

TABLE OF CONTENTS

I.	Introduction – State Treasurer’s Office	2
II.	SAFE Program	3-5
	a. General Information	3
	b. Application Process	3-4
	c. Board of Directors	5
III.	Bank Deposits	6-9
	a. Approved State Depository	6
	b. Demand Deposit Accounts	6
	c. Time Deposit Open Accounts	6
	d. Linked Deposits	7
	e. Forms	8-9
IV.	Unclaimed Property	10
	a. Definition and Dormancy Period	10
	b. Business Reporting Requirements	10
V.	College Savings Programs	11
VI.	Treasury Staff and Contact Information	12-13

I. Introduction – State Treasurer’s Office

The mission of the Office of State Treasurer is “to serve Alabamians as the State’s central bank and trust agency.” The Office was established in 1819 with the primary function to receive, custody, and account for all monies paid into the State Treasury until the same is properly disbursed or invested. The Office was created by the Constitution of Alabama of 1901, and duties are governed by Title 36, Chapter 17, and Title 41, Chapter 14, Code of Alabama (1975) (the “Code”).

The Treasurer’s Office has many opportunities to work with banks across Alabama. This orientation manual is intended to assist a new banking institution to understand and access the services of the Treasury. These services include:

1. SAFE Program – every bank in Alabama must be a member of the SAFE Program if it chooses to hold any public deposits. State, city, county, and public school monies are all examples of public deposits.
2. State Designated Depository – if your bank wants to hold State of Alabama deposits, it must apply to become an approved state depository. State deposits include demand deposit accounts, time deposit open accounts, and linked deposit accounts.
3. Unclaimed Property – as a business organization, every bank is required by law to remit a customer’s abandoned account monies and safe deposit property to the Treasurer’s Office annually. This property is then held in perpetuity until claimed by the owner.
4. College Savings Programs – the Treasurer’s Office sponsors two college savings programs, the Alabama Higher Education 529 Fund and the Alabama Prepaid Affordable College Tuition Program (“PACT”). Banks have partnered with the Treasurer’s Office to make summary program brochures available to their customers.

Other services of the Treasurer’s Office include paying agent duties for state issued bonds and paying properly executed state issued warrants (or checks).

See pages 12-13 for contact information.

II. SAFE Program

The Security for Alabama Funds Enhancement, or SAFE Program, is encompassed in Title 41, Chapter 14A, Code of Alabama 1975, as amended, to provide a uniform program for the security of public funds deposited with financial institutions in the State of Alabama that qualify to serve as depositories for public funds. The Program requires any bank or financial institution in the State of Alabama, accepting any deposits of public funds, to ensure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The law further provides for safeguarding of public deposits by requiring the entire pool and each participating financial institution to stand behind each deposit. Rules of the Program have been developed subject to the Administrative Procedures Act, whereby the public was given the opportunity to make comments prior to their adoption. The Rules provide the details of the Program. The Rules, legislation and forms are on the Treasury website, www.treasury.alabama.gov under the "SAFE" section.

A Board of Directors is charged with the responsibility and authority to assess and manage the sufficiency of the collateral pool. The board meets at least quarterly and is comprised of 8 members who serve without compensation, except for reimbursement for travel associated with the meeting in accordance with state per diem rates. The Treasurer serves as a permanent, voting member and Chairman. The Superintendent of Banks serves as a permanent, non-voting member. The remaining six members are 4 representatives from the banking industry, one representative from the League of Municipalities, and one representative from the County Commission Association. The term of office of each appointed member is four years with any appointed member being eligible for reappointment and serving until a successor is selected.

SAFE Member Application Process. All public depositors are required by SAFE law to place their public deposit funds with one or more bank or savings institution that has met the requirements to become a member or "Qualified Public Depository" (QPD).

Bank or savings institutions interested in becoming a QPD are strongly encouraged to thoroughly read the SAFE Law (Sections 41-14A-1 through 14) and Rules (Chapter 892-S-1-.01 through .19) prior to submitting their application documents. These documents provide detailed information on the operational environment for the program. The full text of both documents may be found on the Treasurer's Office website at www.treasury.alabama.gov under the "SAFE" section.

To become a member in the SAFE Program, a bank or savings institution must be organized and existing under Alabama or any other state law, be in the business of making loans and accepting deposits in Alabama, and have FDIC coverage. To apply for membership, the following documents must be completed by the applying institution and submitted as an application package to the Treasurer's Office. These documents must be submitted without changes.

