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SENATE BILL NO. 510**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the Senate Committee on Finance and Appropriations
on January 24, 2024)

(Patron Prior to Substitute—Senator Stanley)

A BILL to amend and reenact § 2.2-4511 of the Code of Virginia, relating to Investment of Public Funds Act; investment of funds in asset-backed securities.

Be it enacted by the General Assembly of Virginia:

1. That § 2.2-4511 of the Code of Virginia is amended and reenacted as follows:

§ 2.2-4511. Investment of funds in asset-backed securities.

A. For purposes of this section, "qualified public entity" means any state agency, institution of the Commonwealth, or statewide authority created under the laws of the Commonwealth having an internal or external public funds manager with professional investment management capabilities.

B. Notwithstanding any provision of law to the contrary, any qualified public entity of the Commonwealth may invest any and all moneys belonging to it or within its control, other than sinking funds, in asset-backed securities with a duration of no more than five years (i) that are unconditionally guaranteed as to payment of principal and interest by the United States or any agency thereof or (ii) with a rating of at least AAA or Aaa by two rating agencies. One of the two qualifying ratings shall be (i) (a) at least Aaa by Moody's Investors Service, Inc.; (ii) (b) at least AAA by Standard and Poor's; or (iii) (c) at least AAA by Fitch Ratings, Inc.

As used in this section, "qualified public entity" means any state agency, institution of the Commonwealth or statewide authority created under the laws of the Commonwealth having an internal or external public funds manager with professional investment management capabilities.