

House Bill 2515

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Education for Oregon Association of Education Service Districts)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act allows public bodies to agree to create pools of funds or proceeds to invest without help from the State Treasurer and the OIC. (Flesch Readability Score: 66.4).

Authorizes public bodies to enter into an intergovernmental agreement to pool bond proceeds or other funds into commonly managed investments without the oversight of the State Treasurer and the Oregon Investment Council.

A BILL FOR AN ACT

1
2 Relating to pools for the investment of funds of public bodies; creating new provisions; and amending
3 ORS 294.035 and 294.820.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 294.820 is amended to read:

6 294.820. [*If the State Treasurer and the Oregon Investment Council terminate the operation of all*
7 *investment pools created under ORS 293.863,*] Public bodies may establish by written agreement un-
8 der ORS chapter 190 one or more pools for the investment of proceeds for the purposes identified
9 in ORS 293.861. In establishing one or more such pools, the participating public bodies may exercise
10 those powers conferred on the State Treasurer and the Oregon Investment Council by ORS 293.863.

11 **SECTION 2.** **Section 3 of this 2025 Act is added to and made a part of ORS 294.805 to**
12 **294.895.**

13 **SECTION 3.** **In lieu of or in addition to an investment pool and in addition to a pool for**
14 **the investment of proceeds described in ORS 294.820, public bodies may establish by written**
15 **agreement under ORS chapter 190 one or more pools for the investment of funds of the**
16 **public bodies that do not constitute proceeds as defined in ORS 293.863. In establishing one**
17 **or more pools for the investment of funds, participating public bodies may exercise those**
18 **powers conferred on the State Treasurer and the Oregon Investment Council by ORS 293.863.**

19 **SECTION 4.** ORS 294.035 is amended to read:

20 294.035. (1) Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer may invest any
21 sinking fund, bond fund or surplus funds in the custody of the custodial officer in the bank accounts,
22 classes of securities at current market prices, insurance contracts and other investments listed in
23 this section, but only after obtaining from the governing body of the county, municipality, political
24 subdivision or school district a written order that has been entered in the minutes or journal of the
25 governing body.

26 (2) This section does not:

27 (a) Limit the authority of the custodial officer to invest surplus funds in other investments when
28 the investment is specifically authorized by another statute.

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (b) Apply to a sinking fund or a bond fund established in connection with conduit revenue bonds
 2 issued by a county, municipality, political subdivision or school district for private business entities
 3 or nonprofit corporations.

4 (3) Investments authorized by this section are:

5 (a) Lawfully issued general obligations of the United States, the agencies and instrumentalities
 6 of the United States or enterprises sponsored by the United States Government and obligations
 7 whose payment is guaranteed by the United States, the agencies and instrumentalities of the United
 8 States or enterprises sponsored by the United States Government.

9 (b) Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon
 10 and its political subdivisions that have a long-term rating of A- or an equivalent rating or better or
 11 are rated on the settlement date in the highest category without any refinement or gradation for
 12 short-term municipal debt by a nationally recognized statistical rating organization.

13 (c) Lawfully issued debt obligations of the States of California, Idaho and Washington and poli-
 14 tical subdivisions of those states if the obligations have a long-term rating of AA- or an equivalent
 15 rating or better or are rated on the settlement date in the highest category for short-term municipal
 16 debt by a nationally recognized statistical rating organization.

17 (d) Time deposit open accounts, certificates of deposit and savings accounts in insured insti-
 18 tutions as defined in ORS 706.008, in credit unions as defined in ORS 723.006 or in federal credit
 19 unions, if the institution or credit union maintains a head office or a branch in this state.

20 (e) Share accounts and savings accounts in credit unions in the name of, or for the benefit of,
 21 a member of the credit union pursuant to a plan of deferred compensation.

22 (f) Fixed or variable life insurance or annuities as defined in ORS 731.170 and guaranteed in-
 23 vestment contracts issued by life insurance companies authorized to do business in this state.

24 (g) Trusts in which deferred compensation funds from other public employers are pooled, if:

25 (A) The purpose is to establish a deferred compensation plan;

26 (B) The trust is a public instrumentality of such public employers and described in section (2)(b)
 27 of the Investment Company Act of 1940, 15 U.S.C. 80a-2(b), as amended, in effect on September 20,
 28 1985, or the trust is a common trust fund described in ORS 709.170;

29 (C) Under the terms of the plan the net income from or gain or loss due to fluctuation in value
 30 of the underlying assets of the trust, or other change in such assets, is reflected in an equal increase
 31 or decrease in the amount distributable to the employee or the beneficiary thereof and, therefore,
 32 does not ultimately result in a net increase or decrease in the worth of the public employer or the
 33 state; and

34 (D) The fidelity of the trustees and others with access to such assets, other than a trust com-
 35 pany, as defined in ORS 706.008, is insured by a surety bond that is satisfactory to the public em-
 36 ployer, issued by a company authorized to do a surety business in this state and in an amount that
 37 is not less than 10 percent of the value of such assets.

