

---

---

ASSEMBLY BILL NO. 34—COMMITTEE  
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE STATE TREASURER)

PREFILED NOVEMBER 16, 2018

---

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing the investment of money held by the State or certain political subdivisions of the State. (BDR 31-476)

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

~

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

---

---

AN ACT relating to governmental financial administration; authorizing the State Treasurer to invest in certain securities issued or guaranteed by certain supranational organizations or issued by a foreign financial institution, corporation or government; authorizing certain political subdivisions of the State to invest in such securities; expanding the types of governmental entities authorized to invest in certain additional securities; revising the requirements for certain investments; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Under existing law, the State Treasurer is responsible for the investment of  
2 money of the State unless a specific statute imposes this responsibility on some  
3 other person with respect to particular money. (NRS 226.110) The State Treasurer  
4 is also responsible for the investment of certain money that the State holds in trust,  
5 such as the money in the Nevada Higher Education Prepaid Tuition Trust Fund.  
6 (NRS 353.160) In addition, existing law authorizes the State Treasurer to invest all  
7 money of the State's General Portfolio in specified categories of securities. (NRS  
8 355.140) Existing law provides separate authorization for the State Treasurer to  
9 invest money held in certain funds, such as the Nevada Higher Education Prepaid  
10 Tuition Trust Fund and the State Permanent School Fund. (NRS 353B.160,  
11 355.060)  
12 Existing law authorizes the governing body of certain local governments to  
13 invest money only in certain specified securities. (NRS 355.170) Existing law



14 similarly authorizes a board of county commissioners, a board of trustees of a  
15 county school district or the governing body of an incorporated city to invest  
16 money in certain additional securities. (NRS 355.171)

17 The Board of Trustees of the College Savings Plans of Nevada is required to  
18 develop policies for investment to be followed by the State Treasurer in investing  
19 money in the Nevada Higher Education Prepaid Tuition Trust Fund. (NRS  
20 353B.160) **Section 1** of this bill expands the list of authorized investments for the  
21 Trust Fund to include: (1) certain bonds, notes and other obligations that are issued  
22 or unconditionally guaranteed by the International Bank for Reconstruction and  
23 Development, the International Finance Corporation or the Inter-American  
24 Development Bank; and (2) certain bonds, notes and other obligations, commonly  
25 called "Yankee bonds," that are issued by a foreign financial institution,  
26 corporation or government. **Sections 2 and 3** of this bill similarly expand the list of  
27 authorized investments for money in the State Permanent School Fund and money  
28 invested through the General Portfolio. **Section 3** also increases, from 20 to 25  
29 percent, the maximum share of the aggregate value of the General Portfolio that is  
30 authorized to be invested in the commercial paper, notes, bonds or other obligations  
31 of certain corporations and depository institutions operating in the United States.

32 **Section 4** of this bill authorizes the governing body of certain local  
33 governments and certain administrative entities established by cooperative  
34 agreements entered into by cities and counties to invest in the additional types of  
35 securities described above. **Section 6** of this bill makes a conforming change.  
36 **Sections 4 and 5** of this bill increase, from 20 to 25 percent, the maximum share of  
37 the aggregate value of the portfolios of certain local governments that is authorized  
38 to be invested in the commercial paper, notes, bonds or other obligations of certain  
39 corporations and depository institutions and require that not more than 5 percent of  
40 the value of such a portfolio be in the obligations of a single corporation or  
41 depository institution. **Section 5** also authorizes additional local governments and  
42 certain administrative entities established by cooperative agreements entered into  
43 by cities and counties to invest in certain securities, which, under existing law, are  
44 authorized investments only for certain boards of county commissioners, boards of  
45 trustees of certain county school districts and the governing bodies of certain  
46 incorporated cities.

47 Existing law places various requirements on money in the State's General  
48 Portfolio and the investment of the money of certain local governments. (NRS  
49 355.140, 355.170, 355.171) **Sections 3-5** eliminate the requirement that certain  
50 securities be sold as soon as possible if the rating of the security falls below the  
51 level required by existing law. For certain investments by local governments,  
52 **section 5** replaces this requirement with a requirement that the rating reduction be  
53 reported to the local government.

---

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

1 **Section 1.** NRS 353B.160 is hereby amended to read as  
2 follows:

3 353B.160 1. The Board shall create a comprehensive plan  
4 that specifies the policies for investment which the State Treasurer  
5 shall follow in administrating the Trust Fund.

6 2. The Board may authorize the State Treasurer to invest the  
7 property of the Trust Fund in:



1 (a) A bond, note, certificate or other general obligation of the  
2 State of Nevada, or of a county, city, general improvement district  
3 or school district of the State of Nevada.

4 (b) A corporate bond of a corporation created by or existing  
5 under the laws of the United States or of a state, district or territory  
6 of the United States with a rating not lower than "A" or its  
7 equivalent by a nationally recognized rating service. The total  
8 amount invested in such bonds must not exceed 50 percent of the  
9 book value of the total fixed income investments of the Trust Fund.

10 (c) Commercial paper of a corporation created by or existing  
11 under the laws of the United States or of a state, district or territory  
12 of the United States or of a wholly owned subsidiary of such a  
13 corporation with a rating not lower than "A-3" or "P-3" by a  
14 nationally recognized rating service.

