

Amendment No. 687

Senate Amendment to Assembly Bill No. 33	(BDR 31-357)
Proposed by: Senate Committee on Government Affairs	
Amends: Summary: No Title: No Preamble: No Joint Sponsorship: No Digest: Yes	

ASSEMBLY ACTION	Initial and Date		SENATE ACTION	Initial and Date
Adopted <input type="checkbox"/>	Lost <input type="checkbox"/>	_____	Adopted <input type="checkbox"/>	Lost <input type="checkbox"/>
Concurred In <input type="checkbox"/>	Not <input type="checkbox"/>	_____	Concurred In <input type="checkbox"/>	Not <input type="checkbox"/>
Receded <input type="checkbox"/>	Not <input type="checkbox"/>	_____	Receded <input type="checkbox"/>	Not <input type="checkbox"/>

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.



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:

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

Under existing law, the State Treasurer is prohibited from making certain investments of money in the State Permanent School Fund unless the State Treasurer obtains a judicial determination that such an investment does not violate the prohibition in the Nevada Constitution against the State of Nevada donating or loaning state money or credit, or subscribing to or being interested in the stock of any company, association or corporation, except a corporation that is formed for educational or charitable purposes. (Nev. Const. Art. 8, § 9; NRS 355.060) **Section 1** prohibits the State Treasurer from investing in such commercial paper and notes, bonds and other unconditional obligations issued by certain corporations, trusts, limited-liability companies and depository institutions without obtaining a judicial determination that such an investment does not violate the prohibition in the Nevada Constitution.

Upon obtaining a judicial determination that an investment does not violate the Nevada Constitution, existing law authorizes the State Treasurer to transfer up to \$75,000,000 from the State Permanent School Fund to a corporation for public benefit and requires the

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25 corporation by agreement to provide private equity funding to businesses engaged in certain
 26 industries, at least 70 percent of which funding must be provided to businesses located or
 27 seeking to locate in Nevada. (NRS 355.280) **Section 4** of this bill: (1) ~~increases the maximum~~
 28 ~~amount of money the State Treasurer is authorized to transfer from the State Permanent~~
 29 ~~School Fund to the corporation for public benefit to provide such private equity funding from~~
 30 ~~\$75,000,000 to \$125,000,000;~~ (2) decreases the amount of private equity funding such a
 31 corporation for public benefit must agree to provide to certain businesses located in this State
 32 or seeking to locate in this State from at least 70 percent to more than 50 percent; and ~~(3)~~ (2)
 33 provides that the corporation for public benefit may provide private equity funding to a pooled
 34 fund that includes businesses located outside of this State provided that more than 50 percent
 35 of the funding is provided to certain businesses located in this State or seeking to locate in this
 36 State.

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

45 Existing law prescribes the bonds and other securities that are proper and lawful
 46 investments for a local government and certain administrative entities. (NRS 355.170) **Section**
 47 **3** of this bill revises these authorized investments to require that investments in negotiable
 48 certificates of deposit: (1) must have a remaining term to maturity of 5 years or less at the time
 49 of purchase; and (2) must, under certain circumstances, be rated by a nationally recognized
 50 rating service as "A-1," "P-1" or its equivalent, or better. **Section 3** also provides that not
 51 more than 5 percent of the total par value of the portfolio may be invested in notes, bonds and
 52 other unconditional obligations issued by any one commercial bank, insured credit union,
 53 savings and loan association or savings bank.

54 **Section 3** further increases from 20 to 25 percent the maximum share of the money
 55 available to a local government for investment that is authorized to be invested in bankers'
 56 acceptances of the kind and maturities made eligible by law for rediscount with Federal
 57 Reserve banks or trust companies which are members of the Federal Reserve System. Lastly,
 58 **section 3** removes the requirement that to invest in obligations of state and local governments,
 59 the interest on the obligation must be exempt from gross income for federal income tax
 60 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 Treasurer monthly of
 3 the amount of uninvested money in the State Permanent School Fund.

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

7 (a) United States bonds.

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

11 (1) Is denominated in United States dollars;

12 (2) Is a senior unsecured unsubordinated obligation;

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

1 (4) Is rated by a nationally recognized rating service as “AA” or its
2 equivalent, or better,

3 ✎ except that investments pursuant to this paragraph may not, in aggregate value,
4 exceed 15 percent of the total par value of the portfolio as determined at the time of
5 purchase.

