

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

A Bill

HOUSE BILL 1586

5 By: Representatives Summers, T. Bradford, English, Vines
6 By: Senators B. Sample, E. Williams
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING MUNICIPAL
10 DEPOSITORY BOARDS AND DEPOSITORY AGREEMENTS; AND FOR
11 OTHER PURPOSES.
12
13

Subtitle

15 TO AMEND THE LAW CONCERNING MUNICIPAL
16 DEPOSITORY BOARDS AND DEPOSITORY
17 AGREEMENTS.
18
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

22 SECTION 1. Arkansas Code § 19-8-106(b), concerning the makeup of a
23 municipal depository board, is amended to read as follows:

24 ~~(b)(1) The mayor, city clerk or recorder, and city collector~~ Except as
25 provided in subdivision (b)(2) of this section, the following persons shall
26 constitute a three-member board to designate depositories and supervise the
27 depositing of municipal funds:

28 (A) A mayor;

29 (B) A city clerk or recorder or clerk-treasurer or
30 recorder-treasurer; and

31 (C) A city council member selected by the city council.

32 (2) Although the board shall not total more than three (3)
33 members, the city council may replace one (1) of the three (3) board members
34 listed in subdivision (b)(1) of this section with the city finance officer or
35 other official.

36 (3) A majority of the board members shall be necessary to



1 conduct business and to constitute a quorum.

2
3 SECTION 2. Arkansas Code § 19-8-107 is amended to read as follows:
4 19-8-107. Depository agreements.

5 (a)(1) After the receipt from the Bank Commissioner of the list of
6 banks or banking institutions and recommended amounts of public funds each
7 may accept, ~~it shall then be the duty of~~ the depository boards ~~to~~ shall
8 designate the banks or banking institutions in which the funds shall be
9 deposited and ~~to~~ shall enter into a depository agreement with each designated
10 institution.

11 (2) The depository boards may at any time enter into depository
12 agreements with any new bank chartered if the bank is certified by the
13 commissioner, ~~upon request therefor,~~ as being eligible as a depository of
14 public funds under the laws of this state. The certificate shall contain the
15 recommended amount of public funds the bank may accept.

16 (3)(A) All county and municipal depository agreements shall be
17 entered into using standardized forms provided by the State Board of Finance.

18 (B) The forms shall include language necessary to ~~achieve~~
19 a create an enforceable perfected security interest in all collateral for
20 deposits.

21 (C) Depository boards and banks or banking institutions
22 giving or holding collateral for deposits of public funds shall comply with
23 federal law so that the governmental entity or political subdivision
24 depositing public funds will hold a valid claim in deposits and collateral
25 given for those deposits against, and prevent avoidance of such a claim by,
26 the Federal Deposit Insurance Corporation or its successor or any similar
27 deposit insurance agency acting as receiver, conservator, or in any other
28 capacity.

29 (b) All depository agreements shall continue in full force ~~and effect~~
30 until the bank or banking institution receives written notice of revocation
31 by the depository board or until there is a change of membership on the
32 depository board.

33 (c)(1) The treasurers or other public officials or other persons
34 having custody of these funds shall deposit them in ~~such~~ the designated
35 depositories.

36 (2) The depositing of these funds in the designated depositories

1 shall relieve the public officer or other person and his or her sureties from
 2 any liability for the loss of the funds by reason of the default or
 3 insolvency of any depository.

4 (3) County officials ~~are required to~~ shall make timely
 5 investment of public funds ~~in order~~ to earn optimum interest consistent with
 6 the "prudent ~~man~~ investor" rule for investments as defined by Arkansas law.

7 (d)(1) County and municipal officials shall require security for the
 8 deposit or investment of public funds for amounts not fully insured directly
 9 by the United States.

10 (2) All security required under this subsection shall meet the
 11 requirements of an eligible security under §§ 19-8-203 and 23-47-203(c).

12 (3) Public officials may require as a condition for placing
 13 deposits or keeping funds on deposit such financial data as they need ~~so as~~
 14 to make an informed decision, including, ~~but not limited to,~~ without
 15 limitation quarterly financial statements, quarterly profit and loss
 16 statements, and tangible net worth or capital-to-assets ratios.

17
 18
 19
 20
 21
 22
 23
 24
 25
 26
 27
 28
 29
 30
 31
 32
 33
 34
 35
 36