

AMENDED IN ASSEMBLY JULY 27, 1998

AMENDED IN SENATE MAY 12, 1998

AMENDED IN SENATE MARCH 23, 1998

SENATE BILL

No. 1676

Introduced by Senator Kopp

February 17, 1998

~~An act to amend Section 53635.7 of, and to add Sections 53601.3 and 53635.3 to, the Government Code, relating to local governmental finance. An act to add Section 12209.6 to the Business and Professions Code, relating to weights and measures.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1676, as amended, Kopp. *Weights and measures: county sealers: parking meters* ~~Local government finance.~~

Existing law imposes various requirements on county sealers relating to the calibration, testing, weighing, and certification of accuracy of noncommercial weights and measures and weighing and measuring devices, instruments, tools, and accessories connected therewith.

This bill would authorize a county sealer to test and certify the accuracy of all city-owned parking meters in any city located in the county in which the sealer has jurisdiction.

~~(1) Under existing law, the legislative body of a local agency having money in a sinking fund of, or surplus money in, its treasury not required for the immediate necessity of the local agency, may invest the funds in any of several specified~~

investments. Existing law also prescribes investments for the deposit of local agency funds, generally.

This bill would additionally authorize a local agency treasurer, upon approval by the legislative body, to enter into a securities lending agreement, as defined.

(2) Existing law provides that in making any decision that involves borrowing in the amount of \$100,000 or more, the legislative body of the local agency is required to discuss, consider, and deliberate each decision as a separate item of business.

This bill would specify that this requirement does not apply to a securities lending agreement.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1.—Section 53601.3 is added to the
 2 SECTION 1. Section 12209.6 is added to the Business
 3 and Professions Code, to read:
 4 12209.6. A county sealer may test and certify the
 5 accuracy of all city-owned parking meters of any city
 6 located in the county in which the sealer has jurisdiction.
 7 Government Code, to read:
 8 53601.3. (a) The authority of a local agency to invest
 9 funds pursuant to Section 53601 includes, in addition
 10 thereto, the authority of the treasurer to enter into a
 11 securities lending agreement.
 12 (b) Upon approval by the legislative body, the
 13 treasurer may enter into a securities lending agreement
 14 after making a determination that the securities lending
 15 will have no adverse impact on cash-flow requirements in
 16 the following 30 days. The agreement shall be conducted
 17 with a third party who is registered with the National
 18 Association of Securities Dealers or the Federal Deposit
 19 Insurance Corporation, provides an indemnified lending
 20 program, and has a capitalization in excess of one billion
 21 dollars (\$1,000,000,000). The third party agent shall
 22 provide indemnification against the borrower's
 23 insolvency. The third party agent shall require the

1 borrower to provide, maintain, and mark to market daily,
2 cash collateral equal to not less than 102 percent plus
3 accrued interest of the market value of the loaned
4 securities. All collateral shall be held at a Depository Trust
5 Company, the Federal Reserve Bank, or the participant's
6 trust company. The cash collateral may be invested in
7 repurchase agreements and securities as authorized by
8 the local agency investment policy. However, those
9 repurchase agreements and securities may not have a
10 maturity date that exceeds 30 days from the date of the
11 first day of the securities lending agreement. Securities
12 lending agreements may not exceed 20 percent of the
13 base value of the portfolio.

14 (c) "Securities lending agreement" means an
15 agreement under which a local agency agrees to transfer
16 securities to a borrower who, in turn, agrees to provide
17 cash collateral for the transaction, and both the securities
18 and the collateral are held by a third party. At the
19 conclusion of the agreement, the securities are
20 transferred back to the local agency in return for the
21 collateral. Securities lending agreements are not reverse
22 repurchase agreements as specified in subdivision (i) of
23 Section 53601.

24 SEC. 2. Section 53635.3 is added to the Government
25 Code, to read:

26 53635.3. (a) The authority of a local agency to invest
27 funds pursuant to Section 53635 includes, in addition
28 thereto, the authority of the treasurer to enter into a
29 securities lending agreement.

30 (b) Upon approval by the legislative body, the
31 treasurer may enter into a securities lending agreement
32 after making a determination that the securities lending
33 will have no adverse impact on the cash flow
34 requirements in the following 30 days. The agreement
35 shall be conducted with a third party who is registered
36 with the National Association of Securities Dealers or the
37 Federal Deposit Insurance Corporation, provides an
38 indemnified lending program, and has a capitalization in
39 excess of one billion dollars (\$1,000,000,000). The third
40 party agent shall provide indemnification against the



1 borrower's insolvency. The third party agent shall
2 require the borrower to provide, maintain, and mark to
3 market daily, cash collateral equal to not less than 102
4 percent plus accrued interest of the market value of the
5 loaned securities. All collateral shall be held at a
6 Depository Trust Company, the Federal Reserve Bank,
7 or the participant's trust company. The cash collateral
8 may be invested in repurchase agreements and securities
9 as authorized by the local agency investment policy.
10 However, those repurchase agreements and securities
11 may not have a maturity date that exceeds 30 days from
12 the date of the first day of the securities lending
13 agreement. Securities lending agreements shall not
14 exceed 20 percent of the base value of the portfolio.

15 (e) "Securities lending agreement" means an
16 agreement under which a local agency agrees to transfer
17 securities to a borrower who, in turn, agrees to provide
18 cash collateral for the transaction, and both the securities
19 and the collateral are held by a third party. At the
20 conclusion of the agreement, the securities are
21 transferred back to the local agency in return for the
22 collateral. Securities lending agreements are not reverse
23 repurchase agreements as specified in subdivision (i) of
24 Section 53635.

25 SEC. 3. Section 53635.7 of the Government Code is
26 amended to read:

27 53635.7. In making any decision that involves
28 borrowing in the amount of one hundred thousand dollars
29 (\$100,000) or more, the legislative body of the local
30 agency shall discuss, consider, and deliberate each
31 decision as a separate item of business on the agenda of
32 its meeting as prescribed in Chapter 9 (commencing with
33 Section 54950). This section is not applicable to securities
34 lending, as specified in Section 53601.3 or 53635.3.