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

8 (1) Is denominated in United States dollars;

9 (2) Is a senior unsecured unsubordinated obligation;

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

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

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

16 (6) Is rated by a nationally recognized rating service as “A” or its
17 equivalent, or better,

18 ✎ except that investments pursuant to this paragraph may not, in aggregate value,
19 exceed 10 percent of the total par value of the portfolio as determined at the time of
20 purchase.

21 (d) Obligations or certificates of the Federal National Mortgage Association,
22 the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the
23 Federal Farm Credit Banks Funding Corporation or the Student Loan Marketing
24 Association, whether or not guaranteed by the United States.

25 (e) Bonds of this state or of other states.

26 (f) Bonds of any county of the State of Nevada.

27 (g) United States treasury notes.

28 (h) Farm mortgage loans fully insured and guaranteed by the Farm Service
29 Agency of the United States Department of Agriculture.

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

34 (j) Money market mutual funds that:

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

36 (2) Are rated by a nationally recognized rating service as “AAA” or its
37 equivalent; and

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

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

44 (1) The stock of the corporation is:

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

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

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

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

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

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

7 (l) A pooled or commingled real estate fund or a real estate security that is
8 managed by a corporate trustee or by an investment advisory firm that is registered
9 with the Securities and Exchange Commission, either of which may be retained by
10 the State Treasurer as an investment manager. The shares and the pooled or
11 commingled fund must be held in trust. The total book value of an investment made
12 under this paragraph must not at any time be greater than 5 percent of the total book
13 value of all investments of the State Permanent School Fund.

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

16 (n) The limited partnerships or limited-liability companies described in NRS
17 355.280.

18 (o) *Commercial paper issued by a corporation, trust or limited-liability*
19 *company organized and operating in the United States or by a depository*
20 *institution licensed by the United States or any state and operating in the United*
21 *States that:*

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

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

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

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

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

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

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

44 *↳ except that investments pursuant to this paragraph may not, in aggregate*
45 *value, exceed 15 percent of the total par value of the portfolio as determined at*
46 *the time of purchase. If the rating of an obligation is reduced to a level that does*
47 *not meet the requirements of this paragraph, the State Treasurer shall take such*
48 *action as he or she deems appropriate to preserve the principal value and*
49 *integrity of the portfolio as a whole and report to the State Board of Finance any*
50 *action taken by the State Treasurer pursuant to this paragraph.*

51 3. The State Treasurer shall not invest any money in the State Permanent
52 School Fund pursuant to paragraph (k), (l), (m), ~~(n)~~ (n), (o) or (p) of subsection 2
53 unless the State Treasurer obtains a judicial determination that the proposed

1 investment or category of investments will not violate the provisions of Section 9 of
2 Article 8 of the Constitution of the State of Nevada. The State Treasurer shall
3 contract for the services of independent contractors to manage any investments of
4 the State Treasurer made pursuant to paragraph (k), (l) , ~~(m)~~ (m) , (o) or (p) of
5 subsection 2. The State Treasurer shall establish such criteria for the qualifications
6 of such an independent contractor as are appropriate to ensure that each
7 independent contractor has expertise in the management of such investments.

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

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

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

14 355.140 1. In addition to other investments provided for by a specific
15 statute, the following bonds and other securities are proper and lawful investments
16 of any of the money of this state, of its various departments, institutions and
17 agencies, and of the State Insurance Fund:

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

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

21 (c) Obligations or certificates of the United States Postal Service, the Federal
22 National Mortgage Association, the Government National Mortgage Association,
23 the Federal Agricultural Mortgage Corporation, the Federal Home Loan Banks, the
24 Federal Home Loan Mortgage Corporation or the Student Loan Marketing
25 Association, whether or not guaranteed by the United States;

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

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

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

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

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

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

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

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

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

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

50 (l) Farm loan bonds, consolidated farm loan bonds, debentures, consolidated
51 debentures and other obligations issued by federal land banks and federal
52 intermediate credit banks under the authority of the Federal Farm Loan Act,
53 formerly 12 U.S.C. §§ 636 to 1012, inclusive, and §§ 1021 to 1129, inclusive, and

