

LCB File No. R069-09

**PROPOSED REGULATION OF  
THE STATE TREASURER**

**NRS 355.178 Loans from investment portfolios of certain counties, cities or consolidated municipalities.**

**5. The governing body of a city or consolidated municipality whose population is 25,000 or more but less than 150,000 shall not lend securities from its investment portfolio unless it has been authorized to do so by the State Board of Finance. The State Board of Finance shall adopt regulations that establish minimum standards for granting authorization pursuant to this subsection. Such an authorization is valid for 2 years and may be renewed by the State Board of Finance for additional 2-year periods.**

Chapter 355 of NAC is hereby amended by adding thereto a new section to read as follows:  
(NRS 355.178)

*The State Board of Finance will not authorize the lending of securities by the governing body of a city or consolidated municipality whose population is 25,000 or more but less than 150,000 unless the city or consolidated municipality has adopted a written securities lending investment policy, and the policy has been approved by the State Board of Finance and the city or consolidated municipality has chosen a securities lending agent to manage the lending of its securities.*

*1. If the investment of securities lending proceeds (cash collateral) is limited to instruments issued by the United States or agencies thereof or repurchase agreements or money market accounts based upon such instruments and such investment instruments mature no later than the contractual return date of the loaned securities the proposed agent must:*

- a. be registered with the Securities and Exchange Commission under the Investment Advisor's Act of 1940, or a bank or trust company which is organized and operating, or licensed to operate in the United States under federal or state law;*
- b. agree to exercise the judgment and care, under circumstances then prevailing, which a person of prudence, discretion, and intelligence exercises in the management of his own affairs, not in regard to speculation, but in regard to the investment of his money, considering the probable income as well as the probable safety of his capital;*
- c. enter into an agreement that contractually binds the agent to abide by the terms of the investment policy approved by the Board of Finance; and*
- d. have been chosen by the city or consolidated municipality by a formal competitive selection process.*

*2. If the investment of securities lending proceeds (cash collateral) is not limited to instruments issued by the United States or agencies thereof or repurchase agreements or money market accounts based upon such instruments, in addition to the requirements of subsections 1 (a) through (d) above, the proposed agent must:*

- a. have at least five clients participating in its securities lending program;*
- b. have at least one client that is a public institution with a portfolio valued at a minimum of \$100 million; and*
- c. have a securities lending program that has been in operation for at least five years.*