found in Burns' Indiana Statutes (1948 Repl., 1955 Supp.), Section 28-4508, and as provided in the Acts of 1951, Ch. 96, as found in Burns' Indiana Statutes (1948 Repl., 1955 Supp.), Section 28-4508a *et seq.*

I do not find, from the information furnished regarding these bonds, that they fall within any of the classes of investments authorized by the above statutes. While the Acts of 1951, Ch. 96, Sec. 1, Clause (B), as found in Burns' Indiana Statutes (1948 Repl., 1955 Supp.), Section 28-4508a, authorizes investment in bonds, notes or mortgage certificates secured by a first mortgage upon the fee simple title of improved real

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estate located in the State of Indiana, these bonds would not fall within that classification due to the qualification in the statute that “* * * All obligations secured by such first mortgage may not exceed sixty per cent (60%) of the appraised value of the real estate securing the same and shall mature in not more than sixteen and two-thirds ($16\frac{2}{3}$) years from the date of such obligations. * * *”

The bonds in question are dated September 1, 1956, with maturity date staggered from November 1, 1960, to November 1, 1987. Therefore, all such obligations secured by such first mortgage do not mature within the specified limitation of sixteen and two-thirds ($16\frac{2}{3}$) years from the date of such obligations. Also no showing is made of the appraised value of the real estate which is security for the bonds.

I am, therefore, of the opinion the Indiana State Teachers' Retirement Fund Board is not authorized to invest in these bonds as they do not meet the requirements of the Indiana State law governing securities that may be purchased by said Board.

OFFICIAL OPINION NO. 41

August 29, 1956

Mr. B. W. Johnson
Executive Secretary
Indiana State Teachers' Retirement Fund
145 West Washington Street
Indianapolis, Indiana

Dear Mr. Johnson:

Your letter of August 8, 1956, in which you request an Official Opinion has been received and reads as follows:

“The Indiana State Teachers' Retirement Fund Board desires your official opinion in regard to Chapter 173, Acts of 1955. This Act provides that the Teachers' Retirement Fund Board may place all of its securities in the hands of a bank or trust company located in the State of Indiana as custodian. The same Act sets out that such securities shall be counted at least once each year.