

INVESTMENT OF PUBLIC CORPORATION OR AUTHORITY FUNDS

Act of Mar. 25, 2016, P.L. 72, No. 10

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No. 2016-10

HB 1296

AN ACT

Amending the act of July 25, 1973 (P.L.217, No.53), entitled "An act authorizing cities of the first class and second class to invest all funds received and deposited with the city treasurer in certain commercial paper under certain terms and conditions," amending the title of the act; and providing for investment of public corporation or authority funds.

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

Section 1. The title of the act of July 25, 1973 (P.L.217, No.53), entitled "An act authorizing cities of the first class and second class to invest all funds received and deposited with the city treasurer in certain commercial paper under certain terms and conditions," is amended to read:

AN ACT

Authorizing cities of the first class and second class to invest all funds received and deposited with the city treasurer in certain commercial paper under certain terms and conditions; **and providing for investment of public corporation or municipal authority funds.**

Section 1.1. The act is amended by adding a section to read:

Section 1.1. (a) In addition to products otherwise authorized by law, a public corporation or municipal authority may invest and reinvest money of the public corporation or municipal authority in any of the following financial products:

(1) Obligations, participations or other instruments of any Federal agency, instrumentality or United States government-sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government-sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.

(2) Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government-sponsored enterprise.

(3) Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.

(4) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days' maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.

(5) Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the issuing corporation or business entity is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.

(6) Shares of an investment company registered under the Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1 et seq.) whose shares are registered under the Securities Act of 1933 (48 Stat. 74, 15 U.S.C. § 77a et seq.), if all of the following conditions are met:

(i) The investments of the company are the authorized investments under this subsection.

(ii) The investment company is managed in accordance with 17 CFR 270.2a-7 (relating to money market funds).

(iii) The investment company is rated in the highest category by a nationally recognized rating agency.

(7) Savings or demand deposits placed in accordance with the following conditions:

(i) The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.

(ii) The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.

(iii) The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.

(iv) On the same date that the money is redeposited pursuant to paragraph (ii), the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

(b) Nothing in subsection (a) shall be construed to supersede or preempt other investment powers of public corporations or municipal authorities as authorized by law.

(c) (1) Each local government investment trust or local government investment pool that invests funds as provided for under this section shall file with the Department of Community and Economic Development, within 120 days of completion of its fiscal year, an annual investment report for the previous fiscal year. The report shall be made available to the public, upon request, during normal business hours. Nothing may prohibit the posting of the report on the Internet.

(2) The report shall provide all of the following:

(i) A listing of each investment authorized by this section that was purchased during the fiscal year.

(ii) For each investment purchased, the listing must show the issuer, date of purchase, maturity date, par amount, cost, yield to maturity at the time of purchase, broker/dealer from which the investment was purchased, if applicable, any

separately stated fees related to the purchase of the investment and the name of the party receiving the fee.

(d) As used in this section, the following words and phrases shall have the meanings given to them in this subsection unless the context clearly indicates otherwise:

"Local government investment trust" or "local government investment pool" shall mean a trust or pool offered by the State Treasurer or multiple public corporations or municipal authorities, governed by a board of directors or board of trustees for the exclusive benefit of the participating public corporations or municipal authorities.

"Public corporation" shall have the same meaning as given to it in section 1 of the act of May 16, 1929 (P.L.1773, No.581), entitled, "An act to supplement an act approved the twentieth day of April, one thousand eight hundred and seventy-four (Pamphlet Laws, sixty-five), entitled 'An act to regulate the manner of increasing the indebtedness of municipalities; to provide for the redemption of the same; and to impose penalties for illegal increase thereof,' by authorizing the sale of property purchased by a public corporation out of funds provided by increase of indebtedness of such corporation; and providing for the disposition of the funds realized from such sale."

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

APPROVED--The 25th day of March, A.D. 2016.

TOM WOLF