1. **Contingent Liability Agreement** - establishes operational relationship between the SAFE Program and the applicant. This agreement must be approved by the applicant's Board of Directors.

2. **Collateral Agreement** - establishes custodial relationship between the applicant, the custodian institution, and the Treasurer's Office. The applicant initiates this document by signature, chooses the custodian, sends the agreement to the custodian for execution, and receives the returned agreement. This agreement is included in the application package to the Treasurer. The applicant may have one or more custodians. Whenever a custodian is changed or selected, this agreement must be executed.
3. **Authorized Representative Signature Certification** - up to four officers/staff of the applicant bank must sign the form and are designated as "authorized representatives" for purposes of the SAFE Program. This form must be adopted by the applicant's Board of Directors.
4. **Certification of Adoption of Director's Resolution** - to be completed by the applicant's board of directors confirming adoption of the three forms listed above.
5. **Confirmation of Security Pledge with minimum \$100,000 market value** - applicant must pledge (and maintain) through their custodian a minimum pledge of eligible securities confirmed by a security receipt issued to the Treasurer's Office.

The above five documents should be submitted to the Treasurer's Office in one package. The SAFE Program will review the documents upon receipt and, if correct, issue a Qualified Public Depository Certificate to the applicant. Upon receipt of this document the applicant is authorized to begin accepting public funds for deposit. Public depositors may request a copy of your Certificate for their file in order to confirm your membership to their auditors.

The definition of public entity and public deposit are included in the SAFE law available on the Treasurer's website. A bank's operational staff should know and understand these definitions well. The depositor should notify the bank representative that the deposits are public, and then it is the responsibility of the banking institution to code the deposits as such. If the bank is uncertain about whether the deposits meet the definition provided in the SAFE law, their legal counsel should be consulted, as well as the depositor.

If the applicant chooses to pledge FHLB Letters of Credit, additional forms are necessary and are available on the Treasury website.

SAFE Board of Directors

Ms. Andrea Jackson

Finance Director
City of Auburn
Term Expires: January 31, 2012

Mr. J. Alvis Storey

President
Merchants & Farmers Bank of
Green County
Term Expires: January 31, 2012

Mr. Robert Davis

President/CEO
RBC Centura Bank
Tuskegee
Term Expires: January 31, 2013

Honorable John Harrison

Superintendent
State Banking Department
Term: ex officio

Mrs. Lucinda Cockrell, CPA

Administrator
Sumter County
Term Expires: January 31, 2013

Mr. Ken Givens

CFO
Alliant Bank
Alexander City, AL
Term Expires: January 31, 2014

Ms. Kimberlea Wilson

Senior Vice President
Regions Financial Corporation
Birmingham
Term Expires: January 31, 2011

Honorable Kay Ivey, Chairman

State Treasurer
State of Alabama
Term: ex officio

III. Bank Deposits

The Treasurer's authority with respect to state depositories, deposit of state funds, and investment of state funds is based on Title 41 Chapter 14 and Title 36 Chapter 17 of the Code of Alabama, 1975 ("Code") The Cash Management Division of the Treasurer's Office is responsible for cash management and banking services.

Approved State Depository. Any bank or savings association that (1) conducts the business of making loans and taking deposits in the State of Alabama, and (2) is an active member of the SAFE Program may file a written application with the Treasurer to be designated as a state depository. A bank must be designated as an approved state depository in order to hold any State of Alabama treasury monies.

To apply, the bank completes the Application for Designation of State Depository (see page 8), attaches a copy of the bank's Certificate of Qualified Public Depository to confirm membership in the SAFE Program, and mails the documents to the Treasurer. Upon filing of the application, the Treasurer shall certify the application to the Governor, and the Governor may designate the bank as a state depository. Upon designation, the Treasurer will provide a written order to the bank declaring it as a state depository until its authority is revoked.

Demand Deposit Accounts. It is the intent of the Treasurer to have over 96% of treasury funds earning interest. As such, there are limited demand deposit accounts with minimal balances. Demand deposit accounts are necessary for the payment of the warrant cash letter. Additionally, they provide depository locations across the state for various state agencies. Minimum balances are maintained in these accounts. These accounts are selected by location and cash concentration services.

