

ASSEMBLY BILL NO. 33—COMMITTEE
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE STATE TREASURER)

PREFILED NOVEMBER 16, 2022

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing public investments.
(BDR 31-357)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to governmental financial administration; revising provisions governing the investment of money in the State Permanent School Fund; revising provisions governing the investment of money by certain governmental entities; revising provisions governing money transferred from the State Permanent School Fund to a corporation for public benefit to provide private equity funding to certain businesses; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law provides that the State Treasurer: (1) shall have charge of all
2 investments of money and the sale of all securities of the State Permanent School
3 Fund; and (2) if there is a sufficient amount of uninvested money in the Fund, shall
4 negotiate for the investment of the money in certain investments. (NRS 355.050,
5 355.060) **Section 1** of this bill expands the list of authorized investments for money
6 in the State Permanent School Fund to include: (1) certain commercial paper issued
7 by certain corporations, trusts and limited-liability companies organized and
8 operating in the United States and depository institutions licensed by the United
9 States; and (2) certain notes, bonds and other unconditional obligations issued by
10 certain corporations organized and operating in the United States or depository
11 institutions licensed by the United States.

12 Under existing law, the State Treasurer is prohibited from making certain
13 investments of money in the State Permanent School Fund unless the State
14 Treasurer obtains a judicial determination that such an investment does not violate
15 the prohibition in the Nevada Constitution against the State of Nevada donating or
16 loaning state money or credit, or subscribing to or being interested in the stock of



17 any company, association or corporation, except a corporation that is formed for
18 educational or charitable purposes. (Nev. Const. Art. 8, § 9; NRS 355.060) **Section**
19 **1** prohibits the State Treasurer from investing in such commercial paper and notes,
20 bonds and other unconditional obligations issued by certain corporations, trusts,
21 limited-liability companies and depository institutions without obtaining a judicial
22 determination that such an investment does not violate the prohibition in the
23 Nevada Constitution.

24 Upon obtaining a judicial determination that an investment does not violate the
25 Nevada Constitution, existing law authorizes the State Treasurer to transfer up to
26 \$75,000,000 from the State Permanent School Fund to a corporation for public
27 benefit and requires the corporation by agreement to provide private equity funding
28 to businesses engaged in certain industries, at least 70 percent of which funding
29 must be provided to businesses located or seeking to locate in Nevada. (NRS
30 355.280) **Section 4** of this bill: (1) increases the maximum amount of money the
31 State Treasurer is authorized to transfer from the State Permanent School Fund to
32 the corporation for public benefit to provide such private equity funding from
33 \$75,000,000 to \$125,000,000; (2) decreases the amount of private equity funding
34 such a corporation for public benefit must agree to provide to certain businesses
35 located in this State or seeking to locate in this State from at least 70 percent to
36 more than 50 percent; and (3) provides that the corporation for public benefit may
37 provide private equity funding to a pooled fund that includes businesses located
38 outside of this State provided that more than 50 percent of the funding is provided
39 to certain businesses located in this State or seeking to locate in this State.

40 Existing law authorizes the State Treasurer to invest money from the General
41 Portfolio of the State in certain categories of bonds and other securities. (NRS
42 355.140). **Section 2** of this bill: (1) increases from 20 to 25 percent the maximum
43 share of the aggregate value of the General Portfolio that is authorized to be
44 invested in bankers' acceptances of the kind and maturities made eligible by law for
45 rediscount with Federal Reserve banks or trust companies which are members of
46 the Federal Reserve System; and (2) authorizes investment in commercial paper
47 issued by certain trusts or limited-liability companies, in addition to the existing
48 authority to invest in commercial paper issued by certain corporations.

49 Existing law prescribes the bonds and other securities that are proper and
50 lawful investments for a local government and certain administrative entities. (NRS
51 355.170) **Section 3** of this bill revises these authorized investments to require that
52 investments in negotiable certificates of deposit: (1) must have a remaining term to
53 maturity of 5 years or less at the time of purchase; and (2) must, under certain
54 circumstances, be rated by a nationally recognized rating service as "A-1," "P-1" or
55 its equivalent, or better. **Section 3** also provides that not more than 5 percent of the
56 total par value of the portfolio may be invested in notes, bonds and other
57 unconditional obligations issued by any one commercial bank, insured credit union,
58 savings and loan association or savings bank.

59 **Section 3** further increases from 20 to 25 percent the maximum share of the
60 money available to a local government for investment that is authorized to be
61 invested in bankers' acceptances of the kind and maturities made eligible by law for
62 rediscount with Federal Reserve banks or trust companies which are members of
63 the Federal Reserve System. Lastly, **section 3** removes the requirement that to
64 invest in obligations of state and local governments, the interest on the obligation
65 must be exempt from gross income for federal income tax purposes.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 355.060 is hereby amended to read as follows:

2 355.060 1. The State Controller shall notify the State
3 Treasurer monthly of the amount of uninvested money in the State
4 Permanent School Fund.

