

SENATE BILL 542

L6, P1

2lr2710
CF 2lr2711

By: **Senator Jones-Rodwell**

Introduced and read first time: February 3, 2012

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Local Government Investment Pool – Authorized Participants**

3 FOR the purpose of renaming the Local Government Investment Pool to be the
4 Investment Pool; expanding the list of participants that may place certain funds
5 in the Investment Pool to include certain units of State government or certain
6 entities created by the State in addition to certain local governmental entities;
7 making stylistic changes; defining certain terms; and generally relating to
8 investment pools.

9 BY repealing and reenacting, with amendments,
10 Article 95 – Treasurer
11 Section 22G
12 Annotated Code of Maryland
13 (2010 Replacement Volume and 2011 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article 95 – Treasurer**

17 22G.

18 (a) (1) **(I) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
19 **MEANINGS INDICATED.**

20 **(II) “AUTHORIZED PARTICIPANT” MEANS:**

21 **1. THE GOVERNING BODY OF EACH COUNTY OR**
22 **MUNICIPALITY;**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 **2. A COUNTY BOARD OF EDUCATION;**
- 2 **3. THE GOVERNING BODY OF EACH ROAD,**
3 **DRAINAGE, IMPROVEMENT, CONSTRUCTION, OR SOIL CONSERVATION DISTRICT**
4 **OR COMMISSION IN THE STATE;**
- 5 **4. THE UPPER POTOMAC RIVER COMMISSION;**
- 6 **5. ANY OTHER POLITICAL SUBDIVISION OR BODY**
7 **POLITIC OF THE STATE;**
- 8 **6. A LOCAL GOVERNMENT INSURANCE POOL**
9 **FORMED UNDER TITLE 19, SUBTITLE 6 OF THE INSURANCE ARTICLE; OR**
- 10 **7. ON APPROVAL OF THE TREASURER, A UNIT OF**
11 **STATE GOVERNMENT OR AN ENTITY CREATED BY THE STATE IF THE FUNDS OF**
12 **THE UNIT OR ENTITY ARE NOT STATE MONEY OVER WHICH THE TREASURER**
13 **HAS INVESTMENT AUTHORITY.**

14 **(III) "POOL" MEANS THE INVESTMENT POOL.**

15 **(2)** There is [a Local Government] AN Investment Pool.

16 **(3)** The [Local Government Investment] Pool consists of [the
17 aggregate of]:

18 **(I)** [all] ALL funds from local governments that are placed in
19 the custody of the State; and

20 **(II)** [any] ANY funds of the State that are placed in the [Local
21 Government Investment] Pool by the Treasurer [for investment and reinvestment].

22 **[(2)] (4)** The investment policies for the [Local Government
23 Investment] Pool shall be established by the Treasurer.

24 **[(3)] (5)** The Treasurer shall administer the [Local Government
25 Investment] Pool on behalf of the [participating local governments] **AUTHORIZED**
26 **PARTICIPANTS** and, to the extent that State [funds are] **MONEY IS** included, on
27 behalf of the State.

28 **[(4)] (6)** The Treasurer shall develop such procedures necessary for
29 the efficient administration of the Pool, including:

1 (i) Specification of minimum **AND MAXIMUM** amounts [which]
2 **THAT** may be deposited **BY ANY AUTHORIZED PARTICIPANT** in the Pool and
3 minimum periods of time for which deposits shall be retained in the Pool;

4 (ii) Payment of amounts equivalent to administrative expenses
5 from the earnings of the Pool; and

6 (iii) Distribution of the earnings in excess of expenses, or
7 allocation of losses, to the [several] **AUTHORIZED** participants in a manner [which]
8 **THAT** equitably reflects the differing amount of their respective investments and the
9 differing periods of time for which the amounts were in the custody of the Pool.

10 (b) (1) The Treasurer shall invest moneys in the [Local Government
11 Investment] Pool in accordance with the provisions set forth in §§ 6-222 and 6-223 of
12 the State Finance and Procurement Article.

13 (2) Notwithstanding any provisions of law to the contrary or any
14 limitation or restriction contained in any other law, the Treasurer may invest, redeem,
15 sell, exchange, and reinvest moneys in the [Local Government Investment] Pool in
16 bankers' acceptances guaranteed by banking institutions.