15 (d) A bond, note, debenture or other valid obligation that is  
16 issued by the Treasury of the United States.

17 (e) A bond, note, debenture or other security that is issued by an  
18 agency or instrumentality of the United States or that is fully  
19 guaranteed by the United States in:

20 (1) The Federal Farm Credit ~~{Bank;}~~ *Banks Funding*  
21 *Corporation;*

22 (2) The Federal National Mortgage Association;

23 (3) The Federal Home Loan ~~{Bank;}~~ *Banks;*

24 (4) The Federal Home Loan Mortgage Corporation; or

25 (5) The Government National Mortgage Association.

26 (f) A bond, note, debenture or other security in the Student Loan  
27 Marketing Association, regardless of whether it is guaranteed by the  
28 United States.

29 (g) *A bond, note or other obligation issued or unconditionally*  
30 *guaranteed by the International Bank for Reconstruction and*  
31 *Development, the International Finance Corporation or the Inter-*  
32 *American Development Bank that:*

33 (1) *Is denominated in United States dollars;*

34 (2) *Is a senior unsecured unsubordinated obligation;*

35 (3) *At the time of purchase has a remaining term to*  
36 *maturity of 5 years or less; and*

37 (4) *Is rated by a nationally recognized rating service as*  
38 *"AA" or its equivalent, or better,*

39 *↳ except that investments pursuant to this paragraph may not, in*  
40 *aggregate value, exceed 15 percent of the total par value of the*  
41 *Trust Fund at the time of purchase.*

42 (h) *A bond, note or other obligation publicly issued in the*  
43 *United States by a foreign financial institution, corporation or*  
44 *government that:*

45 (1) *Is denominated in United States dollars;*



1           (2) *Is a senior unsecured unsubordinated obligation;*  
2           (3) *Is registered with the Securities and Exchange*  
3 *Commission in accordance with the provisions of the Securities*  
4 *Act of 1933, 15 U.S.C. §§ 77a et seq., as amended;*

5           (4) *Is publicly traded;*  
6           (5) *Is purchased from a registered broker-dealer;*  
7           (6) *At the time of purchase has a remaining term to*  
8 *maturity of 5 years or less; and*

9           (7) *Is rated by a nationally recognized rating service as*  
10 *“AA” or its equivalent, or better,*  
11 *↳ except that investments pursuant to this paragraph may not, in*  
12 *aggregate value, exceed 10 percent of the total par value of the*  
13 *Trust Fund as determined at the time of purchase.*

14           (i) Collateralized mortgage obligations that are rated “AAA” or  
15 its equivalent by a nationally recognized rating service.

16           ~~(h)~~ (j) Asset-backed securities that are rated “AAA” or its  
17 equivalent by a nationally recognized rating service.

18           ~~(i)~~ (k) Money market mutual funds that:

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

21           (2) Are rated by a nationally recognized rating service as “A”  
22 or its equivalent, or better; and

23           (3) Invest only in securities issued by the Federal  
24 Government or agencies of the Federal Government or in repurchase  
25 agreements fully collateralized by such securities.

26           ↳ The total dollar amount invested in such mutual funds must not  
27 exceed 20 percent of the total dollar amount of the Trust Fund that is  
28 invested.

29           ~~(j)~~ (l) Common or preferred stock of a corporation created by  
30 or existing under the laws of the United States or of a state, district  
31 or territory of the United States, if:

32           (1) The stock of the corporation is:

33           (I) Listed on a national stock exchange; or

34           (II) Traded in the over-the-counter market, if the price  
35 quotations for the over-the-counter stock are quoted by the National  
36 Association of Securities Dealers Automated ~~[Quotations]~~  
37 *Quotation* System, NASDAQ;

38           (2) The outstanding shares of the corporation have a total  
39 market value of not less than \$50,000,000;

40           (3) The maximum investment in stock is not greater than 60  
41 percent of the book value of the total investments of the Trust Fund;

42           (4) Except for investments made pursuant to paragraph ~~(m)~~;  
43 (o), the amount of an investment in a single corporation is not  
44 greater than 3 percent of the book value of the assets of the Trust  
45 Fund; and



1 (5) Except for investments made pursuant to paragraph ~~[(m)]~~  
2 (o), the total amount of shares owned by the Trust Fund is not  
3 greater than 5 percent of the outstanding stock of a single  
4 corporation.

5 ~~[(k)]~~ (m) A covered call or put option on securities that are  
6 traded on one or more of the regulated exchanges in the United  
7 States.

8 ~~[(j)]~~ (n) A pooled or commingled real estate fund or a real  
9 estate security that is managed by a corporate trustee or by an  
10 investment advisory firm that is registered with the Securities and  
11 Exchange Commission, either of which may be retained by the  
12 Board as an investment manager. The shares and the pooled or  
13 commingled fund must be held in trust. The total book value of an  
14 investment made under this paragraph must not at any time be  
15 greater than 5 percent of the total book value of all investments of  
16 the Trust Fund.

17 ~~[(m)]~~ (o) Mutual funds or common trust funds that consist of  
18 any combination of the investments listed in paragraphs (a) to ~~[(j)]~~  
19 (n), inclusive.

