

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 622

Introduced by Williams, 36.

Read first time January 23, 2019

Committee: Banking, Commerce and Insurance

1 A BILL FOR AN ACT relating to the Public Funds Deposit Security Act; to
2 amend sections 77-2386, 77-2387, 77-2388, 77-2392, 77-2394, 77-2395,
3 77-2396, 77-2397, 77-2398, 77-2399, 77-23,100, 77-23,101, and
4 77-23,102, Reissue Revised Statutes of Nebraska; to define terms; to
5 change provisions relating to securing deposits, setting deposit
6 guaranty bond and securities values, designating duties, and default
7 procedures; to provide for pooled collateral; to provide powers and
8 duties for the Director of Banking and Finance; to harmonize
9 provisions; to provide an operative date; and to repeal the original
10 sections.

11 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2386, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 77-2386 Sections 77-2386 to 77-23,106 and sections 14 and 15 of this
4 act shall be known and may be cited as the Public Funds Deposit Security
5 Act.

6 Sec. 2. Section 77-2387, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 77-2387 For purposes of the Public Funds Deposit Security Act,
9 unless the context otherwise requires:

10 (1) Affiliate means any entity that controls, is controlled by, or
11 is under common control with another entity;

12 (2) Bank means any state-chartered or federally chartered bank which
13 has a main chartered office in this state, any branch thereof in this
14 state, or any branch in this state of a state-chartered or federally
15 chartered bank which maintained a main chartered office in this state
16 prior to becoming a branch of such state-chartered or federally chartered
17 bank;

18 (3) Capital stock financial institution means a capital stock state
19 building and loan association, a capital stock federal savings and loan
20 association, a capital stock federal savings bank, and a capital stock
21 state savings bank, which has a main chartered office in this state, any
22 branch thereof in this state, or any branch in this state of a capital
23 stock financial institution which maintained a main chartered office in
24 this state prior to becoming a branch of such capital stock financial
25 institution;

26 (4) Control means to own directly or indirectly or to control in any
27 manner twenty-five percent of the voting shares of any bank, capital
28 stock financial institution, or holding company or to control in any
29 manner the election of the majority of directors of any bank, capital
30 stock financial institution, or holding company;

31 (5) Custodial official means an officer or an employee of the State

1 of Nebraska or any political subdivision who, by law, is made custodian
2 of or has control over public money or public funds subject to the act or
3 the security for the deposit of public money or public funds subject to
4 the act;

5 (6) Deposit guaranty bond means a bond underwritten by an insurance
6 company authorized to do business in this state which provides coverage
7 for deposits of a governing authority which are in excess of the amounts
8 insured or guaranteed by the Federal Deposit Insurance Corporation;

9 (7) Director means the Director of Banking and Finance;

10 (8) ~~(7)~~ Event of default means the issuance of an order by a
11 supervisory authority or a receiver which restrains a bank, capital stock
12 financial institution, or qualifying mutual financial institution from
13 paying its deposit liabilities;

14 (9) ~~(8)~~ Governing authority means the official, or the governing
15 board, council, or other body or group of officials, authorized to
16 designate a bank, capital stock financial institution, or qualifying
17 mutual financial institution as a depository of public money or public
18 funds subject to the act;

19 (10) ~~(9)~~ Governmental unit means the State of Nebraska or any
20 political subdivision thereof;

21 (11) ~~(10)~~ Political subdivision means any county, city, village,
22 township, district, authority, or other public corporation or entity,
23 whether organized and existing under direct provisions of the
24 Constitution of Nebraska or laws of the State of Nebraska or by virtue of
25 a charter, corporate articles, or other legal instruments executed under
26 authority of the constitution or laws, including any entity created
27 pursuant to the Interlocal Cooperation Act or the Joint Public Agency
28 Act;

29 (12) ~~(11)~~ Qualifying mutual financial institution shall have the
30 same meaning as in section 77-2365.01;