Time Deposit Open Accounts ("TDOA"). Time deposit open accounts are essentially certificates of deposit. The terms and rate of TDOA are set by Code.

The maturity terms may be 91 days, six months, or one year. Any TDOA with a maturity of 91 days is subject to early withdrawal without penalty with a 7 day notice from the Treasurer. The rate of interest to be paid on TDOA corresponds to the rate borne by United States Treasury obligations of comparable maturity. With maturities of 91 days and six months, the rate shall be the average auction rate of the four most recent auctions held prior to deposit. The one year maturity TDOA rate is the weekly average one year constant maturity yield published by the Federal Reserve System for the week preceding the deposit date.

Interest is calculated on a 30/360 day basis and is paid monthly. The Treasury initiates receipt of interest through ACH the last business day of the month.

To request TDOA monies, the bank should complete and fax the TDOA Request form (see page 9). The Treasurer or designee will contact the bank within two working days to discuss the request.

Linked Deposit. The linked deposit program authorizes the Treasurer to deposit monies with approved state depositories in low-yielding deposit accounts that are linked to lower cost loans for qualifying agriculture and small business borrowers, or for interim emergency loans. At this time, this program is suspended except for emergency loans to borrowers which have suffered loss, and which are located in areas in which property loss occurred, due to hurricane disaster and its aftermath.

If the linked deposit program becomes an active program, the Treasurer will notify all banks in Alabama.

STATE OF ALABAMA
APPLICATION FOR DESIGNATION OF STATE DEPOSITORY

Name of Financial Institution _____
 Address: _____ Year of Incorporation _____

(Attach copy of Certificate of Qualified Public Depository under the SAFE Program)

ASSETS

Cash Due from Banks		\$ _____
Investment Securities		_____
Loans	\$ _____	
Less: Allowance for Loan Losses	_____	
Unearned Income	_____	
Net Loans		_____
Other Assets		_____
<u>TOTAL ASSETS</u>		<u>\$ _____</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits		
Non-interest Bearing	\$ _____	
Interest Bearing	_____	
Total Deposits		\$ _____
Borrowings		_____
Other Liabilities		_____
Total Liabilities		<u>\$ _____</u>
Shareholders' Equity:		
Preferred Stock, par value _____ a share		\$ _____
Authorized _____, Issued _____		
Common Stock, par value _____ a share		_____
Authorized _____, Issued _____		
Capital Surplus		_____
Retained Earnings		_____
Other		_____
Total Shareholders' Equity		<u>\$ _____</u>
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>		<u>\$ _____</u>

The undersigned President or Chief Executive Officer of the aforementioned Financial Institution certifies that this is a true financial condition of said Financial Institution as of _____, 20____, and that all conditions have been met for this Financial Institution to be designated as a State Depository pursuant to Title 41-14-1 thru Title 41-14-11 Code of Alabama (1975). It is further understood that before any voluntary surrender of designation as a State Depository, 30 days notice shall be given to the State Treasurer of the purpose to cease acting as a State Depository.

 President or Chief Executive Officer

 Date

TDOA REQUEST

Date: _____

Fax this request to Treasurer Kay Ivey at (334) 242-7592.

Bank Information:

Bank Name: _____

City: _____ Member of SAFE: Yes () No ()

Requested By (Name): _____

Title: President () SVP () Vice President () Phone Number: (____)_____

Bank Financial Information as of (date) _____

Total Loans, net \$ _____ Total Deposits \$ _____

Loan to Deposit Ratio _____% Risk Based Capital Ratio _____%

Total Assets \$ _____ CRA Rating _____

Current Amount of TDOA on deposit \$ _____

TDOA Request:

Amount Requested: \$ _____ Term : _____

Reason: _____

Internal: Date Received _____ Staff Name _____
Action: _____

IV. Unclaimed Property Program

The Unclaimed Property Program is legislatively mandated under Section 35-12-7- thru 35-12-96, Code of Alabama, 1975. All businesses are required by law to file with the Treasurer an annual report listing abandoned property that has met the legal dormancy or holding period. The Treasurer holds these assets in custody in perpetuity for the rightful owner to make claim. The program actively promotes the locating and reuniting of the unclaimed property to its rightful owner(s) through mail notices, website access, and numerous public outreach efforts.

This Program benefits businesses, in that it relieves the business of any liability for any remittance of property made in good faith. Additionally, it provides a legal means for the bank to clear its records of dormant assets.