20 3. The State Treasurer shall exercise the standard of care in  
21 investing the property of the Trust Fund that a person of prudence,  
22 discretion and intelligence would exercise in the management of his  
23 or her own affairs, given the prevailing circumstances, not in regard  
24 to speculation but rather to the permanent disposition of the  
25 property, considering the potential income from and the probable  
26 safety of his or her capital.

27 4. Subject to the terms, conditions, limitations and restrictions  
28 set forth in this section, the State Treasurer may sell, assign, transfer  
29 or dispose of the property and investments of the Trust Fund upon  
30 the approval of a majority of the Board.

31 5. The assets of the Trust Fund:

32 (a) Must be maintained, invested and expended solely for the  
33 purposes of NRS 353B.010 to 353B.190, inclusive; and

34 (b) Must not be loaned, transferred or otherwise used for a  
35 purpose other than the purposes of NRS 353B.010 to 353B.190,  
36 inclusive.

37 6. The State Treasurer shall credit any income derived from an  
38 investment or a gain from a sale or exchange of an investment to the  
39 Trust Fund.

40 7. The State Treasurer shall acquire each investment for the  
41 Trust Fund at a price not to exceed the prevailing market value for  
42 such an investment.

43 8. Each investment in the Trust Fund must be clearly marked to  
44 indicate ownership by the Trust Fund.



1 9. The State Treasurer, an employee of the State Treasurer, or a  
2 member or employee of the Board shall not:

3 (a) Have a direct or indirect interest in the income, gain or profit  
4 of an investment that the State Treasurer makes;

5 (b) Receive pay or emolument for his or her services in  
6 connection with an investment that the State Treasurer makes; or

7 (c) Become an endorser, surety or obligor for money that is  
8 borrowed from the Trust Fund.

9 10. If the annual actuarial study performed pursuant to NRS  
10 353B.190 reveals that there is insufficient money to ensure the  
11 actuarial soundness of the Trust Fund, the Board shall modify the  
12 terms of subsequent prepaid tuition contracts.

13 11. The terms, conditions, limitations and restrictions regarding  
14 investments of the Trust Fund listed in this section apply only at the  
15 time an investment is originally acquired and must not be construed  
16 to require the liquidation of an investment at any time.

17 **Sec. 2.** NRS 355.060 is hereby amended to read as follows:

18 355.060 1. The State Controller shall notify the State  
19 Treasurer monthly of the amount of uninvested money in the State  
20 Permanent School Fund.

21 2. Whenever there is a sufficient amount of money for  
22 investment in the State Permanent School Fund, the State Treasurer  
23 shall proceed to negotiate for the investment of the money in:

24 (a) United States bonds.

25 (b) *A bond, note or other obligation issued or unconditionally*  
26 *guaranteed by the International Bank for Reconstruction and*  
27 *Development, the International Finance Corporation or the Inter-*  
28 *American Development Bank that:*

29 (1) *Is denominated in United States dollars;*

30 (2) *Is a senior unsecured unsubordinated obligation;*

31 (3) *At the time of purchase has a remaining term to*  
32 *maturity of 5 years or less; and*

33 (4) *Is rated by a nationally recognized rating service as*  
34 *“AA” or its equivalent, or better,*

35 *↳ except that investments pursuant to this paragraph may not, in*  
36 *aggregate value, exceed 15 percent of the total par value of the*  
37 *portfolio as determined at the time of purchase.*

38 (c) *A bond, note or other obligation publicly issued in the*  
39 *United States by a foreign financial institution, corporation or*  
40 *government that:*

41 (1) *Is denominated in United States dollars;*

42 (2) *Is a senior unsecured unsubordinated obligation;*

43 (3) *Is registered with the Securities and Exchange*  
44 *Commission in accordance with the provisions of the Securities*  
45 *Act of 1933, 15 U.S.C. §§ 77a et seq., as amended;*



- 1           (4) *Is publicly traded;*
- 2           (5) *Is purchased from a registered broker-dealer;*
- 3           (6) *At the time of purchase has a remaining term to*
- 4 *maturity of 5 years or less; and*
- 5           (7) *Is rated by a nationally recognized rating service as*
- 6 *“AA” or its equivalent, or better,*

7       ↳ *except that investments pursuant to this paragraph may not, in*  
8 *aggregate value, exceed 10 percent of the total par value of the*  
9 *portfolio as determined at the time of purchase.*

10       (d) Obligations or certificates of the Federal National Mortgage  
11 Association, the Federal Home Loan Banks, the Federal Home Loan  
12 Mortgage Corporation, the Federal Farm Credit Banks Funding  
13 Corporation or the Student Loan Marketing Association, whether or  
14 not guaranteed by the United States.

15       ~~(e)~~ (e) Bonds of this state or of other states.

16       ~~(d)~~ (f) Bonds of any county of the State of Nevada.

17       ~~(e)~~ (g) United States treasury notes.

18       ~~(f)~~ (h) Farm mortgage loans fully insured and guaranteed by  
19 the Farm Service Agency of the United States Department of  
20 Agriculture.

21       ~~(g)~~ (i) Loans at a rate of interest of not less than 6 percent per  
22 annum, secured by mortgage on agricultural lands in this state of not  
23 less than three times the value of the amount loaned, exclusive of  
24 perishable improvements, of unexceptional title and free from all  
25 encumbrances.

