

The Senate Finance Committee offered the following substitute to SB 369:

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 8 of the Official Code of Georgia Annotated, relating to buildings and
2 housing, so as to modify the agencies and instrumentalities in which housing authorities can
3 invest funds; to amend Title 36 of the Official Code of Georgia Annotated, relating to local
4 government, so as to modify the agencies and instrumentalities in which political
5 subdivisions can invest funds; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

7
8 Title 8 of the Official Code of Georgia Annotated, relating to buildings and housing, is
9 amended by revising paragraph (5) of subsection (a) of Code Section 8-3-30 as follows:

10 "(5) Subject to any agreement with bondholders, to invest moneys of the authority not
11 required for immediate use to carry out the purposes of this part, including the proceeds
12 from the sale of any bonds and any moneys held in reserve funds, in obligations which
13 shall be limited to the following:

14 (A) Bonds or other obligations of the state or other states or of other counties,
15 municipal corporations, and political subdivisions of this state or bonds or other
16 obligations the principal and interest of which are guaranteed by the state;

17 (B) Bonds or other obligations of the United States or of subsidiary corporations of the
18 United States government fully guaranteed by such government;

19 (C) Obligations of and obligations guaranteed by agencies and instrumentalities of the
20 United States government; provided, however, that all such obligations shall have a
21 current credit rating from a nationally recognized rating service of at least one of the
22 three highest rating categories available and have a nationally recognized market;
23 ~~issued by the Federal Land Bank, the Federal Home Loan Bank, Federal Intermediate~~
24 ~~Credit Bank, and Bank for Cooperatives;~~

25 (D) Bonds or other obligations issued by any public housing agency or municipality
26 in the United States, which bonds or obligations are fully secured as to the payment of

27 both principal and interest by a pledge of annual contributions under an annual
28 contributions contract or contracts with the United States government, or project notes
29 issued by any public housing agency, urban renewal agency, or municipality in the
30 United States and fully secured as to payment of both principal and interest by a
31 requisition, loan, or payment agreement with the United States government;

32 (E) Certificates of deposit of national or state banks located within the state which have
33 deposits insured by the Federal Deposit Insurance Corporation or the Georgia Deposit
34 Insurance Corporation, including the certificates of deposit of any bank, savings and
35 loan association, or building and loan association acting as depository, custodian, or
36 trustee for any such bond proceeds; provided, however, that the portion of such
37 certificates of deposit in excess of the amount insured by the Federal Deposit Insurance
38 Corporation or the Georgia Deposit Insurance Corporation, if any such excess exists,
39 shall be secured by deposit with the Federal Reserve Bank of Atlanta, Georgia, the
40 Federal Home Loan Bank of Atlanta, Georgia, ~~or with~~ any national or state bank
41 located within the state, or with a trust office within this state, or one or more of the
42 following securities in an aggregate principal amount equal at least to the amount of
43 such excess:

44 (i) Direct and general obligations of the state or other states or of any county or
45 municipality in the state;

46 (ii) Obligations of the United States or subsidiary corporations included in
47 subparagraph (B) of this paragraph;

48 (iii) Obligations of agencies and instrumentalities of the United States government
49 included in subparagraph (C) of this paragraph; or

50 (iv) Bonds, obligations, or project notes of public housing agencies, urban renewal
51 agencies, or municipalities included in subparagraph (D) of this paragraph;

52 (F) Interest-bearing time deposits, repurchase agreements, reverse repurchase
53 agreements, rate guarantee agreements, or other similar banking arrangements with a
54 bank or trust company having capital and surplus aggregating at least \$50 million or
55 with any government bond dealer reporting to, trading with, and recognized as a
56 primary dealer by the Federal Reserve Bank of New York having capital aggregating
57 at least \$50 million or with any corporation which is subject to registration with the
58 Board of Governors of the Federal Reserve System pursuant to the requirements of the
59 Bank Holding Company Act of 1956, provided that each such interest-bearing time
60 deposit, repurchase agreement, reverse repurchase agreement, rate guarantee
61 agreement, or other similar banking arrangement shall permit the moneys so placed to
62 be available for use at the time provided with respect to the investment or reinvestment
63 of such moneys; ~~and~~

64 (G) Any and all other obligations of investment grade quality having a credit rating
 65 from a nationally recognized rating service of at least one of the three highest rating
 66 categories available and having a nationally recognized market, including, but not
 67 limited to, collateralized mortgage obligations, owner trusts offering collateralized
 68 mortgage obligations, guaranteed investment contracts offered by any firm, agency,
 69 business, governmental unit, bank, insurance company, corporation chartered by the
 70 United States Congress, or other entity, real estate mortgage investment conduits,
 71 mortgage obligations, mortgage pools, and pass-through securities; and
 72 (H) Securities of or other interests in any no-load, open-end management type
 73 investment company or investment trust registered under the Investment Company Act
 74 of 1940, as amended, or any common trust fund maintained by any bank or trust
 75 company which holds such proceeds as trustee or by an affiliate thereof so long as:
 76 (i) The portfolio of such investment company or investment trust or common trust
 77 fund is limited to the obligations referenced in subparagraphs (B) and (C) of this
 78 paragraph and repurchase agreements are fully collateralized by any such obligations;
 79 (ii) Such investment company or investment trust or common trust fund takes
 80 delivery of such collateral either directly or through an authorized custodian;
 81 (iii) Such investment company or investment trust or common trust fund is managed
 82 so as to maintain its shares at a constant net asset value; and
 83 (iv) Securities of or other interests in such investment company or investment trust
 84 or common trust fund are purchased and redeemed only through the use of national
 85 or state banks located within this state having corporate trust powers;"

86

SECTION 2.

