

CHAPTER.....

AN ACT relating to governmental financial administration; revising provisions relating to the securities in which local governments may invest; providing for expanded oversight by the State Treasurer concerning the collateral that must be maintained by financial institutions to secure certain deposits of public money made by state and local governmental entities; making various other changes concerning the duties of the State Treasurer; revising the limitation on the total amount of revenue that may be paid to a redevelopment agency in certain smaller municipalities; providing civil penalties; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 355.170 is hereby amended to read as follows:

355.170 1. Except as otherwise provided in this section, NRS 354.750 and 355.171, ~~{a board of county commissioners, a board of trustees of a county school district or}~~ the governing body of ~~{an incorporated city}~~ **a local government** may purchase for investment the following securities and no others:

(a) Bonds and debentures of the United States, the maturity dates of which do not extend more than 10 years after the date of purchase.

(b) Farm loan bonds, consolidated farm loan bonds, debentures, consolidated debentures and other obligations issued by federal land banks and federal intermediate credit banks under the authority of the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012, inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds, debentures, consolidated debentures and other obligations issued by banks for cooperatives under the authority of the Farm Credit Act of 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive.

(c) Bills and notes of the United States Treasury, the maturity date of which is not more than 10 years after the date of purchase.

(d) Obligations of an agency or instrumentality of the United States of America or a corporation sponsored by the government, the maturity date of which is not more than 10 years after the date of purchase.

(e) Negotiable certificates of deposit issued by commercial banks, insured credit unions or savings and loan associations.

(f) Securities which have been expressly authorized as investments for local governments ~~for agencies, as defined in NRS 354.474,~~ by any provision of Nevada Revised Statutes or by any special law.

(g) Nonnegotiable certificates of deposit issued by insured commercial banks, insured credit unions or insured savings and loan associations, except certificates that are not within the limits of insurance provided by an instrumentality of the United States, unless those certificates are collateralized in the same manner as is required for uninsured deposits by a county treasurer pursuant to NRS 356.133. For the purposes of this paragraph, any reference in NRS 356.133 to a "county treasurer" or "board of county commissioners" shall be deemed to refer to the appropriate financial officer or governing body of the ~~county, school district or city~~ **local government** purchasing the certificates.

(h) Subject to the limitations contained in NRS 355.177, negotiable notes or medium-term obligations issued by local governments of the State of Nevada pursuant to NRS 350.087 to 350.095, inclusive.

(i) Bankers' acceptances of the kind and maturities made eligible by law for rediscount with Federal Reserve Banks, and generally accepted by banks or trust companies which are members of the Federal Reserve System. Eligible bankers' acceptances may not exceed 180 days' maturity. Purchases of bankers' acceptances may not exceed 20 percent of the money available to a local government for investment as determined on the date of purchase.

(j) Obligations of state and local governments if:

(1) The interest on the obligation is exempt from gross income for federal income tax purposes; and

(2) The obligation has been rated "A" or higher by one or more nationally recognized bond credit rating agencies.

(k) Commercial paper issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States that:

(1) Is purchased from a registered broker-dealer;

(2) At the time of purchase has a remaining term to maturity of no more than 270 days; and

(3) Is rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better, except that investments pursuant to this paragraph may not, in aggregate value, exceed 20 percent of the total portfolio as determined on the date of purchase, and if the rating of an obligation is reduced to a level that does not meet the requirements of this paragraph, it must be sold as soon as possible.

(l) Money market mutual funds which:

(1) Are registered with the Securities and Exchange Commission;

(2) Are rated by a nationally recognized rating service as "AAA" or its equivalent; and

(3) Invest only in:

(I) Securities issued by the Federal Government or agencies of the Federal Government;

(II) Master notes, bank notes or other short-term commercial paper rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better, issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States; or

(III) Repurchase agreements that are fully collateralized by the obligations described in sub-subparagraphs (I) and (II).

(m) Obligations of the Federal Agricultural Mortgage Corporation.

