

- 1 (3) Repurchase Agreements with respect to securities issued or guaranteed
2 by the United States government or its agencies or other securities
3 eligible for investment by this section executed by a bank or trust
4 company or by primary or other reporting dealers to the Federal
5 Reserve Bank of New York.
- 6 (4) Obligations of the State of North ~~Carolina~~; Carolina.
- 7 (5) Time deposits of financial institutions with a physical presence in
8 North Carolina for the purpose of receiving commercial or retail
9 deposits; provided that any principal amount of such deposit in excess
10 of the amount insured by the federal government or any agency
11 thereof, be fully secured by surety bonds, or be fully collateralized;
12 provided further that the rate of return or investment yield may not be
13 less than that available in the market on United States government or
14 agency obligations of comparable ~~maturity~~; maturity.
- 15 (6) Repealed by Session Laws 1989 (Regular Session, 1990), c. 813, s. 10.
- 16 (7) Prime quality commercial paper bearing the highest rating of at least
17 one nationally recognized rating service and not bearing a rating below
18 the highest by any nationally recognized rating service which rates the
19 particular obligation.
- 20 (8) Bills of exchange or time drafts drawn on and accepted by a
21 commercial bank and eligible for use as collateral by member banks in
22 borrowing from a federal reserve bank, provided that the accepting
23 bank or its holding company is either (i) incorporated in the State of
24 North Carolina or (ii) has outstanding publicly held obligations bearing
25 the highest rating of at least one nationally recognized rating service
26 and not bearing a rating below the highest by any nationally
27 recognized rating service which rates the particular obligations.
- 28 (9) Asset-backed securities (whether considered debt or equity) provided
29 they bear the highest rating of at least one nationally recognized rating
30 service and do not bear a rating below the highest rating by any
31 nationally recognized rating service which rates the particular
32 securities.
- 33 (10) Corporate bonds and notes provided they bear the highest rating of at
34 least one nationally recognized rating service and do not bear a rating
35 below the highest by any nationally recognized rating service which
36 rates the particular obligation.
- 37 (d) Unless otherwise provided by law, the interest or income received and
38 accruing from all deposits or investments of such cash balances shall be paid into the
39 State's General Fund, except that all interest or income received and accruing on the
40 monthly balance of the Highway Fund and Highway Trust Fund shall be paid into the
41 State Highway Fund and Highway Trust Fund. The cash balances of the several funds
42 may be combined for deposit or investment purposes; and when such combined deposits
43 or investments are made, the interest or income received and accruing from all deposits

1 or investments shall be prorated among the funds in conformity with applicable law and
2 the rules and regulations adopted by the Governor and Council of State.

3 (e) The State Treasurer shall cause to be prepared quarterly statements on or
4 before the tenth day of ~~January, April, July and October~~ February, May, August, and
5 November in each year, which shall show the amount of cash on hand, the amount of
6 money on deposit, the name of each depository, and all investments for which he is in
7 any way responsible. Each quarterly statement shall be delivered to the ~~Governor and~~
8 Council of State; Governor, Council of State, President Pro Tempore of the Senate, and
9 Speaker of the House of Representatives; and a copy shall be posted in the office of the
10 State Treasurer for the information of the public.

11 (f) Repealed by Session Laws 1989 (Regular Session, 1990), c. 813, s. 10.

12 (g) ~~If and to the extent the General Assembly shall authorize the sale of all or any~~
13 ~~part of the stock owned by the State in the North Carolina Railroad Company or the~~
14 ~~Atlantic and North Carolina Railroad Company, the proceeds of any sale shall be~~
15 ~~separately accounted for and invested as expressly directed by the General Assembly,~~
16 ~~but in the absence of any express direction as to investment, the proceeds may be~~
17 ~~invested as authorized by this section."~~

18 **SECTION 2.** G.S. 147-69.2(b) reads as rewritten:

19 "(b) It shall be the duty of the State Treasurer to invest the cash of the funds
20 enumerated in subsection (a) of this section in excess of the amount required to meet the
21 current needs and demands on such funds, selecting from among the following:

