ENROLLED SENATE
BILL NO. 739

By: Hobson and Brown of the Senate

and

Benson and Wells of the House

An Act relating to public finance; amending 62 O.S. 1991, Section 348.3, which relates to investments of certain cities and counties; modifying investments which may be authorized pursuant to written investment policy; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 62 O.S. 1991, Section 348.3, is amended to read as follows:

Section 348.3 A. In addition to the investments authorized by Section 348.1 of ~~Title 62 of the Oklahoma Statutes~~ this title, the governing body of a city with a population of not less than three hundred thousand (300,000) persons according to the latest Federal Decennial Census or of a county with a population of not less than four hundred thousand (400,000) persons according to the latest Federal Decennial Census may adopt a written investment policy directing the investment of the funds of the city or county and any of its public trusts or authorities. If such a policy is adopted by the governing body, such funds shall be invested pursuant to the provisions of the policy. The written policy shall address liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management, with primary emphasis on safety and liquidity. To the extent practicable, taking into account the need to use sound investment judgment, the written investment policies shall include provision for utilization of a system of competitive bidding in the investment of municipal funds. Such system shall be designed to maximize yield within each class of investment instrument, consistent with the safety of the funds invested.

B. The written investment policy may authorize the city treasurer or county treasurer to purchase and invest in any or all of the following:

1. Obligations of the United States government, its agencies and instrumentalities;

2. Collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state, or fully insured certificates of deposit at banks, savings banks, savings and loan associations and credit unions located out of state;

3. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed ten percent (10%) of the surplus funds of the city or county which may be

invested pursuant to this section. Not more than one-half (1/2) of the ten percent (10%) limit shall be invested in any one financial institution specified in this paragraph;

4. Prime banker's acceptances which are eligible for purchase by the Federal Reserve System and which do not exceed two hundred seventy (270) days' maturity. Purchases of prime banker's acceptances shall not exceed ten percent (10%) of the surplus funds of the city or county which may be invested pursuant to this section. Not more than one-half (1/2) of the ten percent (10%) limit shall be invested in any one commercial bank pursuant to this paragraph;

5. Prime commercial paper which shall not have a maturity that exceeds one hundred eighty (180) days nor represent more than ten percent (10%) of the outstanding paper of an issuing corporation. Purchases of prime commercial paper shall not exceed seven and one-half percent (7 1/2%) of the surplus funds of the city or county which may be invested pursuant to this section; ~~and~~

6. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 through 5 of this subsection; and

7. Money market funds regulated by the Securities and Exchange Commission and which investments consist of those items and those restrictions specified in paragraphs 1 through 6 of this subsection.

C. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

SECTION 2. This act shall become effective July 1, 1996.

SECTION 3. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 6th day of March, 1996.

President of the Senate

Passed the House of Representatives the 1st day of April, 1996

Speaker of the House of Representatives