

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1207 Session of 2013

INTRODUCED BY PILEGGI, VULAKOVICH, GREENLEAF, RAFFERTY, WAUGH, BROWNE, ERICKSON, ALLOWAY, COSTA, SOLOBAY AND VOGEL, DECEMBER 9, 2013

SENATOR EICHELBERGER, LOCAL GOVERNMENT, AS AMENDED, JUNE 10, 2014

AN ACT

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

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

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

14 Section 1.1. (a) ~~A~~ IN ADDITION TO PRODUCTS OTHERWISE <--
15 AUTHORIZED BY LAW, A public corporation or municipal authority
16 ~~shall have the power to~~ MAY invest and reinvest money of the <--
17 public corporation or municipal authority in any of the
18 following financial products, in addition to products and in a <--
19 manner as permitted by law:

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

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

14 (3) Negotiable certificates of deposit or other
15 evidences of deposit, with a remaining maturity of three
16 years or less, issued by a nationally or State-chartered bank
17 or, a Federal or State savings and loan association or by a <--
18 State-licensed branch of a foreign bank, except that for. FOR <--
19 obligations with a maturity of one year or less, the debt
20 obligations of the issuing institution or its parent are MUST <--
21 BE rated in the top short-term rating category by at least
22 two nationally recognized statistical ratings organizations
23 and for. FOR obligations with a maturity in excess of one <--
24 year, the senior debt obligations of the issuing institution
25 or its parent are MUST BE rated at least "A" or its <--
26 equivalent by at least two nationally recognized statistical
27 ratings organizations.

28 (4) Bills of exchange or time drafts drawn on and
29 accepted by a commercial bank, otherwise known as bankers'
30 acceptances, if the bankers' acceptances do not exceed 180

1 days' maturity and the accepting bank is rated in the top
2 short-term category by at least two nationally recognized
3 statistical ratings organizations.

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

10 (6) Debt obligations, with a remaining maturity of three
11 years or less, issued by corporations OR OTHER BUSINESS <--
12 ENTITIES organized and operating within the United States or
13 by depository institutions licensed by the United States or
14 any state, if the debt obligations are rated at least "A" or
15 the equivalent by at least two nationally recognized
16 statistical ratings organizations.

17 (7) Shares of an investment company registered under the
18 Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. §
19 80a-1 et seq.) whose shares are registered under the
20 Securities Act of 1933 (48 Stat. 74, 15 U.S.C. § 77a et
21 seq.), if all of the following conditions are met:

22 (i) The investments of the company are the
23 authorized investments under this subsection ~~or~~ <--
24 authorized by law.

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

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

29 (b) Other investment powers.--Nothing in subsection (a)
30 shall be construed to supersede or preempt other investment

1 powers of public corporations or municipal authorities as
2 authorized by law.

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

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