- 22 (1) Any of the investments authorized by ~~G.S. 147-69.1(e);~~
23 G.S. 147-69.1(c)(1)-(7).
- 24 (2) General obligations of other states of the United ~~States;~~ States.
- 25 (3) General obligations of cities, counties and special districts in North
26 ~~Carolina;~~ Carolina.
- 27 (4) Obligations of any company, other organization or legal entity
28 incorporated or otherwise created or located within or ~~without~~ outside
29 the United States if ~~such~~ the obligations bear one of the three highest
30 ratings of at least one nationally recognized rating service and do not
31 bear a rating below the three highest by any nationally recognized
32 rating service which rates the particular ~~security;~~ security.
- 33 (5) ~~Notes secured by mortgages insured by the Federal Housing~~
34 ~~Administration or guaranteed by the Veterans Administration on real~~
35 ~~estate located within the State of North Carolina;~~
- 36 (6) Asset-backed securities (whether considered debt or equity) provided
37 they bear ratings by nationally recognized rating services as provided
38 in G.S. 147-69.2(b)(4) and that they do not bear a rating below the
39 three highest by any nationally recognized rating service ~~which~~ that
40 rates the particular ~~securities;~~ securities.
- 41 (7) With respect to Retirement Systems' assets referred to in G.S.
42 147-69.2(b)(8), (i) insurance contracts ~~which~~ that provide for
43 participation in individual or pooled separate accounts of insurance

1 companies, (ii) group trusts, (iii) individual, ~~common~~ common, or
2 collective trust funds of banks and trust ~~companies and~~ companies, (iv)
3 real estate investment ~~trusts;~~ trusts, and (v) limited partnerships,
4 whether described as limited liability partnerships or limited liability
5 companies; provided the investment manager has assets under
6 management of at least one hundred million dollars (\$100,000,000);
7 provided such investment assets are managed primarily for the purpose
8 of investing in or owning real estate or related debt financing located
9 ~~in~~ within or outside the United States; and provided that the investment
10 authorized by this subsection shall not exceed ten percent (10%) of the
11 ~~book—~~ market value of all invested assets of the Retirement
12 ~~Systems;~~ Systems.

13 (8) With respect to assets of the Teachers' and State Employees'
14 Retirement System, the Consolidated Judicial Retirement System, the
15 Firemen's and Rescue Workers' Pension Fund, the Local
16 Governmental Employees' Retirement System, ~~and~~ the Legislative
17 Retirement ~~System—~~ System, and the North Carolina National Guard
18 Pension Fund (hereinafter referred to collectively as the Retirement
19 Systems), preferred or common stocks issued by any company
20 incorporated or otherwise created or located within or ~~without~~ outside
21 the United States, ~~provided:~~ States subject to the conditions set forth in
22 this subdivision. The assets authorized under this subdivision may be
23 invested through individual, common, or collective trust funds of
24 banks, trust companies, and group trust funds of investment advisory
25 companies provided that the investment manager has assets under
26 management of at least one hundred million dollars (\$100,000,000).
27 Further, the assets authorized under this subdivision may be invested
28 directly if all of the following conditions are met:

29 a. ~~That~~ The common stock or preferred stock of such corporation
30 is registered on a national securities exchange as provided in the
31 Federal Securities Exchange Act or quoted through the National
32 Association of Securities Dealers' Automated Quotations
33 (NASDAQ) ~~system;~~ system.

34 b. ~~That such~~ The corporation ~~shall have~~ has paid a cash dividend
35 on its common stock in each year of the 5-year period next
36 preceding the date of investment and the aggregate net earnings
37 available for dividends on the common stock of ~~such~~ the
38 corporation for the whole of ~~such~~ that period ~~shall~~ have been at
39 least equal to the amount of ~~such~~ the dividends ~~paid;~~ paid.

