

By: Senator(s) Mettetal

To: Business and Financial
Institutions

SENATE BILL NO. 2830

1 AN ACT TO AMEND SECTIONS 19-9-29, 21-33-323, 27-105-303,
2 27-105-365, 31-19-5, 37-59-43, 27-105-33, 27-105-315 AND
3 27-105-353, MISSISSIPPI CODE OF 1972, TO REVISE THE QUALIFICATIONS
4 FOR PUBLIC FUNDS DEPOSITORIES BY PROVIDING THAT A DEPOSIT OR
5 INVESTMENT SHALL BE WITHIN THE AMOUNT THAT IS INSURED BY THE
6 FEDERAL DEPOSIT INSURANCE CORPORATION IF THE DEPOSIT OR INVESTMENT
7 IS MADE ON CERTAIN CONDITIONS; AND FOR RELATED PURPOSES.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

9 SECTION 1. Section 19-9-29, Mississippi Code of 1972, is
10 amended as follows:

11 19-9-29. Whenever any county shall have on hand any bond and
12 interest funds, any funds derived from the sale of bonds, special
13 funds, or any other funds in excess of the sums which will be
14 required to meet the current needs and demands of no more than
15 seven (7) business days, the board of supervisors of such county
16 shall invest such excess funds in the following manner:

17 (a) Such excess funds shall be invested for periods of
18 from fourteen (14) days to one (1) year in interest-bearing time
19 certificates of deposit with or through county depositories
20 serving in accordance with Section 27-105-303 which are willing to
21 accept the same, at a negotiated rate of interest. The negotiated
22 rate of interest shall be at the highest rate possible at the date
23 of purchase or investment for such time certificates of deposit or
24 interest-bearing accounts, but such rate of interest shall not be
25 less than the rate of interest paid to the general public on
26 passbook savings. The rate of interest established herein shall
27 be the minimum rate of interest and there shall be no maximum rate
28 of interest.

29 (b) The balance, if any, of such excess funds shall be
30 invested in interest-bearing time certificates of deposit for the
31 same maturity periods and at the same rate of interest as
32 prescribed in paragraph (a) of this section in or through state
33 depositories located in such county which are willing to accept
34 the same, to the same extent as such depositories are eligible for
35 invested state funds.

36 (c) To the extent that the board of supervisors finds
37 that such excess funds cannot be invested pursuant to paragraphs
38 (a) and (b) of this section for the stated maturity of from
39 fourteen (14) days to one (1) year, the board of supervisors may
40 invest such funds in any bonds or other direct obligations of the
41 United States of America, the State of Mississippi, or any county,
42 municipality or school district of this state, if such county,
43 municipal or school district bonds have been approved by a
44 reputable bond attorney or have been validated by a decree of the
45 chancery court, or the board of supervisors may invest such funds,
46 together with any other funds required for current operation, in
47 obligations issued or guaranteed in full as to principal and
48 interest by the United States of America which are subject to a
49 repurchase agreement with a county or state depository, or the
50 board of supervisors may deposit such funds in interest-bearing
51 accounts with a county or state depository. Such bonds or
52 obligations purchased may have any maturity date, provided that
53 they shall mature or be redeemable prior to the time that the
54 funds so invested will be needed for expenditure.

55 Any excess funds invested in certificates of deposit or
56 interest-bearing accounts with county or state depositories under
57 this section shall be secured in the manner required by Section
58 27-105-315. The proceeds of such certificates of deposit shall be
59 immediately reinvested on the date of maturity in accordance with
60 paragraphs (a), (b) and (c) of this section, unless the board of

61 supervisors determines that such funds are required for current
62 operation.

63 When bonds or other obligations have been purchased, the same
64 may be sold or surrendered for redemption at any time, except
65 certificates of deposit which must mature, by order or resolution
66 of such board of supervisors. The president of the board of
67 supervisors, when authorized by such order or resolution, shall
68 have the power and authority to execute all instruments and take
69 such other action as may be necessary to effectuate the sale or
70 redemption thereof. When such bonds or other obligations are sold
71 or redeemed, the proceeds thereof, including accrued interest
72 thereon, shall be paid into the same fund as that from which the
73 investment was made and shall in all respects be dealt with as are
74 other monies in such fund. Except as hereinafter provided, any
75 interest derived from the investments authorized in this section
76 may, as an alternative, be deposited into the general fund of the
77 county. Any interest derived from the investment of sums received
78 under the terms of the federal State and Local Fiscal Assistance
79 Act of 1972 and any subsequent revisions or reenactments of that
80 act shall be paid into the same fund as that from which the
81 investment was made. Any interest derived from the investment of
82 school bond funds shall be handled as provided in Section
83 37-59-43. Any interest derived from investment of other bond
84 proceeds or from investment of any bond and interest fund, bond
85 reserve fund or bond redemption sinking fund shall be deposited
86 either in the same fund from which the investment was made or in
87 the bond and interest fund established for payment of the
88 principal or interest on the bonds. Any interest derived from
89 special purpose funds which are outside the function of general
90 county government shall be paid into that special purpose fund.

