

Office of the State Treasurer
SAFE Division

NOTICE OF INTENDED ACTION

AGENCY NAME: Office of the State Treasurer

RULE NO. & TITLE:

892-X-1-.01	<u>Purpose</u>
892-X-1-.02	<u>Definitions</u>
892-X-1-.03	<u>Designation as a Qualified Public Depository</u>
892-X-1-.04	<u>Collateral Pledging Levels</u>
892-X-1-.05	<u>Maintaining Active Status</u>
892-X-1-.06	<u>Valuation of Collateral</u>
892-X-1-.07	<u>Custodians</u>
892-X-1-.08	<u>Requirements of Qualified Public Depositories</u>
892-X-1-.09	<u>Requirements of Public Depositors</u>
892-X-1-.10	<u>Exempt Public Deposits</u>
892-X-1-.11	<u>Public Deposit Changes greater than 25%</u>
892-X-1-.13	<u>Grounds for Involuntary Withdrawal, Suspensions or Imposition of Administrative Penalties</u>
892-X-1-.15	<u>Involuntary Withdrawal or Suspension</u>
892-X-1-.16	<u>Voluntary Withdrawal</u>
892-X-1-.17	<u>Effect of Merger or Acquisition</u>
892-X-1-.18	<u>Reports by the Treasurer</u>

892-X-1-.19 Use of Federal Home Loan Bank Letters
of Credit as Eligible Collateral

892-X-1-.20 Appendix-Forms

INTENDED ACTION:

The State Treasurer's Office proposes to amend certain of the existing Rules for the SAFE Program found in Title 41, Chapter 14A, Code of Alabama, 1975 and/or to repeal and adopt new Rules as follows:

To amend Rule No. 892-X-1-.01 Purpose

To amend Rule No. 892-X-1-.02 Definitions

To amend Rule No. 892-X-1-.03 Designation as a Qualified
Public Depository

To amend Rule No. 892-X-1-.04 Collateral Pledging Levels

To amend Rule No. 892-X-1-.05 Maintaining Active Status

To amend Rule No. 892-X-1-.06 Valuation of Collateral

To amend Rule No. 892-X-1-.07 Custodians

To amend Rule No. 892-X-1-.08 Requirements of QPDs

To amend Rule No. 892-X-1-.10 Exempt Public Deposits

To amend Rule No. 892-X-1-.11 Public Deposit Changes
Greater than 25%

To amend Rule No. 892-X-1-.13 Grounds for Involuntary
withdrawal, Suspension, or Imposition of Administrative
Penalties

To amend Rule No. 892-X-1-.15 Involuntary Withdrawal or
Suspension

To amend Rule No. 892-X-1-.16 Voluntary Withdrawal

To amend Rule No. 892-X-1-.17 Effect of Merger or
Acquisition

To amend Rule No. 892-X-1-.18 Reports by the Treasurer

To amend Rule No. 892-X-1-.19 Letters of Credit

To repeal Rule No.892-X-1-.20 Appendix-Forms

To Adopt new Rule No.892-X-1-.20 Board of Directors

SUBSTANCE OF INTENDED ACTION:

To amend Rule No. 892-X-1-.01 Purpose to correct a grammatical error.

To amend Rule No. 892-X-1.02 Definitions to clarify the various definitions by removal of excess words; to substitute acronyms LOC in (4) and QPD in (9) and to add definitions for (7) Nominating Authority, and for (15) Treasurer Designated Custodian.

To amend Rule No. 892-X-1-.03 Designation as a Qualified Public Depository to use the acronym QPD.

To amend Rule No. 892-X-1-.04 Collateral Pledging Levels to use the acronym QPD and to add a new (f) for newly established banks and to add (3) (b) for Treasurer Designated Custodian.

To amend Rule No. 892-X-1-.05 Maintaining Active Status to use acronym QPD and to collect capitalization errors.

To amend Rule No. 892-X-1-.06 Valuation of Collateral to use acronyms LOC and QPD.

To amend Rule No. 892-X-1-.07 Custodian to use acronyms QPD and LOC.

To amend Rule No. 892-X-1-.08 Requirements of QPDs to use the acronym QPD and to delete the existing (3) and renumber as a new (3) to provide for electronic reporting.

To amend Rule No. 892-X-1-.09 Requirements of Public Depositors to use acronym QPD and to delete (3) and renumber (4) as (3).

To amend Rule No. 892-X-1-.10 Exempt Public Deposits to provide for three subparagraphs numbered (1) through (3).

To amend Rule No. 892-X-1-.11 Public Deposit Changes Greater than 25% to provide for two subparagraphs numbered (1) and (2) and to add Public Deposits to the title of each subparagraph.

To amend Rule No. 892-X-1-.13 Grounds for Involuntary withdrawal, Suspension, or Imposition of Administrative Penalties to add the word "reporting" in (2), to correct capitalization of terms in (3) and to use term "Custodian" in (10).

To amend Rule No. 892-X-1-.15 Involuntary Withdrawal or Suspension to use the acronym QPD.

To amend Rule No. 892-X-1-.16 Voluntary Withdrawal to use the acronym QPD and to add words withdrawing QPD in (5).

To amend Rule No. 892-X-1-.17 Effect of Merger or Acquisition to use acronym QPD throughout and to add new subparagraph numbers (1) for Designation with subparagraphs (a)-(c) and (2) Pledge level with subparagraphs (a)-(b) each relating to exemptions from changes in pledging levels because accounting requirements related to the merger or acquisition may cause a material misstatement in financial ranking.

To amend Rule No. 892-X-1-.18 Reports by the Treasurer to use acronym QPD and to provide the electronic address for the treasury website.

To amend Rule No. 892-X-1-.19 Federal Home Loan Letters of Credit to delete the words "Federal Home Loan" throughout and to use the acronyms LOC and QPD, to delete (2) and renumber forward, to delete number (4) and to renumber forward ending with renumbered (6) which specifies substitution of collateral shall not be effective until Custodian has acknowledged in writing to the Treasurer its receipt of the substituted collateral.

To Repeal Rule No. 892-X-1-.20 Appendix-Forms.

To Adopt a new Rule No. 892-X-1-.20 Board of Directors to provide a subparagraph (1) for appointment of salaried employees of QPD, municipalities, or counties must have

expertise in SAFE Program and have expertise in the general and financial operations of the entity; in Subparagraph number (2) (a)-(d) specifying terms of service, right to resign, term of service, term limits and mandatory resignation upon leaving employment with the Nominating Authority; in subparagraph (3) providing for Nominating Authority to submit three nominations within one month of notification of board vacancy and in subparagraph (4) to provide for appointment by the Treasurer when nominating authority fails to timely nominate and what factors the treasurer may elect to consider in making the appointment.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Interested persons may submit oral or written comments by personal appearance, mail, facsimile or electronic mail received not later than 5:00 P.M. on Monday August 4, 2008 to:

Office of the State Treasurer, State Capitol Building, 600 Dexter Avenue, Montgomery, Alabama, Room S-106, Montgomery, Alabama 36130-2510, telephone 334-242-7500 (voice) or 334-242-7592 (facsimile) or via email addressed to: Daria.Story@treasury.alabama.gov

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE: A hearing on this proposal and comments received thereto will be held on Monday August 4, 2008 at 2:00 p.m., Central Standard Time, in the following place:

Office of the State Treasurer
State Capitol Building
Room S-106
600 Dexter Avenue
Montgomery, Alabama

CONTACT PERSON AT AGENCY: Ms. Daria Story
Asst. State Treasurer
Telephone 334-242-7500



Kay Ivey, State Treasurer and
Chairman, SAFE Board of Directors