

1 TO THE HONORABLE SENATE:

2 The Committee on Government Operations to which was referred House  
3 Bill No. 5 entitled “An act relating to investment of town cemetery funds”  
4 respectfully reports that it has considered the same and recommends that the  
5 Senate propose to the House that the bill be amended by striking out all after  
6 the enacting clause and inserting in lieu thereof the following:

7 Sec. 1. 18 V.S.A. § 5384 is amended to read:

8 § 5384. PAYMENT TO TREASURER; RECORD; INVESTMENT

9 (a) Unless otherwise directed by the donor, all ~~moneys~~ monies received by  
10 a town for cemetery purposes shall be paid to the town treasurer who shall give  
11 a receipt therefor, which shall be recorded in the office of the town clerk in a  
12 book kept for that purpose. In such book shall also be stated the amount  
13 received from each donor, the time when, and the specific purpose to which the  
14 use thereof is appropriated.

15 (b)(1) All ~~moneys~~ monies so received by the town may be invested and  
16 reinvested by the treasurer, with the approval of the ~~selectmen~~ selectboard, by  
17 deposit in:

18 (A) banks chartered by the ~~state~~ State;

19 (B) ~~or in~~ national banks;

20 (C) bonds of the United States or of municipalities whose bonds are  
21 legal investment for banks chartered by the ~~state~~ State;

1           (D) ~~or in~~ bonds or notes legally issued in anticipation of taxes by a  
2 town, village, or city in this ~~state~~ State, or first mortgages on real estate in  
3 Vermont;

4           (E) ~~or in~~ the shares of an investment company; or an investment trust,  
5 ~~which~~ such as a mutual fund, closed-end fund, or unit investment trust, that is  
6 registered under the federal Investment Company Act of 1940, as amended, if  
7 such ~~mutual investment~~ fund has been in operation for at least ~~10~~ five years  
8 and has net assets of at least ~~\$10,000,000.00~~ \$100,000,000.00; or

9           (F) ~~in~~ shares of a savings and loan association of this ~~state~~ State, or  
10 share accounts of a federal savings and loan association with its principal  
11 office in this ~~state~~ State, when and to the extent to which the withdrawal or  
12 repurchase value of such shares or accounts are insured by the Federal Savings  
13 and Loan Insurance Corporation.

14           (2)(A) However, in ~~towns~~ a town that ~~elect~~ elects trustees of public  
15 funds, ~~such~~ cemetery funds shall be invested by ~~such~~ the trustees in any of the  
16 securities ~~hereinbefore~~ enumerated in this section, and the income thereof paid  
17 to the proper officers as the same falls due.

18           (B) ~~The~~ Investment income ~~therefrom~~ shall be expended for the  
19 purpose and in the manner designated by the donor. The provisions of this  
20 section as to future investments shall not require the liquidation or disposition  
21 of securities legally acquired and held.

1           (3) The treasurer, selectboard, or trustees of public funds may  
2           delegate management and investment of town cemetery funds to the extent that  
3           it is prudent under the terms of the trust or endowment, and in accordance with  
4           the Uniform Prudent Management of Institutional Funds Act, 14 V.S.A.  
5           § 3415 (delegation of investment functions). An agent exercising a delegated  
6           management or investment function may invest cemetery funds only in the  
7           securities enumerated in this section.

8           Sec. 2. 24 V.S.A. § 2432 is amended to read:

9           § 2432. POWERS AND DUTIES; INVESTMENTS

10           (a) The trustees shall apply the income of such estate to the purpose for  
11           which it is held, and deeds or contracts made by them shall be in the name of  
12           the town. They may lease, sell, or convey real estate so held, and invest the  
13           funds received therefrom. They may loan money belonging to such estate, at  
14           annual or semi-annual interest, and as security for such loans shall take deeds  
15           or mortgages of real estate in this State.

16           (b) The trustees may invest in:

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

19           (2) such municipal bonds or other bonds that are rated at the time of the  
20           transaction by a nationally recognized statistical rating organization in one of  
21           its four highest categories;

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

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

8           (5) deposits in federally insured financial institutions as defined in  
9 8 V.S.A. § 11101(32).

10          (c)(1) The trustees shall have full power to hold, purchase, sell, assign,  
11 transfer, and dispose of any of the securities and investments in which any of  
12 the funds shall have been invested, as well as the proceeds of such investments.  
13 The trustees are encouraged to invest in financial institutions operating in the  
14 State and in investments within the State that will result in reinvestment in  
15 Vermont. The provisions of this section as to future investments shall not  
16 require the liquidation or disposition of securities legally acquired and held.

17          (2) The trustees may delegate management and investment of funds  
18 under their charge to the extent that is prudent under the terms of the trust or  
19 endowment, and in accordance with the Uniform Prudent Management of  
20 Institutional Funds Act, 14 V.S.A. § 3415 (delegation of investment functions).

1     An agent exercising a delegated management or investment function may  
2     invest the funds only in the securities enumerated in this section.

3     Sec. 3. EFFECTIVE DATE

4         This act shall take effect on July 1, 2017.

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7         (Committee vote: \_\_\_\_\_)

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Senator \_\_\_\_\_

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FOR THE COMMITTEE