

AMENDMENTS TO LB 259

Introduced by Banking, Commerce and Insurance.

1 1. Insert the following new sections:

2 Sec. 6. Section 16-716, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 16-716 The treasurer shall not have on deposit in any
5 bank, capital stock financial institution, or qualifying mutual
6 financial institution at any time more than the amount insured
7 or guaranteed by the Federal Deposit Insurance Corporation plus
8 the maximum amount of the bond given by the bank, capital stock
9 financial institution, or qualifying mutual financial institution
10 if the bank, capital stock financial institution, or qualifying
11 mutual financial institution gives a surety bond, nor in any bank,
12 capital stock financial institution, or qualifying mutual financial
13 institution giving a personal bond, more than the amount insured
14 or guaranteed by the Federal Deposit Insurance Corporation plus
15 one-half of the amount of the bond of such bank, capital stock
16 financial institution, or qualifying mutual financial institution,
17 and the amount so on deposit any time with any such bank,
18 capital stock financial institution, or qualifying mutual financial
19 institution shall not in either case exceed the amount insured
20 or guaranteed by the Federal Deposit Insurance Corporation plus
21 the paid-up capital stock and surplus of such bank, capital stock
22 financial institution, or qualifying mutual financial institution.

23 The city treasurer shall not be liable for any loss

1 sustained by reason of the failure of any such bonded depository
2 whose bond has been duly approved by the mayor as provided in
3 section 16-714 or which has, in lieu of a surety bond, given
4 security as provided in section 16-715.

5 Sec. 10. Section 30-3209, Reissue Revised Statutes of
6 Nebraska, is amended to read:

7 30-3209 (1) Corporate trustees authorized by Nebraska law
8 to exercise fiduciary powers and holding retirement or pension
9 funds for the benefit of employees or former employees of cities,
10 villages, school districts, public power districts, or other
11 governmental or political subdivisions may invest and reinvest
12 such funds in such securities and investments as are authorized
13 for trustees, guardians, conservators, personal representatives, or
14 administrators under the laws of Nebraska. Retirement or pension
15 funds of such cities, villages, districts, or subdivisions may be
16 invested in annuities issued by life insurance companies authorized
17 to do business in Nebraska. Except as provided in subsection
18 (2) of this section, any other retirement or pension funds
19 of cities, including cities operating under home rule charters,
20 villages, school districts except as provided in section 79-9,107,
21 public power districts, and all other governmental or political
22 subdivisions may be invested and reinvested, as the governing body
23 of such city, village, school district, public power district, or
24 other governmental or political subdivision may determine, in the
25 following classes of securities and investments: (a) Bonds, notes,
26 or other obligations of the United States or those guaranteed
27 by or for which the credit of the United States is pledged

1 for the payment of the principal and interest or dividends
2 thereof; (b) bonds or other evidences of indebtedness of the
3 State of Nebraska and full faith and credit obligations of or
4 obligations unconditionally guaranteed as to principal and interest
5 by any other state of the United States; (c) bonds, notes, or
6 obligations of any municipal or political subdivision of the
7 State of Nebraska which are general obligations of the issuer
8 thereof and revenue bonds or debentures of any city, county, or
9 utility district of this state when the earnings available for
10 debt service have, for a five-year period immediately preceding
11 the date of purchase, averaged not less than one and one-half
12 times such debt service requirements; (d) bonds and debentures
13 issued either singly or collectively by any of the twelve federal
14 land banks, the twelve intermediate credit banks, or the thirteen
15 banks for cooperatives under the supervision of the Farm Credit
16 Administration; (e) certificates of deposit of banks which are
17 members of the Federal Deposit Insurance Corporation or capital
18 stock financial institutions, and if the amount deposited exceeds
19 the amount of insurance available thereon, then the excess shall
20 be secured in the same manner as for the deposit of public funds;
21 (f) accounts with building and loan associations, qualifying mutual
22 financial institutions, or federal savings and loan associations
23 in the State of Nebraska to the extent that such accounts are
24 insured or guaranteed by the Federal Deposit Insurance Corporation;
25 (g) bonds or other interest-bearing obligations of any corporation
26 organized under the laws of the United States or any state thereof
27 if (i) at the time the purchase is made, they are given, by at

1 least one statistical organization whose publication is in general
2 use, one of the three highest ratings given by such organization
3 and (ii) not more than five percent of the fund shall be invested
4 in the obligations of any one issuer; (h) direct short-term
5 obligations, generally classified as commercial paper, of any
6 corporation organized or existing under the laws of the United
7 States or any state thereof with a net worth of ten million dollars
8 or more; and (i) preferred or common stock of any corporation
9 organized under the laws of the United States or of any state
10 thereof with a net worth of ten million dollars or more if (i)
11 not more than fifty percent of the total investments at the time
12 such investment is made is in this class and not more than five
13 percent is invested in each of the first five years and (ii) not
14 more than five percent thereof is invested in the securities of any
15 one corporation. Notwithstanding the percentage limits stated in
16 this subsection, the cash proceeds of the sale of such preferred or
17 common stock may be reinvested in any securities authorized under
18 this subdivision. No city, village, school district, public power
19 district, or other governmental subdivision or the governing body
20 thereof shall be authorized to sell any securities short, buy on
21 margin, or buy, sell, or engage in puts and calls. Section 77-2366
22 shall apply to deposits in capital stock financial institutions.
23 Section 77-2365.01 shall apply to deposits in qualifying mutual
24 financial institutions.

25 (2) Notwithstanding the limitations prescribed in
26 subsection (1) of this section, trustees holding retirement or
27 pension funds for the benefit of employees or former employees

1 of any city of the metropolitan class, metropolitan utilities
2 district, or county in which a city of the metropolitan class is
3 located shall invest such funds in investments of the nature which
4 individuals of prudence, discretion, and intelligence acquire or
5 retain in dealing with the property of another. Such investments
6 shall not be made for speculation but for investment, considering
7 the probable safety of their capital as well as the probable income
8 to be derived. The trustees shall not buy on margin, buy call
9 options, or buy put options. The trustees may lend any security
10 if cash, United States Government obligations, or United States
11 Government agency obligations with a market value equal to or
12 exceeding the market value of the security lent are received as
13 collateral. If shares of stock are purchased under this subsection,
14 all proxies may be voted by the trustees. The asset allocation
15 restrictions set forth in subsection (1) of this section shall
16 not be applicable to the funds of pension or retirement systems
17 administered by or on behalf of a city of the metropolitan class,
18 metropolitan utilities district, or county in which a city of the
19 metropolitan class is located.

20 2. On page 22, line 21, strike "federal farm credit
21 system", show as stricken, and insert "Federal Farm Credit System".

22 3. On page 26, line 5, strike "act", show as stricken,
23 and insert "Public Funds Deposit Security Act".

24 4. On page 35, line 17, strike "21" and insert "23"; and
25 in line 20 after "16-715," insert "16-716," and after "17-720,"
26 insert "30-3209,".

27 5. Renumber the remaining sections accordingly.