

**SB173 INTRODUCED**



1 C68CQQ-1  
2 By Senators Givhan, Butler  
3 RFD: State Governmental Affairs  
4 First Read: 05-Apr-23  
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SYNOPSIS:

The Office of the State Treasurer is responsible for managing the investment of state monies.

This bill would create the Alabama Local Government Investment Pool Program within the Office of the State Treasurer to provide one or more investment pools in which state and local public entities may deposit monies for investment in the program to be administered by the treasurer.

This bill would set parameters on types of investments that the State Treasurer may include in the program.

This bill would require the State Treasurer to disclose certain information relating to the program to participants in the program as well as to the public.

This bill would allow administrative expenses relating to the program to be paid from program earnings and authorize the treasurer to contract with certain professionals to assist in the administration of the program.

This bill would establish the Alabama Local Government Investment Advisory Board to advise the State Treasurer in the administration of the program and would provide for the membership of the board.



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A BILL  
TO BE ENTITLED  
AN ACT

Relating to the State Treasurer; to create the Alabama Local Government Investment Pool Program within the Office of the State Treasurer to allow state and local public entities to deposit monies in an investment pool administered by the treasurer; to provide parameters for investments; to authorize the treasurer to take certain actions to administer the program; to establish the Alabama Local Government Investment Advisory Board and provide for its membership and duties; and to provide further for the Office of the State Treasurer's travel expenses.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. As used in this act, the following terms have the following meanings:

- (1) BOARD. The Alabama Local Government Advisory Board created pursuant to Section 5.
- (2) COVERED PUBLIC ENTITY. A covered public entity as defined in Section 41-14A-2, Code of Alabama 1975.
- (3) COVERED PUBLIC OFFICIAL. A covered public official as defined in Section 41-14A-2, Code of Alabama 1975.
- (4) ELIGIBLE INVESTMENT. Any of the following:
  - a. Direct obligations of the United States government.
  - b. Obligations fully insured or guaranteed by the United States government or a federal agency, including



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57 collateralized mortgage obligations and mortgage-backed  
58 securities.

59 c. Obligations of any federal government-sponsored  
60 enterprise (GSE), including collateralized mortgage  
61 obligations and mortgage-backed securities.

62 d. Repurchase agreements that are fully collateralized  
63 by any security described in paragraphs a. through c.

64 e. Commercial paper rated A-1, P-1, or higher at the  
65 time of purchase.

66 f. Money market mutual funds invested in any security  
67 described in paragraphs a. through e.

68 g. Negotiable certificates of deposit denominated in  
69 United States dollars with an issuer credit rating of at least  
70 AA1 or Aa3, or its equivalent, by at least two nationally  
71 recognized statistical ratings organizations.

72 h. Certificates of deposit placed in any qualified  
73 public depository, and secured as such, under Chapter 14A of  
74 Title 41, Code of Alabama 1975.

75 (5) PARTICIPANT. A covered public entity or covered  
76 public official that is eligible to participate in the  
77 program.

78 (6) POOL. A local government investment pool created  
79 under the program.

80 (7) PROGRAM. The Alabama Local Government Investment  
81 Pool Program.

82 (8) TREASURER. The State Treasurer of Alabama.

83 Section 2. (a) The Alabama Local Government Investment  
84 Pool Program is created within the office and custody of the



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85 treasurer. The program consists of the aggregate of all funds  
86 from participants which are deposited in one or more pools as  
87 provided in this act.

88 (b) The purpose of the program is to provide one or  
89 more investment pools, each established by the treasurer,  
90 which are available to participants for the joint investment  
91 of monies held by participants, in order to enhance investment  
92 opportunities and earnings while maintaining principal  
93 preservation, safety, and liquidity.

94 Section 3. (a) A participant may invest and reinvest  
95 any monies subject to the participant's control and  
96 jurisdiction in a pool, and the pool is and shall be a  
97 permitted investment for such monies. The authority to invest  
98 such monies in a pool shall be in addition to any other powers  
99 or authority of a participant to invest such monies under  
100 state law.

101 (b) Monies deposited in a pool by participants other  
102 than the treasurer are not and shall not become part of State  
103 Treasury funds.

104 (c) All monies deposited in a pool shall be held in a  
105 trust account or accounts, and segregated for custodial,  
106 depository, and accounting purposes.

107 (d) A covered public entity may invest into a pool the  
108 proceeds from any bonds, warrants, notes, or other securities  
109 or evidences of indebtedness, regardless of when issued or  
110 incurred, for purposes of investment or reinvestment of such  
111 proceeds, and the pool is and shall be a permitted investment  
112 for such proceeds. The authority to invest such proceeds shall



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113 be in addition to any other powers or authority of a covered  
114 public entity to invest such proceeds under state law.

115 (e) If authorized to do so in writing by a participant,  
116 a financial institution, bank, or trustee may undertake pool  
117 transactions for, or on behalf of, and otherwise invest funds  
118 of, a participant.

