

SENATE COMMITTEE ON BUSINESS, HOUSING AND CONSUMER AFFAIRS

May 10, 1993                      Hearing Room 343 3:00 p.m.                      Tapes 68 - 69  
MEMBERS PRESENT: Sen. Bill Dwyer, Chair Sen. Bill Kennemer,  
Vice-Chair Sen. Brady Adams Sen. Ron Cease Sen. Karsten Rasmussen

STAFF PRESENT: Richard Day-Reynolds, Committee Administrator Katy  
Yetter, Committee Assistant MEASURES CONSIDERED: Public Hearing and  
Possible Work Session: HB 2159A- Establishes cash management review  
mechanism HB 2160A-              Amends definitions relating to depository banks  
HB 2161A-              Creates credit line with State Treasurer HB  
2162A- Relating to financial institutions HB 2163A-              Relating to  
issuance of bonds B 2164-              Revises the Prudent Investor Rule HB  
2165-              Authorizes use of investment holding companies as state  
agencies

These minutes contain materials which paraphrase and/or summarize  
statements made during this session. Only text enclosed in quotation  
marks report a speaker's exact words. For complete contents of the  
proceedings, please refer to the tapes.

TAPE 68, SIDE A

010 CHAIR DWYER: Calls the meeting to order at 3:15 p.m.

PUBLIC HEARING ON HB 2159-A WITNESSES: Jim Hill, State Treasurer Darren  
Bond, Oregon State Treasury

017 JIM HILL, STATE TREASURER: Presents testimony on HB 2159-A  
(EXHIBIT A). -Indicates position of the Treasury in terms of the funds  
within the investment divisions. 061 CHAIR DWYER: Asks Hill to review  
HB 2159-A.

063 HILL: Introduces staff, who will review the bill. Senate Committee  
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066 DARREN BOND, OREGON STATE TREASURY: Testifies on HB 2159-A and  
presents overview of bill (EXHIBIT B). WORK SESSION ON SB 2159-A  
119 MOTION: SEN. RASMUSSEN: Moves HB 2159-A to the Floor with a DO  
PASS recommendation. 129 VOTE: In a roll call vote, all members  
present vote AYE. SEN. KENNEMER is EXCUSED. 131 CHAIR DWYER: The  
motion CARRIES. 132 SEN. ADAMS will lead discussion on the Floor.  
PUBLIC HEARING ON HB 2160-A WITNESSES: Darren Bond, Oregon State Treasury  
139 DARREN BOND, OREGON STATE TREASURY: Presents testimony on HB 2160-  
(EXHIBIT C). WORK SESSION ON HB 2160-A 163 MOTION: SEN. CEASE: Moves  
2160-A to the Floor with a DO PASS recommendation. 164 VOTE: In a  
roll call vote, all members present vote AYE. SEN. KENNEMER is EXCUSED.  
166 CHAIR DWYER: The motion CARRIES. 170 SEN. CEASE will lead  
discussion on the Floor. PUBLIC HEARING ON HB 2161-A WITNESSES: Darren  
Bond, Oregon State Treasury 179 DARREN BOND, OREGON STATE  
TREASURY: Presents testimony on HB 2161-A (EXHIBIT D). 200  
CHAIR DWYER: Asks Bond about Section 2 Sub 2 -- what happens if the  
individual is not repaid within six months? 205 BOND: Indicates that the  
Treasury would have the right to revoke the account of the Agency and  
could debit the account of said Agency. WORK SESSION ON HB 2161-A Senate  
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240 MOTION: SEN. ADAMS: Moves SB 2161-A to the Floor with a  
DO PASS recommendation. 245VOTE: In a roll call vote, all members  
are present and vote AYE. 250 CHAIR DWYER: The motion CARRIES.  
256 SEN. ADAMS will lead discussion on the Floor.

PUBLIC HEARING ON HB 2162-A WITNESSES: Darren Bond, Oregon State  
Treasury

268 DARREN BOND, OREGON STATE TREASURY: Presents testimony on HB  
2162-A (EXHIBIT E). WORK SESSION ON HB 2162-A

290 MOTION: SEN. CEASE: Moves HB 2162-A to the Floor with a  
DO PASS recommendation. 293VOTE: In a roll call vote, all members  
are present and vote AYE. 295 CHAIR DWYER: The motion CARRIES.  
299 SEN. KENNEMER will lead discussion on the Floor.