2. Repurchase agreements are proper and lawful investments of money of a ~~{board of county commissioners, a board of trustees of a county school district or a}~~ governing body of ~~{an incorporated city}~~ **a local government** for the purchase or sale of securities which are negotiable and of the types listed in subsection 1 if made in accordance with the following conditions:

(a) The ~~{board of county commissioners, the board of trustees of the school district or the}~~ governing body of the ~~{city}~~ **local government** shall designate in advance and thereafter maintain a list of qualified counterparties which:

(1) Regularly provide audited and, if available, unaudited financial statements;

(2) The ~~{board of county commissioners, the board of trustees of the school district or the}~~ governing body of the ~~{city}~~ **local government** has determined to have adequate capitalization and earnings and appropriate assets to be highly creditworthy; and

(3) Have executed a written master repurchase agreement in a form satisfactory to the ~~{board of county commissioners, the board of trustees of the school district or the}~~ governing body of the ~~{city}~~ **local government** pursuant to which all repurchase agreements are entered into. The master repurchase agreement must require the prompt delivery to the ~~{board of county commissioners, the board of trustees of the school district or the}~~ governing body of the ~~{city}~~ **local government** and the appointed custodian of written confirmations of all transactions conducted thereunder, and must be developed giving consideration to the Federal Bankruptcy Act.

(b) In all repurchase agreements:

(1) At or before the time money to pay the purchase price is transferred, title to the purchased securities must be recorded in the

name of the appointed custodian, or the purchased securities must be delivered with all appropriate, executed transfer instruments by physical delivery to the custodian;

(2) The ~~{board of county commissioners, the board of trustees of the school district or the}~~ governing body of the ~~{city}~~ **local government** must enter a written contract with the custodian appointed pursuant to subparagraph (1) which requires the custodian to:

(I) Disburse cash for repurchase agreements only upon receipt of the underlying securities;

(II) Notify the ~~{board of county commissioners, the board of trustees of the school district or the}~~ governing body of the ~~{city}~~ **local government** when the securities are marked to the market if the required margin on the agreement is not maintained;

(III) Hold the securities separate from the assets of the custodian; and

(IV) Report periodically to the ~~{board of county commissioners, the board of trustees of the school district or the}~~ governing body of the ~~{city}~~ **local government** concerning the market value of the securities;

(3) The market value of the purchased securities must exceed 102 percent of the repurchase price to be paid by the counterparty and the value of the purchased securities must be marked to the market weekly;

(4) The date on which the securities are to be repurchased must not be more than 90 days after the date of purchase; and

(5) The purchased securities must not have a term to maturity at the time of purchase in excess of 10 years.

3. The securities described in paragraphs (a), (b) and (c) of subsection 1 and the repurchase agreements described in subsection 2 may be purchased when, in the opinion of the ~~{board of county commissioners, the board of trustees of a county school district or the}~~ governing body of the ~~{city,}~~ **local government**, there is sufficient money in any fund of the ~~{county, the school district or city}~~ **local government** to purchase those securities and the purchase will not result in the impairment of the fund for the purposes for which it was created.

4. When the ~~{board of county commissioners, the board of trustees of a county school district or the}~~ governing body of the ~~{city}~~ **local government** has determined that there is available money in any fund or funds for the purchase of bonds as set out in subsection 1 or 2, those purchases may be made and the bonds paid for out of any one or more of the funds, but the bonds must be credited to the funds in the amounts purchased, and the money received from the redemption of the bonds, as and when redeemed,

must go back into the fund or funds from which the purchase money was taken originally.

5. Any interest earned on money invested pursuant to subsection 3, may, at the discretion of the ~~{board of county commissioners, the board of trustees of a county school district or the}~~ governing body of the ~~{city,}~~ **local government**, be credited to the fund from which the principal was taken or to the general fund of the ~~{county, school district or incorporated city,}~~ **local government**.

6. The ~~{board of county commissioners, the board of trustees of a county school district or the}~~ governing body of ~~{an incorporated city}~~ **a local government** may invest any money apportioned into funds and not invested pursuant to subsection 3 and any money not apportioned into funds in bills and notes of the United States Treasury, the maturity date of which is not more than 1 year after the date of investment. These investments must be considered as cash for accounting purposes, and all the interest earned on them must be credited to the general fund of the ~~{county, school district or incorporated city,}~~ **local government**.

7. This section does not authorize the investment of money administered pursuant to a contract, debenture agreement or grant in a manner not authorized by the terms of the contract, agreement or grant.