26       ~~(h)~~ (j) Money market mutual funds that:

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

29           (2) Are rated by a nationally recognized rating service as  
30 “AAA” or its equivalent; and

31           (3) Invest only in securities issued or guaranteed as to  
32 payment of principal and interest by the Federal Government, or its  
33 agencies or instrumentalities, or in repurchase agreements that are  
34 fully collateralized by such securities.

35       ~~(i)~~ (k) Common or preferred stock of a corporation created by  
36 or existing under the laws of the United States or of a state, district  
37 or territory of the United States, if:

38           (1) The stock of the corporation is:

39               (I) Listed on a national stock exchange; or

40               (II) Traded in the over-the-counter market, if the price  
41 quotations for the over-the-counter stock are quoted by the National  
42 Association of Securities Dealers Automated ~~[Quotations]~~  
43 *Quotation* System (NASDAQ);

44           (2) The outstanding shares of the corporation have a total  
45 market value of not less than \$50,000,000;



1 (3) The maximum investment in stock is not greater than 50  
2 percent of the book value of the total investments of the State  
3 Permanent School Fund;

4 (4) Except for investments made pursuant to paragraph ~~[(k);~~  
5 *(m)*, the amount of an investment in a single corporation is not  
6 greater than 3 percent of the book value of the assets of the State  
7 Permanent School Fund; and

8 (5) Except for investments made pursuant to paragraph ~~[(k);~~  
9 *(m)*, the total amount of shares owned by the State Permanent  
10 School Fund is not greater than 5 percent of the outstanding stock of  
11 a single corporation.

12 ~~[(j);~~ *(l)* A pooled or commingled real estate fund or a real estate  
13 security that is managed by a corporate trustee or by an investment  
14 advisory firm that is registered with the Securities and Exchange  
15 Commission, either of which may be retained by the State Treasurer  
16 as an investment manager. The shares and the pooled or  
17 commingled fund must be held in trust. The total book value of an  
18 investment made under this paragraph must not at any time be  
19 greater than 5 percent of the total book value of all investments of  
20 the State Permanent School Fund.

21 ~~[(k);~~ *(m)* Mutual funds or common trust funds that consist of  
22 any combination of the investments listed in paragraphs (a) to ~~[(j);~~  
23 *(l)*, inclusive.

24 ~~[(j);~~ *(n)* The limited partnerships or limited-liability companies  
25 described in NRS 355.280.

26 3. The State Treasurer shall not invest any money in the State  
27 Permanent School Fund pursuant to paragraph ~~[(i); (j) or]~~ *(k)*, *(l) or*  
28 *(m)* of subsection 2 unless the State Treasurer obtains a judicial  
29 determination that the proposed investment or category of  
30 investments will not violate the provisions of Section 9 of Article 8  
31 of the Constitution of the State of Nevada. The State Treasurer shall  
32 contract for the services of independent contractors to manage any  
33 investments of the State Treasurer made pursuant to paragraph ~~[(i);~~  
34 ~~[(j) or]~~ *(k)*, *(l) or (m)* of subsection 2. The State Treasurer shall  
35 establish such criteria for the qualifications of such an independent  
36 contractor as are appropriate to ensure that each independent  
37 contractor has expertise in the management of such investments.

38 4. In addition to the investments authorized by subsection 2,  
39 the State Treasurer may make loans of money from the State  
40 Permanent School Fund to school districts pursuant to  
41 NRS 387.526.

42 5. No part of the State Permanent School Fund may be invested  
43 pursuant to a reverse-repurchase agreement.





1       **Sec. 3.** NRS 355.140 is hereby amended to read as follows:

2       355.140 1. In addition to other investments provided for by a  
3 specific statute, the following bonds and other securities are proper  
4 and lawful investments of any of the money of this state, of its  
5 various departments, institutions and agencies, and of the State  
6 Insurance Fund:

7       (a) Bonds and certificates of the United States;

8       (b) Bonds, notes, debentures and loans if they are underwritten  
9 by or their payment is guaranteed by the United States;

10       (c) Obligations or certificates of the United States Postal  
11 Service, the Federal National Mortgage Association, the  
12 Government National Mortgage Association, the Federal  
13 Agricultural Mortgage Corporation, the Federal Home Loan Banks,  
14 the Federal Home Loan Mortgage Corporation or the Student Loan  
15 Marketing Association, whether or not guaranteed by the United  
16 States;

17       (d) Bonds of this state or other states of the Union;

18       (e) Bonds of any county of this state or of other states;

19       (f) Bonds of incorporated cities in this state or in other states of  
20 the Union, including special assessment district bonds if those bonds  
21 provide that any deficiencies in the proceeds to pay the bonds are to  
22 be paid from the general fund of the incorporated city;

23       (g) General obligation bonds of irrigation districts and drainage  
24 districts in this state which are liens upon the property within those  
25 districts, if the value of the property is found by the board or  
26 commission making the investments to render the bonds financially  
27 sound over all other obligations of the districts;

28       (h) Bonds of school districts within this state;

29       (i) Bonds of any general improvement district whose population  
30 is 200,000 or more and which is situated in two or more counties of  
31 this state or of any other state, if:

32           (1) The bonds are general obligation bonds and constitute a  
33 lien upon the property within the district which is subject to  
34 taxation; and

35           (2) That property is of an assessed valuation of not less than  
36 five times the amount of the bonded indebtedness of the district;