17 (c) (1) The governing authority of any [local government] **AUTHORIZED**
18 **PARTICIPANT** having funds which are available for investment and which are not
19 required by law or by any covenant or agreement with bondholders or others to be
20 segregated and invested in a different manner may direct its financial officer to remit
21 funds to the Treasurer for investment as part of the [Local Government Investment]
22 Pool.

23 (2) The governing authority of any [local government] **AUTHORIZED**
24 **PARTICIPANT** having funds intended for other postemployment benefits that are
25 available for investment, as authorized under § 22 of this article, may direct its
26 financial officer to remit those funds to the Treasurer for investment as part of the
27 [Investment] Pool.

28 (3) Upon determination by the [local] governing authority **OF AN**
29 **AUTHORIZED PARTICIPANT** that it is in the best interest of the [local government]
30 **AUTHORIZED PARTICIPANT** to deposit funds in the [Investment] Pool, it shall adopt
31 and file with the Treasurer a certified copy of a resolution or ordinance authorizing
32 investment of its funds in the [Investment] Pool. The resolution or ordinance shall
33 name the [local government] official or officials **OF THE AUTHORIZED PARTICIPANT**
34 **WHO ARE** responsible for deposit and withdrawal of such funds.

35 (4) The resolution or ordinance filed with the Treasurer shall be
36 accompanied by a statement as to the approximate cash flow requirements of the
37 [local government] **AUTHORIZED PARTICIPANT** for the invested funds. Subsequent

1 deposits into the [Investment] Pool shall be accompanied by a statement as to the
2 intended duration of the investment or the anticipated date of withdrawal of the funds
3 from the Pool.

4 (d) A separate account designated by name or number for each
5 **AUTHORIZED** participant in the [fund] **POOL**, including the State, shall be kept to
6 record individual transactions and totals of all investments belonging to each
7 **AUTHORIZED** participant. A monthly report showing the changes in investments
8 made during the preceding month shall be furnished to each **AUTHORIZED** participant
9 in the [Investment] Pool. Details of any investment transaction shall be furnished to
10 any **AUTHORIZED** participant upon request.

11 (e) The principal and credited income of each account maintained for [a] **AN**
12 **AUTHORIZED** participant in the [Investment] Pool shall be subject to payment from
13 the Pool upon request, provided that the request for payment is made in accordance
14 with the terms of the deposit. Accumulated income shall be credited to each
15 **AUTHORIZED** participant account at least monthly.

16 (f) Except as provided in this section, all instruments of title of all
17 investments of the [Investment] Pool shall remain in the custody of the Treasurer.
18 The Treasurer may deposit with one or more fiscal agents or banks those instruments
19 of title [he] **THE TREASURER** considers advisable, to be held in safekeeping by the
20 agents or banks for collection of the principal and interest or other income, or of the
21 proceeds of sale. The Treasurer shall collect the principal and interest or other income
22 from investments of the [Investment] Pool, the instruments of title to which are in
23 [his] **THE TREASURER'S** custody, when due and payable.

24 (g) A payment may not be issued upon any account in an amount greater
25 than the sum total of the particular account to which it applies. If such payment is
26 issued, it shall be refunded by the distributee.

27 (h) (1) Subject to the objectives and requirements of this section, the
28 Treasurer shall formulate procedures for the investment and reinvestment of funds in
29 the [Investment] Pool and the acquisition, retention, management, and disposition of
30 investments of the [Investment] Pool.

31 (2) (i) The Treasurer may enter into a contractual agreement with
32 a qualified Maryland fiscal agent and may compensate the agent for services rendered.

33 (ii) The agent may perform investment and administrative
34 services which the Treasurer is authorized by this section to perform.

35 (i) Funds placed in the [Local Government Investment] Pool, other than
36 funds of the State, may not be considered to be [Treasury funds] **MONEY OF THE**
37 **STATE**.

1 [(j) For the purposes of this section, “local government” includes all of the
2 legal entities, bodies, and agencies set out in § 22 of this article and local government
3 insurance pools formed under Title 19, Subtitle 6 of the Insurance Article, but does not
4 include the State and agencies of the State.]

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 July 1, 2012.