31 (13) ~~(12)~~ Repurchase agreement means an agreement to purchase

1 securities by the governing authority by which the counterparty bank,
2 capital stock financial institution, or qualifying mutual financial
3 institution will repurchase the securities on or before a specified date
4 and for a specified amount and the counterparty bank, capital stock
5 financial institution, or qualifying mutual financial institution will
6 deliver the underlying securities to the governing authority by book
7 entry, physical delivery, or third-party custodial agreement. The
8 transfer of underlying securities to the counterparty bank's, capital
9 stock financial institution's, or qualifying mutual financial
10 institution's customer book entry account may be used for book entry
11 delivery if the governing authority so chooses; and

12 (14) ~~(13)~~ Securities means:

13 (a) Bonds or obligations fully and unconditionally guaranteed both
14 as to principal and interest by the United States Government;

15 (b) United States Government notes, certificates of indebtedness, or
16 treasury bills of any issue;

17 (c) United States Government bonds;

18 (d) United States Government guaranteed bonds or notes;

19 (e) Bonds or notes of United States Government agencies;

20 (f) Bonds of any state or political subdivision which are fully
21 defeased as to principal and interest by any combination of bonds or
22 notes authorized in subdivision (c), (d), or (e) of this subdivision;

23 (g) Bonds or obligations, including mortgage-backed securities and
24 collateralized mortgage obligations, issued by or backed by collateral
25 one hundred percent guaranteed by the Federal Home Loan Mortgage
26 Corporation, the Federal Farm Credit System, a Federal Home Loan Bank, or
27 the Federal National Mortgage Association;

28 (h) Repurchase agreements the subject securities of which are any of
29 the securities described in subdivisions (a) through (g) of this
30 subdivision;

31 (i) Securities issued under the authority of the Federal Farm Loan

1 Act;

2 (j) Loan participations which carry the guarantee of the Commodity
3 Credit Corporation, an instrumentality of the United States Department of
4 Agriculture;

5 (k) Guaranty agreements of the Small Business Administration of the
6 United States Government;

7 (l) Bonds or obligations of any county, city, village, metropolitan
8 utilities district, public power and irrigation district, sewer district,
9 fire protection district, rural water district, or school district in
10 this state which have been issued as required by law;

11 (m) Bonds of the State of Nebraska or of any other state which are
12 purchased by the Board of Educational Lands and Funds of this state for
13 investment in the permanent school fund or which are purchased by the
14 state investment officer of this state for investment in the permanent
15 school fund;

16 (n) Bonds or obligations of another state, or a political
17 subdivision of another state, which are rated within the two highest
18 classifications by at least one of the standard rating services;

19 (o) Warrants of the State of Nebraska;

20 (p) Warrants of any county, city, village, local hospital district,
21 or school district in this state;

22 (q) Irrevocable, nontransferable, unconditional standby letters of
23 credit issued by a Federal Home Loan Bank; and

24 (r) Certificates of deposit fully insured or guaranteed by the
25 Federal Deposit Insurance Corporation that are issued to a bank, capital
26 stock financial institution, or qualifying mutual financial institution
27 furnishing securities pursuant to the Public Funds Deposit Security Act.

28 Sec. 3. Section 77-2388, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 77-2388 Any bank, capital stock financial institution, or qualifying
31 mutual financial institution subject to a requirement by law to secure

1 the deposit of public money or public funds in excess of the amount
2 insured or guaranteed by the Federal Deposit Insurance Corporation may
3 give security by furnishing securities or providing a deposit guaranty
4 bond, or any combination thereof, pursuant to the Public Funds Deposit
5 Security Act in satisfaction of the requirement.

6 Sec. 4. Section 77-2392, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 77-2392 A bank, capital stock financial institution, or qualifying
9 mutual financial institution which has furnished securities pursuant to
10 the Public Funds Deposit Security Act shall have the right at any time
11 and without prior approval to substitute other securities of equal value
12 in lieu of securities furnished except that such securities substituted
13 shall be those provided for under the act. Following any substitution of
14 securities pursuant to this section the custodial official shall report
15 such substitution to the governing authority or to the director or his or
16 her designee, as applicable.