91 **SECTION 2.** Section 21-33-323, Mississippi Code of 1972, is
92 amended as follows:

93 21-33-323. Whenever any municipality shall have on hand any
94 bond and interest funds, any funds derived from the sale of bonds,
95 special funds, or any other funds in excess of the sums which will
96 be required for immediate expenditure and which are not needed or
97 cannot by law be used for the payment of the current obligations
98 or expenses of such municipality, the governing authorities of
99 such municipality shall have the power and authority to invest
100 such excess funds in any bonds or other direct obligations of the
101 United States of America or the State of Mississippi, or of any
102 county or municipality of this state, or of any school district,
103 which such county or municipal or school district bonds have been
104 approved by a reputable bond attorney or have been validated by a
105 decree of the chancery court, or in obligations issued or
106 guaranteed in full as to principal and interest by the United
107 States of America which are subject to a repurchase agreement with
108 a qualified depository. In any event the bonds or obligations in
109 which such funds are invested shall mature or be redeemable prior
110 to the time the funds so invested will be needed for expenditure.
111 However, such excess funds may first be offered for investment in
112 interest-bearing time certificates of deposit with or through
113 municipal depositories serving in accordance with Section
114 27-105-353 at a rate of interest not less than a simple interest
115 rate numerically equal to the average bank discount rate on United
116 States Treasury bills of comparable maturity. The rate of
117 interest established herein shall be the minimum rate of interest
118 and there shall be no maximum rate of interest. Such excess funds
119 may also be invested in time certificates of deposit in or through
120 state depositories located in such municipality to the same extent
121 as such depositories are eligible for invested state funds. When
122 bonds or other obligations have been so purchased, the same may be
123 sold or surrendered for redemption at any time by order or
124 resolution of the governing authorities of the municipality, and
125 the mayor of the municipality, when authorized by such order or

126 resolution, shall have the power and authority to execute all
127 instruments and take such other action as may be necessary to
128 effectuate the sale or redemption thereof. When such bonds or
129 other obligations are sold or redeemed, the proceeds thereof,
130 including accrued interest thereon, shall be paid into the same
131 fund as that from which the investment was made and shall in all
132 respects be dealt with as are other monies in such fund. Except
133 as hereinafter provided, any interest derived from the investments
134 authorized in this section may, as an alternative, be deposited
135 into the general fund of the municipality. Any interest derived
136 from the investment of sums received under the terms of the
137 federal State and Local Fiscal Assistance Act of 1972 and any
138 subsequent revisions or reenactments of that act shall be paid
139 into the same fund as that from which the investment was made.
140 Any interest derived from the investment of school bond funds
141 shall be handled as provided in Section 37-59-43. Any interest
142 derived from investment of other bond proceeds or from investment
143 of any bond and interest fund, bond reserve fund or bond
144 redemption sinking fund shall be deposited either in the same fund
145 from which the investment was made or in the bond and interest
146 fund established for payment of the principal or interest on the
147 bonds. Any interest derived from special purpose funds which are
148 outside the function of general municipal government shall be paid
149 into that special purpose fund. The authority granted by this
150 section shall be cumulative and in addition to any other law
151 relating to the investment of funds by municipalities.

152 **SECTION 3.** Section 27-105-303, Mississippi Code of 1972, is
153 amended as follows:

154 27-105-303. The amount of money belonging to the several
155 funds in the county treasury of each county in the state which is
156 required to meet the current needs and demands of no more than
157 seven (7) business days shall be kept on deposit in or through
158 qualified financial institutions whose accounts are insured by the

159 Federal Deposit Insurance Corporation or the Federal Savings and
160 Loan Insurance Corporation, or in or through some of them doing
161 business in the several counties, provided that where there is no
162 such financial institution in a county qualifying as a depository,
163 some such financial institution in an adjoining county may qualify
164 as a depository. All such deposits shall be subject to payment
165 when demanded on warrant issued by the clerk of the board of
166 supervisors on the order of the said board or on the allowance of
167 a court authorized to allow the same. Each financial institution
168 qualifying as such county depository shall not be required to pay
169 interest to the county for the privilege of holding the deposits
170 unless federal law permits the payment of interest on such
171 deposits, in which case the maximum permitted interest rate shall
172 be paid on such deposits. Where more than one (1) financial
173 institution in a county offers to qualify as a depository, the
174 board of supervisors may allocate such money to each qualified
175 financial institution as nearly as practicable in proportion to
176 their respective net worth, and may adopt the rules for receiving
177 such deposits.