8. As used in this section:

(a) “Counterparty” means a bank organized and operating or licensed to operate in the United States pursuant to federal or state law or a securities dealer which is:

- (1) A registered broker-dealer;
- (2) Designated by the Federal Reserve Bank of New York as a “primary” dealer in United States government securities; and
- (3) In full compliance with all applicable capital requirements.

(b) **“Local government” has the meaning ascribed to it in NRS 354.474.**

(c) “Repurchase agreement” means a purchase of securities by ~~{a board of county commissioners, the board of trustees of a county school district or}~~ the governing body of ~~{an incorporated city}~~ **a local government** from a counterparty which commits to repurchase those securities or securities of the same issuer, description, issue date and maturity on or before a specified date for a specified price.

Sec. 2. NRS 355.175 is hereby amended to read as follows:

355.175 1. The governing body of any local government or agency, whether or not it is included in the provisions of chapter 354 of NRS, may:

- (a) Direct its treasurer or other appropriate officer to invest its money or any part thereof in any investment which is lawful for a

~~[county, a school district or incorporated city]~~ *local government* pursuant to NRS 355.170; or

(b) Allow a county treasurer to make such investments through a pool as provided in NRS 355.168.

2. In case of conflict, any order made pursuant to paragraph (a) of subsection 1 takes precedence over any other order concerning the same money or funds pursuant to subsection 5 of NRS 355.170.

3. Any interest earned from investments made pursuant to this section must be credited, at the discretion of the local governing unit, to any fund under its control, but the designation of the fund must be made at the time of investment of the principal.

Sec. 3. Chapter 356 of NRS is hereby amended by adding thereto the provisions set forth as sections 4 to 13, inclusive, of this act.

Sec. 4. *As used in sections 4 to 13, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 5 to 8, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 5. *“Depository” means an insured state or national bank, insured savings and loan association, or insured credit union in this state in which public money is held on deposit. The term does not include a third-party depository.*

Sec. 6. *“Local government” has the meaning ascribed to it in NRS 354.474.*

Sec. 7. *“Public money” means money deposited with a depository by the State or a local government.*

Sec. 8. *“Third-party depository” means a trust company or trust department of a state, national or federal reserve district bank which is authorized to hold securities on behalf of a depository for the benefit of the State Treasurer.*

Sec. 9. *The State Treasurer shall establish a program for the monitoring of collateral maintained by depositories.*

Sec. 10. *1. The program established pursuant to section 9 of this act must provide that:*

(a) Each depository is required to maintain as collateral acceptable securities having a fair market value that is at least 102 percent of the amount of the uninsured balances of the public money held by the depository;

(b) A depository may satisfy the requirement set forth in paragraph (a) by arranging for a third-party depository to hold securities on behalf of the depository for the benefit of the State Treasurer;

(c) No depository may, at any one time, hold public money in an amount exceeding the total equity of the depository, as reflected on the financial statement of the depository;

(d) Each depository is required to submit to the State Treasurer, in the form and manner prescribed by the State Treasurer, the following reports:

(1) A daily report of the total amount of public money held by the depository;

(2) A weekly summary report of the total fair market value of securities held by a third-party depository on behalf of the depository;

(3) A monthly report setting forth a list of acceptable securities, including, without limitation, the fair market value of those securities, held by the depository or held by any third-party depository on behalf of the depository; and

(4) A current annual report containing the financial statement of the depository; and

(e) The State Treasurer may impose an administrative fine not to exceed:

(1) One hundred dollars per day against a depository that fails to submit in a timely manner a report described in paragraph (d); and

(2) Two hundred fifty dollars per day against a depository that fails to maintain collateral as described in paragraph (a).

2. As used in this section, "acceptable securities" means the securities described in:

(a) Subsection 1 of NRS 356.020; and

(b) Subsection 1 of NRS 356.133.

Sec. 11. *1. Once each fiscal year the State Treasurer shall levy a pro rata assessment against each depository that held public money at any time during the immediately preceding fiscal year.*

2. The amount of the assessment levied pursuant to subsection 1 must be based on the average weekly deposits of public money held by a depository.

3. The State Treasurer shall provide to each depository a notice setting forth:

(a) The amount of the assessment levied against the depository pursuant to subsection 1; and

(b) The provisions of section 12 of this act.