40 c. ~~That in~~ In applying the dividend and earnings test under this
41 section to any issuing, assuming, or guaranteeing corporation,
42 ~~where such corporation shall have~~ if the corporation acquired
43 its property or any substantial part thereof within a five-year

1 period immediately preceding the date of investment by
2 consolidation, merger, or by the purchase of all or a substantial
3 portion of the property of any other corporation or corporations,
4 or ~~shall have~~ acquired the assets of any unincorporated business
5 enterprise by purchase or otherwise, the dividends and net
6 earnings of the several predecessor or constituent corporations
7 or enterprises shall be consolidated and adjusted so as to
8 ascertain whether or not the applicable requirements of this
9 ~~section subdivision~~ have been complied ~~with;~~ with.

10 d. ~~That the~~ The book value of common and preferred stocks
11 including securities convertible into common stocks shall not
12 exceed fifty ~~per centum~~ percent (50%) of the book value of all
13 invested assets of the Retirement ~~Systems;~~ provided, further:
14 Systems and the following conditions must also be met:

15 1. Not more than one and one-half ~~per centum~~ percent (1
16 1/2%) of the book value of ~~such the~~ assets shall be
17 invested in the stock of a single ~~corporation,~~ and
18 provided further; corporation.

19 2. The total number of shares in a single corporation shall
20 not exceed eight ~~per centum~~ percent (8%) of the issued
21 and outstanding stock of such ~~corporation,~~ and provided
22 further; corporation.

23 3. As used in this subdivision d. and elsewhere in this
24 section, book value shall mean adjusted cost basis as
25 shown on the records of the State Treasurer.

26 e. Up to five ~~per cent~~ percent (5%) of the limits authorized in
27 subdivision d. may be invested in the stocks or shares of a
28 diversified investment company registered under the
29 "Investment Company Act of 1940" ~~which that~~ has total assets
30 of at least fifty million dollars (\$50,000,000).

31 f. ~~Individual, common or collective trust funds of banks or trust~~
32 ~~companies provided that the investment manager has assets~~
33 ~~under management of at least one hundred million dollars~~
34 ~~(\$100,000,000).~~

35 g. That investments may be made in securities convertible into
36 common stocks issued by any such company, if such securities
37 bear one of the four highest ratings of at least one nationally
38 recognized rating service and do not bear a rating below the
39 four highest by any nationally recognized rating service which
40 may then rate the particular security.

41 (9) Obligations and securities of The North Carolina Enterprise
42 Corporation, of the North Carolina Economic Opportunities Fund, or
43 of a limited partnership in which The North Carolina Enterprise

1 Corporation or the North Carolina Economic Opportunities Fund is the
2 only general partner, not to exceed twenty million dollars
3 (\$20,000,000) from all funds; and a limited partnership interest in a
4 ~~partnership~~ partnership, or an interest in a limited liability company
5 whose primary purpose is to invest in venture capital or corporate
6 buyout transactions, within or outside the United States, not to exceed
7 thirty million dollars (\$30,000,000) from all funds. These maximum
8 dollar amounts do not apply to or restrict the reinvestment in
9 accordance with this subdivision of any income from these
10 investments.

11 (10) Recodified as part of subdivision (b)(9) by Session Laws 2000-160, s.
12 2.

13 (11) With respect to assets of the Escheat Fund, obligations of the North
14 Carolina Global TransPark Authority authorized by G.S. 63A-4(a)(22),
15 not to exceed twenty-five million dollars (\$25,000,000), that have a
16 final maturity not later than September 1, 2004. The obligations shall
17 bear interest at the rate set by the State Treasurer. No commitment to
18 purchase obligations may be made pursuant to this subdivision after
19 September 1, 1993, and no obligations may be purchased after
20 September 1, 1994. In the event of a loss to the Escheat Fund by
21 reason of an investment made pursuant to this subdivision, it is the
22 intention of the General Assembly to hold the Escheat Fund harmless
23 from the loss by appropriating to the Escheat Fund funds equivalent to
24 the loss."

25 **SECTION 3.** G.S. 147-69.3 reads as rewritten:

26 **"§ 147-69.3. Administration of State Treasurer's investment programs.**

27 (a) The State Treasurer shall establish, maintain, administer, manage, and operate
28 within the Department of State Treasurer one or more investment programs for the
29 deposit and investment of assets pursuant to the provisions of G.S. 147-69.1 and G.S.
30 147-69.2.

