

**PROPOSED AMENDMENTS TO
SENATE BILL 120**

1 On page 1 of the printed bill, line 5, delete “293.353,”.

2 In line 7, delete “294.730,” and delete “294.810, 294.815,”.

3 In line 8, delete “294.831,” and delete “294.847, 294.850,”.

4 In line 13, delete “and 293.824” and insert “, 293.824, 294.831, 294.847 and
5 294.850”.

6 Delete lines 17 through 27 and delete page 2.

7 On page 3, delete lines 1 through 3 and insert:

8 **“SECTION 2. Powers and duties of the Oregon Investment Corpo-**
9 **ration. (1) The Oregon Investment Corporation is established as a**
10 **public corporation. The corporation shall exercise and carry out**
11 **statewide all the powers, rights and privileges that are expressly con-**
12 **ferred upon the corporation, are implied by law or are incident to such**
13 **powers. Except as provided in ORS 293.701 to 293.820, nothing in ORS**
14 **293.701 to 293.820 is intended to affect the powers and duties of the**
15 **State Treasurer otherwise provided by law or under the Oregon Con-**
16 **stitution.**

17 **“(2) The mission of the corporation is to invest the investment**
18 **funds and any other moneys it is charged by law with investing.**

19 **“(3) In addition to any other powers and duties granted by law, the**
20 **corporation may:**

21 **“(a) Invest and reinvest moneys in the investment funds or any**
22 **other moneys it is charged by law with investing, except that the**

1 moneys deposited in the Oregon Short Term Fund under ORS 293.701
2 (2)(n) shall be invested by the State Treasurer or, at the request of the
3 State Treasurer, by the corporation. In furtherance of such investing,
4 the corporation may acquire, retain, manage and dispose of as in-
5 vestments every kind of investment that persons of prudence, dis-
6 cretion and intelligence acquire, retain, manage and dispose of for
7 their own financial interest.

8 “(b) Enter into contracts and acquire, hold, own, encumber, issue,
9 replace, deal in and with and dispose of real and personal property for
10 its own proprietary interest.

11 “(c) Employ persons as it determines necessary or desirable to carry
12 out the mission and powers of the corporation.

13 “(d) Enter into contracts with advisors, service providers or others
14 as it determines necessary or desirable to carry out the mission and
15 powers of the corporation, including but not limited to entering into
16 contracts with one or more persons who may, in lieu of or in addition
17 to the corporation, perform discretionary investment manager or
18 other functions to the extent provided in the contract.

19 “(e) Collect the principal and interest or other income of invest-
20 ments when due and payable, and shall pay the principal and interest
21 or other income, when so collected, into the appropriate fund. Except
22 as otherwise provided by law, interest or other income of the funds
23 invested for state agencies shall be paid into the General Fund as
24 provided in ORS 293.140 to be available for the payment of general
25 governmental expenses.

26 “(f) Exercise any shareholder or other voting rights in connection
27 with an investment.

28 “(g) For and on behalf of the Public Employees Retirement System
29 and Public Employees Retirement Board, enter into group annuity
30 contracts with one or more insurance companies authorized to do

1 **business in this state. In lieu of any investment of moneys in the**
2 **Public Employees Retirement Fund, the corporation may make pay-**
3 **ments from time to time under such annuity contracts using any**
4 **moneys in that fund available for investment purposes.**

5 **“(4) In the event of a default, breach or impairment of the payment**
6 **of amounts due or other obligations related to an investment, or if the**
7 **corporation determines it is otherwise appropriate in furtherance of**
8 **its powers and duties, the corporation may:**

9 **“(a) Accept for exchange purposes refunding bonds or other evi-**
10 **dences of indebtedness at interest rates agreed upon by the corpo-**
11 **ration and the obligor.**

12 **“(b) Make compromises, adjustments or disposition of the matured**
13 **or future principal or interest or other income of an investment as the**
14 **corporation considers advisable for the purpose of protecting the**
15 **moneys invested.**

16 **“(c) Take such other actions as the corporation considers necessary**
17 **or appropriate.**

18 **“(5) The provisions of ORS 293.235, 293.240 and 293.245 do not apply**
19 **to collection of the principal or earnings of investments. Any class**
20 **action lawsuit or other legal proceeding filed with, or on behalf of,**
21 **other corporate shareholders or investors to protect the moneys in-**
22 **vested by the corporation or to otherwise benefit the invested moneys**
23 **must be brought in the name of the State Treasurer as custodian of**
24 **the moneys deposited in the State Treasury.**

25 **“(6) The corporation shall follow generally accepted accounting**
26 **practices, record the individual amounts and the totals of all invest-**
27 **ments and provide to the officer or body controlling and administering**
28 **the invested moneys any information necessary for financial reporting**
29 **required by law. The corporation shall separately identify investments**
30 **held in the Oregon Growth Account established in ORS 348.702 and the**