5 2. Whenever there is a sufficient amount of money for
6 investment in the State Permanent School Fund, the State Treasurer
7 shall proceed to negotiate for the investment of the money in:

8 (a) United States bonds.

9 (b) A bond, note or other obligation issued or unconditionally
10 guaranteed by the International Bank for Reconstruction and
11 Development, the International Finance Corporation or the Inter-
12 American Development Bank that:

13 (1) Is denominated in United States dollars;

14 (2) Is a senior unsecured unsubordinated obligation;

15 (3) At the time of purchase has a remaining term to maturity
16 of 5 years or less; and

17 (4) Is rated by a nationally recognized rating service as "AA"
18 or its equivalent, or better,

19 ↳ except that investments pursuant to this paragraph may not, in
20 aggregate value, exceed 15 percent of the total par value of the
21 portfolio as determined at the time of purchase.

22 (c) A bond, note or other obligation publicly issued in the
23 United States by a foreign financial institution, corporation or
24 government that:

25 (1) Is denominated in United States dollars;

26 (2) Is a senior unsecured unsubordinated obligation;

27 (3) Is registered with the Securities and Exchange
28 Commission in accordance with the provisions of the Securities Act
29 of 1933, 15 U.S.C. §§ 77a et seq., as amended;

30 (4) Is purchased from a registered broker-dealer;

31 (5) At the time of purchase has a remaining term to maturity
32 of 5 years or less; and

33 (6) Is rated by a nationally recognized rating service as "A"
34 or its equivalent, or better,

35 ↳ except that investments pursuant to this paragraph may not, in
36 aggregate value, exceed 10 percent of the total par value of the
37 portfolio as determined at the time of purchase.

38 (d) Obligations or certificates of the Federal National Mortgage
39 Association, the Federal Home Loan Banks, the Federal Home Loan
40 Mortgage Corporation, the Federal Farm Credit Banks Funding
41 Corporation or the Student Loan Marketing Association, whether or
42 not guaranteed by the United States.



- 1 (e) Bonds of this state or of other states.
- 2 (f) Bonds of any county of the State of Nevada.
- 3 (g) United States treasury notes.
- 4 (h) Farm mortgage loans fully insured and guaranteed by the
- 5 Farm Service Agency of the United States Department of
- 6 Agriculture.

7 (i) Loans at a rate of interest of not less than 6 percent per
8 annum, secured by mortgage on agricultural lands in this state of not
9 less than three times the value of the amount loaned, exclusive of
10 perishable improvements, of unexceptional title and free from all
11 encumbrances.

12 (j) Money market mutual funds that:

13 (1) Are registered with the Securities and Exchange
14 Commission;

15 (2) Are rated by a nationally recognized rating service as
16 "AAA" or its equivalent; and

17 (3) Invest only in securities issued or guaranteed as to
18 payment of principal and interest by the Federal Government, or its
19 agencies or instrumentalities, or in repurchase agreements that are
20 fully collateralized by such securities.

21 (k) Common or preferred stock of a corporation created by or
22 existing under the laws of the United States or of a state, district or
23 territory of the United States, if:

24 (1) The stock of the corporation is:

25 (I) Listed on a national stock exchange; or

26 (II) Traded in the over-the-counter market, if the price
27 quotations for the over-the-counter stock are quoted by the National
28 Association of Securities Dealers Automated Quotation System
29 (NASDAQ);

30 (2) The outstanding shares of the corporation have a total
31 market value of not less than \$50,000,000;

32 (3) The maximum investment in stock is not greater than 50
33 percent of the book value of the total investments of the State
34 Permanent School Fund;

35 (4) Except for investments made pursuant to paragraph (m),
36 the amount of an investment in a single corporation is not greater
37 than 3 percent of the book value of the assets of the State Permanent
38 School Fund; and

39 (5) Except for investments made pursuant to paragraph (m),
40 the total amount of shares owned by the State Permanent School
41 Fund is not greater than 5 percent of the outstanding stock of a
42 single corporation.

43 (l) A pooled or commingled real estate fund or a real estate
44 security that is managed by a corporate trustee or by an investment
45 advisory firm that is registered with the Securities and Exchange



1 Commission, either of which may be retained by the State Treasurer
2 as an investment manager. The shares and the pooled or
3 commingled fund must be held in trust. The total book value of an
4 investment made under this paragraph must not at any time be
5 greater than 5 percent of the total book value of all investments of
6 the State Permanent School Fund.

7 (m) Mutual funds or common trust funds that consist of any
8 combination of the investments listed in paragraphs (a) to (l),
9 inclusive.

