

CHAPTER 81

GOVERNMENT - STATE

HOUSE BILL 14-1103

BY REPRESENTATIVE(S) Pabon, Holbert, Lawrence, McNulty, Murray, Priola, Szabo, Fields, Hulinghorst, Mitsch Bush, Pettersen, Rosenthal, Williams;
also SENATOR(S) Harvey.

AN ACT

CONCERNING THE CRITERIA THAT CERTAIN SECURITIES MUST MEET TO QUALIFY AS LEGAL INVESTMENTS FOR PUBLIC FUNDS.

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

SECTION 1. In Colorado Revised Statutes, 24-75-601.1, **amend** (1) (d) (II) (A), (1) (d) (II) (C), (1) (e) (II), (1) (e) (III), (1) (h.5), (1) (k) (III), and (1) (l) (I) as follows:

24-75-601.1. Legal investments of public funds. (1) It is lawful to invest public funds in any of the following securities:

(d) (II) No security may be purchased pursuant to this paragraph (d) unless:

(A) At the time of purchase, the security ~~is rated in one of its two highest rating categories by two or more~~ CARRIES AT LEAST TWO CREDIT RATINGS AT OR ABOVE "A" OR ITS EQUIVALENT FROM ~~nationally recognized~~ STATISTICAL RATING ORGANIZATIONS ~~that regularly rate such obligations~~. IF IT IS A GENERAL OBLIGATION OF THIS STATE OR OF ANY POLITICAL SUBDIVISION, INSTITUTION, DEPARTMENT, AGENCY, INSTRUMENTALITY, OR AUTHORITY OF THIS STATE OR CARRIES AT LEAST TWO CREDIT RATINGS AT OR ABOVE "AA" OR ITS EQUIVALENT FROM SUCH ORGANIZATIONS IF IT IS A GENERAL OBLIGATION OF ANY OTHER GOVERNMENTAL ENTITY LISTED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (d);

(C) The period from the date of settlement of this type of security to its maturity ~~date shall be~~ OR DATE OF OPTIONAL REDEMPTION THAT HAS BEEN EXERCISED AS OF THE DATE THE SECURITY IS PURCHASED IS ~~no more than three~~ FIVE years unless the governing body of the public entity authorizes investment for a period in excess of

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

~~three~~ FIVE years.

(e) (II) No security may be purchased pursuant to this paragraph (e) unless, at the time of purchase, the security ~~is rated in its highest rating category by two or more~~ CARRIES AT LEAST TWO CREDIT RATINGS AT OR ABOVE "A" OR ITS EQUIVALENT FROM nationally recognized STATISTICAL RATING organizations ~~that regularly rate such obligations~~ IF IT IS A REVENUE OBLIGATION OF THIS STATE OR OF ANY POLITICAL SUBDIVISION, INSTITUTION, DEPARTMENT, AGENCY, INSTRUMENTALITY, OR AUTHORITY OF THIS STATE OR CARRIES AT LEAST TWO CREDIT RATINGS AT OR ABOVE "AA" OR ITS EQUIVALENT FROM SUCH ORGANIZATIONS IF IT IS A REVENUE OBLIGATION OF ANY OTHER GOVERNMENTAL ENTITY LISTED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (e).

(III) The period from the date of settlement of this type of security to its maturity date OR DATE OF OPTIONAL REDEMPTION THAT HAS BEEN EXERCISED AS OF THE DATE THE SECURITY IS PURCHASED shall be no more than ~~three~~ FIVE years.

(h.5) Any certificate of participation or other security evidencing rights in payments to be made by a school district under a lease, lease-purchase agreement, or similar arrangement if the security, at the time of purchase, carries at least two credit ratings from ~~any of the~~ nationally recognized ~~credit rating agencies~~ STATISTICAL RATING ORGANIZATIONS and is rated at or above "A" OR ITS EQUIVALENT by all such ~~credit agencies~~ ORGANIZATIONS that have provided a rating;

(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 that is greater than three years, and if the fund has assets of one billion dollars or more, or has the highest current credit rating from one or more nationally recognized STATISTICAL RATING organizations. ~~that regularly rate such obligations.~~

(I) (I) Any guaranteed investment contract, guaranteed interest contract, annuity contract, or funding agreement if, at the time the contract or agreement is entered into, the long-term credit rating, financial obligations rating, claims paying ability rating, or financial strength rating of the party, or of the guarantor of the party, with whom the public entity enters the contract or agreement is, at the time of issuance, rated in one of the two highest rating categories by two or more nationally recognized ~~securities~~ STATISTICAL rating agencies ~~that regularly issue such ratings~~ ORGANIZATIONS.

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 27, 2014