

CHAPTER 63

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**GOVERNMENT - STATE**

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HOUSE BILL 94-1109

BY REPRESENTATIVE Snyder;  
also SENATOR Schroeder.

**AN ACT**

**CONCERNING THE INVESTMENT OF PUBLIC FUNDS.**

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** 24-75-601.1 (1) (k) (III), Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended, and the said 24-75-601.1 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

**24-75-601.1. Legal investments of public funds.** (1) It is lawful to invest public funds in any of the following securities if the period from the date of purchase of such security to its maturity date is five years or less or if the governing body of the public entity authorizes investment for such period in excess of five years:

(k) Any money market fund that is registered as an investment company under the federal "Investment Company Act of 1940", as amended, if, at the time the investing public entity invests in such fund:

(III) The investments of the fund consist only of securities with a maximum remaining maturity as specified in rule 2a-7 under the federal "Investment Company Act of 1940", as amended, or any successor regulation under such act regulating money market funds, so long as such rule 2a-7 is not amended to, or such successor regulation does not, increase the maximum remaining maturity of such securities to a period which is greater than three years, ~~which securities are one of the following~~ WHICH CONSIST OF THE FOLLOWING:

- (A) Securities listed in paragraphs (a) to (j) of this subsection (1); or
- (B) Perfected reverse repurchase agreements which mature within thirty days and

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

which provide for the simultaneous sale and repurchase by the fund at a future date of securities listed in paragraphs (a) to (i) of this subsection (1); or

(C) Any securities not listed in paragraphs (a) to (j) of this subsection (1) the interest on which is not includable in gross income for federal income tax purposes if such securities do not exceed fifteen percent of the investments of the fund, based on the purchase price of all securities held by the fund; ~~and~~ OR

(D) ANY FUND HAVING ASSETS OF ONE BILLION DOLLARS OR MORE OR THE HIGHEST CURRENT CREDIT RATING FROM ONE OR MORE NATIONALLY RECOGNIZED ORGANIZATIONS WHICH REGULARLY RATE SUCH OBLIGATIONS; AND

(m) (I) ANY UNITED STATES DOLLAR DENOMINATED CORPORATE OR BANK DEBT ISSUED BY A CORPORATION OR BANK WHICH IS ORGANIZED AND OPERATED WITHIN THE UNITED STATES AND HAS A NET WORTH IN EXCESS OF TWO HUNDRED FIFTY MILLION DOLLARS; EXCEPT THAT THE NOTES EVIDENCING THE DEBT MUST MATURE WITHIN THREE YEARS FROM THE DATE OF SETTLEMENT AND, AT THE TIME OF PURCHASE, THE DEBT MUST CARRY AT LEAST TWO CREDIT RATINGS FROM ANY OF THE NATIONALLY RECOGNIZED CREDIT RATING AGENCIES AND MUST NOT BE RATED BELOW "AA- OR Aa3" BY ANY CREDIT RATING AGENCY.

(II) AT NO TIME SHALL THE BOOK VALUE OF A PUBLIC ENTITY'S INVESTMENT IN NOTES EVIDENCING A DEBT PURSUANT TO THIS PARAGRAPH (m) EXCEED THE FOLLOWING:

(A) THIRTY PERCENT OF THE BOOK VALUE OF THE PUBLIC ENTITY'S INVESTMENT PORTFOLIO; OR

(B) FIVE PERCENT OF THE BOOK VALUE OF THE PUBLIC ENTITY'S INVESTMENT PORTFOLIO IF THE NOTES ARE ISSUED BY A SINGLE CORPORATION OR BANK.

**SECTION 2. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: March 29, 1994