10 (n) The limited partnerships or limited-liability companies
11 described in NRS 355.280.

12 (o) *Commercial paper issued by a corporation, trust or limited-*
13 *liability company organized and operating in the United States or*
14 *by a depository institution licensed by the United States or any*
15 *state and operating in the United States that:*

16 (1) *At the time of purchase has a remaining term to*
17 *maturity of not more than 270 days; and*

18 (2) *Is rated by a nationally recognized rating service as "A-*
19 *I," "P-1" or its equivalent, or better,*

20 *↳ except that investments pursuant to this paragraph may not, in*
21 *aggregate value, exceed 10 percent of the total par value of the*
22 *portfolio as determined at the time of purchase. If the rating of an*
23 *obligation is reduced to a level that does not meet the requirements*
24 *of this paragraph, the State Treasurer shall take such action as he*
25 *or she deems appropriate to preserve the principal value and*
26 *integrity of the portfolio as a whole and report to the State Board*
27 *of Finance any action taken by the State Treasurer pursuant to*
28 *this paragraph.*

29 (p) *Notes, bonds and other unconditional obligations for the*
30 *payment of money, except certificates of deposit that are not issued*
31 *by commercial banks, insured credit unions, savings and loan*
32 *associations or savings banks, issued by corporations organized*
33 *and operating in the United States or by depository institutions*
34 *licensed by the United States or any state and operating in the*
35 *United States that:*

36 (1) *Are purchased from a registered broker-dealer;*

37 (2) *At the time of purchase have a remaining term to*
38 *maturity of not more than 5 years; and*

39 (3) *Are rated by a nationally recognized rating service as*
40 *"A" or its equivalent, or better,*

41 *↳ except that investments pursuant to this paragraph may not, in*
42 *aggregate value, exceed 15 percent of the total par value of the*
43 *portfolio as determined at the time of purchase. If the rating of an*
44 *obligation is reduced to a level that does not meet the requirements*
45 *of this paragraph, the State Treasurer shall take such action as he*



1 *or she deems appropriate to preserve the principal value and*
2 *integrity of the portfolio as a whole and report to the State Board*
3 *of Finance any action taken by the State Treasurer pursuant to*
4 *this paragraph.*

5 3. The State Treasurer shall not invest any money in the State
6 Permanent School Fund pursuant to paragraph (k), (l), (m), ~~(n)~~
7 *, (o) or (p)* of subsection 2 unless the State Treasurer obtains a
8 judicial determination that the proposed investment or category of
9 investments will not violate the provisions of Section 9 of Article 8
10 of the Constitution of the State of Nevada. The State Treasurer shall
11 contract for the services of independent contractors to manage any
12 investments of the State Treasurer made pursuant to paragraph (k),
13 (l), ~~(m)~~ *, (o) or (p)* of subsection 2. The State Treasurer shall
14 establish such criteria for the qualifications of such an independent
15 contractor as are appropriate to ensure that each independent
16 contractor has expertise in the management of such investments.

17 4. In addition to the investments authorized by subsection 2,
18 the State Treasurer may make loans of money from the State
19 Permanent School Fund to school districts pursuant to
20 NRS 387.526.

21 5. No part of the State Permanent School Fund may be invested
22 pursuant to a reverse-repurchase agreement.

23 **Sec. 2.** NRS 355.140 is hereby amended to read as follows:

24 355.140 1. In addition to other investments provided for by a
25 specific statute, the following bonds and other securities are proper
26 and lawful investments of any of the money of this state, of its
27 various departments, institutions and agencies, and of the State
28 Insurance Fund:

29 (a) Bonds and certificates of the United States;

30 (b) Bonds, notes, debentures and loans if they are underwritten
31 by or their payment is guaranteed by the United States;

32 (c) Obligations or certificates of the United States Postal
33 Service, the Federal National Mortgage Association, the
34 Government National Mortgage Association, the Federal
35 Agricultural Mortgage Corporation, the Federal Home Loan Banks,
36 the Federal Home Loan Mortgage Corporation or the Student Loan
37 Marketing Association, whether or not guaranteed by the United
38 States;

39 (d) Bonds of this state or other states of the Union;

40 (e) Bonds of any county of this state or of other states;

41 (f) Bonds of incorporated cities in this state or in other states of
42 the Union, including special assessment district bonds if those bonds
43 provide that any deficiencies in the proceeds to pay the bonds are to
44 be paid from the general fund of the incorporated city;



1 (g) General obligation bonds of irrigation districts and drainage
2 districts in this state which are liens upon the property within those
3 districts, if the value of the property is found by the board or
4 commission making the investments to render the bonds financially
5 sound over all other obligations of the districts;

6 (h) Bonds of school districts within this state;

7 (i) Bonds of any general improvement district whose population
8 is 200,000 or more and which is situated in two or more counties of
9 this state or of any other state, if:

10 (1) The bonds are general obligation bonds and constitute a
11 lien upon the property within the district which is subject to
12 taxation; and

13 (2) That property is of an assessed valuation of not less than
14 five times the amount of the bonded indebtedness of the district;

15 (j) Medium-term obligations for counties, cities and school
16 districts authorized pursuant to chapter 350 of NRS;

17 (k) Loans bearing interest at a rate determined by the State
18 Board of Finance when secured by first mortgages on agricultural
19 lands in this state of not less than three times the value of the
20 amount loaned, exclusive of perishable improvements, and of
21 unexceptional title and free from all encumbrances;

22 (l) Farm loan bonds, consolidated farm loan bonds, debentures,
23 consolidated debentures and other obligations issued by federal land
24 banks and federal intermediate credit banks under the authority of
25 the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012,
26 inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act
27 of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds,
28 debentures, consolidated debentures and other obligations issued by
29 banks for cooperatives under the authority of the Farm Credit Act of
30 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm
31 Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, excluding
32 such money thereof as has been received or which may be received
33 hereafter from the Federal Government or received pursuant to some
34 federal law which governs the investment thereof;

35 (m) Negotiable certificates of deposit issued by commercial
36 banks, insured credit unions, savings and loan associations or
37 savings banks;

38 (n) Bankers' acceptances of the kind and maturities made
39 eligible by law for rediscount with Federal Reserve banks or trust
40 companies which are members of the Federal Reserve System,
41 except that acceptances may not exceed 180 days' maturity, and
42 may not, in aggregate value, exceed ~~[20]~~ 25 percent of the total par
43 value of the portfolio as determined at the time of purchase;

44 (o) Commercial paper issued by a corporation, *trust or limited-*
45 *liability company* organized and operating in the United States or by



1 a depository institution licensed by the United States or any state
2 and operating in the United States that:

3 (1) At the time of purchase has a remaining term to maturity
4 of not more than 270 days; and

5 (2) Is rated by a nationally recognized rating service as "A-
6 1," "P-1" or its equivalent, or better,

7 ↪ except that investments pursuant to this paragraph may not, in
8 aggregate value, exceed 25 percent of the total par value of the
9 portfolio as determined at the time of purchase. If the rating of an
10 obligation is reduced to a level that does not meet the requirements
11 of this paragraph, the State Treasurer shall take such action as he or
12 she deems appropriate to preserve the principal value and integrity
13 of the portfolio as a whole and report to the State Board of Finance
14 any action taken by the State Treasurer pursuant to this paragraph;

15 (p) Notes, bonds and other unconditional obligations for the
16 payment of money, except certificates of deposit that do not qualify
17 pursuant to paragraph (m), issued by corporations organized and
18 operating in the United States or by depository institutions licensed
19 by the United States or any state and operating in the United States
20 that:

21 (1) Are purchased from a registered broker-dealer;

22 (2) At the time of purchase have a remaining term to
23 maturity of not more than 5 years; and

24 (3) Are rated by a nationally recognized rating service as "A"
25 or its equivalent, or better,

26 ↪ except that investments pursuant to this paragraph may not, in
27 aggregate value, exceed 25 percent of the total par value of the
28 portfolio as determined at the time of purchase. If the rating of an
29 obligation is reduced to a level that does not meet the requirements
30 of this paragraph, the State Treasurer shall take such action as he or
31 she deems appropriate to preserve the principal value and integrity
32 of the portfolio as a whole and report to the State Board of Finance
33 any action taken by the State Treasurer pursuant to this paragraph;

34 (q) A bond, note or other obligation issued or unconditionally
35 guaranteed by the International Bank for Reconstruction and
36 Development, the International Finance Corporation or the Inter-
37 American Development Bank that:

38 (1) Is denominated in United States dollars;

39 (2) Is a senior unsecured unsubordinated obligation;

40 (3) At the time of purchase has a remaining term to maturity
41 of 5 years or less; and

42 (4) Is rated by a nationally recognized rating service as "AA"
43 or its equivalent, or better,



1 ↪ except that investments pursuant to this paragraph may not, in
2 aggregate value, exceed 15 percent of the total par value of the
3 portfolio as determined at the time of purchase;

4 (r) A bond, note or other obligation publicly issued in the United
5 States by a foreign financial institution, corporation or government
6 that:

7 (1) Is denominated in United States dollars;

8 (2) Is a senior unsecured unsubordinated obligation;

9 (3) Is registered with the Securities and Exchange
10 Commission in accordance with the provisions of the Securities Act
11 of 1933, 15 U.S.C. §§ 77a et seq., as amended;

12 (4) Is purchased from a registered broker-dealer;

13 (5) At the time of purchase has a remaining term to maturity
14 of 5 years or less; and