17 Sec. 5. Section 77-2394, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 77-2394 A bank, capital stock financial institution, or qualifying
20 mutual financial institution provides a deposit guaranty bond pursuant to
21 the Public Funds Deposit Security Act if it issues a deposit guaranty
22 bond which runs to the director or custodial official, as applicable, and
23 which is conditioned that the bank, capital stock financial institution,
24 or qualifying mutual financial institution shall, at the end of each and
25 every month, render to the custodial official a statement, in duplicate,
26 showing the daily balances and the amounts of public money or public
27 funds of the governing authority held by it during the month and how
28 credited. The public money or public funds shall be paid promptly on the
29 order of the custodial official depositing the public money or public
30 funds.

31 Sec. 6. Section 77-2395, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 77-2395 (1) If a bank, capital stock financial institution, or
3 qualifying mutual financial institution designated as a depository
4 provides a deposit guaranty bond or furnishes securities or any
5 combination thereof, pursuant to section 77-2389, the custodial official
6 shall not have on deposit in such depository any public money or public
7 funds in excess of the amount insured or guaranteed by the Federal
8 Deposit Insurance Corporation, unless and until the depository has
9 provided a deposit guaranty bond or furnished securities, or any
10 combination thereof, to the custodial official ~~securities,~~ the total
11 ~~market~~ value of which are in an amount not less than one hundred two
12 percent of the amount on deposit which is in excess of the amount so
13 insured or guaranteed.

14 (2) If a bank, capital stock financial institution, or qualifying
15 mutual financial institution designated as a depository provides a
16 deposit guaranty bond or furnishes securities or any combination thereof,
17 pursuant to subsection (1) of section 77-2398, the custodial official
18 shall not have on deposit in such depository any public money or public
19 funds in excess of the amount insured or guaranteed by the Federal
20 Deposit Insurance Corporation, unless and until the depository has
21 provided a deposit guaranty bond or furnished securities, or any
22 combination thereof, to the director ~~custodial official~~ ~~securities,~~ the
23 total ~~market~~ value of which are in an amount not less than one hundred
24 two five percent of the amount on deposit which is in excess of the
25 amount so insured or guaranteed.

26 ~~(3) If a bank, capital stock financial institution, or qualifying~~
27 ~~mutual financial institution designated as a depository provides a~~
28 ~~deposit guaranty bond pursuant to the Public Funds Deposit Security Act,~~
29 ~~the custodial official shall not have on deposit in such depository any~~
30 ~~public money or public funds in excess of the amount insured or~~
31 ~~guaranteed by the Federal Deposit Insurance Corporation, unless and until~~

1 ~~the depository has provided to the custodial official a deposit guaranty~~
2 ~~bond in an amount not less than the amount on deposit which is in excess~~
3 ~~of the amount so insured or guaranteed.~~

4 Sec. 7. Section 77-2396, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 77-2396 No custodial official shall be liable on his or her official
7 bond as such custodial official for public money or public funds on
8 deposit in a bank, capital stock financial institution, or qualifying
9 mutual financial institution designated as a depository if the depository
10 has furnished securities or provided a deposit guaranty bond, or any
11 combination thereof, pursuant to the Public Funds Deposit Security Act.

12 Sec. 8. Section 77-2397, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 77-2397 All depositories of public money or public funds belonging
15 to the State of Nebraska or the political subdivisions in this state
16 shall have full authority to deposit, pledge, or grant a security
17 interest in their assets or to provide a deposit guaranty bond, or any
18 combination thereof, for the security and payment for all such deposits
19 and accretions. The director, the State of Nebraska, and any political
20 subdivision in this state are given the right and authority to accept
21 such deposit, pledge, or grant of a security interest in assets or the
22 provision of a deposit guaranty bond, or any combination thereof.

