



## Notice of Public Hearing

NOTICE is hereby given that the Nebraska Investment Council will hold a rule-making hearing pursuant to Neb. Rev. Stat. §§72-1261 through 72-1269 on the 19th day of November, 2019 at 10:00 A.M. to be held at 1526 K Street, Lincoln NE, 4th floor Conference Room 4-C.

The purpose of this hearing is to take testimony and evidence on the amendment of Chapter 1 of the Nebraska Administrative Code Title 213 Entitled "Procedures for Distribution of Funds To Banks, Capital Stock Financial Institutions, and Qualifying Mutual Financial Institutions." This action is proposed to implement Neb. Rev. Stat §§72-1261 through 72-1269 consistent with the authority granted by law and with constitutionality. The subject matter and scope of the rule-making action is:

To amend the rules and regulations to reflect changes to Neb. Rev. Stat. §§72-1261 through 72-1269. The amendment also eliminates the CD rate from the Monthly Interest Rate calculation.

Draft or working copies of the proposed rule are available at the offices of the Secretary of State, Regulations Divisions, 1201 N Street, Suite 120, Lincoln, NE 68508. The description of the fiscal impact may be inspected or obtained at the Nebraska Investment Council offices located at 1526 K Street Suite 420, Lincoln, NE 68508 or on the Council's website at <https://nic.nebraska.gov/>.

All interested persons are invited to attend and testify orally or by written submission at the hearing. Interested persons may also submit written comments prior to the hearing which will be made part of the hearing record if obtained by the Nebraska Investment Council on or before the time of the hearing on November 19, 2019. If auxiliary aids or reasonable accommodations are needed to participate in the hearing, please call the Nebraska Investment Council at 402-471-2147.

Michael Walden-Newman  
State Investment Officer

A handwritten signature in blue ink, consisting of a stylized 'M' followed by a long horizontal stroke.

## DRAFT FISCAL IMPACT STATEMENT

Agency: NEBRASKA INVESTMENT COUNCIL	
Title: 213	Prepared by: Jeremiah Garber
Chapter: 1	Date prepared: 10-11-19
Subject: PROCEDURES FOR DIST. FUNDS	Telephone: 402-471-2147

Type of Fiscal Impact:

	State Agency	Political Sub.	Regulated Public
No Fiscal Impact	( )	( x )	( x )
Increased Costs	( )	( )	( )
Decreased Costs	( )	( )	( )
Increased Revenue	( )	( )	( )
Decreased Revenue	( x )	( )	( )
Indeterminable	( )	( )	( )

Provide an Estimated Cost & a Description of Impact:

State Agency: The proposed changes include cleaning up archaic and redundant language as well as eliminating the 1-Year Bank Certificate of Deposit Interest Rate. This elimination would have reduced revenue by \$69,600 over the 21 month period from January 2018 through September 2019. This revenue is distributed to the agencies that have a balance in the Operating Investment Pool.

Political  
Subdivision:

Regulated  
Public:

If indeterminable, explain why:

NEBRASKA ADMINISTRATIVE CODE

LAST ISSUE DATE: ~~January 8, 2002~~ July 8, 2008

TITLE 213 – NEBRASKA INVESTMENT COUNCIL

CHAPTER 1 - PROCEDURES FOR DISTRIBUTION OF FUNDS TO BANKS, capital stock financial institutions, and qualifying mutual financial institutions.

001 Time Deposit Open Accounts

~~There shall be one plan. Per 72-1261 to 72-1269 (Nebraska Capital Expansion Act) T~~he state investment officer shall, out of funds available for investment, offer to all banks, capital stock financial institutions, and qualifying mutual financial institutions in this state a time deposit open account, ~~in the amount of \$1,000,000. The bank, capital stock financial institution, and qualifying mutual financial institution may accept such offer in increments of \$100,000. The minimum amount a bank, capital stock financial institution, and qualifying mutual financial institution may request is \$100,000 with no deposit exceeding \$1,000,000.~~ The deposit date shall be the last day of a month. If the last day of the month is not a working day, deposits will be made on the next working day. ~~The interest rate paid shall be fixed monthly on the first working day of each month; interest shall be payable for each month on the last day of the month. If the last day of the month is not a working day, interest shall be payable on the next working day. Interest shall be computed on a 360-day basis.~~ All maturities will be one year from date of deposit. The deposits will be automatically renewable. The state investment officer or the banks, capital stock financial institutions, and qualifying mutual financial institutions may change or terminate the principal amount with thirty days written notice. Banks, capital stock financial institutions, and qualifying mutual fund institutions are required to give 15 business days written notice when requesting a new deposit.