15 (6) Is rated by a nationally recognized rating service as "A"
16 or its equivalent, or better,

17 ↪ except that investment pursuant to this paragraph may not, in
18 aggregate value, exceed 10 percent of the total par value of the
19 portfolio as determined at the time of purchase;

20 (s) Money market mutual funds which:

21 (1) Are registered with the Securities and Exchange
22 Commission;

23 (2) Are rated by a nationally recognized rating service as
24 "AAA" or its equivalent; and

25 (3) Invest only in securities issued by the Federal
26 Government or agencies of the Federal Government or in repurchase
27 agreements fully collateralized by such securities;

28 (t) Collateralized mortgage obligations that are rated by a
29 nationally recognized rating service as "AAA" or its equivalent; and

30 (u) Asset-backed securities that are rated by a nationally
31 recognized rating service as "AAA" or its equivalent.

32 2. Repurchase agreements and reverse-repurchase agreements
33 are proper and lawful investments of money of the State and the
34 State Insurance Fund for the purchase or sale of securities which are
35 negotiable and of the types listed in subsection 1 if made in
36 accordance with the following conditions:

37 (a) The State Treasurer shall designate in advance and thereafter
38 maintain a list of qualified counterparties which:

39 (1) Regularly provide audited and, if available, unaudited
40 financial statements to the State Treasurer;

41 (2) The State Treasurer has determined to have adequate
42 capitalization and earnings and appropriate assets to be highly credit
43 worthy; and

44 (3) Have executed a written master repurchase agreement or
45 master reverse-repurchase agreement, as applicable, in a form



1 satisfactory to the State Treasurer and the State Board of Finance
2 pursuant to which all repurchase agreements or reverse-repurchase
3 agreements are entered into. The master repurchase agreement and
4 master reverse-repurchase agreement must require the prompt
5 delivery to the State Treasurer and the appointed custodian of
6 written confirmations of all transactions conducted thereunder, and
7 must be developed giving consideration to the Federal Bankruptcy
8 Act, 11 U.S.C. §§ 101 et seq.

9 (b) In all repurchase agreements:

10 (1) At or before the time money to pay the purchase price is
11 transferred, title to the purchased securities must be recorded in the
12 name of the appointed custodian, or the purchased securities must be
13 delivered with all appropriate, executed transfer instruments by
14 physical delivery to the custodian;

15 (2) The State must enter into a written contract with the
16 custodian appointed pursuant to subparagraph (1) which requires the
17 custodian to:

18 (I) Disburse cash for repurchase agreements only upon
19 receipt of the underlying securities;

20 (II) Notify the State when the securities are marked to the
21 market if the required margin on the agreement is not maintained;

22 (III) Hold the securities separate from the assets of the
23 custodian; and

24 (IV) Report periodically to the State concerning the
25 market value of the securities;

26 (3) The market value of the purchased securities must exceed
27 102 percent of the repurchase price to be paid by the counterparty
28 and the value of the purchased securities must be marked to the
29 market weekly;

30 (4) The date on which the securities are to be repurchased
31 must not be more than 90 days after the date of purchase; and

32 (5) The purchased securities must not have a term to maturity
33 at the time of purchase in excess of 10 years.

34 (c) In all reverse-repurchase agreements:

35 (1) The State must enter into a written contract with the
36 appointed custodian which authorizes the custodian to transfer the
37 securities underlying the reverse-repurchase agreement only at or
38 after the time at which money to pay the purchase price of the
39 securities is transferred to the custodian;

40 (2) The date on which the State commits to repurchase a
41 security purchased by a counterparty or securities of the same issuer,
42 description, issue date and maturity must not be more than 90 days
43 after the date on which the counterparty purchased the securities
44 from the State; and



1 (3) Money received by the custodian pursuant to
2 subparagraph (1) may be used by the State only to purchase
3 securities whose maturity matches or is not longer than the term of
4 the reverse-repurchase agreement.

5 3. As used in this section:

6 (a) "Counterparty" means a bank organized and operating or
7 licensed to operate in the United States pursuant to federal or state
8 law or a securities dealer which is:

9 (1) A registered broker-dealer;

10 (2) Designated by the Federal Reserve Bank of New York as
11 a "primary" dealer in United States government securities; and

12 (3) In full compliance with all applicable capital
13 requirements.

14 (b) "Repurchase agreement" means a purchase of securities by
15 the State or State Insurance Fund from a counterparty which
16 commits to repurchase those securities or securities of the same
17 issuer, description, issue date and maturity on or before a specified
18 date for a specified price.

19 (c) "Reverse-repurchase agreement" means a purchase of
20 securities by a counterparty from the State which commits to
21 repurchase those securities or securities of the same issuer,
22 description, issue date and maturity on or before a specified date for
23 a specified price.