31 (b) Any official, board, commission, other public authority, local government,
32 school administrative unit, local ABC board, or community college of the State having
33 custody of any funds not required by law to be deposited with and invested by the State
34 Treasurer may deposit all or any portion of ~~such~~ those funds with the State Treasurer for
35 investment in one of the investment programs established pursuant to this section,
36 subject to any provisions of law with respect to eligible investments, provided that any
37 occupational licensing board as defined in G.S. 93B-1 may participate in one of the
38 investment programs established pursuant to this section regardless of whether or not
39 the funds were required by law to be deposited with and invested by the State Treasurer.
40 In the absence of specific statutory provisions to the contrary, any ~~such~~ of those funds
41 may be invested in accordance with the provisions of G.S. 147-69.2 and 147-69.3. Upon
42 request from any depositor eligible under this subsection, the State Treasurer may

1 authorize moneys invested pursuant to this subsection to be withdrawn by warrant on
2 the State Treasurer.

3 (c) The State Treasurer's investment programs shall be so managed that in the
4 judgment of the State Treasurer funds may be readily converted into cash when needed.

5 (d) Except as provided by G.S. 147-69.1(d), ~~net income~~ the total return earned on
6 investments shall ~~be credited~~ accrue pro rata to the fund whose assets are invested
7 according to ~~such formula as may be~~ the formula prescribed by the State Treasurer with
8 the approval of the Governor and Council of State.

9 (e) The State Treasurer ~~shall have~~ has full powers as a fiduciary to hold,
10 purchase, sell, assign, transfer, lend and dispose of any of the securities or investments
11 in which any of the programs created pursuant to this section have been invested, and
12 may reinvest the proceeds from the sale of ~~such~~ those securities or investments and any
13 other investable assets of the program.

14 (f) The cost of administration, management, and operation of investment
15 programs established pursuant to this section shall be apportioned equitably among the
16 programs in such manner as may be prescribed by the State Treasurer, such costs to be
17 paid from each program, and to the extent not otherwise chargeable directly to the
18 income or assets of the specific investment program or pooled investment vehicle, shall
19 be deposited with the State Treasurer as a General Fund nontax revenue. The cost of
20 administration, management, and operation of investment programs established
21 pursuant to this section and not directly paid from the income or assets of such program
22 shall be covered by an appropriation to the State Treasurer for this purpose in the
23 Current Operations Appropriations Act.

24 (g) The State Treasurer is authorized to retain the services of ~~such~~ independent
25 appraisers, auditors, actuaries, attorneys, investment counseling firms, statisticians,
26 custodians, or other persons or firms possessing specialized skills or knowledge ~~as may~~
27 ~~be~~ necessary for the proper administration of investment programs created pursuant to
28 this section.

29 (h) The State Treasurer shall prepare, as of the end of each fiscal year, a report on
30 the financial condition of each investment program created pursuant to this section. A
31 copy of each report shall be submitted within 30 days following the end of the fiscal
32 year to the official, institution, board, commission or other agency whose funds are
33 invested, the State Auditor, and the Advisory Budget Commission.

34 (i) The State Treasurer's annual report to the General Assembly shall include a
35 full and complete statement of all moneys invested by virtue of the provisions of G.S.
36 147-69.1 and G.S. 147-69.2, the nature and character of investments therein, and the
37 revenues derived therefrom. ~~The State Treasurer shall also establish annual investment~~
38 ~~yield targets for all moneys invested by virtue of the provisions of G.S. 147-69.1 and~~
39 ~~G.S. 147-69.2, and shall include in his annual report a statement of the extent that these~~
40 ~~targets have been reached.~~

41 (j) Subject to the provisions of ~~G.S. 147-69.1(e)~~, G.S. 147-69.1(d), the State
42 Treasurer shall adopt ~~such rules and regulations as may be~~ any rules necessary to carry
43 out the provisions of this section."

1 **SECTION 4.** This act becomes effective July 1, 2001.