1 **Oregon Resource and Technology Development Subaccount established**
2 **in ORS 348.706 as part of the information provided on the Education**
3 **Stability Fund.**

4 **“SECTION 2a. State Treasurer investment of moneys in Oregon**
5 **Short Term Fund; manner and powers. When the State Treasurer in-**
6 **vests moneys in the Oregon Short Term Fund in lieu of the Oregon**
7 **Investment Corporation, as provided in section 2 (3)(a) of this 2013 Act,**
8 **the State Treasurer may invest moneys in the fund in the same man-**
9 **ner and with the same powers as provided for the corporation under**
10 **section 2 (3), (4) and (5) of this 2013 Act.”.**

11 In line 41, after the period insert “The corporation shall fully reimburse
12 the State Treasurer or any other agency for any costs associated with the
13 transfer of personnel to the corporation.”.

14 On page 4, line 27, after “prepare” insert “, or cause to be prepared,”.

15 In line 29, delete “90th” and insert “180th”.

16 After line 38, insert:

17 “(8) Subject to the constitutional duties and authority of the Secretary
18 of State to audit public accounts, the corporation may conduct independent
19 audits with internal auditors or outside independent auditors, if the audits
20 are considered advisable by the corporation. Subject to ORS 297.250, the au-
21 dits are subject to the exclusive discretion and control of the corporation.
22 The audits are subject to disclosure pursuant to ORS 192.410 to 192.505.”.

23 On page 5, line 44, after “ORS” insert “184.360,”.

24 On page 6, delete lines 6 through 16 and insert:

25 “(3) For purposes of ORS 30.260 to 30.300 and ORS chapter 278, the cor-
26 poration is considered to be a state agency that is part of state government.

27 “(4) The corporation, as a distinct governmental entity, is not subject to
28 any provision of law enacted after January 1, 2013, with respect to any state
29 agency or other governmental entity, that is unique to state agencies or
30 governmental entities, unless the provision specifically provides that it ap-

1 plies to the corporation.

2 **“SECTION 9. The Oregon Investment Corporation Fund is estab-**
3 **lished in the State Treasury, separate and distinct from the General**
4 **Fund. Moneys deducted under ORS 293.718 shall be paid to the Oregon**
5 **Investment Corporation Fund. Interest earned by the fund shall be**
6 **credited to the fund. Moneys in the fund are continuously appropriated**
7 **to the Oregon Investment Corporation for the payment of expenses of**
8 **the corporation.**

9 **“SECTION 10. Section 11 of this 2013 Act is added to and made a**
10 **part of ORS 192.410 to 192.505.**

11 **“SECTION 11. (1) ORS 192.450 applies when a person is denied the**
12 **right to inspect or receive a copy of a public record of the Oregon In-**
13 **vestment Corporation.**

14 **“(2) Notwithstanding subsection (1) of this section, the State**
15 **Treasurer may make a determination pursuant to ORS 192.480 denying**
16 **the right of any person to inspect or receive a copy of any public re-**
17 **cord of the corporation. Upon issuance of the determination, any pro-**
18 **ceedings against the corporation with respect to disclosure of records**
19 **subject to the determination are permanently stayed. A party re-**
20 **questing disclosure of records of the corporation subject to a deter-**
21 **mination by the State Treasurer pursuant to this section may seek**
22 **review of the determination in the manner allowed in ORS 192.480.”.**

23 On page 7, delete lines 29 through 38 and insert:

24 **“SECTION 15. ORS 293.718 is amended to read:**

25 **“293.718. (1) As payment for expenses of the [*investment officer*] Oregon**
26 **Investment Corporation, the [*State Treasurer*] corporation may deduct**
27 **[*monthly*] each month a maximum of 0.25 basis points of the most recent**
28 **market value of assets [*under management for each of the investment funds*]**
29 **invested by the corporation. The corporation shall deposit amounts**
30 **deducted under this subsection in the Oregon Investment Corporation**

1 **Fund established under section 9 of this 2013 Act.** [*However,*]

2 “(2) For the funds described in ORS 293.701 (2)(n), a maximum of 0.435
3 basis points may be deducted [*monthly*] **each month**. Amounts [*so*] deducted
4 **under this subsection** shall be deposited into the Miscellaneous Receipts
5 Account established in the General Fund for the State Treasurer, and are
6 continuously appropriated for payment of the expenses of the State Treasurer
7 [*as investment officer*] **related to the investment of and accounting for**
8 **the Oregon Short Term Fund.”.**

9 In line 42, after “investing” delete the rest of the line and insert “, except
10 that the moneys deposited in the Oregon Short Term Fund under ORS 293.701
11 (2)(n) shall be invested by the corporation only at the request of the State
12 Treasurer. The corporation and the State Treasurer shall manage the”.