178 **SECTION 4.** Section 27-105-365, Mississippi Code of 1972, is
179 amended as follows:

180 27-105-365. (1) The commissioners or board of trustees of
181 any hospital owned and operated separately or jointly by one or
182 more counties, cities, towns, supervisors districts, or election
183 districts or combinations thereof, including hospitals established
184 under the authority of Sections 41-13-1 through 41-13-9, as now or
185 hereafter amended, are hereby authorized and empowered to deposit
186 the funds of such hospital in or through one or more financial
187 institutions whose accounts are insured by the Federal Deposit
188 Insurance Corporation, selected by the board of trustees in the
189 same manner as county depositories are selected by boards of
190 supervisors pursuant to Section 27-105-305, located in its county

191 or counties, except as otherwise provided in the following
192 paragraphs.

193 At the regular December meeting of the board of trustees in
194 1995, or at any regular December meeting of the board thereafter,
195 the board may, in its discretion, give notice by publication to
196 all financial institutions in its county or counties whose
197 accounts are insured by the Federal Deposit Insurance Corporation,
198 that bids will be received from financial institutions at the
199 following January meeting, or some subsequent meeting, for the
200 privilege of keeping the hospital funds or any part thereof for a
201 period of three (3) years, subject to earlier termination as
202 authorized in this subsection. Such bids shall be submitted and
203 accepted in the same manner as provided in Section 27-105-305.
204 After the board has selected a depository or depositories as
205 provided in this subsection, the board may, at any regular
206 December meeting during the three-year period, give notice to and
207 receive bids from financial institutions in the manner provided in
208 this subsection, for the privilege of keeping the hospital funds
209 or any part thereof for a period of three (3) years, subject to
210 earlier termination as authorized in this subsection; and after
211 receiving such bids, the board may reject all bids and elect to
212 keep the funds in the current depository or depositories for the
213 remainder of the three-year period under the terms originally
214 agreed to with the depository or depositories, or if the board
215 determines it to be in the best interests of the hospital, it may
216 terminate the agreement with the current depository or
217 depositories and select a new depository or depositories or the
218 same depository or depositories from the bids received, choosing
219 the bid or bids proposing the best terms for the hospital.

220 Such hospital funds, when so deposited, shall have the same
221 security and protection as required for county funds in Section
222 27-105-315. When more than one (1) depository of whatever type is
223 authorized, the commissioners or board of trustees may select one

224 or more of such depositories and may apportion such deposits, at
225 their or its discretion, if more than one (1) depository is
226 selected. If there is no financial institution located within
227 such county or counties, the commissioners or board of trustees of
228 such hospital may select, in their or its discretion, a depository
229 located outside of such county or counties.

230 The commissioners or boards of trustees of such community
231 hospitals shall deposit the funds of such hospital into the
232 depository selected under this section on the day when they are
233 received or collected, or on the next business day thereafter.

234 (2) The commissioners or board of trustees of any such
235 hospital may, in their or its discretion, maintain one or more
236 special funds for the purpose of making necessary repairs,
237 necessary purchases of equipment, meeting operational and
238 maintenance expenses, allowing for depreciation, providing
239 contingent funds for emergencies, funding hospital improvements,
240 or providing for other special needs, and may deposit any part of
241 such special fund in accordance with the provisions contained in
242 subsection (1) for the deposit of other funds of such hospital.
243 Said commissioners or board of trustees may also invest any part
244 of such special fund, any funds derived from the sale of bonds, or
245 any other funds in excess of the sums which will be required to
246 meet the current needs and demands of no more than seven (7)
247 business days in the following:

248 (a) In any bonds or other direct obligations of the
249 United States of America or the State of Mississippi, or of any
250 county, school district or municipality of this state, which such
251 county, school district or municipal bonds have been approved by a
252 reputable bond attorney or have been validated by decree of the
253 chancery court;

254 (b) In obligations issued or guaranteed in full as to
255 principal and interest by the United States of America which are

256 subject to a repurchase agreement with a financial institution
257 certified as a qualified depository;

258 (c) In United States government agency, United States
259 government instrumentality, or United States government sponsored
260 enterprise obligations, the principal and interest of which are
261 fully guaranteed by the government of the United States, such as
262 the Government National Mortgage Association; or United States
263 government agency, United States government instrumentality, or
264 United States government sponsored enterprise obligations, the
265 principal and interest of which are guaranteed by any United
266 States government agency, United States government
267 instrumentality, or United States government sponsored enterprise.
268 However, at no time shall the funds invested in United States
269 government agency, United States government instrumentality, or
270 United States government sponsored enterprise obligations
271 enumerated in the preceding sentence exceed fifty percent (50%) of
272 all monies invested with maturities of thirty (30) days or longer.
273 The limitation set forth in the preceding sentence shall be
274 applicable only at the time of purchase and shall not require the
275 liquidation of any investment at any time;

