

No. 1980-103

AN ACT

SB 1188

Amending the act of June 23, 1931 (P.L.932, No.317), entitled "An act relating to cities of the third class; and amending, revising, and consolidating the law relating thereto," providing for the investment of city funds.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 1804.1, act of June 23, 1931 (P.L.932, No.317), known as "The Third Class City Code," reenacted and amended June 28, 1951 (P.L.662, No.164) and added May 11, 1959 (P.L.306, No.53), is amended to read:

Section 1804.1. [Temporary] Investment of City Funds.—(a) The council shall have power to: [provide for the temporary investment of moneys, in the general fund or in special funds, in United States treasury bills, and for the disposal of such securities when the moneys may be needed, or to place such funds in Savings Accounts or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured.]

(1) *make investment of city sinking funds as authorized by the act of July 12, 1972 (P.L.781, No.185), known as the "Local Government Unit Debt Act";*

(2) *make investment of moneys in the general fund and in special funds of the city other than the sinking funds as authorized by this article; and*

(3) *liquidate any such investment, in whole or in part, by disposing of securities or withdrawing funds on deposit. Any action taken to make or to liquidate any investment shall be made by the officers designated by action of the council.*

(b) *The council shall invest city funds consistent with sound business practice.*

(c) *The council shall provide for an investment program subject to restrictions contained in this act and in any other applicable statute and any rules and regulations adopted by the council.*

(d) *Authorized types of investments for city funds shall be:*

(1) *United States Treasury bills.*

(2) *Short-term obligations of the United States Government or its agencies or instrumentalities.*

(3) *Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such*

accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

(4) Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

(5) Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for city funds listed in clauses (1) through (4).

(e) In making investments of city funds, the council shall have authority:

(1) To permit assets pledged as collateral under subsection (d)(3), to be pooled in accordance with the act of August 6, 1971 (P.L.281, No.72), relating to pledges of assets to secure deposits of public funds.

(2) To combine moneys from more than one fund under city control for the purchase of a single investment, provided that each of the funds combined for the purpose shall be accounted for separately in all respects and that the earnings from the investment are separately and individually computed and recorded, and credited to the accounts from which the investment was purchased.

(3) To join with one or more other political subdivisions and municipal authorities in accordance with the act of July 12, 1972 (P.L.762, No.180), referred to as the Intergovernmental Cooperation Law, in the purchase of a single investment, provided that the requirements of clause (2) on separate accounting of individual funds and separate computation, recording and crediting of the earnings therefrom are adhered to.

Section 2. Section 2702 of the act, amended June 14, 1961 (P.L.364, No.198), is amended to read:

Section 2702. Sinking Fund Commissioners; Duties.—Except as hereafter provided, the mayor, treasurer, and director of accounts and finance of each city shall constitute a board of commissioners of the sinking fund of the city. The mayor shall be chairman, and the director of accounts and finance secretary. In any city which adopts the mayor-council plan A pursuant to the Optional Third Class City Charter Law, the mayor, treasurer and the controller shall constitute a board of commissioners of the sinking fund of the city. The mayor shall be chairman and the controller shall be secretary. The board shall keep the accounts of the sinking fund, see to their proper application, and superintend the investment of the same, in accordance with law and the directions of the city council. [The council shall

not direct the investment of any moneys to the credit of the sinking fund except in the loans of the city, the loans of the United States, or the loans of the Commonwealth of Pennsylvania.] The income derived from any investments shall be credited and applied to the sinking fund or funds, respectively. The commissioners shall meet as often as may be necessary, keep a record of the proceedings, and shall annually, in the month of January, make a report to council of the condition and application of the fund, together with such recommendations in relation thereto as they shall deem expedient.

Section 3. This act shall take effect in 60 days.

APPROVED—The 10th day of July, A. D. 1980.

DICK THORNBURGH