13 In line 43, after “investments” insert “under their management”.

14 On page 8, line 7, delete “has” and insert “and the State Treasurer
15 have”.

16 In line 10, after “corporation” insert “, and the State Treasurer,”.

17 In line 18, after “corporation” insert “or the State Treasurer”.

18 In line 26, after “Corporation” insert “or the State Treasurer”.

19 Delete lines 41 through 45 and insert:

20 “(3) Moneys in the fund may be transferred as provided in ORS 293.205
21 to 293.225. For any transfers to the General Fund, the State Treasurer is the
22 officer in charge of the borrowing fund. The interest rate to be charged in
23 any agreements entered into under ORS 293.220 for a transfer from the
24 Oregon Short Term Fund shall be based on a rate calculated by the State
25 Treasurer, or by the Oregon Investment Corporation if it is investing the
26 fund, that approximates the return that would have been earned by the
27 Oregon Short Term Fund while the moneys are loaned, plus any amounts
28 necessary to recover the costs of the loan. The interest rate may not be less
29 than the rate specified in ORS 293.220.”.

30 On page 9, line 32, after “Corporation” insert “, or the State Treasurer

1 when investing the Oregon Short Term Fund,”.

2 On page 10, line 3, delete “The corporation” and insert “The instruments
3 of title for investments of the Oregon Short Term Fund shall be held by the
4 State Treasurer when the State Treasurer invests the fund. The corporation,
5 or the State Treasurer for the Oregon Short Term Fund,”.

6 In line 8, after “corporation” insert “or State Treasurer”.

7 Delete lines 39 through 45.

8 On page 11, delete lines 1 through 12 and insert:

9 **“SECTION 24. ORS 293.776 is amended to read:**

10 **“293.776. (1) The Oregon Investment Corporation shall establish an**
11 **internal audit function.**

12 **“(2) The [Oregon Investment Council] corporation** shall provide for an
13 examination and audit of the investment funds investment program, and for
14 submission to the [council] **corporation** of a report based on the examination
15 and audit, at least once every four years and at other times as the [council]
16 **corporation** may require. [*The examination and audit, and the report based*
17 *thereon, shall include an evaluation of current investment funds investment*
18 *policies and practices and of specific investments of the investment funds in*
19 *relation to the objective set forth in ORS 293.721, the standard set forth in*
20 *ORS 293.726 and other criteria as may be appropriate, and recommendations*
21 *relating to the investment funds investment policies and practices and to spe-*
22 *cific investments of the investment funds as are considered necessary or desir-*
23 *able.*]

24 **“(3) The examination and audit required under subsection (2) of this**
25 **section shall include:**

26 **“(a) The investment funds investment program of the corporation;**

27 **“(b) The investment of any other moneys the corporation is charged**
28 **by law with investing; and**

29 **“(c) The investment policies of the corporation.**

30 **“(4) The [council] corporation** shall make copies of the report or a sum-

1 mary thereof available for distribution to interested persons.”.

2 Delete lines 31 through 45.

3 On page 12, delete lines 1 through 21 and insert:

4 **“SECTION 26.** ORS 293.790 is amended to read:

5 “293.790. (1) Under authority of [*section 6,*] Article XI, **section 6**, of the
6 Oregon Constitution, the [*state*] **Oregon Investment Corporation**, subject
7 to subsection [(2)] **(3)** of this section, may hold and dispose of the stock of
8 any company, association or corporation, including stock already received
9 **by a state agency**, that is donated or bequeathed. [*and the state,*]

10 **“(2)** Acting by and through the State Board of Higher Education, subject
11 to subsection [(2)] **(3)** of this section, **the corporation** may invest and rein-
12 vest in the stock of any company, association or corporation, any funds or
13 moneys of the State Board of Higher Education that:

14 “(a) Are or have been donated or bequeathed for higher education pur-
15 poses;

16 “(b) Are the proceeds from the disposition of stock that is donated or
17 bequeathed for higher education purposes, including stock already received;
18 or

19 “(c) Are dividends paid with respect to stock that is donated or
20 bequeathed for higher education purposes, including stock already received.

21 “[2)] **(3)** [*The state, including any of its agencies having control of, or*
22 *authority to invest and reinvest in, any stock described in subsection (1) of this*
23 *section, in holding, disposing of or investing and reinvesting in such stock,*
24 *shall be]* **The corporation, on behalf of any state agency in receipt of**
25 **donated stock or having control of, or authority to invest and reinvest,**
26 **any stock, is** governed by ORS 130.750 to 130.775, notwithstanding the date
27 of acquisition of [*such*] **the** stock. Moneys received from the disposition of
28 [*such*] **the** stock, including dividends, shall be maintained separate and dis-
29 tinct from the General Fund, and those moneys, including interest earned
30 thereon, are appropriated continuously for the purposes of the donation or

1 bequest and of the investments and reinvestments authorized by subsection
2 (1) of this section and by ORS 351.130. Except as specifically authorized by
3 law, the state or any of its agencies may not purchase stock.

