

Senate State and Local Government Committee 1

Amendment No. 1 to SB0072

Dickerson
Signature of Sponsor

AMEND Senate Bill No. 72*

House Bill No. 204

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 6-4-402, is amended by deleting the section and substituting instead the following:

(a)

(1) The board, at a regular meeting, shall adopt a resolution to contract with a bank or banks making the highest and best bid or bids to pay interest on daily balances of municipal funds.

(2) Before entering a contract under subdivision (a)(1), the treasurer shall review the bids from the banks and submit an analysis of the bids to each member of the board at or before the next meeting of the board. The treasurer shall include in the analysis a recommendation of the bank or banks making the highest and best bid or bids to pay interest on daily balances of the municipality's funds, considering the lowest service charges and other factors affecting the safety and liquidity of municipal funds.

(b) The board shall require any financial institution that becomes a depository of municipal funds to secure the funds by collateral in the same manner and under the same conditions as state deposits under title 9, chapter 4, parts 1 and 4, or as provided in a collateral pool created under title 9, chapter 4, part 5.

(c) Notwithstanding any law to the contrary, at least once every four (4) years, the board shall evaluate whether the contract entered into pursuant to subsection (a) should be rebid. The board shall base its evaluation on proposals obtained from at least

Amendment No. 1 to SB0072

Dickerson
Signature of Sponsor

AMEND Senate Bill No. 72*

House Bill No. 204

two (2) banks or other financial institutions. The treasurer shall prepare a written evaluation of the proposals and preserve the evaluation for at least three (3) years.

SECTION 2. Tennessee Code Annotated, Section 6-22-120, is amended by deleting the section and substituting instead the following:

(a)

(1) The board, at a regular meeting, shall adopt a resolution to contract with a bank or banks making the highest and best bid or bids to pay interest on daily balances of municipal funds.

(2) Before entering a contract under subdivision (a)(1), the treasurer shall review the bids from the banks and submit an analysis of the bids to each member of the board at or before the next meeting of the board. The treasurer shall include in the analysis a recommendation of the bank or banks making the highest and best bid or bids to pay interest on daily balances of the municipality's funds, considering the lowest service charges and other factors affecting the safety and liquidity of municipal funds.

(b) The board shall require any financial institution that becomes a depository of municipal funds to secure the funds by collateral in the same manner and under the same conditions as state deposits under title 9, chapter 4, parts 1 and 4, or as provided in a collateral pool created under title 9, chapter 4, part 5.

(c) Notwithstanding any law to the contrary, at least once every four (4) years, the treasurer shall evaluate whether the contract entered into pursuant to subsection (a) should be rebid. The treasurer shall base the evaluation on proposals obtained from at

least two (2) banks or other financial institutions. The treasurer shall prepare a written evaluation of the proposals and submit a recommendation to the board. The treasurer shall preserve the evaluation for at least three (3) years.

SECTION 3. Tennessee Code Annotated, Section 6-35-313, is amended by deleting the section and substituting instead the following:

(a)

(1) The council, at a regular meeting, shall adopt a resolution to contract with a bank or banks making the highest and best bid or bids to pay interest on daily balances of city funds.

(2) Before entering a contract pursuant to subdivision (a)(1), the city manager or an officer appointed by the city manager shall review the bids from the banks and submit an analysis of the bids to each member of the council at or before the next meeting of the council. The city manager or an officer appointed by the city manager shall include in the analysis a recommendation of the bank or banks making the highest and best bid or bids to pay interest on daily balances of the municipality's funds, considering the lowest service charges and other factors affecting the safety and liquidity of city funds.

(b) The council shall require any financial institution that becomes a depository of city funds to secure the funds by collateral in the same manner and under the same conditions as state deposits, under title 9, chapter 4, parts 1 and 4, or as provided in a collateral pool created under title 9, chapter 4, part 5.

(c) Notwithstanding any law to the contrary, at least once every four (4) years, the city manager or an officer appointed by the city manager shall evaluate whether the contract entered into pursuant to subsection (a) should be rebid. The city manager or an officer appointed by the city manager shall base the evaluation on proposals obtained from at least two (2) banks or other financial institutions. The city manager or an officer

appointed by the city manager shall prepare a written evaluation of the proposals and submit a recommendation to the council. The city manager or an officer appointed by the city manager shall preserve the evaluation for at least three (3) years.

SECTION 4. Tennessee Code Annotated, Section 6-56-110, is amended by deleting the section and substituting instead the following:

(a)

(1) The municipal governing body, at a regular meeting, shall adopt a resolution to contract with a bank or banks making the highest and best bid or bids to pay interest on daily balances of the municipality's funds.

(2) Before entering a contract pursuant to subdivision (a)(1), the municipal governing body or an officer appointed by the municipal governing body shall review the bids from the banks and submit an analysis of the bids to each member of the governing body at or before the next meeting of the governing body. The municipal governing body or an officer appointed by the municipal governing body shall include in the analysis a recommendation of the bank or banks making the highest and best bid or bids to pay interest on daily balances of the municipality's funds, considering the lowest service charges and other factors affecting the safety and liquidity of city funds.

(b) The municipal governing body shall require any financial institution that becomes a depository of municipal funds to secure the funds by collateral in the same manner and under the same conditions as state deposits under title 9, chapter 4, parts 1 and 4, or as provided in the collateral pool created under title 9, chapter 4, part 5.

(c) Notwithstanding any law to the contrary, at least once every four (4) years, the municipal governing body shall evaluate whether the contract entered into pursuant to subsection (a) should be rebid. The governing body shall base the evaluation on proposals obtained from at least two (2) banks or other financial institutions. The

municipal governing body shall prepare a written evaluation of the proposals and preserve the evaluation for at least three (3) years.

(d) This section applies to any municipality that does not have banking evaluation provisions in its charter that are at least as detailed as provided in this section.

SECTION 5. This act shall take effect on July 1, 2019, the public welfare requiring it.