PUBLIC HEARING ON HB 2163-A WITNESSES: Randall Edwards, Oregon State  
Treasury James Shannon, Oregon Municipal Debt Advisory Commission

300 RANDALL EDWARDS, OREGON STATE TREASURY: Introduces James Shannon.

320 JAMES SHANNON, OREGON MUNICIPAL DEBT ADVISORY COMMISSION: Presents  
testimony on HB 2163-A (EXHIBITS F and G).

WORK SESSION ON HB 2163 A

380 MOTION: SEN. CEASE: Moves 2163-A to the Floor with a  
DO PASS recommendation 384 VOTE: In a roll call vote, all members  
are present and vote AYE. 386 CHAIR DWYER: The motion CARRIES.  
387 SEN. CEASE will lead discussion on the Floor. Senate Committee on  
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PUBLIC HEARING ON HB 2164 WITNESSES: Randall Edwards, Oregon State  
Treasury Bob Muir, Attorney General's Office

380 RANDALL EDWARDS, OREGON STATE TREASURY: Presents testimony on HB  
2164 (EXHIBIT H).

TAPE 69, SIDE A

018 CHAIR DWYER: Asks Edwards or Muir about potential bad investments  
under Section 2. Can these become part of an overall portfolio?

022 BOB MUIR, ATTORNEY GENERAL'S OFFICE: Replies that the portfolios  
are viewed in context to review the value and merit of the investments.

058 SEN. RASMUSSEN: Asks Muir about investing in managed care networks  
and the methods of determining the benefits of doing so.

063 MUIR: Again, indicates the overall investment portfolio is reviewed  
before making such an investment.

WORK SESSION ON HB 2164 090 MOTION: SEN. RASMUSSEN: Moves HB 2164 to  
the

092 VOTE: In a roll call vote, all members are present and vote AYE.

094 CHAIR DWYER: The motion CARRIES.

095 SEN. RASMUSSEN will lead discussion on the Floor.

PUBLIC HEARING ON HB 2165-A WITNESSES: Bob Mwr, Attorney General's Office Randall Edwards, Oregon State Treasury

100 BOB MUIR, ATTORNEY GENERAL'S OFFICE: Testifies in favor of HB 2165-A. 120 RANDALL EDWARDS, OREGON STATE TREASURY: Presents testimony on HB 2165-A (EXHIBIT I). 150 SEN. ADAMS: Asks Muir about "piercing the corporate veil." 153 MUIR: Replies that the corporation follows certain formalities that the Treasury must observe and monitor.

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200 SEN. RASMUSSEN: Expresses concern over the case of negligence and the shifting of liability within the State.

220 MUIR: The Treasury has numerous corporations involved in their liability program. The proposed legislation is to gain acceptance and approval by the legislature. -The State Treasury acting on behalf of the PERS. Rejection of lawful arguments and implied arguments about authority.

263 SEN. RASMUSSEN: Asks Muir about impact of tort liability in the case of the Treasury Department engaging in a lawsuit with another state.

270 MUIR: Replies that Oregon may have the ability to assert sovereign immunity against another state.

290 SEN. ADAMS Asks Muir if the Treasury will change their investment policy.

295 MUIR: Responds by stating that the Treasury will not change their policy if the bill is not passed.

WORK SESSION ON HB 2165-A

337 MOTION: SEN. ADAMS: Moves HB 2165-A to the Floor with a DO PASS recommendation. 345 VOTE: In a roll call vote, all members present vote AYE with the exception of Senators CEASE and RASMUSSEN who vote NO. 350 CHAIR DWYER: The motion CARRIES. 352 SEN. KENNEMER will lead discussion on the Floor.

354 CHAIR DWYER: Adjourns the meeting at 4:00 p.m.

Submitted by:

Katy Yetter  
Day Reynolds Acting Committee Assistant  
Administrator

Reviewed by:

Richard  
Committee

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EXHIBIT LOG:

A - Testimony on HB 2159-A - J. Hill - 5 pages B - Testimony on HB 2159-A - D. Bond - 2 pages C - Testimony on HB 2160-A - D. Bond - 1 page D - Testimony on HB 2161-A - D. Bond - pages E - Testimony on HB 2162-A - D. Bond - 1 page F - Testimony on HB 2163-A - J. Shannon - 7 pages G - Testimony on HB 2163-A - J. Shannon - 3 pages H - Testimony on HB 2164 - R. Edwards - 2 pages I - Testimony on HB 2165-A - R. Edwards - 4 pages .

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