276 (d) In an account or accounts in or through one or more
277 financial institutions located in this state, and such funds when
278 so invested shall have the same security and protection as
279 required in Section 27-105-315;

280 (e) In an insured account or accounts in or through one
281 or more financial institutions in this state whose accounts are
282 insured by the Federal Deposit Insurance Corporation; provided
283 that the amount in any single account shall not exceed the amount
284 which at any one time is insured by the Federal Deposit Insurance
285 Corporation;

286 (f) In any open-end or closed-end management type
287 investment company or investment trust registered under the
288 provisions of 15 USCS Section 80(a)-1 et seq., provided that the

289 portfolio of such investment company or investment trust is
290 limited to direct obligations issued by the United States of
291 America, United States government agencies, United States
292 government instrumentalities or United States government sponsored
293 enterprises, and to repurchase agreements fully collateralized by
294 direct obligations of the United States of America, United States
295 government agencies, United States government instrumentalities or
296 United States government sponsored enterprises, and the investment
297 company or investment trust takes delivery of such collateral for
298 the repurchase agreement, either directly or through an authorized
299 custodian. The total dollar amount of funds invested in all
300 open-end and closed-end management type investment companies and
301 investment trusts at any one time shall not exceed twenty percent
302 (20%) of the total dollar amount of funds invested under this
303 subsection. The limitation set forth in the preceding sentence
304 shall be applicable only at the time of purchase and shall not
305 require the liquidation of any investment at any time;

306 (g) In a trust fund consisting of pooled or commingled
307 funds of other hospitals, provided that:

308 (i) The portfolio of such trust fund may include
309 investments in commercial paper and bankers acceptances or other
310 short-term obligations issued by banks having one (1) of the two
311 (2) highest short-term rating categories of either Standard &
312 Poor's Corporation or Moody's Investors Service, or corporate
313 notes and bonds having one (1) of the three (3) highest long-term
314 rating categories of either Standard & Poor's Corporation or
315 Moody's Investors Service, or in any open-ended or closed-ended
316 management-type investment company or investment trust registered
317 under the provisions of 15 USCS Section 80(a)-1 et seq., that
318 would contain the aforementioned securities;

319 (ii) The portfolio of such trust fund is otherwise
320 limited to investments authorized under this section; provided,
321 however, that such investments shall not be subject to the

322 percentage limitations set forth in subsection (2)(c) or
323 subsection (2)(f) of this section;

324 (iii) Such trust is managed by an entity with
325 trust powers or by an investment adviser registered with the
326 Securities and Exchange Commission and retained as an investment
327 manager by the commissioners or the board of trustees, as the case
328 may be; and

329 (iv) Any investment manager approved by the
330 commissioners or the board of trustees, as the case may be, shall
331 invest such commingled funds as a fiduciary.

332 In addition, the commissioners or the board of trustees, in
333 their or its discretion, may invest such funds as permitted by
334 Section 19-9-29, 21-33-323, 27-105-33 or 37-59-43, as the same may
335 be amended from time to time.

336 In any event, the bonds or obligations described in paragraph
337 (a), (b) or (c) of this subsection (2) in which such funds are
338 invested shall mature or be redeemable prior to the time the funds
339 so invested will be needed for expenditures. When bonds or other
340 obligations have been so purchased, the same may be sold or
341 surrendered for redemption at any time by order or resolution of
342 the commissioners or board of trustees of any such hospital, and
343 the president or vice president, when authorized by such order or
344 resolution, shall have the power and authority to execute all
345 instruments and take such other action as may be necessary to
346 effectuate the sale or redemption thereof.

347 When any such special fund is maintained for a purpose that
348 requires contract letting or other action by the governing
349 authority or authorities of the counties, cities, towns,
350 supervisors districts or election districts, separately or jointly
351 owning and operating such hospital, the commissioners or board of
352 trustees of the hospital may transfer the whole or any part of any
353 such special fund to the governing authority or authorities
354 aforesaid on condition that the same be used for such purpose or

355 returned to the transferring commissioners or board of trustees
356 within the time designated in the conditions.