37       (j) Medium-term obligations for counties, cities and school  
38 districts authorized pursuant to chapter 350 of NRS;

39       (k) Loans bearing interest at a rate determined by the State  
40 Board of Finance when secured by first mortgages on agricultural  
41 lands in this state of not less than three times the value of the  
42 amount loaned, exclusive of perishable improvements, and of  
43 unexceptional title and free from all encumbrances;

44       (l) Farm loan bonds, consolidated farm loan bonds, debentures,  
45 consolidated debentures and other obligations issued by federal land



1 banks and federal intermediate credit banks under the authority of  
2 the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012,  
3 inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act  
4 of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds,  
5 debentures, consolidated debentures and other obligations issued by  
6 banks for cooperatives under the authority of the Farm Credit Act of  
7 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm  
8 Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, excluding  
9 such money thereof as has been received or which may be received  
10 hereafter from the Federal Government or received pursuant to some  
11 federal law which governs the investment thereof;

12 (m) Negotiable certificates of deposit issued by commercial  
13 banks, insured credit unions, savings and loan associations or  
14 savings banks;

15 (n) Bankers' acceptances of the kind and maturities made  
16 eligible by law for rediscount with Federal Reserve banks or trust  
17 companies which are members of the Federal Reserve System,  
18 except that acceptances may not exceed 180 days' maturity, and  
19 may not, in aggregate value, exceed 20 percent of the total par value  
20 of the portfolio as determined ~~[on]~~ at the ~~[date]~~ time of purchase;

21 (o) Commercial paper issued by a corporation organized and  
22 operating in the United States or by a depository institution licensed  
23 by the United States or any state and operating in the United States  
24 that:

25 (1) At the time of purchase has a remaining term to maturity  
26 of not more than 270 days; and

27 (2) Is rated by a nationally recognized rating service as "A-  
28 1," "P-1" or its equivalent, or better,

29 ↪ except that investments pursuant to this paragraph may not, in  
30 aggregate value, exceed ~~[20]~~ 25 percent of the total par value of the  
31 portfolio as determined ~~[on]~~ at the ~~[date]~~ time of purchase ; ~~[-, and if~~  
32 ~~the rating of an obligation is reduced to a level that does not meet~~  
33 ~~the requirements of this paragraph, it must be sold as soon as~~  
34 ~~possible;]~~

35 (p) Notes, bonds and other unconditional obligations for the  
36 payment of money, except certificates of deposit that do not qualify  
37 pursuant to paragraph (m), issued by corporations organized and  
38 operating in the United States or by depository institutions licensed  
39 by the United States or any state and operating in the United States  
40 that:

41 (1) Are purchased from a registered broker-dealer;

42 (2) At the time of purchase have a remaining term to  
43 maturity of not more than 5 years; and

44 (3) Are rated by a nationally recognized rating service as "A"  
45 or its equivalent, or better,



1 ↪ except that investments pursuant to this paragraph may not, in  
2 aggregate value, exceed ~~[20]~~ 25 percent of the total par value of the  
3 portfolio ~~[, and if the rating of an obligation is reduced to a level that~~  
4 ~~does not meet the requirements of this paragraph, it must be sold as~~  
5 ~~soon as possible;]~~ as determined at the time of purchase;

6 (q) *A bond, note or other obligation issued or unconditionally*  
7 *guaranteed by the International Bank for Reconstruction and*  
8 *Development, the International Finance Corporation or the Inter-*  
9 *American Development Bank that:*

10 (1) *Is denominated in United States dollars;*

11 (2) *Is a senior unsecured unsubordinated obligation;*

12 (3) *At the time of purchase has a remaining term to*  
13 *maturity of 5 years or less; and*

14 (4) *Is rated by a nationally recognized rating service as*  
15 *“AA” or its equivalent, or better,*

16 ↪ *except that investments pursuant to this paragraph may not, in*  
17 *aggregate value, exceed 15 percent of the total par value of the*  
18 *portfolio as determined at the time of purchase.*

19 (r) *A bond, note or other obligation publicly issued in the*  
20 *United States by a foreign financial institution, corporation or*  
21 *government that:*

22 (1) *Is denominated in United States dollars;*

23 (2) *Is a senior unsecured unsubordinated obligation;*

24 (3) *Is registered with the Securities and Exchange*  
25 *Commission in accordance with the provisions of the Securities*  
26 *Act of 1933, 15 U.S.C. §§ 77a et seq., as amended;*

27 (4) *Is publicly traded;*

28 (5) *Is purchased from a registered broker-dealer;*

29 (6) *At the time of purchase has a remaining term to*  
30 *maturity of 5 years or less; and*

31 (7) *Is rated by a nationally recognized rating service as*  
32 *“AA” or its equivalent, or better,*

33 ↪ *except that investment pursuant to this paragraph may not, in*  
34 *aggregate value, exceed 10 percent of the total par value of the*  
35 *portfolio as determined at the time of purchase;*

36 (s) *Money market mutual funds which:*

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

39 (2) *Are rated by a nationally recognized rating service as*  
40 *“AAA” or its equivalent; and*

41 (3) *Invest only in securities issued by the Federal*  
42 *Government or agencies of the Federal Government or in repurchase*  
43 *agreements fully collateralized by such securities;*

44 ~~[(\*)]~~ (t) *Collateralized mortgage obligations that are rated by a*  
45 *nationally recognized rating service as “AAA” or its equivalent; and*



1 ~~(s)~~ (u) Asset-backed securities that are rated by a nationally  
2 recognized rating service as “AAA” or its equivalent.

