

SENATE BILL NO. 447—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE STATE TREASURER)

MARCH 24, 2003

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to investment by local governments and monitoring of collateral to secure certain deposits of public money. (BDR 31-302)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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

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; 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:

- 1 **Section 1.** NRS 355.170 is hereby amended to read as follows:
- 2 355.170 1. Except as otherwise provided in this section, NRS
- 3 354.750 and 355.171, ~~{a board of county commissioners, a board of~~
- 4 ~~trustees of a county school district or}~~ the governing body of ~~{an~~
- 5 ~~incorporated city}~~ *a local government* may purchase for investment
- 6 the following securities and no others:
- 7 (a) Bonds and debentures of the United States, the maturity
- 8 dates of which do not extend more than 10 years after the date of
- 9 purchase.



1 (b) Farm loan bonds, consolidated farm loan bonds, debentures,
2 consolidated debentures and other obligations issued by federal land
3 banks and federal intermediate credit banks under the authority of
4 the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012,
5 inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act
6 of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds,
7 debentures, consolidated debentures and other obligations issued by
8 banks for cooperatives under the authority of the Farm Credit Act of
9 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm
10 Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive.

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

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

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

19 (f) Securities which have been expressly authorized as
20 investments for local governments ~~for agencies, as defined in NRS~~
21 ~~354.474,]~~ by any provision of Nevada Revised Statutes or by any
22 special law.

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

34 (h) Subject to the limitations contained in NRS 355.177,
35 negotiable notes or medium-term obligations issued by local
36 governments of the State of Nevada pursuant to NRS 350.087 to
37 350.095, inclusive.

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

45 (j) Obligations of state and local governments if:



- 1 (1) The interest on the obligation is exempt from gross
2 income for federal income tax purposes; and
3 (2) The obligation has been rated “A” or higher by one or
4 more nationally recognized bond credit rating agencies.
5 (k) Commercial paper issued by a corporation organized and
6 operating in the United States or by a depository institution licensed
7 by the United States or any state and operating in the United States
8 that:
9 (1) Is purchased from a registered broker-dealer;
10 (2) At the time of purchase has a remaining term to maturity
11 of no more than 270 days; and
12 (3) Is rated by a nationally recognized rating service as
13 “A-1,” “P-1” or its equivalent, or better,
14 except that investments pursuant to this paragraph may not, in
15 aggregate value, exceed 20 percent of the total portfolio as
16 determined on the date of purchase, and if the rating of an obligation
17 is reduced to a level that does not meet the requirements of this
18 paragraph, it must be sold as soon as possible.
19 (l) Money market mutual funds which:
20 (1) Are registered with the Securities and Exchange
21 Commission;
22 (2) Are rated by a nationally recognized rating service as
23 “AAA” or its equivalent; and
24 (3) Invest only in:
25 (I) Securities issued by the Federal Government or
26 agencies of the Federal Government;
27 (II) Master notes, bank notes or other short-term
28 commercial paper rated by a nationally recognized rating service as
29 “A-1,” “P-1” or its equivalent, or better, issued by a corporation
30 organized and operating in the United States or by a depository
31 institution licensed by the United States or any state and operating in
32 the United States; or
33 (III) Repurchase agreements that are fully collateralized
34 by the obligations described in sub-subparagraphs (I) and (II).
35 (m) Obligations of the Federal Agricultural Mortgage
36 Corporation.
37 2. Repurchase agreements are proper and lawful investments of
38 money of a ~~{board of county commissioners, a board of trustees of a~~
39 ~~county school district or a}~~ governing body of ~~{an incorporated city}~~
40 *a local government* for the purchase or sale of securities which are
41 negotiable and of the types listed in subsection 1 if made in
42 accordance with the following conditions:
43 (a) The ~~{board of county commissioners, the board of trustees of~~
44 ~~the school district or the}~~ governing body of the ~~{city}~~ *local*