23 Sec. 9. Section 77-2398, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 77-2398 (1) As an alternative to the requirements to secure the
26 deposit of public money or public funds in excess of the amount insured
27 or guaranteed by the Federal Deposit Insurance Corporation pursuant to
28 sections 77-2389 and 77-2394, a bank, capital stock financial
29 institution, or qualifying mutual financial institution designated as a
30 public depository may secure the deposits of one or more governmental
31 units by providing a deposit guaranty bond or by depositing, pledging, or

1 granting a security interest in a single pool of securities or by a
2 combination thereof to secure the repayment of all public money or public
3 funds deposited in the bank, capital stock financial institution, or
4 qualifying mutual financial institution by such governmental units and
5 not otherwise secured pursuant to law, if at all times the total value of
6 the deposit guaranty bond and is at least equal to the amount on deposit
7 which is in excess of the amount so insured or guaranteed or the
8 aggregate market value of the pool of securities so deposited, pledged,
9 or in which a security interest is granted is at least equal to one
10 hundred two five percent of the amount on deposit which is in excess of
11 the amount so insured or guaranteed. Each such bank, capital stock
12 financial institution, or qualifying mutual financial institution shall
13 carry on its accounting records at all times a general ledger or other
14 appropriate account of the total amount of all public money or public
15 funds to be secured by a deposit guaranty bond or by the pool of
16 securities, or any combination thereof, as determined at the opening of
17 business each day, and the total value of the deposit guaranty bond or
18 the aggregate market value of the pool of securities deposited, pledged,
19 or in which a security interest is granted to secure such public money or
20 public funds. For purposes of this section, a pool of securities shall
21 include shares of investment companies registered under the federal
22 Investment Company Act of 1940 when the investment companies' assets are
23 limited to obligations that are eligible for investment by the bank,
24 capital stock financial institution, or qualifying mutual financial
25 institution and limited by their prospectuses to owning securities
26 enumerated in section 77-2387.

27 (2) A bank, capital stock financial institution, or qualifying
28 mutual financial institution may secure the deposit of public money or
29 public funds using the dedicated method, the single bank pooled method,
30 or both methods as set forth in subsection (1) of this section.

31 (a) Under the dedicated method, a bank, capital stock financial

1 institution, or qualifying mutual financial institution may secure the
2 deposit of public money or public funds by each governmental unit
3 separately by furnishing securities or providing a deposit guaranty bond,
4 or any combination thereof, pursuant to the Public Funds Deposit Security
5 Act.

6 (b)(i) Under the single bank pooled method, a bank, capital stock
7 financial institution, or qualifying mutual financial institution may
8 secure the deposit of public money or public funds of one or more
9 governmental units by providing a deposit guaranty bond or through a pool
10 of eligible securities established by such bank, capital stock financial
11 institution, or qualifying mutual financial institution with a qualified
12 trustee, or any combination thereof, to be held subject to the order of
13 the director or his or her designee for the benefit of the governmental
14 units having public money or public funds with such bank, capital stock
15 financial institution, or qualifying mutual financial institution as set
16 forth in subsection (1) of this section.

17 (ii) The director shall be authorized to delegate to any bank,
18 savings association, trust company, or other qualified firm, corporation,
19 or association which is authorized to transact business in this state
20 such of his or her rights and responsibilities with respect to a single
21 bank pooled method as the director deems appropriate. Fees and expenses
22 of the bank, savings association, trust company, or other qualified firm,
23 corporation, or association to which the director delegates his or her
24 rights and responsibilities under this subsection shall be paid by the
25 banks, capital stock financial institutions, or qualifying mutual
26 financial institutions utilizing the single bank pooled method.

27 (iii) If a bank, capital stock financial institution, or qualifying
28 mutual financial institution elects to secure the deposit of public money
29 or public funds through the use of the single bank pooled method, such
30 bank, capital stock financial institution, or qualifying mutual financial
31 institution shall notify the director in writing that it has elected to

1 utilize the single bank pooled method and the proposed effective date
2 thereof.