3 2. Repurchase agreements are proper and lawful investments of  
4 money of the State and the State Insurance Fund for the purchase or  
5 sale of securities which are negotiable and of the types listed in  
6 subsection 1 if made in accordance with the following conditions:

7 (a) The State Treasurer shall designate in advance and thereafter  
8 maintain a list of qualified counterparties which:

9 (1) Regularly provide audited and, if available, unaudited  
10 financial statements to the State Treasurer;

11 (2) The State Treasurer has determined to have adequate  
12 capitalization and earnings and appropriate assets to be highly credit  
13 worthy; and

14 (3) Have executed a written master repurchase agreement in  
15 a form satisfactory to the State Treasurer and the State Board of  
16 Finance pursuant to which all repurchase agreements are entered  
17 into. The master repurchase agreement must require the prompt  
18 delivery to the State Treasurer and the appointed custodian of  
19 written confirmations of all transactions conducted thereunder, and  
20 must be developed giving consideration to the Federal Bankruptcy  
21 Act, 11 U.S.C. §§ 101 et seq.

22 (b) In all repurchase agreements:

23 (1) At or before the time money to pay the purchase price is  
24 transferred, title to the purchased securities must be recorded in the  
25 name of the appointed custodian, or the purchased securities must be  
26 delivered with all appropriate, executed transfer instruments by  
27 physical delivery to the custodian;

28 (2) The State must enter into a written contract with the  
29 custodian appointed pursuant to subparagraph (1) which requires the  
30 custodian to:

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

33 (II) Notify the State when the securities are marked to the  
34 market if the required margin on the agreement is not maintained;

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

37 (IV) Report periodically to the State concerning the  
38 market value of the securities;

39 (3) The market value of the purchased securities must exceed  
40 102 percent of the repurchase price to be paid by the counterparty  
41 and the value of the purchased securities must be marked to the  
42 market weekly;

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



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

3 3. As used in subsection 2:

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

7 (1) A registered broker-dealer;

8 (2) Designated by the Federal Reserve Bank of New York as  
9 a "primary" dealer in United States government securities; and

10 (3) In full compliance with all applicable capital  
11 requirements.

12 (b) "Repurchase agreement" means a purchase of securities by  
13 the State or State Insurance Fund from a counterparty which  
14 commits to repurchase those securities or securities of the same  
15 issuer, description, issue date and maturity on or before a specified  
16 date for a specified price.

17 4. No money of this state may be invested pursuant to a  
18 reverse-repurchase agreement, except money invested pursuant to  
19 chapter 286 of NRS.

20 **Sec. 4.** NRS 355.170 is hereby amended to read as follows:

21 355.170 1. Except as otherwise provided in this section and  
22 NRS 354.750 and 355.171, the governing body of a local  
23 government *or an administrative entity established pursuant to*  
24 *NRS 277.080 to 277.180, inclusive, that is not a local government*  
25 may purchase for investment the following securities and no others:

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

29 (b) *A bond, note or other obligation issued or unconditionally*  
30 *guaranteed by the International Bank for Reconstruction and*  
31 *Development, the International Finance Corporation or the Inter-*  
32 *American Development Bank that:*

33 (1) *Is denominated in United States dollars;*

34 (2) *Is a senior unsecured unsubordinated obligation;*

35 (3) *At the time of purchase has a remaining term to*  
36 *maturity of 5 years or less; and*

37 (4) *Is rated by a nationally recognized rating service as*  
38 *"AA" or its equivalent, or better,*

39 *except that investments pursuant to this paragraph may not, in*  
40 *aggregate value, exceed 15 percent of the total par value of the*  
41 *portfolio as determined at the time of purchase.*

42 (c) *A bond, note or other obligation publicly issued in the*  
43 *United States by a foreign financial institution, corporation or*  
44 *government that:*

45 (1) *Is denominated in United States dollars;*



- 1           (2) *Is a senior unsecured unsubordinated obligation;*  
2           (3) *Is registered with the Securities and Exchange*  
3 *Commission in accordance with the provisions of the Securities*  
4 *Act of 1933, §§ 77a et seq., as amended;*  
5           (4) *Is publicly traded;*  
6           (5) *Is purchased from a registered broker-dealer;*  
7           (6) *At the time of purchase has a remaining term to*  
8 *maturity of 5 years or less; and*  
9           (7) *Is rated by a nationally recognized rating service as*  
10 *“AA” or its equivalent, or better,*  
11 *↳ except that investments pursuant to this paragraph may not, in*  
12 *aggregate value, exceed 10 percent of the total par value of the*  
13 *portfolio as determined at the time of purchase.*

14           (d) Farm loan bonds, consolidated farm loan bonds, debentures,  
15 consolidated debentures and other obligations issued by federal land  
16 banks and federal intermediate credit banks under the authority of  
17 the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012,  
18 inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act  
19 of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds,  
20 debentures, consolidated debentures and other obligations issued by  
21 banks for cooperatives under the authority of the Farm Credit Act of  
22 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm  
23 Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive.