357 (3) All funds which shall be derived from any tax levied for
358 the support and maintenance of any such hospital, and all other
359 funds which may be made available for the support and maintenance
360 of any such hospital by the state or any county or municipality,
361 and all fees and other monies which may be collected or received
362 by or for such hospital shall be placed in a special fund to the
363 credit of such hospital within sixty (60) days after collection,
364 and all such funds shall be expended and paid out upon the
365 allowance of the board of trustees or commissioners of the
366 hospital, as the case may be, and disbursed by checks signed by
367 such person, officer or officers, as may be designated by such
368 board of trustees or commissioners. Any officer or person who
369 shall be designated by such board of trustees or commissioners to
370 execute such checks shall furnish to such board of trustees or
371 commissioners a good and sufficient surety bond in such amount as
372 such board of trustees may fix, conditioned upon the faithful
373 discharge of his duties, and the premium on such bond shall be
374 paid from the funds available for the support and maintenance of
375 such hospital. No funds shall be disbursed by any such hospital
376 until the board of trustees or the commissioners thereof shall
377 have adopted an annual budget and submitted same to the respective
378 governing authority or authorities of the counties, cities, towns,
379 supervisors districts, or election districts, separately or
380 jointly owning and operating such hospital, and until such budget
381 shall have been approved by the governing authority or
382 authorities, as the case may be, which approval shall be evidenced
383 by a proper order recorded upon the minutes of each such
384 authority. The accounts and records of any such hospital shall be
385 audited by the State Department of Audit at the same time and in
386 the same manner as the accounts and financial records of the
387 county are audited, and for such purpose shall be considered in

388 all respects as county accounts and records; however, this
389 provision with regard to such audits shall be applicable only to
390 hospitals owned wholly or in part by a county.

391 (4) The provisions of this section shall not apply to
392 hospitals owned jointly by a city and county and operated by lease
393 agreement or contract with a nonprofit hospital corporation.

394 **SECTION 5.** Section 31-19-5, Mississippi Code of 1972, is
395 amended as follows:

396 31-19-5. Any funds received from the sale of bonds, notes,
397 or certificates of indebtedness heretofore or hereafter sold by
398 the State of Mississippi or any agency or department thereof or by
399 any county, municipality, road district, levee district,
400 development district, utility district, school district, drainage
401 district or other entity authorized by law to issue bonds, notes,
402 or certificates of indebtedness, which are not immediately
403 required for disbursement for the purpose for which issued, may be
404 invested by the proper authorities in any direct obligation issued
405 by or guaranteed in full as to principal and interest by the
406 United States of America or in certificates of deposit issued by
407 or through a qualified depository of the State of Mississippi as
408 approved by the State Treasurer, maturing or being redeemable by
409 the holder on or prior to the date upon which such funds will be
410 required for disbursement and bearing interest at a rate per annum
411 not less than a simple interest rate numerically equal to the
412 average bank discount rate on United States Treasury bills of
413 comparable maturity or the current rate of interest paid on
414 certificates of deposit or on United States Treasury obligations
415 of comparable maturities, whichever is the higher, provided,
416 however, that the proceeds from the sale of bonds issued pursuant
417 to Sections 57-1-131 through 57-1-145, Mississippi Code of 1972,
418 or Chapter 3 of Title 57, Mississippi Code of 1972, may be
419 invested in certificates of deposit issued by or through qualified
420 depositories of the State of Mississippi bearing interest at any

421 rate per annum which may be mutually agreed upon, but in no case
422 shall said rate be less than such average bank discount rate.

423 Funds received pursuant to this section shall be invested as
424 heretofore described or may be invested, pursuant to rules
425 promulgated by the State Treasurer, in obligations described in
426 Section 27-105-33(d), Mississippi Code of 1972; however, funds
427 described in this section may not be invested in securities of, or
428 interests in, any open-end or closed-end management type
429 investment company or investment trust, such as those described in
430 Section 27-105-33(e).

431 **SECTION 6.** Section 37-59-43, Mississippi Code of 1972, is
432 amended as follows:

433 37-59-43. (1) Whenever any school district or levying
434 authority, as defined in Section 37-57-1(1)(b), acting on behalf
435 of a school district, shall have on hand any bond and interest
436 funds, any funds derived from the sale of bonds, or any other
437 funds in excess of the sums which will be required for payment of
438 current obligations and expenses as they come due, and which are
439 not needed or cannot by law be used for the payment of the current
440 obligations or expenses of the school district, the school board
441 of the district shall have the power and authority to invest such
442 excess funds in any bonds or other direct obligations of the
443 United States of America or the State of Mississippi, or of any
444 county or municipality of this state, which such county or
445 municipal bonds have been approved by a reputable bond attorney or
446 have been validated by a decree of the chancery court; or in
447 interest-bearing time certificates of deposit or interest-bearing
448 accounts with or through any financial institution approved for
449 the deposit of state funds; and such institution shall be eligible
450 to hold school district funds to the extent that it is qualified
451 as a depository for state funds; or in any type of investment
452 permitted by Sections 27-105-33(d) and 27-105-33(e). The rate of
453 interest on such time certificates of deposit and interest-bearing

454 accounts may be negotiated. The negotiated rate of interest shall
455 be at the highest rate possible at the date of purchase or
456 investment for such time certificates of deposit or
457 interest-bearing accounts. In any event, the bonds or obligations
458 in which such funds are invested shall mature or be redeemable
459 prior to the time the funds so invested will be needed for
460 expenditure. When bonds or other obligations have been so
461 purchased, the same may be sold or surrendered for redemption at
462 any time, except certificates of deposit which must mature, by
463 order or resolution of such school board, and the president of the
464 school board, when authorized by such order or resolution, shall
465 have the power and authority to execute all instruments and take
466 such other action as may be necessary to effectuate the sale or
467 redemption thereof. In addition to the foregoing, any school
468 board may invest any such funds in the same manner as provided for
469 the investment of sixteenth section principal funds pursuant to
470 Section 29-3-113.