3 ~~(3) (2)~~ Only a deposit guaranty bond and the securities listed in
4 subdivision ~~(14) (13)~~ of section 77-2387 may be provided and accepted as
5 security for the deposit of public money or public funds and shall be
6 eligible as collateral. The qualified trustee shall not accept any
7 securities ~~no security~~ which are ~~is~~ not listed in subdivision ~~(14) (13)~~
8 of section 77-2387.

9 Sec. 10. Section 77-2399, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 77-2399 Each governmental unit depositing public money or public
12 funds in a bank, capital stock financial institution, or qualifying
13 mutual financial institution shall have an undivided beneficial interest
14 under the deposit guaranty bond provided and ~~or~~ an undivided security
15 interest in the pool of securities deposited, pledged, or in which a
16 security interest is granted by such a bank, capital stock financial
17 institution, or qualifying mutual financial institution pursuant to
18 subsection (1) of section 77-2398 in the proportion that the total amount
19 of the governmental unit's public money or public funds held deposited in
20 such bank, capital stock financial institution, or qualifying mutual
21 financial institution secured by the deposit guaranty bond or by the pool
22 of securities, or any combination thereof, bears to the total amount of
23 public money or public funds so secured. Articles 8 and 9, Uniform
24 Commercial Code, shall not apply to any security interest arising under
25 this section.

26 Sec. 11. Section 77-23,100, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 77-23,100 (1) Any bank, capital stock financial institution, or
29 qualifying mutual financial institution in which public money or public
30 funds has ~~have~~ been deposited which satisfies its requirement to secure
31 the deposit of public money or public funds in excess of the amount

1 insured or guaranteed by the Federal Deposit Insurance Corporation, in
2 whole or in part, by the deposit, pledge, or granting of a security
3 interest in a single pool of securities shall designate a qualified
4 trustee and place with the trustee for holding the securities so
5 deposited, pledged, or in which a security interest has been granted
6 pursuant to subsection (1) of section 77-2398, subject to the order of
7 the director or his or her designee. The bank, capital stock financial
8 institution, or qualifying mutual financial institution shall give
9 written notice of the designation of the qualified trustee to any
10 custodial official depositing public money or public funds for which such
11 securities are deposited, pledged, or in which a security interest has
12 been granted, and if an affiliate of the bank, capital stock financial
13 institution, or qualifying mutual financial institution is to serve as
14 the qualified trustee, the notice shall disclose the affiliate
15 relationship and shall be given prior to designation of the qualified
16 trustee. The custodial official shall accept the written receipt of the
17 trustee describing the pool of securities so deposited, pledged, or in
18 which a security interest has been granted by the bank, capital stock
19 financial institution, or qualifying mutual financial institution, a copy
20 of which shall also be delivered to the bank, capital stock financial
21 institution, or qualifying mutual financial institution.

22 (2) Any bank, capital stock financial institution, or qualifying
23 mutual financial institution which satisfies its requirement to secure
24 the deposit of public money or public funds in excess of the amount
25 insured or guaranteed by the Federal Deposit Insurance Corporation under
26 the Public Funds Deposit Security Act, in whole or in part, by providing
27 a deposit guaranty bond pursuant to the provisions of subsection (1) of
28 section 77-2398 shall designate the director ~~a qualified trustee~~ and
29 cause to be issued a deposit guaranty bond which runs to the director
30 ~~qualified trustee~~ and which is conditioned that the bank, capital stock
31 financial institution, or qualifying mutual financial institution shall

1 render to the director or his or her designee ~~qualified trustee~~ the
2 statement required under subsection (3) of this section.