4 “(3)(a) This section does not apply to investment and reinvestment of
5 moneys in the Public Employees Retirement Fund, the Industrial Accident
6 Fund, the Deferred Compensation Fund and the Education Stability Fund or
7 to acquisition, retention, management and disposition of investments of those
8 funds as provided in ORS 293.701 to 293.820.

9 “(b) This section does not apply to investment or reinvestment of moneys
10 or stock resulting from the holding and disposing of stock by the state as
11 allowed under [*section 6 (2),*] Article XI, **section 6 (2)**, of the Oregon Con-
12 stitution.

13 **“SECTION 27.** ORS 293.793 is amended to read:

14 “293.793. (1) As used in this section:

15 “(a) ‘Related agency’ has the meaning given that term in ORS 286A.001.

16 “(b) ‘State government’ has the meaning given that term in ORS 174.111.

17 “(2) If the State Treasurer, [*acting as investment officer,*] **the Oregon**
18 **Investment Corporation** or a trustee, investing moneys for a related agency
19 **or the Oregon Short Term Fund**, purchases or acquires bonds issued by
20 state government, the purchase or acquisition does not cancel or extinguish
21 the bonds.”.

22 On page 14, line 21, after “Corporation” insert “or the State Treasurer”.

23 In line 23, after “corporation” insert “or State Treasurer”.

24 In line 25, after “corporation” insert “or State Treasurer”.

25 In line 29, after “corporation” insert “or State Treasurer”.

26 On page 25, line 29, after “Corporation” insert “or the State Treasurer”.

27 On page 26, line 28, after “corporation” insert “or the State Treasurer”.

28 On page 27, line 30, after “corporation” insert “or the State Treasurer”.

29 On page 28, line 40, restore the bracketed material.

30 In line 41, restore “State Treasurer or the”.

1 In line 43, restore the bracketed material.

2 In line 44, restore “fice of the State Treasurer or”.

3 On page 29, delete lines 7 through 9 and insert:

4 “(b) Paragraph (a)(A) and (B) of this subsection does not apply while an
5 individual, who as part of the individual’s duties invested public funds, is
6 employed by the Oregon Investment Corporation.”.

7 On page 36, line 33, delete “the State Treasurer,”.

8 On page 37, line 7, delete the comma and insert “and”.

9 In line 8, delete “and the State Treasurer or the Deputy State
10 Treasurer”.

11 Delete lines 19 through 36 and insert:

12 **“SECTION 54.** ORS 246.590 is amended to read:

13 “246.590. (1) The State Treasurer, **for the Oregon Short Term Fund,**
14 *[in the capacity of investment officer for the Oregon Investment Council,]* **or**
15 **the Oregon Investment Corporation** may lend moneys in the investment
16 funds **or any other moneys the State Treasurer or the corporation is**
17 **charged by law with investing** as provided in ORS 293.701 to 293.820 for
18 the acquisition of:

19 “(a) The voting machines or vote tally systems that the Secretary of State
20 has contracted to sell to a county.

21 “(b) Computers or computer systems for the purpose of maintaining and
22 updating elector registration files or for establishing cross-county elector
23 registration files, including those that the Secretary of State has contracted
24 to sell to a county.

25 “(2) The Voting Machine Account is established in the General Fund. The
26 account consists of moneys lent to the Secretary of State under this section
27 and payments collected from counties under ORS 246.600. Moneys in the ac-
28 count are continuously appropriated to the secretary for:

29 “(a) The purchase of voting machines or vote tally systems or computers
30 or computer systems described in subsection (1) of this section; and

1 “(b) Repayment of moneys lent under this section, plus interest.

2 “(3) Moneys lent under this section shall be repaid within five years to-
3 gether with interest at a rate agreed upon by the [*State Treasurer*] **State**
4 **Treasurer or the corporation** and the Secretary of State.”.

5 On page 39, delete lines 27 through 42 and insert:

6 “**NOTE:** Section 60 was deleted by amendment. Subsequent sections were
7 not renumbered.”.

8 On page 42, delete lines 6 through 45 and insert:

9 “**SECTION 62.** ORS 294.805 is amended to read:

10 “294.805. As used in ORS 294.805 to 294.895:

11 “(1) ‘Board’ means the Oregon Short Term Fund Board.

12 “[2] ‘Council’ means the Oregon Investment Council created under ORS
13 293.706.]

14 “[3] (2) ‘Funds’ means funds under the control or in the custody of any
15 local government official by virtue of office that are not required to meet
16 current demands.

17 “[4] (3) ‘Investment officer’ means the State Treasurer, **or the Oregon**
18 **Investment Corporation if the State Treasurer requests the corpo-**
19 **ration to invest the Oregon Short Term Fund or the investment pool**
20 [*in capacity as investment officer for the council and the investment pool*].