Sec. 12. *1. A depository shall, within 45 days after the date on which the depository received the notice provided pursuant to subsection 3 of section 11 of this act, remit to the State Treasurer the amount of the assessment levied against the depository.*

2. The State Treasurer may impose an administrative fine not exceeding \$500 per day against a depository that fails to comply with the provisions of subsection 1.

Sec. 13. *The State Treasurer shall adopt such regulations as he determines are necessary to carry out the provisions of sections 4 to 13, inclusive, of this act.*

Sec. 14. NRS 356.020 is hereby amended to read as follows:

356.020 1. All money deposited by the State Treasurer which is not within the limits of insurance provided by an instrumentality of the United States must be secured by collateral composed of the following types of securities:

(a) United States treasury notes, bills, bonds or obligations as to which the full faith and credit of the United States are pledged for the payment of principal and interest, including the guaranteed portions of Small Business Administration loans if the full faith and credit of the United States is pledged for the payment of the principal and interest;

(b) Bonds of this state;

(c) Bonds of any county, municipality or school district within this state;

(d) Promissory notes secured by first mortgages or first deeds of trust which meet the requirements of NRS 356.025;

(e) Mortgage-backed pass-through securities guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association;

(f) Collateralized mortgage obligations or real estate mortgage investment conduits that are rated "AAA," "Aaa" or its equivalent by a nationally recognized rating service; ~~for~~

(g) Instruments in which the State is permitted by NRS 355.140 to invest ~~for~~; *or*

(h) Irrevocable letters of credit from any Federal Home Loan Bank with the State Treasurer named as the beneficiary.

2. Collateral deposited by the depository bank, credit union or savings and loan association must be pledged with the State Treasurer or with any Federal Home Loan Bank, any bank or any insured credit union or savings and loan association, other than the depository bank, credit union or savings and loan association, which will accept the securities in trust for the purposes of this section.

3. The fair market value of the deposit of securities as collateral by each depository bank, credit union or savings and loan association must be at least the amount ~~[of the State Treasurer's deposit with the depository bank, credit union or association.]~~ *required pursuant to sections 4 to 13, inclusive, of this act.* The fair market value of any collateral consisting of promissory notes with first mortgages or first deeds of trust shall be deemed to be 75 percent of the unpaid principal of the notes.

4. All securities to be used as such collateral are subject to review by the State Treasurer . ~~[and the State Board of Finance.]~~ The depository bank, credit union or savings and loan association shall submit ~~[monthly]~~ reports to the State Treasurer ~~[showing the~~

~~securities which constitute the collateral and their fair market value.]~~
as required pursuant to sections 4 to 13, inclusive, of this act.

5. The State Treasurer ~~[or the State Board of Finance]~~ may, from time to time, require the deposit of additional securities as collateral if, in their judgment, the additional securities are necessary to secure the State Treasurer's deposit.

Sec. 15. NRS 356.133 is hereby amended to read as follows:

356.133 1. All money deposited by a county treasurer that is not within the limits of insurance provided by an instrumentality of the United States must be secured by collateral composed of the following types of securities:

(a) United States treasury notes, bills, bonds or obligations as to which the full faith and credit of the United States are pledged for the payment of principal and interest, including the guaranteed portions of Small Business Administration loans if the full faith and credit of the United States is pledged for the payment of the principal and interest;

(b) Bonds of this state;

(c) Bonds of a county, municipality or school district within this state;

(d) Mortgage-backed pass-through securities guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association; ~~[or]~~

(e) Instruments in which the county is authorized by NRS 355.170 to invest ~~[]~~; or

(f) Irrevocable letters of credit from any Federal Home Loan Bank with the State Treasurer named as the beneficiary.

2. Collateral deposited by the depository bank, credit union or savings and loan association must be pledged with the county treasurer or with a Federal Home Loan Bank, or any insured bank, insured credit union or insured savings and loan association, other than the depository bank, credit union or savings and loan association, which will accept the securities in trust for the purposes of this section.

