

S.182

Introduced by Senators Clarkson and White

Referred to Committee on

Date:

Subject: Municipal government; public funds; trustees of public funds; powers,
duties, and investment

Statement of purpose of bill as introduced: This bill proposes to provide
municipal trustees of public funds with the authority to delegate the
management and investment of certain public trust funds.

An act relating to the investment authority of municipal trustees of public
funds

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 24 V.S.A. § 2432 is amended to read:

§ 2432. POWERS AND DUTIES; INVESTMENTS

(a)(1) The trustees shall apply ~~the estate~~ income of ~~such estate~~ to the
purpose for which it is held, and deeds or contracts made by them shall be in
the name of the town. ~~They~~

(2) The trustees may:

(A) lease, sell, or convey real estate so held; and invest the funds
received therefrom; and

1 (B) ~~They may loan~~ lend estate money ~~belonging to such estate,~~ at
2 annual or semi-annual interest, and as security for ~~such loans~~ each loan shall
3 take deeds or mortgages of real estate in this State.

4 (b) The trustees may invest in:

5 (1) any security, including a revenue obligation, issued, insured, or
6 guaranteed by the United States;

7 (2) ~~such~~ municipal bonds or other bonds that are rated at the time of the
8 transaction by a nationally recognized statistical rating organization, as defined
9 in 15 U.S.C. § 78c(a)(62) as may be amended, in one of its four highest
10 categories;

11 (3) repurchase agreements or debt securities of any federally insured
12 financial institution as defined in 8 V.S.A. § 11101(32);

13 (4) the shares of an investment company, or an investment trust, such as
14 a mutual fund, closed-end fund, or a unit investment trust, ~~which~~ that is
15 registered under the federal Investment Company Act of 1940, as amended, if
16 ~~such~~ the mutual investment fund has been in operation for at least ~~ten~~ five
17 years and has net assets of at least ~~\$500,000,000.00~~ \$100,000,000.00; or

18 (5) deposits in federally insured financial institutions as defined in
19 8 V.S.A. § 11101(32).

20 (c)(1) The trustees shall have full power to hold, purchase, sell, assign,
21 transfer, and dispose of any of the securities and investments in which any of

1 the funds ~~shall~~ have been invested, as well as the proceeds of ~~such~~ the
2 investments.

3 (2) The trustees are encouraged to invest in financial institutions
4 operating in the State and in investments within the State that will result in
5 reinvestment in Vermont.

6 (3) The provisions of this section as to future investments shall not
7 require the liquidation or disposition of securities legally acquired and held.

8 (d) The trustees may delegate management and investment of funds under
9 their charge to the extent that is prudent under the terms of the trust or
10 endowment, and in accordance with the Uniform Prudent Management of
11 Institutional Funds Act, 14 V.S.A. § 3415 (delegation of investment functions).
12 An agent exercising a delegated management or investment function may
13 invest the funds only in the securities enumerated in this section.

14 Sec. 2. EFFECTIVE DATE

15 This act shall take effect on July 1, 2018.