

AN ACT

ENTITLED, An Act to revise the powers and duties of the State Investment Council and the state investment officer with respect to the permanent school and other educational funds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That chapter 4-5 be amended by adding thereto a NEW SECTION to read as follows:

Notwithstanding the provisions of §§ 4-5-23, 4-5-29, and 4-5-37, upon receipt of the certification of the Health and Educational Facilities Authority as described in section 2 of this Act and receipt of evidence that the Governor has not disapproved of the investment as contemplated by Article VIII, § 12 of the Constitution, the State Investment Council, acting by and through the state investment officer, shall enter into a contingent purchase agreement, bond purchase agreement, or similar instrument or arrangement pursuant to which the State Investment Council shall be obligated to purchase, as an investment of the permanent school and other education funds of the State of South Dakota established pursuant to Article VIII, § 11 of the Constitution, general obligation funding bonds to be issued by any eligible school district participating in a tax anticipation note program established by the Health and Educational Facilities Authority under § 1-16A-75. Such bonds shall bear interest, mature, and contain such other terms and conditions as shall be approved by the Health and Educational Facilities Authority and as otherwise authorized by state law.

Section 2. That chapter 4-5 be amended by adding thereto a NEW SECTION to read as follows:

A school district is an eligible school district for the purposes of this Act if the Health and Educational Facilities Authority determines and certifies to the State Investment Council and the Governor that the school district is:

- (1) Expected to have sufficient tax and other revenues in the applicable fiscal year sufficient to pay principal and interest when due on all promissory notes issued or to be issued by the school district in connection with any program established by the Health and Educational Facilities Authority pursuant to § 1-16A-75; and

- (2) That the principal amount of any promissory notes issued by the school district in connection with such program does not exceed the principal amount of general obligation funding bonds that the district is, as of the date of certification, authorized to issue under § 13-19-7 and Article XIII, § 4 of the Constitution.

Section 3. That chapter 4-5 be amended by adding thereto a NEW SECTION to read as follows:

The state investment officer and the State Investment Council is entitled to conclusively rely, without any duty or obligation for further inquiry, diligence, or investigation, upon the certification of the Health and Educational Facilities Authority as described in section 2 of this Act and written evidence that the Governor has not disapproved the investment as described in section 1 of this Act. Any agreement or other arrangement entered into by the State Investment Council and state investment officer pursuant to this Act shall be deemed a prudent investment in full compliance with the requirements of the Constitution and all statutes and applicable common law, including, without limitation, §§ 4-5-27 and 4-5-29. No personal liability adheres to the state investment officer or the State Investment Council by reason of the agreement or arrangement.

Section 4. That chapter 4-5 be amended by adding thereto a NEW SECTION to read as follows:

The obligation of the State Investment Council to purchase any general obligation funding bonds pursuant to any agreement or arrangement described in section 1 of this Act is not enforceable to the extent that the principal amount of such general obligation funding bonds would cause an eligible participating school district to be in violation of the limitations on indebtedness of school districts provided for in Article XIII, § 4 of the Constitution.

Section 5. That chapter 4-5 be amended by adding thereto a NEW SECTION to read as follows:

The participation of the State Investment Council and the state investment officer in the tax anticipation note program of the Health and Educational Facilities Authority established under § 1-16A-75 is hereby determined to be in the public interest and for the benefit and maintenance of the public schools and for the equal benefit of and in the best interest of the people of the state and shall

be at no cost to the school districts, the Health and Educational Facilities Authority or any other participant of the program.

An Act to revise the powers and duties of the State Investment Council and the state investment officer with respect to the permanent school and other educational funds.

=====

I certify that the attached Act originated in the

SENATE as Bill No. 52

\_\_\_\_\_  
Secretary of the Senate

=====

\_\_\_\_\_  
President of the Senate

Attest:

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Speaker of the House

Attest:

\_\_\_\_\_  
Chief Clerk

Senate Bill No. 52  
File No. \_\_\_\_\_  
Chapter No. \_\_\_\_\_

=====

Received at this Executive Office this \_\_\_\_ day of \_\_\_\_\_ ,

19\_\_ at \_\_\_\_ M.

By \_\_\_\_\_  
for the Governor

=====

The attached Act is hereby approved this \_\_\_\_\_ day of \_\_\_\_\_ , A.D., 19\_\_

\_\_\_\_\_  
Governor

=====

STATE OF SOUTH DAKOTA,  
ss.

Office of the Secretary of State

Filed \_\_\_\_\_ , 19\_\_  
at \_\_\_\_\_ o'clock \_\_ M.

\_\_\_\_\_  
Secretary of State

By \_\_\_\_\_  
Asst. Secretary of State