

# State of South Dakota

SEVENTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2003

619I0600

## SENATE BILL NO. 185

Introduced by: Senators Dempster and Knudson and Representatives McCaulley, Michels,  
and Olson (Mel)

1 FOR AN ACT ENTITLED, An Act to revise certain provisions concerning the investment of  
2 the funds of the Health and Education Facilities Authority.

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

4 Section 1. That § 1-16A-19 be amended to read as follows:

5 1-16A-19. The authority may invest any funds, including funds made available to the  
6 authority pursuant to § 1-16A-75, in the following:

- 7 (1) Bonds, notes, certificates of indebtedness, treasury bills, or other securities  
8 constituting direct obligations of, or obligations the principal of and interest on which  
9 are fully guaranteed or insured by, the United States of America;
- 10 (2) In obligations issued by or obligations the principal of and interest on which are fully  
11 guaranteed or insured by any agency or instrumentality of the United States of  
12 America;
- 13 (3) In certificates of deposit or time deposits constituting direct obligations of any bank  
14 which is a "qualified public depository" or any savings and loan association which is  
15 a "savings and loan depository" under the Public Deposit Insurance Act pursuant to



1 chapter 4-6A, unless sufficient volume of such certificates is not available at  
2 competitive interest rates. In that event, the authority may purchase noncollateralized  
3 direct obligations of any bank or savings institution or holding company if such  
4 institution or holding company is rated in the highest two quality categories by a  
5 nationally recognized rating agency;

6 (4) In obligations of any solvent insurance company or other corporation or business  
7 entity existing under the laws of the United States or any state thereof, provided the  
8 ~~obligation~~ long term obligations of such insurance company or other corporation or  
9 business entity (or of any affiliate thereof which guarantees timely payment of the  
10 obligations to be in invested in) shall be rated in one of the two highest rating  
11 classifications established by a standard rating service of insurance companies or a  
12 nationally recognized rating agency;

13 (5) In short term discount obligations of the Federal National Mortgage Association;

14 (6) In obligations issued by any state of the United States or any political subdivision,  
15 public instrumentality, or public authority of any state of the United States, which  
16 obligations are not callable before the date the principal thereof will be required to be  
17 paid and which obligations are fully secured as to both sufficiency and timely payment  
18 by, and payable solely from, securities described in subdivision (1) and which  
19 obligations are rated in the highest investment classification by at least two standard  
20 rating services of such obligations.

21 Any such securities may be purchased at the offering or market price thereof at the time of  
22 such purchase. All such securities so purchased shall mature or be redeemable on a date or dates  
23 prior to the time when, in the judgment of the authority, the funds so invested will be required  
24 for expenditure. The express judgment of the authority as to the time when any funds will be

1 required for expenditure or be redeemable is final and conclusive. Investment in any obligation  
2 enumerated in this section may be made either directly or in the form of securities of, or other  
3 interests in, an investment company registered under the Federal Investment Act of 1940, whose  
4 shares are registered under the Federal Securities Act of 1933 and whose investments are limited  
5 to these obligations.