24           ~~(e)~~ (e) Bills and notes of the United States Treasury, the  
25 maturity date of which is not more than 10 years after the date of  
26 purchase.

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

31           ~~(g)~~ (g) Negotiable certificates of deposit issued by commercial  
32 banks, insured credit unions, savings and loan associations or  
33 savings banks.

34           ~~(h)~~ (h) Securities which have been expressly authorized as  
35 investments for local governments by any provision of Nevada  
36 Revised Statutes or by any special law.

37           ~~(i)~~ (i) Nonnegotiable certificates of deposit issued by insured  
38 commercial banks, insured credit unions, insured savings and loan  
39 associations or insured savings banks, except certificates that are not  
40 within the limits of insurance provided by an instrumentality of the  
41 United States, unless those certificates are collateralized in the same  
42 manner as is required for uninsured deposits by a county treasurer  
43 pursuant to NRS 356.133. For the purposes of this paragraph, any  
44 reference in NRS 356.133 to a “county treasurer” or “board of  
45 county commissioners” shall be deemed to refer to the appropriate



1 financial officer or governing body of the local government  
2 purchasing the certificates.

3 ~~[(h)]~~ (j) Subject to the limitations contained in NRS 355.177,  
4 negotiable notes or medium-term obligations issued by local  
5 governments of the State of Nevada pursuant to NRS 350.087 to  
6 350.095, inclusive.

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

15 ~~[(j)]~~ (l) Obligations of state and local governments:

16 (1) If:

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

19 (II) The obligation has been rated "A" or higher by one or  
20 more nationally recognized bond credit rating agencies; or

21 (2) If the obligation is secured by the proceeds that are paid  
22 into the tax increment account of a tax increment area created by a  
23 municipality pursuant to NRS 278C.220.

24 ~~[(k)]~~ (m) Commercial paper issued by a corporation organized  
25 and operating in the United States or by a depository institution  
26 licensed by the United States or any state and operating in the  
27 United States that:

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

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

31 ~~[(3)]~~ (2) Is rated by a nationally recognized rating service as  
32 "A-1," "P-1" or its equivalent, or better,

33 ~~↪ except that investments pursuant to this paragraph may not, in~~  
34 ~~aggregate value, exceed [20] 25 percent of the total par value of the~~  
35 ~~portfolio as determined [on] at the [date] time of purchase, and [if~~  
36 ~~the rating of an obligation is reduced to a level that does not meet~~  
37 ~~the requirements of this paragraph, it must be sold as soon as~~  
38 ~~possible.~~

39 ~~—(1)]~~ *not more than 5 percent of the total par value of the*  
40 *portfolio may be in commercial paper issued by any one*  
41 *corporation or depository institution.*

42 (n) Money market mutual funds which:

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



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

3 (3) Invest only in:

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

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

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

14 ~~(m)~~ (o) Obligations of the Federal Agricultural Mortgage  
15 Corporation.

16 2. Repurchase agreements are proper and lawful investments of  
17 money of a governing body of a local government for the purchase  
18 or sale of securities which are negotiable and of the types listed in  
19 subsection 1 if made in accordance with the following conditions:

20 (a) The governing body of the local government shall designate  
21 in advance and thereafter maintain a list of qualified counterparties  
22 which:

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

25 (2) The governing body of the local government has  
26 determined to have adequate capitalization and earnings and  
27 appropriate assets to be highly creditworthy; and

28 (3) Have executed a written master repurchase agreement in  
29 a form satisfactory to the governing body of the local government  
30 pursuant to which all repurchase agreements are entered into. The  
31 master repurchase agreement must require the prompt delivery to  
32 the governing body of the local government and the appointed  
33 custodian of written confirmations of all transactions conducted  
34 thereunder, and must be developed giving consideration to the  
35 Federal Bankruptcy Act.

36 (b) In all repurchase agreements:

37 (1) At or before the time money to pay the purchase price is  
38 transferred, title to the purchased securities must be recorded in the  
39 name of the appointed custodian, or the purchased securities must be  
40 delivered with all appropriate, executed transfer instruments by  
41 physical delivery to the custodian;

42 (2) The governing body of the local government must enter a  
43 written contract with the custodian appointed pursuant to  
44 subparagraph (1) which requires the custodian to:





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

3 (II) Notify the governing body of the local government  
4 when the securities are marked to the market if the required margin  
5 on the agreement is not maintained;

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

8 (IV) Report periodically to the governing body of the  
9 local government concerning the market value of the securities;

10 (3) The market value of the purchased securities must exceed  
11 102 percent of the repurchase price to be paid by the counterparty  
12 and the value of the purchased securities must be marked to the  
13 market weekly;

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

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

18 3. The securities described in paragraphs (a), ~~(b)~~ (d) and ~~(e)~~  
19 (e) of subsection 1 and the repurchase agreements described in  
20 subsection 2 may be purchased when, in the opinion of the  
21 governing body of the local government, there is sufficient money in  
22 any fund of the local government to purchase those securities and  
23 the purchase will not result in the impairment of the fund for the  
24 purposes for which it was created.

25 4. When the governing body of the local government has  
26 determined that there is available money in any fund or funds for the  
27 purchase of bonds as set out in subsection 1 or 2, those purchases  
28 may be made and the bonds paid for out of any one or more of the  
29 funds, but the bonds must be credited to the funds in the amounts  
30 purchased, and the money received from the redemption of the  
31 bonds, as and when redeemed, must go back into the fund or funds  
32 from which the purchase money was taken originally.