1 **government** shall designate in advance and thereafter maintain a list
2 of qualified counterparties which:
3 (1) Regularly provide audited and, if available, unaudited
4 financial statements;
5 (2) The ~~{board of county commissioners, the board of~~
6 ~~trustees of the school district or the}~~ governing body of the {city}
7 **local government** has determined to have adequate capitalization
8 and earnings and appropriate assets to be highly creditworthy; and
9 (3) Have executed a written master repurchase agreement in
10 a form satisfactory to the ~~{board of county commissioners, the board~~
11 ~~of trustees of the school district or the}~~ governing body of the {city}
12 **local government** pursuant to which all repurchase agreements are
13 entered into. The master repurchase agreement must require the
14 prompt delivery to the ~~{board of county commissioners, the board of~~
15 ~~trustees of the school district or the}~~ governing body of the {city}
16 **local government** and the appointed custodian of written
17 confirmations of all transactions conducted thereunder, and must be
18 developed giving consideration to the Federal Bankruptcy Act.
19 (b) In all repurchase agreements:
20 (1) At or before the time money to pay the purchase price is
21 transferred, title to the purchased securities must be recorded in the
22 name of the appointed custodian, or the purchased securities must be
23 delivered with all appropriate, executed transfer instruments by
24 physical delivery to the custodian;
25 (2) The ~~{board of county commissioners, the board of~~
26 ~~trustees of the school district or the}~~ governing body of the {city}
27 **local government** must enter a written contract with the custodian
28 appointed pursuant to subparagraph (1) which requires the custodian
29 to:
30 (I) Disburse cash for repurchase agreements only upon
31 receipt of the underlying securities;
32 (II) Notify the ~~{board of county commissioners, the board~~
33 ~~of trustees of the school district or the}~~ governing body of the {city}
34 **local government** when the securities are marked to the market if
35 the required margin on the agreement is not maintained;
36 (III) Hold the securities separate from the assets of the
37 custodian; and
38 (IV) Report periodically to the ~~{board of county~~
39 ~~commissioners, the board of trustees of the school district or the}~~
40 governing body of the {city} **local government** concerning the
41 market value of the securities;
42 (3) The market value of the purchased securities must exceed
43 102 percent of the repurchase price to be paid by the counterparty
44 and the value of the purchased securities must be marked to the
45 market weekly;



- 1 (4) The date on which the securities are to be repurchased
2 must not be more than 90 days after the date of purchase; and
3 (5) The purchased securities must not have a term to maturity
4 at the time of purchase in excess of 10 years.
- 5 3. The securities described in paragraphs (a), (b) and (c) of
6 subsection 1 and the repurchase agreements described in subsection
7 2 may be purchased when, in the opinion of the ~~board of county~~
8 ~~commissioners, the board of trustees of a county school district or~~
9 ~~the~~ governing body of the ~~city,~~ **local government**, there is
10 sufficient money in any fund of the ~~county, the school district or~~
11 ~~city~~ **local government** to purchase those securities and the purchase
12 will not result in the impairment of the fund for the purposes for
13 which it was created.
- 14 4. When the ~~board of county commissioners, the board of~~
15 ~~trustees of a county school district or the~~ governing body of the
16 ~~city,~~ **local government** has determined that there is available
17 money in any fund or funds for the purchase of bonds as set out in
18 subsection 1 or 2, those purchases may be made and the bonds paid
19 for out of any one or more of the funds, but the bonds must be
20 credited to the funds in the amounts purchased, and the money
21 received from the redemption of the bonds, as and when redeemed,
22 must go back into the fund or funds from which the purchase money
23 was taken originally.
- 24 5. Any interest earned on money invested pursuant to
25 subsection 3, may, at the discretion of the ~~board of county~~
26 ~~commissioners, the board of trustees of a county school district or~~
27 ~~the~~ governing body of the ~~city,~~ **local government**, be credited to
28 the fund from which the principal was taken or to the general fund
29 of the ~~county, school district or incorporated city,~~ **local**
30 **government**.
- 31 6. The ~~board of county commissioners, the board of trustees of~~
32 ~~a county school district or the~~ governing body of ~~an incorporated~~
33 ~~city,~~ **a local government** may invest any money apportioned into
34 funds and not invested pursuant to subsection 3 and any money not
35 apportioned into funds in bills and notes of the United States
36 Treasury, the maturity date of which is not more than 1 year after
37 the date of investment. These investments must be considered as
38 cash for accounting purposes, and all the interest earned on them
39 must be credited to the general fund of the ~~county, school district or~~
40 ~~incorporated city,~~ **local government**.
- 41 7. This section does not authorize the investment of money
42 administered pursuant to a contract, debenture agreement or grant in
43 a manner not authorized by the terms of the contract, agreement or
44 grant.
- 45 8. As used in this section:



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

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

9 (b) *"Local government" has the meaning ascribed to it in*
10 *NRS 354.474.*

11 (c) "Repurchase agreement" means a purchase of securities by
12 ~~[a board of county commissioners, the board of trustees of a county~~
13 ~~school district or]~~ the governing body of ~~[an incorporated city]~~ *a*
14 *local government* from a counterparty which commits to repurchase
15 those securities or securities of the same issuer, description, issue
16 date and maturity on or before a specified date for a specified price.

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

18 355.175 1. The governing body of any local government or
19 agency, whether or not it is included in the provisions of chapter 354
20 of NRS, may:

21 (a) Direct its treasurer or other appropriate officer to invest its
22 money or any part thereof in any investment which is lawful for a
23 ~~[county, a school district or incorporated city]~~ *local government*
24 pursuant to NRS 355.170; or

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



1 2. *As used in this section, "acceptable securities" means the*
2 *securities described in:*
3 (a) *Subsection 1 of NRS 356.020; and*
4 (b) *Subsection 1 of NRS 356.133.*
5 **Sec. 11. 1.** *Once each fiscal year the State Treasurer shall*
6 *levy a pro rata assessment against each depository that held public*
7 *money at any time during the immediately preceding fiscal year.*
8 2. *The amount of the assessment levied pursuant to*
9 *subsection 1 must be based on the average weekly deposits of*
10 *public money held by a depository.*
11 3. *The State Treasurer shall provide to each depository a*
12 *notice setting forth:*
13 (a) *The amount of the assessment levied against the depository*
14 *pursuant to subsection 1; and*
15 (b) *The provisions of section 12 of this act.*
16 **Sec. 12. 1.** *A depository shall, within 45 days after the date*
17 *on which the depository received the notice provided pursuant to*
18 *subsection 3 of section 11 of this act, remit to the State Treasurer*
19 *the amount of the assessment levied against the depository.*
20 2. *The State Treasurer may impose an administrative fine not*
21 *exceeding \$500 per day against a depository that fails to comply*
22 *with the provisions of subsection 1.*
23 **Sec. 13.** *The State Treasurer shall adopt such regulations as*
24 *he determines are necessary to carry out the provisions of sections*
25 *4 to 13, inclusive, of this act.*
26 **Sec. 14.** NRS 356.020 is hereby amended to read as follows:
27 356.020 1. All money deposited by the State Treasurer which
28 is not within the limits of insurance provided by an instrumentality
29 of the United States must be secured by collateral composed of the
30 following types of securities:
31 (a) United States treasury notes, bills, bonds or obligations as to
32 which the full faith and credit of the United States are pledged for
33 the payment of principal and interest, including the guaranteed
34 portions of Small Business Administration loans if the full faith and
35 credit of the United States is pledged for the payment of the
36 principal and interest;
37 (b) Bonds of this state;
38 (c) Bonds of any county, municipality or school district within
39 this state;
40 (d) Promissory notes secured by first mortgages or first deeds of
41 trust which meet the requirements of NRS 356.025;
42 (e) Mortgage-backed pass-through securities guaranteed by the
43 Federal National Mortgage Association, the Federal Home Loan
44 Mortgage Corporation or the Government National Mortgage
45 Association;



