
SENATE BILL NO. 14—COMMITTEE ON COMMERCE AND LABOR

PREFILED JANUARY 8, 1999

Referred to Committee on Government Affairs

SUMMARY—Authorizes certain public entities to lend securities under certain circumstances.
(BDR 31-345)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~fromitted material~~ is material to be omitted.

AN ACT relating to public investments; authorizing certain public entities to lend securities under certain circumstances; and providing other matters properly relating thereto.

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

- 1 **Section 1.** Chapter 355 of NRS is hereby amended by adding thereto a
2 new section to read as follows:
3 ***1. The governing body of a local government may lend securities***
4 ***from the investment portfolio of the local government if the governing***
5 ***body receives collateral from the borrower in the form of cash or***
6 ***marketable securities that are:***
7 ***(a) Acceptable to the governing body; and***
8 ***(b) At least equal to the value of the securities borrowed.***
9 ***2. The governing body of a local government may enter into such***
10 ***contracts as are necessary to extend and manage loans pursuant to this***
11 ***section.***
12 ***3. As used in this section:***
13 ***(a) “Governing body” means the board, council, commission or other***
14 ***body in which the general legislative and fiscal powers of a local***
15 ***government are vested.***
16 ***(b) “Local government” means a political subdivision or other entity***
17 ***that has the right to levy or receive money from ad valorem or other taxes***
18 ***or any mandatory assessments, including, without limitation, counties,***
19 ***cities, towns, municipalities, boards, school districts and other districts***

1 ***organized pursuant to chapters 244, 244A, 309, 318, 379, 450, 473, 474,***
2 ***539, 541, 543 and 555 of NRS, and any agency or department of a county***
3 ***or city which prepares a budget separate from that of the parent political***
4 ***subdivision.***

5 **Sec. 2.** NRS 355.167 is hereby amended to read as follows:

6 355.167 1. The local government pooled investment fund is hereby
7 created as an agency fund to be administered by the state treasurer.

8 2. Any local government, as defined in NRS 354.474, may deposit its
9 money with the state treasurer for credit to the fund for purposes of
10 investment.

11 3. The state treasurer may invest the money of the fund:

12 (a) In securities which have been authorized as investments for a local
13 government by any provision of NRS or any special law.

14 (b) In time certificates of deposit in the manner provided by NRS
15 356.015.

16 4. ***The state treasurer may lend securities in which he invests***
17 ***pursuant to subsection 3 or NRS 355.165 if he receives collateral from the***
18 ***borrower in the form of cash or marketable securities that are:***

19 ***(a) Acceptable to the state treasurer; and***

20 ***(b) At least equal to the value of the securities borrowed.***

21 ***The state treasurer may enter into such contracts as are necessary to***
22 ***extend and manage loans pursuant to this subsection.***

23 5. Each local government ~~{which}~~ ***that*** elects to deposit money with the
24 state treasurer for such an investment must:

25 (a) Upon the deposit, inform him in writing how long a period the money
26 is expected to be available for investment.

27 (b) At the end of the period, notify him in writing whether it wishes to
28 extend the period.

29 ~~{5.}~~ 6. If a local government wishes to withdraw any of its money
30 before the end of the period of investment, it must make a written request to
31 the state treasurer. Whenever he is required to sell or liquidate invested
32 securities because of a request for early withdrawal, any penalties or loss of
33 interest incurred must be charged against the deposit of the local
34 government which requested the early withdrawal.

35 ~~{6.}~~ 7. All interest received on money of the fund must be deposited for
36 credit to the fund.

37 ~~{7.}~~ 8. The state treasurer may assess reasonable charges against the
38 fund for reimbursement of the expenses which he incurs in administering the
39 fund. The amount of the assessments must be transferred to an account
40 within the state general fund for use of the state treasurer in carrying out the
41 provisions of this section.

42 ~~{8.}~~ 9. At the end of each quarter of each fiscal year, the state treasurer
43 shall:

1 (a) Compute the proportion of the total deposits in the fund which were
2 attributable during the quarter to each local government;

3 (b) Apply that proportion to the total amount of interest received during
4 the quarter on invested money of the fund; and

5 (c) Pay to each participating local government or reinvest upon its
6 instructions its proportionate share of the interest, as computed pursuant to
7 paragraphs (a) and (b), less the proportionate amounts of the assessments
8 for the expenses of administration.

