

LD6597661

## SENATE BILL NO. 507

Offered January 25, 1994

*A BILL to amend and reenact §§ 2.1-327 and 51.1-117 of the Code of Virginia, relating to investment of public funds.*

Patrons—Gartlan, Barry, Colgan, Lambert, Miller, Y.B., Russell, Saslaw and Wampler; Delegates: Callahan, Hull, Keating, Marshall, McDonnell, Parrish, Puller, Rollison and Stump

Referred to the Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 2.1-327 and 51.1-117 of the Code of Virginia are amended and reenacted as follows:**

**§ 2.1-327. Legal investments for public sinking funds.**

The Commonwealth, all public officers, municipal corporations, other political subdivisions and all other public bodies of the Commonwealth may invest any sinking funds belonging to them or within their control in the following securities:

1. Obligations of the Commonwealth. - Bonds, notes and other evidences of indebtedness of the Commonwealth, and securities unconditionally guaranteed as to the payment of principal and interest by the Commonwealth.

2. Obligations of the United States, etc. - Bonds, notes and other obligations of the United States, and securities unconditionally guaranteed as to the payment of principal and interest by the United States, or any agency thereof. The evidences of indebtedness enumerated by this subdivision may be held directly, or in the form of repurchase agreements collateralized by such debt securities, or in the form of securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1949, provided that the portfolio of such investment company or investment trust is limited to such evidences of indebtedness.

3. Obligations of Virginia counties, cities, etc. - Bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth upon which there is no default; provided, that such bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body are either direct legal obligations of, or those unconditionally guaranteed as to the payment of principal and interest by the county, city, town, district, authority or other public body in question; and revenue bonds issued by agencies or authorities of the Commonwealth or its political subdivisions upon which there is no default.

4. Obligations of International Bank for Reconstruction and Development, Asian Development Bank and African Development Bank. - Bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development, bonds and other obligations issued, guaranteed or assumed by the Asian Development Bank and bonds and other obligations issued, guaranteed or assumed by the African Development Bank.

5. Saving accounts or time deposits. - Savings accounts or time deposits in any bank or savings and loan association within this Commonwealth provided such bank or savings and loan association is approved for the deposit of other funds of the Commonwealth or other political subdivision thereof.

6. Northern Ireland-related investments. - Bonds, notes, and other obligations of any institution or company doing business in or with Northern Ireland subject to the conditions and restrictions established in § 51.1-117 have been met.

**§ 51.1-117. Certain investments specifically authorized.**

The Board is specifically authorized to invest in the following securities and other investments, which are and shall be considered lawful investments:

United States obligations. - The Board may invest its trust funds in bonds, notes, warrants, and other securities which are direct obligations of the United States of America, or any agency or instrumentality thereof, or for which the full faith and credit of the United States of America, or any agency or instrumentality thereof, is pledged for the payment of principal and interest.

Canadian obligations. - The Board may invest not more than ten percent of its trust funds in the bonds, notes, warrants, and other securities of Canada, of any province thereof, or of any municipality in Canada having a population of at least 100,000; or in any bonds fully guaranteed as to payment of principal and interest by Canada, or any province thereof, if (i) the bonds are payable both as to principal and interest in lawful money of the United States or of Canada, (ii) the bonds are rated "A" by at least two nationally recognized rating agencies, and (iii) within the seven years immediately preceding the date of the proposed investment there has been no default on the part of the issuing governmental unit in the payment of principal or interest of any of its bonds or other securities.

60 International Bank obligations. - The Board may invest not more than five percent of its trust funds  
61 in obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and  
62 Development.

63 Inter-American Development Bank obligations. - The Board may invest not more than five percent of  
64 its trust funds in obligations issued, assumed, or guaranteed by the Inter-American Development Bank.

65 Asian Development Bank obligations. - The Board may invest not more than five percent of its trust  
66 funds in obligations issued, assumed, or guaranteed by the Asian Development Bank.

67 Transportation equipment trust certificates. - The Board may invest not more than ten percent of its  
68 trust funds in adequately secured equipment trust certificates or other adequately secured instruments  
69 evidencing an interest in transportation equipment wholly or partly within the United States and a right  
70 to receive determined portions of rental, purchase, or other fixed obligatory payments for the use or  
71 purchase of such transportation equipment.

72 Corporate securities. - The Board may invest its trust funds in interest-bearing bonds or other  
73 evidences of indebtedness of any solvent company which is incorporated under the laws of the United  
74 States, or any state thereof, or Canada, or any province thereof, if (i) the corporation has not during any  
75 time within seven years immediately preceding the date of the proposed investment defaulted in the  
76 payment of interest on such bonds, (ii) the net annual income of the corporation, for each of the seven  
77 fiscal years immediately preceding the proposed investment, before interest charges but after taxes,  
78 excluding United States and state corporate income taxes, and after deducting proper charges for  
79 replacements, depreciation, and obsolescence has been at least two times the total annual interest charges  
80 or, in the case of the issuance of new bonds, the net annual income for the seven years preceding the  
81 investment has been at least two times the pro forma annual total interest, and (iii) the bonds are  
82 payable both as to principal and interest in lawful money of the United States.

83 Virginia Housing Development Authority notes and bonds. - The Board may invest its trust funds in  
84 notes and bonds issued by the Virginia Housing Development Authority in conformity with the Virginia  
85 Housing Development Authority Act (§ 36-55.24 et seq.).

86 African Development Bank obligations. - The Board may invest not more than five percent of its  
87 trust funds in obligations issued, assumed, or guaranteed by the African Development Bank.

88 *Northern Ireland-related investments. - The Board may not invest its funds in the stocks, securities,*  
89 *or other obligations of any institution or company doing business in or with Northern Ireland or with*  
90 *agencies or instrumentalities thereof unless the Board determines that affirmative action has been taken*  
91 *by such company doing business in Northern Ireland to eliminate ethnic or religious discrimination. The*  
92 *Board shall consider whether the company has taken any of the following actions:*

93 1. *Increased the representation of individuals from under-represented religious groups in the*  
94 *workforce including managerial, supervisory, administrative and technical jobs;*

95 2. *Provided adequate security for the protection of minority employees in the workplace and while*  
96 *traveling to and from work;*

97 3. *Prohibited provocative religious or political emblems from the workplace;*

98 4. *Publicly advertised all job openings and made special recruitment efforts to attract applicants*  
99 *from under-represented religious groups;*

100 5. *Provided that layoff, recall, and termination procedures do not in practice favor particular*  
101 *religious groups;*

102 6. *Abolished job reservations, apprenticeship restrictions, and differential employment criteria that*  
103 *discriminate on the basis of religion or ethnic origin;*

104 7. *Developed training programs that prepare a substantial number of minority employees for skilled*  
105 *jobs, including the expansion of existing programs and creation of new programs to train, upgrade, and*  
106 *improve the skills of minority employees; and*

107 8. *Established timetables for incorporating affirmative action principles into the business' daily*  
108 *operations.*