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

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

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

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

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

22 4. All securities to be used as such collateral are subject to
23 review by the State Treasurer . ~~[and the State Board of Finance.]~~
24 The depository bank, credit union or savings and loan association
25 shall submit ~~[monthly]~~ reports to the State Treasurer ~~[showing the
26 securities which constitute the collateral and their fair market value.]~~
27 *as required pursuant to sections 4 to 13, inclusive, of this act.*

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

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

33 356.133 1. All money deposited by a county treasurer that is
34 not within the limits of insurance provided by an instrumentality of
35 the United States must be secured by collateral composed of the
36 following types of securities:

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

43 (b) Bonds of this state;

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



1 (d) Mortgage-backed pass-through securities guaranteed by the
2 Federal National Mortgage Association, the Federal Home Loan
3 Mortgage Corporation or the Government National Mortgage
4 Association; ~~for~~

5 (e) Instruments in which the county is authorized by NRS
6 355.170 to invest ~~it~~; or

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

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

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

22 4. All securities to be used as such collateral are subject to
23 review by the county treasurer and the board of county
24 commissioners. The depository bank, credit union or savings and
25 loan association shall submit ~~monthly~~ reports to the ~~county
26 treasurer showing the securities which constitute the collateral and
27 their fair market value.}~~ *State Treasurer as required pursuant to
28 sections 4 to 13, inclusive, of this act. The State Treasurer will
29 provide periodic reports to the county treasurer showing the
30 securities which constitute the collateral and their fair market
31 value.*

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

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

37 349.950 1. The Director may, to pay the cost of any water
38 project, borrow money or otherwise become obligated, and may
39 provide evidence of those obligations by issuing, except as
40 otherwise provided in this subsection, state securities or revenue
41 bonds. If the obligor is not a governmental entity, the Director shall
42 issue only revenue bonds to fulfill the obligation.

43 2. ~~State~~ *Except as otherwise provided in this subsection,
44 state* obligations may be outstanding pursuant to this section in an
45 aggregate principal amount of not more than \$200,000,000. *No state*



1 *obligations, other than refunding obligations, may be issued*
2 *pursuant to this section after July 1, 2003.*

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

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

19 5. The Legislature finds and declares that the issuance of state
20 securities pursuant to NRS 349.935 to 349.961, inclusive, is
21 necessary for the protection and preservation of the natural
22 resources of this state and for the purpose of obtaining the benefits
23 thereof, and constitutes an exercise of the authority conferred by the
24 second paragraph of Section 3 of Article 9 of the Constitution of the
25 State of Nevada.

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

29 Sec. 2. ~~After~~

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

42 *2. No bonds, other than refunding bonds, may be*
43 *issued pursuant to this section after July 1, 2003.*



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

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

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

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

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

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

43 *2. No installment purchase agreement authorized*
44 *pursuant to subsection 1 may be entered into after July 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 July 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



1 installment purchase agreement for the facility. The lease or
2 agreement constitutes a debt of the State of Nevada in an
3 amount determined by the state board of examiners not
4 exceeding \$20,000,000. *No lease or installment purchase*
5 *agreement authorized pursuant to this subsection may be*
6 *entered into after July 1, 2003, other than a lease or*
7 *installment purchase agreement entered into for the*
8 *purpose of refunding outstanding obligations.*

9 3. Money for the payment of the debt incurred pursuant
10 to this section will be provided for in the annual tax imposed
11 for the payment of the obligations of the State of Nevada
12 from the consolidated bond interest and redemption fund or
13 by other legislative act. The provisions of NRS 349.238 to
14 349.248, inclusive, apply to the payment of the debt. Any
15 interest on the debt must be paid at least semiannually and the
16 principal must be paid within 20 years after the date the
17 contract is approved by the state board of examiners.

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

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

26 6. A proposal submitted to the department must:

- 27 (a) Meet the requirements specified in the request; and
- 28 (b) Set a fixed price for the services offered.

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

32 **Sec. 22.** This act becomes effective on July 1, 2003.