9 ~~{9.}~~ **10.** The state treasurer may adopt reasonable regulations to carry
10 out the provisions of this section.

11 **Sec. 3.** NRS 355.172 is hereby amended to read as follows:

12 355.172 1. ~~{Any}~~ ***Except as otherwise provided in section 1 of this***
13 ***act, any*** securities purchased as an investment of money by or on behalf of a
14 local government, as defined in NRS 354.474, must remain in the
15 possession of the county treasurer, the appropriate officer of that local
16 government or a bank, as provided in subsection 2, throughout the period of
17 the investment, except that any securities subject to repurchase by the seller
18 may be evidenced by a fully perfected, first-priority security interest, as
19 provided in subsection 3.

20 2. The county treasurer or the appropriate officer of a local government
21 may physically possess those securities, which must be in bearer form or
22 registered in the name of the local government, or may make an agreement,
23 in writing, with the trust department of any bank insured by the Federal
24 Deposit Insurance Corporation to hold those securities in trust for that local
25 government. If such an agreement is made, the trust department shall furnish
26 the county treasurer or the appropriate officer of the local government with
27 a written statement acknowledging that it is so holding the securities.

28 3. If the securities purchased are subject to an arrangement for the
29 repurchase of those securities by the seller thereof, the county treasurer, the
30 appropriate officer of the local government or a trust department of a bank,
31 as provided in subsection 2, may, in lieu of the requirement of possession,
32 obtain the sole, fully perfected, first-priority security interest in those
33 securities. If the trust department of a bank obtains such a security interest,
34 it shall furnish the county treasurer or the appropriate officer of the local
35 government with a written statement acknowledging that fact. Any securities
36 so purchased must, at the time of purchase by or for a local government,
37 have a fair market value equal to or greater than the repurchase price of the
38 securities.

39 **Sec. 4.** Chapter 286 of NRS is hereby amended by adding thereto the
40 provisions set forth as sections 5 and 6 of this act.

41 **Sec. 5. 1. *The board may lend securities from the investment***
42 ***portfolio of the system if the board receives collateral from the borrower***
43 ***in the form of cash or marketable securities that are:***

1 ***(a) Acceptable to the board; and***

2 ***(b) At least equal to the value of the securities borrowed.***

3 ***2. The board may enter into such contracts as are necessary to extend***
4 ***and manage loans pursuant to this section.***

5 ***Sec. 6. 1. The board of regents of the University of Nevada may***
6 ***lend securities from the investment portfolio of the retirement program if***
7 ***the board of regents receives collateral from the borrower in the form of***
8 ***cash or marketable securities that are:***

9 ***(a) Acceptable to the board of regents; and***

10 ***(b) At least equal to the value of the securities borrowed.***

11 ***2. The board of regents of the University of Nevada may enter into***
12 ***such contracts as are necessary to extend and manage loans pursuant to***
13 ***this section.***

14 ***Sec. 7.*** Chapter 319 of NRS is hereby amended by adding thereto a
15 new section to read as follows:

16 ***1. The division may lend any securities in which it invests pursuant to***
17 ***NRS 319.170 if the division receives collateral from the borrower in the***
18 ***form of cash or marketable securities that are:***

19 ***(a) Acceptable to the division; and***

20 ***(b) At least equal to the value of the securities borrowed.***

21 ***2. The division may enter into such contracts as are necessary to***
22 ***extend and manage loans pursuant to this section.***

23 ***Sec. 8.*** Chapter 349 of NRS is hereby amended by adding thereto a
24 new section to read as follows:

25 ***1. The director may lend any securities in which he invests pursuant***
26 ***to NRS 349.855 if he receives collateral from the borrower in the form of***
27 ***cash or marketable securities that are:***

28 ***(a) Acceptable to the director; and***

29 ***(b) At least equal to the value of the securities borrowed.***

30 ***2. The director may enter into such contracts as are necessary to***
31 ***extend and manage loans pursuant to this section.***