3. The fair market value of the deposit of securities as collateral by each depository bank, credit union or savings and loan association must be at least ~~[102 percent of]~~ the amount ~~[of the county treasurer's deposit with the depository bank, credit union or association.]~~ *required pursuant to sections 4 to 13, inclusive, of this act.*

4. All securities to be used as such collateral are subject to review by the county treasurer and the board of county commissioners. The depository bank, credit union or savings and loan association shall submit ~~[monthly]~~ reports to the ~~[county treasurer showing the securities which constitute the collateral and~~

~~their fair market value.]~~ *State Treasurer as required pursuant to sections 4 to 13, inclusive, of this act. The State Treasurer will provide periodic reports to the county treasurer showing the securities which constitute the collateral and their fair market value.*

5. The county treasurer or the board of county commissioners may, from time to time, require the deposit of additional securities as collateral if, in their judgment, the additional securities are necessary to secure the county treasurer's deposit.

Sec. 15.5. NRS 279.676 is hereby amended to read as follows:

279.676 1. Any redevelopment plan may contain a provision that taxes, if any, levied upon taxable property in the redevelopment area each year by or for the benefit of the State, any city, county, district or other public corporation, after the effective date of the ordinance approving the redevelopment plan, must be divided as follows:

(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the redevelopment area as shown upon the assessment roll used in connection with the taxation of the property by the taxing agency, last equalized before the effective date of the ordinance, must be allocated to and when collected must be paid into the funds of the respective taxing agencies as taxes by or for such taxing agencies on all other property are paid. To allocate taxes levied by or for any taxing agency or agencies which did not include the territory in a redevelopment area on the effective date of the ordinance but to which the territory has been annexed or otherwise included after the effective date, the assessment roll of the county last equalized on the effective date of the ordinance must be used in determining the assessed valuation of the taxable property in the redevelopment area on the effective date. If property which was shown on the assessment roll used to determine the amount of taxes allocated to the taxing agencies is transferred to the State and becomes exempt from taxation, the assessed valuation of the exempt property as shown on that assessment roll must be subtracted from the assessed valuation used to determine the amount of revenue allocated to the taxing agencies.

(b) Except as otherwise provided in paragraphs (c) and (d) and NRS 540A.265, that portion of the levied taxes each year in excess of the amount set forth in paragraph (a) must be allocated to and when collected must be paid into a special fund of the redevelopment agency to pay the costs of redevelopment and to pay the principal of and interest on loans, money advanced to, or indebtedness, whether funded, refunded, assumed, or otherwise, incurred by the redevelopment agency to finance or refinance, in

whole or in part, redevelopment. Unless the total assessed valuation of the taxable property in a redevelopment area exceeds the total assessed value of the taxable property in the redevelopment area as shown by the last equalized assessment roll referred to in paragraph (a), all of the taxes levied and collected upon the taxable property in the redevelopment area must be paid into the funds of the respective taxing agencies. When the redevelopment plan is terminated pursuant to the provisions of NRS 279.438 and 279.439 and all loans, advances and indebtedness, if any, and interest thereon, have been paid, all money thereafter received from taxes upon the taxable property in the redevelopment area must be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

(c) That portion of the taxes in excess of the amount set forth in paragraph (a) that is attributable to a tax rate levied by a taxing agency to produce revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness that was approved by the voters of the taxing agency on or after November 5, 1996, must be allocated to and when collected must be paid into the debt service fund of that taxing agency.

(d) That portion of the taxes in excess of the amount set forth in paragraph (a) that is attributable to a new or increased tax rate levied by a taxing agency and was approved by the voters of the taxing agency on or after November 5, 1996, must be allocated to and when collected must be paid into the appropriate fund of the taxing agency.

2. Except as otherwise provided in subsection 3, in any fiscal year, the total revenue paid to a redevelopment agency must not exceed:

(a) In a municipality whose population is 100,000 or more, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 10 percent of the total assessed valuation of the municipality.

(b) In a municipality whose population is *25,000 or more but* less than 100,000, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 15 percent of the total assessed valuation of the municipality.

(c) In a municipality whose population is less than 25,000, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 20 percent of the total assessed valuation of the municipality.

If the revenue paid to a redevelopment agency must be limited pursuant to paragraph (a) , ~~for~~ (b) *or (c)* and the redevelopment agency has more than one redevelopment area, the redevelopment agency shall determine the allocation to each area. Any revenue which would be allocated to a redevelopment agency but for the

provisions of this section must be paid into the funds of the respective taxing agencies.