21 “[5] (4) ‘Investment pool’ means the aggregate of all funds from local
22 government officials that are [*placed in the custody of the investment officer*
23 *for investment and reinvestment*] **invested** as provided under ORS 294.805 to
24 294.895.

25 “[6] (5) ‘Local government official’ means each officer or employee of
26 any agency, political subdivision or public corporation of this state, includ-
27 ing the Oregon State Bar, who by law is made the custodian of or has control
28 of any funds.

29 “**NOTE:** Sections 63 and 64 were deleted by amendment. Subsequent
30 sections were not renumbered.”.

1 Delete pages 43 through 46 and insert:

2 **“SECTION 65.** ORS 294.820 is amended to read:

3 “294.820. (1) If the [*State Treasurer and the Oregon Investment Council*
4 *terminate*] **Oregon Investment Corporation terminates** the operation of
5 all investment pools [*created under ORS 293.824,*] **for** public bodies, [*as de-*
6 *finied in ORS 287A.001,*] **one or more public bodies** may establish by writ-
7 ten agreement under ORS chapter 190 one or more pools for the investment
8 of proceeds for the [*purposes identified in ORS 293.822. In establishing one*
9 *or more such pools, the participating public bodies may exercise those powers*
10 *conferred on the State Treasurer and the Oregon Investment Council by ORS*
11 *293.824*] **purpose of reducing the burdens of federal arbitrage rules on**
12 **public bodies that issue tax-exempt obligations.**

13 **“(2) As used in this section:**

14 **“(a) ‘Proceeds’ means funds obtained from the sale of tax-exempt**
15 **obligations, and other funds that secure, or are held to pay debt ser-**
16 **vice on, tax-exempt obligations.**

17 **“(b) ‘Public body’ has the meaning given that term in ORS 287A.001.**

18 **“(c) ‘Tax-exempt obligations’ means bonds, notes, certificates or**
19 **other obligations, the interest on which is excluded from gross income**
20 **under the Internal Revenue Code.**

21 **“SECTION 66.** ORS 294.825 is amended to read:

22 “294.825. [(1) *The State Treasurer is the investment officer for the Oregon*
23 *Investment Council and the investment pool, and shall perform functions in*
24 *that capacity as authorized or required by law and, consistent with law, by the*
25 *council.*]

26 “[2) *The bond of the State Treasurer required from the State Treasurer*
27 *by law shall be deemed to extend to the faithful performance of all functions*
28 *of the office of investment officer under ORS 294.805 to 294.895.*]

29 “[3) *The investment officer may:*]

30 “[a) *Subject to any applicable provision of the State Personnel Relations*

1 *Law, employ, prescribe the functions and fix the compensation of personnel*
2 *necessary to facilitate and assist in carrying out the functions of the council,*
3 *investment officer and investment pool.]*

4 “[(b) *Require a fidelity bond of any person employed by the investment of-*
5 *ficer who has charge of, handles or has access to any of the moneys in the*
6 *investment pool. The amounts of the bonds shall be fixed by the investment*
7 *officer, except as otherwise provided by law, and the sureties shall be approved*
8 *by the investment officer. The premiums on the bonds shall be an expense of*
9 *the State Treasurer.]*

10 “[~~(4)~~] Subject to review by the **Oregon Short Term Fund** Board, the
11 [*investment officer*] **State Treasurer** may, pursuant to ORS chapter 183,
12 make reasonable rules necessary for the administration of ORS 294.805 to
13 294.895.

14 “**NOTE:** Section 67 was deleted by amendment. Subsequent sections were
15 not renumbered.

16 “**SECTION 68.** ORS 294.840 is amended to read:

17 “294.840. [*Subject to the objective set forth in ORS 294.831 and the stan-*
18 *dards set forth in ORS 294.835, the Oregon Investment Council*] **The board**
19 **of directors of the Oregon Investment Corporation** shall formulate poli-
20 cies for the investment and reinvestment of moneys in the investment pool
21 and the acquisition, retention, management and disposition of investments
22 of the investment pool. The [*council*] **board of directors**, from time to time,
23 shall review those policies and make changes therein as it considers neces-
24 sary or desirable. The [*council*] **board of directors** may formulate separate
25 policies for any funds from any single public body included in the investment
26 pool.

27 “**SECTION 69.** ORS 294.845 is amended to read:

28 “294.845. (1) In amounts available for investment purposes and subject to
29 the policies formulated by the [*Oregon Investment Council*] **board of direc-**
30 **tors of the Oregon Investment Corporation**, the investment officer shall

1 invest and reinvest moneys in the investment pool and acquire, retain, man-
2 age, including exercise of any voting rights, and dispose of investments of
3 the investment pool.

4 **“(2) The investment officer is subject to the standards, and has the**
5 **powers and duties, set forth in section 2 (3)(a) to (f) and (4) of this 2013**
6 **Act when investing moneys in the investment pool.**

7 **“NOTE:** Sections 70 and 71 were deleted by amendment. Subsequent
8 sections were not renumbered.

