

EHB 1014

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THE STATE SENATE
Tuesday, March 20, 2001

ENGROSSED

House Bill No. 1014

ENGROSSED HOUSE BILL NO. 1014 - By: ERWIN of the House and RABON of the Senate.

An Act relating to public finance; amending 62 O.S. 1991, Section 348.3, as last amended by Section 1, Chapter 132, O.S.L. 1997 (62 O.S. Supp. 2000, Section 348.3), which relates to the investment of funds by cities and counties; deleting certain population restrictions; and providing an effective date.

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

SECTION 1. AMENDATORY 62 O.S. 1991, Section 348.3, as last amended by Section 1, Chapter 132, O.S.L. 1997 (62 O.S. Supp. 2000, Section 348.3), is amended to read as follows:

Section 348.3 A. In addition to the investments authorized by Section 348.1 of this title, the governing body of a city ~~with a population of not less than three thousand (3,000) persons according to the latest Federal Decennial Census~~ or of a county ~~with a population of not less than twenty thousand (20,000) 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

1 policy shall address liquidity, diversification, safety of
2 principal, yield, maturity and quality and capability of investment
3 management, with primary emphasis on safety and liquidity. To the
4 extent practicable, taking into account the need to use sound
5 investment judgment, the written investment policies shall include
6 provision for utilization of a system of competitive bidding in the
7 investment of municipal funds. The system shall be designed to
8 maximize yield within each class of investment instrument,
9 consistent with the safety of the funds invested.

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

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

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

20 3. Negotiable certificates of deposit issued by a nationally or
21 state-chartered bank, a savings bank, a savings and loan association
22 or a state-licensed branch of a foreign bank. Purchases of
23 negotiable certificates of deposit shall not exceed ten percent

1 (10%) of the surplus funds of the city or county which may be
2 invested pursuant to this section. Not more than one-half (1/2) of
3 the ten percent (10%) limit shall be invested in any one financial
4 institution specified in this paragraph;

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

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

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

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

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

10 SECTION 2. This act shall become effective November 1, 2001.

11 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT, dated 3-19-01
12 - DO PASS.