471 (2) The provisions of subsection (1) of this section shall
472 also apply to funds of community and junior college districts, and
473 the governing authorities of such districts are vested with all
474 power and authority with respect to such funds and matters herein
475 mentioned as are vested in the other boards mentioned above with
476 respect to such matters.

477 (3) All earnings from funds other than bond funds or bond
478 sinking funds in excess of One Hundred Dollars (\$100.00) in any
479 fiscal year, invested according to the provisions of subsections
480 (1) and (2) of this section shall be deposited in the district
481 fund from which the investment was made, or the treasury of the
482 junior college, as the case may be. Earnings from such school
483 district funds which are less than One Hundred Dollars (\$100.00)
484 in any fiscal year may be deposited in the school district
485 maintenance fund, or in the district fund from which the
486 investment was made, in the discretion of the school board.

487 Earnings from funds invested out of bond funds or bond sinking
488 funds, together with the principal thereof, shall be deposited in
489 the fund from which the investment was made.

490 (4) Nothing contained in this section shall be construed to
491 prevent the payment of a portion of the earnings derived from the
492 investment of bond proceeds or any other amounts in the bond fund
493 or related reserve or sinking funds to the federal government to
494 the extent required by the federal laws applicable to such bonds
495 or the interest income thereon in order to maintain their tax
496 exempt status.

497 **SECTION 7.** Section 27-105-33, Mississippi Code of 1972, is
498 amended as follows:

499 27-105-33. It shall be the duty of the State Treasurer and
500 the Executive Director of the Department of Finance and
501 Administration on or about the tenth day of each month, and in
502 their discretion at any other time, to analyze carefully the
503 amount of cash in the General Fund of the state and in all special
504 funds credited to any special purpose designated by the State
505 Legislature or held to meet the budgets or appropriations for
506 maintenance, improvements and services of the several
507 institutions, boards, departments, commissions, agencies, persons
508 or entities of the state, and to determine in their opinion when
509 the cash in such funds is in excess of the amount required to meet
510 the current needs and demands of no more than seven (7) business
511 days on such funds and report their findings to the Governor. It
512 shall be the duty of the State Treasurer to provide a cash flow
513 model for forecasting revenues and expenditures on a bimonthly
514 basis and providing technical assistance for its operation. The
515 Department of Finance and Administration shall use the cash flow
516 model furnished by the State Treasurer, in analyzing the amount of
517 funds on deposit and available for investment.

518 The State Treasurer is hereby authorized, empowered and
519 directed to invest all such excess general and special funds of
520 the state in the following manner:

521 (a) Funds shall be allocated equally among all
522 qualified state depositories which do not have demand accounts in
523 excess of One Hundred Fifty Thousand Dollars (\$150,000.00) until
524 each qualified depository willing to accept the same shall have on
525 deposit or in security repurchase agreements or in other
526 securities authorized in paragraph (d) of this section at interest
527 the sum of Three Hundred Thousand Dollars (\$300,000.00). For the
528 purposes of this subsection, no branch bank or branch office shall
529 be counted as a separate depository.

530 (b) The balance, if any, of such excess general and
531 special funds shall be offered to qualified depositories of the
532 state on a pro rata basis as provided in Section 27-105-9. For
533 the purposes of this subsection, the pro rata share of each
534 depository shall be reduced by the amount of the average daily
535 collected earning balance of demand deposits maintained by the
536 State Treasurer pursuant to Section 27-105-9 during the preceding
537 calendar year, and such reduction shall be allocated pro rata
538 among other eligible depositories.

539 (c) Funds offered pursuant to paragraphs (a) and (b)
540 above shall be invested for periods of up to one (1) year, and
541 shall bear interest at an interest rate no less than that
542 numerically equal to the bond equivalent yield on direct
543 obligations of the United States Treasury of comparable maturity,
544 as determined by the State Treasurer. In determining such rate,
545 the State Treasurer shall consider the Legislature's desire to
546 distribute funds equitably throughout the state to the maximum
547 extent possible.