38 (h)(A) Banker's acceptances, if the banker's acceptances are:

39 (i) Guaranteed by, and carried on the books of, a qualified financial institution;

40 (ii) Eligible for discount by the Federal Reserve System; and

41 (iii) Issued by a qualified financial institution whose short-term letter of credit rating is rated
 42 in the highest category without any refinement or gradation by one or more nationally recognized
 43 statistical rating organizations.

44 (B) For the purposes of this paragraph, "qualified financial institution" means:

45 (i) A financial institution that is located and licensed to do banking business in the State of

1 Oregon; or

2 (ii) A financial institution that is wholly owned by a financial holding company or a bank hold-
3 ing company that owns a financial institution that is located and licensed to do banking business in
4 the State of Oregon.

5 (C) A custodial officer shall not permit more than 25 percent of the moneys of a local govern-
6 ment that are available for investment, as determined on the settlement date, to be invested in
7 banker's acceptances of any qualified financial institution.

8 (i)(A) Corporate indebtedness subject to a valid registration statement on file with the Securities
9 and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities
10 Act of 1933, as amended. Corporate indebtedness described in this paragraph does not include
11 banker's acceptances. The corporate indebtedness must be issued by a commercial, industrial or
12 utility business enterprise, or by or on behalf of a financial institution, including a holding company
13 owning a majority interest in a qualified financial institution.

14 (B) Corporate indebtedness must be rated on the settlement date P-1 or Aa3 or better by
15 Moody's Investors Service or A-1 or AA- or better by S&P Global Ratings and Fitch Ratings or an
16 equivalent rating by any nationally recognized statistical rating organization.

17 (C) Notwithstanding subparagraph (B) of this paragraph, the corporate indebtedness must be
18 rated on the settlement date P-2 or A3 or better by Moody's Investors Service or A-2 or A or better
19 by S&P Global Ratings and Fitch Ratings or an equivalent rating by any nationally recognized sta-
20 tistical rating organization when the corporate indebtedness is:

21 (i) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50
22 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in
23 Oregon; or

24 (ii) Issued by a holding company owning not less than a majority interest in a qualified financial
25 institution, as defined in paragraph (h) of this subsection, located and licensed to do banking busi-
26 ness in Oregon or by a holding company owning not less than a majority interest in a business en-
27 terprise described in sub-subparagraph (i) of this subparagraph.

28 (D) A custodial officer may not permit more than 35 percent of the moneys of a local govern-
29 ment that are available for investment, as determined on the settlement date, to be invested in
30 corporate indebtedness, and may not permit more than five percent of the moneys of a local gov-
31 ernment that are available for investment to be invested in corporate indebtedness of any single
32 corporate entity and its affiliates or subsidiaries.

33 (j) Repurchase agreements whereby the custodial officer purchases securities from a financial
34 institution or securities dealer subject to an agreement by the seller to repurchase the securities.
35 The repurchase agreement must be in writing and executed in advance of the initial purchase of the
36 securities that are the subject of the repurchase agreement. Only securities described in paragraph
37 (a) of this subsection may be used in conjunction with a repurchase agreement and such securities
38 shall have a maturity of not longer than three years. The price paid by the custodial officer for such
39 securities may not exceed amounts or percentages prescribed by written policy of the Oregon In-
40 vestment Council or the Oregon Short Term Fund Board created by ORS 294.885.

41 (k) Shares of stock of any company, association or corporation, including but not limited to
42 shares of a mutual fund, but only if the moneys being invested are funds set aside pursuant to a
43 local government deferred compensation plan and are held in trust for the exclusive benefit of par-
44 ticipants and their beneficiaries.

45 (L) The investment pool as defined in ORS 294.805 and, with the approval of the State Treasurer,

1 any other commingled investment pool that may be established in the discretion of the State
2 Treasurer for investment of the funds of local governments. The State Treasurer may require the
3 governing body of a local government to enter into an investment agreement with the State Treas-
4 urer as a condition of investing funds in a commingled investment pool under this paragraph.

5 **(m) A pool for the investment of proceeds or funds as established under ORS 294.820 or**
6 **section 3 of this 2025 Act.**

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