

LEGISLATIVE BILL 752

Approved by the Governor March 13, 1984

Introduced by Nebraska Retirement Systems Committee,
Wesely, 26, Chairperson; Schmit, 23;
Vickers, 38; Warner, 25; Goodrich, 20;
DeCamp, 40

AN ACT relating to corporate trustees; to amend section 24-601.04, Reissue Revised Statutes of Nebraska, 1943; to allow certain retirement and pension fund investments for political subdivisions; and to repeal the original section.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 24-601.04, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

24-601.04. Corporate trustees authorized by Nebraska law to exercise fiduciary powers and holding retirement or pension funds for the benefit of employees or former employees of cities, villages, school districts, public power districts, or other governmental or political subdivisions may invest and reinvest such funds in such securities and investments as are authorized for trustees, guardians, conservators, executors, or administrators under the laws of Nebraska. Retirement or pension funds of such cities, villages, districts, or subdivisions may be invested in annuities issued by life insurance companies authorized to do business in Nebraska. Any other retirement or pension funds of cities, including cities operating under home rule charters, villages, school districts except as provided in section 79-1051, public power districts, and all other governmental political subdivisions may be invested and reinvested, as the governing body of such city, village, school district, public power district, or other governmental or political subdivisions may determine, in the following classes of securities and investments: (1) Bonds, notes, or other obligations of the United States; or those guaranteed by or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof; (2) bonds or other evidences of indebtedness of the State of Nebraska; and full faith and credit obligations of, or obligations unconditionally guaranteed as to principal and interest by any other state of the United States; (3) bonds, notes, or obligations of any municipal or political subdivision of the State of Nebraska which are general obligations of the issuer

thereof; and revenue bonds or debentures of any city, county, or utility district of this state where when the earnings available for debt service have, for a five-year period; immediately preceding the date of purchase, averaged not less than one and one half times such debt service requirements; (4) bonds and debentures issued either singly or collectively by any of the twelve federal land banks, the twelve intermediate credit banks, or the thirteen banks for cooperatives under the supervision of the Farm Credit Administration; (5) certificates of deposit of banks which are members of the Federal Deposit Insurance Corporation and if the amount deposited exceeds the amount of insurance available thereon then the excess shall be secured in the same manner as for the deposit of public funds; (6) accounts with building and loan associations or federal savings and loan associations in the State of Nebraska to the extent that such accounts are insured by the Federal Savings and Loan Insurance Corporation; (7) bonds or other interest-bearing obligations of any corporation organized under the laws of the United States or any state thereof; ~~Provided, that if~~ (a) at the time the purchase is made, they are given, by at least one statistical organization whose publication is in general use, one of the three highest ratings given by such organization; and (b) not more than five per cent of the fund shall be invested in the obligations of any one issuer; (8) ~~direct short term~~ short-term obligations, generally classified as commercial paper, of any corporation organized under the laws of the United States or any state thereof with a net worth of ten million dollars or more; and (9) preferred or common stock of any corporation organized under the laws of the United States or of any state thereof with a net worth of ten million dollars or more; ~~Provided, that if~~ (a) not more than ~~twenty-five~~ fifty per cent of the total investments at the time such investment is made ~~shall be~~ is in this class and not more than five per cent ~~shall be~~ is invested in each of the first five years; and (b) not more than five per cent thereof ~~is shall be~~ invested in the securities of any one corporation. Notwithstanding the aforesaid percentage limits, the cash proceeds of the sale of such preferred or common stock may be reinvested in any securities authorized under this subdivision. No city, village, school district, public power district, or other governmental subdivision or the governing body thereof shall be authorized to sell any securities short, buy on margin, or buy, sell, or engage in puts and calls.

Sec. 2. That original section 24-601.04, Reissue Revised Statutes of Nebraska, 1943, is repealed.