

Senate Bill 369

By: Senators Hamrick of the 30th, Mullis of the 53rd and Murphy of the 27th

AS PASSED

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:

7 **SECTION 1.**

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 or instrumentalities of the
20 United States government, including those issued by the Federal Land Bank, the
21 Federal Home Loan Bank, Federal Intermediate Credit Bank, and Bank for
22 Cooperatives, and any other such agency or instrumentality now or hereafter in
23 existence; provided, however, that all such obligations shall have a current credit rating
24 from a nationally recognized rating service of at least one of the three highest rating
25 categories available and have a nationally recognized market;

(D) Bonds or other obligations issued by any public housing agency or municipality in the United States, which bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipality in the United States and fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

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

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

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

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

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

(F) Interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the moneys so placed to

be available for use at the time provided with respect to the investment or reinvestment of such moneys; and

(G) Any and all other obligations of investment grade quality having a credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and having a nationally recognized market, including, but not limited to, collateralized mortgage obligations, owner trusts offering collateralized mortgage obligations, guaranteed investment contracts offered by any firm, agency, business, governmental unit, bank, insurance company, corporation chartered by the United States Congress, or other entity, real estate mortgage investment conduits, mortgage obligations, mortgage pools, and pass-through securities; **and**

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

- (i) The portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in subparagraphs (B) and (C) of this paragraph and repurchase agreements are fully collateralized by any such obligations;
- (ii) Such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;
- (iii) Such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and
- (iv) Securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks located within this state having corporate trust powers;"

SECTION 2.

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

"36-82-7.

The proceeds of any bonds issued by any county, municipal corporation, school district, or other political subdivision of this state or any portion thereof or any authority or other public body corporate and politic created under the Constitution or laws of this state may, from time to time, be placed for investment and reinvestment in the local government investment pool created in Chapter 83 of this title by the governing authorities of the county, municipal corporation, school district, political subdivision, authority, or body or be invested and reinvested by the governing authorities of the county, municipal

98 corporation, school district, political subdivision, authority, or body in the following
99 securities, and no others:

100 (1) Bonds or obligations of such county, municipal corporation, school district, political
101 subdivision, authority, or body or bonds or obligations of this state or other states or of
102 other counties, municipal corporations, and political subdivisions of this state;

103 (2) Bonds or other obligations of the United States or of subsidiary corporations of the
104 United States government which are fully guaranteed by such government;

105 (3) Obligations of and obligations guaranteed by agencies or instrumentalities of the
106 United States government, including those issued by the Federal Land Bank, ~~the~~ Federal
107 Home Loan Bank, Federal Intermediate Credit Bank, ~~and~~ Bank for Cooperatives, and any
108 other such agency or instrumentality now or hereafter in existence; provided, however,
109 that all such obligations shall have a current credit rating from a nationally recognized
110 rating service of at least one of the three highest rating categories available and have a
111 nationally recognized market;

112 (4) Bonds or other obligations issued by any public housing agency or municipal
113 corporation in the United States, which such bonds or obligations are fully secured as to
114 the payment of both principal and interest by a pledge of annual contributions under an
115 annual contributions contract or contracts with the United States government, or project
116 notes issued by any public housing agency, urban renewal agency, or municipal
117 corporation in the United States which are fully secured as to payment of both principal
118 and interest by a requisition, loan, or payment agreement with the United States
119 government;

120 (5) Certificates of deposit of national or state banks located within this state which have
121 deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit
122 of federal savings and loan associations and state building and loan or savings and loan
123 associations located within this state which have deposits insured by the Savings
124 Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia
125 Credit Union Deposit Insurance Corporation, including the certificates of deposit of any
126 bank, savings and loan association, or building and loan association acting as depository,
127 custodian, or trustee for any such bond proceeds. The portion of such certificates of
128 deposit in excess of the amount insured by the Federal Deposit Insurance Corporation,
129 the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation,
130 or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by
131 deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state
132 bank or federal savings and loan association or state building and loan or savings and
133 loan association located within this state or with a trust office within this state, of one or
134 more of the following securities in an aggregate principal amount equal at least to the

135 amount of such excess: direct and general obligations of this state or other states or of any
136 county or municipal corporation in this state, obligations of the United States or
137 subsidiary corporations included in paragraph (2) of this Code section, obligations of the
138 agencies and instrumentalities of the United States government included in paragraph (3)
139 of this Code section, or bonds, obligations, or project notes of public housing agencies,
140 urban renewal agencies, or municipalities included in paragraph (4) of this Code section;
141 and

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

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

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

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

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

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

168 **SECTION 3.**

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