Definition and Dormancy Period: A general definition of unclaimed property is any funds or assets, which has met the required period for inactivity whereas the business or entity has been unable to locate and reunite these assets to the owner or legal heir. For a banking institution, these assets include, but are not limited to, savings and demand account balances, safe deposit box items, uncashed checks, and stock. Dormancy or holding periods for most property remitted by a bank is three years.

Business Reporting Requirements: Businesses file annual reports by November 1st for the reporting period ending June 30th. All forms and instructions are available on the Treasurer's website www.treasury.alabama.gov under Unclaimed Property.

The primary role of banking institutions regarding the unclaimed property program is to ensure compliance with state law by:

- Reviewing all dormant customer accounts and safe deposit boxes;
- Reviewing outstanding checks;
- Identifying outstanding liabilities and/or accounts;
- Reviewing company stock records to identify those shareholders of whom the company has lost contact;
- Making valid attempts to locate the owner prior to reporting and remitting property to the State Treasury;
- Filing and remitting annual unclaimed property report and property;
- Reconciling bank records and transferring the liability to State Treasury.

V. College Savings Programs

The State Treasurer's Office sponsors two flexible investing options to assist individuals in saving to meet the costs of higher education - the Prepaid Affordable College Tuition Program (PACT) and the Alabama Higher Education 529 Fund.

Through the [PACT Program](#), an individual can purchase a contract to prepay 135 semester hours of college tuition and 8 semesters of qualified fee payments at any Alabama public college or university. PACT may also be used at private or out-of-state institutions. The PACT Program is open annually for a limited enrollment period.

The [Alabama Higher Education 529 Fund](#) allows an Alabama citizen to participate in an investing program for as low as \$25 month and to select from a number of professionally crafted investment strategies. Withdrawals from the account can be used to pay for tuition, fees, books, room and board at any accredited college, trade or graduate school. The investment funds are managed by Van Kampen Investments. The Fund has open enrollment year round.

Banks have partnered with the Treasurer's Office to have summary brochures available to their customers through lobby displays, statement messages, and similar vehicles.

Qualified withdrawals from both college savings plans are state and federal tax free, and contributions are state income tax deductible up to \$5,000 per taxpayer.

Visit the Treasury website at www.treasury.alabama.gov under the "College Savings" link for more program details.

VI. Treasury Staff

ADMINISTRATION:

Kay Ivey
State Treasurer
(334) 242-7500
Fax (334) 242-7592
alatreas@treasury.alabama.gov

Website: www.treasury.alabama.gov

Daria Story
Assistant State Treasurer
(334) 242-7506
Fax: (334) 242-7592
daria.story@treasury.alabama.gov

SAFE DIVISION:

Daria Story
Acting SAFE Director
(334) 353-3927
Fax: (334) 353-4354
safe@treasury.alabama.gov

Brandy Harrison
(334) 242-7508
Fax: (334) 353-4354
brandy.harrison@treasury.alabama.gov

CASH MANAGEMENT DIVISION:

Tanya Cooley
Cash Management Director
(334) 242-7505
Fax: (334) 242-4242
tanya.cooley@treasury.alabama.gov

LaVonda Blair
Accountant, Alabama Trust Fund
(334) 242-7521
Fax: (334) 242-4242
lavonda.blair@treasury.alabama.gov

Roman McLeod
Assistant Director
(334) 242-7547
Fax: (334) 242-4242
roman.mcleod@treasury.alabama.gov

UNCLAIMED PROPERTY DIVISION

Ralph Ainsworth
Unclaimed Property Director
(334) 353-3627
Fax: (334) 242-9620
ralph.ainsworth@treasury.alabama.gov

Chad Wright
Assistant Director
(334) 353-3626
Fax: (334) 242-9620
chad.wright@treasury.alabama.gov

Toll Free Telephone Number: 1-888-844-8400

COLLEGE SAVINGS PROGRAM

Brenda Emfinger
College Savings Program Director
(334) 242-7515
Fax: (334) 242-7041
brenda.emfinger@treasury.alabama.gov

Pam Stevenson
Assistant Director
(334) 242-7518
Fax: (334) 242-7041
pam.stevenson@treasury.alabama.gov

Local: 334-242-7514
Toll Free Telephone Number: 1-800-252-7228