

CHAPTER 858

S.B. No. 450

AN ACT

relating to authorized investment of the state and certain units of local government.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 2, Public Funds Investment Act of 1987 (Article 842a-2, Vernon's Texas Civil Statutes), is amended by adding Subsection (e) to read as follows:

(e) In addition to investments authorized by other law, the state, a department, commission, board, office, or any other entity of state government or an entity listed in Subsection (a) of this section may invest in bonds issued, assumed, or guaranteed by the State of Israel.

SECTION 2. Subsection (a), Section 404.024, Government Code, is amended to read as follows:

(a) The board may determine and designate the amount of state funds to be deposited in state depositories, the amount of those deposits that shall be demand deposits and the amount that shall be time deposits, and the amount of state funds that shall be invested by the treasurer in:

- (1) direct security repurchase agreements;
- (2) reverse security repurchase agreements;
- (3) direct obligations of or obligations the principal and interest of which are guaranteed by the United States;
- (4) direct obligations of or obligations guaranteed by agencies or instrumentalities of the United States government;
- (5) bankers' acceptances that:
 - (A) are eligible for purchase by the Federal Reserve System;
 - (B) do not exceed 270 days to maturity; and

(C) are issued by a bank that has received the highest short-term credit rating by a nationally recognized investment rating firm;

(6) commercial paper that:

(A) does not exceed 270 days to maturity; and

(B) has received the highest short-term credit rating by a nationally recognized investment rating firm;

(7) contracts written by the treasury in which the treasury grants the purchaser the right to purchase securities in the treasury's marketable securities portfolio at a specified price over a specified period and for which the treasury is paid a fee and specifically prohibits naked-option or uncovered option trading; [and]

(8) direct obligations of or obligations guaranteed by the Inter-American Development Bank, the International Bank for Reconstruction and Development (the World Bank), the African Development Bank, the Asian Development Bank, and the International Finance Corporation that have received the highest credit rating by a nationally recognized investment rating firm; and

(9) *bonds issued, assumed, or guaranteed by the State of Israel.*

SECTION 3. Section 845.301, Government Code, is amended to read as follows:

Sec. 845.301. INVESTMENT OF ASSETS. The board of trustees shall invest and reinvest the assets of the retirement system without distinction as to their source in:

(1) interest-bearing bonds or other evidences of indebtedness of this state, a county, school district, city, or other municipal corporation of this state, the United States, or an authority or an agency of the United States;

(2) securities for which the United States or any authority or agency of the United States guarantees the payment of principal and interest;

(3) interest-bearing bonds, notes, or other evidences of indebtedness that are issued by a company:

(A) incorporated in the United States and that are rated "A" or better by one or more nationally recognized rating agencies approved by the board; or

(B) in whose stock the retirement system may invest as provided by Subdivision (4);

(4) common or preferred stocks of a company incorporated in the United States that has paid cash dividends on its common stock for 10 consecutive years immediately before the date of purchase and, unless the stocks are bank or insurance stocks, that is listed on an exchange registered with the Securities and Exchange Commission or its successor; [or]

(5) obligations issued, assumed, or guaranteed by the Inter-American Development Bank, the International Bank for Reconstruction and Development (the World Bank), the African Development Bank, the Asian Development Bank, and the International Finance Corporation; or

(6) *bonds issued, assumed, or guaranteed by the State of Israel.*

SECTION 4. Section 855.301, Government Code, is amended to read as follows:

Sec. 855.301. INVESTMENT OF ASSETS. The board of trustees shall invest and reinvest the assets of the retirement system without distinction as to their source in:

(1) interest-bearing bonds or other evidences of indebtedness of this state, a county, school district, city, or other municipal corporation of this state, the United States, or an authority or agency of the United States;

(2) securities on which the United States or any authority or agency of the United States guarantees the payment of principal and interest;

(3) corporate bonds or debentures that are issued by a company:

(A) incorporated in the United States and that are rated "A" or better by one or more nationally recognized rating agencies approved by the board; or

(B) in whose stock the retirement system may invest as provided by Subdivision (4);

(4) common or preferred stocks of a company incorporated in the United States that has paid cash dividends on its stock for 10 consecutive years immediately before the date of

purchase and, unless the stocks are bank or insurance stocks, that is listed on an exchange registered with the Securities and Exchange Commission or its successor; [or]

(5) obligations issued, assumed, or guaranteed by the Inter-American Development Bank, the International Bank for Reconstruction and Development (the World Bank), the African Development Bank, the Asian Development Bank, and the International Finance Corporation; *or*

(6) bonds issued, assumed, or guaranteed by the State of Israel.

SECTION 5. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on April 28, 1993: Yeas 31, Nays 0; passed the House on May 21, 1993: Yeas 132, Nays 0, one present not voting.

Approved June 18, 1993.

Effective June 18, 1993.