24 **Sec. 3.** NRS 355.170 is hereby amended to read as follows:

25 355.170 1. Except as otherwise provided in this section and
26 NRS 354.750 and 355.171, the governing body of a local
27 government or an administrative entity established pursuant to NRS
28 277.080 to 277.180, inclusive, that is not a local government may
29 purchase for investment the following securities and no others:

30 (a) Bonds and debentures of the United States, the maturity
31 dates of which do not extend more than 10 years after the date of
32 purchase.

33 (b) A bond, note or other obligation issued or unconditionally
34 guaranteed by the International Bank for Reconstruction and
35 Development, the International Finance Corporation or the Inter-
36 American Development Bank that:

37 (1) Is denominated in United States dollars;

38 (2) Is a senior unsecured unsubordinated obligation;

39 (3) At the time of purchase has a remaining term to maturity
40 of 5 years or less; and

41 (4) Is rated by a nationally recognized rating service as "AA"
42 or its equivalent, or better,

43 ↪ except that investments pursuant to this paragraph may not, in
44 aggregate value, exceed 15 percent of the total par value of the
45 portfolio as determined at the time of purchase.



1 (c) A bond, note or other obligation publicly issued in the
2 United States by a foreign financial institution, corporation or
3 government that:

4 (1) Is denominated in United States dollars;

5 (2) Is a senior unsecured unsubordinated obligation;

6 (3) Is registered with the Securities and Exchange
7 Commission in accordance with the provisions of the Securities Act
8 of 1933, §§ 77a et seq., as amended;

9 (4) Is purchased from a registered broker-dealer;

10 (5) At the time of purchase has a remaining term to maturity
11 of 5 years or less; and

12 (6) Is rated by a nationally recognized rating service as "A"
13 or its equivalent, or better,

14 ↪ except that investments pursuant to this paragraph may not, in
15 aggregate value, exceed 10 percent of the total par value of the
16 portfolio as determined at the time of purchase.

17 (d) Farm loan bonds, consolidated farm loan bonds, debentures,
18 consolidated debentures and other obligations issued by federal land
19 banks and federal intermediate credit banks under the authority of
20 the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012,
21 inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act
22 of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds,
23 debentures, consolidated debentures and other obligations issued by
24 banks for cooperatives under the authority of the Farm Credit Act of
25 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm
26 Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive.

27 (e) Bills and notes of the United States Treasury, the maturity
28 date of which is not more than 10 years after the date of purchase.

29 (f) Obligations of an agency or instrumentality of the United
30 States of America or a corporation sponsored by the government,
31 the maturity date of which is not more than 10 years after the date of
32 purchase.

33 (g) Negotiable certificates of deposit issued by commercial
34 banks, insured credit unions, savings and loan associations or
35 savings banks ↪ **that:**

36 (1) *At the time of purchase has a remaining term to*
37 *maturity of 5 years or less; and*

38 (2) *If the certificates are not within the limits of insurance*
39 *provided by an instrumentality of the United States, are rated by a*
40 *nationally recognized rating service as "A-1," "P-1" or its*
41 *equivalent, or better, and are collateralized in the same manner as*
42 *is required for uninsured deposits by a county treasurer pursuant*
43 *to NRS 356.133,*

44 ↪ *except that not more than 5 percent of the total par value of the*
45 *portfolio may be invested in notes, bonds and other unconditional*



1 *obligations issued by any one commercial bank, insured credit*
2 *union, savings and loan association or savings bank. If the rating*
3 *of an obligation is reduced to a level that does not meet the*
4 *requirements of this paragraph, the investment advisor must*
5 *report the reduction in the rating to the governing body of the*
6 *local government that purchased the investment, the governing*
7 *body of the local government or, if the purchase was effected by*
8 *the State Treasurer pursuant to his or her investment of a pool of*
9 *money from local governments, the State Treasurer must take*
10 *such action as the governing body or State Treasurer deems*
11 *appropriate to preserve the principal value and integrity of the*
12 *portfolio as a whole and the governing body or State Treasurer, as*
13 *applicable, must report to the State Board of Finance any action*
14 *taken pursuant to this paragraph. For the purposes of*
15 *subparagraph (2), any reference in NRS 356.133 to a “county*
16 *treasurer” or “board of county commissioners” shall be deemed to*
17 *refer to the appropriate financial officer or governing body of the*
18 *local government purchasing the certificates.*

19 (h) Securities which have been expressly authorized as
20 investments for local governments by any provision of Nevada
21 Revised Statutes or by any special law.

22 (i) Nonnegotiable certificates of deposit issued by insured
23 commercial banks, insured credit unions, insured savings and loan
24 associations or insured savings banks, except certificates that are not
25 within the limits of insurance provided by an instrumentality of the
26 United States, unless those certificates are collateralized in the same
27 manner as is required for uninsured deposits by a county treasurer
28 pursuant to NRS 356.133. For the purposes of this paragraph, any
29 reference in NRS 356.133 to a “county treasurer” or “board of
30 county commissioners” shall be deemed to refer to the appropriate
31 financial officer or governing body of the local government
32 purchasing the certificates.