3. The taxing agencies shall continue to pay to a redevelopment agency any amount which was being paid before July 1, 1987, and in anticipation of which the agency became obligated before July 1, 1987, to repay any bond, loan, money advanced or any other indebtedness, whether funded, refunded, assumed or otherwise incurred.

4. For the purposes of this section, the assessment roll last equalized before the effective date of the ordinance approving the redevelopment plan is the assessment roll in existence on March 15 immediately preceding the effective date of the ordinance.

Sec. 16. NRS 349.950 is hereby amended to read as follows:

349.950 1. The Director may, to pay the cost of any water project, borrow money or otherwise become obligated, and may provide evidence of those obligations by issuing, except as otherwise provided in this subsection, state securities or revenue bonds. If the obligor is not a governmental entity, the Director shall issue only revenue bonds to fulfill the obligation.

2. ~~{State}~~ *Except as otherwise provided in this subsection, state obligations may be outstanding pursuant to this section in an aggregate principal amount of not more than \$200,000,000. No state obligations, other than refunding obligations, may be issued pursuant to this section after August 1, 2003.*

3. State securities must be payable from taxes and may be additionally secured by all or any designated revenues from one or more water projects. Any governmental entity statutorily authorized to levy taxes for the payment of bonded indebtedness may use the proceeds of those taxes to pay the principal of, interest on and redemption premiums due in connection with state securities issued pursuant to this section. Any such state securities may be issued without an election or other preliminaries. No state securities may be issued to refund any municipal securities issued to finance a water project before July 1, 1987.

4. Provisions of NRS 349.150 to 349.364, inclusive, which are not inconsistent with the provisions of NRS 349.935 to 349.961, inclusive, apply to the issuance of state securities under this section. Provisions of NRS 349.400 to 349.670, inclusive, which are not inconsistent with the provisions of NRS 349.935 to 349.961, inclusive, apply to the issuance of revenue bonds under this section.

5. The Legislature finds and declares that the issuance of state securities pursuant to NRS 349.935 to 349.961, inclusive, is necessary for the protection and preservation of the natural resources of this state and for the purpose of obtaining the benefits thereof, and constitutes an exercise of the authority conferred by the

second paragraph of Section 3 of Article 9 of the Constitution of the State of Nevada.

Sec. 17. Section 2 of chapter 478, Statutes of Nevada 1983, as amended by chapter 785, Statutes of Nevada 1989, at page 1866, is hereby amended to read as follows:

Sec. 2. ~~[After]~~

1. Except as otherwise provided in subsection 2, after any of the agreements described in section 1 of this act have been entered into, the state board of examiners shall issue general obligation bonds of the State of Nevada to provide the money necessary to pay the state's share of costs associated with projects authorized pursuant to section 1 of this act for the conservation, distribution and acquisition of water associated with the Truckee River, the Carson River, the Lahontan Valley Wetlands and the Newlands Federal Reclamation Project, but not more than \$8,000,000 in face amount. The bonds may be issued at one time or from time to time.

2. No bonds, other than refunding bonds, may be issued pursuant to this section after August 1, 2003.

Sec. 18. Section 4 of chapter 78, Statutes of Nevada 1993, at page 124, is hereby amended to read as follows:

Sec. 4. 1. Subject to the limitations as to the maximum principal amount in section 2 of this act, the commission may in accordance with the provisions of the State Securities Law issue revenue bonds and other securities constituting special obligations and payable from net pledged revenues, to defray the cost of the system, or any part thereof, at any time or from time to time after the adoption of this act, but not later than ~~[15 years after the effective date thereof, as the commission deems appropriate.]~~ *August 1, 2003.*

2. This act does not prevent the commission from funding, refunding or reissuing any outstanding state securities issued by the commission or the former division of Colorado River resources at any time as provided in the State Securities Law.

3. Subject to contractual obligations, the net revenues pledged for the payment of state securities by the commission may be derived from contractual commitments of the Federal Government, of those customers of the commission or of others utilizing the system to repay the commission's cost of retiring the state securities, including interest thereon, as the commission may determine.