9 **“SECTION 72.** ORS 294.855 is amended to read:

10 “294.855. [(1)] In the acquisition or disposition of bonds with which ap-
11 proving legal opinions ordinarily are furnished, the investment officer may
12 require an original or certified copy of the written opinion of a reputable
13 bond attorney or attorneys, or the written opinion of the Attorney General,
14 certifying to the legality of the bonds.

15 “[*(2) The Oregon Investment Council may arrange for the furnishing to the*
16 *investment officer of investment counseling services. The furnishing and ac-*
17 *quisition of those services are not subject to the State Personnel Relations Law*
18 *or ORS 279A.140.]*

19 “[*(3) The investment officer, with the approval of the council, may arrange*
20 *for services with respect to mortgages in which moneys in the investment pool*
21 *are invested. Those services shall be paid for out of the gross interest of the*
22 *mortgages with respect to which the services are furnished, and the net interest*
23 *of the mortgages after that payment shall be considered income of the invest-*
24 *ment pool. The furnishing and acquisition of those services are not subject to*
25 *the State Personnel Relations Law or ORS 279A.140.]*

26 **“SECTION 73.** ORS 294.860 is amended to read:

27 “294.860. [(1) *Except as provided in ORS 294.850 and this subsection,*] All
28 instruments of title of all investments of the investment pool shall remain
29 in the custody of the investment officer **and be held as provided in ORS**
30 **293.751.** [*The investment officer may deposit with one or more custodial agents*

1 *or banks those instruments of title that the State Treasurer considers advis-*
2 *able, to be held in safekeeping by the agents or banks for collection of the*
3 *principal and interest or other income, or of the proceeds of sale or maturity.*
4 *For purposes of this section, instruments of title of investments of the invest-*
5 *ment pool may include such evidence of title as the investment officer shall*
6 *consider secure and consistent with modern investment, banking and commer-*
7 *cial practices, and may include book entry and automated recordation of such*
8 *title.]*

9 *“(2) Except as provided in ORS 294.850 and 294.855 (3) and subsections (1)*
10 *and (3) of this section, the investment officer shall collect the principal and*
11 *interest or other income of investments of the investment pool, title of which*
12 *is in the investment officer’s custody, when due and payable, and shall pay to*
13 *the appropriate local government official the principal and interest or other*
14 *income, within 30 days after the last day of the calendar quarter in which the*
15 *principal and interest or other income accrues. Not less often than quarterly*
16 *and without regard to whether the short-term investments were made with*
17 *moneys placed by local government officials or by other sources, the investment*
18 *officer shall compute the amount by which the current fair market value ex-*
19 *ceeds or is less than the net purchase price of all short-term investments ad-*
20 *ministered by the investment officer that mature more than 270 days from the*
21 *date computation is made. The investment officer shall compute the fair market*
22 *value of such investments based upon the mean value of the bid and ask price*
23 *of such investments as of the date of computation, based upon quotations from*
24 *reputable dealers or financial institutions dealing in such investments. If the*
25 *amount so computed by the investment officer totals more than one percent of*
26 *the balance of the pool, either in terms of a gain or loss, the investment officer*
27 *shall allocate the amount to all pool participants. Any addition to or deduction*
28 *from amounts to be distributed shall be allocated among the municipalities*
29 *participating in the pool at any time during the month in proportion to their*
30 *average daily balances of funds invested through the pool. Investments matur-*

1 *ing 270 days or less from the date of computation shall not be subject to the*
2 *foregoing computation, but for other purposes shall be valued at book value*
3 *or original purchase price.]*

4 “[(3) *In the event of default in the payment of principal or interest or other*
5 *income of any investment of the investment pool, the investment officer, with*
6 *the approval of the council, may:]*

7 “[(a) *Institute the proper proceedings to collect the matured principal or*
8 *interest or other income.]*

9 “[(b) *Accept for exchange purposes refunding bonds or other evidences of*
10 *indebtedness at interest rates to be agreed upon by the investment officer and*
11 *obligor.]*

12 “[(c) *Make compromises, adjustments or disposition of the matured princi-*
13 *pal or interest or other income as the investment officer considers advisable for*
14 *the purpose of protecting the moneys invested.]*

15 “[(d) *Make compromises or adjustments as to future payments of principal*
16 *or interest or other income as the investment officer considers advisable for the*
17 *purposes of protecting the moneys invested.]*

18 “**SECTION 74.** ORS 294.865 is amended to read:

19 “294.865. The State Treasurer, **or the Oregon Investment Corporation**
20 **if it is investing the Oregon Short Term Fund**, may deduct monthly a
21 maximum of 0.435 basis points of the most recent market value of assets
22 under the management of the investment pool. Amounts so deducted shall
23 pay the State Treasurer, **or the Oregon Investment Corporation if it is**
24 **investing the Oregon Short Term Fund**, for **accounting and investment**
25 expenses of the [*State Treasurer as investment officer and to the extent the*
26 *amounts deducted are so used*] **investment pool. The amounts deducted**
27 shall be deposited into the Miscellaneous Receipts Account established in the
28 General Fund for the State Treasurer, and are continuously appropriated **to**
29 **the State Treasurer** for payment of the **accounting and investment** ex-
30 penses of the [*State Treasurer as investment officer*] **investment pool.**

1 **“SECTION 75.** ORS 294.870 is amended to read:

2 “294.870. (1) The investment officer shall keep, for each public body with
3 funds in the investment pool, a separate account, which shall record the in-
4 dividual amounts and the totals of all investments of its moneys in the in-
5 vestment pool.