33 (j) Subject to the limitations contained in NRS 355.177,
34 negotiable notes or medium-term obligations issued by local
35 governments of the State of Nevada pursuant to NRS 350.087 to
36 350.095, inclusive.

37 (k) Bankers’ acceptances of the kind and maturities made
38 eligible by law for rediscount with Federal Reserve Banks, and
39 generally accepted by banks or trust companies which are members
40 of the Federal Reserve System. Eligible bankers’ acceptances may
41 not exceed 180 days’ maturity. Purchases of bankers’ acceptances
42 may not exceed ~~20~~ 25 percent of the money available to a local
43 government for investment as determined at the time of purchase.

44 (l) Obligations of state and local governments ~~;~~

45 ~~—(1) If:~~



1 ~~_____ (I) The interest on the obligation is exempt from gross~~
2 ~~income for federal income tax purposes; and~~

3 ~~_____ (II) The] if the obligation [has] :~~

4 (1) *Has* been rated "A" or higher by one or more nationally
5 recognized bond credit rating agencies; or

6 (2) ~~[If the obligation is]~~ *Is* secured by the proceeds that are
7 paid into the tax increment account of a tax increment area created
8 by a municipality pursuant to NRS 278C.220.

9 (m) Commercial paper issued by a corporation, *trust or limited-*
10 *liability company* organized and operating in the United States or by
11 a depository institution licensed by the United States or any state
12 and operating in the United States that:

13 (1) At the time of purchase has a remaining term to maturity
14 of no more than 270 days; and

15 (2) Is rated by a nationally recognized rating service as "A-
16 1," "P-1" or its equivalent, or better,

17 ↪ except that investments pursuant to this paragraph may not, in
18 aggregate value, exceed 25 percent of the total par value of the
19 portfolio as determined at the time of purchase, and not more than 5
20 percent of the total par value of the portfolio may be invested in
21 commercial paper issued by any one corporation or depository
22 institution. If the rating of an obligation is reduced to a level that
23 does not meet the requirements of this paragraph, the investment
24 advisor must report the reduction in the rating to the governing body
25 of the local government that purchased the investment, the
26 governing body of the local government or, if the purchase was
27 effected by the State Treasurer pursuant to his or her investment of a
28 pool of money from local governments, the State Treasurer must
29 take such action as the governing body or State Treasurer deems
30 appropriate to preserve the principal value and integrity of the
31 portfolio as a whole and the governing body or State Treasurer, as
32 applicable, must report to the State Board of Finance any action
33 taken pursuant to this paragraph.

34 (n) Money market mutual funds which:

35 (1) Are registered with the Securities and Exchange
36 Commission;

37 (2) Are rated by a nationally recognized rating service as
38 "AAA" or its equivalent; and

39 (3) Invest only in:

40 (I) Securities issued by the Federal Government or
41 agencies of the Federal Government;

42 (II) Master notes, bank notes or other short-term
43 commercial paper rated by a nationally recognized rating service as
44 "A-1," "P-1" or its equivalent, or better, issued by a corporation
45 organized and operating in the United States or by a depository



1 institution licensed by the United States or any state and operating in
2 the United States; or

3 (III) Repurchase agreements that are fully collateralized
4 by the obligations described in sub-subparagraphs (I) and (II).

5 (o) Obligations of the Federal Agricultural Mortgage
6 Corporation.

7 2. Repurchase agreements are proper and lawful investments of
8 money of a governing body of a local government for the purchase
9 or sale of securities which are negotiable and of the types listed in
10 subsection 1 if made in accordance with the following conditions:

11 (a) The governing body of the local government shall designate
12 in advance and thereafter maintain a list of qualified counterparties
13 which:

14 (1) Regularly provide audited and, if available, unaudited
15 financial statements;

16 (2) The governing body of the local government has
17 determined to have adequate capitalization and earnings and
18 appropriate assets to be highly creditworthy; and

19 (3) Have executed a written master repurchase agreement in
20 a form satisfactory to the governing body of the local government
21 pursuant to which all repurchase agreements are entered into. The
22 master repurchase agreement must require the prompt delivery to
23 the governing body of the local government and the appointed
24 custodian of written confirmations of all transactions conducted
25 thereunder, and must be developed giving consideration to the
26 Federal Bankruptcy Act.

