



State of Tennessee

PUBLIC CHAPTER NO. 277

SENATE BILL NO. 72

By Swann

Substituted for: House Bill No. 204

By Crawford

AN ACT to amend Tennessee Code Annotated, Title 6, relative to procurement of banking services.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

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 best proposal to become the depository of municipal funds.

(2) Before entering into a contract under subdivision (a)(1), the treasurer or an officer appointed by the treasurer shall review and analyze the proposals from the banks and submit an analysis of the proposals to each member of the board at or before the next meeting of the board. The analysis of the proposals should consider the bank or banks proposing the highest interest rate, potential service charges or other fees, factors affecting safety and liquidity of municipal funds, and any other relevant factors.

(b) The board shall require any bank 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 reevaluate the contracts entered into pursuant to subsection (a). The board shall base its evaluation on proposals obtained from at least two (2) banks. The treasurer or an officer appointed by the treasurer shall prepare a written evaluation of the proposals and preserve the evaluations 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 best proposal to become the depository of municipal funds.

(2) Before entering into a contract under subdivision (a)(1), the treasurer or an officer appointed by the treasurer shall review and analyze the proposals from the banks and submit an analysis of the proposals to each member of the board at or before the next meeting of the board. The analysis of the proposals should consider the bank or banks proposing the highest interest rate, potential service charges or other fees, factors affecting safety and liquidity of municipal funds, and any other relevant factors.

(b) The board shall require any bank 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 reevaluate the contracts entered into pursuant to subsection (a). The board shall base its evaluation on proposals obtained from at least two (2) banks. The treasurer or an officer appointed by the treasurer shall prepare a written evaluation of the proposals and preserve the evaluations 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 best proposal to become the depository of municipal funds.

(2) Before entering into a contract under subdivision (a)(1), the city manager or an officer appointed by the city manager shall review and analyze the proposals from the banks and submit an analysis of the proposals to each member of the council at or before the next meeting of the council. The analysis of the proposals should consider the bank or banks proposing the highest interest rate, potential service charges or other fees, factors affecting safety and liquidity of municipal funds, and any other relevant factors.

(b) The council shall require any bank 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 city manager or an officer appointed by the city manager shall reevaluate the contracts entered into pursuant to subsection (a). The city manager or an officer appointed by the city manager shall base its evaluation on proposals obtained from at least two (2) banks. The city manager or an officer appointed by the city manager shall prepare a written evaluation of the proposals and preserve the evaluations 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 contracting authority for a municipality shall contract with a bank or banks making the best proposal to become the depository of municipal funds.

(2) Before entering into a contract under subdivision (a)(1), the contracting authority for a municipality or the contracting authority's designee shall review and analyze the proposals from the banks. The analysis of the proposals should consider the bank or banks proposing the highest interest rate, potential service charges or other fees, factors affecting safety and liquidity of municipal funds, and any other relevant factors.

(b) The contracting authority for the municipality shall require any bank 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 contracting authority for the municipality or their designee shall reevaluate the contracts entered into pursuant to subsection (a). The contracting authority for the municipality or their designee shall base the evaluation on proposals obtained from at least two (2) banks. The contracting authority for a municipality or their designee shall prepare a written evaluation of the proposals and preserve the evaluations 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 those provided in this section.

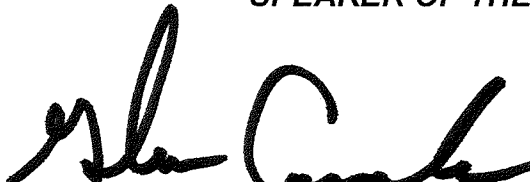
SECTION 5. This act shall take effect July 1, 2019, the public welfare requiring it.

SENATE BILL NO. 72

PASSED: April 22, 2019



RANDY McNALLY
SPEAKER OF THE SENATE



GLEN CASADA, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 2nd day of May 2019



BILL LEE, GOVERNOR