002 Interest Rates

002.01 The state investment officer shall fix the interest rates on the first working day of each month.

002.02 The interest rate shall be the arithmetic averages of the following:

002.02A An average of yields of Treasury Note or Bond issues maturing in the same month one year hence.

002.02B An average of yields of authorized federal agency issues maturing in the same month one year hence. Yields will be attained for available federal agency securities issued by the Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae, and Freddie Mac.

~~002.02C One-year bank certificates of deposit interest rate.~~

002.03 All quoted yields shall be taken from a reputable financial quote system (i.e. Bloomberg Financial Service) and shall be the prior month end yield. ~~Interest shall be computed and charged on a 360-day basis.~~

002.04 Interest shall be computed and charged on a 360 day basis.

002.05 Interest shall be payable for each month on the last day of the month. If the last day of the month is not a working day, interest shall be payable on the next working day.

003 Correspondent

All deposits shall be made by the state investment officer in a correspondent bank. Interest and redeemed and/or matured deposits shall be paid by the correspondent bank by charging the accounts of the banks, capital stock financial institutions, and qualifying mutual financial institutions and crediting the Treasurer, State of Nebraska. Correspondents shall be approved by the state investment officer.

004 Collateral

All deposits over ~~\$100,000~~ the amount insured or guaranteed by the Federal Deposit Insurance Corporation shall be secured by collateral as required by the Public Funds Deposit Security Act. A list of acceptable securities that may be pledged are defined by the Nebraska Capital Expansion Act and the Public Funds Deposit Security Act. For the purpose of the investments for which the State Investment Officer is responsible by law, he or she may choose to restrict the types and classes of investments he or she will accept as collateral. For the purposes of the funds distributed to banks, capital

stock financial institutions, and qualifying mutual financial institutions, the collateral restriction may occur because of the difficulty in valuing certain types of collateral or the difficulty in collecting on the collateral in the case of a bank default.

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## NEBRASKA ADMINISTRATIVE CODE

LAST ISSUE DATE: July 8, 2008

### TITLE 213 – NEBRASKA INVESTMENT COUNCIL

#### CHAPTER 1 - PROCEDURES FOR DISTRIBUTION OF FUNDS TO BANKS, CAPITAL STOCK FINANCIAL INSTITUTIONS, AND QUALIFYING MUTUAL FINANCIAL INSTITUTIONS.

##### 001 Time Deposit Open Accounts

Per 72-1261 to 72-1269 (Nebraska Capital Expansion Act) the state investment officer shall, out of funds available for investment, offer to all banks, capital stock financial institutions, and qualifying mutual financial institutions in this state a time deposit open account. The deposit date shall be the last day of a month. If the last day of the month is not a working day, deposits will be made on the next working day. All maturities will be one year from date of deposit. The deposits will be automatically renewable. The state investment officer or the banks, capital stock financial institutions, and qualifying mutual financial institutions may change or terminate the principal amount with thirty days written notice. Banks, capital stock financial institutions, and qualifying mutual fund institutions are required to give 15 business days written notice when requesting a new deposit.

##### 002 Interest Rates and Payments

**002.01** The state investment officer shall fix the interest rates on the first working day of each month.

**002.02** The interest rate shall be the arithmetic averages of the following:

**002.02A** An average of yields of Treasury Note or Bond issues maturing in the same month one year hence.

**002.02B** An average of yields of authorized federal agency issues maturing in the same month one year hence. Yields will be attained for available federal agency securities issued by the Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae, and Freddie Mac.

**002.03** All quoted yields shall be taken from a reputable financial quote system (i.e. Bloomberg Financial Service) and shall be the prior month end yield.