6 “(2) The investment officer shall report monthly to the local government
7 official of a public body with funds in the investment pool the changes in its
8 account made during the preceding month for the investment pool. The in-
9 vestment officer shall also furnish a financial report monthly to each par-
10 ticipating governmental unit investor in the [*local government*] investment
11 pool. The financial report shall include, but not be limited to, such compar-
12 ative data for the preceding six months operation of the investment pool,
13 **with respect to participating governmental unit investors**, as will pro-
14 vide a basis for analyzing trends and comparing operating results and fi-
15 nancial position. A monthly statement shall be distributed within 30 days
16 after the end of that month.

17 **“SECTION 76.** ORS 294.875 is amended to read:

18 “294.875. (1) Not later than 15 days after the last day of each month, the
19 investment officer shall submit to the [*Oregon Investment Council*] **board of**
20 **directors of the Oregon Investment Corporation** and the Oregon Short
21 Term Fund Board a report of the investments made **with respect to par-**
22 **ticipating governmental unit investors** during the preceding month.

23 “(2) The report shall include:

24 “(a) A detailed summary of investment, reinvestment, purchase, sale and
25 exchange transactions, setting forth, among other matters, the investments
26 bought, sold and exchanged, the dates thereof, the prices paid and obtained,
27 the names of the dealers involved and a statement of the accounts referred
28 to in ORS 294.870 (1)[. *The reports shall include*];

29 “(b) A description of every investment in the portfolio of assets in the
30 investment pool showing issuer, coupon, purchase date, maturity date, yield

1 to maturity, book value, market value as of the end of the month for which
2 the report is rendered and the method used to value pool investments;

3 “(c) A computation of the average life of the portfolio of assets in the
4 investment pool weighted according to the market value of each investment
5 that matures more than 270 days from the report date as of the end of the
6 month for which the report is rendered; and

7 “(d) A computation of the annualized rate of return of the investment
8 pool portfolio, net of expense.

9 “(3) A copy of the [*reports*] **report** shall be made available to each county,
10 municipality, school district and other political subdivision the funds of
11 which are then being invested by the investment officer. The investment of-
12 ficer may send copies of the report to investment bankers and brokers [*re-*
13 *commended by the council*].”.

14 On page 47, delete lines 1 through 15.

15 On page 48, delete lines 5 through 39 and insert:

16 “**SECTION 79.** ORS 294.895 is amended to read:

17 “294.895. The Oregon Short Term Fund Board shall:

18 “(1) Advise the [*Oregon Investment Council and the*] investment officer in
19 the management of the investment pool and in the investment of moneys
20 deposited in the Oregon Short Term Fund established under ORS 293.728 and
21 invested pursuant to ORS 293.701 to 293.820.

22 “(2) Review the rules promulgated by the [*investment officer*] **State**
23 **Treasurer** as authorized under ORS 294.825 [(4)].

24 “(3) Consult with the [*council and the*] investment officer on any matter
25 relating to the investment and reinvestment of funds in the investment pool
26 and on any matter relating to the investment or reinvestment of moneys de-
27 posited in the Oregon Short Term Fund [*and invested by the State*
28 *Treasurer*].

29 “**SECTION 80.** ORS 295.101 is amended to read:

30 “295.101. (1) The following public funds are not subject to the provisions

1 of ORS 295.001 to 295.108:

2 “(a) Funds that are deposited for the purpose of paying principal, interest
3 or premium, if any, on bonds, as defined in ORS 286A.001 and 287A.001, and
4 related costs or securing a borrowing related to an agreement for exchange
5 of interest rates entered into under ORS 286A.110 or 287A.335.

6 “(b) Funds that are invested in authorized investments under provisions
7 of law other than ORS 295.001 to 295.108. Funds invested under ORS 293.701
8 to 293.820 are invested in authorized investments for purposes of this sub-
9 section from the time the funds are transferred by the State Treasurer **or**
10 **the Oregon Investment Corporation** to a third party under the terms of
11 a contract for investment or administration of the funds that requires such
12 a transfer until the time the funds are returned to the **State Treasurer or**
13 **corporation** or paid to another party under the terms of the contract.

