

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1534

Session of
1981

INTRODUCED BY NAHILL, NOYE, MAIALE, J. L. WRIGHT, DAWIDA, TELEK
AND ITKIN, JUNE 15, 1981

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF
REPRESENTATIVES, AS AMENDED, NOVEMBER 10, 1981

AN ACT

1 Amending the act of June 23, 1931 (P.L.932, No.317), entitled
2 "An act relating to cities of the third class; and amending,
3 revising, and consolidating the law relating thereto,"
4 further providing for the ~~investment of funds by the~~ <—
5 ~~treasurer, and permitting savings and loan associations to be~~
6 ~~designated as depositories.~~ REMOVAL AND THE IMPOSITION OF <—
7 LIMITATIONS ON CERTAIN DEPOSITS AND FURTHER PROVIDING FOR
8 AUTHORIZED INVESTMENTS.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. ~~Section 1406,~~ CLAUSE (3) OF SUBSECTION (D) OF <—
12 SECTION 1804.1, act of June 23, 1931 (P.L.932, No.317), known as
13 "The Third Class City Code," reenacted and amended June 28, 1951
14 (P.L.662, No.164) AND AMENDED JULY 10, 1980 (P.L.478, NO.103), <—
15 is amended and ~~a section is~~ CLAUSES ARE added to read: <—

16 ~~Section 1406. Depositories of City Funds. The treasurer~~ <—
17 ~~shall keep the public funds in such banks [or financial~~
18 ~~depositories], banking institutions, trust companies or savings~~
19 ~~and loan associations, which are subject to national or State~~
20 ~~supervision, and the accounts of which are insured by a~~

~~corporation organized under the laws of the Commonwealth, or by
an instrumentality of the Federal Government, as council may
direct, under such restrictions and safeguards as council may
provide, and shall verify his accounts whenever required, to the
satisfaction of council.~~

~~No treasurer complying with the provisions of this section
and any ordinance of the city, nor his surety or sureties, shall
be chargeable with losses of city funds caused by the insolvency
or negligence of any such city depositories.~~

~~Section 1406.1. Investment of Moneys. The treasurer may,
from time to time pursuant to ordinance or resolution adopted by
the council invest and reinvest such moneys of any fund as shall
be accumulated beyond the ordinary needs of the various funds
and which are not authorized by law to be invested by any other
board or commission or city officer by purchasing certificates
of deposit from commercial banks domiciled in this Commonwealth
up to the level equal to twenty per centum of such bank's total
capital and surplus. Certificates of deposit may likewise be
purchased from savings and loan associations domiciled in the
Commonwealth up to a level equal to twenty per centum of such
association's assets minus liabilities. Such certificates of
deposit need not be collateralized. In applying the proceeding
limitation on investments in certificates of deposit, the
treasurer must include the similar investments of the City
Employees' Retirement Fund. The treasurer shall not at anytime
have invested in uncollateralized certificates of deposit more
than the total amount authorized by ordinance or resolution of
the council. The treasurer shall purchase certificates of
deposit under this section pursuant to procedures established by
ordinance or resolution by the council and shall take into~~

~~account the differences, if any, in competitive bids, the financial strength of each of the bidders and the services provided to or at the request of the city and any of its departments, agencies, boards, commissions or bureaus by each of the bidders.~~

~~Section 2. This act shall take effect in 60 days.~~

SECTION 1804.1. INVESTMENT OF CITY FUNDS.--* * *

(D) AUTHORIZED TYPES OF INVESTMENTS FOR CITY FUNDS SHALL BE:

(3) DEPOSITS IN SAVINGS ACCOUNTS OR TIME DEPOSITS, OTHER THAN CERTIFICATES OF DEPOSIT, OR SHARE ACCOUNTS OF INSTITUTIONS ORGANIZED AND EXISTING UNDER THE LAWS OF THE COMMONWEALTH AND INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION OR THE NATIONAL CREDIT UNION SHARE INSURANCE FUND OR THE PENNSYLVANIA DEPOSIT INSURANCE CORPORATION OR THE PENNSYLVANIA SAVINGS ASSOCIATION INSURANCE CORPORATION TO THE EXTENT THAT SUCH ACCOUNTS ARE SO INSURED, AND, FOR ANY AMOUNTS ABOVE THE INSURED MAXIMUM, PROVIDED THAT APPROVED COLLATERAL AS PROVIDED BY LAW THEREFORE SHALL BE PLEDGED BY THE DEPOSITORY.

* * *

(6) CERTIFICATES OF DEPOSIT PURCHASED FROM INSTITUTIONS ORGANIZED AND EXISTING UNDER THE LAWS OF THE COMMONWEALTH AND INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION OR THE NATIONAL CREDIT UNION SHARE INSURANCE FUND OR THE PENNSYLVANIA DEPOSIT INSURANCE CORPORATION OR THE PENNSYLVANIA SAVINGS ASSOCIATION INSURANCE CORPORATION TO THE EXTENT THAT SUCH ACCOUNTS ARE SO INSURED, HOWEVER, FOR ANY AMOUNTS ABOVE THE INSURED MAXIMUM, SUCH CERTIFICATES OF DEPOSIT NEED NOT BE COLLATERALIZED.

CERTIFICATES OF DEPOSIT PURCHASED FROM COMMERCIAL BANKS SHALL BE

1 LIMITED TO AN AMOUNT EQUAL TO TWENTY PER CENTUM OF A BANK'S
2 TOTAL CAPITAL AND SURPLUS. CERTIFICATES OF DEPOSIT PURCHASED
3 FROM SAVINGS AND LOAN ASSOCIATIONS OR SAVINGS BANKS SHALL BE
4 LIMITED TO AN AMOUNT EQUAL TO TWENTY PER CENTUM OF AN
5 INSTITUTION'S ASSETS MINUS LIABILITIES.

6 (7) ANY INVESTMENT AUTHORIZED BY 20 PA.C.S. CH. 73 (RELATING
7 TO FIDUCIARIES INVESTMENTS) SHALL BE AN AUTHORIZED INVESTMENT
8 FOR ANY PENSION OR RETIREMENT FUND.

9 * * *

10 SECTION 2. THE AMENDMENTS AFFECTING SECTION 1804.1(D)(3) AND
11 (6) SHALL TAKE EFFECT IN 60 DAYS. THE AMENDMENT AFFECTING
12 SECTION 1804.1(D)(7) SHALL TAKE EFFECT IMMEDIATELY AND SHALL BE
13 RETROACTIVE TO SEPTEMBER 10, 1980.