33 5. Any interest earned on money invested pursuant to  
34 subsection 3, may, at the discretion of the governing body of the  
35 local government, be credited to the fund from which the principal  
36 was taken or to the general fund of the local government.

37 6. The governing body of a local government may invest any  
38 money apportioned into funds and not invested pursuant to  
39 subsection 3 and any money not apportioned into funds in bills and  
40 notes of the United States Treasury, the maturity date of which is  
41 not more than 1 year after the date of investment. These investments  
42 must be considered as cash for accounting purposes, and all the  
43 interest earned on them must be credited to the general fund of the  
44 local government.



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

5 8. As used in this section:

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

9 (1) A registered broker-dealer;

10 (2) Designated by the Federal Reserve Bank of New York as  
11 a "primary" dealer in United States government securities; and

12 (3) In full compliance with all applicable capital  
13 requirements.

14 (b) "Local government" has the meaning ascribed to it in  
15 NRS 354.474.

16 (c) "Repurchase agreement" means a purchase of securities by  
17 the governing body of a local government from a counterparty  
18 which commits to repurchase those securities or securities of the  
19 same issuer, description, issue date and maturity on or before a  
20 specified date for a specified price.

21 **Sec. 5.** NRS 355.171 is hereby amended to read as follows:

22 355.171 1. Except as otherwise provided in this section, ~~the~~  
23 ~~board of county commissioners, a board of trustees of a county~~  
24 ~~school district or~~ the governing body of ~~an incorporated city~~ *a*  
25 *local government or an administrative entity established pursuant*  
26 *to NRS 277.080 to 277.180, inclusive, that is not a local*  
27 *government* may purchase for investment:

28 (a) Notes, bonds and other unconditional obligations for the  
29 payment of money issued by corporations organized and operating  
30 in the United States that:

31 (1) Are purchased from a registered broker-dealer;

32 (2) At the time of purchase have a remaining term to  
33 maturity of no more than 5 years; and

34 (3) Are rated by a nationally recognized rating service as "A"  
35 or its equivalent, or better.

36 (b) Collateralized mortgage obligations that are rated by a  
37 nationally recognized rating service as "AAA" or its equivalent.

38 (c) Asset-backed securities that are rated by a nationally  
39 recognized rating service as "AAA" or its equivalent.

40 2. With respect to investments purchased pursuant to paragraph

41 (a) of subsection 1:

42 (a) Such investments must not, in aggregate value, exceed ~~20~~  
43 *25* percent of the total *par value of the* portfolio as determined ~~on~~  
44 *at the [date] time* of purchase; *and*



1 (b) Not more than ~~[25]~~ 5 percent of ~~[such investments]~~ *the total*  
2 *par value of the portfolio* may be in notes, bonds and other  
3 unconditional obligations issued by any one corporation; and

4 (c) If the rating of an obligation is reduced to a level that does  
5 not meet the requirements of that paragraph, the ~~[obligation]~~  
6 *investment adviser* must, ~~[be sold]~~ as soon as possible ~~[.]~~, *report*  
7 *the reduction in the rating to the governing body of the local*  
8 *government that purchased the investment.*

9 3. Subsections 1 and 2 do not:

10 (a) Apply to a:

11 (1) Board of county commissioners of a county whose  
12 population is less than 100,000;

13 (2) Board of trustees of a county school district in a county  
14 whose population is less than 100,000; ~~[or]~~

15 (3) Governing body of an incorporated city whose population  
16 is less than 150,000 ~~[.]~~;

17 (4) *Governing body of a local government not specified in*  
18 *subparagraph (1), (2) or (3) if the population subject to the*  
19 *jurisdiction of the governing body or served by the governing body*  
20 *is less than 100,000; or*

21 (5) *Governing body of an administrative entity established*  
22 *pursuant to NRS 277.080 to 277.180, inclusive, if the population*  
23 *subject to the jurisdiction of the governing body or served by the*  
24 *governing body is less than 150,000,*

25 ↪ unless the purchase is effected by the State Treasurer pursuant to  
26 his or her investment of a pool of money from local governments or  
27 by an investment adviser who is registered with the Securities and  
28 Exchange Commission and approved by the State Board of Finance.

29 (b) Authorize the investment of money administered pursuant to  
30 a contract, debenture agreement or grant in a manner not authorized  
31 by the terms of the contract, agreement or grant.

32 4. *As used in this section, "local government" has the*  
33 *meaning ascribed to it in NRS 354.474.*

34 **Sec. 6.** NRS 355.176 is hereby amended to read as follows:

35 355.176 Any money held by a local government pursuant to a  
36 deferred compensation plan may be invested in the types of  
37 investments set forth in paragraphs (a) to ~~[(f)]~~ (h), inclusive, of  
38 subsection 1 of NRS 355.170 and may additionally be invested in  
39 corporate stocks, bonds and securities, mutual funds, savings and  
40 loan or savings bank accounts, credit union accounts, life insurance  
41 policies, annuities, mortgages, deeds of trust or other security  
42 interests in real or personal property.

43 **Sec. 7.** This act becomes effective on July 1, 2019.