87 Title 36 of the Official Code of Georgia Annotated, relating to local government, is amended
 88 by revising Code Section 36-82-7 as follows:

89 "36-82-7.

90 The proceeds of any bonds issued by any county, municipal corporation, school district,
 91 or other political subdivision of this state or any portion thereof or any authority or other
 92 public body corporate and politic created under the Constitution or laws of this state may,
 93 from time to time, be placed for investment and reinvestment in the local government
 94 investment pool created in Chapter 83 of this title by the governing authorities of the
 95 county, municipal corporation, school district, political subdivision, authority, or body or
 96 be invested and reinvested by the governing authorities of the county, municipal
 97 corporation, school district, political subdivision, authority, or body in the following
 98 securities, and no others:

- 99 (1) Bonds or obligations of such county, municipal corporation, school district, political
100 subdivision, authority, or body or bonds or obligations of this state or other states or of
101 other counties, municipal corporations, and political subdivisions of this state;
- 102 (2) Bonds or other obligations of the United States or of subsidiary corporations of the
103 United States government which are fully guaranteed by such government;
- 104 (3) Obligations of and obligations guaranteed by agencies and instrumentalities of the
105 United States government; provided, however, that all such obligations shall have a
106 current credit rating from a nationally recognized rating service of at least one of the three
107 highest rating categories available and have a nationally recognized market; issued by the
108 ~~Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank,~~
109 ~~and the Central Bank for Cooperatives;~~
- 110 (4) Bonds or other obligations issued by any public housing agency or municipal
111 corporation in the United States, which such bonds or obligations are fully secured as to
112 the payment of both principal and interest by a pledge of annual contributions under an
113 annual contributions contract or contracts with the United States government, or project
114 notes issued by any public housing agency, urban renewal agency, or municipal
115 corporation in the United States which are fully secured as to payment of both principal
116 and interest by a requisition, loan, or payment agreement with the United States
117 government;
- 118 (5) Certificates of deposit of national or state banks located within this state which have
119 deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit
120 of federal savings and loan associations and state building and loan or savings and loan
121 associations located within this state which have deposits insured by the Savings
122 Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia
123 Credit Union Deposit Insurance Corporation, including the certificates of deposit of any
124 bank, savings and loan association, or building and loan association acting as depository,
125 custodian, or trustee for any such bond proceeds. The portion of such certificates of
126 deposit in excess of the amount insured by the Federal Deposit Insurance Corporation,
127 the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation,
128 or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by
129 deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state
130 bank or federal savings and loan association or state building and loan or savings and
131 loan association located within this state or with a trust office within this state, of one or
132 more of the following securities in an aggregate principal amount equal at least to the
133 amount of such excess: direct and general obligations of this state or other states or of any
134 county or municipal corporation in this state, obligations of the United States or
135 subsidiary corporations included in paragraph (2) of this Code section, obligations of the

136 agencies and instrumentalities of the United States government included in paragraph (3)
 137 of this Code section, or bonds, obligations, or project notes of public housing agencies,
 138 urban renewal agencies, or municipalities included in paragraph (4) of this Code section;
 139 **and**

140 (6) Securities of or other interests in any no-load, open-end management type investment
 141 company or investment trust registered under the Investment Company Act of 1940, as
 142 from time to time amended, or any common trust fund maintained by any bank or trust
 143 company which holds such proceeds as trustee or by an affiliate thereof so long as:

144 (A) The portfolio of such investment company or investment trust or common trust
 145 fund is limited to the obligations referenced in ~~paragraph (2)~~ paragraphs (2) and (3) of
 146 this Code section and repurchase agreements fully collateralized by any such
 147 obligations;

148 (B) Such investment company or investment trust or common trust fund takes delivery
 149 of such collateral either directly or through an authorized custodian;

150 (C) Such investment company or investment trust or common trust fund is managed
 151 so as to maintain its shares at a constant net asset value; and

152 (D) Securities of or other interests in such investment company or investment trust or
 153 common trust fund are purchased and redeemed only through the use of national or
 154 state banks having corporate trust powers and located within this state; and

155 (7) Interest-bearing time deposits, repurchase agreements, reverse repurchase
 156 agreements, rate guarantee agreements, or other similar banking arrangements with a
 157 bank or trust company having capital and surplus aggregating at least \$50 million or with
 158 any government bond dealer reporting to, trading with, and recognized as a primary
 159 dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50
 160 million or with any corporation which is subject to registration with the Board of
 161 Governors of the Federal Reserve System pursuant to the requirements of the Bank
 162 Holding Company Act of 1956, provided that each such interest-bearing time deposit,
 163 repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other
 164 similar banking arrangement shall permit the moneys so placed to be available for use at
 165 the time provided with respect to the investment or reinvestment of such moneys."

166 **SECTION 3.**

167 All laws and parts of laws in conflict with this Act are repealed.