

Chapter 536

(Senate Bill 542)

AN ACT concerning

Local Government Investment Pool – Authorized Participants

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

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

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

Article 95 – Treasurer

22G.

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

(II) “AUTHORIZED PARTICIPANT” MEANS:

1. THE GOVERNING BODY OF EACH COUNTY OR MUNICIPALITY;
2. A COUNTY BOARD OF EDUCATION;
3. THE GOVERNING BODY OF EACH ROAD, DRAINAGE, IMPROVEMENT, CONSTRUCTION, OR SOIL CONSERVATION DISTRICT OR COMMISSION IN THE STATE;
4. THE UPPER POTOMAC RIVER COMMISSION;

5. ANY OTHER POLITICAL SUBDIVISION OR BODY POLITICAL OF THE STATE;

6. A LOCAL GOVERNMENT INSURANCE POOL FORMED UNDER TITLE 19, SUBTITLE 6 OF THE INSURANCE ARTICLE; OR

7. ON APPROVAL OF THE TREASURER, A UNIT OF STATE GOVERNMENT OR AN ENTITY CREATED BY THE STATE IF THE FUNDS OF THE UNIT OR ENTITY ARE NOT STATE MONEY OVER WHICH THE TREASURER HAS INVESTMENT AUTHORITY.

(III) “POOL” MEANS THE LOCAL GOVERNMENT INVESTMENT POOL.

(2) There is ~~is~~ ~~a Local Government~~ ~~AN~~ Investment Pool.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) The resolution or ordinance filed with the Treasurer shall be accompanied by a statement as to the approximate cash flow requirements of the [local government] **AUTHORIZED PARTICIPANT** for the invested funds. Subsequent deposits into the [Investment] Pool shall be accompanied by a statement as to the intended duration of the investment or the anticipated date of withdrawal of the funds from the Pool.

(d) A separate account designated by name or number for each **AUTHORIZED** participant in the [fund] **POOL**, including the State, shall be kept to record individual transactions and totals of all investments belonging to each

AUTHORIZED participant. A monthly report showing the changes in investments made during the preceding month shall be furnished to each **AUTHORIZED** participant in the [Investment] Pool. Details of any investment transaction shall be furnished to any **AUTHORIZED** participant upon request.

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

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

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

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

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

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

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

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

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

Approved by the Governor, May 22, 2012.