Sec. 19. Chapter 627, Statutes of Nevada 1995, at page 2379, is hereby amended to read as follows:

Section 1. *1.* The department of information services may enter into contracts for the purchase of equipment to upgrade the mainframe of the computer. ~~[The]~~ *Except as otherwise provided in subsection 2, the* contracts may include installment purchase agreements for the equipment which constitute a total debt of the State of Nevada in an amount determined by the state board of examiners not exceeding \$5,000,000. Money for the payment of the debt incurred pursuant to this section will be provided for in the annual tax imposed for the payment of the obligations of the State of Nevada from the consolidated bond interest and redemption fund or by other legislative act. The provisions of NRS 349.238 to 349.248, inclusive, apply to payment of the debt. Interest on the debt must be paid at least semiannually and the principal must be paid within 20 years after the date of passage of this act.

2. No installment purchase agreement authorized pursuant to subsection 1 may be entered into after August 1, 2003, other than an installment purchase agreement entered into for the purpose of refunding outstanding obligations.

Sec. 20. Section 4 of chapter 656, Statutes of Nevada 1995, at page 2530, is hereby amended to read as follows:

Sec. 4. *1.* The director of the department of prisons shall, to the extent of legislative appropriations and authorizations, enter into a contract in accordance with the provisions of chapter 573, Statutes of Nevada 1991, at page 1893, for the construction and operation of a new correctional facility for women in southern Nevada. ~~[The]~~ *Except as otherwise provided in subsection 2, the* contract may include an assignable lease or installment purchase agreement for the facility which constitutes a debt of the State of Nevada in an amount determined by the state board of examiners not exceeding \$44,000,000. Money for the payment of the debt incurred pursuant to this section will be provided for in the annual tax imposed for the payment of the obligations of the State of Nevada from the consolidated bond interest and redemption fund or by other legislative act. The provisions of NRS 349.238 to 349.248, inclusive, apply to payment of the debt. Interest on the debt must be paid at least semiannually and the principal must be paid within 20 years after the date of passage of this act.

2. No lease or installment purchase agreement authorized pursuant to subsection 1 may be entered into after August 1, 2003, other than a lease or installment

purchase agreement entered into for the purpose of refunding outstanding obligations.

3. Except for debt incurred as provided in subsection 1, all payments of money required by the contract authorized by subsection 1 must be subject to biennial appropriation by the legislature and must not be due and payable unless an appropriation is made.

Sec. 21. Section 7 of chapter 563, Statutes of Nevada 1997, at page 2738, is hereby amended to read as follows:

Sec. 7. 1. The director may, to the extent of legislative appropriations and authorizations, enter into a single contract to finance, acquire and construct the facility. The contract may include a provision that requires the contractor to provide correctional services for the facility. The provisions of this subsection do not prohibit the department or any other state agency from providing correctional services for the facility.

2. ~~[The]~~ *Except as otherwise provided in this subsection, the* contract may include an assignable lease or installment purchase agreement for the facility. The lease or agreement constitutes a debt of the State of Nevada in an amount determined by the state board of examiners not exceeding \$20,000,000. *No lease or installment purchase agreement authorized pursuant to this subsection may be entered into after August 1, 2003, other than a lease or installment purchase agreement entered into for the purpose of refunding outstanding obligations.*

3. Money for the payment of the debt incurred pursuant to this section will be provided for in the annual tax imposed for the payment of the obligations of the State of Nevada from the consolidated bond interest and redemption fund or by other legislative act. The provisions of NRS 349.238 to 349.248, inclusive, apply to the payment of the debt. Any interest on the debt must be paid at least semiannually and the principal must be paid within 20 years after the date the contract is approved by the state board of examiners.

4. Except for debt incurred as provided in subsection 1, all payments of money required by the contract authorized pursuant to the provisions of subsection 1 must be subject to biennial appropriation by the legislature and must not be due and payable unless an appropriation is made.

5. The department may request that proposals for correctional services be submitted and must specify the requirements for the proposal.

6. A proposal submitted to the department must:

(a) Meet the requirements specified in the request; and

(b) Set a fixed price for the services offered.

7. The contract to finance, acquire and construct the facility is exempt from the provisions relating to bids set forth in NRS 341.145 to 341.151, inclusive.

Sec. 22. This act becomes effective upon passage and approval and applies retroactively to July 1, 2003.