548 (d) To the extent that the State Treasurer shall find
549 that general and special funds cannot be invested pursuant to
550 paragraphs (a), (b) and (c) of this section for the stated

551 maturity up to one (1) year, the Treasurer may invest such funds,
552 together with any other funds required for current operation, as
553 determined pursuant to this section, in the following:

554 (i) Time certificates of deposit or
555 interest-bearing accounts with or through qualified state
556 depositories. For those funds determined under prudent judgment
557 of the State Treasurer to be made available for investment in time
558 certificates of deposit, the rate of interest paid by the
559 depositories shall be determined by rules and regulations adopted
560 and promulgated by the State Treasurer which may include
561 competitive bids. At the time of investment, the interest rate on
562 such certificates of deposit under the provisions of this
563 subparagraph shall be a rate not less than the bond equivalent
564 yield on direct obligations of the United States Treasury with a
565 similar length of maturity.

566 (ii) Direct United States Treasury obligations,
567 the principal and interest of which are fully guaranteed by the
568 government of the United States.

569 (iii) United States government agency, United
570 States government instrumentality or United States government
571 sponsored enterprise obligations, the principal and interest of
572 which are fully guaranteed by the government of the United States,
573 such as the Government National Mortgage Association; or United
574 States governmental agency, United States government
575 instrumentality or United States government sponsored enterprise
576 obligations, the principal and interest of which are guaranteed by
577 any United States government agency, United States government
578 instrumentality or United States government sponsored enterprise
579 contained in a list promulgated by the State Treasurer. However,
580 at no time shall the funds invested in United States government
581 agency, United States government instrumentality or United States
582 government sponsored enterprise obligations enumerated in this

583 subparagraph exceed fifty percent (50%) of all monies invested
584 with maturities of thirty (30) days or longer.

585 (iv) Direct security repurchase agreements and
586 reverse direct security repurchase agreements of any federal book
587 entry of only those securities enumerated in subparagraphs (ii)
588 and (iii) above. "Direct security repurchase agreement" means an
589 agreement under which the state buys, holds for a specified time,
590 and then sells back those securities and obligations enumerated in
591 subparagraphs (ii) and (iii) above. "Reverse direct securities
592 repurchase agreement" means an agreement under which the state
593 sells and after a specified time buys back any of the securities
594 and obligations enumerated in subparagraphs (ii) and (iii) above.
595 At least eighty percent (80%) of the total dollar amount in all
596 repurchase agreements at any one time shall be pursuant to
597 contracts with qualified state depositories.

598 (e) For the purposes of this section, direct
599 obligations issued by the United States of America shall be deemed
600 to include securities of, or other interests in, any open-end or
601 closed-end management type investment company or investment trust
602 registered under the provisions of 15 USCS Section 80(a)-1 et
603 seq., provided that the portfolio of such investment company or
604 investment trust is limited to direct obligations issued by the
605 United States of America, United States government agencies,
606 United States government instrumentalities or United States
607 government sponsored enterprises, and to repurchase agreements
608 fully collateralized by direct obligations of the United States of
609 America, United States government agencies, United States
610 government instrumentalities or United States government sponsored
611 enterprises, and the investment company or investment trust takes
612 delivery of such collateral for the repurchase agreement, either
613 directly or through an authorized custodian. The State Treasurer
614 and the Executive Director of the Department of Finance and
615 Administration shall review and approve the investment companies

616 and investment trusts in which funds invested under paragraph (d)
617 of this section may be invested. The total dollar amount of funds
618 invested in all open-end and closed-end management type investment
619 companies and investment trusts at any one time shall not exceed
620 twenty percent (20%) of the total dollar amount of funds invested
621 under paragraph (d) of this section.

622 (f) Investments authorized by subparagraphs (ii) and
623 (iii) of paragraph (d) shall mature on such date or dates as
624 determined by the State Treasurer in the exercise of prudent
625 judgment to generate a favorable return to the state and will
626 allow the monies to be available for use at such time as the
627 monies will be needed for state purposes. However, the maturity
628 of securities purchased as enumerated in subparagraphs (ii) and
629 (iii) shall not exceed ten (10) years from date of purchase.
630 Special funds shall be considered those funds created
631 constitutionally, statutorily or administratively which are not
632 considered general funds. All funds invested for a period of
633 thirty (30) days or longer under paragraph (d) shall bear a rate
634 at least equal to the current established rate under paragraph (c)
635 of this section.

636 (g) Any interest-bearing deposits or certificates of
637 deposit shall not exceed at any time the amount insured by the
638 Federal Deposit Insurance Corporation in any one (1) banking
639 institution, the Federal Savings and Loan Insurance Corporation in
640 any one (1) savings and loan association, or other deposit
641 insurance corporation approved by the State Treasurer, unless the
642 uninsured portion is collateralized by the pledge of securities in
643 the manner provided by Section 27-105-5.

644 (h) Unless otherwise provided, income from investments
645 authorized by the provisions of this subsection shall be credited
646 to the State General Fund.

