

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

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF REPRESENTATIVES, AS AMENDED, OCTOBER 14, 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) In addition to products otherwise
15 authorized by law, a LOCAL GOVERNMENT INVESTMENT TRUST OR LOCAL <--
16 GOVERNMENT INVESTMENT POOL MAY, ON BEHALF OF A public
17 corporation or municipal authority may, invest and reinvest <--
18 money of the public corporation or municipal authority in any of
19 the following financial products:

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
17 bank, a Federal or State savings and loan association or a
18 State-licensed branch of a foreign bank. For obligations with
19 a maturity of one year or less, the debt obligations of the
20 issuing institution or its parent must be rated in the top
21 short-term rating category by at least two nationally
22 recognized statistical ratings organizations. For obligations
23 with a maturity in excess of one year, the senior debt
24 obligations of the issuing institution or its parent must be
25 rated at least "A" or its equivalent by at least two
26 nationally recognized statistical ratings organizations.

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

1 short-term category by at least two nationally recognized
2 statistical ratings organizations.

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

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

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

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

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

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

27 ~~(b) Other investment powers.—Nothing in subsection (a)~~ <--
28 ~~shall be construed to supersede or preempt other investment~~
29 ~~powers of public corporations or municipal authorities as~~
30 ~~authorized by law.~~

1 ~~(c) Definition. As used in this section, the term "public~~ <--
2 ~~corporation"~~ (C) (1) EACH LOCAL GOVERNMENT INVESTMENT TRUST OR <--
3 LOCAL GOVERNMENT INVESTMENT POOL THAT INVESTS MONEY FOR A PUBLIC
4 CORPORATION OR MUNICIPAL AUTHORITY AS PROVIDED FOR UNDER THIS
5 SECTION SHALL FILE WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC
6 DEVELOPMENT, WITHIN NINETY DAYS OF COMPLETION OF THE PUBLIC
7 CORPORATION'S OR MUNICIPAL AUTHORITY'S FISCAL YEAR, A
8 COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR EACH INDIVIDUAL PUBLIC
9 CORPORATION OR MUNICIPAL AUTHORITY THAT COVERS THE PREVIOUS
10 FISCAL YEAR. THE REPORT SHALL BE MADE AVAILABLE TO THE PUBLIC,
11 UPON REQUEST, DURING NORMAL BUSINESS HOURS. NOTHING SHALL
12 PROHIBIT THE POSTING OF THE REPORT ON THE INTERNET.

13 (2) THE REPORT SHALL PROVIDE ALL OF THE FOLLOWING:

14 (I) A BREAKDOWN OF EACH TYPE OF INVESTMENT MADE PURSUANT TO
15 THIS SECTION.

16 (II) FOR EACH TYPE OF INVESTMENT MADE, THE ACTIVITY, RATE OF
17 RETURN AND COSTS INCURRED, INCLUDING ALL ADMINISTRATIVE AND
18 INVESTMENT FEES AND THE NAMES OF CONSULTANTS OR ADVISORS TO WHOM
19 THE FEES WERE PAID.

20 (D) AS USED IN THIS SECTION, THE FOLLOWING WORDS AND PHRASES
21 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SUBSECTION UNLESS
22 THE CONTEXT CLEARLY INDICATES OTHERWISE:

23 "LOCAL GOVERNMENT INVESTMENT TRUST" OR "LOCAL GOVERNMENT
24 INVESTMENT POOL" SHALL MEAN A TRUST OR POOL OFFERED BY THE STATE
25 TREASURER OR MULTIPLE PUBLIC CORPORATIONS OR MUNICIPAL
26 AUTHORITIES, GOVERNED BY A BOARD OF DIRECTORS OR BOARD OF
27 TRUSTEES FOR THE EXCLUSIVE BENEFIT OF THE PARTICIPATING PUBLIC
28 CORPORATIONS OR MUNICIPAL AUTHORITIES.

29 "PUBLIC CORPORATION" shall have the same meaning as given to
30 it in section 1 of the act of May 16, 1929 (P.L.1773, No.581),

1 entitled, "An act to supplement an act approved the twentieth
2 day of April, one thousand eight hundred and seventy-four
3 (Pamphlet Laws, sixty-five), entitled 'An act to regulate the
4 manner of increasing the indebtedness of municipalities; to
5 provide for the redemption of the same; and to impose penalties
6 for illegal increase thereof,' by authorizing the sale of
7 property purchased by a public corporation out of funds provided
8 by increase of indebtedness of such corporation; and providing
9 for the disposition of the funds realized from such sale."

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