

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

**HOUSE BILL 1169
RATIFIED BILL**

**AN ACT TO AUTHORIZE THE INVESTMENT OF STATE AND LOCAL FUNDS
IN NORTH CAROLINA FINANCIAL INSTITUTIONS.**

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 147-69.1(c)(5) reads as rewritten:

"(c) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (b) of this section in excess of the amount required to meet the current needs and demands on such funds, selecting from among the following:

- (5) ~~Time~~ Certificates of deposit and other time deposits of financial institutions with institutions under any of the following conditions:
- a. With financial institutions with a physical presence in North Carolina the State for the purpose of receiving commercial or retail deposits; provided that any principal amount of such deposit in excess of the amount insured by the federal government or any agency thereof, be fully secured by surety bonds, or be fully collateralized; provided further that the rate of return or investment yield may not be less than that available in the market on United States government or agency obligations of comparable maturity.
 - b. With financial institutions with a physical presence inside or outside the State, in accordance with all of the following conditions:
 1. The funds are initially deposited through a bank or savings and loan association in the State that is an official depository and that is selected by the State Treasurer, provided that the rate of return or investment yield shall not be less than that available in the market on United States government or agency obligations of comparable maturity.
 2. The selected bank or savings and loan association arranges for the deposit of the funds in certificates of deposit for the account of the State in one or more federally insured banks or savings and loan associations wherever located, provided that no State funds shall be deposited in a bank or savings and loan association that at the time holds other time deposits from the State.
 3. The full amount of principal and any accrued interest of each certificate of deposit are covered by federal deposit insurance.
 4. The selected bank or savings and loan association acts as custodian for the State with respect to the certificates of deposit issued for the State's account.
 5. At the same time that the State funds are deposited and the certificates of deposit are issued, the selected bank or

savings and loan association receives an amount of deposits from customers of other federally insured financial institutions wherever located equal to or greater than the amount of the funds invested by the State through the selected bank or savings and loan association pursuant to this sub-subdivision."

SECTION 2. G.S. 159-30 is amended by adding the following new subsection to read:

"(b1) In addition to deposits authorized by subsection (b) of this section, the finance officer may deposit any portion of idle funds in accordance with all of the following conditions:

- (1) The funds are initially deposited through a bank or savings and loan association that is an official depository and that is selected by the finance officer.
- (2) The selected bank or savings and loan association arranges for the deposit of funds in certificates of deposit for the account of the local government or public authority in one or more federally insured banks or savings and loan associations wherever located, provided that no funds shall be deposited in a bank or savings and loan association that at the time holds other deposits from the local government or public authority.
- (3) The full amount of principal and any accrued interest of each certificate of deposit are covered by federal deposit insurance.
- (4) The selected bank or savings and loan association acts as custodian for the local government or public authority with respect to the certificates of deposit issued for the local government's or public authority's account.
- (5) At the same time that the local government or public authority funds are deposited and the certificates of deposit are issued, the selected bank or savings and loan association receives an amount of deposits from customers of other federally insured financial institutions wherever located equal to or greater than the amount of the funds invested by the local government or public authority through the selected bank or savings and loan association."

SECTION 3. G.S. 115D-58.6(b) reads as rewritten:

"(b) Moneys may be deposited at interest in any bank, savings and loan association or trust company in this State in the form of certificates of deposit or such other forms of time deposits as may be approved for county governments. In addition, moneys may be deposited in the form of certificates of deposit as provided for a local government or public authority in G.S. 159-30(b1). Investment deposits shall be secured as provided in G.S. 159-31(b)."

SECTION 4. This act becomes effective October 1, 2005.

In the General Assembly read three times and ratified this the 23rd day of August, 2005.

Beverly E. Perdue
President of the Senate

James B. Black
Speaker of the House of Representatives

Michael F. Easley
Governor

Approved _____m. this _____ day of _____, 2005