119 (f) Specific participant information is confidential  
120 and shall not be considered a public record for purposes of  
121 Article 3 of Chapter 12 of Title 36, Code of Alabama 1975.

122 Section 4. (a) The treasurer shall administer the  
123 program on behalf of participants, subject to rules,  
124 regulations, and guidelines established by the treasurer. The  
125 facilities and resources of the office of the treasurer shall  
126 be used and employed in the administration of the program.

127 (b) The treasurer shall do both of the following:

128 (1) Establish and make public all of the following:

129 a. Each pool information statement, which shall  
130 include, at a minimum, all of the following:

131 1. Specification of minimum and maximum amounts that  
132 may be deposited by participants and minimum periods of time  
133 for which deposits shall be retained in the pool.

134 2. Payment of administrative expenses from the earnings  
135 of the pool.

136 3. Distribution of the earnings in excess of  
137 administrative expenses, or allocation of losses, to the  
138 participants in a manner that equitably reflects the differing  
139 amounts and terms of each participant's investment in the  
140 pool.



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141 4. Description of a reserve, if created.

142 5. Procedures for the deposit and withdrawal of funds.

143 6. A description of participant transaction  
144 confirmations and reports showing the activity, performance,  
145 and composition of participants' investments.

146 b. Each pool investment policy statement that includes  
147 goals and objectives and defines which eligible investments  
148 are permitted.

149 c. Participation agreements, and any other procedures,  
150 policies, guidelines, and statements necessary and proper for  
151 the efficient administration of each pool.

152 d. Subject to Section 3(f), an annual report of the  
153 program which includes trust information, in total.

154 (2) Adopt rules and regulations as necessary to  
155 implement this act, either with or without compliance with the  
156 Alabama Administrative Procedure Act.

157 (c) The treasurer may contract with accountants,  
158 attorneys, money managers, program administrators, investment  
159 advisors, and other professional service providers to make  
160 available program management services, custody services, legal  
161 compliance services, accounting services, marketing services,  
162 and other services necessary for the administration of the  
163 program. All contracts awarded for the administration of the  
164 program may be for periods not exceeding seven years.

165 (d) The treasurer may promote, educate, advertise, and  
166 market the program as may be necessary for the performance of  
167 the duties required by this act, including the authority to  
168 perform incidental actions necessary for educational and



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169 promotional purposes.

170 (e) The treasurer may appoint one additional employee  
171 in the exempt service to manage the program.

172 Section 5. (a) (1) There is created the Alabama Local  
173 Government Investment Advisory Board, consisting of the  
174 following members:

175 a. The treasurer, who shall be a standing, permanent  
176 member of the board and shall serve as chair.

177 b. Two members who are qualified by training and  
178 experience in the field of investment or finance, appointed by  
179 the treasurer.

180 c. Four members who are each an employee of a  
181 participant that, as of the date of appointment, has funds  
182 invested in the program or has adopted an ordinance or  
183 resolution to invest its funds in the program, with one member  
184 appointed by each of the following: the Pro Tempore of the  
185 Senate, the Speaker of the House of Representatives, the  
186 Minority Leader of the Senate, and the Minority Leader of the  
187 House of Representatives.

188 (2) Initial terms shall be staggered, but for  
189 subsequent appointments, each member shall serve a term of  
190 four years and may be eligible for reappointment. Any vacancy  
191 occurring other than by expiration of term shall be filled by  
192 appointment by the respective appointing authority to serve  
193 for the remainder of the unexpired term.

194 (3) The appointing authorities shall coordinate their  
195 appointments to assure the board membership is inclusive and  
196 reflects the racial, gender, geographic, urban, rural, and





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197 economic diversity of the state.

198 (4) Members of the board shall serve without  
199 compensation, but may be reimbursed for each day's official  
200 duties of the board at the same per diem and travel rate as is  
201 paid employees of the state.

202 (b) The board's primary purpose is in an advisory  
203 capacity to the treasurer to provide recommendations and  
204 information, and to review rules, policies, and agreements  
205 related to the program, and advise therein as the board  
206 considers necessary or desirable. The board may consult the  
207 treasurer on any matter relating to the investment of monies  
208 in the program. The board shall assist in offering the program  
209 to participants through publications and other appropriate  
210 means.

211 (c) (1) Board meetings may be held quarterly, or as  
212 called by the chair.

213 (2) The board and all board proceedings shall be  
214 subject to the Alabama Open Meetings Act, except that any  
215 member of the board or of a committee who participates in a  
216 meeting by telephone conference, video conference, or similar  
217 communications equipment shall be considered present for  
218 purposes of a quorum, regardless of the number of members  
219 physically present at the meeting.

220 (d) The treasurer may appoint to the board such  
221 officers as he or she deems necessary.

222 Section 6. Individuals traveling in the state to  
223 promote or market any program that is administered by the  
224 Office of the State Treasurer shall be allowed the same per



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225 diem and travel rate as is paid employees of the state.

226 Section 7. This act shall become effective immediately  
227 following its passage and approval by the Governor, or its  
228 otherwise becoming law.