647 (i) Not more than Five Hundred Thousand Dollars
648 (\$500,000.00) of funds may be invested with foreign financial

649 institutions, and the State Treasurer may enter into price
650 contracts for the purchase or exchange of foreign currency or
651 other arrangements for currency exchange in an amount not to
652 exceed Five Hundred Thousand Dollars (\$500,000.00) upon specific
653 direction of the Department of Economic and Community Development.
654 The State Treasurer shall promulgate all rules and regulations for
655 applications, qualifications and any other necessary matters for
656 foreign financial institutions.

657 Any liquidating agent of a depository in liquidation,
658 voluntary or involuntary, shall redeem from the state any bonds
659 and securities which have been pledged to secure state funds and
660 such redemption shall be at the par value or market value thereof,
661 whichever is greater; otherwise, the liquidating agent or receiver
662 may pay off the state in full for its deposits and retrieve the
663 pledged securities without regard to par or market value.

664 The State Treasurer and the Executive Director of the
665 Department of Finance and Administration shall make monthly
666 reports to the Legislative Budget Office containing a full and
667 complete statement of all funds invested by virtue of the
668 provisions of this section and the revenues derived therefrom and
669 the expenses incurred therewith, together with all such other
670 information as may seem to each of them as being pertinent to
671 inform fully the Mississippi Legislature with reference thereto.

672 The State Treasurer shall not deposit any funds on demand
673 deposit with any authorized depository, unless such depository has
674 contracted for interest-bearing accounts or time certificates of
675 deposit.

676 Notwithstanding the foregoing, any financial institution not
677 meeting the prescribed ratio requirement set forth in Section
678 27-105-5 whose accounts are insured by the Federal Deposit
679 Insurance Corporation, or any successor to that insurance
680 corporation, may receive state funds in an amount not exceeding
681 the amount which is insured by such insurance corporations and may

682 qualify as a state depository to the extent of such insurance for
683 this purpose only. The paid-in and earned capital funds of such
684 financial institution shall not be included in the computations
685 specified in Section 27-105-9(a) and (b).

686 **SECTION 8.** Section 27-105-315, Mississippi Code of 1972, is
687 amended as follows:

688 27-105-315. (1) Any financial institution in a county, or
689 in an adjoining county where there is no financial institution in
690 the county qualifying, whose accounts are insured by the Federal
691 Deposit Insurance Corporation or any successors to that insurance
692 corporation may qualify as a county depository, if the institution
693 qualifies as a public funds depository under Section 27-105-5 or a
694 public funds guaranty pool member under Sections 27-105-5 and
695 27-105-6. The qualified financial institution shall secure those
696 deposits by placing qualified securities on deposit with the State
697 Treasurer as provided in Section 27-105-5.

698 (2) Notwithstanding the foregoing, any financial institution
699 whether or not meeting the prescribed ratio requirement whose
700 accounts are insured by the Federal Deposit Insurance Corporation
701 or any successors to that insurance corporation, may receive
702 county funds in an amount not exceeding the amount that is insured
703 by that insurance corporation and may qualify as a county
704 depository to the extent of that insurance.

705 (3) For purposes of the foregoing subsection (2), a deposit
706 or investment shall be within the amount that is insured by that
707 insurance corporation if the deposit or investment is made on the
708 following conditions:

709 (a) The financial institution arranges for the
710 investment of the funds in book entry certificates of deposit in
711 one or more banks or savings and loan associations wherever
712 located in the United States, for the account of the public
713 depositor;

714 (b) The full amount of the principal and accrued
715 interest of each such certificate of deposit is insured by the
716 Federal Deposit Insurance Corporation;

717 (c) The financial institution acts as custodian for the
718 public depositor with respect to the certificates of deposit
719 issued for the public depositor's account; and

720 (d) At the same time that such certificates of deposit
721 are issued, the financial institution receives an amount of
722 deposits from customers of other financial institutions located in
723 the United States equal to or greater than the amount of the funds
724 invested by the public depositor through the financial
725 institution.

726 **SECTION 9.** Section 27-105-353, Mississippi Code of 1972, is
727 amended as follows:

728 27-105-353. The board of mayor and aldermen or other
729 municipal authorities of each and every city, town or village in
730 the state are required to select a depository in the manner
731 provided by law for the selection of county depositories. Before
732 being selected, a depository must be certified by the State
733 Treasurer as meeting the capital ratio requirement specified in
734 Section 27-105-5 or 27-105-6. An institution shall not be a
735 qualified depository and shall not receive any municipal funds
736 unless its ratio has been certified annually by the State
737 Treasurer as meeting the prescribed requirement. Notwithstanding
738 the foregoing, any financial institution whether or not meeting
739 the prescribed ratio requirement whose accounts are insured by the
740 Federal Deposit Insurance Corporation or any successors to that
741 insurance corporation may receive municipal funds in an amount not
742 exceeding the amount that is insured by that insurance corporation
743 and may qualify as a municipal depository to the extent of that
744 insurance as prescribed in Section 27-105-315.

745 **SECTION 10.** This act shall take effect and be in force from
746 and after its passage.