**002.04** Interest shall be computed and charged on a 360 day basis.

**002.05** Interest shall be payable for each month on the last day of the month. If the last day of the month is not a working day, interest shall be payable on the next working day.

##### 003 Correspondent

All deposits shall be made by the state investment officer in a correspondent bank. Interest and redeemed and/or matured deposits shall be paid by the correspondent bank by charging the accounts of the banks, capital stock financial institutions, and qualifying mutual financial institutions and crediting the Treasurer, State of Nebraska. Correspondents shall be approved by the state investment officer.

##### 004 Collateral

All deposits over the amount insured or guaranteed by the Federal Deposit Insurance Corporation shall be secured by collateral as required by the Public Funds Deposit Security Act. A list of acceptable securities that may be pledged are defined by the Nebraska Capital Expansion Act and the Public Funds Deposit Security Act. For the purpose of the investments for which the State Investment Officer is responsible by law, he or she may choose to restrict the types and classes of investments he or she will accept as collateral. For the purposes of the funds distributed to banks, capital stock financial institutions, and qualifying mutual financial institutions, the collateral restriction may occur because of the difficulty in valuing certain types of collateral or the difficulty in collecting on the collateral in the case of a bank default.

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## NEBRASKA ADMINISTRATIVE CODE

LAST ISSUE DATE: July 8, 2008

### TITLE 213 – NEBRASKA INVESTMENT COUNCIL

#### CHAPTER 1 - PROCEDURES FOR DISTRIBUTION OF FUNDS TO BANKS, CAPITAL STOCK FINANCIAL INSTITUTIONS, AND QUALIFYING MUTUAL FINANCIAL INSTITUTIONS.

**001 TIME DEPOSIT OPEN ACCOUNTS.** Per 72-1261 to 72-1269 (Nebraska Capital Expansion Act) the state investment officer shall, out of funds available for investment, offer to all banks, capital stock financial institutions, and qualifying mutual financial institutions in this state a time deposit open account. The deposit date shall be the last day of a month. If the last day of the month is not a working day, deposits will be made on the next working day. All maturities will be one year from date of deposit. The deposits will be automatically renewable. The state investment officer or the banks, capital stock financial institutions, and qualifying mutual financial institutions may change or terminate the principal amount with thirty days written notice. Banks, capital stock financial institutions, and qualifying mutual fund institutions are required to give 15 business days written notice when requesting a new deposit.

#### **002 INTEREST RATES AND PAYMENTS.**

**002.01** The state investment officer shall fix the interest rates on the first working day of each month.

**002.02** The interest rate shall be the arithmetic averages of the following:

**002.02A** An average of yields of Treasury Note or Bond issues maturing in the same month one year hence.

**002.02B** An average of yields of authorized federal agency issues maturing in the same month one year hence. Yields will be attained for available federal agency securities issued by the Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae, and Freddie Mac.

**002.03** All quoted yields shall be taken from a reputable financial quote system (i.e. Bloomberg Financial Service) and shall be the prior month end yield.

**002.04** Interest shall be computed and charged on a 360 day basis.

**002.05** Interest shall be payable for each month on the last day of the month. If the last day of the month is not a working day, interest shall be payable on the next working day.

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**003 CORRESPONDENT.** All deposits shall be made by the state investment officer in a correspondent bank. Interest and redeemed and/or matured deposits shall be paid by the correspondent bank by charging the accounts of the banks, capital stock financial institutions, and qualifying mutual financial institutions and crediting the Treasurer, State of Nebraska. Correspondents shall be approved by the state investment officer.

**004 COLLATERAL.** All deposits over the amount insured or guaranteed by the Federal Deposit Insurance Corporation shall be secured by collateral as required by the Public Funds Deposit Security Act. A list of acceptable securities that may be pledged are defined by the Nebraska Capital Expansion Act and the Public Funds Deposit Security Act. For the purpose of the investments for which the State Investment Officer is responsible by law, he or she may choose to restrict the types and classes of investments he or she will accept as collateral. For the purposes of the funds distributed to banks, capital stock financial institutions, and qualifying mutual financial institutions, the collateral restriction may occur because of the difficulty in valuing certain types of collateral or the difficulty in collecting on the collateral in the case of a bank default.