3 (3) Each bank, capital stock financial institution, or qualifying
4 mutual financial institution which satisfies its requirement to secure
5 the deposit of public money or public funds in excess of the amount
6 insured or guaranteed by the Federal Deposit Insurance Corporation by
7 providing a deposit guaranty bond or by depositing, pledging, or granting
8 a security interest in a single pool of securities, or any combination
9 thereof, shall, on or before the tenth day of each month, render to the
10 director or his or her designee ~~qualified trustee~~ a statement showing as
11 of the last business day of the previous month (a) the amount of public
12 money or public funds deposited in such bank, capital stock financial
13 institution, or qualifying mutual financial institution that is not
14 insured or guaranteed by the Federal Deposit Insurance Corporation (i) by
15 each custodial official separately and (ii) by all custodial officials in
16 the aggregate and (b) the total value of the deposit guaranty bond and ~~or~~
17 the aggregate market value of the pool of securities deposited, pledged,
18 or in which a security interest has been granted pursuant to subsection
19 (1) of section 77-2398. The director ~~Any qualified trustee~~ shall be
20 authorized, acting for the benefit of custodial officials, to take any
21 and all actions necessary to take title to or to effect a first perfected
22 security interest in the securities deposited, pledged, or in which a
23 security interest is granted.

24 (4) Within twenty ~~ten~~ days after receiving the statement required
25 under subsection (3) of this section from a bank, capital stock financial
26 institution, or qualifying mutual financial institution, the director or
27 his or her designee ~~qualified trustee~~ shall provide a report to each
28 custodial official listed in such statement reflecting (a) the amount of
29 public money or public funds deposited in such bank, capital stock
30 financial institution, or qualifying mutual financial institution by each
31 custodial official as of the last business day of the previous month that

1 is not insured or guaranteed by the Federal Deposit Insurance Corporation
2 and that is secured pursuant to subsection (1) of section 77-2398 and (b)
3 the total value of the deposit guaranty bond and ~~or~~ the aggregate market
4 value of the pool of securities deposited, pledged, or in which a
5 security interest is granted pursuant to subsection (1) of section
6 77-2398 as of the last business day of the previous month. The report
7 shall clearly notify the custodial official if the value of the
8 securities deposited does not meet the statutory requirement.

9 Sec. 12. Section 77-23,101, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 77-23,101 Any Federal Reserve Bank, branch of a Federal Reserve
12 Bank, a federal home loan bank, or another responsible bank which is
13 authorized to exercise trust powers, capital stock financial institution
14 which is authorized to exercise trust powers, qualifying mutual financial
15 institution which is authorized to exercise trust powers, or trust
16 company, other than the pledgor or the bank, capital stock financial
17 institution, or qualifying mutual financial institution providing the
18 deposit guaranty bond or granting the security interest, is qualified to
19 act as a qualified trustee for the receipt of a deposit guaranty bond or
20 the holding of securities under section 77-23,100. The bank, capital
21 stock financial institution, or qualifying mutual financial institution
22 in which public money or public funds are deposited may at any time
23 substitute, exchange, or release securities deposited with a qualified
24 trustee if such substitution, exchange, or release does not reduce the
25 aggregate market value of the pool of securities to an amount that is
26 less than one hundred two ~~five~~ percent of the total amount of public
27 money or public funds less the portion of such public money or public
28 funds insured or guaranteed by the Federal Deposit Insurance Corporation.
29 The bank, capital stock financial institution, or qualifying mutual
30 financial institution in which public money or public funds are deposited
31 may at any time reduce the amount of the deposit guaranty bond if the

1 reduction does not reduce the value of the deposit guaranty bond and the
2 aggregate market value of the pool of securities to an amount less than
3 one hundred two percent of the total amount of public money or public
4 funds less the portion of such public money or public funds insured or
5 guaranteed by the Federal Deposit Insurance Corporation.