1 the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds,
2 debentures, consolidated debentures and other obligations issued by banks for
3 cooperatives under the authority of the Farm Credit Act of 1933, formerly 12
4 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§
5 2001 to 2259, inclusive, excluding such money thereof as has been received or
6 which may be received hereafter from the Federal Government or received pursuant
7 to some federal law which governs the investment thereof;

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

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

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

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

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

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

29 (p) Notes, bonds and other unconditional obligations for the payment of
30 money, except certificates of deposit that do not qualify pursuant to paragraph (m),
31 issued by corporations organized and operating in the United States or by
32 depository institutions licensed by the United States or any state and operating in
33 the United States that:

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

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

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

39 **↳** except that investments pursuant to this paragraph may not, in aggregate value,
40 exceed 25 percent of the total par value of the portfolio as determined at the time of
41 purchase. If the rating of an obligation is reduced to a level that does not meet the
42 requirements of this paragraph, the State Treasurer shall take such action as he or
43 she deems appropriate to preserve the principal value and integrity of the portfolio
44 as a whole and report to the State Board of Finance any action taken by the State
45 Treasurer pursuant to this paragraph;

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

49 (1) Is denominated in United States dollars;

50 (2) Is a senior unsecured unsubordinated obligation;

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

1 (4) Is rated by a nationally recognized rating service as “AA” or its
2 equivalent, or better,

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

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

8 (1) Is denominated in United States dollars;

9 (2) Is a senior unsecured unsubordinated obligation;

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

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

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

16 (6) Is rated by a nationally recognized rating service as “A” or its
17 equivalent, or better,

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

21 (s) Money market mutual funds which:

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

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

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

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

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

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

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

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

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

42 (3) Have executed a written master repurchase agreement or master
43 reverse-repurchase agreement, as applicable, in a form satisfactory to the State
44 Treasurer and the State Board of Finance pursuant to which all repurchase
45 agreements or reverse-repurchase agreements are entered into. The master
46 repurchase agreement and master reverse-repurchase agreement must require the
47 prompt delivery to the State Treasurer and the appointed custodian of written
48 confirmations of all transactions conducted thereunder, and must be developed
49 giving consideration to the Federal Bankruptcy Act, 11 U.S.C. §§ 101 et seq.

50 (b) In all repurchase agreements:

51 (1) At or before the time money to pay the purchase price is transferred,
52 title to the purchased securities must be recorded in the name of the appointed

1 custodian, or the purchased securities must be delivered with all appropriate,
2 executed transfer instruments by physical delivery to the custodian;

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

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

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

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

10 (IV) Report periodically to the State concerning the market value of
11 the securities;

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

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

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

19 (c) In all reverse-repurchase agreements:

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

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

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

31 3. As used in this section:

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

35 (1) A registered broker-dealer;

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

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

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

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

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

48 355.170 1. Except as otherwise provided in this section and NRS 354.750
49 and 355.171, the governing body of a local government or an administrative entity
50 established pursuant to NRS 277.080 to 277.180, inclusive, that is not a local
51 government may purchase for investment the following securities and no others:

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

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

4 (1) Is denominated in United States dollars;

5 (2) Is a senior unsecured unsubordinated obligation;

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

8 (4) Is rated by a nationally recognized rating service as “AA” or its
9 equivalent, or better,

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

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

15 (1) Is denominated in United States dollars;

16 (2) Is a senior unsecured unsubordinated obligation;

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

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

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

23 (6) Is rated by a nationally recognized rating service as “A” or its
24 equivalent, or better,

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

28 (d) Farm loan bonds, consolidated farm loan bonds, debentures, consolidated
29 debentures and other obligations issued by federal land banks and federal
30 intermediate credit banks under the authority of the Federal Farm Loan Act,
31 formerly 12 U.S.C. §§ 636 to 1012, inclusive, and §§ 1021 to 1129, inclusive, and
32 the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds,
33 debentures, consolidated debentures and other obligations issued by banks for
34 cooperatives under the authority of the Farm Credit Act of 1933, formerly 12
35 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§
36 2001 to 2259, inclusive.