27 (b) In all repurchase agreements:

28 (1) At or before the time money to pay the purchase price is
29 transferred, title to the purchased securities must be recorded in the
30 name of the appointed custodian, or the purchased securities must be
31 delivered with all appropriate, executed transfer instruments by
32 physical delivery to the custodian;

33 (2) The governing body of the local government must enter a
34 written contract with the custodian appointed pursuant to
35 subparagraph (1) which requires the custodian to:

36 (I) Disburse cash for repurchase agreements only upon
37 receipt of the underlying securities;

38 (II) Notify the governing body of the local government
39 when the securities are marked to the market if the required margin
40 on the agreement is not maintained;

41 (III) Hold the securities separate from the assets of the
42 custodian; and

43 (IV) Report periodically to the governing body of the
44 local government concerning the market value of the securities;



1 (3) The market value of the purchased securities must exceed
2 102 percent of the repurchase price to be paid by the counterparty
3 and the value of the purchased securities must be marked to the
4 market weekly;

5 (4) The date on which the securities are to be repurchased
6 must not be more than 90 days after the date of purchase; and

7 (5) The purchased securities must not have a term to maturity
8 at the time of purchase in excess of 10 years.

9 3. The securities described in paragraphs (a), (d) and (e) of
10 subsection 1 and the repurchase agreements described in subsection
11 2 may be purchased when, in the opinion of the governing body of
12 the local government, there is sufficient money in any fund of the
13 local government to purchase those securities and the purchase will
14 not result in the impairment of the fund for the purposes for which it
15 was created.

16 4. When the governing body of the local government has
17 determined that there is available money in any fund or funds for the
18 purchase of bonds as set out in subsection 1 or 2, those purchases
19 may be made and the bonds paid for out of any one or more of the
20 funds, but the bonds must be credited to the funds in the amounts
21 purchased, and the money received from the redemption of the
22 bonds, as and when redeemed, must go back into the fund or funds
23 from which the purchase money was taken originally.

24 5. Any interest earned on money invested pursuant to
25 subsection 3, may, at the discretion of the governing body of the
26 local government, be credited to the fund from which the principal
27 was taken or to the general fund of the local government.

28 6. The governing body of a local government may invest any
29 money apportioned into funds and not invested pursuant to
30 subsection 3 and any money not apportioned into funds in bills and
31 notes of the United States Treasury, the maturity date of which is
32 not more than 1 year after the date of investment. These investments
33 must be considered as cash for accounting purposes, and all the
34 interest earned on them must be credited to the general fund of the
35 local government.

36 7. This section does not authorize the investment of money
37 administered pursuant to a contract, debenture agreement or grant in
38 a manner not authorized by the terms of the contract, agreement or
39 grant.

40 8. As used in this section:

41 (a) "Counterparty" means a bank organized and operating or
42 licensed to operate in the United States pursuant to federal or state
43 law or a securities dealer which is:

44 (1) A registered broker-dealer;



1 (2) Designated by the Federal Reserve Bank of New York as
2 a “primary” dealer in United States government securities; and

3 (3) In full compliance with all applicable capital
4 requirements.

5 (b) “Local government” has the meaning ascribed to it in
6 NRS 354.474.

7 (c) “Repurchase agreement” means a purchase of securities by
8 the governing body of a local government from a counterparty
9 which commits to repurchase those securities or securities of the
10 same issuer, description, issue date and maturity on or before a
11 specified date for a specified price.

12 **Sec. 4.** NRS 355.280 is hereby amended to read as follows:

13 355.280 If the State Treasurer obtains the judicial
14 determination required by subsection 3 of NRS 355.060, the State
15 Treasurer may transfer an amount not to exceed ~~[\$75,000,000]~~
16 ***\$125,000,000*** from the State Permanent School Fund to the
17 corporation for public benefit. Such a transfer must be made
18 pursuant to an agreement that requires the corporation for public
19 benefit to:

20 1. Provide, through the limited partnerships or limited-liability
21 companies described in subsection 1 of NRS 355.270, private equity
22 funding; and

23 2. Ensure that ~~{at least 70}~~ ***more than 50*** percent of all private
24 equity funding provided by the corporation for public benefit ,
25 ***including, without limitation, private equity funding provided by a***
26 ***corporation for public benefit to a pooled fund that includes***
27 ***businesses located outside of this State,*** is provided to businesses:

28 (a) Located in this State or seeking to locate in this State; and

29 (b) Engaged primarily in one or more of the following
30 industries:

31 (1) Health care and life sciences.

32 (2) Cyber security.

33 (3) Homeland security and defense.

34 (4) Alternative energy.

35 (5) Advanced materials and manufacturing.

36 (6) Information technology.

37 (7) Any other industry that the board of directors of the
38 corporation for public benefit determines will likely meet the targets
39 for investment returns established by the corporation for public
40 benefit for investments authorized by NRS 355.250 to 355.285,
41 inclusive, and comply with sound fiduciary principles.

42 **Sec. 5.** This act becomes effective on July 1, 2023.

