House Engrossed
treasurer; investment of trust funds

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

CHAPTER 8

HOUSE BILL 2028

AN ACT

AMENDING SECTION 35-324, ARIZONA REVISED STATUTES; RELATING TO THE INVESTMENT OF TRUST FUNDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 35-324, Arizona Revised Statutes, is amended to read:

35-324. Investment of trust funds

~~A.~~ The treasurer shall invest and reinvest monies of trust funds in:

1. Any ~~and all of those~~ securities ~~permitted~~ ALLOWED for the investment of public monies.

2. Fixed income securities of corporations organized and doing business in any state of the United States or the District of Columbia ~~which~~ THAT carry one of the two highest ratings of Moody's investors service and Standard and Poor's rating service or their successors. If only one of ~~the above mentioned~~ THESE services rates the security, it must carry the highest rating of that service. If a rating change occurs after purchase, it is not mandatory to sell the security.

~~B. Securities owned by the permanent endowment funds may be loaned to the financial or dealer community if securities which qualify under subsection A, paragraph 1 of this section are transferred to the treasurer as collateral with market value from one hundred two percent to one hundred ten percent as established from time to time by the board of deposit of the par value of the securities loaned. The securities used as collateral shall be "valued as to market value" weekly, and if necessary the borrower shall post additional collateral to insure that the excess margin is maintained.~~

~~C. Permanent endowment securities may be sold at a price below par or cost if the proceeds of the sale are reinvested in securities whose incremental yield will recover the dollar loss on the old securities. The recovery period is from the time of sale until the shorter of the maturities of the sold securities or purchased securities.~~

APPROVED BY THE GOVERNOR FEBRUARY 12, 2021.

FILED IN THE OFFICE OF THE SECRETARY OF STATE FEBRUARY 12, 2021.