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

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

42 (g) Negotiable certificates of deposit issued by commercial banks, insured
43 credit unions, savings and loan associations or savings banks ~~and~~ that:

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

46 (2) *If the certificates are not within the limits of insurance provided by*
47 *an instrumentality of the United States, are rated by a nationally recognized*
48 *rating service as “A-1,” “P-1” or its equivalent, or better, ~~and~~ or are*
49 *collateralized in the same manner as is required for uninsured deposits by a*
50 *county treasurer pursuant to NRS 356.133,*

51 ↪ *except that not more than 5 percent of the total par value of the portfolio may*
52 *be invested in notes, bonds and other unconditional obligations issued by any one*
53 *commercial bank, insured credit union, savings and loan association or savings*

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

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

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

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

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

34 (l) Obligations of state and local governments ~~is~~

35 ~~(1) If:~~

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

38 ~~(II) The~~ if the obligation ~~has~~ :

39 (I) *Has* been rated “A” or higher by one or more nationally recognized
 40 bond credit rating agencies; or

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

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

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

49 (2) Is rated by a nationally recognized rating service as “A-1,” “P-1” or its
 50 equivalent, or better,

51 ~~but~~ except that investments pursuant to this paragraph may not, in aggregate value,
 52 exceed 25 percent of the total par value of the portfolio as determined at the time of
 53 purchase, and not more than 5 percent of the total par value of the portfolio may be

1 invested in commercial paper issued by any one corporation or depository
2 institution. If the rating of an obligation is reduced to a level that does not meet the
3 requirements of this paragraph, the investment advisor must report the reduction in
4 the rating to the governing body of the local government that purchased the
5 investment, the governing body of the local government or, if the purchase was
6 effected by the State Treasurer pursuant to his or her investment of a pool of money
7 from local governments, the State Treasurer must take such action as the governing
8 body or State Treasurer deems appropriate to preserve the principal value and
9 integrity of the portfolio as a whole and the governing body or State Treasurer, as
10 applicable, must report to the State Board of Finance any action taken pursuant to
11 this paragraph.

12 (n) Money market mutual funds which:

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

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

16 (3) Invest only in:

17 (I) Securities issued by the Federal Government or agencies of the
18 Federal Government;

19 (II) Master notes, bank notes or other short-term commercial paper
20 rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or
21 better, issued by a corporation organized and operating in the United States or by a
22 depository institution licensed by the United States or any state and operating in the
23 United States; or

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

26 (o) Obligations of the Federal Agricultural Mortgage Corporation.

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

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

33 (1) Regularly provide audited and, if available, unaudited financial
34 statements;

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

38 (3) Have executed a written master repurchase agreement in a form
39 satisfactory to the governing body of the local government pursuant to which all
40 repurchase agreements are entered into. The master repurchase agreement must
41 require the prompt delivery to the governing body of the local government and the
42 appointed custodian of written confirmations of all transactions conducted
43 thereunder, and must be developed giving consideration to the Federal Bankruptcy
44 Act.

45 (b) In all repurchase agreements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41 8. As used in this section:

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

45 (1) A registered broker-dealer;

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

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

49 (b) "Local government" has the meaning ascribed to it in NRS 354.474.

50 (c) "Repurchase agreement" means a purchase of securities by the governing
51 body of a local government from a counterparty which commits to repurchase those
52 securities or securities of the same issuer, description, issue date and maturity on or
53 before a specified date for a specified price.

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

2 355.280 If the State Treasurer obtains the judicial determination required by
3 subsection 3 of NRS 355.060, the State Treasurer may transfer an amount not to
4 exceed ~~\$75,000,000~~ ~~(\$125,000,000)~~ from the State Permanent School Fund to the
5 corporation for public benefit. Such a transfer must be made pursuant to an
6 agreement that requires the corporation for public benefit to:

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

9 2. Ensure that ~~[at least 70]~~ *more than 50* percent of all private equity funding
10 provided by the corporation for public benefit , *including, without limitation,*
11 *private equity funding provided by a corporation for public benefit to a pooled*
12 *fund that includes businesses located outside of this State,* is provided to
13 businesses:

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

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

- 16 (1) Health care and life sciences.
17 (2) Cyber security.
18 (3) Homeland security and defense.
19 (4) Alternative energy.
20 (5) Advanced materials and manufacturing.
21 (6) Information technology.
22 (7) Any other industry that the board of directors of the corporation for

23 public benefit determines will likely meet the targets for investment returns
24 established by the corporation for public benefit for investments authorized by NRS
25 355.250 to 355.285, inclusive, and comply with sound fiduciary principles.

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