

CHAPTER 846

H.B. No. 1431

AN ACT

relating to investment of and security for investments of county funds.

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

SECTION 1. Article 2547, Revised Statutes, is amended by adding Subdivisions (d) and (e) to read as follows:

(d) In addition to or in lieu of other securities that a depository bank may pledge under Subdivision (c) of this article, the depository bank may pledge certificates of deposit that are:

(1) held in custody of a Federal Reserve Bank for safekeeping and that are the subject of a valid pledge agreement designating the county as the beneficiary of the pledge agreement;

(2) insured in full by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation;

(3) described in detail by a safekeeping receipt issued to the county by the Federal Reserve Bank having custody of the certificates; and

(4) issued with the county as registered owner.

(e) A party to whom presentment of a certificate of deposit pledged to secure county funds is made may not pay or otherwise accept the certificate of deposit unless the certificate of deposit or the safekeeping receipt required by Subdivision (d) of this article has been endorsed by the county and the depository bank.

SECTION 2. Section (c), Article 2549, Revised Statutes, is amended to read as follows:

(c) Unless expressly prohibited by law or unless it is in contravention of any depository contract between a county and any depository bank, the Commissioners Court may direct the county treasurer to withdraw any amount of funds of the county that are deposited in a county depository and that are not required immediately to pay obligations of the county or required to be kept on deposit under the terms of the depository contract and to invest those funds in:

(1) direct debt securities of the United States; ~~[or]~~

(2) *certificates of deposit issued by state or national banks domiciled in this state or state or federal savings and loan associations domiciled in this state, the payment of which is insured in full by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation; or*

(3) fully collateralized repurchase agreements purchased pursuant to a master contractual agreement which specifies the rights and obligations of both parties and which requires that securities involved in the transaction be held in a safekeeping account subject to the control and custody of the county.

SECTION 3. This Act takes effect September 1, 1987.

SECTION 4. 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.

Passed by the House on May 8, 1987, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 1431 on May 30, 1987, by a non-record vote. Passed by the Senate, with amendments, on May 28, 1987, by a viva-voce vote.

Approved June 19, 1987.

Effective Sept. 1, 1987.