14 “(c) Negotiable certificates of deposit purchased by the State Treasurer
15 [*under ORS 293.736*], **the corporation** or [*by*] an investment manager under
16 [*ORS 293.741*] **contract with the State Treasurer or corporation pursu-**
17 **ant to section 2 of this 2013 Act.**

18 “(d) Funds that are held by a public official and are required by federal
19 law or contractual provisions to be collateralized at 100 percent, if the funds
20 are deposited in an account that is separate from other accounts of the
21 public official in a depository, and the public official and the depository have
22 entered into a written agreement that provides a perfected security interest
23 to the public official in collateral valued at an amount at least equal to the
24 amount of funds in the account in a manner substantially similar to a pledge
25 agreement described in ORS 295.001 (15).

26 “(2) Notwithstanding subsection (1) of this section, funds deposited by a
27 custodial officer under ORS 294.035 (3)(d) are subject to the provisions of
28 ORS 295.001 to 295.108.”.

29 On page 59, delete lines 25 through 45.

30 On page 60, delete lines 1 through 24 and insert:

1 “**NOTE:** Section 100 was deleted by amendment. Subsequent sections were
2 not renumbered.”.

3 On page 62, delete lines 24 through 45 and insert:

4 “**SECTION 103.** ORS 390.135 is amended to read:

5 “390.135. (1) Of the moneys deposited into the Parks and Natural Re-
6 sources Fund created under ORS 541.940 from the Oregon State Lottery, 50
7 percent shall be deposited into a Parks Subaccount. [*The State Treasurer may*
8 *invest and reinvest the*] Moneys in the Parks Subaccount **may be invested**
9 as provided in ORS 293.701 to 293.820. Interest from the moneys deposited in
10 the Parks Subaccount and earnings from investment of the moneys in the
11 subaccount shall be credited to the subaccount.

12 “(2) Moneys deposited from the Oregon State Lottery to the Parks Sub-
13 account may be used only for:

14 “(a) Maintaining, constructing, improving, developing, managing and op-
15 erating state parks, ocean shores, public beach access areas, historic sites,
16 natural areas and outdoor and recreation areas;

17 “(b) Acquiring real property, or interests in real property, that has sig-
18 nificant natural, scenic, cultural, historic or recreational value for the cre-
19 ation or operation of state parks, ocean shores, public beach access areas,
20 outdoor recreation areas and historic sites; and

21 “(c) Providing grants to regional or local government entities to acquire
22 property for public parks, natural areas or outdoor recreation areas or to
23 develop or improve public parks, natural areas or outdoor recreation areas.

24 “(3) All moneys in the Parks Subaccount shall be transferred to the State
25 Parks and Recreation Department Fund and used to carry out the purposes
26 described in subsection (2) of this section by achieving each of the following:

27 “(a) Providing additional public parks, natural areas or outdoor recre-
28 ation areas to meet the needs of current and future residents of this state.

29 “(b) Protecting natural, cultural, historic and outdoor recreational re-
30 sources of statewide or regional significance.

1 “(c) Managing public parks, natural areas and outdoor recreation areas
2 to ensure the long-term ecological health of those parks and areas and to
3 provide for the enjoyment of those parks and areas by current and future
4 residents of this state.

5 “(d) Providing diverse and equitable opportunities for residents of this
6 state to experience nature and to participate in outdoor recreational activ-
7 ities in state, regional, local or neighborhood public parks and recreation
8 areas.”.

9 On page 63, delete lines 1 through 8.

10 On page 69, delete lines 11 through 15 and insert:

11 “(4) A portion of the moneys in the Miscellaneous Receipts Account es-
12 tablished under ORS 293.718 that the State Treasurer determines have been
13 deducted as payment for investment of the funds that the Oregon Investment
14 Corporation is charged with investing under this 2013 Act and that the State
15 Treasurer determines are necessary for the corporation to perform the pow-
16 ers and duties granted the corporation under this 2013 Act, shall be trans-
17 ferred to the Oregon Investment Corporation Fund established under section
18 9 of this 2013 Act.”.

19 In line 37, after “Act” insert “, and incurred for the investment funds the
20 Oregon Investment Corporation is charged with investing under this 2013
21 Act,”.

22 On page 70, line 2, delete “and 293.824” and insert “, 293.824, 294.831,
23 294.847 and 294.850”.

24 In line 6, after “(2)” insert “(a)”.

25 After line 11, insert:

26 “(b) Prior to the operative date specified in subsection (1) of this section,
27 the State Treasurer may transfer or loan assets or moneys held by or de-
28 posited for the State Treasurer to the Oregon Investment Corporation on
29 such terms as the State Treasurer determines will fully reimburse the State
30 Treasurer for the value of the transferred or loaned assets or moneys.”.

1 In line 19, after "Act" insert ", including entering into an agreement with
2 the State Treasurer for the transfer or loan of assets or moneys as described
3 in subsection (2) of this section".

4 _____