6 Sec. 13. Section 77-23,102, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 77-23,102 (1) When the director determines that ~~If~~ a bank, capital
9 stock financial institution, or qualifying mutual financial institution
10 has experienced ~~experiences~~ an event of default the director qualified
11 ~~trustee~~ shall proceed in the following manner: (a) The director qualified
12 ~~trustee~~ shall ascertain the aggregate amounts of public money or public
13 funds secured pursuant to subsection (1) of section 77-2398 and deposited
14 in the bank, capital stock financial institution, or qualifying mutual
15 financial institution which has defaulted, as disclosed by the records of
16 such bank, capital stock financial institution, or qualifying mutual
17 financial institution. The director qualified ~~trustee~~ shall determine for
18 each custodial official for whom public money or public funds are
19 deposited in the defaulting bank, capital stock financial institution, or
20 qualifying mutual financial institution the accounts and amount of
21 federal deposit insurance or guarantee that is available for each
22 account. It shall then determine for each such custodial official the
23 amount of public money or public funds not insured or guaranteed by the
24 Federal Deposit Insurance Corporation and the amount of the deposit
25 guaranty bond or pool of securities pledged, deposited, or in which a
26 security interest has been granted, or any combination thereof, to secure
27 such public money or public funds. Upon completion of this analysis, the
28 director qualified ~~trustee~~ shall provide each such custodial official
29 with a statement that reports the amount of public money or public funds
30 deposited by the custodial official in the defaulting bank, capital stock
31 financial institution, or qualifying mutual financial institution, the

1 amount of public money or public funds that may be insured or guaranteed
2 by the Federal Deposit Insurance Corporation, and the amount of public
3 money or public funds secured by a deposit guaranty bond or secured by a
4 pool of securities, or any combination thereof, pursuant to subsection
5 (1) of section 77-2398. Each such custodial official shall verify this
6 information from his or her records within ten business days after
7 receiving the report and information from the director ~~qualified trustee~~;
8 and (b) upon receipt of a verified report from such custodial official
9 and if the defaulting bank, capital stock financial institution, or
10 qualifying mutual financial institution is to be liquidated or if for any
11 other reason the director ~~qualified trustee~~ determines that public money
12 or public funds are not likely to be promptly paid upon demand, the
13 director ~~qualified trustee~~ shall proceed to enforce the deposit guaranty
14 bond and ~~or~~ liquidate the pool of securities held to secure the deposit
15 of public money or public funds and shall repay each custodial official
16 for the public money or public funds not insured or guaranteed by the
17 Federal Deposit Insurance Corporation deposited in the bank, capital
18 stock financial institution, or qualifying mutual financial institution
19 by the custodial official. In the event that the amount of the deposit
20 guaranty bond or the proceeds of the securities held by the director
21 ~~qualified trustee~~ after liquidation is insufficient to cover all public
22 money or public funds not insured or guaranteed by the Federal Deposit
23 Insurance Corporation for all custodial officials for whom the director
24 ~~qualified trustee~~ serves, the director ~~qualified trustee~~ shall pay out to
25 each custodial official available amounts pro rata in accordance with the
26 respective public money or public funds not insured or guaranteed by the
27 Federal Deposit Insurance Corporation for each such custodial official.

28 (2) In the event that a federal deposit insurance agency is
29 appointed and acts as a liquidator or receiver of any bank, capital stock
30 financial institution, or qualifying mutual financial institution under
31 state or federal law, those duties under this section that are specified

1 to be performed by the director ~~qualified trustee~~ in the event of default
2 may be delegated to and performed by such federal deposit insurance
3 agency.

4 Sec. 14. The director and his or her designee under the Public
5 Funds Deposit Security Act shall, except for actions or inactions that
6 constitute gross negligence or intentional wrongful acts, be immune from
7 liability for any act required of or authorized for the director and his
8 or her designee under the act.

9 Sec. 15. In addition to all of the rights provided to the director
10 under the Public Funds Deposit Security Act, the director shall have the
11 power to adopt and promulgate rules and regulations, establish policies
12 and procedures, and prescribe forms as may be necessary to accomplish the
13 purposes of the Public Funds Deposit Security Act.

14 Sec. 16. This act becomes operative on July 1, 2020.

15 Sec. 17. Original sections 77-2386, 77-2387, 77-2388, 77-2392,
16 77-2394, 77-2395, 77-2396, 77-2397, 77-2398, 77-2399, 77-23,100,
17 77-23,101, and 77-23,102 Reissue Revised Statutes of Nebraska, are
18 repealed.