

SECOND REGULAR SESSION

HOUSE BILL NO. 2526

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE OWEN.

5111H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 95.280, 95.285, and 95.355, RSMo, and to enact in lieu thereof one new section relating to financial transactions involving public funds.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 95.280, 95.285, and 95.355, RSMo, are repealed and one new section enacted in lieu thereof, to be known as section 110.075, to read as follows:

110.075. 1. As used in this section, the following terms shall mean:

(1) **"Depository", banking institution headquartered in or maintaining a full-service branch in this state which is selected by a municipality to hold and manage public funds;**

(2) **"Governing body", any city council, board of aldermen, or board of trustees;**

(3) **"Municipal depositories", any state-chartered or federally chartered banking institution as defined in Article IV, Section 15 of the Constitution of Missouri;**

(4) **"Municipality", any city or village in this state;**

(5) **"Public funds", funds owned or controlled by a municipality, including tax revenues, fees, grants, and other sources of income.**

2. All municipalities shall select depositories through a competitive process in accordance with the provisions in this section. The governing body of each municipality shall develop and publish a request for proposals which shall outline the requirements for selecting one or more municipal depositories. Such requirements shall address or include the following matters:

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 **(1) The municipality shall use due diligence for determining the financial**
17 **stability and soundness of the depository based on publicly available financial reports**
18 **and other public sources;**

19 **(2) Safe custody and liquidity of public funds, including deposit insurance**
20 **coverage and pledge of collateral or investment in appropriate government securities as**
21 **authorized for public funds;**

22 **(3) Interest rates and fees offered;**

23 **(4) Services offered, including online banking, cash management, deposit sweep**
24 **and repurchase accounts, investment in a common trust fund in eligible securities for**
25 **municipalities and political subdivision, and other banking service options;**

26 **(5) Compliance with all applicable state and federal banking regulations;**

27 **(6) Convenient and efficient treasury functions, including if the location of the**
28 **depository institution shall be required to be located within the municipality or in the**
29 **same county as the municipality.**

30 **3. Banking institutions interested in becoming the municipal depository shall**
31 **respond to the municipality's request for proposals within the time frame specified by**
32 **the municipality in the request.**

33 **4. The governing body shall evaluate the proposals based on the criteria outlined**
34 **in the request for proposals and select a banking institution that best meets the**
35 **municipality's needs and objectives.**

36 **5. The selected banking institution shall enter into a contract with the**
37 **municipality outlining the terms and conditions of the depository relationship,**
38 **including, but not limited to, the interest rates, fees, and services to be provided.**

39 **6. Municipalities shall maintain records of the selection process, including all**
40 **proposals received by the municipality for a period of two years.**

2 ~~[95.280. 1. Subject to the provisions of section 110.030, the city~~
3 ~~council, at its regular meetings in July of each year, may receive sealed~~
4 ~~proposals for the deposit of the city funds from banking institutions doing~~
5 ~~business within the city that desire to be selected as the depository of the funds~~
6 ~~of the city. Notice that bids will be received shall be published by the city~~
7 ~~clerk not less than one nor more than four weeks before the meeting, in some~~
8 ~~newspaper published in the city. Any banking institution doing business in the~~
9 ~~city, desiring to bid, shall deliver to the city clerk, on or before the day of the~~
10 ~~meeting, a sealed proposal stating the rate percent upon daily balances that the~~
11 ~~banking institution offers to pay to the city for the privilege of being the~~
12 ~~depository of the funds of the city for the year next ensuing the date of the~~
13 ~~meeting; or, in the event that the selection is made for a less term than one~~
14 ~~year, as herein provided, then for the time between the date of the bid and the~~
~~next regular time for the selection of a depository. It is a misdemeanor for the~~

15 ~~city clerk or other person to disclose directly or indirectly the amount of any~~
 16 ~~bid to any person before the selection of the depository.~~

17 ~~2. Notwithstanding the provisions of subsection 1 of this section to the~~
 18 ~~contrary, the city council of any third class city with a population of more than~~
 19 ~~fifteen thousand and less than nineteen thousand that is located in any county~~
 20 ~~of the fourth classification with a population of more than forty thousand and~~
 21 ~~less than forty eight thousand three hundred, or of any city of the third~~
 22 ~~classification with more than ten thousand five hundred but less than ten~~
 23 ~~thousand six hundred inhabitants may receive sealed proposals for the deposit~~
 24 ~~of city funds from banking institutions doing business within the city at any of~~
 25 ~~the regular meetings of such city. The city shall send notice of bids to each~~
 26 ~~banking institution in the city by regular mail at the time the notice is~~
 27 ~~published in the newspaper in subsection 1 of this section. The banking~~
 28 ~~institution selected as the depository shall be offered a depository contract for a~~
 29 ~~maximum of two years. Any such city shall follow the bid procedure~~
 30 ~~established in subsection 1 of this section, except as otherwise provided in this~~
 31 ~~subsection.]~~

2 ~~[95.285. 1. Except as provided in subsection 2 of this section, upon~~
 3 ~~the opening of the sealed proposals submitted, the city council shall select as~~
 4 ~~the depository of the funds of the city the banking institution offering to pay to~~
 5 ~~the city the largest amount for the privilege; except that the council may reject~~
 6 ~~any or all bids. Within five days after the selection of the depository, the~~
 7 ~~banking institution selected shall deposit the securities as required by sections~~
 8 ~~110.010 and 110.020. The rights and duties of the parties to the depository~~
 9 ~~contract are as provided in section 110.010.~~

10 ~~2. Notwithstanding any provision of section 95.280 or this section to~~
 11 ~~the contrary, the contract term for any city of the third classification with more~~
 12 ~~than ten thousand five hundred but less than ten thousand six hundred~~
 13 ~~inhabitants shall begin on the first day of August following the receipt of the~~
~~bid proposals.]~~

2 ~~[95.355. Boards of aldermen in cities of the fourth class, at their first~~
 3 ~~regular meetings in the months of January, April, July and October of each~~
 4 ~~year, may select a depository for the funds of their respective cities, for the~~
 5 ~~length of time and under the rules and regulations that are provided and~~
 6 ~~prescribed by ordinance therefor. The rights and duties of the parties to the~~
 7 ~~depository contract are as provided in section 110.010. The deposits shall be~~
 8 ~~secured by deposit of securities as required by sections 110.010 and 110.020.~~
 9 ~~The depository shall be a banking institution doing business within the city. If~~
 10 ~~such depository cannot be selected, or such satisfactory arrangements made,~~
 11 ~~the boards of aldermen may invest the moneys upon the terms and under the~~
~~conditions provided by law for the loaning of county and school moneys.]~~

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